

CPH LTD.

**Unaudited Half Year Financial Statement and Dividend Announcement for the Financial Period
Ended 30 September 2018**

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

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**PART 1 - 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

| | Group | | |
|--|-----------------------------------|-----------------------------------|-------------------------|
| | S\$'000 | | % |
| | Six months ended 30/09/2018 | Six months ended 30/09/2017 | Increase/ (Decrease) |
| Revenue | 2,328 | 2,978 | (21.8) |
| Cost of sales | (2,716) | (3,069) | (11.5) |
| Gross loss | (388) | (91) | 326.4 |
| Interest income | 16 | 14 | 14.3 |
| Other income | 240 | 329 | (27.1) |
| Selling and distribution costs | (28) | (32) | (12.5) |
| Administrative and other operating expenses | (857) | (726) | 18.0 |
| Finance costs | (38) | (13) | 192.3 |
| Share of results of associate, net of tax | (244) | (141) | 73.0 |
| Loss before income tax | (1,299) | (660) | 96.8 |
| Income tax expense | - | - | NM |
| Loss for the financial period, attributable to owners of the parent | (1,299) | (660) | 96.8 |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translating foreign operation | 73 | (19) | (484.2) |
| Total comprehensive income for the financial period, attributable to owners of the parent | (1,226) | (679) | 80.6 |

NM = Not Meaningful

1 (a)(ii) Notes to consolidated statement of comprehensive income

| | Group | | |
|---|--------------|------------|-------------------------|
| | S\$'000 | | % |
| | 30/09/2018 | 30/09/2017 | Increase/ (Decrease) |
| Loss after income tax is arrived at: | | | |
| After charging: | | | |
| Depreciation of property, plant and equipment | 164 | 163 | 0.6 |
| Foreign exchange loss | 170 | - | NM |
| Interest expense | 38 | 13 | 192.3 |
| and crediting: | | | |
| Interest income | 16 | 14 | 14.3 |
| Rental Income | 215 | 226 | (4.9) |
| Foreign exchange gain | - | 77 | (100.0) |
| Gain on disposal of property, plant and equipment | 2 | - | NM |

NM = 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 As at 30/09/2018 S\$'000 | Group As at 31/03/2018 S\$'000 | Company As at 30/09/2018 S\$'000 | Company As at 31/03/2018 S\$'000 |
|--|--|--|--|--|
| Non-current assets | | | | |
| Subsidiaries | - | - | 11,189 | 11,189 |
| Associate | 228 | 472 | - | - |
| Property, plant and equipment | 778 | 956 | - | - |
| Investment property | 8,180 | 8,180 | - | - |
| | <u>9,186</u> | <u>9,608</u> | <u>11,189</u> | <u>11,189</u> |
| Current assets | | | | |
| Inventories | 1,172 | 1,305 | - | - |
| Trade and other receivables | 996 | 894 | 2,918 | 3,142 |
| Prepayments | 44 | 46 | 16 | 8 |
| Cash and cash equivalents | 2,076 | 3,215 | 14 | 9 |
| | <u>4,288</u> | <u>5,460</u> | <u>2,948</u> | <u>3,159</u> |
| Less: | | | | |
| Current liabilities | | | | |
| Trade and other payables | 1,017 | 1,199 | 113 | 101 |
| Bank borrowings | 1,345 | 1,515 | - | - |
| Finance lease payables | 11 | 24 | - | - |
| | <u>2,373</u> | <u>2,738</u> | <u>113</u> | <u>101</u> |
| Net current assets | <u>1,915</u> | <u>2,722</u> | <u>2,835</u> | <u>3,058</u> |
| Less: | | | | |
| Non-current liabilities | | | | |
| Finance lease payables | 11 | 14 | - | - |
| | <u>11</u> | <u>14</u> | <u>-</u> | <u>-</u> |
| Net assets | <u>11,090</u> | <u>12,316</u> | <u>14,024</u> | <u>14,247</u> |
| Capital and reserves | | | | |
| Share capital | 24,764 | 24,764 | 24,764 | 24,764 |
| Foreign currency translation account | (293) | (366) | - | - |
| Share-based payment reserve | 10 | 10 | 10 | 10 |
| Accumulated losses | (13,391) | (12,092) | (10,750) | (10,527) |
| Total equity attributable to owners of the parent | <u>11,090</u> | <u>12,316</u> | <u>14,024</u> | <u>14,247</u> |

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

| As at 30/09/2018 S\$'000 | | As at 31/03/2018 S\$'000 | |
|-----------------------------|-----------|-----------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 11 | 1,345 | 24 | 1,515 |

Amount repayable after one year

| As at 30/09/2018 S\$'000 | | As at 31/03/2018 S\$'000 | |
|-----------------------------|-----------|-----------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 11 | - | 14 | - |

Details of any collateral

The finance leases of the Group are secured by PCB Tester and a copier.

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.

| | Group | |
|---|--|--|
| | Six months ended 30/09/2018 S\$'000 | Six months ended 30/09/2017 S\$'000 |
| Operating activities | | |
| Loss before income tax | (1,299) | (660) |
| Adjustments for : | | |
| Gain on disposal of property, plant and equipment | (2) | - |
| Depreciation of property, plant and equipment | 164 | 163 |
| Interest expense | 38 | 13 |
| Interest income | (16) | (14) |
| Unrealised foreign exchange loss/(gain) | 152 | (60) |
| Share of results of associate, net of tax | 244 | 141 |
| Operating cash flows before working capital changes | <u>(719)</u> | <u>(417)</u> |
| Working capital changes: | | |
| Inventories | 96 | (84) |
| Trade and other receivables | (355) | (138) |
| Prepayments | 2 | 4 |
| Trade and other payables | <u>58</u> | <u>(64)</u> |
| Net cash used in operating activities | <u>(918)</u> | <u>(699)</u> |
| Investing activities | | |
| Proceeds from sale of plant and equipment | 2 | - |
| Purchase of plant and equipment | (14) | (11) |
| Interest received | <u>16</u> | <u>14</u> |
| Net cash from investing activities | <u>4</u> | <u>3</u> |
| Financing activities | | |
| Repayment of bank borrowing | (783) | - |
| Proceeds from trust receipts | 1,727 | 1,734 |
| Repayment of trust receipts | (1,688) | (1,572) |
| Repayment of finance lease payables | (16) | (14) |
| Interest paid | <u>(38)</u> | <u>(13)</u> |
| Net cash (used in)/from financing activities | <u>(798)</u> | <u>135</u> |
| Net change in cash and cash equivalents | (1,712) | (561) |
| Cash and cash equivalents at beginning of financial period | 3,215 | 3,255 |
| Effect of exchange rate changes on cash and cash equivalents | <u>(1)</u> | <u>(1)</u> |
| Cash and cash equivalents at end of financial period (See Note A) | <u>1,502</u> | <u>2,693</u> |

Note A

Cash and cash equivalents comprise fixed deposits and cash and bank balances.

| | Six months ended 30/09/2018 S\$'000 | Six months ended 30/09/2017 S\$'000 |
|---|--|--|
| Fixed deposits with banks | 1,899 | 2,936 |
| Cash and bank balances | <u>177</u> | <u>(243)</u> |
| Cash and cash equivalents on statement of financial position | 2,076 | 2,693 |
| Less: Bank overdraft | <u>(574)</u> | <u>-</u> |
| Cash and cash equivalents on consolidated statement of cash flows | <u>1,502</u> | <u>2,693</u> |

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.

| The Group | Share capital S\$'000 | Foreign currency translation account S\$'000 | Share-based payment reserve S\$'000 | Accumulated losses S\$'000 | Total equity S\$'000 |
|---|--------------------------|--|--|----------------------------------|-------------------------|
| Balance at 1 April 2017 | 24,764 | (251) | 10 | (10,347) | 14,176 |
| Loss for the financial period | - | - | - | (660) | (660) |
| Other comprehensive income | - | (19) | - | - | (19) |
| Total comprehensive income for the financial period | - | (19) | - | (660) | (679) |
| Balance at 30 September 2017 | 24,764 | (270) | 10 | (11,007) | 13,497 |
| Balance at 1 April 2018 | 24,764 | (366) | 10 | (12,092) | 12,316 |
| Loss for the financial period | - | - | - | (1,299) | (1,299) |
| Other comprehensive income | - | 73 | - | - | 73 |
| Total comprehensive income for the financial period | - | 73 | - | (1,299) | (1,226) |
| Balance at 30 September 2018 | 24,764 | (293) | 10 | (13,391) | 11,090 |

| The Company | Share capital S\$'000 | Accumulated losses S\$'000 | Share-based payment reserve S\$'000 | Total S\$'000 |
|---|--------------------------|----------------------------------|--|------------------|
| Balance at 1 April 2017 | 24,764 | (8,852) | 10 | 15,922 |
| Total comprehensive income for the financial period | - | (226) | - | (226) |
| Balance at 30 September 2017 | 24,764 | (9,078) | 10 | 15,696 |
| Balance at 1 April 2018 | 24,764 | (10,527) | 10 | 14,247 |
| Total comprehensive income for the financial period | - | (223) | - | (223) |
| Balance at 30 September 2018 | 24,764 | (10,750) | 10 | 14,024 |

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

The share capital of the Company was S\$24,764,175 divided into 1,229,226,124 ordinary shares as at 31 March 2018 and 30 September 2018. There was no change in the Company’s share capital from 31 March 2018 up to 30 September 2018.

The Company did not have any outstanding convertible securities or treasury shares as at 30 September 2018 and 30 September 2017. There were also no subsidiary holdings as at 30 September 2018 and 30 September 2017.

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

The total number of issued shares of the Company as at 30 September 2018 and 31 March 2018 was 1,229,226,124 ordinary shares.

The Company did not have any treasury shares as at 30 September 2018 and 31 March 2018.

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

Not applicable, as the Company did not have 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, as there were no 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 auditing 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 a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited 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 reported

on as compared with those in the Company's most recently audited financial statements for the financial year ended 31 March 2018 ("FY2018").

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are relevant to its operations and are effective in the current financial periods beginning on or after 1 April 2018. The adoption of SFRS(I)s, where relevant, has no material financial impact on the Group's accounting policies or the financial statements for the current financial period reported on.

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.

| Loss per ordinary share of the Group based on loss attributable to owners of the Company | Group | |
|--|------------|------------|
| | 30/09/2018 | 30/09/2017 |
| (Loss) attributable to owners of the parent (SGD' 000) | (1,299) | (660) |
| (a) Based on the weighted average number of ordinary shares in issue (SGD cents) | (0.11) | (0.05) |
| (b) On a fully diluted basis (SGD cents) | (0.11) | (0.05) |

Loss per ordinary share for the half year ended 30 September 2018 and half year ended 30 September 2017 in item 6(a) were computed based on the loss attributable to the equity holders of the Company divided by the weighted average number of ordinary shares in issue of 1,229,226,124 ordinary shares for the said financial periods.

Loss per ordinary share on a fully diluted basis are the same as the basic loss per ordinary share for 1H2019 and 1H2018 because the Company did not have any potential dilutive ordinary shares 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.

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | As at 30/09/2018 | As at 31/03/2018 | As at 30/09/2018 | As at 31/03/2018 |
| Net asset value per ordinary share based on issued share capital (SGD cents) | 0.90 cents | 1.00 cents | 1.14 cents | 1.16 cents |

Net asset value per share of the Group and Company were calculated based on the net assets of the Group and Company respectively, divided by the issued ordinary share capital of 1,229,226,124 shares as at 30 September 2018 and 31 March 2018.

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 factor 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 the Financial Performance of the Group (For the half year ended 30 September 2018 (“1H2019”) vs. half year ended 30 September 2017 (“1H2018”))

Revenue

Group revenue reduced by S\$0.65 million or 21.8% from S\$2.98 million in 1H2018 to S\$2.33 million in 1H2019 as the demand for our products from our customers decrease as the overall market environment continues to be very challenging as a result of the on-going global trade conflicts.

Gross Loss

The gross loss increased from S\$0.09 million in 1H2018 to S\$0.39 million in 1H2019 due to higher cost of imported raw materials as well as low operating efficiency as the production capacity was not fully utilised.

Other Income

Other income decreased from S\$0.33 million in 1H2018 to S\$0.24 million in 1H2019. In 1H2018, there was an amount of exchange gain of S\$0.08 million recorded while in 1H2019, it became an exchange loss of S\$0.17 million. A reduction of S\$0.01 million in rental income in 1H2019 also caused the other income in 1H2019 to be lower by S\$0.09 million.

Expenses

Selling and distribution expenses remained at S\$0.03 million for both 1H2019 and 1H2018.

The Group's administrative and other operating expenses increased from S\$0.73 million in 1H2018 to S\$0.86 million in 1H2019. The increase was mainly due to an exchange loss of S\$0.17 million recorded in 1H2019 which was offset by the decrease of S\$0.04 million for both staff cost and general administrative expenses in 1H2019.

The Group's depreciation expense remained at S\$0.16 million for both 1H2019 and 1H2018.

The Group's finance costs increased from S\$0.01 million to S\$0.04 million as the Group increased the usage of the banking facilities for its working capital.

Loss before Income Tax

The Group recorded a loss of S\$0.24 million from share of associate as the food and beverage industry that the Group invested in continued to face very keen competition.

As a result of the above, the Group recorded a loss before income tax of S\$1.30 million in 1H2019 as compared to S\$0.66 million in 1H2018.

Statement of Financial Position

The Group's property, plant and equipment decreased from S\$0.96 million as at the end of FY2018 to S\$0.78 million as at the end of 1H2019 mainly due to depreciation charges of S\$0.16 million and a disposal of a motor vehicle of S\$0.02 million.

Inventories reduced from S\$1.31 million as at the end of FY2018 to S\$1.17 million as at the end of 1H2019 as customers' order was lower. Trade and other receivables increased from S\$0.89 million as at the end of FY2018 to S\$1.00 million as at the end of 1H2019. The increase in the trade and other receivables was mainly due to the increase of the accounts receivables turnover days in 1H2019.

Trade and other payables reduced from S\$1.20 million as at the end of FY2018 to S\$1.02 million as the purchases towards the end of 1H2019 were lower. Bank borrowing was also reduced from S\$1.52 million as at the end of FY2018 to S\$1.35 million as at the end of 1H2019 as the result of the lower utilisation of the banking facilities.

The Group's working capital as at the end of 1H2019 was S\$1.92 million.

Cash Flow and Working Capital

The Group has an operating cash outflow of S\$0.72 million before working capital changes for 1H2019. During 1H2019, inventories decreased by S\$0.10 million, whereas trade and other receivables and trade and other payables increased by S\$0.36 million and S\$0.06 million respectively. As the result, an amount of S\$0.92 million was used for operating activities.

During 1H2019, S\$0.01 million was used for the purchase of property, plant and equipment.

For the financing activities, a net amount of S\$0.74 million was used to repay trust receipts and bank borrowings and another S\$0.05 million was used for the payment of finance lease and interest in 1H2019.

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 prospect statement in respect of 1H2019 was 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 Group would continue its efforts to contain the operating loss going forward. The Group is also intensifying its efforts and considering all options available to diversify its earning base. In connection with this, the Group has held discussions with certain parties regarding possible relationships and transactions. However, no agreement has been reached and there can be no assurance that an agreement will be concluded.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the 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.

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

No dividend has been declared / recommended for the six months period ended 30 September 2018.

13. Requirement under Rule 705(5) of the SGX-ST Listing Manual Section B – Rules of Catalist

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year results for the six months financial period ended 30 September 2018 to be false or misleading in any material aspect.

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

The Group does not have a general mandate for recurrent interested person transactions. There were no interested person transactions with value of S\$100,000 or more during 1H2019.

15. Update on use of Proceeds

Update on use of Placement Proceeds

On 27 February 2008, the Company issued 64,000,000 shares by way of a private placement (the “2008 Placement”) and the net proceeds amounted to approximately S\$2.27 million. The net proceeds from the 2008 Placement was intended to be utilised for investment and business expansion, including potential acquisitions. As there are fewer opportunities in investment and business expansion, the Company has re-deployed these proceeds for the purchase of raw materials in the PCB business.

The following table shows an update on the use of proceeds from the 2008 Placement as at the date of this report:-

| Intended Use | S\$ million | | | |
|---|-------------------------------------|--------------------------|----------------------------|-------------------------|
| | Approximate Amount Allocated | Amount redeployed | Amount Used To Date | Amount Remaining |
| 1. Support business expansion through acquisitions, joint ventures and collaborations in business other than the PCB business | 2.27 | - | - | - |
| 2. General working capital - purchase of raw materials in the PCB business | - | 2.27 | 1.05 | 1.22 |
| Total | 2.27 | 2.27 | 1.05 | 1.22 |

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

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

BY ORDER OF THE BOARD

Choo Tung Kheng
Managing Director
02 November 2018