

SHS Holdings Ltd.
(Company Registration No. 197502208Z)

**Unaudited Financial Statement Announcement for the Second Half
and Full Year Ended 31 December 2020**

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	6 months ended 31 Dec		Change	12 month ended 31 Dec		Change
	2020	2019		2020	2019	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
		Restated			Restated	
<u>Continuing Operations</u>						
Revenue	18,660	17,070	9%	35,146	26,390	33%
Cost of sales and services	(14,600)	(12,093)	21%	(28,143)	(20,577)	37%
Gross profit	4,060	4,977	(18%)	7,003	5,813	20%
Other income	1,913	1,146	67%	5,034	2,117	138%
Selling and distribution expenses	(381)	(185)	106%	(503)	(350)	44%
Administrative expenses	(2,957)	(2,968)	(0%)	(6,122)	(5,443)	12%
Other operating expenses	(21,904)	(6,325)	246%	(24,405)	(8,666)	182%
(Loss) from operations	(19,269)	(3,355)	474%	(18,993)	(6,529)	191%
Finance costs	(762)	(848)	(10%)	(1,283)	(1,223)	5%
Share of loss of associated companies	(167)	751	N/M	(20)	825	N/M
Loss before income tax	(20,198)	(3,452)	485%	(20,296)	(6,927)	193%
Income tax	1,091	34	N/M	1,179	41	N/M
Loss from continuing operations after tax	(19,107)	(3,418)	459%	(19,117)	(6,886)	178%
<u>Discontinued operations #</u>						
Loss from discontinued operations after tax	484	(14,756)	N/M	(2,556)	(18,505)	(86%)
Loss after income tax	(18,623)	(18,174)	2%	(21,673)	(25,391)	(15%)
Attributable to:						
Equity holders of the Company						
- Continuing Operations	(18,495)	(3,331)	455%	(18,412)	(6,700)	175%
- Discontinued Operations	160	(13,465)	N/M	(857)	(15,784)	(95%)
	(18,335)	(16,796)	9%	(19,269)	(22,484)	(14%)
Non-controlling interests, net of income tax						
- Continuing Operations	(612)	(87)	605%	(705)	(186)	279%
- Discontinued Operations	324	(1,291)	N/M	(1,699)	(2,721)	(38%)
	(288)	(1,378)	(79%)	(2,404)	(2,907)	(17%)
	(18,623)	(18,174)	2%	(21,673)	(25,391)	(15%)

Discontinued operations refer to the solar development business and modular construction business in respect of which the Company has been approached by interested parties or completed its disposal after year end.

Statement of Comprehensive Income

	Group			Group		
	6 months ended 31 Dec			12 month ended 31 Dec		
	2020	2019	Change	2020	2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Loss after income tax	(18,623)	(18,174)	2%	(21,673)	(25,391)	(15%)
Other comprehensive (expense)/ income						
Foreign currency translation	(224)	(146)	53%	(53)	(215)	(75%)
Revaluation of leasehold property	5,315	-	N/M	5,315	-	N/M
Net gain on fair value changes of equity instruments at fair value through other comprehensive income	(8,571)	(145)	N/M	(8,571)	(145)	N/M
	<u>(3,480)</u>	<u>(291)</u>	N/M	<u>(3,309)</u>	<u>(360)</u>	819%
Total comprehensive loss	<u>(22,103)</u>	<u>(18,465)</u>	20%	<u>(24,982)</u>	<u>(25,751)</u>	(3%)
Attributable to:						
Equity holders of the Company	(21,880)	(17,046)	28%	(22,663)	(22,816)	(1%)
Non-controlling interests, net of income tax	(223)	(1,419)	(84%)	(2,319)	(2,935)	(21%)
	<u>(22,103)</u>	<u>(18,465)</u>	20%	<u>(24,982)</u>	<u>(25,751)</u>	(3%)

Additional Information to Group Consolidated Profit and Loss Accounts Under the Provision of Rule 705 of SGX-ST Listing Manual

Loss from continuing operations is arrived at after (charging)/crediting the following:

	Note	Group			Group		
		6 months ended 31 Dec			12 months ended 31 Dec		
		2020	2019	Change	2020	2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
			Restated		Restated		
Other Income	1	1,902	909	109%	4,873	1,550	214%
Dividend income		-	-	NM	-	36	(100%)
Interest Income	2	23	134	(83%)	169	256	(34%)
Interest on borrowings	3	(829)	(848)	(2%)	(1,283)	(1,223)	5%
Depreciation of property, plant and equipments	4	(2,272)	(2,071)	10%	(3,901)	(4,231)	(8%)
Depreciation of ROU assets	5	(147)	(341)	(57%)	(313)	(341)	(8%)
Impairment of goodwill	6	(8,850)	-	n/m	(8,850)	-	n/m
Impairment of property, plant and equipment	7	(1,109)	-	n/m	(1,109)	-	n/m
Impairment of land held for development		(194)	-	n/m	(194)	-	n/m
Allowance for doubtful receivables (Allowance)/Write-back on allowance for stock obsolescence	8	(4,866)	(3,537)	38%	(4,866)	(3,537)	38%
Foreign exchange gain/(loss)	9	(454)	(157)	190%	(626)	(375)	67%

- 1) The increase was mainly due to jobs support scheme and levy rebate granted by government.
- 2) The decrease was largely due to lower interest yield on surplus cash for fixed deposits placement.
- 3) The slight increase was mainly due to higher usage of bank facilities such as trust receipts and banker guarantees.
- 4) The decrease was mainly due to more assets being fully depreciated in current financial year.
- 5) This is relating to depreciation charge of ROU assets.
- 6) The impairment of goodwill was mainly derived from E&C segments.
- 7) The impairment was mainly due to lower market value of freehold land pending development in Malaysia.
- 8) Increase in allowance for doubtful receivables due to expected credit loss computation as per adoption of the new accounting standard SFRS (I) 9 and one-time allowance for non-trade receivables balance.
- 9) The increase in exchange loss was mainly due to unrealized exchange loss from the depreciation of the US\$ as compared to last year.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000	31 Dec 2020 S\$'000	31 Dec 2019 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	47,302	48,373	50	74
Investment property	-	-	16,200	12,056
ROU Assets	4,625	4,847	1,520	1,686
Investment in subsidiary companies	-	-	54,305	43,747
Investments in associated companies	1,838	1,857	-	-
Other Financial Assets	13,947	23,563	13,892	22,463
Goodwill	8,000	16,850	-	-
Other receivable and prepayments	2,710	6,593	2,710	6,593
	<u>78,422</u>	<u>102,083</u>	<u>88,677</u>	<u>86,619</u>
Current Assets				
Inventories	2,955	3,009	-	-
Land held for development	4,566	4,760	-	-
Contract assets	9,708	7,523	-	-
Trade receivables	11,350	10,305	-	86
Amount due from subsidiaries	-	-	49,627	70,966
Other receivables and prepayments amount due from an associated company	5,568	4,713	27	66
Fixed deposits	15,621	18,292	15,621	18,292
Cash and bank balances	16,095	12,800	7,328	6,828
	<u>65,863</u>	<u>61,409</u>	<u>72,603</u>	<u>96,238</u>
Assets held for sale	121,438	68,003	1,000	1,000
	<u>187,301</u>	<u>129,412</u>	<u>73,603</u>	<u>97,238</u>
Total Assets	265,723	231,495	162,280	183,857
LIABILITIES				
Current Liabilities				
Trade payables and accruals	6,760	5,466	425	331
Contract liabilities	794	1,028	-	-
Other payables	1,711	1,517	120	176
Amount due to related parties	-	-	21	39
Term loans	6,059	5,862	-	-
Other amounts due to bankers	3,496	1,775	-	-
Provision for taxation	424	565	83	-
	<u>19,244</u>	<u>16,213</u>	<u>649</u>	<u>546</u>
Liabilities directly associated with the assets held for sale	94,327	34,729	-	-
	<u>113,571</u>	<u>50,942</u>	<u>649</u>	<u>546</u>
Non-current Liabilities				
Term loans	11,772	11,751	-	-
Lease liabilities	4,852	4,974	1,605	1,732
Deferred taxation	1,737	2,992	1,577	1,802
	<u>18,361</u>	<u>19,717</u>	<u>3,182</u>	<u>3,534</u>
Total Liabilities	131,932	70,659	3,831	4,080
EQUITY				
Share capital	160,640	160,640	160,640	160,640
Treasury shares	(5,011)	(5,003)	(5,011)	(5,003)
Asset revaluation reserve	12,771	7,456	13,897	8,582
Foreign currency translation reserve	(878)	(740)	-	-
Other reserve	-	-	3,297	3,297
Fair Value reserve	(9,861)	(1,290)	(10,247)	(1,676)
Retained earnings/(Accumulated losses)	<u>(17,483)</u>	<u>4,468</u>	<u>(4,127)</u>	<u>13,937</u>
	140,178	165,531	158,449	179,777
Non-controlling interests	(6,387)	(4,695)	-	-
Total Equity	133,791	160,836	158,449	179,777
Total Liabilities and Equity	265,723	231,495	162,280	183,857

1(b)(ii) Aggregate amounts of group's borrowings and debt securities

	31 Dec 20 S\$'000	31 Dec 19 S\$'000
Amount Repayable in one year or less, or on demand		
Secured	9,555	7,636
Unsecured	-	-
	<u>9,555</u>	<u>7,636</u>
Amount Repayable after one year, or on demand		
Secured	11,772	11,751
Unsecured	-	-
	<u>11,772</u>	<u>11,751</u>

Details of any collateral

The credit facilities of the Group were secured by the following:

- i) A mortgage in-escrow and deed of assignment over 81 Tuas South Street 5, and a mortgage in-escrow and deed of assignment over 19 Tuas Avenue 20, corporate guarantee of S\$41.10 million by the Company extended to Hetat Pte Ltd for banking facilities of approximately S\$23.68 million and US\$12.0 million;
- ii) A mortgage in-escrow and deed of assignment over industrial land together with a factory building to be erected held under title GM2485, Lot 1979, Mukim Jeram Batu. Daerah Pontian, Johor, Malaysia, corporate guarantee by the Company of S\$9.46 million and RM1.30 million for banking facility of approximately S\$3.99 million and RM5.30 million (including foreign exchange spot and forward);
- iii) A corporate guarantee of US\$1.3 million for banking facilities extended to Aenergy Holdings Company Limited of approximately US\$5.2 million.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	6 months ended 31 Dec	2019	12 months ended 31 Dec	2019
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Flows from Operating Activities				
Loss After income tax from continuing operations	(19,107)	(3,418)	(19,117)	(6,927)
Loss After income tax from discontinued operations	484	(14,756)	(2,556)	(18,464)
Loss After income tax, total	(18,623)	(18,174)	(21,673)	(25,391)
Adjustments for:				
Income tax expenses recognise in profit & loss	(1,091)	(60)	(1,179)	(41)
Depreciation of property, plant and equipments	2,414	2,667	4,801	4,580
Depreciation of ROU assets	147	100	222	515
Property, plant and equipment written off	3	(1)	6	-
Amortisation of prepaid landlease	91	130	184	178
Loss/(gain) on disposal of property, plant and equipments	11	(103)	8	(275)
Interest on borrowings	1,103	883	1,691	1,500
Interest income	(23)	(136)	(169)	(258)
Share of loss/(gain) of associated companies	167	(751)	20	(825)
Impairment of goodwill	8,850	-	8,850	-
Impairment of property, plant & equipment	1,109	7,906	1,109	7,906
(Reversal)/Impairment loss of asset held for sales	(1,346)	-	(1,346)	-
Impairment of land held for development	194	-	194	-
Provision for Liquidated Damage	-	1,231	-	1,231
Allowance for doubtful debts	5,463	3,546	5,465	3,536
Revaluation loss of property, plant and equipment	3,497	-	3,497	-
Allowance for inventory obsolescence	108	20	422	19
Dividend income	-	-	-	(36)
Bad debts expense	2	1	2	-
Inventories written back	(267)	1,769	(878)	1,768
Gain from discontinued operations	(1,192)	-	(1,884)	-
Gain on deregistration of an associates	-	-	-	(150)
Net foreign currency translation adjustments	681	1,384	379	300
Operating cash flow before working capital changes	1,298	411	(279)	(5,443)
Changes in working capital				
Inventories	(64,646)	3,787	(63,565)	(6,184)
Receivables, contract assets and prepayment	(13,662)	(3,426)	(6,937)	(9,391)
Payables and contract liabilities	74,842	4,510	71,884	12,839
Cash generated from / (used in) operations	(2,167)	5,282	1,103	(8,179)
Interest paid	(1,103)	(883)	(1,691)	(1,142)
Interest received	23	136	169	258
Income tax payment	(203)	(36)	(217)	(73)
Net cash (used in)/generated from operating activities	(3,450)	4,499	(636)	(9,136)
Cash Flows from Investing Activities				
Dividend received from other investment	-	-	-	36
Purchase of property, plant and equipment	(2,133)	(1,347)	(2,714)	(4,156)
Proceeds from disposal of property, plant and equipment	-	246	-	246
Capital reduction in associated company	-	270	-	270
Reduction of other investment	109	36	1,045	132
Acquisition from non-controlling interest	-	(40)	-	(40)
Amount due from investor	(1,164)	-	(1,843)	-
Proceed from disposal of subsidiary	676	-	1,664	-
Decrease in construction in progress	-	-	-	16,586
Decrease/(increase) in prepaid development costs	3,529	-	3,529	(3,529)
Net cash generated from/(used in) investing activities	1,017	(835)	1,681	9,545
Cash Flows from Financing Activities				
Net proceeds from issue of shares	-	-	-	3
Purchase of treasury shares	-	4	(8)	-
Dividends paid	(2,055)	-	(2,055)	-
Fund repayment to hire purchase	-	(79)	-	(108)
Payment for lease liabilities	(110)	(391)	(365)	(718)
(Repayment)/drawdown of term loan (net)	392	(756)	220	(328)
Drawdown/(repayment) of trusts receipts	(156)	1,452	1,791	(664)
Increase /(Decrease) in amount due to associate company	-	135	-	388
Net in Amount due from / to non-controlling interests	-	-	-	2,355
Net cash (used in)/generated from financing activities	(1,929)	365	(417)	928
Effects of exchange rate changes on the balance of cash held in foreign currencies	(4)	(133)	(4)	(135)
Net increase/(decrease) in cash and cash equivalents	(4,366)	3,896	624	1,202
Cash and cash equivalents at the beginning of the period	36,082	27,196	31,092	29,890
Cash and cash equivalents at the end of the period	31,716	31,092	31,716	31,092

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital	Treasury Share	Revaluation Reserve	Other Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Retained Earnings/(Accumulated losses)	Total	Non-controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group										
Balance at 01 January 2020	160,640	(5,003)	7,456	-	(1,290)	(740)	4,468	165,531	(4,695)	160,836
Comprehensive income/(loss)	-	-	5,315	-	(8,571)	(138)	(19,269)	(22,663)	(2,319)	(24,982)
Shares buy-back	-	(8)	-	-	-	-	-	(8)	-	(8)
Dividend paid	-	-	-	-	-	-	(2,055)	(2,055)	-	(2,055)
Acquisition from MI	-	-	-	-	-	-	(627)	(627)	627	-
Balance at 31 December 2020	160,640	(5,011)	12,771	-	(9,861)	(878)	(17,483)	140,178	(6,387)	133,791
Balance at 01 January 2019	160,637	(5,003)	7,456	-	(1,145)	(553)	26,910	188,302	(1,708)	186,594
Comprehensive income/(loss)	-	-	-	-	(145)	(187)	(22,484)	(22,816)	(2,935)	(25,751)
Exercise of warrants	3	-	-	-	-	-	-	3	-	3
Capital contribution from MI	-	-	-	-	-	-	-	-	30	30
Acquisition from MI	-	-	-	-	-	-	42	42	(82)	(40)
Balance at 31 December 2019	160,640	(5,003)	7,456	-	(1,290)	(740)	4,468	165,531	(4,695)	160,836
Company										
Balance at 01 January 2020	160,640	(5,003)	8,582	3,297	(1,676)	-	13,937	179,777	-	179,777
Comprehensive income/(loss)	-	-	5,315	-	(8,571)	-	(16,009)	(19,265)	-	(19,265)
Dividends paid	-	-	-	-	-	-	(2,055)	(2,055)	-	(2,055)
Shares buy-back	-	(8)	-	-	-	-	-	(8)	-	(8)
Balance at 31 December 2020	160,640	(5,011)	13,897	3,297	(10,247)	-	(4,127)	158,449	-	158,449
Balance at 01 January 2019	160,637	(5,003)	8,582	3,297	(1,453)	-	30,517	196,577	-	196,577
Comprehensive income/(loss)	-	-	-	-	(223)	-	(16,580)	(16,803)	-	(16,803)
Exercise of warrants	3	-	-	-	-	-	-	3	-	3
Balance at 31 December 2019	160,640	(5,003)	8,582	3,297	(1,676)	-	13,937	179,777	-	179,777

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Details of the changes in the share capital of the Company are as follows: -

	2020		2019	
	Number of shares	S\$	Number of shares	S\$
Ordinary shares				
As at beginning of financial year	710,639,212	160,640,326	710,620,712	160,636,626
Exercise of warrants	-	-	18,500	3,700
As at 31 December	710,639,212	160,640,326	710,639,212	160,640,326
Treasury shares				
As at beginning of financial year	25,490,900	5,003,269	25,490,900	5,003,269
Share buy-back	50,000	8,147	-	-
As at 31 December	25,540,900	5,011,416	25,490,900	5,003,269
Total shares excluding treasury shares as at 31 December	685,098,312	155,628,910	685,148,312	155,637,057

There were no subsidiary holdings as at 31 December 2020 and 31 December 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31 Dec 20	31 Dec 19
Total number of shares (including treasury shares)	710,639,212	710,639,212
Less treasury shares	(25,540,900)	(25,490,900)
Total number of shares (excluding treasury shares)	685,098,312	685,148,312

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There are no sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been reviewed nor audited by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report including any modification or emphasis of a matter

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the financial year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards ("SFRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 January 2020. The adoption of these new and revised SFRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		Group	
	6 months ended 31 DEC 2020	2019	12 months ended 31 Dec 2020	2019
		Restated		Restated
Continuing Operations				
(Loss) per ordinary share for the financial year based on consolidated (loss) attributable to members of the Company (Basic and diluted)				
- Basic	(2.70) cents	(0.49) cents	(2.69) cents	(0.98) cents
-Diluted	(2.70) cents	(0.49) cents	(2.69) cents	(0.98) cents
Based on the weighted average number of shares (Basic)	685,090,029	685,129,100	685,090,029	685,129,100
Based on the weighted average number of shares (Diluted)	685,090,029	685,129,100	685,090,029	685,129,100

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	GROUP		COMPANY	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Net asset backing per ordinary share	20.46 cents	24.16 cents	23.13 cents	26.24 cents
Based on the number of shares in issue, excluding treasury shares	685,098,312	685,148,312	685,098,312	685,148,312

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overview

For the 6 months ended 31 December 2020 ("2H20"), the Group recorded a 9% increase in revenue from continuing operations to S\$18.7 million from S\$17.1 million and a net loss attributable to equity holders from continuing operations of S\$18.4 million as compared with S\$3.3 million in the previous year.

For the 12 months ended 31 December 2020 ("FY20"), the Group achieved a revenue of S\$35.1 million from continuing operations, an increase of 33% from the S\$26.4 million for FY19. Net loss attributable to equity holders from continuing operations in FY20 was S\$18.4 million as compared to S\$6.7 million in FY19.

As at 31 December 2020, the Group's total equity attributable to shareholders stood at S\$140.1 million compared to S\$165.5 million as at 31 December 2019. At 31 December 2020, the Group has cash and cash equivalent balance of S\$31.7 million, a net cash position with low debt-to-total equity ratio of 13.7%.

Revenue from Continuing Operations

S\$'000	2H20	2H19	Change	FY20	FY19	Change
Corrosion Prevention ("CP")	7,197	8,562	-16%	13,920	15,258	-9%
Engineering & Construction ("E&C")	8,450	6,736	25%	16,086	8,884	81%
Solar Energy	2,908	1,449	101%	4,750	1,592	198%
Others	105	323	-68%	390	656	-41%
Total	18,660	17,070	9%	35,146	26,390	33%

The Group's revenue improved by 9% to S\$18.7 million in 2H20, compared with S\$17.1 million in the corresponding period in the last financial year. This was mainly due to increase in project revenue of E&C segment in 2H20.

For FY20, the Group's revenue increased by 33% to S\$35.1 million. This was mainly due to more contracts secured and executed in E&C segment and Solar segment in the 2nd half of the year but offset by slight decline in CP segment with its operations affected by the lockdown period during the Circuit Breaker between 7 April and 1 June in 2020 and the subsequent gradual re-opening under the supervision of Ministry of Manpower.

Corrosion Prevention ("CP") segment

Revenue from the CP segment for 2H20 decreased by 16% to S\$7.2 million, largely driven by lower fulfillment of orders for plant operations and site operations due to the constraints of number of workers and covid-19 safety measures imposed in the marine industry. Similarly, revenue for FY20 decreased by 9% driven by lower business volume for the reasons stated above.

Engineering & Construction (“E&C”) segment

Revenue for the E&C segment increased by 25% to S\$8.5 million in 2H20 from S\$6.7 million with the execution of order books in steel engineering business. For FY20, revenue increased by 81% year-on-year to S\$16.1 million, driven by execution of orders from significant high value projects such as Woodlands Health Campus and Resort World Sentosa.

Solar Energy segment

Revenue for the Solar Energy segment increased to S\$2.9 million in 2H20 from S\$1.4 million in 2H19 and increased to S\$4.7 million in FY20 from S\$1.6 million in FY19 as we secured more trading and distribution business in the 2nd half of the year.

Gross Profit and Gross Profit Margin

Gross Profit from Continuing Operations

S\$'000	2H20	2H19	Change	FY20	FY19	Change
CP	2,278	2,517	-10%	3,869	3,983	-3%
E&C	2,003	2,104	-5%	3,140	1,572	100%
Solar Energy	(101)	275	NM	52	86	-39%
Others	(120)	81	NM	(58)	172	NM
Total	4,060	4,977	-18%	7,003	5,813	20%

For 2H20, the Group recorded a gross profit of S\$4.1 million against a profit of S\$5.0 million for the corresponding period last year. The lower gross profit was caused by low business volume for several months during and after the circuit breaker imposed by the Government.

However, the Group's gross profit increased by 20% from S\$5.8 million in FY19 to S\$7.0 million in FY20, in line with the increase in sales for the year, especially last quarter of FY20.

CP segment

CP segment's 2H20 gross profit dropped to S\$2.3 million from S\$2.5 million in 2H19 and recorded S\$3.9 million in FY20 as compared to S\$4.0 million in FY19. With the tightening measure on number of workers and covid-19 safety measure in place in the marine industry, CP incurred additional costs by using supply labour and higher overtime expenses to fulfill the operations' need.

E&C segment

Gross profit for E&C segment dropped slightly from a profit of S\$2.1 in 2H19 to the profit of S\$2.0 million in 2H20. However, gross profit for E&C segment improved from S\$1.5 million to S\$3.1 million in FY20 as we carried out some significant high value project in the current year under review.

Solar Energy segment

For 2H20, decrease in gross profit margin driven by low margin business in trading and distribution of solar inverters and related products secured in FY2020. FY20 registered a gross profit of S\$52,000 against that of S\$86,000 in the previous year.

Other Income

Other income increased by 67% year-on-year from S\$1.1 million in 2H19 to S\$1.9 million in 2H20 and increased by 138% from S\$2.1 million in FY19 to S\$5.0 million in FY20. This was mainly due to the government's Jobs Support Scheme offset with lower interest income earned due to lower interest rate for fixed deposits.

Selling, Distribution, Administrative and Other Operating Expenses

S\$'000	2H20	2H19	Change	FY20	FY19	Change
Selling & Distribution	(381)	(185)	106%	(503)	(350)	44%
Administrative	(2,957)	(2,968)	0%	(6,122)	(5,443)	12%
Other OPEX	(21,904)	(6,325)	246%	(24,405)	(8,666)	182%
Total OPEX	(25,242)	(9,478)	166%	(31,030)	(14,459)	115%

Total OPEX increased year-on-year from S\$9.5 million in 2H19 to S\$25.2 million in 2H20 largely due to increase in other operating expenses.

Total OPEX increased from S\$14.5 million in FY19 to S\$31.0 million in FY20 for the same reason above.

Selling and distribution expenses increased by 106% to S\$0.4 million in 2H20 and increased by 44% to S\$0.5 million in FY20 due to more agent commissions given in solar segment for its distribution business.

Administrative expenses in FY20 increased by 12% to S\$6.1 million mainly due to increase in number of staffs in E&C segment in line with the increase in business volume and order books for the year under review.

Other operating expenses in 2H20 increased significantly to S\$21.9 million from S\$6.3 million leading to other operating expenses increased by 182% in FY20 mainly due to one off impairment charge of S\$1.1 million for the value of land acquired in Malaysia, one off impairment of goodwill of S\$8.8 million, revaluation loss of leasehold building of S\$3.5 million in E&C segment and expected credit loss provision for non-trade receivables in relation to other investment of S\$3.7 million.

Finance Costs

Finance costs was flat at S\$0.8 million in 2H20 and higher at S\$1.3 million in FY20 from S\$1.2 million largely due to higher bank borrowings in E&C segment for operation's need.

Share of Associates' Results

For FY20, share of loss from associate companies was S\$20,000 against the share of profit of S\$825,000 reported in FY19. The contribution from associated company, Yokomori turned negative as it was also adversely affected by the low business volume as a result measures taken place to curb the spread of Covid-19.

Financial Position and Cash Flow Analysis

Non-current assets PPE decreased by S\$1.1 million was mainly due to depreciation amounting to S\$3.9 million and offset by addition of assets of S\$2.2 million. The addition is mainly due to revaluation upward of leasehold buildings with net increase of S\$1.6 million.

The decrease in other financial assets was mainly due to redemption of shares in EVIA of S\$1 million, fair value loss of S\$9 million in Energy drilling and fair value gain of S\$0.9 million in Aenergy. The decrease in non-current other receivable and goodwill was mainly due to impairment loss recognized in FY20.

Current assets increased by S\$57.9 million from S\$129.4 million as at 31 December 2019 to S\$187.3 million as at 31 December 2020. This was largely attributed to:

- i) Increase in contract assets mainly due to increase in unbilled receivables in CP segment of S\$0.3 million and Hetat segment of S\$2.5 million but decrease in solar segment of S\$0.7 million;
- ii) Increase in receivables was mainly due to sales increase in last 3 months for all segments.
- iii) Increase in assets held for sale was mainly due to increase in assets in solar segment (Bangladesh development project) as project reached COD with all the necessary works such as EPC and equipment's purchase need to be recognized in full.

Current liabilities of the Group increased by S\$62.6 million from S\$50.9 million as at 31 December 2019 to S\$113.6 million as at 31 December 2020. This was mainly due to:

- i) Increase in liabilities in connection with the assets held for sales of S\$60 million mainly due to recognition of outstanding payment of EPC and equipment purchase.
- ii) Increase in term loan and other amounts due to bankers mainly because of reclassification from non-current to current of S\$3.3 million in the E&C Segment, repayment of MML S\$3 million (net) and increase in usage of trust receipts for payment.

Non-current liabilities decreased mainly due to reclassification from non-current to current of S\$3.3 million and repayment of term loan of S\$1.0 million more than offset by additional drawdown of the 5-year Temporary Bridging Loan ("TBL") of S\$5 million from our bankers administered by Enterprise Singapore under the Solidarity Budget 2020. Decrease in deferred taxation mainly due to reversal of excess deferred tax liability after written down value of Property, plant and equipment.

Shareholders' equity decreased by S\$27.0 million to S\$133.8 million as at 31 December 2020 from S\$160.8 million as at 31 December 2019. The decrease was largely attributed to the loss for the year, dividend payment of S\$2.05 million and decrease in fair value reserves of S\$8.6 million but offset with the increase of Asset valuation reserves for CP building of S\$5.3 million.

During FY20, the Group recorded a net cash inflow of S\$0.6 million.

S\$0.6 million was used to fund the operating activities with the changes in working capital of S\$1.1 million and the movement mainly came from Solar development projects.

Net cash generated from investing activities amounted to S\$1.7 million in FY20 mainly due to the capital expenditures and outstanding collection from investor. However, this was partially offset by EVIA Korean fund and proceed from disposal of subsidiary.

Net cash used in financing activities in FY20 was mainly for dividend payment offset by the drawdown of term loan and trust receipts of S\$2.0 million.

After taking into account the above net cash outflows and net foreign currency translation adjustments, the Group's cash and cash equivalents as at 31 December 2020 stood at a healthy sum of S\$31.7 million.

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

The current announced results are in line with the prospect commentary previously disclosed to shareholders in the results announcement for the year ended 31 December 2019.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

For the better part of 2020, global spread of the Covid-19 virus has devastated economies worldwide including in principal markets that the Group operates in. Whilst many countries have implemented various countermeasures to curb Covid-19 spread such as Singapore's introduction of a circuit breaker ("CB") between 7 April and 1 June in 2020 to curb spread of the Covid-19 in Singapore, the Covid-19 pandemic continues to afflict lives and businesses. Unless and until the Covid-19 pandemic is eradicated globally, the Group's core businesses will continue to be at risk of disruption from Covid-19 that can impact adversely on the Group's performance.

For the E&C segment, the steel engineering business was on track with its existing contracts on hand before implementation of the CB and was put to a pause by the CB. Upon the lifting of the CB from 1 June, our workers in the dormitories can resume work in phases in the ensuing quarters according to MOM's approval. Thus, our engineering steel business was able to resume the stalled projects to deliver results as we have secured significant order books on hand generate sustained revenue streams up to the next financial year. Nevertheless, budgeted project costs of ongoing projects are expected to increase due to delays in project schedules, the "slow and gradual" restarting of projects at a lower level of productivity due to government safety measures and additional costs incurred to comply with the measures. As for the modular construction business segment comprising TLC Group, as earlier reported, we were working towards a comprehensive solution to achieve a reasonable outcome to resolve the differences between the Company and stakeholders of TLC Group over management thereof and other management issues which led to continuing losses. A Sale and Purchase Agreement was signed with an interested party to divest, subject to conditions, our entire equity interests in the TLC Group on 9 February 2021 and an announcement was made on the same day SGX-ST.

For the Solar Energy segment, the low business volumes for its roof-top solar projects in the past quarters is expected to see some improvements in next 12 months with more orders expected from overseas barring unforeseen circumstances and no further lockdown in other countries.

For the CP segment, we garnered several work orders from major shipyards in the marine and offshore sector. And with the uncertainty surrounding the Covid-19 situation returning to a more orderly Covid-19 controlled routine, especially the deployment of our foreign workers, we expect our CP business to improve from the challenging period arising from the CB being imposed. In addition, we will continue its cost rationalisation exercise and enhance productivity to maintain an efficient cost structure.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended for FY2020.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	:	Final
Dividend Type	:	Cash
Dividend Amount per Ordinary Share	:	0.30 cents
Tax Rate	:	Tax exempt one-tier

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

12. If no dividend has been declared/recommended, a Statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for FY2020, as the Group recorded net loss in FY2020 which resulted an increase in accumulated losses and the Board of Director deems it appropriate to conserve funds for the Group's business activities.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect,

Interested person transactions entered into by the Group for the financial year ended 31 December 2020 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transaction conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Director and substantial shareholder of the Company: Mr Teng Choon Kiat Sales of goods to Company associated to the director of the Company	S\$5,883	-
	S\$5,883	-

There was one interested person transaction during the three months ended 31 December 2020 with aggregate value less than S\$1,000. Total three interested person transactions during the year ended 31 December 2020 with aggregate value of S\$5,883. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Products and services from which reportable segments derive their revenues

Segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is also focussed on the three principal reportable segments of the group. The Group's reportable segments under FRS 108 are therefore as follows:

1. Corrosion Prevention
2. Engineering & Construction
3. Solar Energy

The corrosion prevention segment provides coating services to marine, oil and gas, construction and infrastructure industries.

The engineering & construction is in the business of designing, engineering and construction of steel, aluminium and glass structures and modular construction

The Solar Energy is specialising in solar energy development and M&E works.

Information regarding the Group's reportable segments is presented below.

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Corrosion prevention		Engineering & Construction		Solar Energy		Others		Adjustment and elimination #		Total	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Segment revenue	13,920	15,258	29,710	16,174	8,062	1,593	390	655	(16,936)	(7,290)	35,146	26,390
Segment result	751	917	(2,756)	(7,290)	678	(2,409)	(554)	(1,443)	1,168	7,022	(713)	(3,203)
Impairment of other receivable	-	-	-	-	-	-	(3,737)	-	-	-	(3,737)	-
Impairment of goodwill	(1,008)	-	(7,842)	-	-	-	-	-	-	-	(8,850)	-
Revaluation loss of Property, plant and equipment	-	-	(3,497)	-	-	-	-	-	-	-	(3,497)	-
Impairment loss of Property, plant and equipment	-	-	(1,108)	(7,906)	-	-	-	-	-	7,906	(1,108)	-
Impairment of land held for development	-	-	-	-	-	-	-	-	-	-	-	-
Finance cost	(103)	(114)	(1,582)	(1,387)	(5)	-	-	-	408	278	(1,283)	(1,223)
Share of profit/(loss) of associates, net of tax	-	-	-	-	-	-	-	-	-	-	(20)	825
Share of profit of joint venture, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Central administration costs and directors' salaries	-	-	-	-	-	-	-	-	-	-	(6,122)	(5,443)
Other income	-	-	-	-	-	-	-	-	-	-	5,034	2,117
Losses before tax	-	-	-	-	-	-	-	-	-	-	(20,296)	(6,927)

Discontinued operations

Revenue reported above represents revenue generated from external customers. Inter-segment sales for the year 2020 was S\$3,113,258 (2019: S\$3,307,616).

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, other income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

	Group	
	<u>2020</u> S\$'000	<u>2019</u> S\$'000
Segment assets		
Corrosion prevention	36,684	31,453
Solar Energy	103,407	36,210
Engineering & Construction	79,224	107,842
Others	46,407	55,990
Total segment assets	<u>265,723</u>	<u>231,495</u>
Consolidated assets	<u>265,723</u>	<u>231,495</u>
Segment liabilities		
Corrosion prevention	5,303	5,450
Solar Energy	76,381	11,397
Engineering & Construction	47,490	49,679
Others	597	576
Total segment liabilities	<u>129,771</u>	<u>67,102</u>
Unallocated liabilities		
- Provision for taxation	424	565
- Deferred income tax	1,737	2,992
Consolidated liabilities	<u>131,932</u>	<u>70,659</u>

(c) Other segment information

	Group			
	Depreciation and amortisation		Additions to non-current assets	
	Year ended	Year ended	Year ended	Year ended
	<u>2020</u> S\$'000	<u>2019</u> S\$'000	<u>2020</u> S\$'000	<u>2019</u> S\$'000
Corrosion prevention	1,682	2,073	417	268
Solar Energy	26	29	8	18
Engineering & Construction	2,193	2,441	2,289	208
Others	-	-	-	-
	<u>3,901</u>	<u>4,543</u>	<u>2,714</u>	<u>494</u>

Note: Non-current assets excluding investment in associates, loan receivable from associate and financial assets available-for-sale.

(d) Geographical information

The Group's continuing operation is primarily carried out in Singapore. The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Group's revenue from external customers		Group's non-current assets #	
	Year ended	Year ended	Year ended	Year ended
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	30,356	24,412	60,518	73,559
Rest of South East Asia (a)	4,790	1,927	3,953	4,956
People of Republic China	-	-	4	5
Others (b)		51	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	35,146	26,390	64,475	78,520
(a) Includes Malaysia, Vietnam, Thailand and Indonesia				
(b) Bangladesh and others				
# Non-current assets exclude financial assets available for sale				

Non-current assets exclude financial assets available for sale.

(e) Any single individual customer contributed significantly to the Group's revenue

No.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8.

16. A breakdown of sales

	Full Year 2020 S\$'000	Full Year 2019 S\$'000 Restated	Change %
Revenue reported for first half year			
Continuing operation	16,486	9,321	77%
Discontinued operation	12,547	1,030	NM
Net loss reported for first half year			
Continuing operation	(11)	(3,788)	(100%)
Discontinued operation	(3,040)	(3,425)	(11%)
Revenue reported for second half year			
Continuing operation	18,660	17,069	9%
Discontinued operation	4,389	6,260	(30%)
Net loss reported for second half year			
Continuing operation	(19,107)	(3,098)	517%
Discontinued operation	484	(15,080)	(103%)
Total revenue reported for the full year			
Continuing operation	35,146	26,390	33%
Discontinued operation	16,936	7,290	132%
Total net loss reported for the full year			
Continuing operation	(19,117)	(6,886)	178%
Discontinued operation	(2,556)	(18,505)	(86%)

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

Total Annual Dividend

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	2,055	0
Preference	0	0
Total	2,055	0

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lim Peng Chuan	51	Son of Thomas Lim Siok Kwee	General Manager (CP Segment)- Assisting CEO in overall CP businesses (since September 2020)	Nil
Goh Sia Teck	61	Nephew of Thomas Lim Siok Kwee	Manager (Operations) - Assisting CEO in marine projects (since May 2006)	Nil
Lim Peng Cheng	52	Nephew of Thomas Lim Siok Kwee	Production Manager - Assisting CEO in plant operation (since April 2010)	Nil

19. **Undertaking from Directors and Executive Officers pursuant to Rule 720(1) of the SGX Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

Ng Han Kok, Henry
Group CEO
1 March 2021