

# Pipeline Engineering Holdings Limited

## 管道工程控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1865

INTERIM REPORT  
**2020**

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# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Mr. Michael Shi Guan Wah  
*(Joint Chairman and Chief Executive Officer)*  
Ms. Feng Jiamin *(Joint Chairman appointed on 21 September 2020)*  
Mr. Lok Ka Ho *(appointed on 11 November 2020)*  
Mr. Shi Guan Lee *(resigned on 21 September 2020)*  
Mr. Shi Hong Sheng (Xu Hongsheng)  
*(resigned on 11 November 2020)*

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cher Choong Kiak  
Mr. Chiam Soon Chian (Zhan Shunquan)  
Mr. Choo Chih Chien Benjamin  
Mr. Tong Wing Chi *(appointed on 21 September 2020)*  
Mr. Shek Jun Chong  
*(appointed on 11 November 2020)*  
Mr. Qiu Yue *(appointed on 11 November 2020)*

## AUDIT COMMITTEE

Mr Chiam Soon Chian (Zhan Shunquan) *(Chairman)*  
Mr. Cher Choong Kiak  
Mr. Choo Chih Chien Benjamin  
Mr. Tong Wing Chi *(appointed on 21 September 2020)*  
Mr. Shek Jun Chong *(appointed on 11 November 2020)*  
Mr. Qiu Yue *(appointed on 11 November 2020)*

## REMUNERATION COMMITTEE

Mr. Cher Choong Kiak *(Chairman)*  
Mr. Chiam Soon Chian (Zhan Shunquan)  
Mr. Shek Jun Chong  
*(appointed on 11 November 2020)*  
Mr. Qiu Yue *(appointed on 11 November 2020)*  
Mr. Shi Hong Sheng (Xu Hongsheng)  
*(resigned on 11 November 2020)*

## NOMINATION COMMITTEE

Mr. Choo Chih Chien Benjamin *(Chairman)*  
Mr Chiam Soon Chian (Zhan Shunquan)  
Mr. Michael Shi Guan Wah  
Mr. Shek Jun Chong  
*(appointed on 11 November 2020)*  
Mr. Qiu Yue *(appointed on 11 November 2020)*

## COMPANY SECRETARY

Mr. Tse Fung Chun *(appointed on 21 September 2020)*

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## AUTHORISED REPRESENTATIVES

Ms. Feng Jiamin *(appointed on 21 September 2020)*  
Mr. Tse Fung Chun *(appointed on 21 September 2020)*

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

36 Sungei Kadut Avenue  
Singapore 729661

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

27/F. Alexandra House,  
18 Chater Road, Central,  
Hong Kong

## INDEPENDENT AUDITORS

Baker Tilly TFW LLP  
*Public Accountants and Chartered Accountants*  
*Registered Public Interest Entity Auditor*  
600 North Bridge Road  
#05-01 Parkview Square  
Singapore 188778

## LEGAL ADVISER

Howse Williams  
27/F. Alexandra House,  
18 Chater Road, Central,  
Hong Kong

## PRINCIPAL BANKERS

### **DBS Bank Ltd**

12 Marina Boulevard,  
Level 43, DBS Asia Central @ Marina Bay  
Financial Centre Tower 3  
Singapore 018982

### **Malayan Banking Berhad**

2 Battery Road  
Maybank Tower  
Singapore 049907

### **United Overseas Bank Limited**

80 Raffles Place,  
#11-00 UOB Plaza 1,  
Singapore 048624

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

### **Tricor Investor Services Limited**

Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

### **Conyers Trust Company (Cayman) Limited**

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## COMPANY WEBSITE

[www.pipeline-engineering-holdings.com](http://www.pipeline-engineering-holdings.com)

## STOCK CODE

1865

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group's operations are located in Singapore and its revenue and profit from operations are solely derived from pipeline infrastructural services rendered within Singapore. The Group is actively involved as a main contractor in both private and public sector projects which include institutional, industrial, commercial and residential projects. The revenue was principally derived from pipeline project works for (i) gas pipeline projects, (ii) water pipeline projects and (iii) cable installation projects.

In the first half of 2020, the global economy was adversely affected by the outbreak of the novel coronavirus covid-19 (the "**COVID-19**") pandemic. During the period from 7 April 2020 to 18 June 2020 (both dates inclusive) (the "**Suspension Period**"), the Group's headquarters were temporary closed due to the safe distancing measures implemented by the Ministry of Health of Singapore. Save for certain exceptions, the Group was not able to deploy its manpower to project jobsites. As such, the Group's income was adversely affected during the six months ended 30 September 2020. For the six months ended 30 September 2020, the Group recorded a total revenue of approximately S\$7.6 million, representing a decrease of approximately S\$5.3 million, as compared to approximately S\$12.9 million for the six months ended 30 September 2019.

Business strategies of the Group remained unchanged for the six months ended 30 September 2020. Despite the challenging environment, the Group will continuously deploy outreach strategies in maintaining relationships with existing and potential customers. The Company established a subsidiary for new business in October 2020 in order to strengthen the Group's performance in the existing challenging environment and with a more diversified revenue stream, the Board expects the Group to be well-positioned for the challenges ahead, and aims to deliver satisfactory return to shareholders.

## ONGOING PROJECTS

As at 30 September 2020, the Group had nine ongoing gas pipeline projects, ten ongoing water pipeline projects, one ongoing cable installation projects with an aggregated contract sum of approximately S\$124.7 million, of which approximately S\$38.3 million has been recognised as revenue as at 30 September 2020 (30 September 2019: five gas pipeline projects, four water pipeline projects; one cable installation project with an aggregate sum of approximately S\$63.1 million). The remaining balance will be recognised as our revenue in subsequent periods in accordance with IFRS 15.

The management considered that all ongoing projects were on schedule and none of which is expected to cause the Group to indemnify the third parties and incur any contingent liabilities as at 30 September 2020.

## FINANCIAL REVIEW

Six months ended 30 September 2020 (“**1H2021**”) compared to six months ended 30 September 2019 (“**1H2020**”).

### Revenue

The following table sets out the breakdown of the Group’s revenue, the number of projects/contracts performed and the percentage contribution to total revenue for 1H2021 and 1H2020.

	For the six months ended 30 September					
	2020			2019		
	Number of projects/contracts performed	Revenue S\$'000	% of revenue (%)	Number of projects/contracts performed	Revenue S\$'000	% of revenue (%)
Gas pipeline	9	7,433	98.0	10	8,361	64.9
Water pipeline	10	142	1.9	8	4,481	34.7
Cable installation	1	11	0.1	3	47	0.4
Total	20	7,586	100.0	21	12,889	100.0

Revenue of the Group has decreased by approximately S\$5.3 million from approximately S\$12.9 million in 1H2020 to approximately S\$7.6 million in 1H2021 due to the following:

- (i) Decrease in revenue from gas pipeline projects by approximately S\$0.9 million;
- (ii) Decrease in revenue from water pipeline projects by approximately S\$4.3 million;
- (iii) Decrease in revenue from cable installation projects by approximately S\$36,000.

The decrease in revenue from the gas pipeline projects by approximately S\$0.9 million was due to the temporary closure of the Group’s headquarter during the Suspension Period, whereby the Group was unable to deploy its manpower to its existing project jobsites.

The decrease in revenue from the water pipeline projects by approximately S\$4.3 million was due to (i) the substantial completion of project brought forward from previous years; (ii) the temporary closure of the Group’s headquarters during the Suspension Period, whereby the Group was unable to deploy its manpower to its existing project jobsites; and (iii) two new water pipeline projects which commenced in September 2020 and thus, the revenue can only be recognised at a subsequent period.

The decrease in revenue relating to cable installation project by approximately S\$36,000 was mainly attributable to (i) the completion of project for grid-tied solar photovoltaic system; and (ii) the temporary closure of the Group’s headquarters during the Suspension Period, whereby the Group was unable to deploy its manpower to its existing project jobsites.

### Cost of Sales

Our cost of sales decreased by approximately S\$2.1 million or 19.2% from approximately S\$11.0 million in 1H2020 to approximately S\$8.9 million for 1H2021. The decrease in cost of sales was mainly attributable to the temporary closure of the Group's headquarter during the Suspension Period, whereby the Group was unable to deploy its manpower to its existing project jobsites.

### Gross Loss/Profits and Gross Loss/Profit Margins

Gross loss of the Group for 1H2021 amounted to approximately S\$1.3 million, as compared to the gross profit amounted to approximately S\$1.9 million for 1H2020.

The gross loss margin of the Group for 1H2021 was 17.1%, representing a decrease of approximately 31.5% from gross profit margin of 14.4% for 1H2020. The decrease was mainly due to (i) the temporary closure of the Group's headquarter during the Suspension Period, whereby the Group was unable to deploy its manpower to its existing project jobsites; (ii) the Group incurred ongoing costs such as project manpower and depreciation; (iii) the decrease in revenue; and (iv) a project for supply and lay of gas mains and renewal services incurred additional costs towards the completion stage.

### Other Income

Other income increased by approximately S\$1.1 million from approximately S\$0.4 million in 1H2020 to approximately S\$1.5 million in 1H2021, mainly attributable to government grants in view of the COVID-19 pandemic through Job Support Scheme, foreign worker levy rebates and Wage Credit Scheme amounted to approximately S\$1.1 million.

### Other Gains/(Losses), net

Decrease in other gains/(losses) was mainly attributable to the write-off of a machinery and equipment which was damaged when carrying out the project for pipe jacking.

### Administrative Expenses

The Group recorded administrative expenses amounted to approximately S\$2.5 million (1H2020: approximately S\$2.0 million). The increase was mainly due to (i) additional cost incurred for security assistance to look after our foreign workers at our headquarters of approximately S\$0.1 million; and (ii) stamp duty fee incurred for the purchase of new property of approximately S\$0.4 million.

### Income Tax Expense

The Group has not incurred income tax for 1H2021 (1H2020: S\$177,000).

### Loss/Profit and total comprehensive loss/income for the Period

Loss and total comprehensive loss for 1H2021 amounted to approximately S\$2.9 million, representing a decrease of approximately S\$3.2 million from profit and total comprehensive income of the Group of approximately S\$0.3 million for 1H2020.

### Interim Dividend

The Board has resolved not to declare any interim dividend for 1H2021 (1H2020: Nil).

### Property, Plant and Equipment

Property, plant and equipment decreased by approximately S\$1.1 million due to additions of approximately S\$0.4 million, offset by (i) net book value write-off of a machinery and equipment of approximately S\$0.4 million; and (ii) depreciation of approximately S\$1.1 million. The additions of property, plant and equipment include new machineries used for the subsidiary's operations.

### Trade and Other Receivables

The Group's trade and other receivables decreased by approximately S\$2.8 million from approximately S\$5.5 million as at 31 March 2020 to approximately S\$2.7 million as at 30 September 2020. The decrease was mainly attributable to the timing of billings and settlements as at 30 September 2020.

### Contract Assets/(Liabilities)

Contract asset decreased by approximately S\$9.0 million from approximately S\$14.0 million as at 31 March 2020 to approximately S\$5.0 million as at 30 September 2020 mainly attributable to higher amount of work orders certified, thus contributing to high amount of billing raised.

Contract liability decreased by approximately S\$41,000 from approximately S\$447,000 as at 31 March 2020 to approximately S\$406,000 as at 30 September 2020 mainly attributable to substantial completion of certain projects which are in the stage of final claims.

### Trade and Other Payables

Trade and other payables decreased by approximately S\$1.2 million from approximately S\$4.0 million as at 31 March 2020 to approximately S\$2.8 million as at 30 September 2020 mainly due to the timing of supplier's billings and settlements as at 30 September 2020.

### Term Loan

Term loan increased by approximately S\$9.9 million from approximately S\$0.4 million as at 31 March 2020 to approximately S\$10.3 million as at 30 September 2020. The increase was mainly attributable to (i) a new term loan arising from the purchase of new property to be the Group's new headquarters of approximately S\$5.0 million; and (ii) a new temporary bridging loan which was introduced by the Singapore Government in the Solidarity Budget 2020, which provides access to working capital for business needs, of approximately S\$5.0 million.

### Hire Purchase Liabilities

Hire purchase creditors decreased by approximately S\$0.3 million from approximately S\$0.9 million as at 31 March 2020 to approximately S\$0.6 million as at 30 September 2020 due to additions of machinery during the period of approximately S\$0.3 million, and mitigated by repayments of approximately S\$0.6 million.



## LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its daily operations through a combination of internally-generated funds from operations, borrowings and net proceeds from the share offer in year 2019.

As at 30 September 2020, the Group maintained a healthy liquidity position with net current asset balance and net cash and bank deposits of approximately S\$21.4 million (31 March 2020: S\$26.9 million) and S\$19.7 million (31 March 2020: S\$15.7 million) respectively. The Group's gearing ratio (calculated by total interest-bearing debt over total equity) as at 30 September 2020 was 48.4%, increase of 44.3% from 4.1% as at 31 March 2020. The increase in gearing ratio was mainly due to (i) a new term loan arising from the purchase of new property to be the Group's new headquarters; and (ii) a new temporary bridging loan which was introduced by the Singapore Government in the Solidarity Budget 2020, which provides access to working capital for business needs.

## CAPITAL STRUCTURE

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to shareholders through the optimisation debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of net debt, which includes lease liabilities, hire purchase liabilities and bank borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium, reserves and retained earnings.

The management reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Management regularly monitors compliance with the financial covenants imposed by financial institutions for the facilities granted to the Group. As at the end of the reporting period, the Group is in compliance with externally imposed financial covenants requirements.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group had a total of 284 employees. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries, bonus and allowances.

## USE OF LISTING PROCEEDS

The total net proceeds raised from the Listing (the “**Net Proceeds**”) received by the Company, after deducting related listing expenses, were approximately HK\$90.2 million (approximately S\$15.7 million). Please refer to the Prospectus for more details.

Set out below are details of the allocation of the Net Proceeds, the utilised and unutilised amounts of Net Proceeds as at 30 September 2020:

Use of net proceeds	Planned use of net proceeds S\$'000	Utilised for the six months ended 30 September 2020 S\$'000	Utilised from Listing up to 31 March 2020 S\$'000	Total remaining net proceeds available as at 30 September 2020 S\$'000	Expected timeline for utilising the remaining proceeds (Note 1)
(a) Relocate to a new property to be acquired to be used as our new office, foreign worker dormitory and warehouse for our machinery (Note 2)	9,368	7,938	1,430	—	N/A
(b) Purchase two pipe jacking machines (Note 3)	4,896	—	—	4,896	Before 31 December 2021
(c) Working capital	1,428	—	1,428	—	N/A
	<u>15,692</u>	<u>7,938</u>	<u>2,858</u>	<u>4,896</u>	

The Net Proceeds were used and expected to be used according to the intentions previously disclosed in the Company’s prospectus date 14 March 2019 (the “**Prospectus**”). As at the date of this report, there were no changes of business plan from that disclosed in the Prospectus.

*Note 1:* The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subjected to change based on current and future development of market conditions.

*Note 2:* As at 30 September 2020, the Group has completed the purchase of new property. However, the Group has yet to relocate to the new property due to the current COVID-19 pandemic which had affected the previous owner to be unable to vacate and hence, causing the delay in the new property to be ready for the Group’s use. As of the date of this report and in view of the current COVID-19 pandemic, the Group has agreed to extend the previous owner’s tenancy at the new property until December 2020. Upon which, the renovation will commence and the Group will relocate when it is ready for use. The Group has managed to obtain a short-term extension from the authorities on the current lease of its property at 36 Sungei Kadut Avenue Singapore 729661, until 31 July 2021 (previously the expiry of lease was on 31 October 2020).

*Note 3:* As at 30 September 2020, the Group has yet to acquire the pipe jacking machines as the Group has been tendering but not awarded with projects that require the use of certain models of pipe jacking machines as mentioned in the Prospectus. Furthermore, based on the current economic development, the available tenders, the ongoing and potential projects and the overall cost versus benefit, the proceeds in relation to purchase of two pipe jacking machines will be postponed and expected to be utilised before 31 December 2021. The Group will continue to actively participate in available tenders that require the use of the pipe jacking machines.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES AND JOINT VENTURES**

During the six months ended 30 September 2020, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **SIGNIFICANT INVESTMENT HELD**

During the six months ended 30 September 2020, the Group held no significant investment.

## **CHARGES ON ASSETS**

As at 30 September 2020, carrying amount of plant and machinery and motor vehicles held under hire purchase loan were S\$784,000 (31 March 2020: S\$2,790,000). The carrying amount of investment properties mortgaged for bank borrowings was S\$15,320,000 (31 March 2020: S\$1,020,000).

## **FOREIGN EXCHANGE EXPOSURE**

The Group operates in Singapore with majority of the transactions settled in Singapore dollar and proceeds from issuance from issue of equity shares are denominated in Hong Kong dollar. The management considers that the Group is exposed to foreign exchange risk, primarily Hong Kong dollar. Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities denominated in a currency that is not the functional currency of the relevant group entity. During the reporting period, the Group did not experience any significant difficulty or impact on its operations or liquidity due to fluctuations in currency exchange rates.

The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure. However, the management will continue to monitor the foreign exchange exposure and take prudent measures to reduce foreign exchange risks.

## **TREASURY POLICIES**

The Group has adopted a prudent financial management approach towards its treasury policies and thus, maintained a healthy liquidity position throughout the reporting period. The finance department of the Group is responsible for treasury management functions, which include, amongst others, researching and sourcing investment options for further consideration by the management and the Board, and monitoring the investments on a continuous basis.

## **CONTINGENT LIABILITIES**

As at 30 September 2020, the Group had no significant contingent liabilities.

## EVENT AFTER THE REPORTING PERIOD

Reference is made to the announcements of the Company dated 12 August 2020, 11 September 2020, 12 October 2020 and 28 October 2020. On 28 October 2020, completion of the placing of 150,000,000 Shares (the “**Placing Shares**”) by China Tonghai Securities Limited (the “**Placing Agent**”) on behalf of Astute Prosper Limited (the “**Vendor**”) on the terms and subject to the conditions pursuant to the placing agreement dated 12 August 2020 took place (the “**Placing**”) and the Placing Shares, representing approximately 16.31% of the existing issued share capital of the Company, were placed out on a best effort basis by the Placing Agent to not less than six places at the price of HK\$1.00 per Placing Share.

Save as disclosed above, the Directors are not aware of any significant event which had material effect on the Group subsequent to 30 September 2020 and up to the date of this interim report.

## OTHER INFORMATION

### DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2020, the interests or short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the listings of Shares on the Stock Exchange (the "Listing Rules"), were as follows:

#### (i) Long Position in the Ordinary Shares and underlying Shares of the Company Interests in the Company

Name of director	Interests in Ordinary Shares					Aggregate interests	% of the Company's issued voting Shares
	Personal interests	Family interests	Corporate interests	Total interests in ordinary Shares	Total interests in underlying Shares		
Mr. Michael Shi Guan Wah (Note)	—	—	587,547,000	587,547,000	—	587,547,000	63.86%

Note: The entire issued share capital of Astute Prosper Limited ("Astute Prosper") was legally, beneficially and wholly owned by Mr. Michael Shi Guan Wah ("Mr. Michael Shi"). Accordingly, Mr. Michael Shi was deemed to be interested in 587,547,000 shares held by Astute Prosper by virtue of the SFO. Mr. Michael Shi is an executive Director of the Company.

#### (ii) Interest in Associated Corporation

Name of director	Name of associated corporation	Capacity/Nature	No. of shares held	% of the issued voting shares of associated corporation
Mr. Michael Shi	Astute Prosper	Beneficial interest in controlled corporation	1	100

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executive of the Company had or was deemed to have any interest and short position in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. None of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2020, the following persons/entities (not being the Directors or chief executive of the Company) have an interest or a short position in the Shares or the underlying Shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

### Long Position in the Ordinary Shares and underlying Shares of the Company

Name of Substantial Shareholders	Capacity/Nature	No. of Shares held	% of the Company's issued Shares
Astute Prosper ( <i>Note 1</i> )	Beneficial Owner	587,547,000	63.86%
Ms. Oh Lay Guat ( <i>Note 2</i> )	Interest of spouse	587,547,000	63.86%

*Notes:*

- The entire issued share capital of Astute Prosper was legally, beneficially and wholly owned by Mr. Michael Shi. Accordingly, Mr. Michael Shi was deemed to be interested in 587,547,000 shares held by Astute Prosper by virtue of the SFO.
- Ms. Oh Lay Guat is the spouse of Mr. Michael Shi. Therefore, Ms. Oh Lay Guat was deemed to be interested in all the shares held by Mr. Michael Shi pursuant to the SFO.

Save as disclosed above, as at 30 September 2020, the Directors were not aware of any persons (not being Directors or chief executives of the Company) who had interest or short position in the Shares or underlying Shares which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## PURCHASE, SALE OR REDEMPTION OF ANY OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchase, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

## SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme ("**Share Option Scheme**") which was approved by written resolutions passed by the then sole Shareholder of the Company on 26 February 2019 and became unconditional on 27 March 2019. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The purpose of the Share Option Scheme is to grant options to attract, retain and reward the eligible persons namely any directors, employees, consultants, advisers, any provider of goods and/or service, and any customers of the Group, and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.

The Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption to 26 February 2029, after which period no further options will be granted or offered.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme is 92,000,000 shares, representing approximately 10% of the issued share capital of the Company as at the date of this interim report.

The maximum entitlement of option granted to each eligible person option in the 12-month period up to and including such further grant shall not exceed 1% of the total number of shares in issue from time to time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting, unless: (i) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the shareholders in general meeting, at which the eligible person and his close associates shall abstain from voting; (ii) a circular regarding the grant has been dispatched to the shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the eligible person, the number and terms of the options to be granted and options previously granted to such eligible person); and (iii) the number and terms (including the subscription price) of such option are fixed before our shareholders' approval is sought.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. An option may be exercised under the Scheme at any time during a period not exceeding 10 years after the date when the option is granted and will expire on the last date of such period. The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the nominal value of the Company's share; (ii) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

As at 30 September 2020, there was no option outstanding, granted, cancelled, exercised or lapsed.

## **RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed under the paragraphs headed "DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTION SCHEME" in this report, at no time during the six months ended 30 September 2020 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the six months ended 30 September 2020 had the Directors and the chief executives (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for the Shares (or warrants or debentures, if applicable) and its associated corporations (within the meaning of the SFO).



## DISCLOSURE OF INFORMATION ON DIRECTORS

Changes in information on Directors since the date of the annual report of the Company dated 30 June 2020 (“**Annual Report 2020**”) and up to the date of this interim report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Reference is made to the announcement dated 21 September 2020 in relation to the (i) resignation of executive Director; (ii) re-designation of non-executive director to executive director; (iii) appointment of independent non-executive Director and an additional member of audit committee; (iv) change of company secretary, authorised representatives and process agent; and (v) change of principal place of business in Hong Kong.

Mr. Shi Guan Lee resigned as an executive Director of the Company with effect from 21 September 2020.

Ms. Feng Jiamin has been re-designated from a non-executive Director to an executive Director with effect from 21 September 2020.

Mr. Tong Wing Chi has been appointed as an independent non-executive Director and an additional member of the Audit Committee with effect from 21 September 2020.

Reference is made to the announcement dated 30 October 2020 in relation to the appointment of joint chairmen.

Mr. Michael Shi Guan Wah and Ms. Feng Jiamin, both are executive Directors, have been appointed as joint chairmen of the Board.

Reference is made to the announcement dated 11 November 2020 in relation to the (i) resignation of director; (ii) appointment of directors; and (iii) changes in composition of board committees.

Mr. Shi Hong Sheng (Xu Hongsheng) has tendered his resignation as an executive Director and a member of the Remuneration Committee.

Mr. Lok Ka Ho has been appointed as an executive Director.

Mr. Qiu Yue has been appointed as an independent non-executive Director, and an additional member of the Audit Committee, the Nomination Committee and the Remuneration Committee.

Mr. Shek Jun Chong has been appointed as an independent non-executive Director, and an additional member of the Audit Committee, the Nomination Committee and the Remuneration Committee.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listings of Shares on the Stock Exchange (the “**Listing Rules**”) as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries to all Directors, all Directors of the Company confirms that they have fully complied with the relevant requirements set out in its own code of conduct throughout the six months ended 30 September 2020.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

### Summary of deviation of the CG Code:

#### **Code Provision A.2.1**

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organisation structure of the Company, Mr. Michael Shi Guan Wah is the Joint Chairman of the Board and the Chief Executive Officer. With extensive experience in the infrastructural pipeline engineering industry, the Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises three executive Directors and four independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code since the date of the Annual Report 2020 of the Company and up to the date of this interim report. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

## REVIEW BY AUDIT COMMITTEE

The interim results of the Company for the six months ended 30 September 2020 have not been audited by the Company’s independent auditors. The audit committee of the Company has reviewed the unaudited interim results for the six months ended 30 September 2020 including the interim report and discussed with the management of the Company and is of the view that such financial information and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the audit committee of the Company.

By Order of the Board

**Pipeline Engineering Holdings Limited**  
**Michael Shi Guan Wah and Feng Jiamin**

*Joint Chairmen*

Hong Kong, 30 November 2020

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Notes	Six months ended 30 September 2020 S\$'000 (unaudited)	2019 S\$'000 (unaudited)
<b>Revenue from contracts with customers</b>	5	<b>7,586</b>	12,889
Cost of sales	8	<b>(8,916)</b>	(11,034)
<b>Gross (loss)/profit</b>		<b>(1,330)</b>	1,855
Other income	6	<b>1,482</b>	441
Other (losses)/gains, net	7	<b>(481)</b>	281
Administrative expenses	8	<b>(2,517)</b>	(2,007)
Finance costs	10	<b>(52)</b>	(51)
<b>(Loss)/Profit before income tax</b>		<b>(2,898)</b>	519
Income tax expense	11	<b>—</b>	(177)
<b>(Loss)/Profit and total comprehensive (loss)/income for the period</b>		<b>(2,898)</b>	342
<b>Basic and diluted (losses)/earnings per share for (loss)/profit attributable to equity holders of the Company for the period (express in Singapore cents per share)</b>	12	<b>(0.32)</b>	0.04

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	As at 30 September 2020 S\$'000 (unaudited)	As at 31 March 2020 S\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	7,416	8,529
Investment properties	15	15,320	1,020
Intangible asset	16	29	49
Right-of-use assets		5,706	268
Deposit	17	—	1,854
		<b>28,471</b>	<b>11,720</b>
<b>Current assets</b>			
Trade and other receivables	17	2,659	3,596
Contract assets	18	5,047	13,925
Fixed deposit	19(b)	102	100
Cash and cash equivalents	19(a)	19,583	15,619
		<b>27,391</b>	<b>33,240</b>
<b>Total assets</b>		<b>55,862</b>	<b>44,960</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	1,589	1,589
Share premium		17,138	17,138
Merger reserve		1,500	1,500
Retained profits		14,065	16,963
		<b>34,292</b>	<b>37,190</b>
<b>Current liabilities</b>			
Trade and other payables	20	2,814	4,026
Contract liabilities	18	406	447
Bank borrowings	21	1,942	861
Lease liabilities		134	268
Current income tax liabilities		666	692
		<b>5,962</b>	<b>6,294</b>

## Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	<i>Notes</i>	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
<b>Non-current liabilities</b>			
Bank borrowings	21	8,951	399
Lease liabilities		5,580	—
Deferred tax liabilities		1,077	1,077
		<b>15,608</b>	1,476
<b>Total liabilities</b>		<b>21,570</b>	7,770
<b>Total equity and liabilities</b>		<b>55,862</b>	44,960

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to equity holders of the Company				
	Share capital S\$'000	Share premium S\$'000	Merger reserve S\$'000	Retained profits S\$'000	Total equity S\$'000
<b>2020</b>					
<b>As at 31 March 2020</b>	1,589	17,138	1,500	16,963	37,190
Loss and total comprehensive loss for the period	—	—	—	(2,898)	(2,898)
<b>As at 30 September 2020 (unaudited)</b>	<b>1,589</b>	<b>17,138</b>	<b>1,500</b>	<b>14,605</b>	<b>34,292</b>
<b>2019</b>					
<b>As at 31 March 2019 (as previously stated)</b>	1,589	17,138	1,500	15,408	35,635
Change in accounting policy	—	—	—	(13)	(13)
As at 1 April 2019 (as restated)	1,589	17,138	1,500	15,395	35,622
Profit and total comprehensive income for the period	—	—	—	342	342
<b>As at 30 September 2019 (unaudited)</b>	<b>1,589</b>	<b>17,138</b>	<b>1,500</b>	<b>15,737</b>	<b>35,964</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Cash flows from operating activities</b>		
(Loss)/Profit before income tax	<b>(2,898)</b>	519
Adjustments for:		
— Losses on disposal of property, plant and equipment	—	8
— Depreciation of property, plant equipment	<b>1,096</b>	1,010
— Depreciation of rights-of-use assets	<b>231</b>	19
— Amortisation of intangible assets	<b>20</b>	242
— Write-off of property, plant and equipment	<b>433</b>	—
— Finance costs	<b>47</b>	51
	<b>(1,071)</b>	1,849
Change in working capital:		
— Trade and other receivables	<b>2,601</b>	(1,510)
— Contract assets/(liabilities), net	<b>8,837</b>	1,716
— Trade and other payables	<b>(1,022)</b>	(1,865)
Cash generated from operations	<b>9,345</b>	190
Income tax paid	<b>(26)</b>	(371)
<b>Net cash generated from/(used in) operating activities</b>	<b>9,319</b>	(181)
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	<b>(421)</b>	(16)
Addition to investment property	<b>(14,300)</b>	—
Purchase of intangible assets	—	(11)
Proceeds from disposal of property, plant and equipment	<b>11</b>	17
<b>Net cash used in investing activities</b>	<b>(14,710)</b>	(10)
<b>Cash flows from financing activities</b>		
Principal element of lease liabilities	<b>(231)</b>	(673)
Movements in bank borrowings	<b>9,635</b>	(2,286)
Interest paid	<b>(47)</b>	(51)
<b>Net cash generated from/(used in) financing activities</b>	<b>9,357</b>	(3,010)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,966</b>	(3,201)
<b>Cash and cash equivalents at the beginning of financial period</b>	<b>15,719</b>	19,843
<b>Cash and cash equivalents at the end of financial period</b>	<b>19,685</b>	16,642

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2020

## 1. General Information

The Company was incorporated on 17 July 2018 in the Cayman Islands as an exempted Company with limited liability under the Companies Law (Cap 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board (the “**Main Board**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 27 March 2019.

The Company’s registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries services (the “**Listing Businesses**”). The principal place of business in Singapore of the Group is 36 Sungei Kadut Avenue, Singapore 729661.

The unaudited condensed consolidated financial information was approved by the Board of Directors of the Company on 30 November 2020.

## 2. Basis of preparation

The condensed consolidated financial information for the six months ended 30 September 2020 is prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting”. The condensed consolidated financial information have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by International Accounting Standards Board (“**IASB**”). The condensed consolidated financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2020.

The unaudited condensed consolidated financial information are presented in Singapore Dollars (“**S\$**”), unless otherwise stated.

## 3. Significant accounting policies

The accounting policies applied and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2020, except for the adoption of new or revised standards, amendments and interpretations which are relevant to the operations of the Group and mandatory for annual periods beginning 1 April 2020.

The following standards and amendments have been adopted by the Group for the first time for the financial year beginning on 1 April 2020:

Amendments to IAS 1 and IAS 8	Definition of material
Amendments to IFRS 3	Definition of a business
Conceptual Framework	Revised Conceptual Framework for Financial Reporting
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The adoption of these new and amended standards does not have significant impact on the condensed consolidated financial statements of the Group.



## Notes to the Condensed Consolidated Financial Information

For the six months ended 30 September 2020

### 4. Segment information

The Company's executive directors monitor the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors consider the segment from a business perspective. As the Group has only one operating segment that qualifies as reporting segment under IFRS 8 and the information that is regularly reviewed by the executive directors for the purposes of allocating resources and assessing performance of the operating segment is the consolidated financial statements of the Group, no separate segmental analysis is presented.

The executive directors assess the performance based on a measure of profit after income tax, and consider all business is included in a single operating segment.

Revenue reported in Note 5 below represented transactions with third parties and are reported to the executive directors in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

All of the Group's activities are carried out in Singapore and all of the Group's assets and liabilities are located in Singapore and all the revenue are derived from external customers in Singapore for the period ended 30 September 2020 and 2019, respectively. Accordingly, no analysis by geographical basis for the financial period is presented.

For the period ended 30 September 2020, there were one customers (30 September 2019: two customers), respectively, which individually contributed over 10% of the Group's total revenue. During the six months ended 30 September 2020 and 2019, the revenue contributed from each of these customers was as follows:

	<b>Six months ended 30 September 2020 S\$'000 (unaudited)</b>	2019 S\$'000 (unaudited)
Customer A	4,833	8,361
Customer B	63	N/A
Customer C	8	2,810

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the executive directors to assess the performance of the business.

For the six months ended 30 September 2020

## 5. Revenue from contracts with customers

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

	Six months ended 30 September 2020 S\$'000 (unaudited)	2019 S\$'000 (unaudited)
Revenue from construction contracts relating to:		
— Gas	7,433	8,361
— Water	142	4,481
— Cable	11	47
	<u>7,586</u>	<u>12,889</u>
Timing of revenue recognition:		
Over time	<u>7,586</u>	<u>12,889</u>

### (b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at 30 September 2020 S\$'000 (unaudited)	As at 30 September 2019 S\$'000 (unaudited)	As at 1 April 2019 S\$'000 (audited)
Total contract assets	<u>5,047</u>	<u>14,553</u>	<u>17,166</u>
Total contract liabilities	<u>(406)</u>	<u>(1,299)</u>	<u>(2,196)</u>

Contract assets relate to fixed price specialised pipeline construction contracts. The contract assets balance decreased as there are lesser services provided ahead of the agreed payment schedules as at 30 September 2020.

Contract liabilities for specialized pipeline construction contracts have decreased due to the lower billing and prepayment for the contract activities.

## Notes to the Condensed Consolidated Financial Information

For the six months ended 30 September 2020

### 5. Revenue from contracts with customers (Continued)

#### (c) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from contracts and when the Group expects to recognise as revenue:

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied:		
Within 1 year after financial year	<b>62,886</b>	16,393
Between 1 to 2 years after financial year	<b>20,057</b>	1,140
More than 2 years after financial year	<b>3,428</b>	10
	<b>86,371</b>	17,543

#### (d) Trade receivables from contracts with customers

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 30 September 2019 S\$'000 (unaudited)	As at 1 April 2019 S\$'000 (audited)
Trade receivables from contracts with customers	<b>2,105</b>	3,001	1,629

### 6. Other income

	<b>Six months ended 30 September 2020 S\$'000 (unaudited)</b>	2019 S\$'000 (unaudited)
Rental income	<b>126</b>	17
Interest income	<b>4</b>	44
Government grant	<b>1,318</b>	32
Insurance claims	<b>19</b>	12
Others	<b>15</b>	336
	<b>1,482</b>	441

For the six months ended 30 September 2020

**7. Other (losses)/gains, net**

	Six months ended 30 September 2020 S\$'000 (unaudited)	2019 S\$'000 (unaudited)
Write off of property, plant and equipment	(433)	—
Foreign exchange (losses)/gains	(48)	654
	<b>(481)</b>	654

**8. Expenses by nature**

	Six months ended 30 September 2020 S\$'000 (unaudited)	2019 S\$'000 (unaudited)
Material costs	2,498	1,981
Subcontractor costs	1,054	2,365
Transportation costs	80	201
Auditor's remuneration	68	115
Entertainment expenses	7	20
Rental expenses	121	—
Depreciation of property, plant and equipment (Note 14)	1,096	1,010
Depreciation of right-of-use	231	19
Amortisation of intangible asset	20	242
Professional fees	227	198
Vehicle-related expenses	303	434
Repair and maintenance expenses	118	381
Employee benefit costs (Note 9)	4,079	5,117
Other expenses	1,532	958
<b>Total cost of sales and administrative expenses</b>	<b>11,434</b>	13,041
Represented by:		
Cost of sales	8,916	11,034
Administrative expenses	2,518	2,007
	<b>11,434</b>	13,041

## Notes to the Condensed Consolidated Financial Information

For the six months ended 30 September 2020

### 9. Employee benefit costs — including directors' emoluments

	Six months ended 30 September 2020 S\$'000 (unaudited)	2019 S\$'000 (unaudited)
Wages and salaries	3,888	4,908
Employer's contribution to defined contribution plans	191	209
	<b>4,079</b>	5,117

Employee benefits costs have been included in the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 September 2020 S\$'000 (unaudited)	2019 S\$'000 (unaudited)
Cost of sales	2,811	4,225
Administrative expenses	1,268	892
	<b>4,079</b>	5,117

### 10. Finance costs

	Six months ended 30 September 2020 S\$'000 (unaudited)	2019 S\$'000 (unaudited)
Hire purchase liabilities	8	24
Lease liabilities	25	16
Term loan	18	11
	<b>51</b>	51

## Notes to the Condensed Consolidated Financial Information

For the six months ended 30 September 2020

### 11. Income taxes

Tax has been provided at the applicable Singapore statutory corporate tax rate of 17% (2019: 17%) on the estimated assessable profit during the financial year. No overseas profit tax has been provided as the Company and certain subsidiaries are incorporated in the Cayman Islands and the British Virgin Islands (the “BVI”) respectively and are exempted from tax (2019: Nil).

The amount of income tax expense charged to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	<b>Six months ended 30 September 2020 S\$'000 (unaudited)</b>	2019 S\$'000 (unaudited)
Tax expense attributable to profit is made up of:		
— Current income tax	—	170
— Deferred income tax	—	7
	<u>—</u>	<u>177</u>

### 12. (Loss)/Earnings per share

#### (a) Basic earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	<b>Six months ended 30 September 2020 (unaudited)</b>	2019 (unaudited)
(Loss)/Profit attributable to owners of the Company (S\$'000)	<u>(2,898)</u>	<u>342</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>920,000</u>	<u>920,000</u>
Basic (loss)/earnings per share (Singapore cents)	<u>(0.32)</u>	<u>0.04</u>

#### (b) Diluted (loss)/earnings per share

For the six months ended 30 September 2020 and 2019, the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there were no potential dilutive ordinary shares.

## Notes to the Condensed Consolidated Financial Information

For the six months ended 30 September 2020

### 13. Dividends

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

### 14. Property, plant and equipment

	Leasehold improvements S\$'000	Leasehold property S\$'000	Plant and machinery S\$'000	Furniture and office equipment S\$'000	Motor vehicle S\$'000	Total S\$'000
<b>30 September 2020</b>						
<i>Cost</i>						
Beginning of financial year	393	4,631	11,361	236	6,467	23,088
Additions	—	—	390	25	12	427
Written off	—	—	(2,855)	—	(79)	(2,934)
Disposals	—	—	—	(3)	—	(3)
End of financial period	393	4,631	8,896	258	6,400	20,578
<i>Accumulated depreciation</i>						
Beginning of financial year	393	4,631	6,335	175	3,025	14,559
Depreciation for the period (Note 8)	—	—	828	18	250	1,096
Written off	—	—	(2,421)	—	(72)	(2,493)
Disposals	—	—	—	—	—	—
End of financial period	393	4,631	4,742	193	3,203	13,162
<b>Net book value End of financial period (unaudited)</b>	—	—	4,154	65	3,197	7,416

## Notes to the Condensed Consolidated Financial Information

For the six months ended 30 September 2020

### 14. Property, plant and equipment (Continued)

	Leasehold improvements S\$'000	Leasehold property S\$'000	Plant and machinery S\$'000	Furniture and office equipment S\$'000	Motor vehicle S\$'000	Total S\$'000
<b>31 March 2020</b>						
<i>Cost</i>						
Beginning of financial year	393	4,631	10,741	236	6,376	22,377
Additions	—	—	646	25	276	947
Written off	—	—	—	(2)	—	(2)
Disposals	—	—	(26)	(23)	(185)	(234)
End of financial year	393	4,631	11,361	236	6,467	23,088
<i>Accumulated depreciation</i>						
Beginning of financial year	393	4,118	5,372	163	2,680	12,726
Depreciation for the period (Note 8)	—	513	972	35	507	2,027
Written off	—	—	—	(2)	—	(2)
Disposals	—	—	(9)	(21)	(162)	(192)
End of financial year	393	4,631	6,335	175	3,025	14,559
<b>Net book value</b>						
<b>End of financial year (audited)</b>	—	—	5,026	61	3,442	8,529



## Notes to the Condensed Consolidated Financial Information

For the six months ended 30 September 2020

### 15. Investment properties

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
<b>At fair value</b>		
Beginning of the period/year	1,020	1,020
Addition of investment property	14,300	—
At the end of the period/year	<b>15,320</b>	1,020

The following amounts are recognised in condensed consolidated statement of profit or loss and other comprehensive income:

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
Rental income	126	17
Direct operating expenses from properties that generated rental income	(33)	(7)
	<b>93</b>	10

The following table analyses the Group's investment properties that are measured subsequent to initial recognition at fair value, grouped into fair value hierarchy level 3 based on the degree to which the inputs to fair value measurement is observable.

The fair value loss is recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
Recurring fair value measurements: Investment properties	<b>15,320</b>	1,020

There was no transfer between level 1, 2 and 3 during the financial period/year.

For the six months ended 30 September 2020

**16. Intangible asset****Computer software**

	S\$'000
<b>Cost</b>	
As at 1 April 2019	112
Additions	—
As at 31 March 2020 and 1 April 2020	123
Additions	—
As at 30 September 2020	123
<b>Accumulated amortisation</b>	
As at 1 April 2019	35
Amortisation for the year ( <i>Note 8</i> )	39
As at 31 March 2020 and 1 April 2020	74
Amortisation for the period ( <i>Note 8</i> )	20
As at 30 September 2020	94
<b>Net book value</b>	
As at 30 September 2020 (unaudited)	29
As at 31 March 2020 (audited)	49

## Notes to the Condensed Consolidated Financial Information

For the six months ended 30 September 2020

### 17. Trade and other receivables

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
<b>Current</b>		
Trade receivables	2,105	2,949
<b>Prepayments, deferred expenses, deposits and other receivables</b>		
Grant receivable	—	190
Prepayments	365	146
Deferred expenses	—	170
Deposits	189	141
	<b>2,659</b>	3,596
<b>Non-current</b>		
Non-refundable deposit for purchase of property	—	1,854
	<b>2,659</b>	5,450

The Group normally grants credit terms to its customers ranging from 30 to 45 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
1 to 30 days	2,018	2,712
31 to 60 days	71	1
61 to 90 days	16	236
	<b>2,105</b>	2,949

The carrying amounts of the Group's trade and other receivables are denominated in Singapore Dollars.

For the six months ended 30 September 2020

**17. Trade and other receivables** (Continued)

The Group's customers comprise mainly (i) gas, water, telecommunications and power utility companies in the private sector, and (ii) Singapore government agencies such as those governing water utility and catchment in the public sector.

The expected credit loss rate for the Group's customers are negligible for the periods ended 30 September 2020 and 2019 respectively. The Group is of the view that no impairment allowance is necessary in respect of these balances, by taking into consideration of the track record of regular repayment from the customers and also the outlook of economic environment for the financial periods ended 30 September 2020 and 2019, respectively.

**18. Contract assets/(liabilities)**

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
Comprising:		
<b>Current</b>		
Contract assets	5,047	13,925
Contract liabilities	(406)	(447)
	<b>4,641</b>	13,478

The contract assets primarily relate to the Group's conditional right to a consideration in exchange for a satisfied performance obligations at the reporting date in respect of construction contracts. The contract liabilities primarily relate to the Group's obligation to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customers.

## Notes to the Condensed Consolidated Financial Information

For the six months ended 30 September 2020

### 18. Contract assets/(liabilities) (Continued)

Movements in contract liabilities:

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
At the beginning of the period/year	447	2,196
Billing to customers	11,285	2,117
Revenue recognised upon the provision of project works	(11,326)	(3,866)
At the end of the period/year	<b>406</b>	447

As at 30 September 2020, retention receivables amounted to S\$242,000 (31 March 2020: S\$242,000) are included in contract assets.

Retention receivables is unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts.

The Group considered that the ECL for contract assets are negligible as the customers of the Group are reputable organisations.

For the six months ended 30 September 2020

**19. Cash and cash equivalents and fixed deposits****(a) Cash and cash equivalents**

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
Cash at bank	19,583	8,395
Short term deposits	—	7,224
	<b>19,583</b>	15,619

The Group's cash and cash equivalents are denominated in the following currencies:

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
SGD	1,883	14,589
USD	28	33
HKD	672	997
	<b>19,583</b>	15,619

**(b) Fixed deposit**

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
Fixed deposit denominated in SGD	102	100

Fixed deposit at 30 September 2020 bear at an average rate of 0.42% per annum (31 March 2020: 0.42%) and is pledged to the banking facility of the subsidiary of the Group.

## Notes to the Condensed Consolidated Financial Information

For the six months ended 30 September 2020

### 20. Trade and other payables

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
Trade payables	2,349	3,055
Other payables		
— Goods and service tax (receivable)/payables	(746)	74
— Advances received from customers	16	6
— Sundry creditors	146	86
Deferred income	—	190
Accrued expenses	76	230
Accrued for trade related costs	39	241
Accrual for employee benefit expenses	934	163
	<b>2,814</b>	<b>4,026</b>

The ageing analysis of the trade payables based on invoice date were as follows:

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
0 to 30 days	1,313	1,498
31 to 60 days	910	907
61 to 90 days	98	343
Over 90 days	28	307
	<b>2,349</b>	<b>3,055</b>

The carrying amounts of the Group's trade payables are denominated in Singapore dollars. The carrying amounts of trade payables approximate their fair values.

For the six months ended 30 September 2020

## 21. Bank borrowings

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
Term loan (i)	10,265	393
Hire purchase liabilities (ii)	628	867
Total borrowings	<b>10,893</b>	1,260
Of which		
— Current liabilities	1,942	861
— Non-current liabilities	8,951	399
	<b>10,893</b>	1,260

### (i) Term loan

The Group's term loan were repayable as follows:

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
Bank borrowings		
<b>Non-current, secured</b>		
— Repayable later than 1 year and no later than 2 years	1,558	112
— Repayable later than 2 years and no later than 5 years	7,177	182
	<b>8,735</b>	294
<b>Current, secured</b>		
— Repayable no later than 1 year	1,530	99
	<b>10,265</b>	393

The carrying amounts of the Group's term loan approximate their fair values and are denominated in Singapore dollar.

Term loans are separately secured by investment properties and corporate guarantee from the Company.



## Notes to the Condensed Consolidated Financial Information

For the six months ended 30 September 2020

### 21. Bank borrowings (Continued)

#### (ii) Hire purchase liabilities

The Group's hire purchase liabilities were repayable as follows:

	<b>As at 30 September 2020 S\$'000 (unaudited)</b>	As at 31 March 2020 S\$'000 (audited)
— No later than 1 year	412	762
— Later than 1 year and no later than 2 years	216	105
	<b>628</b>	867

### 22. Share capital

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each At 1 April 2019 (audited), 31 March 2020 (audited) and 30 September 2020 (unaudited)	10,000,000,000	100,000
	<b>Number of shares</b>	<b>Share capital S\$'000</b>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each At 1 April 2019 (audited), 31 March 2020 (audited) and 30 September 2020 (unaudited)	920,000,000	1,589