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## UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness, correctness of any of the information, statements or opinions made or reports contained in this announcement.*

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

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Income Statement and Consolidated Statement of Comprehensive Income  
Six months ended 30 June 2016 ("HY2016") vs Six months ended 30 June 2015 ("HY2015")**

|                                                    | <b>HY2016</b><br><b>(Unaudited)</b><br><b>S\$'000</b> | <b>HY2015</b><br><b>(Unaudited)</b><br><b>S\$'000</b> | <b>Increase/<br/>(Decrease)</b><br><b>%</b> |
|----------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|---------------------------------------------|
| <b>Revenue</b>                                     | 44,173                                                | 39,049                                                | 13.1%                                       |
| Cost of Sales                                      | (35,752)                                              | (31,199)                                              | 14.6%                                       |
| <b>Gross profit</b>                                | 8,421                                                 | 7,850                                                 | 7.3%                                        |
| Other income                                       | 870                                                   | 279                                                   | 211.8%                                      |
| Administrative expenses                            | (6,902)                                               | (5,397)                                               | 27.9%                                       |
| Finance costs                                      | (770)                                                 | (531)                                                 | 45.0%                                       |
| <b>Profit before tax</b>                           | 1,619                                                 | 2,201                                                 | -26.4%                                      |
| Income tax expense                                 | (17)                                                  | (33)                                                  | -48.5%                                      |
| <b>Profit net of tax</b>                           | 1,602                                                 | 2,168                                                 | -26.1%                                      |
| <u>Other comprehensive income, net of tax-</u>     |                                                       |                                                       |                                             |
| Foreign currency translation                       | 5                                                     | (20)                                                  | N/M                                         |
| <b>Total comprehensive income</b>                  | 1,607                                                 | 2,148                                                 | -25.2%                                      |
| <b>Profit net of tax attributable to:</b>          |                                                       |                                                       |                                             |
| Owners of the Company                              | 1,602                                                 | 2,168                                                 | -26.1%                                      |
| Non-controlling interests                          | -                                                     | -                                                     | -                                           |
|                                                    | 1,602                                                 | 2,168                                                 | -26.1%                                      |
| <b>Total comprehensive income attributable to:</b> |                                                       |                                                       |                                             |
| Owners of the Company                              | 1,607                                                 | 2,148                                                 | -25.2%                                      |
| Non-controlling interests                          | -                                                     | -                                                     | -                                           |
|                                                    | 1,607                                                 | 2,148                                                 | -25.2%                                      |

*N/M – Not meaningful*

**1(a)(ii) Notes to Consolidated Statement of Comprehensive Income**

Profit for the year is stated after charging/(crediting):

|                                                   | <b>HY2016</b><br><b>(Unaudited)</b><br><b>S\$'000</b> | <b>HY2015</b><br><b>(Unaudited)</b><br><b>S\$'000</b> | <b>Increase/<br/>(Decrease)</b><br><b>%</b> |
|---------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|---------------------------------------------|
| Write back of allowance of doubtful debts         | -                                                     | (204)                                                 | N/M                                         |
| Depreciation of property, plant and equipment     | 966                                                   | 274                                                   | N/M                                         |
| Loss on disposal of property, plant and equipment | 61                                                    | 7                                                     | N/M                                         |
| Impairment of property, plant and equipment       | 4                                                     | -                                                     | N/M                                         |

*N/M – Not meaningful*

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

|                                                               | Group         |               | Company        |                |
|---------------------------------------------------------------|---------------|---------------|----------------|----------------|
|                                                               | 30 Jun 2016   | 31 Dec 2015   | 30 Jun 2016    | 31 Dec 2015    |
|                                                               | Unaudited     | Audited       | Unaudited      | Audited        |
|                                                               | S\$'000       | S\$'000       | S\$'000        | S\$'000        |
| <b>ASSETS</b>                                                 |               |               |                |                |
| <b>Non-current assets</b>                                     |               |               |                |                |
| Property, plant and equipment                                 | 32,685        | 29,623        | 13,189         | 9,566          |
| Investment property                                           | -             | -             | 8,714          | 8,834          |
| Goodwill *                                                    | 980           | 883           | -              | -              |
| Investment in subsidiaries                                    | -             | -             | 17,734         | 16,634         |
| Deferred tax assets                                           | 359           | 359           | -              | -              |
|                                                               | <u>34,024</u> | <u>30,865</u> | <u>39,637</u>  | <u>35,034</u>  |
| <b>Current assets</b>                                         |               |               |                |                |
| Gross amount due from customers for contract work-in-progress | 26,467        | 24,268        | -              | -              |
| Asset held for sale                                           | 1,000         | 1,000         | -              | -              |
| Inventories                                                   | 3,065         | 3,418         | -              | -              |
| Prepaid operating expenses                                    | 894           | 329           | 139            | 88             |
| Trade and other receivables                                   | 16,961        | 18,976        | 6,091          | 7,280          |
| Cash and cash equivalents                                     | 5,575         | 6,699         | 717            | 788            |
|                                                               | <u>53,962</u> | <u>54,690</u> | <u>6,947</u>   | <u>8,156</u>   |
| <b>Total assets</b>                                           | <u>87,986</u> | <u>85,555</u> | <u>46,584</u>  | <u>43,190</u>  |
| <b>EQUITY AND LIABILITIES</b>                                 |               |               |                |                |
| <b>Current liabilities</b>                                    |               |               |                |                |
| Gross amount due to customers for contract work-in-progress   | -             | 112           | -              | -              |
| Trade and other payables                                      | 15,184        | 17,943        | 12,930         | 9,935          |
| Other liabilities                                             | 6,856         | 5,436         | 731            | 251            |
| Loan and borrowings                                           | 23,534        | 21,723        | 669            | 1,297          |
| Income tax payable                                            | 711           | 746           | -              | -              |
|                                                               | <u>46,285</u> | <u>45,960</u> | <u>14,330</u>  | <u>11,483</u>  |
| <b>Net current assets/(liabilities)</b>                       | <u>7,677</u>  | <u>8,730</u>  | <u>(7,383)</u> | <u>(3,327)</u> |
| <b>Non-current liabilities</b>                                |               |               |                |                |
| Loan and borrowings                                           | 17,562        | 16,241        | 13,899         | 11,751         |
|                                                               | <u>17,562</u> | <u>16,241</u> | <u>13,899</u>  | <u>11,751</u>  |
| <b>Total liabilities</b>                                      | <u>63,847</u> | <u>62,201</u> | <u>28,229</u>  | <u>23,234</u>  |
| <b>Net assets</b>                                             | <u>24,139</u> | <u>23,354</u> | <u>18,355</u>  | <u>19,956</u>  |
| <b>Equity attributable to owners of the Company</b>           |               |               |                |                |
| Share capital                                                 | 18,393        | 18,393        | 18,393         | 18,393         |
| Treasury shares                                               | (256)         | (256)         | (256)          | (256)          |
| Foreign currency translation reserve                          | (71)          | (76)          | -              | -              |
| Premium paid on acquisition of non-controlling interests      | (355)         | (355)         | -              | -              |
| Merger reserves                                               | (7,442)       | (7,442)       | -              | -              |
| Retained earnings                                             | 13,870        | 13,090        | 218            | 1,819          |
| <b>Total equity</b>                                           | <u>24,139</u> | <u>23,354</u> | <u>18,355</u>  | <u>19,956</u>  |
| <b>Total equity and liabilities</b>                           | <u>87,986</u> | <u>85,555</u> | <u>46,584</u>  | <u>43,190</u>  |

\* Goodwill

In accordance with FRS 103, "Business Combinations", a purchase price allocation ("PPA") exercise had been carried out to assess the fair values of the net identifiable assets of Cyber Builders Pte Ltd ("Cyber"), a wholly-owned subsidiary of the Company, the acquisition of which was completed on 15 April 2015.

The excess of the cost of acquisition over the fair values of the net identifiable assets had been recorded as goodwill in the balance sheet and subject to an annual impairment test. In accordance with FRS 103 Business Combinations, the PPA had been finalised within twelve months from the date of acquisition.

During the period under review, the goodwill had been finalised.

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

**Amount repayable in one year or less, or on demand**

| As at 30 June 2016 (Unaudited) |                      | As at 31 December 2015 (Audited) |                      |
|--------------------------------|----------------------|----------------------------------|----------------------|
| Secured<br>S\$'000             | Unsecured<br>S\$'000 | Secured<br>S\$'000               | Unsecured<br>S\$'000 |
| 23,534                         | -                    | 21,723                           | -                    |

**Amount repayable after one year**

| As at 30 June 2016 (Unaudited) |                      | As at 31 December 2015 (Audited) |                      |
|--------------------------------|----------------------|----------------------------------|----------------------|
| Secured<br>S\$'000             | Unsecured<br>S\$'000 | Secured<br>S\$'000               | Unsecured<br>S\$'000 |
| 17,562                         | -                    | 16,241                           | -                    |

**Details of any collateral**

Obligations under finance leases are secured over the leased assets. Trade facilities and bank borrowings are secured by corporate guarantees from the Company. A term loan facility of S\$1 million is jointly secured by a personal guarantee provided by the Company's Executive Chairman and Chief Executive Officer, Mr Chu Sau Ben and corporate guarantee from the Company. The Group's secured borrowings comprised of loans which are secured by way of legal mortgages of certain leasehold properties of its subsidiaries.

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

**Consolidated Statement of Cash Flows**

|                                                                           | <b>Group</b>       |                    |
|---------------------------------------------------------------------------|--------------------|--------------------|
|                                                                           | <b>HY2016</b>      | <b>HY2015</b>      |
|                                                                           | <b>(Unaudited)</b> | <b>(Unaudited)</b> |
|                                                                           | <b>S\$'000</b>     | <b>S\$'000</b>     |
| <b>Cash flows from operating activities</b>                               |                    |                    |
| Profit before tax                                                         | 1,619              | 2,201              |
| Adjustments:                                                              |                    |                    |
| Depreciation of property, plant and equipment                             | 966                | 274                |
| Write back of allowance for doubtful debts                                | -                  | (204)              |
| Loss on disposal of property, plant and equipment                         | 61                 | 7                  |
| Impairment of property, plant and equipment                               | 4                  | -                  |
| Finance costs                                                             | 770                | 531                |
| Translation difference                                                    | 5                  | (20)               |
| <b>Operating cash flows before working capital changes</b>                | <b>3,425</b>       | <b>2,789</b>       |
| Changes in working capital:                                               |                    |                    |
| Increase in gross amount due from customers for contract work-in-progress | (2,199)            | (3,445)            |
| Decrease in gross amount due to customers for contract work-in-progress   | (112)              | (167)              |
| Decrease/(increase) in inventories                                        | 353                | (749)              |
| Increase in prepaid operating expenses                                    | (565)              | (930)              |
| Decrease/(increase) in trade and other receivables                        | 2,015              | (853)              |
| Decrease in trade and other payables                                      | (2,856)            | (2,799)            |
| Increase in other liabilities                                             | 1,420              | 2,200              |
| Cash flows generated from/(used in) operations                            | 1,481              | (3,954)            |
| Interest paid                                                             | (770)              | (531)              |
| Income tax paid                                                           | (52)               | (6)                |
| <b>Net cash flows generated from/(used in) operating activities</b>       | <b>659</b>         | <b>(4,491)</b>     |
| <b>Cash flows from investing activities</b>                               |                    |                    |
| Net cash outflow on acquisition of subsidiary                             | -                  | (300)              |
| Purchase of property, plant and equipment                                 | (1,696)            | (737)              |
| Proceeds from disposal of property, plant and equipment                   | 15                 | -                  |
| <b>Net cash flows used in investing activities</b>                        | <b>(1,681)</b>     | <b>(1,037)</b>     |
| <b>Cash flows from financing activities</b>                               |                    |                    |
| Proceeds from loans and borrowings                                        | 35,160             | 18,176             |
| Repayment of loans and borrowings                                         | (34,440)           | (16,148)           |
| Dividend paid on ordinary shares                                          | (822)              | (835)              |
| <b>Net cash flows (used in)/generated from financing activities</b>       | <b>(102)</b>       | <b>1,193</b>       |
| <b>Net decrease in cash and cash equivalents</b>                          | <b>(1,124)</b>     | <b>(4,335)</b>     |
| <b>Cash and cash equivalents at 1 January</b>                             | <b>6,699</b>       | <b>10,389</b>      |
| <b>Cash and cash equivalents at 30 June</b>                               | <b>5,575</b>       | <b>6,054</b>       |

**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**

|                                                                         | Attributable to Owners of the Company |                 |                                      |                |                                                     |                   |              |
|-------------------------------------------------------------------------|---------------------------------------|-----------------|--------------------------------------|----------------|-----------------------------------------------------|-------------------|--------------|
|                                                                         | Share capital                         | Treasury shares | Foreign currency translation reserve | Merger reserve | Premium on acquisition of Non-Controlling interests | Retained earnings | Total equity |
|                                                                         |                                       |                 |                                      |                |                                                     |                   |              |
|                                                                         |                                       |                 |                                      |                |                                                     |                   |              |
|                                                                         | S\$'000                               | S\$'000         | S\$'000                              | S\$'000        | S\$'000                                             | S\$'000           | S\$'000      |
| <b>Group (Unaudited)</b>                                                |                                       |                 |                                      |                |                                                     |                   |              |
| <b>Balance as at 1 January 2016</b>                                     | 18,393                                | (256)           | (76)                                 | (7,442)        | (355)                                               | 13,090            | 23,354       |
| Profit for the financial year                                           | -                                     | -               | -                                    | -              | -                                                   | 1,602             | 1,602        |
| <u>Other comprehensive income</u>                                       |                                       |                 |                                      |                |                                                     |                   |              |
| Foreign currency translation                                            | -                                     | -               | 5                                    | -              | -                                                   | -                 | 5            |
| Total comprehensive income for the financial year                       | -                                     | -               | 5                                    | -              | -                                                   | 1,602             | 1,607        |
| Dividends                                                               | -                                     | -               | -                                    | -              | -                                                   | (822)             | (822)        |
| <b>Balance as at 30 June 2016</b>                                       | 18,393                                | (256)           | (71)                                 | (7,442)        | (355)                                               | 13,870            | 24,139       |
| <b>Group (Unaudited)</b>                                                |                                       |                 |                                      |                |                                                     |                   |              |
| <b>Balance as at 1 January 2015</b>                                     | 17,393                                | -               | (35)                                 | (7,442)        | (355)                                               | 8,243             | 17,804       |
| Profit for the financial year                                           | -                                     | -               | -                                    | -              | -                                                   | 2,168             | 2,168        |
| <u>Other comprehensive income</u>                                       |                                       |                 |                                      |                |                                                     |                   |              |
| Foreign currency translation                                            | -                                     | -               | (20)                                 | -              | -                                                   | -                 | (20)         |
| Total comprehensive income for the financial year                       | -                                     | -               | (20)                                 | -              | -                                                   | 2,168             | 2,148        |
| Issuance of new ordinary shares pursuant to acquisition of a subsidiary | 1,000                                 | -               | -                                    | -              | -                                                   | -                 | 1,000        |
| Purchase of treasury shares                                             | -                                     | -               | -                                    | -              | -                                                   | -                 | -            |
| Dividends                                                               | -                                     | -               | -                                    | -              | -                                                   | (835)             | (835)        |
| <b>Balance as at 30 June 2015</b>                                       | 18,393                                | -               | (55)                                 | (7,442)        | (355)                                               | 9,576             | 20,117       |
| <b>Company (Unaudited)</b>                                              |                                       |                 |                                      |                |                                                     |                   |              |
| <b>Balance as at 1 January 2016</b>                                     | 18,393                                | (256)           | -                                    | -              | -                                                   | 1,819             | 19,956       |
| Loss for the financial year                                             | -                                     | -               | -                                    | -              | -                                                   | (779)             | (779)        |
| Dividends                                                               | -                                     | -               | -                                    | -              | -                                                   | (822)             | (822)        |
| <b>Balance as at 30 June 2016</b>                                       | 18,393                                | (256)           | -                                    | -              | -                                                   | 218               | 18,355       |
| <b>Company (Unaudited)</b>                                              |                                       |                 |                                      |                |                                                     |                   |              |
| <b>Balance as at 1 January 2015</b>                                     | 17,393                                | -               | -                                    | -              | -                                                   | 1,472             | 18,865       |
| Profit for the financial year                                           | -                                     | -               | -                                    | -              | -                                                   | 46                | 46           |
| Issuance of new ordinary shares pursuant to acquisition of a subsidiary | 1,000                                 | -               | -                                    | -              | -                                                   | -                 | 1,000        |
| Dividends                                                               | -                                     | -               | -                                    | -              | -                                                   | (835)             | (835)        |
| <b>Balance as at 30 June 2015</b>                                       | 18,393                                | -               | -                                    | -              | -                                                   | 683               | 19,076       |

- 1(d)(ii) Details of any changes in the company's share capital arising from right 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 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.**

The Company's issued and fully paid up capital as at 30 June 2016 and 1 January 2016 comprised 117,499,100 ordinary shares (excluding treasury shares).

There were no ordinary shares issued since the end of the financial year ended 31 December 2015. There were no outstanding options and convertibles as at 30 June 2016 and 30 June 2015 respectively.

The number of treasury shares as at 30 June 2016 was 1,769,900 (30 June 2015: nil).

- 1(d)(iii) To show the 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**

|                                                           | <b>30 Jun 2016</b> | <b>31 Dec 2015</b> |
|-----------------------------------------------------------|--------------------|--------------------|
|                                                           | <b>Unaudited</b>   | <b>Audited</b>     |
| Total number of issued shares                             | 119,269,000        | 119,269,000        |
| Total number of treasury shares                           | (1,769,900)        | (1,769,900)        |
| Total number of issued shares (excluding treasury shares) | <u>117,499,100</u> | <u>117,499,100</u> |

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

Not applicable. There were no sales, transfers, disposals, cancellation and/or use of treasury shares during the financial period ended 30 June 2016.

- 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 independent 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 financial statements for the current financial period reported on had been prepared using the same accounting policies and methods of computation applied by the Group in its most recently audited financial statements for the financial year ended 31 December 2015, except as disclosed in paragraph 5 below.

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

The Group has adopted the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are relevant to its operations and are effective for the financial periods beginning on or after 1 January 2016. The adoption of these new and revised FRS and INT FRS did not result in substantial changes to the Group's accounting policies and methods of computation and had no material impact to the Group's financial statements for the financial period ended 30 June 2016 or prior financial years.

**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**

|                                                                                 | <b>Group</b>                |                             |
|---------------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                                 | <b>HY2016<br/>Unaudited</b> | <b>HY2015<br/>Unaudited</b> |
| Profit attributable to owners of the Company (S\$'000)                          | 1,602                       | 2,168                       |
| Weighted average number of ordinary shares in issue (excluding treasury shares) | 117,499,100                 | 116,657,508                 |
| Basic and diluted earnings per ordinary share ("EPS") (Singapore cents)         | 1.36                        | 1.86                        |

The basic and diluted EPS for the respective financial periods are computed based on the profit attributable to the owners of the Company and the Company's weighted average number of ordinary shares in issue (excluding treasury shares) during the respective financial periods.

The basic and diluted EPS are the same as there were no potentially dilutive ordinary shares in issue during and as at the end of the respective financial periods.

**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.**

|                                                                                    | <b>Group</b>                       |                                  | <b>Company</b>                     |                                  |
|------------------------------------------------------------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
|                                                                                    | <b>30 Jun 2016<br/>(Unaudited)</b> | <b>31 Dec 2015<br/>(Audited)</b> | <b>30 Jun 2016<br/>(Unaudited)</b> | <b>31 Dec 2015<br/>(Audited)</b> |
| Net asset value per ordinary share based on issued share capital (Singapore cents) | 20.54                              | 19.88                            | 15.62                              | 16.98                            |
| Number of issued shares excluding treasury shares                                  | 117,499,100                        | 117,499,100                      | 117,499,100                        | 117,499,100                      |

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.**

**(i) Review of the Group's income statement for HY2016 vs. HY2015**

During the period under review, the Group's total revenue increased by S\$5.1 million or 13.1% to S\$44.2 million in HY2016.

This increase was attributable to 1) increase in revenue from the mechanical and electrical engineering ("M&E") segment of S\$8.9 million or 39.2% from S\$22.8 million in HY2015 to S\$31.8 million in HY2016, primarily due to increase work done, partly offset by 2) decrease in revenue from the manufacturing segment of S\$1.6 million or 17.7% from S\$9.1 million in HY2015 to S\$7.5 million in HY2016, primarily due to decreased re-sales volume of coils and 3) decrease in revenue contribution from the building and construction solutions segment of S\$1.8 million or 25.9% from S\$7.0 million in HY2015 to S\$5.2 million in HY2016, primarily due to the decreased work done on existing projects as they had reached the tail end of the projects.

The Group's gross profit of S\$8.4 million in HY2016 was S\$0.5 million higher than the gross profit of S\$7.9 million in HY2015, mainly due to 1) a gross profit of S\$0.9 million from the manufacturing segment due to better cost control management which reduced the cost of material for the re-sale of coils and improved profit margin for ducting and accessories, 2) a slight increase in gross profit of S\$0.1 million from the M&E segment in tandem with higher project completion and improved project execution and productivity, offset by 3) a gross loss of S\$0.4 million for the building and construction solutions segment due to fewer projects being secured as well as the results of new projects has yet to be materialized.

The Group's gross profit margin decreased by 1.04 percentage points to 19.06% in HY 2016 mainly due to the decrease in gross profit margin for the M&E and building and construction solutions segment as a result of more competitively priced projects of the Group.

During the period under review, other income increased by S\$0.6 million to S\$0.9 million in HY2016 mainly attributable to S\$0.5 million of rental income from the Sungei Kadut property since August 2015.

Administrative expenses increased by S\$1.5 million or 27.9% from S\$5.4 million in HY2015 to S\$6.9 million in HY2016. This was mainly due to 1) land rental expense, depreciation and property tax incurred for the Company's factory at 53 Loyang Drive as well as the property at Sungei Kadut loop and 2) higher salaries and wage expenditure.

Depreciation expenses increased by S\$0.7 million from S\$0.3 million in HY2015 to S\$1.0 million in HY2016 due to the Company's factory at 53 Loyang Drive and the property acquired at Sungei Kadut.

Finance costs increased by S\$0.2 million from S\$0.5 million in HY2015 to S\$0.7 million in HY2016, mainly due to 1) the increase in project financing utilized by the Group in HY2016, which was in line with the increase in the Group's project activities, and 2) property loan for the property at Sungei Kadut loop.

Due to the aforementioned factors, the Group's profit before tax in HY2016 was S\$1.6 million, as compared to S\$2.2 million in HY2015.

## **(ii) Review of the Group's financial position**

### **Non-Current Assets**

Non-current assets increased by S\$3.1 million to S\$34.0 million as at 30 June 2016 from S\$30.9 million as at 31 December 2015. The increase was mainly due to 1) the capitalization of S\$3.1 million cost for asset-under construction of the Company's factory at 53 Loyang Drive and 2) an additional goodwill of S\$0.1 million which arose from the acquisition of Cyber (please refer to page 5 of this announcement for further details on goodwill).

### **Current Assets**

As at 30 June 2016, current assets stood at S\$54.0 million. This was a decrease of S\$0.7 million as compared to S\$54.7 million as at 31 December 2015 due to the following:

- Decrease in trade and other receivables of S\$2.0 million attributable to better collection;
- Decrease in cash and cash equivalents of S\$1.1 million mainly attributable to 1) increase in working capital requirement for asset-under-construction of the Company's factory at 53 Loyang Drive and 2) higher capital expenditure on machineries and equipment for expansion of production line; and
- Decrease in inventories of S\$0.4 million due to improved supply chain management.

*Offset by*

- Increase in gross amount due from customers for contract work-in-progress of S\$2.2 million which resulted from increased revenue and retention receivables due to the increase in completed projects for the M&E segment, yet to be billed.

### **Current Liabilities**

As at 30 June 2016, current liabilities stood at S\$46.3 million, which represented an increase of S\$0.3 million when compared to S\$46.0 million as at 31 December 2015. This increase was mainly due to:

- Increase in loans and borrowings of S\$1.8 million due to additional term loan secured for working capital purpose; and
- Increase in other liabilities of S\$1.4 million due to higher accrued project costs for asset-under-construction of the Company's factory at 53 Loyang Drive;

*Offset by*

- Decrease in trade and other payables of S\$2.8 million due to more timely payment to vendors as part of cost management strategy.

### **Non-Current Liabilities**

As at 30 June 2016, non-current liabilities increased by S\$1.4 million to S\$17.6 million from S\$16.2 million as at 31 December 2015, mainly due to an additional construction loan which was secured for the asset-under-construction of the Company's factory at 53 Loyang Drive.

### **Equity attributable to owners of the Company**

Equity attributable to owners of the Company amounted to S\$24.1 million as at 30 June 2016, which reflected an increase of S\$0.8 million when compared to S\$23.3 million as at 31 December 2015, mainly arising from net profits of S\$1.6 million, offset by dividend distribution of S\$0.8 million.

## **Review of Group's Cash Flow**

In HY2016, the net cash flows generated from operating activities amounted to S\$0.7 million mainly due to operating cash flows before working capital changes of S\$3.4 million, adjusted for net working capital outflows of S\$1.9 million, as well as finance cost of S\$0.8 million. The net working capital outflows were mainly due to the decrease in trade and other payables of S\$2.9 million, the increase in gross amount due from customers for contract work-in-progress of S\$2.2 million, partially offset by the decrease in trade and other receivables of S\$2.0 million and increase in other liabilities of S\$1.4 million.

Net cash used in investing activities of S\$1.7 million in HY2016 was mainly due to the purchase of property, plant and equipment.

Net cash used in financing activities amounted to S\$0.1 million in HY2016 due to the net proceeds from bank loans and borrowings of S\$0.7 million, which are mainly due to project financing, capital expenditure, construction loan in relation to the factory at 53 Loyang Drive, offset by dividend payment of S\$0.8 million.

As at 30 June 2016, the Group's cash and cash equivalents stood at S\$5.6 million.

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

Not applicable as no forecast or prospect statement has been disclosed 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 business environment remains challenging amid economic uncertainties in the next 12 months. The Group will continue to focus on cost control in managing the completion of existing projects. As such, the Group will continue to pursue investment opportunities beyond Singapore as and when they arise.

**11. If a decision regarding dividend has been made:**

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

No dividends have been declared or recommended for the HY2016.

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

Not applicable.

**(b)(ii) Previous corresponding period (cents):**

An interim tax exempt (one-tier) dividend of 0.50 Singapore cents per ordinary share had been declared and paid for HY2015.

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

Not applicable as no dividends have been declared or recommended for the HY2016

**(d) The date the dividend is payable**

Not applicable.

**(e) Book closure date**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared/recommendeded for HY2016.

**13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for IPT. There were no IPTs of S\$100,000 and above during HY2016.

The S\$1 million term loan facility provided by Ethoz Capital Ltd to Kin Xin Engineering Pte Ltd is secured jointly by corporate guarantee issued by the Company and personal guarantee by Mr Chu Sau Ben (please refer to Section 1(b)(ii)). The outstanding amount as at 30 June 2016 was S\$555,057. No consideration was/will be paid to Mr Chu Sau Ben for the provision of the aforesaid personal guarantee.

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

The Company confirms that it has procured undertakings from all its directors and executive officers in the required format.

**15. Negative confirmation pursuant to Rule 705(5).**

To the best of the Board of Directors ("Board") knowledge and belief, the Board confirms that nothing has come to the attention of the Board which may render the unaudited financial results of the Group and the Company for the six months ended 30 June 2016 to be false or misleading, in any material aspect.

**BY ORDER OF THE BOARD**

Chu Sau Ben  
Executive Chairman and Chief Executive Officer

Date: 11 August 2016