



HIAP SENG ENGINEERING LTD
(JUDICIAL MANAGERS APPOINTED)
(Company Registration No. 197100300Z)

UNAUDITED 6 MONTHS AND FULL YEAR ENDED 31 MARCH 2021
FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

1(a). A statement of comprehensive income (for the Group) together with a comparative statement for the 2nd half and full year ended 31 March 2021.

| | Group | | | Group | | |
|--|------------------------------|------------------------------|---------------|-------------------------------|-------------------------------|---------------|
| | (Unaudited) | | | (Unaudited) | | |
| | 6 months ended 31/03/2021 | 6 months ended 31/03/2020 | Changes | 12 months ended 31/03/2021 | 12 months ended 31/03/2020 | Changes |
| | SS'000 | SS'000 | % | SS'000 | SS'000 | % |
| Revenue | 13,615 | 61,736 | (77.9) | 31,503 | 136,186 | (76.9) |
| Cost of services rendered | (16,369) | (67,848) | (75.9) | (30,746) | (144,698) | (78.8) |
| Gross (loss)/profit | (2,754) | (6,112) | (54.9) | 757 | (8,512) | N.M. |
| Gross (loss)/profit margin | -20% | -10% | | 2% | -6% | |
| Other income | 531 | 108 | 391.7 | 1,190 | 109 | N.M. |
| Administrative expenses | (4,669) | (6,952) | (32.8) | (7,788) | (14,860) | (47.6) |
| Other gain/(losses) - net | 1,332 | (1,800) | N.M. | 1,879 | (1,007) | N.M. |
| Loss from operations | (5,560) | (14,756) | (62.3) | (3,962) | (24,270) | (83.7) |
| Finance costs | (457) | (647) | (29.4) | (1,265) | (1,121) | 12.8 |
| Share of profit/(loss) of associated companies | 19 | (17) | N.M. | 19 | (31) | N.M. |
| Loss before tax | (5,998) | (15,420) | (61.1) | (5,208) | (25,422) | (79.5) |
| Income tax credit | 559 | 102 | 448.0 | 565 | 97 | N.M. |
| Net loss after tax | (5,439) | (15,318) | (64.5) | (4,643) | (25,325) | (81.7) |
| <u>Discontinued operations</u> | | | | | | |
| Profit/(loss) before tax from discontinued operations, net of tax | 569 | 94 | 505.3 | (126) | (1,218) | (89.7) |
| Total loss for the year | (4,870) | (15,224) | (68.0) | (4,769) | (26,543) | (82.0) |
| Other comprehensive (loss)/income | | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Currency translation differences | | | | | | |
| – arising from consolidation | 253 | (617) | N.M. | 523 | (90) | N.M. |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | |
| Currency translation differences | | | | | | |
| – arising from consolidation | (40) | 13 | N.M. | (22) | 29 | N.M. |
| – Fair value losses on equity investments classified as financial assets, at FVOCI | - | (18) | (100.0) | - | (18) | (100.0) |
| Total comprehensive loss for the period/year | (4,657) | (15,846) | (70.6) | (4,268) | (26,622) | (84.0) |
| Loss attributable to: | | | | | | |
| Equity holders of the Company | (4,682) | (14,055) | (66.7) | (4,407) | (24,697) | (82.2) |
| Non-controlling interests | (188) | (1,169) | (83.9) | (362) | (1,846) | (80.4) |
| | (4,870) | (15,224) | (68.0) | (4,769) | (26,543) | (82.0) |
| Loss attributable to equity holders of the Company relates to: | | | | | | |
| Loss from continuing operations | (5,137) | (14,130) | (63.6) | (4,306) | (23,722) | (81.8) |
| Profit/(Loss) from discontinued operations | 455 | 75 | 506.7 | (101) | (975) | (89.6) |
| | (4,682) | (14,055) | (66.7) | (4,407) | (24,697) | (82.2) |
| Total comprehensive loss attributable to: | | | | | | |
| Equity holders of the Company | (4,429) | (14,690) | (69.9) | (3,884) | (24,805) | (84.3) |
| Non-controlling interests | (228) | (1,156) | (80.3) | (384) | (1,817) | (78.9) |
| | (4,657) | (15,846) | (70.6) | (4,268) | (26,622) | (84.0) |

Note

N.M. - Not Meaningful

Loss before taxation included the following:

| | Group | | Group | |
|---|-----------------------|-----------------------|------------------------|------------------------|
| | (Unaudited) | | (Unaudited) | |
| | 6 months ended | 6 months ended | 12 months ended | 12 months ended |
| | 31/03/2021 | 31/03/2020 | 31/03/2021 | 31/03/2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| (a) Other income | | | | |
| Interest income | 1 | - | 2 | 1 |
| Dividend income | 35 | 108 | 35 | 108 |
| Rental of equipment | - | - | 163 | - |
| Sub-lease of leasehold land and building | 495 | - | 990 | - |
| Total other income | 531 | 108 | 1,190 | 109 |
| (b) Other gains/(losses) - net | | | | |
| Allowance for impairment of financial assets and contract assets | (2,461) | (1,559) | (2,461) | (1,633) |
| Currency exchange (loss)/gain - net | (460) | (546) | (664) | 242 |
| Net gain on disposal of property, plant and equipment | 4,036 | 679 | 4,495 | 701 |
| Property, plant and equipment written off | (6) | (748) | (13) | (748) |
| Net gain on disposal of a subsidiary | - | 304 | 204 | 304 |
| Net gain on disposal of club membership | 25 | - | 35 | - |
| Impairment of property, plant and equipment | - | (45) | - | (45) |
| Impairment of club membership | - | (17) | - | (17) |
| Loss arising on lease modification | (147) | - | (147) | - |
| Sundry gain | 345 | 132 | 430 | 189 |
| | 1,332 | (1,800) | 1,879 | (1,007) |
| (c) Included in the cost of services rendered and administrative expenses are: | | | | |
| Foreign workers levy rebate | 390 | - | 2,241 | - |
| Other government grant | 238 | - | 2,020 | - |
| Professional fees (including judicial management related fees) | (1,352) | (670) | (1,846) | (923) |
| Depreciation | (2,069) | (2,800) | (4,306) | (5,537) |
| (d) Finance costs | | | | |
| - Interest expenses on bank overdrafts | 1 | 36 | 6 | 52 |
| - Interest expenses on bank borrowings | 415 | 513 | 1,163 | 897 |
| - Interest expenses on lease liabilities | 41 | 98 | 96 | 172 |
| | 457 | 647 | 1,265 | 1,121 |

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 | |
|---|--------------------|-------------------|--------------------|-------------------|
| | (Unaudited) | | (Unaudited) | |
| | As at | As at | As at | As at |
| | 31/03/2021 | 31/03/2020 | 31/03/2021 | 31/03/2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 14,126 | 1,885 | 9,197 | 360 |
| Trade and other receivables | 6,445 | 20,992 | 9,500 | 29,300 |
| Contract assets | 3,747 | 9,811 | 2,806 | 1,723 |
| Other current assets | 1,087 | 3,434 | 820 | 1,247 |
| | 25,405 | 36,122 | 22,323 | 32,630 |
| Assets of disposal group classified as held-for-sale | 6,295 | - | 993 | - |
| | 31,700 | 36,122 | 23,316 | 32,630 |
| Non-current assets | | | | |
| Investments in associated companies | 274 | 255 | - | - |
| Investments in subsidiaries | - | - | 1,231 | 2,254 |
| Property, plant and equipment | 6,995 | 23,550 | 6,409 | 9,815 |
| Financial assets, at FVOCI | 1,289 | 1,289 | 1,289 | 1,289 |
| Club memberships | - | 253 | - | 253 |
| | 8,558 | 25,347 | 8,929 | 13,611 |
| Total assets | 40,258 | 61,469 | 32,245 | 46,241 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 31,960 | 41,427 | 33,566 | 37,886 |
| Provision for onerous contracts | 114 | 345 | 44 | 256 |
| Contract liabilities | 107 | 6,090 | 100 | 3,325 |
| Current income tax liabilities | 376 | 27 | 13 | 3 |
| Borrowings | 25,860 | 29,326 | 20,823 | 22,025 |
| Lease liabilities | 789 | 1,511 | 777 | 1,447 |
| | 59,206 | 78,726 | 55,323 | 64,942 |
| Liabilities of disposal group classified as held-for-sale | 4,171 | - | - | - |
| | 63,377 | 78,726 | 55,323 | 64,942 |
| Non-current liabilities | | | | |
| Lease liabilities | 821 | 1,667 | 821 | 1,599 |
| Deferred income tax liabilities | - | 748 | - | 322 |
| | 821 | 2,415 | 821 | 1,921 |
| Total liabilities | 64,198 | 81,141 | 56,144 | 66,863 |
| NET LIABILITIES | (23,940) | (19,672) | (23,899) | (20,622) |
| EQUITY | | | | |
| Capital and reserves attributable to the equity holders of the Company | | | | |
| Share capital | 36,178 | 36,178 | 36,178 | 36,178 |
| Other reserves | 606 | 83 | (1,193) | (1,193) |
| Accumulated losses | (58,208) | (53,801) | (58,884) | (55,607) |
| | (21,424) | (17,540) | (23,899) | (20,622) |
| Non-controlling interests | (2,516) | (2,132) | - | - |
| TOTAL DEFICIT | (23,940) | (19,672) | (23,899) | (20,622) |

Note

N.M. - Not Meaningful

1(b)(ii). Aggregate amount group's borrowings and debt securities

| | As at 31/03/2021 | | As at 31/03/2020 | |
|---|---------------------|-----------|---------------------|-----------|
| | Secured | Unsecured | Secured | Unsecured |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Amount repayable in one year or less, or on demand | 25,860 | - | 29,326 | - |
| Amount repayable after one year | - | - | - | - |

Details of any collaterals:

The Group's borrowings are secured against certain properties, machineries of the Group.

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

| | Group (Unaudited) | | Group (Unaudited) | |
|---|--|---------------------------------|----------------------|---------------------|
| | 6 months ended 31/03/2021 | 6 months ended 31/03/2020 | As at 31/03/2021 | As at 31/03/2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | Cash flows from operating activities: | | | |
| Total loss after tax | (4,870) | (15,224) | (4,769) | (26,543) |
| Adjustments for: | | | | |
| Income tax credit | (559) | (102) | (565) | (97) |
| Impairment of financial assets and contract assets | 2,461 | 1,559 | 2,461 | 1,633 |
| Depreciation | 2,175 | 2,968 | 4,612 | 5,909 |
| Loss on lease modification | 147 | - | 147 | - |
| Net gain on disposal of property, plant and equipment | (3,931) | (679) | (4,390) | (701) |
| Property, plant and equipment written off | 6 | 748 | 13 | 748 |
| Net gain on disposal of club membership | (25) | - | (35) | - |
| Net gain on disposal of a subsidiary | - | (304) | (204) | (304) |
| Club membership written off | - | 17 | - | 17 |
| Unrealised currency translation losses/(gains) | 87 | (439) | 559 | (394) |
| Interest expense | 457 | 647 | 1,265 | 1,121 |
| Interest income | (2) | - | (2) | (1) |
| Dividend income | (35) | (108) | (35) | (108) |
| Share of (profit)/loss of associated companies | (19) | 17 | (19) | 31 |
| Impairment of property, plant and equipment | - | 195 | - | 195 |
| | (4,108) | (10,705) | (962) | (18,494) |
| Change in working capital, net of effects from acquisition and disposal of subsidiaries: | | | | |
| Contract assets | 2,924 | 2,172 | 3,555 | 11,627 |
| Trade and other receivables | 2,329 | 1,951 | 12,136 | 3,422 |
| Other current assets | 2,193 | 2,892 | 2,034 | 2,649 |
| Contract liabilities | (3,565) | (3,838) | (3,770) | (4,500) |
| Trade and other payables and provision for onerous contracts | (1,439) | 9,795 | (8,428) | 2,330 |
| Cash generated from/(used in) operations | (1,666) | 2,267 | 4,565 | (2,966) |
| Income tax paid | 8 | (14) | - | (17) |
| Net cash provided by/(used in) operating activities | (1,658) | 2,253 | 4,565 | (2,983) |

1(c). A cash flow statement (for the Group), together with a comparative statement of the corresponding period of the immediately preceding financial year. (cont'd)

| | Group | | Group | |
|--|----------------|----------------|----------------|----------------|
| | (Unaudited) | | (Unaudited) | |
| | 6 months ended | 6 months ended | As at | As at |
| | 31/03/2021 | 31/03/2020 | 31/03/2021 | 31/03/2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash flows from investing activities: | | | | |
| Proceeds from disposal of property, plant and equipment | 13,098 | 711 | 13,877 | 734 |
| Purchases of property, plant and equipment | (279) | (381) | (292) | (772) |
| Proceeds from disposal of club membership | 173 | - | 288 | - |
| Interest received | 2 | - | 2 | 1 |
| Disposal of a subsidiary, net of cash disposed | - | 12 | (26) | 12 |
| Net cash generated from/(used in) investing activities | 12,994 | 342 | 13,849 | (25) |
| Cash flows from financing activities | | | | |
| Interest paid | (99) | (744) | (251) | (1,121) |
| Net repayment of bank financing (trust receipts) | (447) | (3,180) | (795) | (566) |
| Proceeds from bank borrowings | - | 31,616 | - | 41,629 |
| Repayment of bank borrowings | - | (32,731) | (370) | (43,494) |
| Repayment of principal portion of lease liabilities | (692) | (698) | (1,440) | (1,582) |
| Net cash used in financing activities | (1,238) | (5,737) | (2,856) | (5,134) |
| Net increase/(decrease) in cash and cash equivalents | 10,098 | (3,142) | 15,558 | (8,142) |
| Effect of currency translation on cash and cash equivalents | (13) | 30 | (118) | 122 |
| Beginning of the financial year | 4,964 | 2,721 | (391) | 7,629 |
| End of the financial year | 15,049 | (391) | 15,049 | (391) |
| Cash and cash equivalents represented by: | | | | |
| Bank and cash balances | 14,126 | 1,885 | 14,126 | 1,885 |
| Add: Cash and cash equivalents of discontinued operation classified as held for sale | 960 | - | 960 | - |
| Less: Bank overdrafts | (37) | (2,276) | (37) | (2,276) |
| | 15,049 | (391) | 15,049 | (391) |

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group | Share capital | Other reserves | Accumulated loss | Total | Non-controlling interests | Total equity |
|---|----------------------|-----------------------|-------------------------|-----------------|----------------------------------|---------------------|
| | SS'000 | SS'000 | SS'000 | SS'000 | SS'000 | SS'000 |
| As at 1 April 2020 | 36,178 | 83 | (53,801) | (17,540) | (2,132) | (19,672) |
| Loss for the year | - | - | (4,407) | (4,407) | (362) | (4,769) |
| Other comprehensive income/ (loss) for the year | - | 523 | - | 523 | (22) | 501 |
| Total comprehensive loss for the year | - | 523 | (4,407) | (3,884) | (384) | (4,268) |
| As at 31 March 2021 | 36,178 | 606 | (58,208) | (21,424) | (2,516) | (23,940) |
| As at 1 April 2019 | 36,178 | 191 | (29,104) | 7,265 | (557) | 6,708 |
| Loss for the year | - | - | (24,697) | (24,697) | (1,846) | (26,543) |
| Other comprehensive (loss)/income for the year | - | (108) | - | (108) | 29 | (79) |
| Total comprehensive loss for the year | - | (108) | (24,697) | (24,805) | (1,817) | (26,622) |
| Disposal of a subsidiary | - | - | - | - | 242 | 242 |
| As at 31 March 2020 | 36,178 | 83 | (53,801) | (17,540) | (2,132) | (19,672) |

| Company | Share capital | Other reserves | Accumulated loss | Total equity |
|---|----------------------|-----------------------|-------------------------|---------------------|
| | SS'000 | SS'000 | SS'000 | SS'000 |
| As at 1 April 2020 | 36,178 | (1,193) | (55,607) | (20,622) |
| Total comprehensive loss for the period | - | - | (3,277) | (3,277) |
| As at 31 March 2021 | 36,178 | (1,193) | (58,884) | (23,899) |
| As at 1 April 2019 | 36,178 | (1,175) | (30,809) | 4,194 |
| Total comprehensive loss for the period | - | (18) | (24,798) | (24,816) |
| As at 31 March 2020 | 36,178 | (1,193) | (55,607) | (20,622) |

1(d)(ii). Details of any changes in the company's share capital arising rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversions of other issues of equity securities, issue of shares for the cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

Not applicable. Since 31 March 2020, there is no change in 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. As at 31 March 2021 and 31 March 2020, the Company did not have any outstanding convertibles, treasury shares or subsidiary holdings.

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 immediate preceding year.

| | FY2021 | FY2020 |
|---|---------------|---------------|
| <u>Issued and fully paid share capital</u> | | |
| Number of shares | 303,750,000 | 303,750,000 |

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.

Not applicable.

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

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) updates on the efforts taken to resolve each outstanding audit issue; and (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

Reference is made to pages 13, 14, 24 and 25 of the Company's FY2019 Annual Report. The Company's auditors, PricewaterhouseCoopers LLP noted, amongst other things, that for the financial year ended 31 March 2019, the Group reported a net loss of \$39,492,000 and a net cash outflow from operating activities of \$5,086,000, and that as at 31 March 2019, the Group's and the Company's current liabilities exceeded their current assets by \$20,453,000 and \$10,420,000 respectively. Accordingly, the Company's auditors considered there to be a material uncertainty which cast significant doubt about the Group's and the Company's ability to continue as going concerns.

The Company had on 28 July 2020 applied to the High Court of Singapore to be placed under judicial management, and the judicial management order was granted on 15 September 2020 and the order is currently extended to 8 March 2023.

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

The accounting policies have been consistently applied by the Group, and are consistent with those used in the preparation of the financial statements for the financial year ended 31 March 2019 except as disclosed in paragraph 5 below.

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 SFRS(I) 16 Leases, which is effective for the financial year beginning on or after 1 April 2019. The Group's recognises a depreciation charge for the lease asset (included within cost of services and administrative expenses) and an interest expense on the lease liability (included within finance costs), instead of operating lease expense for affected leases.

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 | |
|---|---------------------------|---------------------------|----------------------------|----------------------------|
| | (Unaudited) | | (Unaudited) | |
| | 6 months ended 31/03/2021 | 6 months ended 31/03/2020 | 12 months ended 31/03/2021 | 12 months ended 31/03/2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| <u>Loss per share (cents)</u> | | | | |
| Based on number of ordinary shares on issue (cents) | (1.54) | (4.63) | (1.45) | (8.13) |
| On fully diluted basis (cents) | (1.54) | (4.63) | (1.45) | (8.13) |
| Loss attributable to ordinary shareholders for basic loss per share (S\$'000) | (4,682) | (14,055) | (4,407) | (24,697) |
| Loss attributable to ordinary shareholders for diluted loss per share (S\$'000) | (4,682) | (14,055) | (4,407) | (24,697) |
| Weighted average number of ordinary shares in issue applicable to basic/diluted loss per share ('000) | 303,750 | 303,750 | 303,750 | 303,750 |

Note

The earnings per share (“EPS”) is calculated by dividing the consolidated net loss attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the financial period/year.

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

| | Group | Group | Company | Company |
|---|--------|--------|---------|---------|
| | FY2021 | FY2020 | FY2021 | FY2020 |
| Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on | (7.05) | (5.77) | (7.87) | (6.79) |

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 31 March 2021 (31 March 2020: 303,750,000).

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group’s business.**
- (i) **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.**

Second Half (2HFY2021) Review

The Company and its subsidiary, HS Compression & Process Pte Ltd (“HSCP”) has been placed under judicial management since 15 September 2020 and Judicial Managers (“JMs”) were appointed. Since then, the JMs have been managing the affairs, business and properties of the Company and HSCP in order to achieve, amongst others, the survival of the Company, a more advantageous realisation of the assets of the Company than in a winding up and a restructuring of its debt and liabilities via a scheme of arrangement with the creditors and principal lender.

Given its cash flow position, the Company (under Judicial Management) did not take up any major Engineering, Procurement and Construction (“EPC”) service contract and also proceeded to novate or terminate contracts which were deemed not profitable. Hence, the Group revenue decreased by 77.9% from S\$61.7 million for 2HFY2020 to S\$13.6 million for 2HFY2021.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. (cont'd)

(i) 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. (cont'd)

The Group's gross loss decreased by 54.9% from S\$6.1 million for 2HFY2020 to S\$2.7 million for 2HFY2021 was mainly due to (i) novation or termination of contracts which were assessed to be not profitable, and (ii) together with management undertook cost-cutting measures and increased focus on prudent operating cost management, by the JMs.

The Group's other income of S\$0.5 million in 2HFY2021 comprises mainly rental income.

The Group's administrative expenses decreased by 32.8% from S\$7.0 million in 2HFY2020 to S\$4.7 million in 2HFY2021 was mainly due to the cost cutting efforts undertaken.

The Group's other gains of S\$1.3 million in 2HFY2021 compared to other losses of S\$1.8 million in 2HFY2020 was mainly due to a net gain of \$3.4 million recorded for the disposal of property held by a subsidiary in Thailand which set off against the increase in allowance for impairment of financial assets of S\$0.9 million.

The Group's finance costs decreased by 29.7% from S\$0.7 million in 2HFY2020 to S\$0.5 million in 2HFY2021 due to the decrease in borrowings and lease liabilities.

Due to the factors mentioned above, the Group's loss attributable to shareholders decreased by 66.7% from S\$14.1 million for 2HFY2020 to S\$4.7 million for 2HFY2021.

Full Year (FY2021) Review

The Group's revenue decreased by 76.9% from S\$136.2 million for FY2020 to S\$31.5 million for FY2021 mainly as a result of the Group not undertaking any major EPC service contract due to its cashflow position and upon the Company and HSCP being placed under judicial management, contracts which were deemed not profitable were either novated or terminated.

The Group's gross profit amounted to S\$0.8 million for FY2021 as compared to a loss of S\$8.5 million for FY2020 mainly due to the restructuring exercise which the Group and the JMs undertook and grants received from the government for the foreign workers levy for FY2021.

The Group's other income of S\$1.2 million in FY2021 comprises mainly rental income.

The Group's administrative expenses decreased by 47.6% from S\$14.9 million in FY2020 to S\$7.8 million in FY2021 mainly due to the cost cutting efforts.

The Group's other gains amounted to a gain of S\$1.9m in FY2021 as compared to other losses of S\$1.0 million in FY2020 mainly due to the net gain of \$3.8 million on disposal of property, plant and equipment, which was set off against the increase in allowance for impairment of financial assets and currency exchange loss of S\$0.8 million and S\$0.7 million respectively.

The Group's net loss attributable to shareholders for FY2021 amounted to S\$4.4 million as compared to a net loss S\$24.7 million for FY2020 due to the factors as mentioned above.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. (cont'd)

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

Statement of Financial Position Review

The decrease of S\$14.5 million in trade and other receivables as at 31 March 2021 as compared to 31 March 2020 was mainly due to efforts made to collect the outstanding receivables from the customers.

The decrease of S\$16.6 million in properties, plant and equipment as at 31 March 2021 as compared to 31 March 2020 was mainly due to (i) the sale of a property held by the Thailand subsidiary and (ii) group of assets for disposal was re-classified as held-for-sale.

The decrease of S\$9.5 million in trade and other payables as at 31 March 2021 as compared to 31 March 2020 is in line with the Group's reduced business activities.

The total borrowings of S\$25.9 million as at 31 March 2021 decreased by S\$3.5 million compared to S\$29.3 million as at 31 March 2020 as loan repayments were made.

As at 31 March 2021, the Group's cash and cash equivalents stood at S\$14.1 million as compared to S\$1.9 million as at 31 March 2020.

Working Capital Review

As at 31 March 2021, the Group's current liabilities including borrowings from banks of S\$25.9 million exceeded current assets by S\$31.7 million. Part of the current liabilities comprised contract liabilities of S\$0.1 million which are invoices issued to customers but yet to be recognised as revenue.

Cash Flow Statement Review

The Group reported a net increase in cash and cash equivalents of S\$15.6 million mainly due to net cash generated from operating activities of S\$4.5 million and cash for investing activities of S\$13.8 million mainly from the disposal of a property held by the Thailand subsidiary. These were set off against the net cash used in financing activities of S\$2.8 million.

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

Not applicable.

10. A commentary at the date of 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.

The COVID-19 pandemic coupled with the Ukraine-Russia conflict has had a major impact globally, affecting supply chains as well as causing inflation to many economies.

Several oil majors are now focusing on margin preservation leading to a reduction in capital expenditures. Major uplift in planned spending are forecasted further out into 2023 and beyond. With commitments made at COP26, all the oil majors have started to look into green energy alternatives. Opportunities for the Group lies within the construction of green energy plants, and the maintenance of these new facilities.

Judicial Management Order ("JMO") has been made in relation to the Company on 15 September 2020 and Mr. Lin Yueh Hung and Ms. Oon Su Sun have been appointed as joint and several Judicial Managers of the Company (the "Judicial Managers") by the High Court of Singapore.

10. A commentary at the date of 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. (cont'd)

After a vigorous investor search process and discussions with numerous parties, the Company entered into a Conditional Subscription Agreement (“CSA”) with a group of investors on 7 January 2022, for which the salient terms of the Proposed Transaction are set out in the Company’s announcement on the SGX-Net.

On 7 March 2022, the High Court of Singapore ordered HSCP to be wound up, given that it has ceased all its operations and the judicial management order was discharged accordingly. An extension of the judicial management order for the Company was granted by the High Court of Singapore until 9 September 2022, and subsequently on 29 August 2022, the judicial management order was further extended to 8 March 2023, so as to allow the Company to complete the Proposed Transaction with the investors.

Upon successful completion of the Proposed Transaction and post restructuring, the Company is confident and strongly believe that the Group is able to generate sufficient cash flows from its operating activities to meet its ongoing liabilities. In addition, the Group also plans to undertake a rights issue exercise to raise up to S\$3.3 million upon completion of the Proposed Transaction. In this respect, the Group believes that its liabilities and working capital needs can be met as and when they fall due.

11. Dividend

(a) Current financial period and corresponding period of the immediately preceding financial year reported on

Nil

(b) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived (if the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been recommended for the year ended 31 March 2021 as the Company has no sufficient retained earnings to declare and issue dividends.

13. **Segmented revenue and results for reportable or geographical segments (of the Group) in form presented in the user's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group Segmental results for the financial year ended 31 March 2021 is as follows-

(A) Reportable segments

| | Plant construction & maintenance | | Compression & process equipment fabrication | | Total | |
|--|----------------------------------|-----------------|---|-----------------|-----------------|-----------------|
| | As at 31/03/21 | As at 31/03/20 | As at 31/03/21 | As at 31/03/20 | As at 31/03/21 | As at 31/03/20 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Revenue | | | | | | |
| Revenue from external parties | 29,942 | 113,259 | 1,561 | 22,927 | 31,503 | 136,186 |
| Adjusted EBITDA | 3,784 | (11,605) | (3,423) | (7,160) | 361 | (18,765) |
| Depreciation | (4,298) | (5,495) | (8) | (42) | (4,306) | (5,537) |
| Share of profit/(loss) of associated companies | 19 | (31) | - | - | 19 | (31) |
| Segment assets | 29,393 | 51,260 | 3,281 | 8,667 | 32,674 | 59,927 |
| Segment assets include: | | | | | | |
| Investment in associated companies | 274 | 255 | - | - | 274 | 255 |
| Additions to: | | | | | | |
| Property, plant and equipment | 292 | 747 | - | 25 | 292 | 772 |
| Segment liabilities | (11,777) | (25,642) | (20,404) | (22,220) | (32,181) | (47,862) |

(B) Geographical information

| | Revenue | | Non-current assets | |
|----------------------|------------------|------------------|--------------------|------------------|
| | As at 31/03/2021 | As at 31/03/2020 | As at 31/03/2021 | As at 31/03/2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Singapore | 24,592 | 74,947 | 4,124 | 10,234 |
| Malaysia | 733 | 9,983 | - | - |
| Thailand | 2,073 | 13,817 | - | 9,716 |
| Vietnam | 7 | 187 | - | - |
| United Arab Emirates | 3,577 | 20,042 | 2,744 | 3,436 |
| Other countries | 521 | 17,210 | 401 | 419 |
| Total | 31,503 | 136,186 | 7,269 | 23,805 |

Revenues of \$19,801,000 (2020: \$73,120,000) are derived from 4 (2020: 4) external customers which individually contributed 5% or more of the Group's revenues. These revenues are attributable to the Singapore plant construction and maintenance segment.

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

Revenue for the plant construction and maintenance segment has decreased from S\$113.3 million in FY2020 to S\$29.9 million in FY2021, largely attributable to the lower number of construction jobs. Despite the lower revenue, the Group generated an earnings before income tax, depreciation and amortisation (“EBITDA”) of S\$3.8 million in FY2021, improving from a negative EBITDA of S\$11.6 million in FY2020.

Revenue for the compression and process equipment fabrication segment dropped significantly from \$22.9 million in FY2020 to \$1.6 million in FY2021 as the Group did not take on any new EPC projects due to the cash flow difficulties. In order to prevent further losses from being incurred, the Group decided to novate or terminate contracts that were not profitable. This resulted in a lower negative EBITDA for this segment of S\$3.4 million in FY2021 from S\$7.2 million in FY2020.

Geographically, the Group’s revenue in UAE, Thailand, Malaysia and others segment recorded lower revenue of S\$6.9 million compared to S\$61.2 million in the prior year, mainly due to the Company not undertaking any new EPC contracts undertaken in FY2021 and loss-making contracts were being novated or terminated. On the same note, the Group’s revenue in Singapore declined to S\$24.6 million in FY2021 compared to S\$74.9 million in FY2020.

15. A breakdown of sales

| (all figures in S\$’000) | As at 31/03/2021 | As at 31/03/2020 | % increase/ (decrease) |
|---|---------------------|---------------------|------------------------------|
| Sales reported for the first half year | 17,888 | 74,450 | (76.0) |
| Profit / (loss) after tax reported for the first half year | 101 | (11,319) | N.M. |
| | | | |
| Sales reported for the second half year | 13,615 | 61,736 | (77.9) |
| Net loss after tax reported for second half year | (4,870) | (15,224) | (68.0) |

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

| (all figures in S\$’000) | FY 2021 | FY2020 |
|--------------------------|---------|--------|
| Ordinary | - | - |
| Preference | - | - |
| Total | - | - |

17. If the Group has obtained a general mandate from shareholders for interested person transactions (“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.

The Group does not have any interested person transaction and no IPT mandate has been obtained.

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.

Pursuant to Rule 704(13) of the Listing Manual, we confirm that the persons occupying managerial positions who are relatives of a director or chief executive officer or substantial shareholder of the Company are as follows:

| Name | Age | Family relationship with any Director, CEO and/or Substantial Shareholder | Current position and duties, and the year position was first held | Details of changes in duties and position held, if any, during the year |
|--------------------|------------|--|--|--|
| Tan Yew Kun | 70 | Brother of Tan Ah Lam and Tan Leau Kuee | Plant Maintenance Director; In charge of Group's Plant maintenance department ; Since 1999 | No change |
| Tan Yaw Song | 62 | Brother of Tan Ah Lam and Tan Leau Kuee | Director of Projects; Oversees the Group's overall operations except plant maintenance; Since 2002 | No change |
| Tay Hee Thiam | 67 | Cousin of Tan Ah Lam and Tan Leau Kuee | Construction Manager; Manages projects undertaken by the Group; Since 1993 | No change |
| Tan Phuay Hung Max | 33 | Nephew of Tan Ah Lam Son of Tan Leau Kuee | Manager - Special Projects; Manages special projects undertaken by the Group; Since January 2018 | No change |
| Tan Biby Valarie | 44 | Niece of Tan Ah Lam Daughter of Tan Leau Kuee | Business Manager ; Establish, develop and maintain business relationships with current customers and prospective customers for the Group; Since 2011 | No change |

19. Confirmation of Undertakings from Directors and Executive Officers

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

Onn Su Sun and Lin Yueh Hung
Joint and Several Judicial Managers
 25 October 2022