



YONGNAM HOLDINGS LIMITED

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

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

1 (a) GROUP INCOME STATEMENT

	Group		
	FY2020	FY2019	Fav / (Unfav)
	\$'000	\$'000	%
Revenue	92,850	196,273	(52.7)
Cost of sales	(137,217)	(211,110)	35.0
Gross loss	(44,367)	(14,837)	(199.0)
Other income	2,146	1,674	28.2
General and administrative expenses	(17,407)	(33,917)	48.7
Interest income	9	15	(40.0)
Finance costs	(12,315)	(12,898)	4.5
Share of results of an associated company, net of tax	(375)	399	nm
Loss before tax	(72,309)	(59,564)	(21.4)
Taxation	11,957	4,861	146.0
Loss after tax	(60,352)	(54,703)	(10.3)
Attributable to:			
Owners of the Company	(60,529)	(53,755)	(12.6)
Non-controlling interests	177	(948)	nm
	(60,352)	(54,703)	(10.3)

nm - not meaningful

Loss before tax is arrived at after charging:

Loss on disposal of property, plant & equipment	1,192	15,138
Depreciation	35,934	33,018
Strut consumption allowance	4,231	6,059

1(b)(i) **BALANCE SHEET**

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	251,243	268,677	-	-
Right-of-use assets	44,459	48,058	-	-
Investment in subsidiaries	-	-	179,442	179,442
Deferred tax assets	17,405	5,056	-	-
Investment in associated company	84	459	-	-
	313,191	322,250	179,442	179,442
Current assets				
Inventories	19,766	27,120	-	-
Contract assets	36,568	70,576	-	-
Trade debtors	14,847	21,897	-	-
Other receivables and deposits	5,946	6,655	9	9
Prepayments	3,004	4,373	4	4
Equity instruments designated at fair value through OCI	1,290	-	-	-
Amount due from subsidiaries	-	-	1,784	-
Cash and bank balances	7,927	9,117	20	21
	89,348	139,738	1,817	34
Current liabilities				
Contract liabilities	32,028	20,225	-	-
Trade creditors	50,407	58,509	-	-
Other creditors and accruals	15,035	12,994	771	556
Borrowings	43,413	101,369	-	-
Hire purchase creditors	2,617	1,928	-	-
Lease liabilities	8,366	7,087	-	-
Convertible bonds (liability component)	11,875	-	11,875	-
Income tax payable	298	525	-	-
	164,039	202,637	12,646	556
Net current liabilities	(74,691)	(62,899)	(10,829)	(522)
Non-current liabilities				
Borrowings	63,807	9,899	-	-
Hire purchase creditors	3,923	2,591	-	-
Lease liabilities	40,732	44,475	-	-
Convertible bonds (liability component)	-	10,334	-	10,334
Convertible bonds (embedded derivative)	-	1,299	-	1,299
	108,462	68,598	-	11,633
Net assets	130,038	190,753	168,613	167,287
Equity				
Share capital	141,445	141,445	141,445	141,445
Reserves	(2,488)	58,405	27,168	25,842
	138,957	199,850	168,613	167,287
Non-controlling interest	(8,919)	(9,097)	-	-
Net assets	130,038	190,753	168,613	167,287

Property, plant and equipment decreased mainly due to sales of strutting assets and depreciation charge during the year. Deferred tax assets increased due to tax credit recognised on losses incurred by certain subsidiaries during the year. Inventories decreased due to the sale and consumption of inventories for projects. Contract assets decreased due to low project activities arising from Covid-19 disruptions. Trade debtors decreased due to timely collection of receivables, and is in line with lower revenue. Prepayment decreased mainly due to amortisation of front-end facilities fees during the year.

Contract liabilities increased due to advance billings from customer for on-going projects. Net borrowing decreased due to payment of bank borrowings during the year. Lease liabilities decreased due to payment of lease rental. Trade creditor decreased due to payment of payables during the period. Other creditors and accruals increased due to accrual made of certain obligations.

The ability of the Group to fulfil its obligations is dependent on the Group generating sufficient cash flows from its projects as they progressively restarted from mid-August 2020. As there was no construction activities carried out in Singapore during the circuit breaker and post-circuit breaker period from 7 April to mid-August 2020, the Group recorded minimal project revenue in the Contract Assets during this period. This has resulted in net current liability as at 31 December 2020. All projects have resumed operations to-date and the contract assets value is expected to increase accordingly based on progress of project execution in FY2021. Coupled with the strong order book of \$543 million as at 31 December 2020, the Group will slowly build up the value of its contract assets in the coming quarters. This will in turn reverse the net current liabilities to net current assets in the future.

1(b)(ii) **GROUP BORROWINGS AND DEBT SECURITIES**

	As at 31/12/20		As at 31/12/19	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	53,979	12,292	103,297	-
Amount repayable after one year	103,879	4,583	12,490	11,633

Details of collateral:

Certain group borrowings (including HP creditors) are secured by way of a fixed charge on certain assets of the Group's principal subsidiaries.

1(c) **GROUP CONSOLIDATED CASH FLOW STATEMENT**

	FY2020 \$'000	FY2019 \$'000
Operating activities		
Loss before tax	(72,309)	(59,564)
Add/(less):		
Depreciation	35,934	33,018
Strut Consumption allowance	4,231	6,059
Interest income	(9)	(15)
Interest expense	12,315	12,898
Impairment on trade receivable	-	2,156
Provision for onerous contracts	167	(212)
Loss/(Gain) on disposal of property, plant & equipment	1,192	15,138
Share of results of an associated company	375	(399)
Fair value of derivative liability	(1,299)	(1,402)
Debt insurance cost - convertible bond	-	90
Effects of changes in foreign exchange	26	(100)
Operating cash flows before changes in working capital	(19,377)	7,667
Decrease in inventories	10,103	18,241
Decrease in trade, other receivables and contract assets	45,686	15,216
Increase in trade, other creditors and contract liabilities	6,923	601
Cash flows generated from operations	43,335	41,725
Income tax paid	(611)	(590)
Interest received	9	15
Interest paid	(10,775)	(12,035)
Net cash flows from operating activities	31,958	29,115
Investing activities		
Purchase of property, plant & equipment	(22,905)	(26,951)
Proceeds from disposal of property, plant & equipment	3,423	12,685
Net cash flows used in investing activities	(19,482)	(14,266)
Financing activities		
Proceeds from issuance of convertible bonds	-	12,500
Debt insurance cost - convertible bond	-	(418)
Proceeds from borrowings	9,165	2,921
Repayment of borrowings	(12,939)	(26,137)
Lease payments	(8,043)	(6,162)
Payment for hire purchase instalments	(1,819)	(2,688)
Net cash flows used in financing activities	(13,636)	(19,984)
Net decrease in cash and cash equivalents	(1,160)	(5,135)
Effect of exchange rate changes on cash and cash equivalents	(30)	(12)
Cash and cash equivalents at beginning of year	9,117	14,264
Cash and cash equivalents at end of year	7,927	9,117

1(d)(i) **STATEMENT OF COMPREHENSIVE INCOME**

	Group		
	FY2020	FY2019	Fav/(Unfav)
	\$'000	\$'000	%
Loss after tax	(60,352)	(54,703)	(10.3)
Foreign currency translation	(60)	(207)	71.0
Fair value reserve	(303)	-	(100.0)
Total comprehensive loss	(60,715)	(54,910)	(10.6)

Attributable to:

Owners of the Company	(60,892)	(53,962)	(12.8)
Non-controlling interests	177	(948)	nm
	(60,715)	(54,910)	(10.6)

nm - not meaningful

1(d)(ii) **STATEMENT OF CHANGES IN EQUITY**

	Share capital \$'000	Capital reserves \$'000	Share option reserves \$'000	Foreign currency translation reserves \$'000	Fair value reserve \$'000	Retained earnings \$'000	Non-controlling interests \$'000	Total \$'000
GROUP								
Balance at 1 January 2020	141,445	6,837	12,800	(6,493)	-	45,261	(9,097)	190,753
Total comprehensive loss for the year	-	-	-	(60)	(303)	(60,529)	177	(60,715)
Balance at 31 December 2020	141,445	6,837	12,800	(6,553)	(303)	(15,268)	(8,920)	130,038
Balance at 1 January 2019	141,445	6,837	12,800	(6,285)	-	99,016	(8,149)	245,664
Total comprehensive loss for the year	-	-	-	(208)	-	(53,755)	(948)	(54,911)
Balance at 31 December 2019	141,445	6,837	12,800	(6,493)	-	45,261	(9,097)	190,753
COMPANY								
Balance at 1 January 2020	141,445	-	12,800	-	-	13,042	-	167,287
Total comprehensive income for the year	-	-	-	-	-	1,326	-	1,326
Balance at 31 December 2020	141,445	-	12,800	-	-	14,368	-	168,613
Balance at 1 January 2019	141,445	-	12,800	-	-	12,262	-	166,507
Total comprehensive income for the year	-	-	-	-	-	780	-	780
Balance at 31 December 2019	141,445	-	12,800	-	-	13,042	-	167,287

1(d)(iii)&(iv) **SHARE CAPITAL**

There was no share issued during the period from 1 October 2020 to 31 December 2020.

As at 31 December 2020, there was 69,832,402 (31 December 2019: 69,832,402) unissued ordinary shares relating to convertible bonds issued on 4 June 2019.

As at 31 December 2020, the total number of issued shares was 522,602,931 (31 December 2019: 522,602,931).

2 AUDIT

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

3 AUDITOR'S REPORT

Not applicable.

4 ACCOUNTING POLICIES

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as those in the financial year ended 31 December 2020, except as disclosed in paragraph 5 below.

5 CHANGES IN ACCOUNTING POLICIES

The adoption of new/revised/amendments to SFRS (I)s which came into effect from 1 January 2020 does not have a material impact on the financial statements of the Group and the Company for the period under review, except for the following:

6 EARNINGS PER SHARE

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

	Group	
	FY2020	FY2019
(i) Based on weighted average number of shares in issue (cents)	(11.58)	(10.29)
(ii) On a fully diluted basis (cents)	(11.58)	(10.29)
(i) Weighted average number of shares in issue	522,602,931	522,602,931
(ii) weighted average number of shares for diluted earnings	522,602,931	522,602,931

7 NET ASSET VALUE PER SHARE

	Group (cents)		Company (cents)	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Net asset value per share	26.59	38.24	32.26	32.01

8 REVIEW OF THE PERFORMANCE OF THE GROUP

The impact of the Covid-19 pandemic on the Group's business was severe for the period from April to August 2020 due to the suspension of construction activities during the circuit breaker period as well as project site disruptions post-circuit breaker period.

With the reopening of the economy under Phase Two since 19 June 2020, construction companies were not allowed to resume construction activities in the beginning of Phase Two. The construction industry faced manpower and other project site disruptions arising from additional measures to curb the spread of the virus, including movement restrictions at foreign worker dormitories. Various controls and safety measures imposed by the government resulted in the cessation of work on all the Group's project sites in Singapore for approximately 5 months in 2020.

The Group has gradually resumed construction activities from mid-August 2020 with the required COVID-19 measures in place including Safe Entry scanning, Trace Together app, temperature screening, use of masks, and safe distancing for all employees at the workplace.

As a result of the drop in level of business activities, the Group's revenue decreased by 52.7% to \$92.9 million for the year ended 31 December 2020 ("FY2020"), as compared to \$196.3 million in FY2019. All business segments registered significantly lower revenue. On a segmental basis, revenue contribution from Structural Steelwork decreased 34.6%, from \$70.7 million in FY2019 to \$46.2 million in FY2020 mainly due to lower business activities during the financial year. JTC Logistics Hub, JTC North Coast Development, Shimano Factory and India Bangalore Airport were key contributors to Structural Steelwork's revenue in the current financial year.

Revenue from Specialist Civil Engineering projects decreased by 52.3% from \$93.0 million in FY2019 to \$44.4 million in FY2020 mainly due to lower business activities resulting from Covid-19 disruptions as well as lower contributions from infrastructural projects in Australia. Key contributions came from the Changi Terminal 5 project, Thomson-East Coast Line and Circle Line MRT projects and Hong Kong MTR projects.

Revenue from Design and Build projects decreased from \$26.0 million in FY2019 to \$1.2 million in FY2020, mainly due to the substantial completion of a four-storey regional headquarters with mezzanine offices and a two-storey production facility located at Tampines Industrial Crescent.

On a geographical basis, Singapore continued to be the core contributor, accounting for 68.7% of total revenue, compared to 70.5% in FY2019. The other contributors were from rest of the Asia-Pacific markets.

In tandem with lower revenue, gross loss widened from \$14.8 million to \$44.4 million. The higher gross loss was due to the low level of fabrication activities in the Group's Singapore and Malaysia factories and lower strutting activities, resulting in significant overhead costs not fully allocated to projects. The temporary cessation of fabrication works during the circuit breaker period, slower-than-expected progress in project commencements after Phase 2 opening, as well as the implementation of the movement control order in Malaysia, further dampened both factories' utilisation rates for the year. In addition, downward adjustments were made to the gross margin of projects arising from higher costs due to delays in completion of projects, mainly as a result of the suspension of construction activities during the circuit breaker period as well as project site disruptions post-circuit breaker period.

The higher gross loss was partially cushioned by lower general and administrative expenses ("G&A expenses"), a drop of 48.7% from \$33.9 million in FY2019 to \$17.4 million in FY2020. Lower G&A expenses was mainly due to the absence of impairment on trade receivable of \$2.1 million and one-off operational restructuring costs and loss on disposal of strutting assets totalling \$17.4 million, which were made in FY2019. The Singapore government's Job Support Scheme grants as well as foreign worker levy waiver and rebates for S-Pass and work permit holders which totalled \$5.9 million, also helped reduce G&A expenses. The impact of reduction in G&A expense was partially offset by a provision made on project receivable of \$8.4 million during the year.

Other income increased by \$0.4 million from \$1.7 million in FY2019 to \$2.1 million in FY2020 mainly due to the receipt of a grant from BCA in relation to the purchase of a robotic automated machine, and BCA's COVID-19 safe-firm based support grant in relation to co-sharing contractors' costs in procuring additional material/equipment to comply with COVID-19 Safe Worksite requirements.

Finance cost decreased marginally by 4.5% from \$12.9 million in FY2019 to \$12.3 million in FY2020 mainly due to lower borrowing interest expense of \$1.6 million resulting from lower bank borrowings and reduction in interest rates as compared to a year ago. The impact of lower borrowing interest expense was net off by higher convertible bonds interest amortisation in FY2020 (higher by \$1 million), as compared to only 7 months of bond interest recorded in FY2019. Overall, the Group recorded a loss before tax of \$72.3 million in FY2020 as compared to a loss before tax of \$59.6 million in FY2019.

Net asset value per share decreased from 38.24 Singapore cents as at 31 December 2019 to 26.59 Singapore cents as at 31 December 2020.

The Group's net gearing was higher at 0.90 times as at 31 December 2020, compared to 0.62 times as at 31 December 2019.

9 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.

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

Amidst the uncertain outlook exacerbated by the COVID-19 outbreak in Singapore and regionally, the Group has taken safety and precautionary measures to ensure continued business operations. The Group's Singapore and Malaysia factories have resumed operations. All of the Group's projects have restarted operations to-date.

The management team continues to focus on managing operating costs to mitigate the adverse financial impact of COVID-19. Since June 2020, the Group has implemented company-wide salary cuts ranging from 10% to 20% for all employees. The management team of the Group has taken salary cuts of up to 30%.

As at 31 December 2020, the Group's order book stood at \$543.0 million, compared to \$405.7 million as at 31 December 2019. 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 \$788 million.

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.

11 DIVIDEND

(a) Current financial period reported on

None

(b) Corresponding period of the immediately preceding financial year

None

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

No dividend is recommended for period ended 31 December 2020 as the Board of Directors deems it appropriate to conserve funds for the Group's business activities and working capital requirement.

13 Interested Person Transactions

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

Segmental Information

	Singapore \$'000	Rest of Asia- Pacific \$'000	Eliminations \$'000	Group \$'000
Year ended 31 December 2020				
Revenue				
External customers	63,803	29,047	-	92,850
Inter-segment revenue	2,945	12,186	(15,131)	-
Total revenue	66,748	41,233	(15,131)	92,850
Result				
Segment result	(49,772)	(11,054)	823	(60,003)
Finance income				9
Finance cost				(12,315)
Loss before tax				(72,309)
Tax				11,957
Loss after tax				(60,352)

	Singapore \$'000	Rest of Asia- Pacific \$'000	Eliminations \$'000	Group \$'000
Year ended 31 December 2019				
Revenue				
External customers	138,456	57,817	-	196,273
Inter-segment revenue	1,143	21,335	(22,478)	-
Total revenue	139,599	79,152	(22,478)	196,273
Result				
Segment result	(43,987)	(1,107)	(1,986)	(47,080)
Share of results of associated companies				399
Finance income				15
Finance cost				(12,898)
Loss before tax				(59,564)
Tax				4,861
Loss after tax				(54,703)

Revenue by Business Segments

	FY2020 \$'000	FY2019 \$'000
Structural steelworks	46,230	70,690
Specialist civil engineering	44,389	92,966
Mechanical engineering	29	90
Design and Build	1,197	26,011
Others	1,005	6,516
	92,850	196,273

Breakdown of sales and (loss)/profit after tax

	Group		
	FY2020 \$'000	FY2019 \$'000	Fav/(Unfav) %
(a) Sales reported for first half year	59,884	101,636	(41.1)
(b) Loss after tax for first half year	(20,875)	(12,960)	(61.1)
(c) Sales reported for second half year	32,966	94,637	(65.2)
(d) Loss after tax for second half year	(39,477)	(41,743)	5.4

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2020 \$'000	FY2019 \$'000
Final ordinary dividend	-	-

17 Reports of person occupying managerial position who are related to a director, chief executive officer or substantial shareholder

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Seow Soon Hock	64	Brother of Seow Soon Yong, Seow Soon Hee and Siau Sun King	Production Director; Reponsible for all fabrication, logistic, planning, manufacturing and delivery of all manufactured products of the Group 2002	Nil
Seow Khng Chai	62	Brother of Seow Soon Yong, Seow Soon Hee and Siau Sun King	General Manager - Malaysia Operation; Responsible for the day-to-day functions of the fabrication facility in Malaysia, including co-ordination of production planning, scheduling, manufacturing and logistics activities 2002	Nil

18 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: 27 February 2021