

**REQUIREMENT TO PERFORM QUARTERLY REPORTING**

**The Company is required to continue with quarterly reporting in view of the modified opinion issued by its statutory auditor in its latest annual report.**

**UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2020**

**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 comparative 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 statement of comprehensive income for the Group**

**The Group**

	Third Quarter			9 Months		
	FY2020 RMB'000	FY2019 RMB'000	Change %	FY2020 RMB'000	FY2019 RMB'000	Change %
Revenue	188,113	155,939	21%	188,113	189,761	-1%
Cost of sales	(135,123)	(105,080)	29%	(135,123)	(126,193)	7%
Gross profit	52,990	50,859	4%	52,990	63,568	-17%
Other income	1,010	107	844%	1,036	18,919	-95%
<b>Expenses</b>						
Distribution costs	-	(22)	-100%	-	(121)	-100%
Administrative expenses	(1,942)	(1,684)	15%	(7,550)	(6,469)	17%
Other operating expenses	-	-		-	(19,059)	-100%
Finance costs	-	-		-	(8)	-100%
Profit/(Loss) before taxation	52,058	49,260	6%	46,476	56,830	-18%
Income tax expenses	(13,245)	(12,715)	4%	(13,245)	(15,892)	-17%
<b>(Loss)/ Profit for the period, representing total comprehensive (loss)/ Profit for the period</b>	<b>38,813</b>	<b>36,545</b>	<b>6%</b>	<b>33,231</b>	<b>40,938</b>	<b>-19%</b>
<b>Total comprehensive (loss)/ Profit attributable to:</b>						
Equity holders of the parent Company	35,200	33,074	6%	29,619	36,600	-19%
Non-controlling interest	3,613	3,471	4%	3,612	4,338	-17%
	<b>38,813</b>	<b>36,545</b>	<b>6%</b>	<b>33,231</b>	<b>40,938</b>	<b>-19%</b>

**1(a)(ii) Other information**

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

	Third Quarter		9 Months	
	FY2020 RMB'000	FY2019 RMB'000	FY2020 RMB'000	FY2019 RMB'000
Depreciation of property, plant and equipment	12	6	33	58
Loss on disposal of previously owned subsidiaries	-	-	-	19,059

**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.**

**Statements of financial position**

	The Group		The Company	
	31 March 2020 RMB'000	30 June 2019 RMB'000	31 March 2020 RMB'000	30 June 2019 RMB'000
<b>Assets and Liabilities</b>				
<b>Non-current assets</b>				
Property, plant and equipment	231	252	-	-
Trade and other receivables	274,109	152,482	-	-
Investment in subsidiaries	-	-	510	510
	<u>274,340</u>	<u>152,734</u>	<u>510</u>	<u>510</u>
<b>Current assets</b>				
Contract assets	5,531	88,329	-	-
Trade and other receivables	56,283	25,755	-	-
Prepayment	198	87	192	24
Amount due from a subsidiary	-	-	139,375	144,540
Cash and bank balances	101,132	104,606	11	30
	<u>163,144</u>	<u>218,777</u>	<u>139,578</u>	<u>144,594</u>
<b>Current liabilities</b>				
Trade and other payables	195,047	175,726	4,910	4,046
Provision for taxation	13,245	-	-	-
Deferred tax liability	11,658	11,658	-	-
	<u>219,950</u>	<u>187,384</u>	<u>4,910</u>	<u>4,046</u>
Net current (liabilities)/assets	(56,806)	31,393	134,668	140,548
<b>Net assets</b>	<b><u>217,534</u></b>	<b><u>184,127</u></b>	<b><u>135,178</u></b>	<b><u>141,058</u></b>
<b>Equity</b>				
Share capital	192,187	192,187	192,187	192,187
Treasury shares	(24)	(24)	(24)	(24)
Reserves	(9,821)	(9,997)	91,905	94,696
Accumulated losses	15,151	(14,468)	(148,890)	(145,801)
<b>Attributable to Controlling interest</b>	<b>197,493</b>	<b>167,698</b>	<b>135,178</b>	<b>(141,058)</b>
Non Controlling interest	20,041	16,429	-	-
<b>Total Equity</b>	<b><u>217,534</u></b>	<b><u>184,127</u></b>	<b><u>135,178</u></b>	<b><u>(141,058)</u></b>

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

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

As at 31 March 2020		As at 30 June 2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000

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**Amount repayable after one year**

As at 31 March 2020		As at 30 June 2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000

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**Details of any collateral**

Not applicable

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

**Consolidated statement of cash flows for the Group**

	9 Months	
	FY2020 RMB'000	FY2019 RMB'000
<b>Cash flow from operating activities</b>		
Profit before income tax	46,476	40,938
Adjustments for:		
Depreciation of property, plant and equipment	33	58
Income tax	-	15,892
Loss on disposal of subsidiaries	-	19,059
Gain on bargain purchase	-	(18,694)
Interest income	(1,016)	(225)
<b>Operating cash flows before changes in working capital</b>	45,493	57,028
<b>Changes in working capital:</b>		
Contract receivables	82,798	586
Trade and other receivables	(152,266)	(282,571)
Trade and other payables	5,859	162,060
<b>Cash used in operating activities</b>	(18,116)	(62,897)
Interest received	1,016	225
Income tax paid	-	-
Net cash used in operating activities before extraordinary income	(17,100)	(62,672)
Extraordinary income	-	18,694
<b>Net cash used in operating activities</b>	(17,100)	(43,978)
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(12)	(12)
Disposal of a subsidiaries, net of cash disposed	-	(332)
<b>Net cash used in investing activities</b>	(12)	(344)
<b>Cash flows from financing activities</b>		
Amount due to directors	706	-
Amount due to shareholder	12,756	-
Repayment of bank loans	-	-
Proceeds from issue of share capital	-	150,000
<b>Net cash generating from financing activities</b>	13,462	150,000
<b>Net cash increase/(decrease) in cash and cash equivalents</b>	(3,650)	105,678
Cash and cash equivalents at beginning of financial period	104,606	112
Effect of currency translation	176	-
Cash and cash equivalents at end of financial period	<b>101,132</b>	<b>105,790</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.

**Statement of changes in equity for the Group**

Group	-----Attributable to equity holders of the Company-----										
	Share Capital	Treasury shares	Share Premium	Capital reserve	Statutory reserve	Merger reserve	Currency Translation Reserve	Retained Profit/(accumulated losses)	Controlling Interest	Non Controlling Interest	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 01.07.2018	135,773	(35)	79,908	4,403	15,000	(102,287)	-	(123,661)	9,101	-	9,101
Share Capital Reduction <sup>(1)</sup>	(81,464)	11						81,453	-	-	-
Share placement <sup>(2)</sup>	137,878		13,179						151,057		151,057
Total Comprehensive loss for the year								36,600	36,600	4,338	40,938
<b>Balance as at 31.03.2019 (unaudited)</b>	<b>192,187</b>	<b>(24)</b>	<b>93,087</b>	<b>4,403</b>	<b>15,000</b>	<b>(102,287)</b>	<b>-</b>	<b>(5,608)</b>	<b>196,758</b>	<b>4,338</b>	<b>201,096</b>
Balance as at 1 July 2019	192,187	(24)	93,087	-	-	(102,287)	(797)	(14,468)	167,698	16,429	184,127
Total Comprehensive loss for the period								29,619	29,619	3,612	33,231
Exchange differences arising on translation of foreign operation							176		176		176
<b>Balance as at 31.03.2020 (unaudited)</b>	<b>192,187</b>	<b>(24)</b>	<b>93,087</b>	<b>-</b>	<b>-</b>	<b>(102,287)</b>	<b>(621)</b>	<b>15,151</b>	<b>197,493</b>	<b>20,041</b>	<b>217,534</b>

### Statement of changes in equity for the Company

Company	Share Capital RMB'000	Treasury shares RMB'000	Share Premium RMB'000	Retained Profit /(accumulated losses) RMB'000	Currency Translation Reserve RMB'000	Total Equity RMB'000
Balance as at 01.07.2018	135,773	(35)	79,908	(222,010)	-	(6,364)
Share Capital Reduction <sup>(1)</sup>	(81,464)	11	-	81,453	-	-
Share placement <sup>(2)</sup>	137,878	-	13,179			151,057
Total Comprehensive loss for the year				(5,657)		(5,657)
<b>Balance as at 31.03.2019 (unaudited)</b>	<b>192,187</b>	<b>(24)</b>	<b>93,087</b>	<b>(146,214)</b>	<b>-</b>	<b>139,036</b>
Balance as at 1 July 2019	192,187	(24)	93,087	(145,801)	1,609	141,058
Total Comprehensive loss for the year	-	-	-	(3,089)	-	(3,089)
Exchange differences arising on translation of foreign operation	-	-	-	-	(2,791)	(2,791)
<b>Balance as at 31.03.2020 (unaudited)</b>	<b>192,187</b>	<b>(24)</b>	<b>93,087</b>	<b>(148,890)</b>	<b>(1,182)</b>	<b>135,178</b>

**Note:**

- (1) On 28 September 2018, in accordance with the Bermuda laws the par value of the shares was reduced (the "Share Capital Reduction") from US\$1.00 to US\$0.40. The amount of credit arising from the Share Capital Reduction was transferred to the contributed surplus account of the Company and utilised to set off against the accumulated losses in full.
- (2) On 28 September 2018, Company completed its share placement (the "Share Placement") of 50,000,001 new ordinary shares in the capital of the Company at the issue price of S\$0.60 per placement share.

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of Shares	Share capital RMB'000
Balance as at 1 July 2019 and 31 March 2020	67,959,583	192,187

There were no convertible shares issued by the Company as at 31 December 2019.

As at 31 March 2020, the Company held 8,000 of its issued shares as Treasury shares. (30 June 2019: 8,000).

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

	As at 31 March 2020	As at 30 June 2019
Number of ordinary shares in issue	67,959,583	67,959,583
Less: Ordinary shares kept as treasury shares	(8,000)	(8,000)
Number of ordinary shares excluding treasury shares	<u>67,951,583</u>	<u>67,951,583</u>

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

There is no sales, transfers, disposal, cancellation and / or use of treasury shares by the Company as at 31 March 2020.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

- 3(a) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

The latest audited financial statements for the financial year ended 30 June 2019 contained a Qualified Opinion issued by the independent auditor of the Company (the "Auditor"). The following subjects were included in the said audit opinion:

- (i) Opening Balance
- (ii) Non-consolidation of certain subsidiaries due to loss of control over these subsidiaries
- (iii) Management determination of functional currency

**3(a)(i) Updates on the efforts taken to resolve each outstanding audit issues.**

(i) Opening balance

The independent auditor's report for financial statement ended 31 December 2017 contained a disclaimer opinion, as such the audit opinion for financial statement ended 30 June 2019 is modified because of the possible effects of these matters on the comparability of the current period's figures and the corresponding figures.

The management will be working together with auditor to resolve the issue. The auditors will re-assess the impact of the prior year opening balances in their course of audit for FY2020.

(ii) Non-consolidation of certain subsidiaries due to loss of control over these subsidiaries

Due to the lost of control of the previously owned Fabric subsidiaries, the auditors are unable to perform any audit procedures to obtain sufficient appropriate audit evidence in accordance with SFRS.

These previously owned Fabric subsidiaries have already been deconsolidated from the Group in financial year ended 30 June 2019.

(iii) Management determination of functional currency

The determination of functional currency to be SGD

The management will be working together with auditor to resolve the issue. The Company has completed a placement in SGD in September 2018 and the expenses incurred by the Company and its Singapore subsidiary were recorded in SGD for internal performance assessment purposes. All the sales and cost of sales relating to our core business activities in China are recorded in RMB as per source documents.

**3(a)(ii) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 30 June 2019.

**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 and Company has adopted the new SFRS (I) that are effective for annual periods beginning on or after 1 July 2019. The adoption of this new SFRS (I) did not result in any significant impact on the financial statements of the Group and Company.



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

**Basic and Diluted Profit/(Loss) Per Share**

	3Q FY2020	3Q 2019	9 Months	
			FY 2020	FY 2019
Profit attributable to equity holders of the Company (RMB'000)	35,200	33,074	29,619	36,600
Weighted average number of ordinary shares excluding treasury shares ('000)	67,952	51,711	67,952	51,711
(Loss) / Profit per share (RMB) – basic and diluted	0.52	0.64	0.44	0.71

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	The Group		The Company	
	As at 31 March 2020	As at 30 June 2018	As at 31 March 2020	As at 30 June 2018
Net asset value per ordinary share (RMB)	3.20	2.71	1.99	2.08
Number of issued ordinary shares excluding treasury share as at end of the period	67,951,583	67,951,583	67,951,583	67,951,583

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**Review of Financial Performance**

**Revenue, Gross Profit and Gross Margin**

In January 2020, the Company has recognised a revenue of RMB200.5 million upon client's acceptance of the 5 completed road parcels. As the payment will be collected over 10 years, a discount rate has been used for the effect of time value of money and had reduced the revenue

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by RMB12.4 million against the non-current trade receivables. As such the net revenue recognised during the review period is approximately RMB188.1 million.

### **Other Income**

Interest income were generated from fixed deposit placed with reputable bank.

### **Administrative expenses**

Administrative expenses increased by approximately 17% from RMB6.5 million in 9MFY2019 to RMB7.5 million in 9MFY2020, mainly attributed by the followings:

- Legal & Professional fees – RMB2.8 million
- Director fees – RMB0.8 million
- Entertainment and travelling – RMB0.4 million
- Payroll & Employees' benefits – RMB3.0 million
- All other operating expenses – RMB0.5 million

### **Other operating expenses**

The other operating expenses of RMB19 million in HY2019 was mainly attributable the recognition of net assets lost as a result of loss of control of its previously owned Fabric subsidiaries.

### **Finance cost**

There is no finance cost incurred in HY2020 as there is no loan taken during the financial period.

### **Income tax expense**

The effective tax rate for our operation in China is 25% of the profit.

### **Profit**

As a result of the above, the Group registered a net profit attributable to owners of the Company of RMB38.8 million as compared to the net profit of RMB36.6 million in 9MFY2019.

## **Review of Financial Position**

### **Non-current assets**

Trade and other receivables increased by RMB121.6 million from RMB152.5 million as at 30 June 2019 to RMB274.1 million as at 31 March 2020. This was mainly due to the 5 completed road parcels recognised as revenue in January 2020.

### **Current assets**

Trade and other receivables increased by RMB30.5 million from RMB25.8 million as at 30 June 2019 to RMB56.3 million as at 31 March 2020 was mainly due to recognition of the progressive

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payment for the 10 road parcels completed to date, payable by the client within 12 months as per the contract.

Contract assets decreased by RMB82.8 million from RMB88.3 million as at 30 June 2019 to RMB5.5 million as at 31 March 2020 was mainly due to transfer to Trade Receivables for those road parcels accepted by the client in January 2020. Covid-19 has affected our construction progress as the local government has requested the company to halt its work until further notice. No work was performed under the review period January to March 2020 resulted in no construction work in progress recognised as Contract assets.

Due to the above reclassification, which transferred Contract assets that is under “Current Assets” to Trade Receivables that is under “Non-Current Assets” presented in the Statement of the financial position, it has resulted in a negative current assets for the period ended 31 March 2020.

### **Current liabilities**

Trade and other payables increased by RMB19.3 million from RMB175.7 million as at 30 June 2019 to RMB195.0 million as at 31 March 2020. These increased were mainly due to increase in trade payable of RMB5.1 million, amount due to director of RMB0.7 million, amount due to a shareholder by a subsidiary 宜宾建功路桥有限公司 (“宜宾路桥”) of RMB11.8 million and other accruals of RMB1.7 million. As at 31 March 2020, the amount due to 宜宾路桥 is approximately RMB163.9 million. 宜宾路桥 is the only subcontractor for the project and also the minority shareholder of BoDao. The payment arrangement with 宜宾路桥 is upon receipt of payment from customer.

### **Review of Cashflow Position**

Overall, cash and cash equivalents decreased by RMB3.5 million from RMB104.6 million as at 30 June 2019 to RMB101.1 million as at 31 March 2020 was due to net cash flow used in operating activities of RMB17.1 million and partly off-set by net cash generating from financing activities of RMB13.5 million.

Net cash flows used in operating activities of RMB17.1 million in 9MFY2020 was mainly due to changes in working capital for receivables and payables.

Net cash generating from financing activities of RMB13.5 million was mainly due to amount due to directors and shareholders.

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

No forecast or prospect statement has previously been disclosed.

**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.**

In view of the pandemic situation from the outbreak of Covid-19, the Group has been taking all pre-cautionary measures to prevent the spread of virus and is still committed to improving the business performances overall despite the more challenging environment. From how the situation progresses globally in the last two months, the Company expects a temporary slowdown in productivity and is not expecting any material adverse impact.

The construction schedule for the remaining 16 road parcels has been affected by the Covid-19 situation, resulting in a delay in deliverance of road parcels and the acceptance process by the Client. However, the Company and its Client do not foresee any major issue, with the gradual resumption of work.

The Company has tendered for a township development project in Dhaka City, Bangladesh led by the Army Welfare Trust of People's Republic of Bangladesh ("**Bangladesh AWT**"). The Company and Bangladesh AWT have subsequently entered into a Memorandum of Understanding ("**MOU**") on 07 May 2020 after the Company's proposal got selected and approved. Currently, both parties are working out the details to form the basis of the final agreements. The Company will announce any significant matter arising in the process.

**11. Dividend**

**(a) Current Financial Period Reported On**

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended for the financial period ended 31 March 2020 because the Company believes that it is more beneficial to re-invest the profits for the rapid growth of business.

**13 Interested Person Transactions**

The Group does not have any general mandate from shareholders for Interested Person Transactions. No interested person transactions exceeding S\$100,000 has been entered into by the Group for the period ended 31 March 2020.

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

The Board confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited consolidated financial results of the Group for the third quarter ended 31 March 2020, to be false or misleading in any material aspect.

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

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

## 16. Use of IPO proceeds

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

Use of IPO Proceeds	Amount allocated S\$'000	Amount Utilised S\$'000	Balance S\$'000
to construct new facilities and acquire new machinery	14,000	13,231	769
to expand Research & Development facilities	1,000	1,000	-
Working capital purposes	2,182	2,182	-
	<b>17,182</b>	<b>16,413</b>	<b>769</b>
<b>Used of Placement Proceeds</b>			
Project Investment	22,900	6,980	15,920
Working capital purposes <sup>(1)</sup>	7,000	3,046	3,954
	<b>29,900</b>	<b>10,026</b>	<b>19,874</b>
	<b>47,082</b>	<b>26,439</b>	<b>20,643</b>

(1) Use of Placement Proceeds of S\$3.0 million for "working capital purpose", the breakdown as follow:

- i. Payroll and Staff related (incl. Director Fees) – S\$1.0 million
- ii Operating Expenses (incl. Rental, Stationery, Entertainments, Travelling) – S\$0.5million
- iii. Professional Fees (incl. Legal, Audit, Corporate Secretary Services etc) S\$1.5 million

BY ORDER OF THE BOARD  
Eric Choo Han Kiat  
Executive Director and CEO  
14 May 2020