YONGNAM HOLDINGS LIMITED

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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2021

A CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	Group			Group		
	2HFY2021	2HFY2020	Fav / (Unfav)	FY2021	FY2020	Fav / (Unfav)
	$'000	$'000	%	$'000	$'000	%
Revenue	58,087	32,966	76.2	116,655	92,850	25.6
Cost of sales	(59,119)	(67,467)	12.4	(120,744)	(137,217)	12.0
Gross loss	(1,032)	(34,501)	97.0	(4,089)	(44,367)	90.8
Other income	1,308	4,843	(73.0)	3,456	8,039	(57.0)
General and administrative expenses	(1,450)	(14,960)	90.3	(5,557)	(21,261)	73.9
Exceptional items (Note 1)	(7,460)	-	nm	(11,297)	(2,039)	(454.0)
Interest income	1	1	0.0	1	9	(88.9)
Finance costs	(4,842)	(6,055)	20.0	(10,206)	(12,315)	17.1
Share of results of an associated company, net of tax	577	-	nm	545	(375)	nm
Loss before tax	(12,898)	(50,672)	74.5	(27,147)	(72,309)	62.5
Taxation	110	(6,279)	nm	61	(5,517)	nm
Loss after tax	(12,788)	(56,951)	77.5	(27,086)	(77,826)	65.2

Attributable to:

Owners of the Company	(12,809)	(56,839)	77.5	(27,240)	(78,003)	65.1
Non-controlling interests	21	(112)	nm	154	177	(13.0)
	(12,788)	(56,951)	77.5	(27,086)	(77,826)	65.2

nm - not meaningful

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

Loss on disposal of property, plant & equipment (Note 1(a))	6,197	-	nm	9,304	2,039	(356.3)
Loss on de-recognition of convertible bonds	1,263	-	nm	1,263	-	nm
One-off site preparation for yards	-	-	nm	730	-	nm
	7,460	-	nm	11,297	2,039	(454.0)

<u>Note 1 (a)</u>

The Group has identified steel beams and columns of low utilisation that have no immediate use for upcoming projects. These are surplus to the current and upcoming 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	
		31/12/2021	31/12/2020	31/12/2021	31/12/2020
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	1	215,026	251,243	-	-
Right-of-use assets	1	41,317	44,459	-	-
Investment in subsidiaries		-	-	120,120	115,226
Investment securities		1,184	1,290	-	-
Deferred tax asset		11	-	-	-
Prepayments		-	271	-	-
Restricted bank balances		2,505	3,267	-	-
Investment in associated company		630	84	-	-
		260,673	300,614	120,120	115,226
Current assets					
Inventories	2	17,606	19,766	-	-
Contract assets	3	39,107	36,568	-	-
Trade debtors	4	16,857	14,847	-	-
Other receivables and deposits		6,592	5,946	4	9
Prepayments		1,189	1,893	-	4
Cash and bank balances		2,914	5,500	19	20
		84,265	84,520	23	33
Current liabilities					
Contract liabilities	5	23,380	32,028	-	-
Trade creditors		52,927	50,407	-	-
Other creditors and accruals		15,002	13,428	1,342	771
Borrowings	6	37,240	93,378	-	-
Lease liabilities		11,290	12,590	-	-
Convertible bonds (liability)	6	8,263	11,875	8,263	11,875
Convertible bonds (derivative)	6	905	-	737	-
Income tax payable		65	298	-	-
		149,072	214,004	10,342	12,646
Net current liabilities	7	(64,807)	(129,484)	(10,319)	(12,613)
Non-current liabilities					
Borrowings	6	63,115	13,842	-	-
Lease liabilities		39,627	44,655	-	-
Deferred tax liabilities		-	69	-	-
		102,742	58,566	-	-
Net assets		**93,124**	**112,564**	**109,801**	**102,613**
Equity					
Share capital		149,384	141,445	149,384	141,445
Reserves		(47,494)	(19,961)	(39,583)	(38,832)
		101,890	121,484	109,801	102,613
Non-controlling interest		(8,766)	(8,920)	-	-
		93,124	**112,564**	**109,801**	**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 decreased mainly due to disposal of strutting assets and depreciation charges during the period. Right-of-use assets decreased 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, in line with increased business activities.

Note 4: Trade debtors

Trade debtor increased due to higher billings in line with increased business activities.

Note 5: Contract liabilities

Contract liabilities relates to advance payment from main contractor for which work has not been performed. Contract liabilities decreased due to subsequent 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, $3,000,000 of the convertible bonds is repaid over 10 equal monthly tranches from June 2021 to March 2022. In respect of the remaining balance, the Group entered 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. The new redeemable convertible bonds was issued on 27 October 2021, maturing one year from the 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 31 December 2021 and initial sign showing that business activities continue to ramping up pace since resumption of construction activities in later half of 2021.

C CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

	FY2021	FY2020
	$'000	$'000
Operating activities		
Loss before tax	(27,147)	(72,309)
Add/(less):		
Depreciation	27,439	35,934
Strut consumption allowance	1,157	4,231
Interest income	(1)	(9)
Interest expense	10,206	12,315
(Write back)/Impairment on trade receivables	(349)	151
(Write back)/Impairment on contract assets	(2,257)	8,430
Provision for onerous contracts	(584)	167
Net gain on fair value of derivative instruments held at fair value through profit and loss	(298)	(1,299)
Loss on de-recognition of convertible bonds	1,263	-
Loss on disposal of property, plant & equipment	7,527	1,192
Share of results of an associated company	(545)	375
Effects of changes in foreign exchange	130	27
Operating cash flows before changes in working capital	16,541	(10,795)
Decrease in inventories	2,161	10,102
Decrease in trade, other receivables and contract assets	5,618	38,945
(Decrease)/Increase in trade, other creditors and contract liabilities	(3,592)	4,316
Cash flows generated from operations	20,728	42,568
Income tax paid	(250)	(611)
Interest received	-	9
Interest paid	(9,247)	(10,775)
Net cash flows from operating activities	11,231	31,191
Investing activities		
Purchase of property, plant & equipment	(20,765)	(22,905)
Proceeds from disposal of property, plant & equipment	22,149	3,423
Net cash flows from/(used in) investing activities	1,384	(19,482)
Financing activities		
Proceeds from issuance of shares	5,407	-
Repayment of convertible bonds	(2,100)	-
Proceeds from borrowings	1,437	9,166
Repayment of borrowings	(8,425)	(12,939)
Decrease/(Incease) in restricted bank balances	762	(3,267)
Lease payments	(12,318)	(8,256)
Net cash flows used in financing activities	(15,237)	(15,296)
Net decrease in cash and cash equivalents	(2,622)	(3,587)
Effect of exchange rate changes on cash and cash equivalents	36	(30)
Cash and bank balances at beginning of year	5,500	9,117
Cash and bank balances at end of year	2,914	5,500

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

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
Issue of shares to bond holders	1,263	-	-	-	-	-	-	1,263
Conversion of convertible bond	1,269	-	-	-	-	-	-	1,269
Total comprehensive income/ (loss) for the year	-	-	-	(189)	(105)	(27,893)	154	(28,033)
Balance at 31 December 2021	149,384	6,837	12,800	(6,742)	(408)	(60,635)	(8,766)	92,470
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	-	-	-	(61)	(303)	(78,003)	177	(78,190)
Balance at 31 December 2020	141,445	6,837	12,800	(6,553)	(303)	(32,742)	(8,920)	112,564
COMPANY								
Balance at 1 January 2021	141,445	-	12,800	-	-	(51,632)	-	102,613
Issue of shares	5,407	-	-	-	-	-	-	5,407
Issue of shares to bond holders	1,263	-	-	-	-	-	-	1,263
Conversion of convertible bond	1,269	-	-	-	-	-	-	1,269
Total comprehensive income/ (loss) for the year	-	-	-	-	-	(751)	-	(751)
Balance at 31 December 2021	149,384	-	12,800	-	-	(52,383)	-	109,801
Balance at 1 January 2020	141,445	-	12,800	-	-	13,042	-	167,287
Total comprehensive loss for the year	-	-	-	-	-	(64,674)	-	(64,674)
Balance at 31 December 2020	141,445	-	12,800	-	-	(51,632)	-	102,613

F NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with the SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. 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 interim financial statements for the period ended 30 June 2021.

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 year ended 31 December 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 31 December 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.

<u>Steel beams and columns</u>
For the purpose of this condensed interim financial statements for the half year ended 31 December 2021, management has reviewed and considered the cash flows projections for the CGU. No impairment loss was recorded as results of the assessment by management.

2 Loss before tax

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

	2HFY2021	2HFY2020	FY2021	FY2020
	$'000	$'000	$'000	$'000
Loss on disposal of property, plant & equipment	4,165	1,880	7,527	1,192
Depreciation	12,960	20,049	27,439	35,934
(Write back)/Allowance on strut consumption	(1,837)	1,682	1,157	4,231
(Write back)/Impairment made on contract assets	(2,257)	8,430	(2,257)	8,430
Loss on de-recognition of convertible bonds	1,263	-	1,263	-
Provision for onerous contracts	273	196	(584)	167

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
Year ended 31 December 2021				
Revenue				
External customers	95,163	21,492	-	116,655
Inter-segment revenue	3,202	10,311	(13,513)	-
Total revenue	98,365	31,803	(13,513)	116,655
Depreciation	21,073	6,366	-	27,439
Result				
Segment result	(13,416)	(6,908)	2,837	(17,487)
Share of results of associated companies				545
Finance income				1
Finance cost				(10,206)
Loss before tax				(27,147)
Tax				61
Loss after tax				(27,086)
Non-current assets	163,211	97,462	-	260,673

	Singapore	Rest of Asia Pacific	Eliminations	Group
	$'000	$'000	$'000	$'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
Depreciation	28,678	7,256	-	35,934
Result				
Segment result	(50,147)	(11,054)	823	(60,378)
Share of results of associated companies				375
Finance income				9
Finance cost				(12,315)
Loss before tax				(72,309)
Tax				(5,517)
Loss after tax				(77,826)
Non-current assets	191,060	109,554	-	300,614

Revenue by Business Segments	2HFY2021	2HFY2020	FY2021	FY2020
	$'000	$'000	$'000	$'000
Structural steelworks	23,316	18,233	46,075	46,230
Specialist civil engineering	34,972	14,722	71,414	44,389
Mechanical engineering	2	13	2	29
Design and Build	(203)	(3)	(836)	1,197
Others	-	1	-	1,005
	58,087	32,966	116,655	92,850

4 Earning per share

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

	Group		Group	
	2HFY2021	2HFY2020	FY2021	FY2020
(i) Based on weighted average number of shares in issue (cents)	(2.18)	(10.88)	(4.63)	(14.93)
(ii) On a fully diluted basis (cents) #	(2.18)	(10.88)	(4.63)	(14.93)
(i) Weighted average number of shares in issue	588,730,651	522,602,931	588,730,651	522,602,931
(ii) Weighted average number of shares for diluted earnings	588,730,651	522,602,931	588,730,651	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)	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Net asset value per share	15.86	23.25	17.06	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
<u>As at 31 December 2020</u>								
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
<u>Year ended 31 December 2021</u>								
Opening net book value	30,079	21,782	6,962	938	369	184,957	6,156	251,243
Addition	-	-	305	67	160	20,300	-	20,832
Disposal/Write off	-	-	-	(192)	(4)	(34,986)	(362)	(35,544)
Depreciation	-	(2,974)	(1,485)	(354)	(234)	(11,594)	(1,735)	(18,376)
Strut consumption allowance	-	-	-	-	-	(2,988)	-	(2,988)
Exchange differences	(412)	(3)	(5)	1	-	281	(3)	(141)
Closing net book value	29,667	18,805	5,777	460	291	155,970	4,056	215,026
<u>As at 31 December 2021</u>								
Cost	29,667	56,476	34,724	5,144	7,460	263,486	36,147	433,104
Accumulated amortisation and impairment	-	(37,671)	(28,947)	(4,684)	(7,169)	(107,516)	(32,091)	(218,078)
Net Book value	29,667	18,805	5,777	460	291	155,970	4,056	215,026

7 Borrowings

	As at 31/12/2021		As at 31/12/2020	
	$'000		$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	42,741	3,667	92,961	417
Amount repayable after one year	59,613	3,502	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 31 December 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 year period then ended and certain explanatory notes have not been audited or reviewed.

2 SHARE CAPITAL

There was a total of 119,939,836 new shares issued during the period from 1 January to 31 December 2021 arising from:
(i) 75,003,000 share placement exercise which was completed on 7 May 2021
(ii) issuance of 19,736,836 shares to existing convertible bond holders on 22 June 2021 under the facilitation payment agreements, and (iii) conversion of convertible shares of 25,200,000 on 22 and 23 November 2021.

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 was obtained for the allotment and issue of, inter alia, the 2021 Bonds. The 2021 Bonds was issued on 27 October 2021, maturing one (1) year from the date of issue of the 2021 Bonds.

As at 31 December 2021, there is 164,800,000 unissued ordinary shares (31 December 2020: 69,832,402) which may be issued on conversion of convertible bonds of the Company.

As at 31 December 2021, the total number of issued shares was 642,542,767 (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

In FY2021, Singapore's construction sector continued to be severely impacted by disruptions, manpower shortages and various additional safety measures at project sites due to COVID-19. While overall construction activities saw a pick-up in Q3FY2021 compared to the same period last year, the tight manpower situation resulted in slower progress to the Group's existing project sites. The Group's revenue increased by 25.6% to $116.7 million in FY2021, compared to $92.9 million in the previous corresponding year. The increase is due to no revenue recognised for 5 months in FY2020 for projects in Singapore (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.

On a segmental basis, revenue contribution from Structural Steelwork decreased marginally by 0.3%, from $46.2 million in FY2020 to $46.1 million in FY2021. Surbana Jurong Campus, N105 Temporary Pedestrian Overhead Bridge, IOI Building Development, SGH, Punggol Sports Hub Complex and remaining works at JTC Logistic Hub were key contributors to Structural Steelwork's revenue in the period under review.

Revenue from Specialist Civil Engineering projects increased by 60.9%, from $44.4 million in FY2020 to $71.4 million in FY2021, due mainly to higher level of activities from projects in Singapore and Hong Kong. Contribution to revenue for the period under review came from MRT Thomson-East Coast Line and MRT Circle Line projects, MRT Integrated Train Testing Centre project, Changi T5 projects as well as projects in Australia and Hong Kong.

On a geographical basis, Singapore continued to be the core contributor, accounting for 81.6% of total revenue, compared to 68.7% in FY2020. The other contributors were from the rest of the Asia-Pacific markets.

The Group's gross loss narrowed significantly from $44.4 million in FY2020 to $4.1 million in FY2021. This is in line with higher revenue reported, as well as lower unallocated overheads, which reduced by nearly half in FY2021 as compared to FY2020. The significant reduction in unallocated overheads was due to higher levels of business activities as well as management's efforts to reduce overall overheads. The higher gross loss in FY2020 was also caused by downward adjustments made to the gross margins of projects. These adjustments arose from expectations of higher projects costs due to delays in completion of projects resulting from the suspension of construction activities during the circuit breaker period as well as disruptions to project sites post-circuit breaker period.

Notwithstanding 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. High production unallocated overhead costs were also due to the various rounds of the implementation of movement control order ("MCO") in Malaysia in FY2021, which severely affected the production activities in our Malaysia factory. Slower progress at project sites has also caused fabrication activities in our Singapore factory to remain low. These resulted in a significant amount of production overhead costs not being allocated to projects, which depressed the Group's gross margins.

Other income decreased from $8.0 million to $3.5 million mainly due to lower job support scheme grants received from the Singapore Government and lower gain on fair value of derivative instruments. General and administrative expenses decreased 73.9% from $21.3 million in FY2020 to $5.6 million in FY2021, mainly due to the absence of $8.4 million provision on project receivable, which was made in FY2020. Lower staff expenses, general and administrative expenses and gain on disposal of certain fixed asset have also contributed to the lower general and administrative expenses in FY2021. There were exceptional items of $11.3 million in FY2021 ($2.3 million in FY2020) due to the disposal of surplus steel beams and columns of low utilization, loss on de-recognition of convertible bonds refinancing and yard preparation costs.

Finance costs decreased by 17.1% from $12.3 million to $10.2 million, due to lower bank charges, borrowing interest and lease interest.

As a result, the Group reported a net loss of $27.1 million in FY2021, compared to loss of $77.8 million in FY2020. Excluding the exceptional item of $11.3 million, the Group's net loss would be lower at $15.8 million in FY2021, compared to $75.8 million in FY2020. Net asset value per share decreased from 23.25 Singapore cents as at 31 December 2020 to 15.86 Singapore cents as at 31 December 2021.

The Group's net gearing is higher at 1.12 times as at 31 December 2021, compared to 0.87 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 shortage remains a challenging issue for the construction industry in Singapore in the near term. In August 2021, the Ministry of Manpower (MOM) allowed some work permit renewals and in February 2022, the government announced further easing of border restrictions. In the mid-to-longer term, Singapore's high vaccination rates and steady public sector construction developments are expected to pave the way towards the recovery of the construction sector and the overall economy.

As at 31 December 2021, the Group's order book stood at $464.3 million, compared to $504.7 million as at 30 June 2021. 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

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 will monitor the macro economic environment closely. The Group will continue to actively explore business opportunities in Singapore and selectively bid for targeted contracts in the region.

7 Breakdown of sales and (loss)/profit after tax

	Group		
	FY2021 $'000	FY2020 $'000	Fav/(Unfav) %
(a) Sales reported for first half year	58,568	59,884	(2.2)
(b) Loss after tax for first half year	(14,298)	(20,875)	31.5
(c) Sales reported for second half year	58,087	32,966	76.2
(d) Loss after tax for second half year	(12,788)	(56,951)	77.5

8 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 31 December 2021 as the Board of Directors deems it appropriate to conserve funds for the Group's business activities and working capital requirement.

9 Interested Person Transactions

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

10 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.

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.

12 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	65	Brother of Seow Soon Yong 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	63	Brother of Seow Soon Yong 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

SEOW SOON YONG
Chief Executive Officer

CHIA SIN CHENG
Finance & Executive Director

Date: 24 February 2022