

The background features silhouettes of construction sites with cranes and building frameworks. A large, dark blue diagonal band runs from the top right towards the center. On the left side, there are overlapping geometric shapes in shades of blue, including a large diamond and a zig-zag pattern.

# INTERIM REPORT

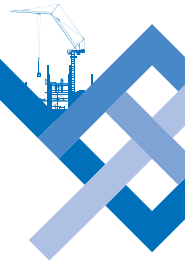
The logo consists of a stylized 'S' and 'T' symbol, where the 'S' is formed by three horizontal bars of varying lengths, and the 'T' is a solid vertical bar.

## S&T Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 3928

# 2021



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Poon Soon Huat (*Chairman*)  
Mr. Koh Chew Chiang (alias Xu Zhouchang)  
(formerly known as Faris Koh)  
(*Chief Executive Officer*)  
(appointed on 26 November 2021)  
Mr. Teo Teck Thye (*Chief Executive Officer*)  
(resigned on 26 November 2021)

### Independent Non-Executive Directors

Mr. Chan Kwok Wing Kelvin  
Mr. Tam Hon Fai  
Mr. Wong Ka Bo Jimmy  
(appointed on 22 January 2021)  
Mr. May Tai Keung Nicholas  
(resigned on 22 January 2021)

## AUDIT COMMITTEE

Mr. Tam Hon Fai (*Chairman*)  
Mr. Chan Kwok Wing Kelvin  
Mr. Wong Ka Bo Jimmy  
(appointed on 22 January 2021)  
Mr. May Tai Keung Nicholas  
(resigned on 22 January 2021)

## REMUNERATION COMMITTEE

Mr. Chan Kwok Wing Kelvin (*Chairman*)  
Mr. Koh Chew Chiang (alias Xu Zhouchang)  
(formerly known as Faris Koh)  
(appointed on 26 November 2021)  
Mr. Tam Hon Fai  
Mr. Teo Teck Thye  
(resigned on 26 November 2021)

## NOMINATION COMMITTEE

Mr. Poon Soon Huat (*Chairman*)  
Mr. Chan Kwok Wing Kelvin  
Mr. Wong Ka Bo Jimmy  
(appointed on 22 January 2021)  
Mr. May Tai Keung Nicholas  
(resigned on 22 January 2021)

## COMPANY SECRETARY

Ms. Leung Hoi Yan

## AUTHORISED REPRESENTATIVES

Mr. Poon Soon Huat  
Ms. Leung Hoi Yan

## LEGAL ADVISER TO THE COMPANY

As to Hong Kong law  
ONC Lawyers  
19th Floor  
Three Exchange Square  
8 Connaught Place  
Central, Hong Kong

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

16 Kian Teck Way  
Singapore 628749

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F, United Centre  
95 Queensway, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited  
2103B, 21/F, 148 Electric Road  
North Point, Hong Kong

## **PRINCIPAL BANKERS**

Maybank Banking Berhad  
United Overseas Bank Limited  
DBS Bank Ltd

## **AUDITOR**

HLB Hodgson Impey Cheng Limited  
Certified Public Accountants  
31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central, Hong Kong

## **COMPLIANCE ADVISER**

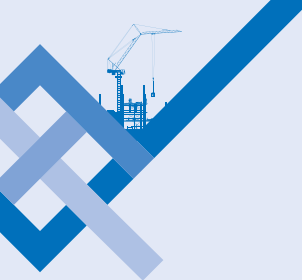
Grande Capital Limited  
Room 2701, 27th Floor, Tower One  
Admiralty Centre  
18 Harcourt Road  
Admiralty, Hong Kong

## **COMPANY'S WEBSITE**

[www.singtec.com.sg](http://www.singtec.com.sg)

## **STOCK CODE**

3928



The board (the “**Board**”) of directors (the “**Directors**”) of S&T Holdings Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the six months ended 31 March 2021 together with comparative figures for the corresponding period in 2020 as follows:

## Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 March 2021

	Note	Six months ended 31 March	
		2021 S\$ (Unaudited)	2020 S\$ (Unaudited and restated)
<b>Revenue</b>			
Services	4	21,967,208	31,350,218
Rental	4	134,243	278,201
Total revenue		22,101,451	31,628,419
Cost of services		(26,000,139)	(26,853,764)
<b>Gross (loss)/profit</b>		<b>(3,898,688)</b>	4,774,655
Other income	5	1,215,444	187,949
Other gains and losses	6	110,286	604,936
Allowance for expected credit losses on financial assets and contract assets, net		(79,431)	–
Administrative expenses		(3,955,785)	(2,795,496)
Finance costs	7	(625,395)	(631,194)
Share of result of a joint venture		1,206	–
(Loss)/profit before taxation	8	(7,232,363)	2,140,850
Income tax expense	9	(58,154)	(436,806)
<b>(Loss)/profit for the period, representing total comprehensive (loss)/income for the period</b>		<b>(7,290,517)</b>	1,704,044
Basic and diluted (loss)/earnings per share (S cents)	11	(1.52)	0.36

# Interim Condensed Consolidated Statement of Financial Position

As at 31 March 2021



	Note	31 March 2021 S\$ (Unaudited)	30 September 2020 S\$ (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	12	19,207,352	20,367,706
Investment properties	13	9,184,000	9,184,000
Investment properties held under joint operations	13	6,835,000	6,835,000
Interest in a joint venture		1,080,027	1,078,821
Financial assets at fair value through profit or loss		1,245,335	1,241,426
Bank deposits		226,061	225,951
		<b>37,777,775</b>	38,932,904
<b>Current assets</b>			
Trade receivables	14	7,948,391	6,707,394
Other receivables, deposits and prepayments	15	1,940,231	6,028,421
Income tax recoverable		39,298	–
Contract assets	16	17,866,470	19,726,036
Bank balances and cash		9,518,932	10,093,499
		<b>37,313,322</b>	42,555,350
<b>Current liabilities</b>			
Trade and other payables	17	10,637,680	10,652,479
Contract liabilities	16	–	34,885
Income tax payable		–	59,728
Bank overdrafts	18	5,606,821	4,982,890
Bank borrowings	18	3,492,540	2,312,556
Bank borrowings held under joint operations	18	227,483	2,891,707
Lease liabilities	19	2,101,634	2,164,883
		<b>22,066,158</b>	23,099,128
<b>Net current assets</b>		<b>15,247,164</b>	19,456,222
<b>Total assets less current liabilities</b>		<b>53,024,939</b>	58,389,126
<b>Non-current liabilities</b>			
Bank borrowings	18	12,299,385	13,230,472
Bank borrowings held under joint operations	18	3,381,162	830,113
Lease liabilities	19	2,755,270	2,448,902
Deferred tax liabilities		195,812	195,812
		<b>18,631,629</b>	16,705,299
<b>Net assets</b>		<b>34,393,310</b>	41,683,827



## Interim Condensed Consolidated Statement of Financial Position

As at 31 March 2021

	Note	<b>31 March 2021 S\$ (Unaudited)</b>	30 September 2020 S\$ (Audited)
<b>Capital and reserves</b>			
Share capital	20	<b>847,680</b>	847,680
Reserves		<b>33,545,630</b>	40,836,147
		<b>34,393,310</b>	41,683,827

# Interim Condensed Consolidated Statement of Changes in Equity

As at 31 March 2021



	Share capital S\$	Share premium S\$	Merger reserves S\$	Other reserves S\$	Properties revaluation reserves S\$	Accumulated profits S\$	Total S\$
<b>At 30 September 2019 and 1 October 2019 (restated)</b>	847,680	18,742,783	6,895,003	1,109,142	767,248	20,409,571	48,771,427
Profit for the period, representing total comprehensive income for the period (restated)	-	-	-	-	-	1,704,044	1,704,044
<b>At 31 March 2020 (unaudited and restated)</b>	847,680	18,742,783	6,895,003	1,109,142	767,248	22,113,615	50,475,471
<b>At 1 October 2020 (audited)</b>	847,680	18,742,783	6,895,003	1,109,142	767,248	13,321,971	41,683,827
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	-	(7,290,517)	(7,290,517)
<b>At 31 March 2021 (unaudited)</b>	847,680	18,742,783	6,895,003	1,109,142	767,248	6,031,454	34,393,310



# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2021

	Six months ended 31 March	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited and restated)
<b>OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	<b>(7,232,363)</b>	2,140,850
Adjustments for:		
Depreciation of property, plant and equipment	<b>1,656,166</b>	1,629,078
Fair value gains on financial assets at fair value through profit or loss	<b>(3,909)</b>	–
Impairment loss on financial assets and contract assets	<b>79,431</b>	–
Finance costs	<b>625,395</b>	631,194
Interest income	<b>(110)</b>	(139)
Net exchange differences	<b>180,126</b>	(260,792)
Net gain on disposal of property, plant and equipment	<b>(188,253)</b>	(226,315)
Share of result of a joint venture	<b>(1,206)</b>	–
Operating cash flow before movement in working capital	<b>(4,884,723)</b>	3,913,876
Movements in working capital:		
Trade receivables	<b>(1,334,895)</b>	3,909,293
Other receivables, deposits and prepayments	<b>4,015,667</b>	164,190
Contract assets	<b>1,946,557</b>	2,364,998
Contract liabilities	<b>(34,885)</b>	(3,275)
Trade and other payables	<b>1,075,402</b>	(9,654,021)
Cash generated from operations	<b>783,123</b>	695,061
Income tax paid	<b>(157,180)</b>	(780,139)
<b>Net cash from/(used in) operating activities</b>	<b>625,943</b>	(85,078)
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	<b>215,211</b>	226,315
Purchase of property, plant and equipment	<b>(18,706)</b>	(1,942,299)
Interest received	–	139
<b>Net cash from/(used in) investing activities</b>	<b>196,505</b>	(1,715,845)

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2021

	Six months ended 31 March	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited and restated)
<b>FINANCING ACTIVITIES</b>		
Interest paid	(625,395)	(631,194)
Fixed deposits pledged	-	(1,529,579)
Repayment of lease liabilities	(1,351,147)	(835,248)
Drawdown/(repayment) of bank overdrafts	623,931	(1,164,121)
Repayment of bank borrowings	(3,603,774)	(5,097,374)
Proceeds from bank borrowings	3,739,496	877,400
<b>Net cash used in financing activities</b>	<b>(1,216,889)</b>	<b>(8,380,116)</b>
Net decrease in cash and cash equivalents	(394,441)	(10,181,039)
Cash and cash equivalents at beginning of the period	10,093,499	20,948,951
Effect of foreign exchange rate changes on bank balances and cash	(180,126)	260,792
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>9,518,932</b>	<b>11,028,704</b>



# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 1 GENERAL

S&T Holdings Limited (the "**Company**") was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 17 September 2018. The registered office of the Company is located at Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") on 14 December 2018 and the principal place of business in Hong Kong is Unit B, 17/F, United Centre, 95 Queensway, Hong Kong. The principal place of business is at 16 Kian Teck Way, Singapore 628749. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 19 September 2019.

The Company is a subsidiary of HG TEC Holdings Limited ("**HG TEC**"), incorporated in the British Virgin Islands, which is also the Company's ultimate holding company. HG TEC is owned by Mr. Poon Soon Huat and Mr. Teo Teck Thye. Upon the entering into the concert party deed, Mr. Poon and Mr. Teo through HG TEC became the controlling shareholders of the Group.

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of construction services and property investment in Singapore.

The interim condensed consolidated financial statements are presented in Singapore dollars ("**S\$**"), which is also the functional currency of the Company.

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") "Interim Financial Reporting" issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties, investment properties held under joint operations and financial assets at fair value through profit or loss, which were measured at fair values.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 31 March 2021 are the same as those presented in the Group's annual financial statements for the year ended 30 September 2020.



# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 3 PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the annual period beginning on or after 1 October 2020 for the preparation of the interim condensed consolidated financial statements:

IAS 1 and IAS 8 (Amendments)	Definition of Material
IFRS 3 (Amendments)	Definition of a Business
IFRS 9, IAS 39 and IFRS 7 (Amendments)	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 4 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from provision of construction services (including civil engineering works, building construction works and other ancillary services) by the Group to external customers and property investment being rental income from investment properties and investment properties held under joint operations.

### (i) Disaggregation of revenue from contracts with customers

	For the six months ended 31 March	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited and restated)
<b>Type of services</b>		
Construction services		
– Civil engineering works	18,230,723	28,989,758
– Building construction works	2,927,770	2,012,400
– Other ancillary services	808,715	348,060
Revenue from contracts with customers	21,967,208	31,350,218
Rental from property investment	134,243	278,201
Segment revenue (Note 4(iii))	22,101,451	31,628,419
<b>Timing of revenue recognition</b>		
Over time	21,967,208	31,350,218
<b>Types of customers</b>		
Corporate	15,064,883	16,072,243
Government	6,902,325	15,277,955
	21,967,208	31,350,218

### (ii) Performance obligations for contracts with customers

The Group derives its revenue from provision of construction of services over time.

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021



## 4 REVENUE AND SEGMENT INFORMATION (continued)

### (iii) Segment information

Information is reported to the executive directors of the Company, being the Chief Operating Decision Makers (“CODMs”) of the Group, for the purposes of resource allocation and performance assessment. The CODMs review segment revenue and results attributable to each segment, which is measured by reference to respective segments’ gross profit. The Group has two operating segments as follows:

- Construction services: Engage in provision of civil engineering works, building construction works and other ancillary services to government and commercial corporations.
- Property investment: Include residential and industrial properties leasing.

No analysis of the Group's assets and liabilities is regularly provided to the CODMs for review.

	For the six months ended 31 March	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited and restated)
<b>Segment revenues</b>		
Construction services	21,967,208	31,350,218
Property investment	134,243	278,201
	<b>22,101,451</b>	31,628,419
<b>Segment results</b>		
Construction services	(3,952,125)	4,568,041
Property investment	53,437	206,614
	<b>(3,898,688)</b>	4,774,655
<b>Unallocated:</b>		
Other income	1,215,444	187,949
Other gains and losses	110,286	604,936
Administrative expenses	(3,955,785)	(2,795,496)
Allowance for expected credit losses on financial assets and contract assets, net	(79,431)	–
Finance costs	(625,395)	(631,194)
Share of result of a joint venture	1,206	–
(Loss)/profit before taxation	<b>(7,232,363)</b>	2,140,850

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 4 REVENUE AND SEGMENT INFORMATION (continued)

### (iv) Information about major customers

Revenue from customers individually contributing over 10% of total revenue of the Group during the period are as follows:

	For the six months ended 31 March	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited and restated)
Customer I**	4,884,832	8,364,844
Customer II**	2,309,377	N/A*
Customer III**	N/A*	3,263,045
Customer IV**	N/A*	4,883,307

\* Revenue did not contribute over 10% of the Group's total revenue for the reporting period.

\*\* Revenue is from segment of construction services.

### (v) Geographical information

The Group principally operates in Singapore, which is also the place of domicile. The Group's revenue for the six months ended 31 March 2021 and 2020 are all derived from Singapore. The Group's non-current assets are all located in Singapore.

## 5 OTHER INCOME

	For the six months ended 31 March	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Government grants (Note)	1,006,238	60,015
Rental income from renting properties to directors	66,000	66,000
Others	143,206	61,934
	<b>1,215,444</b>	187,949

Note: Government grants mainly included COVID-19 related support by the Singapore Government to help companies tide through this period of economic uncertainty, such as Foreign Worker Levy rebates and the Job Support Scheme ("JSS").

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021



## 6 OTHER GAINS AND LOSSES

	For the six months ended 31 March	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Net gain on disposal of property, plant and equipment	188,253	226,315
Net foreign exchange (losses)/gains	(180,126)	265,196
Others	102,159	113,425
	<b>110,286</b>	604,936

## 7 FINANCE COSTS

	For the six months ended 31 March	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Interests on:		
– Bank borrowings and overdrafts	542,357	560,621
– Lease liabilities	83,038	70,573
	<b>625,395</b>	631,194



# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 8 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	For the six months ended 31 March	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited and restated)
Depreciation of right-of-use assets and property, plant and equipment, recognised as cost of services	1,214,840	1,122,467
recognised as administrative expenses	441,327	506,611
	<b>1,656,167</b>	1,629,078
Directors' remuneration	544,695	625,890
Other staff costs:		
– Salaries and other benefits	3,336,178	2,891,797
– Contributions to Central Provident Fund ("CPF")	281,841	386,428
– Foreign worker levy and skill development levy	898,463	992,725
	<b>5,061,177</b>	4,896,840
Total staff costs (including directors' remuneration), recognised as cost of services	3,495,638	3,472,606
recognised as administrative expenses	1,565,539	1,424,234
Cost of materials recognised as cost of services	5,160,355	5,443,593
Subcontracting fees recognised as cost of services	13,557,761	14,433,791

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021



## 9 INCOME TAX EXPENSE

	For the six months ended 31 March	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Tax expense comprises:		
Current tax		
– Singapore corporate income tax	–	450,000
– Under (over) provision in prior years	<b>58,154</b>	(33,194)
Deferred tax		
– Current year provision	–	20,000
	<b>58,154</b>	436,806

## 10 DIVIDENDS

No dividend has been declared by the Company or group entities during the six months ended 31 March 2021 and 2020 or subsequent to the period end.

## 11 (LOSS)/EARNINGS PER SHARE

	For the six months ended 31 March	
	2021 (Unaudited)	2020 (Unaudited and restated)
(Loss)/profit for the period attributable to owners of the Company (S\$)	<b>(7,290,517)</b>	1,704,044
Weighted average number of ordinary shares in issue	<b>480,000,000</b>	480,000,000
Basic and diluted (loss)/earnings per share (S cents)	<b>(1.52)</b>	0.36

The calculation of basic (loss)/earnings per share for the six months ended 31 March 2021 and 2020 is based on the (loss)/profit for the period attributable to owners of the Company and the weighted average number of shares in issue.

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share because the Group has no dilutive securities that are convertible into shares during the six months ended 31 March 2021 and 2020.

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and properties S\$	Buildings and freehold land S\$	Dormitories S\$	Motor vehicles S\$	Plant and machinery S\$	Office equipment S\$	Furniture and fittings S\$	Leasehold improvements S\$	Total S\$
Cost:									
At 1 October 2019	9,682,586	3,548,113	-	6,357,206	13,155,601	394,028	112,236	1,704,544	34,954,314
Additions	206,321	-	695,967	681,967	3,496,799	46,169	-	-	5,127,328
Disposals/written off	-	-	-	(275,000)	(2,440,000)	(10,900)	-	-	(2,725,900)
At 30 September 2020	9,888,907	3,548,113	695,967	6,764,173	14,212,400	429,297	112,236	1,704,544	37,355,637
Additions	-	-	-	133,195	806,000	6,200	-	-	945,395
Disposal/written off	-	-	-	(142,000)	(615,500)	-	-	-	(757,500)
Reassessment of right-of-use assets	-	-	(695,967)	-	-	-	-	-	(695,967)
At 31 March 2021	9,888,907	3,548,113	-	6,755,368	14,402,900	435,497	112,236	1,704,544	36,847,565
Accumulated depreciation:									
At 1 October 2019	601,502	199,628	-	4,481,935	9,432,553	200,759	66,767	1,048,117	16,031,261
Charge for the year	396,693	22,202	273,343	703,742	1,871,442	65,948	15,633	218,234	3,505,233
Elimination on disposal/written off	-	-	-	(167,667)	(2,432,000)	(10,900)	-	-	(2,610,567)
At 30 September 2020	998,195	221,830	273,343	5,018,010	8,871,995	255,807	82,400	1,266,351	16,987,931
Charge for the period	235,799	11,101	-	359,577	913,045	32,367	6,887	97,391	1,656,167
Elimination on disposal/written off	-	-	-	(126,600)	(603,942)	-	-	-	(730,542)
Reassessment of right-of-use assets	-	-	(273,343)	-	-	-	-	-	(273,343)
At 31 March 2021	1,233,994	232,931	-	5,250,987	9,181,098	288,174	89,287	1,363,742	17,640,213
Carrying values:									
At 30 September 2020 (audited)	8,890,712	3,326,283	422,624	1,746,163	5,340,405	173,490	29,836	438,193	20,367,706
At 31 March 2021	8,654,913	3,315,182	-	1,504,381	5,221,802	147,323	22,949	340,802	19,207,352

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021



## 12 PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying amounts of right-of-use assets are set out below:

	<b>As at 31 March 2021 S\$ (Unaudited)</b>	As at 30 September 2020 S\$ (Audited)
Right-of-use assets:		
Leasehold land	<b>1,335,695</b>	1,432,534
Dormitories	–	422,624
Plant and machinery	<b>4,271,492</b>	2,921,392
Motor vehicles	<b>1,195,519</b>	1,267,353
	<b>6,802,706</b>	6,043,903

The leasehold properties and buildings and freehold land with carrying value of S\$10,634,400 (as at 30 September 2020: S\$10,784,462) in total are pledged to banks to secure banking facilities including bank borrowings.

## 13 INVESTMENT PROPERTIES/INVESTMENT PROPERTIES HELD UNDER JOINT OPERATIONS (COLLECTIVELY REFERRED TO AS “INVESTMENT PROPERTIES”)

The Group's investment properties are held to earn rentals and for capital appreciation purposes. The investment properties are measured using the fair value model.

The valuations of the Group's investment properties were carried out on 30 September 2020 by ROMA Appraisals Limited, an independent qualified professional valuer not related to the Group, whose method of valuation has been disclosed below. Management has assessed that the key inputs and assumptions used for the valuation on 30 September 2020 remain applicable and reasonable as at 31 March 2021.

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

### 13 INVESTMENT PROPERTIES/INVESTMENT PROPERTIES HELD UNDER JOINT OPERATIONS (COLLECTIVELY REFERRED TO AS "INVESTMENT PROPERTIES") (continued)

The fair values were determined based on the direct comparison approach that reflects sale of the properties in its existing state with the benefit of vacant possession and by making reference to recent comparable sales transactions as available in the relevant market.

	As at 31 March 2021 S\$ (Unaudited)	As at 30 September 2020 S\$ (Audited)
<b>Investment properties</b>		
21 Toh Guan Road East #01-10, Singapore 608609	<b>1,460,000</b>	1,460,000
21 Toh Guan Road East #01-11, Singapore 608609	<b>1,460,000</b>	1,460,000
45 Hillview Avenue #01-05, Singapore 669613	<b>1,810,000</b>	1,810,000
45 Hillview Avenue #01-06, Singapore 669613	<b>1,800,000</b>	1,800,000
11 Kang Choo Bin Road #01-01, Singapore 548315	<b>1,210,000</b>	1,210,000
11 Kang Choo Bin Road #01-03, Singapore 548315	<b>1,444,000</b>	1,444,000
	<b>9,184,000</b>	9,184,000
<b>Investment properties held under joint operations</b>		
7 Soon Lee Street #01-13, Singapore 627608	<b>4,100,000</b>	4,100,000
114 Lavender Street, #01-68 CT Hub 2, Singapore 338729	<b>9,570,000</b>	9,570,000
	<b>13,670,000</b>	13,670,000
Proportion of the Group's ownership interest in the investment properties held under joint operations	<b>50%</b>	50%
Group's share of the investment properties held under joint operations	<b>6,835,000</b>	6,835,000

All the investment properties are pledged to banks to secure banking facilities including bank borrowings.

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 14 TRADE RECEIVABLES

	<b>As at 31 March 2021 S\$ (Unaudited)</b>	As at 30 September 2020 S\$ (Audited)
Trade receivables	<b>8,397,321</b>	6,026,769
Less: allowance for expected credit losses	<b>(448,930)</b>	(445,265)
	<b>7,948,391</b>	5,581,504
Unbilled revenue	-	1,129,555
Less: allowance for expected credit losses	-	(3,665)
	<b>7,948,391</b>	6,707,394

The Group grants credit terms to customers typically 30 to 35 days (as at 30 September 2020: 30 to 35 days) from the invoice dates, for the six months ended 31 March 2021. The following is an ageing analysis of trade receivables, net of allowance for expected credit losses, presented based on the invoice date at the end of each reporting period:

	<b>As at 31 March 2021 S\$ (Unaudited)</b>	As at 30 September 2020 S\$ (Audited)
Within 30 days	<b>2,029,132</b>	1,093,984
31 days to 60 days	<b>89,514</b>	2,398
61 days to 90 days	<b>86,739</b>	721,612
91 days to 180 days	<b>1,404,183</b>	24,185
181 days to 1 year	<b>333,781</b>	3,499,799
Over 1 year	<b>4,005,042</b>	239,526
	<b>7,948,391</b>	5,581,504

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>As at 31 March 2021 S\$ (Unaudited)</b>	As at 30 September 2020 S\$ (Audited)
Sundry debtors	<b>271,369</b>	616,169
Advances to subcontractors	<b>801,645</b>	4,722,819
Prepayments	<b>475,623</b>	436,304
Deposits	<b>453,019</b>	232,963
Goods and Services Tax ("GST") receivable	<b>161,876</b>	202,770
	<b>2,163,532</b>	6,211,025
Less: allowance for expected credit losses	<b>(223,301)</b>	(182,604)
	<b>1,940,231</b>	6,028,421

## 16 CONTRACT ASSETS/LIABILITIES

### **Contract assets**

Amounts of contract assets represent the Group's rights to considerations from customers for the provision of construction services, which arise when: (i) the Group completed the relevant services under such contracts; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer.

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 16 CONTRACT ASSETS/LIABILITIES (continued)

### Contract assets (continued)

The Group's contract assets are analysed as follows:

	<b>As at 31 March 2021 S\$ (Unaudited)</b>	As at 30 September 2020 S\$ (Audited)
Construction contracts – <i>current</i> :		
Retention receivables	<b>3,564,202</b>	3,025,344
Others*	<b>14,669,860</b>	17,061,377
	<b>18,234,062</b>	20,086,721
Less: allowance for expected credit losses	<b>(367,592)</b>	(360,685)
	<b>17,866,470</b>	19,726,036

\* It represents the progress of construction work completed by the Group but yet to be certified by representatives appointed by the customers.

### Contract liabilities

The contract liabilities represent the Group's obligation to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customers.

	<b>As at 31 March 2021 S\$ (Unaudited)</b>	As at 30 September 2020 S\$ (Audited)
Construction contracts – <i>current</i>	–	34,885



# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 17 TRADE AND OTHER PAYABLES

	<b>As at 31 March 2021 S\$ (Unaudited)</b>	As at 30 September 2020 S\$ (Audited)
Trade payables	<b>5,015,384</b>	3,781,615
Trade accruals	<b>1,624,860</b>	3,027,342
Retention payables*	<b>3,025,023</b>	2,651,181
	<b>9,665,267</b>	9,460,138
Payroll and CPF payables	<b>461,453</b>	529,954
Deposits	<b>90,900</b>	72,400
Sundry creditors	<b>268,185</b>	293,163
GST payable	<b>83,975</b>	52,024
Accrued expenses	<b>67,900</b>	244,800
	<b>972,413</b>	1,192,341
	<b>10,637,680</b>	10,652,479

\* The retention payables to subcontractors are interest-free and payable after the completion of maintenance period or in accordance with the terms specified in the relevant contracts for a period of generally 12 months after completion of the relevant works. These are classified as current as they are expected to be paid within the Group's normal operating cycle.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	<b>As at 31 March 2021 S\$ (Unaudited)</b>	As at 30 September 2020 S\$ (Audited)
Within 30 days	<b>1,077,422</b>	2,085,015
31 days to 60 days	<b>1,015,434</b>	1,032,106
61 days to 90 days	<b>876,862</b>	239,608
Over 90 days	<b>2,045,666</b>	424,886
	<b>5,015,384</b>	3,781,615

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 18 BANK OVERDRAFTS/BANK BORROWINGS/BANK BORROWINGS HELD UNDER JOINT OPERATIONS (COLLECTIVELY REFERRED TO AS “BANK BORROWINGS”)

	As at 31 March 2021 S\$ (Unaudited)	As at 30 September 2020 S\$ (Audited)
Bank overdrafts	5,606,821	4,982,890
Bank borrowings-secured and guaranteed	19,400,570	19,264,848
Maturity analysis:		
Within one year	9,326,844	10,187,153
More than one year, but not exceeding five years	7,371,564	7,479,416
More than five years	8,308,983	6,581,169
Non-current	15,680,547	14,060,585
Total bank borrowings	25,007,391	24,247,738
Analysed as:		
<b>Current liabilities</b>		
Bank overdrafts (Note (i))	5,606,821	4,982,890
Bank borrowings (Note (ii))	3,492,540	2,312,556
Bank borrowings held under joint operations (Note (iii))	227,483	2,891,707
	9,326,844	10,187,153
<b>Non-current liabilities</b>		
Bank borrowings (Note (ii))	12,299,385	13,230,472
Bank borrowings held under joint operations (Note (iii))	3,381,162	830,113
	15,680,547	14,060,585

Notes:

- (i) Bank overdrafts carry interests at market rates of 5.5% per annum as at 31 March 2021 (as at 30 September 2020: 5.25% to 5.5%). The balances are secured and jointly guaranteed by the executive directors of the Company and corporate guarantees provided by the Company and a subsidiary.

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 18 BANK OVERDRAFTS/BANK BORROWINGS/BANK BORROWINGS HELD UNDER JOINT OPERATIONS (COLLECTIVELY REFERRED TO AS "BANK BORROWINGS") (continued)

Notes: (continued)

- (ii) The bank borrowings are secured and guaranteed by:
- (a) First legal mortgage over owner-occupied properties and investment properties as set out in Notes 12 and 13;
  - (b) Joint and several guarantees from the executive directors of the Company in their personal capacities;
  - (c) Corporate guarantees provided by the Company and a subsidiary; and
  - (d) Bank deposits pledged to banks to secure banking facilities, including bank overdrafts, granted to the Group, amounting to S\$226,061 (as at 30 September 2020: S\$225,951) as at 31 March 2021.
- (iii) The bank borrowings are secured by first legal mortgage over investment properties held under joint operations as set out in Note 13. In addition, joint and several guarantees are provided by the executive directors of the Company and the joint partners.

The weighted average effective interest rates of the borrowings were 4.5% per annum as at 31 March 2021 (as at 30 September 2020: 4.9%). The amounts are payable at various dates throughout to 2037.

## 19 LEASE LIABILITIES

	As at 31 March 2021 S\$ (Unaudited)	As at 30 September 2020 S\$ (Audited)
Lease liabilities payable:		
Within one year	2,101,634	2,164,883
More than one year, but not exceeding five years	1,758,045	1,426,706
More than five years	997,225	1,022,196
Non-current	2,755,270	2,448,902
Total lease liabilities	<b>4,856,904</b>	4,613,785
Analysed as:		
Current	2,101,634	2,164,883
Non-current	2,755,270	2,448,902
	<b>4,856,904</b>	4,613,785

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function. For the six months ended 31 March 2021, the weighted average incremental borrowing rates applied to lease liabilities range from 2.3% to 6.5% (as at 30 September 2020: 2.3% to 6.5%).

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021



## 20 SHARE CAPITAL

	Number of ordinary shares	Par value HK\$	Share capital HK\$
Authorised share capital of the Company: At 30 September 2020 and 31 March 2021	1,000,000,000	0.01	10,000,000

	Number of ordinary shares	Share capital HK\$	Share capital S\$
Issued and fully paid of the Company: At 30 September 2020 and 31 March 2021	480,000,000	4,800,000	847,680

## 21 CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of debt, which includes bank overdrafts and borrowings and lease liabilities, net of bank deposits, bank balances and cash and equity attributable to owners of the Group, comprising share capital and reserves.

The management of the Group reviews the capital structure on a regular basis. As a part of this review, the management considers the cost of capital and the risks associated with each class of items in the context of capital structure, and takes appropriate actions to adjust the Group's capital structure. Based on recommendations of the management, the Group will balance its overall capital structure through continuity of funding of cash flows from operating activities or raising new funds.

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 22 RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties:

	For the six months ended 31 March	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Rental of properties to Directors	66,000	66,000

### Compensation of directors and other key management personnel

The remuneration of directors and other members of key management of the Group were as follows:

	For the six months ended 31 March	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
<b>Directors</b>		
Salaries and allowances	494,500	562,000
Director fees	35,435	31,500
Contributions to CPF	14,760	32,390
	<b>544,695</b>	625,890
<b>Other key management personnel</b>		
Salaries and allowances	227,000	327,500
Contributions to CPF	19,720	35,105
	<b>246,720</b>	362,605

## 23 PERFORMANCE BONDS

As at 31 March 2021, performance bonds of S\$21,289,199 (30 September 2020: S\$13,404,520) were given by a bank and insurance companies in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers.

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021



## 24 PRIOR PERIOD ADJUSTMENTS

As disclosed in the Group's audited consolidated financial statements for the year ended 30 September 2020, the executive Directors had noted errors in accrual of subcontracting costs as at 30 September 2019 causing overstatements of certain subcontracting costs for civil engineering works for the year ended 30 September 2019. As a result, the consolidated financial statements in respect of the year ended 30 September 2019 have been restated to correct those errors identified. It was identified that the final certified value in certain payment certificates were significantly lower than the original amounts accrued as at 31 March 2020. The over-accrual of subcontracting costs as at 31 March 2020 resulted in overstatement of revenue and profits for the six months ended 31 March 2020, as the Group recognised revenue from provision of such construction services on an over-time basis using the input method, based on the actual costs incurred by the Group to date compared with the total budget costs for the project to estimate the revenue recognised during the period. As a result of the abovementioned errors, the amounts presented in the Group's condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 31 March 2020 have also been restated. The effects of the restatement to the amounts presented in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 31 March 2020 are summarised below:

### Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 31 March 2020

	As previously reported S\$	Adjustments S\$	As restated S\$
<b>Revenue</b>			
Services	31,976,547	(626,329)	31,350,218
Rental	278,201	–	278,201
Total revenue	32,254,748	(626,329)	31,628,419
Cost of services	(27,255,992)	402,228	(26,853,764)
<b>Gross profit</b>	4,998,756	(224,101)	4,774,655
Other income	187,949	–	187,949
Other gains and losses	604,936	–	604,936
Administrative expenses	(2,795,496)	–	(2,795,496)
Finance costs	(631,194)	–	(631,194)
Profit before taxation	2,364,951	(224,101)	2,140,850
Income tax expense	(436,806)	–	(436,806)
<b>Profit for the period, representing total comprehensive income for the period</b>	1,928,145	(224,101)	1,704,044
Basic and diluted earnings per share (S cents)	0.4	(0.04)	0.36

# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

## 25 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities is determined as follows:

- (i) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively, and
- (ii) The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets is measured at fair value on a recurring basis.

	Fair value as at			Valuation techniques and key input	Significant unobservable inputs
	As at 31 March 2021	As at 30 September 2020	Fair value hierarchy		
Financial assets at fair value through profit or loss	1,245,335	1,241,426	Level 2	Quoted redemption value by insurance company	N/A

Except as disclosed as above, the Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the interim condensed consolidated financial statements approximate to their fair values.



## BUSINESS REVIEW AND OUTLOOK

The Group has been established for over 20 years and is principally engaged in construction services and property investment business in Singapore. The Group specialises in providing construction services and solutions in (i) civil engineering works entailing road works, earthworks, drainage works, earth retaining stabilising structure works and soil improvement works; (ii) building construction works mainly for industrial buildings which include substructure works, piling works, addition and alteration works and electrical and mechanical works; and (iii) other ancillary services which include logistics and transportation services of construction materials. The Group's property investment business primarily includes residential and industrial properties leasing.

The novel coronavirus ("**COVID-19**") pandemic has impacted the Singapore economy significantly. Amongst the most negatively impacted industries was the construction industry. The COVID-19 pandemic has continued to cause drastic disruptions to our supply chain and manpower resources. Despite the circuit breaker measures were lifted by the Singapore Government to allow the resumption of work, the progress of Group's construction projects has been slow. The Group has incurred additional costs (i) to implement safe restart measures at project sites in accordance with the regulatory requirements of the Singapore Government; (ii) for additional safe management measures on site, such as safe distancing measures and regular periodic COVID-19 swab tests; and (iii) to retain and recruit more workers in view of the shortage of manpower due to border closures.

During the six months ended 31 March 2021 ("**1HFY21**"), the Group's revenue decreased by approximately 30.1% to approximately S\$22.1 million as compared to approximately S\$31.6 million for the six months ended 31 March 2020 ("**1HFY20**") (restated). As a result of additional costs incurred, the Group incurred a gross loss of approximately S\$3.9 million for 1HFY21, as compared to a gross profit of approximately S\$4.8 million for 1HFY20 (restated). The Group incurred a net loss of approximately S\$7.3 million for 1HFY21, as compared to the net profit of approximately S\$1.7 million for 1HFY20 (restated).

The Building and Construction Authority ("**BCA**") projects that total construction demand in 2021 to recover to between S\$23 billion and S\$28 billion with the public sector contributing about 65% of total demand. This is an improvement from the S\$21.3 billion estimated for 2020 during the on-going COVID-19 pandemic. While total demand is expected to stabilise, the Group expects the operating conditions in the construction sector to remain challenging. The Group has implemented measures to increase work efficiency and reduce costs. The Group will continue to monitor and adapt to the overall economic environment and work with the Group's customers and the relevant government authorities closely to mitigate any potential risks and issues.



## FINANCIAL REVIEW

### Revenue

The Group's revenue is derived from (i) the provision of civil engineering works, building construction works and other ancillary services which include logistics and transportation services of construction materials, for both public and private sector customers ("**Construction Services**"); and (ii) property investment business.

The Group's Construction Services are widely required in new infrastructure and building developments, redevelopment, additions and alterations works and upgrading projects, which involve residential, commercial and industrial buildings. For property investment business, the Group leases both industrial and residential properties to earn rental income from tenants.

The following table sets forth the breakdown of the Group's revenue segments:

	For the six months ended 31 March			
	2021		2020	
	Revenue S\$ million (Unaudited)	% of total revenue	Revenue S\$ million (Unaudited and restated)	% of total revenue
Construction Services	22.0	99.5	31.3	99.1
Property investment	0.1	0.5	0.3	0.9
<b>Total revenue</b>	<b>22.1</b>	<b>100.0</b>	31.6	100.0

The Group's total revenue decreased by approximately S\$9.5 million or approximately 30.1% from approximately S\$31.6 million for 1HFY20 (restated) to approximately S\$22.1 million for 1HFY21. Due to the COVID-19 pandemic, the Singapore construction industry was significantly impacted. Despite the circuit breaker measures were lifted by the Singapore Government to allow the resumption of work, the progress of Group's construction projects has been slow in the period under review. The Group has implemented additional safe management measures on site, such as safe distancing measures and regular periodic COVID-19 swab tests, which has led to lower work efficiency. The shortage of manpower due to border closures also resulted in decreased construction output in the period under review as compared to pre COVID-19 pandemic period.

Revenue from property investment remained relatively stable during 1HFY21 as compared to 1HFY20.

### **Cost of services**

The Group's cost of services decreased by approximately S\$0.9 million or 3.3% from approximately S\$26.9 million for 1HFY20 (restated) to approximately S\$26.0 million for 1HFY21 due to the decrease in revenue as discussed above. The Group's operations continue to experience slow progress after the circuit breaker period and the Group continued to incur costs for its direct labour which includes staff costs and rental expenses for dormitories and costs for complying with the additional and controlled safety measures imposed by the BCA.

### **Gross loss**

The Group recorded a gross loss for 1HFY21 of approximately S\$3.9 million, as compared to a gross profit of approximately S\$4.8 million for 1HFY20 (restated).

Lower output and work efficiency in 1HFY21 as a result of the slow progress of work and the shortage of manpower has resulted in a reduction in output and revenue while additional costs incurred for the implementation of safe restart measures and other on-site safe management measures has resulted in increased costs leading to a gross loss for 1HFY21.

### **Other income**

Other income increased by approximately S\$1.0 million from approximately S\$0.2 million for 1HFY20 to approximately S\$1.2 million for 1HFY21 as a result of an increase in government grants of approximately S\$0.9 million received by the Group comparing to 1HFY20. Government grants received were mainly in the form of the JSS in which the Singapore government co-funds part of the monthly wages of local employees and rebates given for foreign worker levies paid.

### **Other gains and losses**

For 1HFY21, other gains and losses amounted to a net gain of approximately S\$0.1 million as compared to approximately S\$0.6 million for 1HFY20. The decrease was mainly attributable to foreign exchange losses contributed by cash and bank balances in Hong Kong dollars.

### **Administrative expenses**

Administrative expenses increased by approximately S\$1.2 million or 42.9% from approximately S\$2.8 million for 1HFY20 to approximately S\$4.0 million for 1HFY21. The increase was mainly due to the increase in professional fees expenses of approximately S\$0.6 million and increase in repairs and maintenance of the Group's enlarged plant and machinery fleet of approximately S\$0.5 million.



## Management Discussion and Analysis

### **Finance costs**

The Group's finance costs for 1HFY21 remained relatively stable as compared to 1HFY20, which amounted to approximately S\$0.6 million in both periods, respectively.

### **Income tax expense**

Income tax expense for the Group decreased to approximately S\$0.1 million for 1HFY21 (1HFY20: approximately S\$0.4 million) as a result of the loss recorded during the period.

### **Loss for the period**

Loss for the period of approximately S\$7.3 million for 1HFY21 was the result of the combined factors as discussed above.

## **INTERIM DIVIDEND**

The Board has resolved not to recommend the payment of an interim dividend for 1HFY21 (1HFY20: nil).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of its debt and equity. The Group's overall strategy remains unchanged throughout the reporting period. The capital structure of the Group consists of debt, which includes bank overdrafts and borrowings and lease liabilities, net of bank deposits, bank balances and cash, and equity attributable to owners of the Company, comprising share capital and reserves.

The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of cash and cash equivalents, cash flows generated from operations, borrowings and net proceeds from the listing of the Company's shares by way of share offer. The management of the Group reviews the capital structure on a regular basis.

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in Singapore dollars and Hong Kong dollars, is generally deposited with financial institutions.

As at 31 March 2021, the Group has cash and bank balances of approximately S\$9.5 million (at 30 September 2020: approximately S\$10.1 million). The Group had total borrowings (including bank overdrafts, bank borrowings and lease liabilities) of approximately S\$29.9 million as at 31 March 2021 (at 30 September 2020: approximately S\$28.9 million).

Details of the structure and interest rate profile of the bank borrowings of the Group as at 31 March 2021 are set out in Note 18 to the interim condensed consolidated financial statements.



### **Gearing ratio**

Gearing ratio is calculated by dividing total borrowings by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 31 March 2021 was approximately 86.8% as compared to 69.1% as at 30 September 2020. The increase in gearing ratio was mainly due to decrease in total equity of the Group as at 31 March 2021.

### **Pledge of assets**

As at 31 March 2021, the Group has pledged certain bank deposits, leasehold properties, buildings and freehold land, investment properties and investment properties held under joint operations with an aggregate carrying amount of approximately S\$26.9 million (30 September 2020: approximately S\$27.0 million) to the banks to secure banking facilities granted to the Group.

### **Treasury policy**

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements at all times.

## **FOREIGN EXCHANGE RISK**

The Group mainly operates in Singapore. Most of the operating transactions and revenue were settled in Singapore dollars and the Group's assets and liabilities are primarily denominated in Singapore dollars. However, the Group has certain bank balances and other payables denominated in Hong Kong dollars amounting to approximately S\$8.2 million and S\$0.1 million, respectively, as at 31 March 2021 which expose the Group to foreign currency risk. The Group does not have a foreign currency hedging policy. However, the Group manages the risk by closely monitoring the movements of the foreign currency rate and would consider hedging against significant foreign currency exposure should it be necessary.

## **CONTINGENT LIABILITIES**

There was no contingent liabilities during the six months ended 31 March 2021.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

There was no material acquisition or disposal of subsidiaries, associate companies or joint ventures during the six months ended 31 March 2021 and up to the date of this report.

## **SIGNIFICANT INVESTMENTS HELD**

Save for the Group's investment properties, keyman life insurance policies and the Company's investment in various subsidiaries and a joint venture, the Group did not hold any significant investments as at 31 March 2021.

### **Future Plans for Material Investments or Capital Assets**

Save as disclosed in this report and the Company's prospectus dated 29 August 2019 (the "Prospectus"), the Group did not have other future plans for material investments or capital assets as at 31 March 2021.

### **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2021, the Group has a total of 223 employees (31 March 2020: 246 employees), including two executive Directors but excluding three independent non-executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes for 1HFY21 amounted to approximately S\$5.1 million (1HFY20: approximately S\$4.9 million).

In order to attract and retain high quality staff and to enable smooth operations within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from contributions to the Central Provident Fund and job training programmes, salary increments and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

### **RETIREMENT BENEFIT COSTS**

The Company only has defined contribution schemes and does not have any defined benefit plan. The Group operates its businesses principally in Singapore. Under the applicable Singapore Law, employers are required to pay both the employer and employee's share of the Central Provident Fund contributions every month. Employers are entitled to recover the employee's share from the employee's wages. The total Central Provident Fund contributions are computed based on a specific percentage of the payroll costs. The percentage and employee's share of Central Provident Fund contribution is not fixed and is determined by the age and total wages for the calendar month of the employees.

Payments made to the Central Provident Fund are recognised as expense when employees have rendered service entitling them to the contributions.

During the six months ended 31 March 2021, there were no contributions forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 March 2021, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.



## PERFORMANCE BONDS

As at 31 March 2021, the Group has performance bonds of approximately S\$21.3 million (30 September 2020: approximately S\$13.4 million) given in favour of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered into between the Group and the customers. The performance guarantees will be released upon completion of the contracts.

## CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

During 1HFY21, the Group acquired items of property, plant and equipment of approximately S\$1.0 million (1HFY20: approximately S\$1.9 million). Save for the future plans and the use of proceeds from the listing as set out in the Prospectus, the Group has no material capital commitments as at 31 March 2021.

## USE OF NET PROCEEDS FROM THE SHARE OFFER

The net proceeds from the share offer after deducting listing expenses amounted to approximately HK\$86.3 million (equivalent to approximately S\$15.2 million). An analysis of the utilisation of the net proceeds from the share offer from 19 September 2019 (the "Listing Date") up to 31 March 2021 is set out below:

Purposes	Planned use of net proceeds		Planned amount of net proceeds to be utilised from Listing Date up to 31 March 2021	Actual amount of net proceeds utilised from the Listing Date up to 31 March 2021	Unutilised amount of net proceeds as at 31 March 2021	Expected timeline for the use of the remaining balance of net proceeds
	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	
Strengthening the Group's financial position	21.8	25.3	21.8	21.8	–	N/A
Enhancing the Group's machinery fleet	31.0	36.0	31.0	14.7	16.3	30 September 2022
Strengthening the Group's workforce	11.6	13.4	11.6	7.4	4.2	30 September 2022
Developing production area for steel bar fabrication	2.0	2.3	2.0	2.0	–	N/A
Investing in BIM and ERP systems	5.3	6.1	5.3	–	5.3	30 September 2022
Acquiring investment properties	14.6	16.9	14.6	–	14.6	30 September 2022
<b>Total</b>	<b>86.3</b>	<b>100.0</b>	<b>86.3</b>	<b>45.9</b>	<b>40.4</b>	



## *Management Discussion and Analysis*

As at 31 March 2021, part of the unutilised amount of net proceeds was placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong and Singapore. Up to 31 March 2021, the utilised net proceeds were applied in accordance with the planned use as previously disclosed in the Prospectus and the remaining net proceeds are expected to be used as planned.

The delay in utilising the net proceeds up to 31 March 2021 was mainly due to the outbreak of COVID-19 and the imposition of circuit breaker measures. Save for strengthening the Group's financial position, the Company delayed its use of net proceeds so as to preserve the cash position and liquidity of the Group given the uncertainty caused by the COVID-19 pandemic. It is expected that the remaining unutilised amount of net proceeds will be utilised by the year ending 30 September 2022 depending on the development of COVID-19 pandemic and its impact on the economic conditions in Singapore.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") were as follows:

#### (a) Long positions in the shares of HK\$0.01 each of the Company (the "Shares")

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Poon Soon Huat ("Mr. Poon") (Note)	Interest in controlled corporation	360,000,000	75%
Mr. Teo Teck Thye ("Mr. Teo") (Note)	Interest in controlled corporation	360,000,000	75%

Note: 360,000,000 Shares are held by HG TEC Holdings Limited ("HG TEC") which is beneficially owned as to 50% by Mr. Poon and as to 50% by Mr. Teo. Mr. Poon, Mr. Teo and HG TEC are regarded as a group of controlling shareholders of the Company under the Listing Rules acting in concert to exercise their voting rights in the Company and they together will be interested in a total of 75% of the issued share capital of the Company. Mr. Poon and Mr. Teo are deemed to be interested in the Shares held by HG TEC pursuant to the SFO.

#### (b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Percentage of interest in associated corporation
Mr. Poon (Note)	HG TEC	Beneficial owner	1	50%
Mr. Teo (Note)	HG TEC	Beneficial owner	1	50%

Note: The Company is owned as to 75% by HG TEC. HG TEC is beneficially owned as to 50% by Mr. Poon and as to 50% by Mr. Teo.





## Other Information

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2021, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

#### Long positions in the Shares

Name of shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital
HG TEC (Note 1)	Beneficial owner	360,000,000	75%
Mr. Poon (Note 1)	Interest in controlled corporation	360,000,000	75%
Mr. Teo (Note 1)	Interest in controlled corporation	360,000,000	75%
Ms. Yeo Siew Lan (Note 2)	Interest of spouse	360,000,000	75%
Ms. Ng Kwee Bee (Note 3)	Interest of spouse	360,000,000	75%

Notes:

1. HG TEC is beneficially owned as to 50% by Mr. Poon and as to 50% by Mr. Teo. Mr. Poon, Mr. Teo and HG TEC are regarded as a group of controlling shareholders of the Company under the Listing Rules acting in concert to exercise their voting rights in the Company and they together will be interested in a total of 75% of the issued share capital of the Company. Mr. Poon and Mr. Teo are deemed to be interested in the Shares held by HG TEC pursuant to the SFO.
2. Ms. Yeo Siew Lan is the spouse of Mr. Poon and accordingly, is deemed to be interested in all the Shares in which Mr. Poon is interested under the SFO.
3. Ms. Ng Kwee Bee is the spouse of Mr. Teo and accordingly, is deemed to be interested in all the Shares in which Mr. Teo is interested under the SFO.

Save as disclosed above, as at 31 March 2021, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

## SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as set out in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by Directors and by relevant employees of the Company. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding the Directors' securities transactions throughout the six months ended 31 March 2021.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") on 23 August 2019. The principal terms of the Share Option Scheme are summarised in Appendix V to the Prospectus. The purpose of the Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 23 August 2019 and during the period ended 31 March 2021, and there is no outstanding share option as at 31 March 2021.

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there is no material subsequent event undertaken by the Group after 31 March 2021 and up to the date of this report.

## CORPORATE GOVERNANCE

During the six months ended 31 March 2021, the Company complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

## PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months ended 31 March 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.



## Other Information

### AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed the Group's unaudited interim results for the six months ended 31 March 2021 and discussed with the management of the Company on the accounting principles and practices adopted by the Group. The Audit Committee was of the view that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

By Order of the Board

**S&T Holdings Limited**

**Poon Soon Huat**

*Chairman and Executive Director*

Hong Kong, 8 February 2022