



Hock Lian Seng Holdings Limited

Company Registration Number 200908903E

Interim report – As at and for the Half Year Ended 30 June 2021

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Consolidated statement of profit or loss

	Note	Group		Change %
		Half year ended		
		30.06.2021	30.06.2020	
		\$'000	\$'000	
Revenue	4	76,492	34,294	123.0%
Cost of sales		(70,278)	(30,555)	130.0%
Gross profit		6,214	3,739	66.2%
Other income		5,100	5,351	-4.7%
Distribution and selling costs		(33)	(28)	17.9%
Administrative costs		(1,533)	(1,744)	-12.1%
Other operating costs		(806)	(3,679)	-78.1%
Share of results of joint ventures, net of tax		629	(1,328)	n.m.
Profit before taxation	6	9,571	2,311	414.1%
Tax expenses	7	(1,381)	(531)	160.1%
Profit after taxation		8,190	1,780	360.1%
Attributable to:				
Equity holders of the Company		8,257	1,769	466.8%
Non-controlling interests		(67)	11	n.m.
		Cents	Cents	
Earnings per shares for profit for the period attributable to the owners of the Company				
Basic earnings per share		1.60	0.35	
Dilluted earnings per share		1.60	0.35	

The calculation of basic earnings per share at 30 June was based on profit attributing to owners of the Company and the weighted average number of ordinary shares outstanding.

Consolidated statement of other comprehensive income

	Group	
	Half year ended	
	30.06.2021	30.06.2020
	<u>\$'000</u>	<u>\$'000</u>
Profit after taxation	8,190	1,780
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Financial instruments at FVOCI		
- Net change in fair value	203	(488)
- Gain on disposal	11	-
Other comprehensive income	<u>214</u>	<u>(488)</u>
Total comprehensive income	<u>8,404</u>	<u>1,292</u>
Attributable to:		
Equity holders of the Company	8,471	1,281
Non-controlling interests	<u>(67)</u>	<u>11</u>

Statements of financial position

	Note	Group		Company	
		30.06.2021 \$'000	31.12.2020 \$'000	30.06.2021 \$'000	31.12.2020 \$'000
Non-current assets					
Property, plant and equipment	15	25,060	26,881	-	-
Subsidiary companies		-	-	37,844	37,844
Investment in joint ventures	13	42,801	40,627	-	-
Investment properties	11	2,850	2,850	-	-
Investment securities	10	9,130	7,428	-	-
Deferred tax assets		2,707	3,061	-	-
		82,548	80,847	37,844	37,844
Current assets					
Development properties	12	97,198	99,659	-	-
Contract assets		37,685	18,595	-	-
Trade receivables		15,738	11,480	-	-
Other receivables		7,326	6,050	69,469	65,050
Amounts due from joint ventures		116	409	-	-
Prepayments and deposits		1,880	1,496	-	3
Investment securities	10	10,661	14,396	-	-
Cash and short term deposits		63,350	59,730	1,513	2,248
		233,954	211,815	70,982	67,301
Current liabilities					
Trade and other payables		68,438	51,293	194	309
Advance payment received for construction		7,685	5,713	-	-
Contract liabilities		7,119	6,978	-	-
Provisions	14	20,134	21,927	-	-
Provision for taxation		1,153	1,966	9	19
		104,529	87,877	203	328
Net current assets		129,425	123,938	70,779	66,973
Non-current liabilities					
Deferred income		427	345	-	-
Other payables		684	702	-	-
		1,111	1,047	-	-
Net assets		210,862	203,738	108,623	104,817
Equity					
Share capital	16	59,954	59,954	59,954	59,954
Capital reserve		1,000	1,000	-	-
Fair value adjustment reserve		329	127	-	-
Accumulated profits		165,779	158,790	48,669	44,863
Merger deficit		(16,239)	(16,239)	-	-
Equity attributable to owners of the Company		210,823	203,632	108,623	104,817
Non-Controlling interests		39	106	-	-
Total Equity		210,862	203,738	108,623	104,817

Statements of changes in equity
Group

	Share capital	Capital reserve	Accumulated profits	Fair value adjustment reserve	Merger deficit	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2021	59,954	1,000	158,790	127	(16,239)	106	203,738
Net Profit	-	-	8,257	-	-	(67)	8,190
Other comprehensive income	-	-	11	203	-	-	214
Total comprehensive income	-	-	8,268	203	-	(67)	8,404
Dividend on ordinary shares	-	-	(1,280)	-	-	-	(1,280)
At 30 June 2021	59,954	1,000	165,778	330	(16,239)	(39)	210,862
At 1 January 2020	59,954	1,000	160,699	332	(16,239)	52	205,798
Net Profit	-	-	1,769	-	-	11	1,780
Other comprehensive income	-	-	-	(488)	-	-	(488)
Total comprehensive income	-	-	1,769	(488)	-	11	1,292
Dividend on ordinary shares	-	-	-	-	-	-	-
Proceeds from issue of shares to non-controlling shareholder	-	-	-	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-
At 30 June 2020	59,954	1,000	162,468	156	(16,239)	63	207,090

Company

	Share capital	Accumulated profits	Total Equity
	\$'000	\$'000	\$'000
At 1 January 2021	59,954	44,863	104,817
Profit, representing total comprehensive income	-	5,086	5,086
Dividend on ordinary shares	-	(1,280)	(1,280)
At 30 June 2021	59,954	48,669	108,623
At 1 January 2020	59,954	42,466	102,420
Profit, representing total comprehensive income	-	8,450	8,450
Dividend on ordinary shares	-	-	-
At 30 June 2020	59,954	50,916	110,870

Consolidated statement of cash flows

	< -----Group----- >	
	Half year ended	
	30.6.2021	30.6.2020
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	9,571	2,311
Adjustments :		
Depreciation of property, plant and equipment	2,426	2,565
(Gain)/loss on disposal of property, plant and equipment	(151)	(16)
Fair value changes on investment securities	(271)	862
Loss on disposal of investment securities	-	390
Share of results of joint venture	(629)	1,328
Interest income	(724)	(1,049)
Unrealised foreign exchange (gain)/loss	(233)	(429)
Dividend income from investment securities	(24)	(46)
Operating cash flows before working capital changes	9,965	5,916
(Increase)/decrease in:		
Contract assets	(19,082)	(4,596)
Development properties	2,462	-
Trade receivables	(4,256)	17,375
Other receivables	(1,264)	426
Prepayments and deposits	(384)	310
Increase/(decrease) in:		
Trade and other payables and provisions	15,325	(18,911)
Contract liabilities	141	(4,223)
Advance payments received for construction project	1,972	748
Deferred income	82	(560)
Cash flows generated from / (used in) operations	4,961	(3,515)
Interest received	63	791
Income tax paid	(1,841)	-
Net cash flows generated from / (used in) operating activities	3,183	(2,724)
Cash flows from investing activities		
Purchases of property, plant and equipment	(627)	-
Advance to joint venture	(1,114)	(1,385)
Purchases of investment securities	(3,250)	(424)
Proceeds from disposal of property, plant and equipment	173	35
Proceeds from maturity/redemption of investment securities	5,005	3,396
Proceeds from disposal of investment securities	763	740
Interest received from investment securities	510	663
Dividend income received from investment securities	24	46
Net cash flows (used in) / generated from investing activities	1,484	3,071
Cash flows from financing activities		
Dividend paid	(1,280)	-
Net cash flows used in financing activities	(1,280)	-
Net increase/(decrease) in cash and cash equivalents	3,387	347
Effect of exchange differences on cash and cash equivalents	233	429
Cash and cash equivalents, Beginning balance	59,730	77,580
Cash and cash equivalents, Ending balance	63,350	78,356

Selected Notes to the consolidated financial statements

1. Corporate information

Hock Lian Seng Holdings Limited (the “Company”) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Group are provision of civil engineering works; and property development and investments.

2. Basis of Preparation

The interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The 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 2.1.

The 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

During the current financial period, the Group and the Company have adopted the following amendments to SFRS(I)s which took effect from financial year beginning 1 January 2021:

- Amendments to SFRS(I) 16 Covid-19-Related Rent Concessions; and
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2.

The adoption of the above amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ending 31 December 2021. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

2.2 Use of judgements and estimates

The preparation of the Group’s condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period.

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 end of 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.

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 three main business segments – civil engineering, properties development, properties investment. No other operating segment constitutes a separate reportable segment. The segment information for the reportable segments is as follows:

	<i>Civil Engineering</i> \$'000	<i>Properties Development</i> \$'000	<i>Properties Investment</i> \$'000	<i>Adjustments</i> \$'000	<i>Total</i> \$'000
1H 2021					
Sales to external customers	73,120	3,241	130	-	76,492
	<u>73,120</u>	<u>3,241</u>	<u>130</u>	<u>-</u>	<u>76,492</u>
Results					
Depreciation	2,426	-	-	-	2,426
Fair value loss on investment properties	-	-	-	-	-
Dividend income from investment securities	-	-	-	24	24
Interest income	-	431	-	293	724
Share of results of joint venture	-	629	-	-	629
Segment profit	<u>5,413</u>	<u>1,364</u>	<u>33</u>	<u>2,761</u>	<u>9,571</u>
Assets					
Investment in joint ventures	-	42,801	-	-	40,801
Additions to non-current assets	627	-	-	-	627
Segment assets	<u>145,683</u>	<u>144,908</u>	<u>3,414</u>	<u>22,497</u>	<u>316,502</u>
Segment liabilities	<u>102,485</u>	<u>1,956</u>	<u>38</u>	<u>1,152</u>	<u>105,640</u>
1H 2020					
Sales to external customers	34,073	72	149	-	34,294
	<u>34,073</u>	<u>72</u>	<u>149</u>	<u>-</u>	<u>34,294</u>
Results					
Depreciation	2,565	-	-	-	2,565
Fair value loss on investment properties	-	-	-	-	-
Dividend income from investment securities	-	-	-	46	46
Interest income	-	414	-	635	1,049
Share of results of joint venture	-	(1,328)	-	-	(1,328)
Segment profit	<u>3,692</u>	<u>(1,351)</u>	<u>42</u>	<u>(72)</u>	<u>2,311</u>
Assets					
Investment in joint ventures	-	40,920	-	-	40,920
Additions to non-current assets	-	-	-	-	-
Segment assets	<u>126,080</u>	<u>144,250</u>	<u>3,241</u>	<u>27,512</u>	<u>301,083</u>
Segment liabilities	<u>84,114</u>	<u>2,514</u>	<u>28</u>	<u>7,312</u>	<u>93,993</u>

The Group's revenue from external customers was principally generated from Singapore. Accordingly, no geographical segment assets and revenue from customers' information are presented.

4.2 Disaggregation of revenue

	Group	
	Half year ended	
	30.6.2021	30.6.2020
	\$'000	\$'000
Revenue from contracts with customer		
Contract revenue from construction projects - recognised over time	72,892	33,916
Supply of labour and services provided - recognised over time	229	229
Sales of development properties - recognised at a point of time	3,241	-
Other revenue		
Rental Income from Investment properties	130	149
Total revenue	76,492	34,294

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 June 2021 and 31 December 2020 :

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	\$'000	\$'000	\$'000	\$'000
Financial Assets at fair value				
Financial Assets at fair value through other comprehensive income (FVOCI)	9,130	7,428	-	-
Financial Assets at fair value through Profit or loss (FVTPL)	10,661	14,396	-	-
	<u>19,791</u>	<u>21,824</u>	<u>-</u>	<u>-</u>
Financial Assets at amortised cost				
Cash and bank balances and trade and other	86,761	77,873	70,982	67,298
	<u>126,343</u>	<u>121,521</u>	<u>70,982</u>	<u>67,298</u>
Financial Liabilities at amortised cost				
Trade and other payables	75,953	57,320	182	301
	<u>75,953</u>	<u>57,320</u>	<u>182</u>	<u>301</u>

Fair value measurement

The Group applied the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices 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 or indirectly
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

5. Financial asset and financial liabilities (cont'd)

Fair value measurement (cont'd)

	Group			Total
	as at 30 June 2021			
	Level 1	Level 2	Level 3	
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at fair value through profit or loss				
- Debt instruments (quoted)	10,661	-	-	10,661
- Equity instruments (quoted)	-	-	-	-
Financial assets at fair value through comprehensive income				
- Equity instruments (quoted)	9,130	-	-	9,130
	<u>19,791</u>	<u>-</u>	<u>-</u>	<u>19,791</u>

	Group			Total
	as at 31 December 2020			
	Level 1	Level 2	Level 3	
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at fair value through profit or loss				
- Debt instruments (quoted)	14,371	-	-	14,371
- Equity instruments (quoted)	25	-	-	25
Financial assets at fair value through comprehensive income				
- Equity instruments (quoted)	7,428	-	-	7,428
	<u>21,824</u>	<u>-</u>	<u>-</u>	<u>21,824</u>

6. Profit before tax

Following items have been included in arriving at profit before taxation:

	Group	
	Half year ended	ended
	30.6.2021	30.6.2020
	\$'000	\$'000
Income		
Dividend income	24	46
Foreign exchange gain	233	429
Interest income	724	1,049
Gain on disposal of property, plant and equipment	151	16
Government grants	1,368	2,626
Rental income from property development projects	2,064	1,171
Expenses		
Depreciation of property, plant and equipment	2,426	2,565
Foreign exchange loss	-	-
Loss on disposal of investment securities	-	390
Fair value loss on investment securities	-	862

7. Taxation

	Half year ended	
	30.6.2021	30.6.2020
	\$'000	\$'000
Current income tax expense	1,735	908
Deferred income tax expenses relating to origination and reversal of temporary differences	(354)	(377)
	<u>1,381</u>	<u>531</u>

8. Dividends

	Group	
	30.6.2021	30.6.2020
	\$'000	\$'000
Ordinary dividends paid:		
Final dividend proposed in previous financial year and approved for payment in annual general meeting	<u>1,280</u>	<u>-</u>

No interim dividend for the half year ended 30 June 2021 (30/6/2020: Nil) is declared. It is the Group's practice to recommend dividend payment annually with its full-year results.

9. Net Asset Value

	<u>Group</u>		<u>Company</u>	
	As at		As at	
	<u>30.6.2021</u>	<u>31.12.2020</u>	<u>30.6.2021</u>	<u>31.12.2020</u>
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	41.2	39.8	21.2	20.5

10. Investment securities

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
Non-current		
At fair value through other comprehensive income		
- Equity instruments (quoted)	9,130	7,428
	<u>9,130</u>	<u>7,428</u>
Current		
At fair value through profit or loss		
- Debt instruments (quoted)	10,661	14,371
- Equity instruments (quoted)	-	25
	<u>10,661</u>	<u>14,396</u>

Investments in debt instrument at fair value through profit or loss

Debt investment in quoted corporate bonds were made for varying coupon rates ranging from 3.0% to 7.8% per annum (2020: 3.0% to 7.8%), with maturity dates ranging from 2021 to 2028.

Investments in equity instruments designated at fair value through other comprehensive income

The fair value of investments in quoted equity instruments designated at fair value through other comprehensive income at the end of the reporting period is as follows:

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
At fair value through other comprehensive income		
- Equity instruments (quoted)		
HSBC Holdings PLC	517	1,014
UBS Group Fundings (Switzerland) AG	1,840	1,825
United Overseas Bank Limited	1,389	1,216
Others	5,384	3,373
	<u>9,130</u>	<u>7,428</u>

During the interim period, the Group disposed of certain of its investments for cash and realized the capital appreciation. These investments had a fair value \$511,000 at the date of disposal. The cumulative gain on disposal of \$11,000 was reclassified from fair value reserve to retained profits. No such disposal for the interim period ended 30 June 2020.

The fair value of the Group's investment securities is based on the quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date and is categorized under Level 1 of the fair value measurement hierarchy.

11. Investment properties

The investment properties held by the Group consist of a leasehold office unit and a leasehold industry workshop.

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
As at end of period	2,850	2,850

No addition or fair value adjustments for the half year ended 30 June 2021.

Fair value measurement of investment properties

The leasehold office premises and light industry workshop in Singapore are stated at fair value, which has been determined annually by independent valuer at the end of every financial year based on the properties' highest and best use.

The fair value of the Group's investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy. The fair value has been derived based on the Direct Comparison Method that makes reference to market evidence of transaction prices for similar properties in the open market.

For interim reporting, the management will determine any changes in fair value depending on market conditions.

12. Development properties

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
Completed properties, at cost	97,198	99,659
At 1 January	99,659	100,995
Construction costs written -back	-	(1,336)
Disposals (recognised in cost of sales)	(2,461)	-
At end of reporting	97,198	99,659

The development properties comprised of two completed industrial property projects at Tuas (unsold units:164) and Gambas (unsold units:11)

The development properties are expected to be recovered more than twelve months after the reporting period.

13. Investment in joint venture

The Group's investment in joint venture is summarized below:

	Group	
	30.6.2021	31.12.2020
	\$'000	\$'000
FSKH Development Pte Ltd		
- Equity interest	1,350	1,350
- Amount due from joint venture	46,921	45,376
- Share of losses	(4,724)	(5,353)
- Deferred interest	(746)	(746)
	<u>42,801</u>	<u>40,627</u>

FSKH Development Pte Ltd is 45% owned joint venture.

14. Provisions

	Group	
	2021	2020
	\$'000	\$'000
At 1 January	20,741	29,134
Utilised	(1,303)	(4,491)
Current period provision	-	530
Write-back	-	(4,432)
At 30 June/ 31 Dec	<u>19,438</u>	<u>20,741</u>

15. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$627,000(30 June 2020: \$ nil) and disposed of assets amounting to \$741,000 (30 June 2020: \$306,000).

16. Share capital

	No. of shares	
	'000	\$'000
Issued and fully paid ordinary shares		
At 1 January 2020 and 30 June 2021	<u>512,104</u>	<u>59,954</u>

There was no movement in the issued and paid-up capital of the Company since 31 December 2020.

There were no outstanding convertibles as at 30 June 2021 (30/6/2020: Nil).

The Company did not hold any treasury shares as at 30 June 2021(30/6/2020:Nil). There was no sales, transfer, disposal , cancellation and use of treasury shares during the six months ended 30 June 2021.

Other information Required by Listing Rule Appendix 7.2

I. Aggregate amount of group's borrowings and debt securities.

The Group has no borrowing as at 30 June 2021 and 31 December 2020.

II. Audit or review

The consolidated statement of financial position as at 30 June 2021 and the related consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended and selected explanatory notes have not been audited or reviewed by the Company's auditors.

III. Review of performance

Revenue

In \$ million	1H 2021	%	1H 2020	%
Civil Engineering	73.1	95.7	34.2	99.7
Property Development	3.2	4.2	-	-
Investment Properties	0.1	0.1	0.1	0.3
	76.4	100.0	34.3	100.0

Group revenue for the half year ended 30 June 2021 (1H 2021) was \$76.4 million, up 123% from \$34.3 million for the corresponding period last year (1H2020). Higher revenue for current financial period as construction activities was disrupted and delayed by circuit breakers and various restrictions imposed due to COVID-19 in 1H2020. The progress of construction activities was affected from April until September 2020. Revenue of \$3.3 million recorded for the Property Development for sales of units at Shine@TuasSouth and Ark@Gambas, whereas no sales was booked for Property Development for same period last year.

Gross Profit

In \$ million	1H 2021	1H 2020
Civil Engineering	5.4	3.6
Property Development	0.8	0.1
Investment Properties	-	-
	6.2	3.7

Gross profit increased by \$2.5 million (+68%) to \$6.2 million mainly due to higher revenue and contribution from the property development segment. However, gross margin was lower as ongoing projects were facing extension cost pressure due to the pandemic; and lower quantum of cost savings from completed projects in 1H 2021 compared to 1H 2020.

Other Income

Other income was reduced by \$0.4 million to \$5.1 million, mainly due to lower government grant, interest income offset by higher rental income from Shine@TuasSouth.

\$ in million	1H 2021	1H 2020
Interest income from bank	0.1	0.4
Interest income from investment securities	0.2	0.3
Interest income from joint venture	0.4	0.4
Dividend	0.0	0.0
Rental - Development properties	2.1	1.2
Government grants-COVID19 related	1.3	1.8
-others	0.1	0.9
Gain on disposal of fixed assets	0.1	-
Gain on fair value changes of investment securities (FVTPL)	0.3	-
Gain on foreign currency exchange	0.2	0.4
Miscellaneous	0.3	0.1
	5.1	5.5

HOCK LIAN SENG HOLDINGS LIMITED
Company registration No: 200908903E

Other operating costs

Other operating cost for 1H2021 was \$2.9 million lower as there was project staff and workers cost of about \$1.7 million due to stoppage of work and loss on fair value for investment securities FVTPL of \$0.9 million included in other operating cost of 1H2020.

Share of profits of joint venture

Improved sales of the Mattar Road residential joint venture project has contributed to the share of profit of \$0.6 million for 1H2021.

Profit before tax and tax expenses

Higher sales and share of profit of joint venture, offset by lower other operating cost was the key factors for the increase in profit before tax of \$9.5 million for 1H2021.

Financial position and cash flow review

Total assets of the group as at 30 June 2021 were \$316.5 million, increased by \$23.9 million from \$292.6 million as at 31 December 2020.

The increase was mainly due to:

- Increase in contract asset and trade receivable by \$23.3 million mainly due to the higher construction work carried out pending for certification by customers and retention due from customers.
- Investment in joint venture was \$2.2 million higher mainly due to the additional shareholder loan and interest, offset by share of profit for 1H2021.

Total liabilities of the group as at 30 June 2021 were \$105.6 million, increased by \$16.7 million from \$88.9 million as at 31 December 2020.

- Higher trade and other payable of \$17.1 million due to higher construction activities

Increase in cash and short term deposits of \$3.6 million for 1H2021 was mainly due to the \$3.2 million cash generated from operating activities and net proceeds of \$2.5 million for the purchase and sales and redemption of investment securities, offset by the dividend payment of \$1.3 million and additional loan to joint venture of \$1.1 million.

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

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the results announcement for the financial year ended 31 December 2020.

V. 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 reporting period and the next 12 months.

As at 30 June 2021, the Group's order book for on-going projects of civil engineering segment was approximately \$308 million for the Maxwell station and the Changi Airport joint venture project.

The Group's industrial building project, Shine@TuasSouth, has sold 8% and leased 53% of the total units to date, the management will continue to promote the projects, expect the commercial activities in Tuas South area to pick up after the commencement of the first phase of Tuas Terminal Mega port. the management will increase the marketing effort to promote the development. The Antares, a 265-unit residential joint venture project at Mattar Road, has been launched for sales in September 2019 and has registered sales of 110 units as at 30 June 2021.

The outlook of construction industry to remain challenging on the back of competitive environment, labour shortage, rising material cost and compliance cost on safe management measures imposed on construction projects. The management will continue to tender for infrastructure projects competitively and explore other business opportunities in property related segment to enhance the shareholders' value.

VI. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ?

Nil.

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

Nil.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable

VII. 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.

There is no IPT to be report for the current financial period. There is no general mandate from shareholders for IPTs.

VIII. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual.

The Company has procured undertakings in the format set out in Appendix 7.7 from all its directors and the executive officers under Rule 720(1) of the Listing Manual.

IX. Confirmation By The Board Pursuant To Rule 705(5) Of The Listing Manual

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the period ended 30 June 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHUA LEONG HAI

Executive Director and CEO

4 August 2021