

TEHO INTERNATIONAL INC LTD.

(Company Registration No: 200811433K)
(Incorporated in the Republic of Singapore)

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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

1(a)(i) A consolidated statement of comprehensive income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of profit or loss

Half Year Ended 31 December 2020

	Group		Change
	Half Year Ended		
	31 Dec 2020	31 Dec 2019	
	Unaudited	Unaudited	
	S\$	S\$	%
Revenue	33,418,076	28,968,704	15.4
Cost of sales	(22,647,893)	(18,761,379)	20.7
Gross profit	10,770,183	10,207,325	5.5
Other income	947,869	161,177	488.1
Distribution expenses	(592,042)	(720,043)	(17.8)
Administrative expenses	(7,007,227)	(6,563,949)	6.8
Other operating expenses	(1,728,866)	(1,791,684)	(3.5)
Results from operating activities	2,389,917	1,292,826	84.9
Finance income	132	399	(66.9)
Finance costs	(564,038)	(799,911)	(29.5)
Net finance costs	(563,906)	(799,512)	(29.5)
Profit before tax	1,826,011	493,314	270.2
Tax expense	(528,846)	(317,764)	66.4
Profit for the period	1,297,165	175,550	638.9
Profit attributable to:			
Owners of the Company	1,297,165	175,550	638.9
Non-controlling interests	-	-	n.m.
Profit for the period	1,297,165	175,550	638.9
Earnings per share			
Basic (cents)	0.55	0.07	685.7
Diluted (cents)	0.55	0.07	685.7

n.m.: not meaningful.

1(a)(i) A consolidated statement of comprehensive income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated statement of comprehensive income
Half Year Ended 31 December 2020**

	Group		Change
	31 Dec 2020	31 Dec 2019	
	Unaudited S\$	Unaudited S\$	
Profit for the period	1,297,165	175,550	638.9
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences, net of tax	57,299	(71,062)	n.m.
Other comprehensive income/(loss) for the period, net of tax	57,299	(71,062)	n.m.
Total comprehensive income for the period	1,354,464	104,488	1,196.3
Total comprehensive income attributable to:			
Owners of the Company	1,354,464	104,488	1,196.3
Non-controlling interests	–	–	n.m.
Total comprehensive income for the period	1,354,464	104,488	1,196.3

1(a)(ii) Notes to the consolidated statement of comprehensive income

	Group		Change
	31 Dec 2020	31 Dec 2019	
	Unaudited S\$	Unaudited S\$	
Bad debts written off	(1,153)	(272)	323.9
Depreciation of investment property	–	(61,951)	n.m.
Depreciation of property, plant and equipment	(877,222)	(846,351)	3.6
Equity-settled share-based payment transactions	–	(9,450)	n.m.
Foreign exchange gain/(loss), net	186,803	(18,313)	n.m.
Gain on modification of lease	25,868	–	n.m.
Loss on disposal of assets held for sale	(810)	–	n.m.
(Loss)/Gain on disposal of plant and equipment	(8,327)	1,500	n.m.
Interest income	132	399	(66.9)
Interest expense	(564,038)	(799,911)	(29.5)
Reversal of impairment loss on trade and other receivables	95,546	51,036	87.2
Over/(Under) provision of tax in respect of prior years	15,210	(12,132)	n.m.

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.

**Statements of financial position
As at 31 December 2020**

	Group		Company	
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Unaudited S\$	Audited S\$	Unaudited S\$	Audited S\$
Assets				
Property, plant and equipment	12,456,573	13,391,614	6,267	4,859
Investment property	–	–	–	–
Investment in subsidiaries	–	–	16,184,006	16,184,006
Investment in associate and joint venture	60,000	–	–	–
Deferred tax assets	256,597	256,597	–	–
Non-current assets	12,773,170	13,648,211	16,190,273	16,188,865
Inventories	21,268,096	22,346,376	–	–
Development properties	4,988,130	10,755,689	–	–
Tax recoverable	5	102,075	–	–
Trade and other receivables	8,170,358	10,832,479	3,381,196	4,183,803
Contract assets	364,349	400,714	–	–
Cash and cash equivalents	7,362,864	5,310,252	160,365	94,015
	42,153,802	49,747,585	3,541,561	4,277,818
Assets held for sale	–	3,168,810	–	–
Current assets	42,153,802	52,916,395	3,541,561	4,277,818
Total assets	54,926,972	66,564,606	19,731,834	20,466,683
Equity				
Share capital	33,035,508	33,035,508	33,035,508	33,035,508
Other reserves	248,045	190,746	–	–
Accumulated losses	(17,041,841)	(18,339,006)	(57,093,851)	(56,398,891)
Total equity	16,241,712	14,887,248	(24,058,343)	(23,363,383)
Liabilities				
Loans and borrowings	12,962,441	15,024,430	–	–
Trade and other payables	185,596	185,596	–	–
Deferred tax liabilities	65,852	69,272	–	–
Non-current liabilities	13,213,889	15,279,298	–	–
Loans and borrowings	20,315,040	29,650,009	–	–
Trade and other payables	4,121,141	5,774,777	43,790,177	43,817,997
Contract liabilities	269,372	279,764	–	–
Current tax liabilities	765,818	693,510	–	12,069
Current liabilities	25,471,371	36,398,060	43,790,177	43,830,066
Total liabilities	38,685,260	51,677,358	43,790,177	43,830,066
Total equity and liabilities	54,926,972	66,564,606	19,731,834	20,466,683

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

As at 31 Dec 2020		As at 30 Jun 2020	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
20,315,040	–	29,650,009	–

Amount repayable after one year

As at 31 Dec 2020		As at 30 Jun 2020	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
12,962,441	–	15,024,430	–

Details of collateral

As at 31 December 2020, the total loans and borrowings comprise:

- bank borrowings of S\$29,182,742, which are secured by corporate guarantee by the Company, first charge on the Group's leasehold land and buildings, and legal mortgages on the Group's development properties; and
- lease liabilities of S\$4,094,739, which are secured over the right-of-use assets.

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

**Consolidated Statement of Cash Flows
Half Year ended 31 December 2020**

	Group	
	31 Dec 2020	31 Dec 2019
	Unaudited	Unaudited
	S\$	S\$
<u>Cash flows from operating activities</u>		
Profit before tax	1,826,011	493,314
Adjustments for:		
Bad debts written off	1,153	272
Depreciation of investment property	–	61,951
Depreciation of property, plant and equipment	877,222	846,351
Equity-settled share-based payment transactions	–	9,450
Gain on modification of lease	(25,868)	–
Loss on disposal of assets held for sale	810	–
Loss/(Gain) on disposal of plant and equipment	8,327	(1,500)
Net finance costs	563,906	799,512
Reversal of impairment loss on trade and other receivables	(95,546)	(51,036)
Operating cash flows before changes in working capital	<u>3,156,015</u>	<u>2,158,314</u>
Changes in:		
- Inventories	1,102,208	(329,998)
- Development properties	5,820,162	(747,182)
- Trade and other receivables	2,767,423	1,811,587
- Contract assets	36,365	145,318
- Trade and other payables	(1,631,258)	(225)
- Contract liabilities	(10,308)	227
Cash generated from operations	<u>11,240,607</u>	<u>3,038,041</u>
Tax paid	(354,468)	(113,222)
Net cash from operating activities	<u>10,886,139</u>	<u>2,924,819</u>
<u>Cash flows from investing activities</u>		
Acquisition of an associate	(60,000)	–
Acquisition of property, plant and equipment	(286,987)	(198,509)
Proceeds from disposal of assets held for sale	3,168,000	–
Proceeds from disposal of property, plant and equipment	500	1,500
Interest received	132	399
Net cash from/(used in) investing activities	<u>2,821,645</u>	<u>(196,610)</u>
<u>Cash flows from financing activities</u>		
Interest paid	(616,641)	(683,811)
Payment of lease liabilities	(479,443)	(607,348)
Proceeds from loans and borrowings	14,446,388	13,813,402
Repayment of loans and borrowings	(24,839,125)	(14,079,463)
Net cash used in financing activities	<u>(11,488,821)</u>	<u>(1,557,220)</u>

Consolidated Statement of Cash Flows (continued)
Half Year ended 31 December 2020

	31 Dec 2020	Group	31 Dec 2019
	Unaudited		Unaudited
	S\$		S\$
Net increase in cash and cash equivalents	2,218,963		1,170,989
Cash and cash equivalents at 1 Jul	5,310,252		4,621,904
Effect of exchange rate fluctuations on cash held	(166,351)		52,744
Cash and cash equivalents at 31 Dec	<u>7,362,864</u>		<u>5,845,637</u>

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.

Statement of changes in equity

Group	Attributable to owners of the Company				Total equity S\$
	Share capital S\$	Foreign currency translation reserve S\$	Share-based compensation reserve S\$	Accumulated losses S\$	
At 1 July 2020	33,035,508	190,746	–	(18,339,006)	14,887,248
Total comprehensive income for the period					
Profit for the period	–	–	–	1,297,165	1,297,165
Foreign currency translation differences	–	57,299	–	–	57,299
Total comprehensive income for the period	–	57,299	–	1,297,165	1,354,464
At 31 December 2020	33,035,508	248,045	–	(17,041,841)	16,241,712
At 1 July 2019	32,978,808	7,988	47,250	(19,352,571)	13,681,475
Adjustment on initial application of SFRS(I) 16 (net of tax)	–	–	–	(171,040)	(171,040)
Adjusted balance at 1 July 2019	32,978,808	7,988	47,250	(19,523,611)	13,510,435
Total comprehensive income for the period					
Profit for the period	–	–	–	175,550	175,550
Foreign currency translation differences	–	(71,062)	–	–	(71,062)
Total comprehensive income for the period	–	(71,062)	–	175,550	104,488
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Share-based payment transactions	–	–	9,450	–	9,450
Issuance of ordinary shares under the Performance Share Plan	56,700	–	(56,700)	–	–
Total contributions and distributions to owners	56,700	–	(47,250)	–	9,450
At 31 December 2019	33,035,508	(63,074)	–	(19,348,061)	13,624,373

Statement of changes in equity

Company	Share capital S\$	Share-based compensation reserve S\$	Accumulated losses S\$	Total equity S\$
At 1 July 2020	33,035,508	–	(56,398,891)	(23,363,383)
Total comprehensive income for the period				
Total comprehensive loss for the period	–	–	(694,960)	(694,960)
Total comprehensive income for the period	–	–	(694,960)	(694,960)
At 31 December 2020	<u>33,035,508</u>	<u>–</u>	<u>(57,093,851)</u>	<u>(24,058,343)</u>
At 1 July 2019	32,978,808	47,250	(55,881,862)	(22,855,804)
Total comprehensive income for the period				
Total comprehensive loss for the period	–	–	(584,732)	(584,732)
Total comprehensive income for the period	–	–	(584,732)	(584,732)
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Share-based payment transactions	–	9,450	–	9,450
Issue of ordinary shares	56,700	(56,700)	–	–
Total contributions and distributions to owners	<u>56,700</u>	<u>(47,250)</u>	<u>–</u>	<u>9,450</u>
At 31 December 2019	<u>33,035,508</u>	<u>–</u>	<u>(56,466,594)</u>	<u>(23,431,086)</u>

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.

There was no change in the share capital of the Company since 30 June 2020 up to 31 December 2020. As at 30 June 2020 and 31 December 2020, the share capital of the Company comprised 235,424,614 ordinary shares.

As at 31 December 2020 and 31 December 2019, the Company had no 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 immediately preceding year.

	As at 31 Dec 2020	As at 30 Jun 2020
Total number of issued shares (excluding treasury shares)	235,424,614	235,424,614

The Company did not have any treasury shares as at 31 December 2020 and 30 June 2020.

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

Not applicable. The Company did not have any treasury shares during the current financial period reported on.

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

Not applicable. The Company did not have any subsidiary holdings during the current financial period reported on.

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

The figures have not been audited nor reviewed by auditors.

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.
- 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 to going concern.

Not applicable. The latest financial statements of the Group are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of these financial statements.

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 applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time on 1 July 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business (Amendments to SFRS(I) 3)*
- *Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)*
- *Interest Rate Benchmark Reform (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)*
- *Covid-19-Related Rent Concessions (Amendment to SFRS(I) 16)*

The application of these standards, amendments to standards and interpretations does not have a material effect on the financial statements.

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:

Earnings per ordinary share for the period based on profit attributable to owners of the parent, net of tax:

	Group	
	Half Year ended 31 Dec 2020 Unaudited	Half Year ended 31 Dec 2019 Unaudited
Earnings (S\$) (Profit attributable to owners of the parent, net of tax)	1,297,165	175,550
(i) Based on weighted average number of ordinary shares in issue (cents)	0.55	0.07
Weighted average number of ordinary shares	235,424,614	234,699,886

	Group	
	Half Year ended 31 Dec 2020 Unaudited	Half Year ended 31 Dec 2019 Unaudited
(ii) On a fully diluted basis in issue (cents) Weighted average number of ordinary shares	0.55 235,424,614	0.07 235,424,614

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 As at		Company As at	
	31 Dec 2020 Unaudited	30 Jun 2020 Unaudited	31 Dec 2020 Unaudited	30 Jun 2020 Unaudited
Net asset/(liability) value (S\$)	16,241,712	14,887,248	(24,058,343)	(23,363,383)
Net asset/(liability) value per ordinary share (cents)	6.90	6.32	(10.22)	(9.92)
Number of shares in issue	235,424,614	235,424,614	235,424,614	235,424,614

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.**

Financial Performance Review

Revenue

Revenue increased by S\$4.4 million or 15.4% to \$33.4 million for the financial period ended 31 December 2020 ("HY2021") from S\$29.0 million for the financial period ended 31 December 2019 ("HY2020").

- Marine & Offshore Segment revenue in HY2021 decreased by 7.2% or S\$2.1 million as compared to HY2020. The decrease was mainly attributable to decreased revenue contribution from the mooring and rigging business.
- The increase in revenue by Property Development Segment was from the sale of a detached property at 88 Farleigh Avenue for S\$6.5 million. The sale of the property was completed in December 2020.

Gross profit

The Group's gross profit of S\$10.8 million in HY2021 has increased by S\$0.6 million or 5.5% from S\$10.2 million in HY2020. The Group recorded a gross profit margin of 32.2% in HY2021 as compared to 35.2% in HY2020.

- Marine & Offshore Segment contributed gross profit of S\$10.1 million to the Group in HY2021 as compared to S\$9.8 million in HY2020. The gross profit margin increased to 38.1% in HY2021 from 34.3% in HY2020.

- Property Development Segment contributed gross profit of S\$0.7 million to the Group in HY2021, of which S\$0.5 million was contributed by the Group's property consultancy business.

Other income

Other income increased by S\$787,000 or 488.1% to S\$948,000 in HY2021 from S\$161,000 in HY2020. The increase was mainly due to the receipt of the grants and support schemes extended by the Singapore Government in view of the COVID-19 pandemic in HY2021.

Distribution expenses

Distribution expenses decreased by S\$128,000 or 17.8% to S\$592,000 in HY2021 from S\$720,000 in HY2020. The decrease was mainly due to no travel for marketing and exhibition activities due to the travel bans and restrictions from the COVID-19 pandemic.

Administrative expenses

Administrative expenses increased by S\$0.4 million or 6.8% to S\$7.0 million in HY2021 from S\$6.6 million in HY2020. The increase was mainly due to increase in employee benefits expenses and related staff costs.

Other operating expenses

Other operating expenses decreased by S\$63,000 in HY2021. The decrease was mainly due to absence of depreciation on investment properties because it ceased to depreciate in HY2021 after it was classified as assets held for sale as at 30 June 2020. The investment properties were sold on 21 October 2020.

Finance income

The decrease in the Group's finance income, comprising mainly interest income, remained insignificant for HY2021.

Finance costs

The finance costs decreased by S\$236,000 or 29.5% in HY2021 from S\$800,000 in HY2020. The decrease was mainly due to lower interest rate in HY2021 and repayment of term loans.

Income tax expense

In HY2021, the Group incurred an income tax expense of S\$0.5 million as compared to S\$0.3 million in HY2020.

Profit for the period

The Group's profit before tax is S\$1.8 million in HY2021 as compared to S\$0.5 million in HY2020, representing a 270.2% improvement. After accounting for income tax of S\$0.5 million, the Group's profit for HY2021 is S\$1.3 million as compared to S\$0.2 million in HY2020, representing a 638.9% improvement from the prior period.

Total comprehensive income for the period

After accounting for foreign currency translation differences, the total comprehensive profit for HY2021 is S\$1.3 million, compared to S\$0.1 million in HY2020.

Balance Sheet Review

Non-current assets

Non-current assets decreased by S\$0.9 million to S\$12.7 million as at 31 December 2020 from S\$13.6 million as at 30 June 2020. The decrease was mainly due to the amortisation of right of use asset, depreciation of investment property, and depreciation of property, plant and equipment.

Current assets

Current assets decreased by S\$10.8 million or 20.3% to S\$42.2 million as at 31 December 2020 from S\$52.9 million as at 30 June 2020. The decrease was mainly due to the following:

- Inventories decreased by S\$1.1 million from S\$22.3 million as at 30 June 2020 to S\$21.3 million as at 31 December 2020, the decrease in inventory is in line with the decrease in sales of Marine & Offshore Segment's revenue in HY2021. Despite the decrease in the inventory, the inventory turnover days for Marine & Offshore Segment in HY2021 increased to 243 days from 210 days in FY2020.
- Development properties decreased by S\$5.8 million from \$10.8 million as at 30 June 2020 to S\$5.0 million as at 31 December 2020. The decrease was due to sale of its Farleigh Avenue project during the period.
- Trade and other receivables decreased by S\$2.7 million, the decrease is in line with the decrease in sales of Marine & Offshore Segment's revenue in HY2021. Trade and other receivables turnover days for the Marine & Offshore Segment decreased by 4 days from 65 days in FY2020 to 61 days in HY2021.
- Assets held for sale decreased by S\$3.2 million as at 31 December 2020 following the disposal of two leasehold properties, which were completed on 21 October 2020.

The decrease stated above was offset by the increase in cash and cash equivalents by S\$2.1 million. Please refer to the "Cash Flows Review" section below for details.

Non-current liabilities

Non-current liabilities decreased by S\$2.1 million or 13.5% to S\$13.2 million as at 31 December 2020 from S\$15.3 million as at 30 June 2020. The decrease was due to the following:

- Non-current portion of loans and borrowings decreased by S\$1.6 million, due to (i) classification of land and construction loans of S\$3.3 million to current portion and (ii) repayment of term loans of S\$0.6 million. The decreases were offset by a S\$2.3 million increase in term loans.
- Amortisation of right of use liabilities of \$0.5 million.

Current liabilities

Current liabilities decreased by S\$10.9 million or 30.0% to S\$25.5 million as at 31 December 2020 from S\$36.4 million as at 30 June 2020. The decrease was due to the following:

- Amortisation of right of use liabilities of S\$0.5 million.
- Current portion of loans and borrowings decreased by S\$8.8 million, due to (i) repayment of land and construction loans of S\$4.5 million as the Group sold its development at 88 Farleigh Avenue and (ii) repayment of term loans of S\$4.3 million.
- Trade and other payables decreased by S\$1.7 million due to decrease in purchases as a result of decrease in Marine & Offshore Segment's revenue in HY2021.

The decrease stated above was offset by the increase in current tax liabilities by S\$0.1 million.

Shareholders' equity

Shareholders' equity increased by S\$1.4 million or 9.1% to S\$16.2 million as at 31 December 2020 from S\$14.9 million as at 30 June 2020. The increase was mainly due to the net profit recorded for HY2021 amounting to S\$1.3 million.

Cash Flows Review

Cash flows from operating activities

Operating cash inflows before changes in working capital was S\$3.2 million in HY2021. Net cash inflow from working capital was S\$8.1 million mainly due to the following (the amounts below do not add up due to rounding and exclusion of non-significant line items):

- Cash inflows arising from a decrease in inventories of S\$1.1 million;
- Cash inflows arising from a decrease in development properties of S\$5.8 million;
- Cash inflows arising from a decrease in trade and other receivables of S\$2.8 million; and
- Cash outflows arising from a decrease in trade and other payables of S\$1.6 million

After deducting income taxes paid of S\$0.4 million, net cash from operating activities in HY2021 was S\$10.9 million.

Cash flows used in investing activities

Net cash from in investing activities in HY2021 was S\$2.8 million, attributed to the following:

- Investment in an associate company amounting to S\$0.1 million;
- Purchase of property, plant and equipment by the Marine & Offshore Segment totalling S\$0.3 million; and
- Proceeds from sale of assets held for sale amounting to S\$3.2 million

Cash flows used in financing activities

Net cash flows used in financing activities in HY2021 was S\$11.5 million, attributable to the following:

- Interest paid of S\$0.6 million;
- Repayment of bank borrowings and finance lease liabilities totalling S\$25.3 million; and
- Proceeds from bank borrowings amounting to S\$14.4 million.

As a result of the above, cash and cash equivalents increased by S\$2.2 million during HY2021. Cash and cash equivalents as at 31 December 2020 were S\$7.4 million.

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

No forecast or prospect statement had been previously disclosed.

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.

Marine & Offshore Segment

The COVID-19 pandemic continues to undermine the global economy and business environment as some countries re-impose lockdown amid virus resurgence. Despite the on-going vaccinations effort and gradual resumption of the Group's operations, the Group continues to maintain a cautious outlook for the rest of the financial year.

We will continue to be progressive in our mooring and rigging business by exploring and assessing accretive business opportunities while being prudent with operational cost management.

Property Development Segment

We expect the property development segment to remain challenging due to constraints in manpower, higher operating costs and time resources to comply with COVID-19 safe management measures.

In July 2020, the Group sold two leasehold properties located at 33 Ubi Avenue 3, #01-14 and #01-15, Singapore 408868 for S\$3.2 million and this enabled the Group to realise the value of the properties and result in a positive cash inflow of S\$800,000 (post-deductions for the payment of mortgage loan and the agent's commission fee), thereby improving the liquidity of the Group.

In December 2020, the Group also sold a detached house at Farleigh Avenue for S\$6.5 million to an unrelated third party.

Notwithstanding the current economic climate, we remain vigilant in our Property Development Segment with an emphasis of maintaining good cash conservation and cost management measures.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period

No dividends were declared or recommended in the previous corresponding period.

(c) 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 the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

After considering the cash flow needs of the Group and to be prudent, no dividend has been declared or recommended for the half year ended 31 December 2020.

- 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.**

The Group did not obtain a general mandate from shareholders for Interested Person Transactions.

- 14. Confirmation by the Board Pursuant to Rule 705(5)**

We, Lim See Hoe and Lim Siew Cheng, being two Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for half year ended 31 December 2020 to be false or misleading in any material aspect.

- 15. Confirmation that the issuer has procured undertakings from all of its directors and executive officers (in the format set out in Appendix 7H) under rule 720(1)**

The Company confirms that it has procured undertakings from all of its Directors and Executive Officers in the format set out in Appendix 7H of the Listing Manual.

On behalf of the Board of Directors

Lim See Hoe
Executive Chairman and Chief Executive Officer

Lim Siew Cheng
Executive Director and Chief Operating Officer

4 February 2021