



# **CHINESE GLOBAL INVESTORS GROUP LTD.**

(Incorporated in Singapore)  
(Company Registration Number: 196600189D)

## **Unaudited Financial Statements and Dividend Announcement for the First Quarter and Three Months Ended 30 September 2017**

9 November 2017

*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 Catalist. 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 assumes no responsibility for the contents of this announcement, including the accuracy, completeness and correctness of any of the information, statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr. Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).*

**CHINESE GLOBAL INVESTORS GROUP LTD.**

(Incorporated in the Republic of Singapore)

(Company Registration No. 196600189D)

**First Quarter Financial Statements for the Financial Period Ended 30 September 2017****PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

|   | Note | Group<br>First Quarter Ended |                          | + / -         |
|---|------|------------------------------|--------------------------|---------------|
|   |      | 30-Sep-17<br>(Unaudited)     | 30-Sep-16<br>(Unaudited) |               |
|   |      | S\$                          | S\$                      | %             |
| <b>Continuing Operations</b>  |      |                              |                          |               |
| <b>Revenue</b>  |      | <b>2,385,822</b>             | <b>2,998,379</b>         | <b>(20.4)</b> |
| Cost of Sales   |      | (1,930,698)                  | (2,218,482)              | (13.0)        |
| <b>Gross Profit</b>   |      | <b>455,124</b>               | <b>779,897</b>           | <b>(41.6)</b> |
| Other Income  | i    | 50,946                       | 51,869                   | (1.8)         |
| Distribution Expenses   |      | (223,573)                    | (277,535)                | (19.4)        |
| Administrative Expenses   |      | (770,724)                    | (838,793)                | (8.1)         |
| Other Expenses  | ii   | (9,606)                      | (387,050)                | (97.5)        |
| Finance Costs   |      | (54,943)                     | (4,070)                  | 1250.0        |
| <b>Loss before Income Tax</b>   | iii  | <b>(552,776)</b>             | <b>(675,682)</b>         | <b>(18.2)</b> |
| Income Tax Expense  |      | (6,614)                      | (13,981)                 | (52.7)        |
| <b>Loss for the Period from continuing operations</b>                 |      | <b>(559,390)</b>             | <b>(689,663)</b>         | <b>(18.9)</b> |
| <b>Discontinued Operations</b>  |      |                              |                          |               |
| <b>Loss for the Period from discontinued operations</b>               |      | -                            | (6,869)                  | (100.0)       |
| <b>Loss for the Period</b>  |      | <b>(559,390)</b>             | <b>(696,532)</b>         | <b>(19.7)</b> |
| <b>Other Comprehensive Income/(Loss):</b>                             |      |                              |                          |               |
| Currency translation differences arising from consolidation           |      | 31,191                       | (58,667)                 | nm            |
| Other comprehensive income/(loss) for the period, net of tax          |      | 31,191                       | (58,667)                 | nm            |
| <b>Total Comprehensive Loss for the Period</b>                        |      | <b>(1,087,589)</b>           | <b>(1,451,731)</b>       | <b>(25.1)</b> |
| <b>Loss for the Period Attributable to Owners of the Company</b>      |      | <b>(559,390)</b>             | <b>(689,663)</b>         | <b>(18.9)</b> |
| <b>Total Comprehensive Loss Attributable to Owners of the Company</b> |      | <b>(1,087,589)</b>           | <b>(755,199)</b>         | <b>44.0</b>   |

nm – Not Meaningful

(i) Other income includes the following:

|   | <b><u>Group</u></b>               |                  |
|---|-----------------------------------|------------------|
|   | <b><u>First Quarter Ended</u></b> |                  |
|   | <b>30-Sep-17</b>                  | <b>30-Sep-16</b> |
|   | <b>Unaudited</b>                  | <b>Unaudited</b> |
|   | <b>S\$</b>                        | <b>S\$</b>       |
| Foreign exchange transaction gain                 | 2,605                             | 19,916           |
| Gain on disposal of property, plant and equipment | -                                 | 8,214            |
| Government grants/subsidies                       | 3,011                             | -                |
| Interest income                                   | 168                               | 177              |
| Sundry income                                     | 45,162                            | 23,562           |
|   | <b>50,946</b>                     | <b>51,869</b>    |

(ii) Other expenses include the following:

|  | <b><u>Group</u></b>               |                  |
|--|-----------------------------------|------------------|
|  | <b><u>First Quarter Ended</u></b> |                  |
|  | <b>30-Sep-17</b>                  | <b>30-Sep-16</b> |
|  | <b>Unaudited</b>                  | <b>Unaudited</b> |
|  | <b>S\$</b>                        | <b>S\$</b>       |
| Allowances for doubtful debts                    | 9,606                             | 10,014           |
| Bad debts written off                            | -                                 | 2,611            |
| Fair value loss on held-for-trading investments  | -                                 | 360,869          |
| Foreign exchange translation loss                | -                                 | 13,274           |
| Loss on disposal of held-for-trading investments | -                                 | 244              |
| Sundry expense                                   | -                                 | 38               |
|  | <b>9,606</b>                      | <b>387,050</b>   |

(iii) Loss before income tax is arrived at after charging the following:

|   | <b><u>Group</u></b>               |                  |
|---|-----------------------------------|------------------|
|   | <b><u>First Quarter Ended</u></b> |                  |
|   | <b>30-Sep-17</b>                  | <b>30-Sep-16</b> |
|   | <b>Unaudited</b>                  | <b>Unaudited</b> |
|   | <b>S\$</b>                        | <b>S\$</b>       |
| Amortisation of intangible assets             | 1,343                             | 961              |
| Depreciation of property, plant and equipment | 30,484                            | 33,444           |

**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.**

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>30-Sep-17</b> | <b>30-Jun-17</b> | <b>30-Sep-17</b> | <b>30-Jun-17</b> |
|  | <b>Unaudited</b> | <b>Audited</b>   | <b>Unaudited</b> | <b>Audited</b>   |
|  | <b>S\$</b>       | <b>S\$</b>       | <b>S\$</b>       | <b>S\$</b>       |
| <b><u>ASSETS</u></b>                     |                  |                  |                  |                  |
| <b><u>Non-current assets:</u></b>        |                  |                  |                  |                  |
| Property, plant and equipment            | 361,575          | 366,003          | -                | -                |
| Intangible assets                        | 10,132           | 11,475           | -                | -                |
| Subsidiaries                             | -                | -                | 963,340          | 963,340          |
| <b>Total non-current assets</b>          | <b>371,707</b>   | <b>377,478</b>   | <b>963,340</b>   | <b>963,340</b>   |
| <b><u>Current assets:</u></b>            |                  |                  |                  |                  |
| Inventories                              | 866,552          | 1,023,604        | -                | -                |
| Gross amount due from contract customers | 293,990          | 347,536          | -                | -                |
| Trade and other receivables              | 5,337,714        | 5,194,810        | 283,463          | 254,973          |
| Income tax recoverable                   | 28,898           | 38,669           | -                | -                |
| Available-for-sale investments           | 14,135           | 14,104           | -                | -                |
| Cash and bank balances                   | 1,528,162        | 1,550,365        | 3,084            | 1,935            |
| <b>Total current assets</b>              | <b>8,069,451</b> | <b>8,169,088</b> | <b>286,547</b>   | <b>256,908</b>   |
| <b>Total assets</b>                      | <b>8,441,158</b> | <b>8,546,566</b> | <b>1,249,887</b> | <b>1,220,248</b> |
| <b><u>LIABILITIES AND EQUITY</u></b>     |                  |                  |                  |                  |
| <b><u>Current liabilities:</u></b>       |                  |                  |                  |                  |
| Trade and other payables                 | 5,239,276        | 5,254,419        | 630,640          | 692,325          |
| Gross amount due to contract customers   | 84,686           | 84,470           | -                | -                |
| Lease obligations                        | 35,188           | 33,610           | -                | -                |
| Bank overdrafts                          | 210,873          | 245,865          | -                | -                |
| Short term borrowings                    | 388,087          | 387,706          | -                | -                |
| <b>Total current liabilities</b>         | <b>5,958,110</b> | <b>6,006,070</b> | <b>630,640</b>   | <b>692,325</b>   |
| <b><u>Non-current liabilities:</u></b>   |                  |                  |                  |                  |
| Lease obligations                        | 41,312           | 51,688           | -                | -                |
| Deferred tax liabilities                 | 4,146            | 4,144            | -                | -                |
| Long term borrowings                     | 2,423,818        | 1,942,693        | -                | -                |
| <b>Total non-current liabilities</b>     | <b>2,469,276</b> | <b>1,998,525</b> | <b>-</b>         | <b>-</b>         |
| <b><u>Capital and reserves:</u></b>      |                  |                  |                  |                  |
| Share capital                            | 40,310,404       | 40,310,404       | 40,310,404       | 40,310,404       |
| Statutory reserve                        | 346,410          | 346,410          | -                | -                |
| Foreign currency translation reserves    | (867,589)        | (898,780)        | -                | -                |
| Fair value reserve                       | 15,706           | 15,706           | -                | -                |
| Accumulated losses                       | (39,791,159)     | (39,231,769)     | (39,691,157)     | (39,782,481)     |
| <b>Total equity</b>                      | <b>13,772</b>    | <b>541,971</b>   | <b>619,247</b>   | <b>527,923</b>   |
| <b>Total liabilities and equity</b>      | <b>8,441,158</b> | <b>8,546,566</b> | <b>1,249,887</b> | <b>1,220,248</b> |
| <b>Working capital</b>                   | <b>2,111,341</b> | <b>2,163,018</b> |                  |                  |
| <b>Total borrowings</b>                  | <b>3,099,278</b> | <b>2,661,562</b> |                  |                  |
| <b>Gross gearing (times)*</b>            | <b>225.03</b>    | <b>4.91</b>      |                  |                  |

\*Gross gearing = total borrowings/total equity

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

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

| <b>As at 30 September 2017<br/>(Unaudited)<br/>S\$</b> |           | <b>As at 30 June 2017<br/>(Audited)<br/>S\$</b> |           |
|--|-----------|---|-----------|
| Secured  | Unsecured | Secured   | Unsecured |
| 246,061  | 388,087   | 279,475   | 387,706   |

##### **Amount repayable after one year**

| <b>As at 30 September 2017<br/>(Unaudited)<br/>S\$</b> |           | <b>As at 30 June 2017<br/>(Audited)<br/>S\$</b> |           |
|--|-----------|---|-----------|
| Secured  | Unsecured | Secured   | Unsecured |
| 41,312   | 2,423,818 | 51,688  | 1,942,693 |

##### **Details of any collaterals**

The Group's secured borrowings comprised bank overdrafts and finance leases.

The bank overdrafts of S\$210,873 (30 June 2017: S\$245,865) were secured on fixed deposits pledged.

Finance leases of S\$76,500 (30 June 2017: S\$85,298) were secured on the property, plant and equipment. The net book value of these property, plant and equipment as at 30 September 2017 is S\$141,974 (30 June 2017: S\$159,296).

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

|   | <b><u>Group</u></b>               |                  |
|---|-----------------------------------|------------------|
|   | <b><u>First Quarter Ended</u></b> |                  |
|   | <b>30-Sep-17</b>                  | <b>30-Sep-16</b> |
|   | <b>Unaudited</b>                  | <b>Unaudited</b> |
|   | <b>S\$</b>                        | <b>S\$</b>       |
| <b>Cash flows from operating activities:</b>            |                                   |                  |
| Loss before income tax - continuing operations          | (552,776)                         | (675,682)        |
| Loss before income tax - discontinued operation         | -                                 | (6,869)          |
| Loss before income tax, total                           | (552,776)                         | (682,551)        |
| Adjustments for:  |                                   |                  |
| Amortisation of intangible assets                       | 1,343                             | 961              |
| Allowances for doubtful debts                           | 9,606                             | 10,014           |
| Bad debts written off                                   | -                                 | 2,665            |
| Depreciation of property, plant and equipment           | 30,484                            | 33,444           |
| Held-for-trading investments:                           |                                   |                  |
| - Loss on disposal                                      | -                                 | 244              |
| - Net fair value loss on investment                     | -                                 | 360,869          |
| Gain on disposal of property, plant and equipment       | -                                 | (8,214)          |
| Interest expense  | 54,943                            | 7,132            |
| Interest income   | (168)                             | (177)            |
| Provision/(Reversal) for warranties                     | 15,000                            | (5,047)          |
| Foreign exchange (gain)/loss                            | (6,148)                           | 212,455          |
| <b>Operating loss before working capital changes</b>    | <b>(447,716)</b>                  | <b>(68,205)</b>  |
| Trade and other receivables                             | (149,289)                         | (203,780)        |
| Gross amount due to contract customers                  | 53,945                            | (90,973)         |
| Inventories   | 157,923                           | (73,598)         |
| Net decrease in held-for-trading investments            | -                                 | 18,924           |
| Trade and other payables                                | (74,527)                          | 105,779          |
| <b>Cash used in operations</b>                          | <b>(459,664)</b>                  | <b>(311,853)</b> |
| Interest paid   | (10,283)                          | (7,132)          |
| Income taxes refund/(paid)                              | 3,215                             | (165,340)        |
| <b>Net cash used in operating activities</b>            | <b>(466,732)</b>                  | <b>(484,325)</b> |
| <b>Cash flows from investing activities:</b>            |                                   |                  |
| Interest received                                       | 168                               | 177              |
| Purchase of intangible assets                           | -                                 | (13,750)         |
| Purchase of property, plant and equipment               | (5,480)                           | (12,529)         |
| Proceeds from disposal of property, plant and equipment | -                                 | 8,214            |
| <b>Net cash used in investing activities</b>            | <b>(5,312)</b>                    | <b>(17,888)</b>  |

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year – cont'd**

|  | <b><u>Group</u></b>               |                  |
|--|-----------------------------------|------------------|
|  | <b><u>First Quarter Ended</u></b> |                  |
|  | <b>30-Sep-17</b>                  | <b>30-Sep-16</b> |
|  | <b>Unaudited</b>                  | <b>Unaudited</b> |
|  | <b>S\$</b>                        | <b>S\$</b>       |
| <b>Cash flows from financing activities:</b>                             |                                   |                  |
| Repayments of lease obligations  | (29,065)                          | (10,335)         |
| Repayments of long-term borrowing  | (160,811)                         | (144,796)        |
| Proceeds from long-term borrowing  | 674,732                           | 404,570          |
| <b>Net cash generated from financing activities</b>                      | <b>484,856</b>                    | <b>249,439</b>   |
| <b>Net effects of exchange rate changes in cash and cash equivalents</b> | <b>(720)</b>                      | <b>(4,677)</b>   |
| Net increase/(decrease) in cash and cash equivalents                     | 12,092                            | (257,451)        |
| Cash and cash equivalents at beginning of period                         | 576,757                           | 435,571          |
| <b>Cash and cash equivalents at end of period</b>                        | <b>588,849</b>                    | <b>178,120</b>   |

|   | <b><u>Group</u></b>               |                  |
|---|-----------------------------------|------------------|
|   | <b><u>First Quarter Ended</u></b> |                  |
|   | <b>30-Sep-17</b>                  | <b>30-Sep-16</b> |
|   | <b>Unaudited</b>                  | <b>Unaudited</b> |
|   | <b>S\$</b>                        | <b>S\$</b>       |
| Cash at end of period includes the following:     |                                   |                  |
| Cash and bank balances                            | 1,528,162                         | 1,225,041        |
| Bank overdrafts                                   | (210,873)                         | (320,447)        |
|   | 1,317,289                         | 904,594          |
| Restricted cash (Note 1)                          | (728,440)                         | (726,474)        |
| <b>Cash and cash equivalents at end of period</b> | <b>588,849</b>                    | <b>178,120</b>   |

**Notes:**

**(1) Restricted cash**

Restricted cash pertains to fixed deposits of certain subsidiaries which have been pledged with banks as securities for banking facilities granted.

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

| Group   | Share Capital     | Statutory Reserve | Share Option Reserve | Foreign Currency Translation Reserve | Fair Value Reserve on AFS | Reserve on Put Options | Accumulated Losses  | Total Equity     |
|---|-------------------|-------------------|----------------------|--------------------------------------|---------------------------|------------------------|---------------------|------------------|
| <b>Balance at 1 July 2016 (Audited)</b>                       | S\$<br>40,310,404 | S\$<br>346,410    | S\$<br>-             | S\$<br>(825,497)                     | S\$<br>15,706             | S\$<br>49,247          | S\$<br>(36,310,513) | S\$<br>3,585,757 |
| Loss for the year   | -                 | -                 | -                    | -                                    | -                         | -                      | (696,532)           | (696,532)        |
| -Currency translation differences arising from consolidation  | -                 | -                 | -                    | (58,667)                             | -                         | -                      | -                   | (58,667)         |
| Total comprehensive loss for the year                         | -                 | -                 | -                    | (58,667)                             | -                         | -                      | (696,532)           | (755,199)        |
| <b>Balance at 30 September 2016 (Unaudited)</b>               | 40,310,404        | 346,410           | -                    | (884,164)                            | 15,706                    | 49,247                 | (37,007,045)        | 2,830,558        |
| <b>Balance at 1 July 2017 (Audited)</b>                       | 40,310,404        | 346,410           | -                    | (898,780)                            | 15,706                    | -                      | (39,231,769)        | 541,971          |
| Loss for the year   | -                 | -                 | -                    | -                                    | -                         | -                      | (559,390)           | (559,390)        |
| - Currency translation differences arising from consolidation | -                 | -                 | -                    | 31,191                               | -                         | -                      | -                   | 31,191           |
| Total Comprehensive loss for the year                         | -                 | -                 | -                    | 31,191                               | -                         | -                      | (559,390)           | (528,199)        |
| <b>Balance at 30 September 2017 (Unaudited)</b>               | 40,310,404        | 346,410           | -                    | (867,589)                            | 15,706                    | -                      | (39,791,159)        | 13,772           |

| COMPANY   | Share Capital     | Accumulated Losses  | Total          |
|---|-------------------|---------------------|----------------|
| <b>Balance at 1 July 2016 (Audited)</b>         | S\$<br>40,310,404 | S\$<br>(39,883,850) | S\$<br>426,554 |
| Total comprehensive loss for the period         | -                 | (171,573)           | (171,573)      |
| <b>Balance at 30 September 2016 (Unaudited)</b> | 40,310,404        | (40,055,423)        | 254,981        |
| <b>Balance at 1 July 2017 (Audited)</b>         | 40,310,404        | (39,782,481)        | 527,923        |
| Total comprehensive loss for the period         | -                 | 91,324              | 91,324         |
| <b>Balance at 30 September 2017 (Unaudited)</b> | 40,310,404        | (39,691,157)        | 619,247        |

**1(d)(ii) 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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number or treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**



|                         | <u>Number of Shares</u> | <u>Share Capital (\$)</u> |
|-------------------------|-------------------------|---------------------------|
| As at 30 June 2017      | 915,977,500             | 40,310,404                |
| As at 30 September 2017 | 915,977,500             | 40,310,404                |

The Group did not grant any options or shares pursuant to its share plan and option scheme and did not have any treasury shares, convertibles or subsidiary holdings as at 30 September 2017 and 30 September 2016. Accordingly, the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding is nil% as at 30 September 2017 and 30 September 2016.

**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.**

|   | <b>30 September 2017</b> | <b>30 June 2017</b> |
|---|--------------------------|---------------------|
| The total number of issued shares excluding treasury shares | 915,977,500              | 915,977,500         |

**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.**

Not applicable. The Group did not have any treasury shares during and as at the end of the current financial period reported on.

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

Not applicable. The Group did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures have not been audited nor reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, compared with those of the most recently audited financial statements for the financial year ended 30 June 2017.

**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 adopted a number of new Financial Reporting Standards, amendments to standards and interpretations that are effective for annual periods beginning on and after 1 July 2017. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Company and the Group for the current financial period reported on.

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

|  | Group                    |                          |
|--|--------------------------|--------------------------|
|  | First Quarter Ended      |                          |
|  | 30-Sep-17<br>(Unaudited) | 30-Sep-16<br>(Unaudited) |
| (i) Basic and fully diluted earnings per share ("EPS")<br>(Singapore cents)                              | (0.06)                   | (0.08)                   |
| (iii) Weighted average number of ordinary shares issued used in the computation of basic and diluted EPS | 915,977,500              | 915,977,500              |

Basic and diluted earnings per share are the same as there were no potentially dilutive ordinary shares existing during 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.**

|  | Group                    |                        | Company                  |                        |
|--|--------------------------|------------------------|--------------------------|------------------------|
|  | 30-Sep-17<br>(Unaudited) | 30-Jun-17<br>(Audited) | 30-Sep-17<br>(Unaudited) | 30-Jun-17<br>(Audited) |
| Net asset value per ordinary share (Singapore cents)                       | 0.002                    | 0.06                   | 0.07                     | 0.06                   |
| Total number of issued ordinary shares used in calculating net asset value | 915,977,500              | 915,977,500            | 915,977,500              | 915,977,500            |

**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 affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### **Review of Consolidated Statement of Comprehensive Income**

#### **Revenue**

|                        | 1Q2018  | 1Q2017  | +/(−)   |
|------------------------|---------|---------|---------|
|                        | S\$'000 | S\$'000 |         |
| Waterproofing business | 2,386   | 2,998   | (20.4%) |

|              | 1Q2018       | 1Q2017       | +/(−)          |
|--------------|--------------|--------------|----------------|
|              | S\$'000      | S\$'000      |                |
| Singapore    | 2,033        | 2,399        | (15.3%)        |
| Malaysia     | 334          | 459          | (27.2%)        |
| China        | 19           | 140          | (86.4%)        |
| <b>Total</b> | <b>2,386</b> | <b>2,998</b> | <b>(20.4%)</b> |

nm – Not Meaningful

Revenue in 1Q2018 of S\$2.39 million was 20.4% or S\$0.61 million lower than in 1Q2017, primarily due to lower sales volume arising from weakening demand for commercial roofing and insulation applications and lower selling prices in our key markets.

#### **Gross Profit**

|                            | 1Q2018 | 1Q2017 | Change  |
|----------------------------|--------|--------|---------|
| Gross profit (S\$'million) | 0.46   | 0.78   | (41.6)% |
| Gross margin               | 19.1%  | 25.8%  |         |

Gross profit in 1Q2018 declined 41.6% from S\$0.78 million in 1Q2017 to S\$0.46 million 1Q2018, largely due to a lower gross margin of 19.1% in 1Q2018 when compared to 25.8% in 1Q2017. The decrease in gross margin in 1Q2018 was driven by higher raw material costs and lower margin yielding product mix.

#### **Distribution Expenses**

|                                     | 1Q2018 | 1Q2017 | Change  |
|-------------------------------------|--------|--------|---------|
| Distribution expenses (S\$'million) | 0.22   | 0.28   | (19.4)% |
| As a percentage of net sales        | 9.4%   | 9.2%   |         |

The decrease in distribution expenses in 1Q2018 primarily reflected lower freight costs, and lower sales and marketing expenses incurred for the waterproofing business.

#### **Administrative Expenses**

|  | 1Q2018 | 1Q2017 | Change  |
|--|--------|--------|---------|
| Administrative expenses<br>(S\$'million) | 0.77   | 0.86   | (10.6%) |
| As a percentage of net sales             | 32.3%  | 28.6%  |         |

Administrative expenses decreased 10.6% to S\$0.77 million in 1Q2018 from S\$0.86 million in 1Q2017. The decrease primarily reflected lower rental expenses for CGI (HK) Limited and lower computer expenses, offset by higher technical and sales support cost from waterproofing business.

### **Other Expenses**

Other expenses decreased from S\$0.39 million in 1Q2017 to S\$9,606 in 1Q2018, mainly due to the absence of fair value loss on held-for-trading investments of S\$0.36 million incurred in 1Q2017.

### **Finance Cost**

Finance cost increased from S\$4,070 in 1Q2017 to S\$0.05 million in 1Q2018 due to higher long-term borrowings utilized in 1Q2018.

### **Net Loss**

Based on the above, the Group recorded a net loss of S\$0.56 million in 1Q2018 as compared to a net loss of S\$0.70 million for 1Q2017.

### **Review of Consolidated Statement of Financial Position**

Trade and other receivables increased by S\$0.14 million from S\$5.19 million as at 30 June 2017 to S\$5.34 million as at 30 September 2017, due mainly to the increase in retention sums contribution for waterproofing projects that are nearing completion.

Inventories decreased by S\$0.16 million from S\$1.02 million as at 30 June 2017 to S\$0.87 million as at 30 September 2017 as a result of lower sales during the financial period.

Gross amount due from contract customers decreased S\$0.05 million from S\$0.35 million as at 30 June 2017 to S\$0.29 million as at 30 September 2017 due mainly to lower claims certification works from our waterproofing subsidiaries.

Long term borrowings increased by S\$0.50 million to S\$2.42 million as at 30 September 2017, mainly due to an increase in unsecured loan undertaken by a Hong Kong subsidiary – CGI (HK) Limited.

### **Review of Consolidated Statement of Cash Flows**

|  | 1Q2018  | 1Q2017  |
|--|---------|---------|
|  | S\$'000 | S\$'000 |

|   |       |       |
|---|-------|-------|
| Net cash used in operating activities                 | (467) | (484) |
| Net cash used in investing activities                 | (5)   | (18)  |
| Net cash from financing activities                    | 485   | 249   |
| Net increase/ (decrease) in cash and cash equivalents | 12    | (257) |
| Cash and cash equivalents at end of period            | 589   | 178   |

#### **Net cash used in operating activities**

Net cash used in operating activities in 1Q2018 was primarily attributable to the loss before tax.

#### **Net cash used in investing activities**

Net cash used in investing activities was mainly due to the purchase of property, plant and equipment for its waterproofing business.

#### **Net cash generated from financing activities**

The cash from financing activities in 1Q2018 primarily reflected an net increase in long-term borrowings drawn down for working capital purposes.

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

No forecast or prospect statement has been previously 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 waterproofing market continues to be challenging and competitive in various geographical markets we operate in. The Group remains committed to effectively manage our operating costs and business risks to stay competitive whilst seeking potential revenue/profit accretive acquisitions when opportunities arise.

**11. Dividend**

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

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

No dividend has been declared or recommended for 1Q2018.

**(b) (i) Amount per share (cents)  
(Optional) Rate (%)**

Not applicable.

**(b) (ii) Previous corresponding period (cents)  
(Optional) Rate (%)**

No dividend has been declared or recommended for 1Q2018.

- (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.

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

Not applicable.

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

Not applicable.

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

No dividend has been declared / recommended for the financial period ended 30 September 2017.

- 13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT"), 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 Company does not have a general mandate from shareholders for IPTs and no IPTs of S\$100,000 and above were carried out for the financial period ended 30 September 2017.

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

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

- 15. Negative confirmation of interim financial results pursuant to Rule 705(5) of the SGX-ST Listing Manual Section B: Rules of Catalist.**

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the three months ended 30 September 2017 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

So Yuen Chun  
Executive Director  
9 November 2017