

SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2018

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

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

Consolidated statement of comprehensive income for the Group

The Group	Q2 31st December			1H 31st December		
	2018	2017	Change %	2018	2017	Change %
	RMB'000 (Unaudited)	RMB'000 (Audited)		RMB'000 (Unaudited)	RMB'000 (Audited)	
Revenue	33,822	5,152	556%	33,822	10,776	214%
Cost of Sales	(21,113)	(4,639)	355%	(21,113)	(10,137)	108%
Gross Profit	12,709	513	2377%	12,709	639	1889%
Other Income	118	240	-51%	118	240	-51%
Expenses						
Selling & Distribution	(71)	(301)	-76%	(99)	(565)	-83%
General and Admin	(2,869)	(1,200)	139%	(4,785)	(1,907)	151%
Finance Cost	(8)	(220)	-96%	(8)	(448)	-98%
Other Expenses	-	(4) *n.m		(14,291)	(5) *n.m	
Profit/(Loss) before taxation	9,878	(972)		(6,356)	(2,046)	
Income Tax	(3,177)	(2) *n.m		(3,177)	(2) *n.m	
Extraordinary gain on acquisition	18,694	- *n.m		18,694	- *n.m	
Profit/(Loss) after taxation	25,396	(974) *n.m		9,161	(2,048) *n.m	
Profit/(Loss) for the period attributable						
Equity holders of the parent Company	24,528	(974) *n.m		8,293	(2,048) *n.m	
Non Controlling Interest	867	- *n.m		867	- *n.m	
Profit/(Loss) for the period	25,396	(974)		9,161	(2,048)	

*n.m - not meaningful

1(a)(ii) Other information

The Group's (loss)/profit before taxation is arrived at after charging/(crediting):

	2Q 31 Dec		1H 31 Dec	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Audited)	2018 RMB'000 (Unaudited)	2017 RMB'000 (Audited)
Amortisation of land use rights	-	16	-	31
Depreciation of property, plant and equipment	50	794	52	1,559

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

Statements of financial position

	The Group		The Company	
	31 December 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000	31 Decmber 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Assets and Liabilities				
Non-current assets				
Property, plant and equipment	279	24,518	6	-
Land use rights	-	2,244	-	-
Investment in subsidiaries	-	-	30,500	-
Due from subsidiary	-	-	-	-
	<u>279</u>	<u>26,762</u>	<u>30,506</u>	<u>-</u>
Current assets				
Inventories	-	586	-	-
Construction in Progress	285,675	-	-	-
Trade receivables	33,822	6,507	-	-
Prepayment and other receivables	1,620	4,560	1,620	-
Due from a subsidiary	-	-	4,796	4,796
Cash and bank balances	114,072	112	113,980	5
	<u>435,189</u>	<u>11,745</u>	<u>120,396</u>	<u>4,801</u>
Current liabilities				
Trade payables	176,488	855	-	-
Accrued liabilities and other payables	76,833	8,230	6,554	4,492
Interest-bearing bank borrowings	-	12,900	-	-
Income tax payable	3,177	-	-	-
Amount due to subsidiary	-	-	4,896	4,896
	<u>256,498</u>	<u>21,985</u>	<u>11,450</u>	<u>9,388</u>
Net current assets	178,691	(10,240)	108,946	(4,587)
Net assets	178,970	16,522	139,452	(4,587)
Equity				
Share capital	285,773	135,773	285,773	135,773
Reserves	(119,553)	(119,251)	(146,321)	(140,360)
Attributable to Controlling interest	166,220	16,522	139,452	(4,587)
Non Controlling interest	12,750	-	-	-
	<u>178,970</u>	<u>16,522</u>	<u>139,452</u>	<u>(4,587)</u>

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

Amount repayable in one year or less, or on demand

As at 31 December 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	12,900	-

Amount repayable after one year

As at 31 December 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of any collateral

The Board deem it is more appropriate to deconsolidate the numbers from these subsidiaries given the loss of control and non-clarity on these Fabrice operations. Hence, the Group did not reflect the subsidiaries borrowing loan of RMB12.9m and the related collaterals.

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

Consolidated statement of cash flows for the Group

	2018	2017
	31-Dec	31-Dec
	RMB'000	RMB'000
Cashflow from operating activities		
Profit/(Loss) from operation	9,161	(3,135)
Adjustments		
Amortisation of land used rights	-	61
Income Tax	3,177	-
Extraordinary income	(18,694)	
Depreciation of property, plant and equipments	52	3,176
Impairment	16,522	
Interest Income	(118)	(240)
Interest Expenses	-	928
Operating profit before working capital Changes	10,100	790
(Increase)/ Decrease in construction in progress	(285,775)	(2)
(Increase)/ Decrease in trade and other receivables	(35,341)	(2,388)
Increase/ (Decrease) in trade and other payables	256,497	1,742
Cash generated from/(used in) operation	(54,519)	142
Interest Income	118	240
Interest Expenses	-	(928)
Income tax paid	-	(2)
Net Cash from operation before extraordinary items	(54,401)	(548)
Extraordinary income	18,694	-
Net Cash generated from/(used in) operating activities	(35,707)	(548)
Cashflow from investing activities		
Acquisition of fixed assets	(333)	-
Net Cash generated from/(used in) investing activities	(333)	-
Net Cash generated from/(used in) financing activities		
Shares Placement	150,000	-
Bank borrowings	-	12,900
Repayment of bank loan	-	(12,900)
Net Cash generated from/(used in) financing activities	150,000	-
Net increase/(decrease) in cash and cash equivalents	113,960	(548)
Cash and cash equivalents at beginning	112	660
Cash and cash equivalents at end period	114,072	112

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

Statement of changes in equity for the Group

Group Level	-----Attributable to equity holders of the Company-----									
	Share Capital RMB'000	Treasury shares RMB'000	Share Premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Retained Profit/(accumulated losses) RMB'000	Controlling Interest RMB'000	Non Controlling Interest RMB'000	Total Equity RMB'000
Balance as at 01.01.2017	135,773	(35)	79,908	4,403	15,000	(102,287)	(113,103)	19,659	-	19,659
Total Comprehensive loss for the year							(3,137)	(3,137)	-	(3,137)
Balance as at 31.12.2017 (audited)	135,773	(35)	79,908	4,403	15,000	(102,287)	(116,240)	16,522	-	16,522
Total Comprehensive loss from Jan to Jun 2018							(3,827)	(3,827)		(3,827)
Balance as at 01.07.2018	135,773	(35)	79,908	4,403	15,000	(102,287)	(120,067)	12,695	-	12,695
Share Placement on 28.09.2018	150,000							150,000		150,000
Total Comprehensive loss							(21,003)	(21,003)	-	(21,003)
Balance as at 30.09.2018	285,773	(35)	79,908	4,403	15,000	(102,287)	(141,070)	141,692	-	141,692
Total Comprehensive Profit							24,528	24,528	12,750	37,278
Balance as at 31.12.2018 (unaudited)	285,773	(35)	79,908	4,403	15,000	(102,287)	(116,542)	166,220	12,750	178,970

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

Statement of changes in equity for the Company

Company Level

	Share Capital RMB'000	Treasury shares RMB'000	Share Premium RMB'000	Retained Profit/(accu- mulated losses) RMB'000	Total Equity RMB'000
Balance as at 01.01.2017	135,773	(35)	79,908	(218,840)	(3,194)
Total Comprehensive loss for the year				(1,393)	(1,393)
Balance as at 31.12.2017 (audited)	135,773	(35)	79,908	(220,233)	(4,587)
Balance as at 01.01.2018	135,773	(35)	79,908	(220,233)	(4,587)
Total Comprehensive loss from Jan to Jun 2018				(1,777)	(1,777)
Balance as at 01.07.2018	135,773	(35)	79,908	(222,010)	(6,364)
Share Placement on 28.09.2018	150,000				150,000
Total Comprehensive loss				(1,944)	(1,944)
Balance as at 30.09.2018	285,773	(35)	79,908	(223,954)	141,692
Total Comprehensive loss				(2,240)	(2,240)
Balance as at 31.12.2018 (unaudited)	285,773	(35)	79,908	(226,194)	139,452

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 28th September 2018, the Company has successfully placed out 50.0million new shares subsequent to a shares split at 1 to 2 based on the shares held as at 31st December 2017.

There were no convertible shares issued by the Company as at 31 December 2018.

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

	As at 31 December 2018	As at 31 December 2017
Number of ordinary shares in issue	67,959,582	8,979,791
Less: Ordinary shares kept as treasury shares	(8,000)	(4,000)
Number of ordinary shares excluding treasury shares	<u>67,951,582</u>	<u>8,975,791</u>

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

There is no sales, transfers, disposal, cancellation and / or use of treasury shares by the Company as at 31 December 2018.

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 qualifications or emphasis of a matter).

Not applicable.

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

The Group has adopted all the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2018.

The accounting policies and methods of computation are consistent with the latest audited financial statements for the year ended 31 December 2017.

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

The Group has adopted all new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018. The adoption of these new/revised FRS and INT FRS does not result in substantial change to the Group's and Company's accounting policies or have any significant impact on the financial statements.

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

Basic and Diluted Loss Per Share

	3 months ended 31 December		6 months ended 31 December	
	2018	2017	2018	2017
Profit/(Loss) attributable to equity holders of the Company (RMB'000)	24,528	(974)	8,293	(2,048)
<u>Basic</u>				
Weighted average number of ordinary shares in issue ('000)	67,952	8,976	67,952	8,976
Profit/(Loss) per share (RMB)	0.36	(0.11)	0.12	(0.23)
<u>Diluted</u>				
Weighted average number of ordinary shares in issue ('000)	67,952	8,976	67,952	8,976
Profit/(Loss) per share (RMB)	0.36	(0.11)	0.12	(0.23)

The effect of dilutive potential ordinary shares to be awarded under the employee's performance share plan is included in the calculation of diluted earnings per share.

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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.

	The Group		The Company	
	As at 31 December 2018 (Unaudited)	As at 31 December 2017 (Audited)	As at 31 December 2018 (Unaudited)	As at 31 December 2017 (Audited)
Net asset value per ordinary share (RMB)	2.63	1.84	2.05	(0.51)
Number of issued ordinary shares excluding treasury share as at end of the period	67,951,582	8,975,791	67,951,582	8,975,791

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 Financial Performance

Revenue, Gross Profit and Gross Margin

The Group registered RMB33.8 million for its infrastructure segment in 1H2019, with Gross Profit at RMB12.7million (Gross Margin at 37.6%) after our client accepted 2 parcels (total 26 parcels) of the project being completed.

The Board has decided to deconsolidate the Fabrics subsidiaries operations given the Company has not be able to get clarity of this operation as mentioned in last quarter report.

Other Income

Lower interest income (1H19- RMB118k vs 1H18- RMB240k) were generated year-on-year comparison attributed with shorter period of deposit placed.

Selling and distribution expenses

- Administrative expenses decreased by 88.3% from RMB0.57 million in 1H2018 to RMB0.1 million in 1H2019, mainly attributed to the deconsolidation of the Sinwa Knitting & Dyeing Co., Ltd, in view of non-clarity to its state of affairs in the reported period.

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Administrative expenses

Administrative expenses increased by more than 150% from RMB1.9 million in 1H2018 to RMB4.7 million in 1H2019, mainly attributed by the followings:

- Professional fees –RMB2.9m
- Director Fees –RMB0.5m
- Rental fees- RMB0.2m
- Payroll-RMB0.7m
- Office, Fines& Penalty-RMB0.4m

Other operating expenses

Other operating expenses consisted mainly of impairment to the Sinwa subsidiary assets and liabilities. The impairment was made in view of non clarity to its state of affairs.

Finance cost

Lower finance cost were recorded compared to 1H2018 was due to nil loan borrowing during the period. The finance cost for 1H2019 comprised mainly of bank charges.

Income tax expense

Income tax expense were provided at 25% on the profit generated from the infrastructure during the period.

Extraordinary Gain

The Group booked an one off extraordinary gain arising for the acquisition of the BoDao infrastructure segment. The Group manage to purchase below the fair value of this company reserves. The Company will be appointing an independent value to assess the appropriateness and relevant purchase price allocation.

Profit

The Group reported a profit of RMB 9.2 million (FY2017 : Loss RMB2.0 million) before minority interest in tandem to the above.

Review of Financial Position

- The Group has deconsolidated its Sinwa Knitting & Dyeing Co.,Ltd.
- Fixed asset consist of Computer and office equipments arising from purchase by the Holding Co and the acquisition of the subsidiary.
- Trade receivables made up from revenue derived from the completion of infrastructure projects from during the period.
- Prepayment made up of retainer payment to professionals arising from Special Audit work to amounting to RMB1.5 million.
- Trade payables arising from infrastructure was RMB176.5 million.
- Accrued and other liabilities are amount due to directors and expenses accrued for professional fees, such as special audit, SGX listing expenses and director fees.

Review of Cashflow Position

The Group generated a positive cashflow of RMB114.0 million during the period after successful Shares Placement amounting to RMB150.0 million in September 2018. This was partially offset by the followings activities

- Cash used in working capital amounting to RMB35.7 million
- Cash used in investing in office equipments was RMB0.3million

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

The management noted no variance between the actual results of 1H2019 and the prospect statement disclosed to shareholders in the 2017 full year results announcement and 1Q2018 results announcement.

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 China textile industry remains uncertain as output had been slow due to domestic factors and weak recovery from the international market. The effect of various domestic factors such as rising costs from cotton prices and labor costs, has a direct and/or indirect effect on our customers and consequently in their demand for our service.

The Board has no clarity on the state of its affairs in the fabrics segment. Henceforth, it was recommended to deconsolidate the figures arising from this segment.

The Company is still working closely with our special auditor, KPMG, to complete the special audit soonest time possible.

The Company has announced the change of its financial year to reflect an accurate financial performance and position in tandem to its new business activities.

Shareholders are advised to refer to the Company's announcements in relation to the update of potential customers' claims and auditors' findings.

11. Dividend

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for the 3 months period ended 31 December 2018.

13 Interested Person Transactions

The Group does not have any general mandate from shareholders for Interested Person Transactions. No interested person transactions exceeding S\$100,000 has been entered into by the Group for the period ended 31 December 2018.

14. Confirmation by the Board Pursuant to Rule 705(5) of SGX Listing Manual

The Directors confirmed that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company. However, the Directors would like to disclaim their opinion to the figures arising from its subsidiary (Sinwa Knitting & Dyeing Co.,Ltd) book and the consolidation may render the unaudited financial information of the Company or the unaudited consolidated financial information of the Group for the second quarter and half year ended 31 December 2018 to be false or misleading in any material respect.

15. Confirmation by the Board Pursuant to Rule 720(1) of SGX Listing Manual

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in form Appendix 7.7.

16. Use of IPO proceeds

As at the date of this announcement, the net proceeds from the Company's initial public offering and placement proceeds had been utilised as follows:

	Amount Allocated S\$'000	Amount Utilised S\$'000	Balance S\$'000
Used of IPO Proceeds			
to construct new facilities and acquire new machinery	14,000	13,231	769
to expand Research & Development facilities	1,000	1,000	-
working capital purposes	2,182	2,182	-
	17,182	16,413	769
Used of Placement Proceeds			
Project Investment	22,900	6,000	16,900
working capital purposes	7,000	1,204	5,796
	29,900	7,204	22,696
Total	47,082	23,617	23,465

BY ORDER OF THE BOARD

Eric Choo Han Kiat
 Executive Director and CEO
 14 February 2019