

ACROMEK LIMITED

(Company registration number: 201544003M)



UNAUDITED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MARCH 2020

This announcement has been prepared by ACROMEK Limited (“ACROMEK” or the “Company”) and its contents have been reviewed by the Company’s Sponsor, PrimePartners Corporate Finance Pte. Ltd. for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. 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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Background

ACROMEK Limited (together with its subsidiaries, the “Group”) was listed on Catalist of the SGX-ST on 18 April 2016, pursuant to an initial public offering (the “IPO”) exercise. The Group is primarily a Singapore-based specialist engineering services provider in the field of controlled environments. It currently serves mainly the healthcare, pharmaceutical, biomedical science, research and academia, and electronics sectors.

The Group’s business is divided into two main business segments:

- (1) Engineering, Procurement and Construction (“EPC”) segment; and
- (2) Maintenance segment.

The EPC segment provides engineering, procurement and construction services, specialising in architectural, mechanical, electrical and process works within controlled environment. The Maintenance segment provides maintenance and repair services for facilities and equipment of controlled environments and their supporting infrastructure.

The Group has expanded and diversified its core business to include the renewable energy business following the approval by shareholders at an extraordinary general meeting held on 4 July 2019. The renewable energy business segment includes but not limited to the building, owning and operating of power plants involving the generation of electricity using sustainable sources.

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ACROMECL**PART I: INFORMATION REQUIRED FOR HALF-YEAR ANNOUNCEMENT**

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

| | Group | | Increase/ (Decrease) % |
|--|-------------------------------|-------------------------------|----------------------------------|
| | Half-year ended 31 Mar | | |
| | 2020 S\$'000 | 2019 S\$'000 | |
| Revenue | 11,899 | 12,239 | (3) |
| Cost of sales | (9,737) | (9,442) | 3 |
| Gross profit | <u>2,162</u> | <u>2,797</u> | <u>(23)</u> |
| Other operating income | 156 | 79 | 97 |
| | <u>2,318</u> | <u>2,876</u> | <u>(19)</u> |
| Administrative expenses | (2,186) | (2,363) | (8) |
| Other operating expenses | (484) | (416) | 16 |
| Finance costs | (97) | (85) | 14 |
| (Loss)/Profit before income tax | (449) | 12 | N.M |
| Income tax credit | 4 | 6 | (33) |
| (Loss)/Profit for the period, representing total comprehensive income for the period | <u>(445)</u> | <u>18</u> | <u>N.M</u> |
| (Loss)/Profit attributable to: | | | |
| Owners of the Company | (487) | 7 | N.M |
| Non-controlling interests | 42 | 11 | >100 |
| Total comprehensive (loss)/income attributable to: | | | |
| Owners of the Company | (487) | 7 | N.M |
| Non-controlling interests | <u>42</u> | <u>11</u> | <u>>100</u> |

N.M : Not meaningful

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

| | Group | | Increase/ (Decrease) % |
|--|-------------------------------|----------------|------------------------------|
| | Half-year ended 31 Mar | | |
| | 2020 | 2019 | |
| | S\$'000 | S\$'000 | |
| (Loss)/Profit for the financial period is arrived at after (charging)/crediting the following: | | | |
| Depreciation of property plant and equipment | (281) | (301) | (7) |
| Amortisation of right-of-use asset | (148) | - | >100 |
| Interest income | 23 | 17 | 35 |
| Foreign exchange gain (Net) | 22 | 5 | >100 |

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

| | Group | | Company | |
|---|---------------------------|---------------------------|---------------------------|------------------------|
| | 31 Mar 2020 S\$'000 | 30 Sep 2019 S\$'000 | 31 Mar 2020 S\$'000 | 30 Sep 2019 S\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Investment in subsidiaries | - | - | 13,078 | 13,078 |
| Goodwill | 278 | 278 | - | - |
| Investment property | 1,655 | 1,673 | - | - |
| Right-of-use assets | 314 | - | - | - |
| Property, plant and equipment | 3,537 | 1,751 | - | - |
| Total non-current assets | 5,784 | 3,702 | 13,078 | 13,078 |
| Current assets | | | | |
| Trade receivables | 6,060 | 7,602 | - | - |
| Other receivables, deposits and prepayments | 876 | 239 | 36 | 28 |
| Contract assets | 2,053 | 2,786 | - | - |
| Amount due from subsidiary | - | - | 279 | 317 |
| Loan to subsidiary | - | - | 2,015 | 2,165 |
| Cash and bank balances ⁽¹⁾ | 6,197 | 8,879 | 17 | 73 |
| Total current assets | 15,186 | 19,506 | 2,347 | 2,583 |
| Total assets | 20,970 | 23,208 | 15,425 | 15,661 |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities | | | | |
| Trade and other payables | 6,887 | 7,838 | 47 | 217 |
| Bill payables | 1,467 | 3,415 | - | - |
| Contract liabilities | 2,341 | 1,715 | - | - |
| Tax payable | 69 | 76 | 30 | 30 |
| Lease liabilities | 299 | 83 | - | - |
| Bank loans | 419 | 117 | - | - |
| Total current liabilities | 11,482 | 13,244 | 77 | 247 |
| Net current assets | 3,704 | 6,262 | 2,270 | 2,336 |
| Non-current liabilities | | | | |
| Bank loans | 1,766 | 1,825 | - | - |
| Lease liabilities | 101 | 47 | - | - |
| Deferred tax liabilities | 26 | 31 | - | - |
| Total non-current liabilities | 1,893 | 1,903 | - | - |
| Net assets | 7,595 | 8,061 | 15,348 | 15,414 |

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| | Group | | Company | |
|---|---------------------------|---------------------------|---------------------------|------------------------|
| | 31 Mar 2020 S\$'000 | 30 Sep 2019 S\$'000 | 31 Mar 2020 S\$'000 | 30 Sep 2019 S\$'000 |
| Equity attributable to the owners of the Company | | | | |
| Share capital | 16,225 | 16,225 | 16,225 | 16,225 |
| Merger reserve | (4,718) | (4,718) | - | - |
| Accumulated losses | (4,687) | (4,200) | (877) | (811) |
| Foreign translation reserve | (18) | (1) | - | - |
| Shareholders' equity | <u>6,802</u> | <u>7,306</u> | <u>15,348</u> | <u>15,414</u> |
| Non-controlling interests | <u>793</u> | <u>755</u> | <u>-</u> | <u>-</u> |
| Total equity | <u>7,595</u> | <u>8,061</u> | <u>15,348</u> | <u>15,414</u> |
| Total liabilities and equity | <u>20,970</u> | <u>23,208</u> | <u>15,425</u> | <u>15,661</u> |

Note:

(1) The amount stated includes fixed deposits pledged as collaterals for banking facilities. 31 March 2020: S\$3,255,000 (30 September 2019: S\$3,249,000)

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 current financial period reported on with comparative figures as at the end of the immediately preceding financial year

| | 31 Mar 2020 | | 30 Sep 2019 | |
|--|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Amount repayable in one year or less, or on demand | 2,185 | - | 3,615 | - |
| Amount repayable after one year | 1,867 | - | 1,872 | - |
| Total borrowings | <u>4,052</u> | <u>-</u> | <u>5,487</u> | <u>-</u> |

Details of collaterals

- i. Bill payables of S\$1,467,000 (30 September 2019: S\$3,415,000) was secured by fixed deposits pledged with banks.
- ii. Bank loans of S\$1,885,000 (30 September 2019: S\$1,942,000) is secured on the Group's properties and S\$300,000 (30 September 2019: Nil) is secured on fixed deposits.
- iii. Lease liabilities of S\$86,000 (30 September 2019: S\$130,000) is secured on the Group's motor vehicles.

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ACROMECH**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**

| | Group | |
|---|-------------------------------|----------------|
| | Half-year ended 31 Mar | |
| | 2020 | 2019 |
| | S\$'000 | S\$'000 |
| Operating activities | | |
| (Loss)/Profit before income tax | (449) | 12 |
| Adjustments for: | | |
| Depreciation and amortisation | 429 | 301 |
| Interest income | (23) | (17) |
| Interest expense | 97 | 85 |
| Operating cash flows before movements in working capital | 54 | 381 |
| Trade receivables | 1,542 | (1,910) |
| Other receivables, deposits and prepayments | (637) | (312) |
| Amounts due from contract customers – net | 1,358 | 1,535 |
| Trade and other payables | (951) | (1,835) |
| Bill payables | (1,948) | (98) |
| Cash used in operations | (582) | (2,239) |
| Interest received | 23 | 17 |
| Income taxes paid | (7) | (2) |
| Net cash used in operating activities | (566) | (2,224) |
| Investing activities | | |
| Purchase of property, plant and equipment | (2,049) | (5) |
| Net cash used in investing activities | (2,049) | (5) |
| Financing activities | | |
| Increase in pledged deposits | (6) | (6) |
| Proceeds/(Repayment of) from borrowings | 243 | (57) |
| Repayment of lease liabilities | (191) | (43) |
| Interest paid | (97) | (85) |
| Net cash used in financing activities | (51) | (191) |
| Net decrease in cash and cash equivalents | (2,666) | (2,420) |
| Cash and cash equivalents at beginning of financial period | 5,630 | 5,741 |
| Effect of foreign exchange rate changes on the balance of cash held in foreign currencies | (22) | - |
| Cash and cash equivalents at end of financial period ⁽¹⁾ | 2,942 | 3,321 |

Note:

(1) The amount stated excludes fixed deposits pledged as collaterals for banking facilities. 31 March 2020: S\$3,255,000
(31 March 2019: S\$3,247,000)



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

Group

| | Attributable to Owners of the Company | | | | | | |
|--|---------------------------------------|----------------|---------------------------------------|---|---------|---------------------------|--------------|
| | Share capital | Merger reserve | Foreign currency translation reserves | (Accumulated losses)/ Retained earnings | Total | Non-controlling interests | Total Equity |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 October 2019 | 16,225 | (4,718) | (1) | (4,200) | 7,306 | 755 | 8,061 |
| Profit for the financial period, representing total comprehensive income | - | - | (17) | (487) | (504) | 38 | (466) |
| Balance as at 31 March 2020 | 16,225 | (4,718) | (18) | (4,687) | 6,802 | 793 | 7,595 |
| Balance as at 1 October 2018 | 16,225 | (4,718) | - | (4,230) | 7,277 | 748 | 8,025 |
| Profit for the financial period, representing total comprehensive income | - | - | - | 7 | 7 | 11 | 18 |
| Balance as at 31 March 2019 | 16,225 | (4,718) | - | (4,223) | 7,284 | 759 | 8,043 |

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ACROMEK**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 (continued)****Company**

| | Share capital | Accumulated Losses | Total |
|---|---------------|-----------------------|---------|
| | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 October 2019 | 16,225 | (811) | 15,414 |
| Total comprehensive loss for the period | - | (66) | (66) |
| | <hr/> | | |
| Balance as at 31 March 2020 | 16,225 | (877) | 15,348 |
| | <hr/> | | |
| Balance as at 1 October 2018 | 16,225 | (489) | 15,736 |
| Total comprehensive loss for the period | - | (104) | (104) |
| | <hr/> | | |
| Balance as at 31 March 2019 | 16,225 | (593) | 15,632 |
| | <hr/> | | |

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.

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| | Company | |
|--|---------------------------|----------------------------------|
| | Number of ordinary shares | Issued and paid-up share capital |
| Issued and paid-up share capital as at 31 March 2020 and 30 September 2019 | 138,563,978 | S\$16,225,000 |

There are no changes in the Company's share capital since the end of the previous period reported on. There were no outstanding convertibles, treasury shares and subsidiary holdings as at 31 March 2020 and 31 March 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.

The total number of issued ordinary shares, excluding treasury shares, as at 31 March 2020 was 138,563,978 (30 September 2019: 138,563,978). There were no treasury shares held by the Company as at 31 March 2020 and 30 September 2019.

1(d)(iv) A statement showing all sales, transfers, 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 and as at the end of the current financial period ended 31 March 2020.

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 does not have subsidiary holdings.

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

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications 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.

Not applicable. The Group's latest financial statements 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.

The Group has consistently applied the same accounting policies and methods of computation for the current financial period compared to the most recently audited annual financial statements except for the new accounting policy adopted as mentioned in section 5.

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 the new Singapore Financial Reporting Standards (International) ("SFRS(I)") and amendments and interpretations of SFRS(I)s that are relevant to its operations and effective from 1 October 2019. The adoption of these pronouncements did not have any significant impact on the financial performance or position of the Group except for the adoption of SFRS(I) 16 – Leases.

Before the adoption of SFRS(I) 16, commitments under operating leases for future periods were not recognised as liabilities on the Group's statement of financial position. Operating lease rental expenses were recognised in the consolidated statement of profit and loss over the lease period on a straight-line basis.

On adoption of SFRS(I) 16, the Group recognised the lease liabilities in relation to leases which had previously been classified as "operating leases" if they met certain criteria set out in SFRS(I) 16. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The difference between the present value and the total remaining lease payments represents the cost of financing and is charged to the consolidated statement of profit and loss in the period in which it is incurred using the effective interest method.

The associated right-of-use assets were measured either as if SFRS(I) 16 had been applied from lease commencement using incremental borrowing rate at date of initial application or equals to the initial measurement of lease liability adjusted by the amount of any

previously recognised prepaid or accrued lease payments relating to the lease. These associated right-of-use assets were recognised in the statement of financial position. Amortisation is charged on a straight-line basis over the shorter of the asset's useful life and the lease term.

Cash payments for the settlement of lease liabilities were reported as cash flows from financing activities. The total net cash flows of the Group are unaffected.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in SFRS(I) 1- 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the SFRS(I) 1-17 operating lease and finance lease accounting models respectively. The Group does not have any significant impact to lessor accounting except for additional disclosures required from the adoption of SFRS(I) 16.

The Group has applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. On 1 October 2019, the cumulative effect of applying the standard is recognised on the Statement of Financial Position as right-of-use assets and lease liabilities. The effects of adoption on 1 October 2019 includes reclassifications of certain motor vehicles amounting to \$183,000 and finance leases amounting to \$130,000, to right-of-use assets and lease liabilities respectively. In addition, the recognition of right-of-use assets and lease liabilities arising from existing lease contracts under the simplified transition approach amounted to \$459,000 as at 1 October 2019.

As at 31 March 2020, and when compared to the financials previously reported as at 30 September 2019, the differences in the Statement of Financial Position and Statement of Profit and Loss are as follows:

Consolidated Statement of Profit and Loss as at 31 March 2020

| | Group S\$'000 |
|--|--------------------------|
| | Increase/ (Decrease) |
| Other operating expenses - Amortisation | 148 |
| Administrative expenses | (148) |

Consolidated Statement of Financial Position as at 31 March 2020

| | Group S\$'000 |
|--------------------|--------------------------|
| | Increase |
| Right-of-use asset | 314 |
| Lease liabilities | |
| - current | 216 |
| - non-current | 54 |

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ACROMECH

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 | |
|---|------------------------|--------------------|
| | Half-year ended 31 Mar | |
| | 2020 | 2019 |
| (Loss)/Profit attributable to owners of the Company (S\$'000) | <u>(487)</u> | <u>7</u> |
| Weighted average number of ordinary shares | <u>138,563,978</u> | <u>138,563,978</u> |
| (Loss)/Earnings per share (basic and diluted) (cents) | <u>(0.35)</u> | <u>0.01</u> |

The basic and diluted (loss)/earnings per share is the same as there were no potentially dilutive ordinary shares in issue, for the half year ended 31 March 2020 and 31 March 2019.

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-Mar-2020 | 30-Sep-2019 | 31-Mar-2020 | 30-Sep-2019 |
| Net Asset Value per share (cents) | 4.91 | 5.27 | 11.08 | 11.12 |
| Net Asset Value (S\$'000) | 6,802 | 7,306 | 15,348 | 15,414 |
| Number of ordinary shares used | <u>138,563,978</u> | <u>138,563,978</u> | <u>138,563,978</u> | <u>138,563,978</u> |

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.

REVIEW OF GROUP RESULTS

Revenue for the half-year ended 31 March 2020 (“HY2020”) dipped 3% due to lower business activities as project owners exercise caution following the effects of COVID-19, thereby impacting their decision to award project tenders.

Cost of sales increased by 3% resulting in lower gross profit margin. Even though gross profit margin remained healthy at 18% for HY2020, it was lower compared to 23% in same period last year due to the increase in proportion of fixed project overheads while the revenue recorded was lower. The Group will continue to exercise cost monitoring and control over its projects.

Other operating income increased by 97% to S\$156,000 due to government grants received.

Due to adoption of new accounting standard SFRS(I) 16 (see note 5), administrative expenses dipped mainly due to the reclassification of the office premise rental costs to amortisation costs which is classified under other operating expenses. Apart from the above, administrative and other operating expenses remained relatively stable as the Group kept a lid on its costs. Finance costs increased slightly due to more trade financing undertaken.

Taxation was negligible. Non-controlling interests mainly related to the Company’s share of results from its subsidiaries, Golden Harvest Engineering Pte Ltd and PT Acromec Trading Indonesia.

On the back of lower business activities, the Group reported a net loss attributable to owners of the Company of approximately S\$487,000 for HY2020, as compared to net profit of S\$7,000 in the same period last year.

REVIEW OF GROUP’S FINANCIAL POSITION

Non-current assets increased by S\$2.08 million or 56% mainly due to recognition of right-of-use asset of approximately S\$0.31 million and the capitalisation of costs under property, plant and equipment arising from the construction of the waste-to-energy plant of approximately S\$2.0 million for the Group’s renewable energy business segment, partially offset by depreciation charge for property, plant and equipment.

Current assets as at 31 March 2020 decreased by approximately S\$4.3 million or 22% mainly due to the decrease in cash and bank balances and decrease in contract asset and trade receivables, partially offset by increase in other receivables, deposits and prepayment. Contract asset decreased in line with lower business activities and trade receivables dipped due to better collections. Cash and bank balances decreased mainly due to settlement of bills payables. Other receivables, deposits and prepayments increased mainly due to recognition of government grants receivables due to COVID-19 and deposits placed with suppliers for the construction of the waste-to-energy plant.

Current liabilities as at 31 March 2020 decreased by 13% or S\$1.76 million mainly due to decrease in bill payables and trade and other payables, partially offset by recognition of lease liabilities, increase in contract liabilities and increase in short-term bank loans. Bill payables decreased due to settlements. Trade and other payables decreased in line with lower business activities. Increased short term bank loans was mainly to support working capital liquidity during the financial period.

The Group's bank borrowings were mainly incurred by Golden Harvest, its 60% owned subsidiary, to finance the purchase of its investment property and its leasehold property from which it operates.

REVIEW OF GROUP'S CASH FLOWS

Overall, the Group's cash and cash equivalents decreased S\$2.67 million in HY2020. The decrease was mainly due to cash used in operations of approximately S\$0.57 million in line with the financial results for the period and cash used in investing activities of S\$2.05 million. Cash used for investing activities was mainly due to costs incurred in the construction of its waste-to-energy plant for the Group's renewable energy business segment.

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 was previously made to shareholders.

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.

The COVID-19 pandemic has interrupted lives and livelihoods, and affected the global economy, which is forecasted to contract sharply in the current financial year. Singapore has likewise been impacted, the severity of which is dependent on how this pandemic will progress. Although the Group's businesses are not directly involved in the sectors most severely impacted by COVID-19, the lockdowns and circuit breakers imposed by many countries, including Singapore, has inevitably affected the Group. Disruptions in global supply chains, coupled with domestic workforce interruptions, has led to delays in the execution of its projects. Force majeure notices have been served and as far as possible, the Group is working closely with its customers to mitigate their impact.

Generally, there has been a slow-down of awards of new tenders as many wait to assess the impact of the pandemic. Despite this, there are pockets of opportunities as some tenders have been brought forward because of the pandemic. The Group will continue to actively develop its business through direct negotiations and bidding for projects, underpinned by its healthy balance sheet and established track record.

The Group continues to grow its business in Indonesia through its 67% owned subsidiary. The Group believes that the penetration into new geographical markets, including, amongst others, Indonesia, will be beneficial for its long-term growth. Likewise, the Group continues to focus on growing its maintenance business as it provides the Group with recurring income and revenue streams. Recurring revenue augments well and adds stability to the Group's largely project-based business.

The Group has embarked into the renewable energy sector in the previous financial year as it sees growth potential with the world moving away from reliance on traditional energy sources. This is also in line with its expansion and diversification strategy to provide the Group with more sustainable revenue and income streams. Accordingly, the Group has signed its first renewable energy agreement with a customer, Chew's Agriculture Pte Ltd, to build, own and operate a waste-to-energy plant at their premise. As such, the Group has allocated its resources to execute the agreement. The Group will continue to actively grow this business segment as it seeks to secure more contracts in this renewable energy space. This may include forming more strategic partnerships and joint ventures with competent and synergistic partners.

In the face of the current COVID-19 pandemic, the Group continues to focus on managing its projects and controlling its cost. It will proactively implement measures to mitigate the impact of the pandemic as the situation, which remains fluid, evolves.

11. Dividend:

If a decision regarding dividend has been made:

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

(b)(i) Amount per share:
Nil.

(b)(ii) Previous corresponding period:
Nil.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax 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 5.00pm) 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.

No dividend has been declared or recommended in view of the net loss reported and the developments in the Group’s expansion and diversification strategy into the renewable energy sector.

13. 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 a shareholders’ mandate for interested person transactions.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers as set out in Appendix 7H under Rule 720(1).

15. Updates on use of IPO proceeds and placement exercise proceeds

Placement Exercise Proceeds

| | Amount allocated | Amount utilised | Balance of net proceeds as at at the date of this announcement |
|----------------------------------|-----------------------------|----------------------------|---|
| | S\$ million | S\$ million | S\$ million |
| General working capital purposes | 3.70 | 3.70 ⁽¹⁾ | - |

Note:

(1) Utilised for payment of supplier invoices for our projects

16. Additional disclosures required pursuant to Rule 706A

The Company's 80%-owned subsidiary, Acropower Pte. Ltd., has incorporated a new wholly-owned subsidiary in Singapore, namely, Neo Tiew Power Pte. Ltd. ("NTP") on 20 February 2020. NTP has an initial issued and paid-up share capital of S\$1 comprising one ordinary share. It is intended that NTP will explore opportunities in the growing renewable energy segment, which may include opportunities to work on build-own-operate energy projects involving the generation of electricity using sustainable feedstock. The incorporation of NTP was funded by internal resources and is not expected to have any material impact on the net tangible assets per share or earnings per share of the Company for the current financial year ending 30 September 2020.

17. Confirmation by the Board pursuant to Rule 705(5)

The Board of Directors confirms, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements for half year ended 31 March 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Say Chin
Executive Chairman and Managing Director
14 May 2020

Chew Chee Keong
Executive Director