UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Company's Sponsor has not independently 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 correctness of any of the 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 2018 ("HY2018") vs Six Months ended 30 June 2017 ("HY2017")

	HY2018 (Unaudited) S$'000	HY2017 (Unaudited) S$'000	Increase/ (Decrease) %
Revenue	55,553	30,829	80.2%
Cost of Sales	(47,289)	(25,193)	87.7%
Gross profit	8,264	5,636	46.6%
Other income	1,199	1,020	17.5%
Administrative expenses	(8,060)	(5,239)	53.8%
Finance costs	(877)	(586)	49.7%
Profit before tax	526	831	-36.7%
Income tax expense	(42)	(70)	-40.0%
Profit net of tax	484	761	-36.4%
Other comprehensive income, net of tax-			
Foreign currency translation	(44)	(2)	2100.0%
Total comprehensive income	440	759	-42.0%
Profit net of tax attributable to:			
Owners of the Company	271	761	-64.4%
Non-controlling interests	213	-	100.0%
	484	761	-36.4%
Total comprehensive income attributable to:			
Owners of the Company	241	759	-68.2%
Non-controlling interests	199	-	100.0%
	440	759	-42.0%

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

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

	HY2018 (Unaudited) S$'000	HY2017 (Unaudited) S$'000	Increase/ (Decrease) %
Allowance/(Write-back) for doubtful trade receivables, net	293	(357)	-182.1%
Write-back of impairment loss of contract assets	-	(200)	-100%
Depreciation of property, plant and equipment	1,206	929	29.8%
Bad debt written off	111	108	2.8%
Loss on disposal of property, plant and equipment, net	35	71	-50.7%

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 June 2018 Unaudited S$'000	31 Dec 2017 Audited S$'000	30 June 2018 Unaudited S$'000	31 Dec 2017 Audited S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	38,177	37,631	29,184	21,233
Investment property	-	-	-	8,354
Goodwill *	12,079	980	-	-
Investment in subsidiaries	-	-	29,734	17,734
Other receivables	261	314	-	-
Deferred tax assets	39	39	-	-
	50,556	38,964	58,918	47,321
Current assets				
Contract assets	36,212	30,256	-	-
Asset held for sale #	10,025	-	-	-
Inventories	5,478	2,705	-	-
Prepaid operating expenses	2,304	651	73	38
Trade and other receivables	29,131	13,258	-	67
Income tax recoverable	10	6	-	-
Cash and cash equivalents	5,311	4,137	359	847
	88,471	51,013	432	952
Total assets	139,027	89,977	59,350	48,273
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	-	354	-	-
Trade and other payables	36,419	16,003	10,640	9,527
Other liabilities	7,629	4,962	320	445
Loans and borrowings ##	34,996	31,052	1,388	10,253
Income tax payable	497	503	-	-
	79,541	52,874	12,348	20,225
Net current assets/(liabilities)	8,930	(1,861)	(11,916)	(19,273)
Non-current liabilities				
Loans and borrowings	18,400	10,569	18,314	10,038
Deferred tax liabilities	156	139	-	-
	18,556	10,708	18,314	10,038
Total liabilities	98,097	63,582	30,662	30,263
Net assets	40,930	26,395	28,688	18,010
Equity attributable to owners of the Company				
Share capital	30,766	18,766	30,766	18,766
Treasury shares	(256)	(256)	(256)	(256)
Foreign currency translation reserve	(132)	(102)	-	-
Premium paid on acquisition of non-controlling interests	(355)	(355)	-	-
Merger reserves	(7,442)	(7,442)	-	-
Employees share awards reserve	-	135	-	135
Retained earnings	16,056	15,649	(1,822)	(635)
Equity attributable to owners of the Company	38,637	26,395	28,688	18,010
Non-controlling interests	2,293	-	-	-
Total equity	40,930	26,395	28,688	18,010
Total equity and liabilities	139,027	89,977	59,350	48,273

* Goodwill

The increase in goodwill of S$11,099k relates to provisional goodwill arising from the acquisition of YC Capital Consolidated Sdn Bhd and its subsidiaries ("**YC Group**"), a 51% owned subsidiary of the Company, of which the carrying amount of the goodwill may change upon finalisation of the purchase price allocation. The acquisition was completed on 28 March 2018.

Asset held for sale

An asset held for sale of S$10,025k relates to the investment property of 12 adjoining pieces of leasehold land and a five (5) storey terrace light industrial building erected thereon, bearing the postal address at 1,2,3,4,5,6,7,8,9,10,11 and 12, Jalan Perdana 10/6 and 10/8 Pandan Perdana, 55300 Kuala Lumpur owned by YC Group (collectively, the "**Investment Property**"). In accordance with the post-completion covenants of the Sales and Purchase Agreements ("**SPA**"), the property is to be disposed of within 12 months from the completion date of the acquisition of YC Group.

Loans and borrowings

This includes mortgage loan of S$7,535k which was secured for the Investment Property of YC Group (the "**Investment Property Indebtedness**").

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 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
34,996	-	31,052	-

Amount repayable after one year

As at 30 June 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
18,400	-	10,569	-

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. The S$0.8 million term loan facility provided by Ethoz Capital Ltd to Kin Xin Engineering Pte Ltd and Libra Engineering Pte Ltd subsidiaries of the Company are jointly secured by a personal guarantee provided by the Company's Executive Chairman and Chief Executive Officer, Mr Chu Sau Ben, and a corporate guarantee from the Company.

The property and construction loans are secured by:
1) a corporate guarantees issued by certain entities in the Group;
2) a first legal mortgage over the leasehold land and building at 53 Loyang Drive, Singapore 508957 (the "Property"); and
3) a legal assignment of rental proceeds or charge over rental account to be executed all current and future rental income of the property in favour of the financial institution.

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	
	HY2018 (Unaudited) S$'000	HY2017 (Unaudited) S$'000
Cash flows from operating activities		
Profit before tax	526	831
Adjustments for:		
Depreciation of property, plant and equipment	1,206	929
Allowance/(Write-back) of doubtful trade receivables, net	293	(357)
Bad debt written off	111	108
Loss on disposal of property, plant and equipment, net	35	71
Write-back of impairment loss of contract assets	-	(200)
Finance costs	877	586
Translation difference	(30)	(2)
Operating cash flows before working capital changes	3,018	1,966
Changes in working capital:		
Contract assets	(5,956)	573
Contract liabilities	(354)	1,126
Inventories	(1,528)	1,444
Prepaid operating expenses	500	(653)
Trade and other receivables	(769)	4,430
Trade and other payables	3,019	(1,683)
Other liabilities	2,261	(2,016)
Cash flows from operations	191	5,187
Interest paid	(877)	(586)
Income tax (paid)/refund, net	(53)	556
Payment to employees in cash under performance plans	-	373
Net cash flow (used in)/from operating activities	(739)	5,530
Cash flows from investing activities		
Purchase of property, plant and equipment	(628)	(214)
Proceeds from disposal of property, plant and equipment	-	949
Net cash flow (used in)/from investing activities	(628)	735
Cash flows from financing activities		
Proceeds from loans and borrowings	7,295	2,712
Repayment of loans and borrowings	(4,754)	(6,756)
Net cash flows from/(used in) financing activities	2,541	(4,044)
Net increase in cash and cash equivalents	1,174	2,221
Cash and cash equivalents at 1 January	4,137	3,396
Cash and cash equivalents at 30 June	5,311	5,617

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	Premium on acquisition of non-controlling interests	Merger reserve	Retained earnings	Employee share awards reserve	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group (Unaudited)										
Balance as at 1 January 2018	18,766	(256)	(102)	(355)	(7,442)	15,650	135	26,396	-	26,396
Profit for the financial year	-	-	-	-	-	271	-	271	213	484
Other comprehensive income										
Foreign currency translation	-	-	(30)	-	-	-	-	(30)	(14)	(44)
Total comprehensive income for the financial year	-	-	(30)	-	-	271	-	241	199	440
Issuance of new ordinary shares pursuant to acquisition of subsidiaries	12,000	-	-	-	-	-	-	12,000	2,094	14,094
Expiry of equity-settled share option granted to employees	-	-	-	-	-	135	(135)	-	-	-
Balance as at 30 June 2018	30,766	(256)	(132)	(355)	(7,442)	16,056	-	38,637	2,293	40,930
Group (Unaudited)										
Balance as at 1 January 2017	18,393	(256)	(86)	(355)	(7,442)	14,076	-	24,330	-	24,330
Profit for the financial year	-	-	-	-	-	761	-	761	-	761
Other comprehensive income										
Foreign currency translation	-	-	(2)	-	-	-	-	(2)	-	(2)
Total comprehensive income for the financial year	-	-	(2)	-	-	761	-	759	-	759
Issuance of Performance Share Plan	373	-	-	-	-	-	-	373	-	373
Balance as at 30 June 2017	18,766	(256)	(88)	(355)	(7,442)	14,837	-	25,462	-	25,462

	Attributable to Owners of the Company				
	Share capital	Treasury shares	Retained earnings	Employee share awards reserve	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000
Company (Unaudited)					
Balance as at 1 January 2018	18,766	(256)	(635)	135	18,010
Loss for the financial year	-	-	(1,322)	-	(1,322)
Issuance of new ordinary shares pursuant to acquisition of subsidiaries	12,000	-	-	-	12,000
Expiry of equity-settled share option granted to employees	-	-	135	(135)	-
Balance as at 30 June 2018	30,766	(256)	(1,822)	-	28,688
Company (Unaudited)					
Balance as at 1 January 2017	18,393	(256)	1,431	-	19,568
Loss for the financial year	-	-	(913)	-	(913)
Issuance of Performance Share Plan	373	-	-	-	373
Balance as at 30 June 2017	18,766	(256)	518	-	19,028

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 Company had on 28 March 2018 issued and allotted 93,750,000 new ordinary shares in the capital of the Company as consideration for the acquisition of 51% equity interest in YC Capital Group.

	HY2018 (Unaudited)		FY2017 (Audited)	
	No. of Shares	S$'000	No of Shares	S$'000
Issued share capital				
At beginning of financial year	121,312,098	18,766	121,312,098	18,766
Issuance of shares as consideration for the acquisition of YC Group	93,750,000	12,000	-	-
At end of financial period	215,062,098	30,766	121,312,098	18,766

The number of treasury shares as at 30 June 2018 was 1,769,900 (31 December 2017: 1,769,900) (30 June 2017: 1,769,900).

There are no outstanding convertibles or subsidiary holdings as at 30 June 2018 and as 30 June 2017.

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

	30 Jun 2018 Unaudited	31 Dec 2017 Audited
Total number of issued shares	215,062,098	121,312,098
Total number of treasury shares	(1,769,900)	(1,769,900)
Total number of issued shares (excluding treasury shares)	213,292,198	119,542,198

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 2018.

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 Company did not have any subsidiary holdings as at 30 June 2018.

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

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

Except as disclosed in paragraph 5, 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 audited financial statements as at 31 December 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

Adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)
The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("**SFRS(I)**") hereinafter.

Subsequent to the last financial year end, as required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and issued its first set of financial information prepared under SFRS(I) for the six months ended 30 June 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group also concurrently applied SFRS(I) *15 Revenue from Contracts with Customers*.

The adoption of SFRS(I) 1 have no material impact on the Group's financial statements in the year of application as the accounting policies adopted by the Group under the previous accounting framework are consistent with SFRS(I) 1.

The Group also did not elect any other relevant optional exemptions. Accordingly, no other adjustments or restatement are made to the financial statements.

Adoption of SFRS(I) 15 Revenue from Contracts with Customers
SFRS(I) 15 replaces the previous Singapore Financial Reporting Standards FRS 11 *Construction Contracts*, FRS 18 *Revenue*, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of SFRS(I) 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The adoption of SFRS(I) 15 have no material impact on the Group's financial statements in the year of application as the accounting policies adopted by the Group under the previous accounting framework are consistent with SFRS(I) 15, except for the reclassification of "Gross amount due from customers for contract work-in-progress" and "Gross amount due to customers for contract work-in-progress" to "Contract assets" and "Contract liabilities" respectively.

The Group also did not elect any other relevant optional exemptions. Accordingly, no other adjustments or restatement are made to the financial statements.

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

	Group	
	HY2018 Unaudited	**HY2017 Unaudited**
Profit attributable to owners of the Company (S$'000)	271	761
Weighted average number of ordinary shares in issue (excluding treasury shares)	168,621,484	117,792,584
Basic and diluted earnings per ordinary share ("EPS")(Singapore cents)	0.16	0.65

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 instruments convertible into 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

	Group		Company	
	30 Jun 2018 (Unaudited)	**31 Dec 2017 (Audited)**	**30 Jun 2018 (Unaudited)**	**31 Dec 2017 (Audited)**
Net asset value per ordinary share based on issued share capital (Singapore cents)	18.11	22.08	13.34	15.07
Number of issued shares excluding treasury shares	213,292,198	119,542,198	213,292,198	119,542,198

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 HY2018 vs. HY2017

During the period under review, the Group's total revenue increased by S$24.8 million (80.5%), from S$30.8 million in HY2017 to S$55.6 million in HY2018.

This increase was attributable to 1) higher revenue from the mechanical and electrical engineering ("**M&E**") segment of S$7.1 million (38.8%) from S$18.3 million in HY2017 to S$25.4 million in HY2018, primarily due to increase in work done; 2) higher revenue from the manufacturing segment of S$2.7 million (45%) from S$6.0 million in HY2017 to S$8.7 million in HY2018, primarily due to increased sales volume and increased re-sale of coils in HY2018; 3) increase in revenue from the building and construction solutions segment of S$4.6 million (70.8%) from S$6.5 million in HY2017 to S$11.1 million in HY2018 as a result of increasing project realisation with higher order intake secured; and 4) revenue contribution from the travel and tour services business of $10.4 million following the completion of the acquisition of YC Group in March 2018.

The Group's cost of sales increased by S$22.1 million (87.7%), from S$25.2 million in HY2017 to S$47.3 million in HY2018. The increase was attributable to 1) higher sub-contractor costs in line with the increase in revenue; and 2) consolidation of results of travel and tour services business following the completion of the acquisition of YC Group in March 2018.

Our Group's gross profit increased by S$2.7 million (48.2%) from S$5.6 million in HY2017 to S$8.3 million in HY2018, mainly due to 1) an increase of S$0.2 million (16.7%) from the manufacturing segment due to above-mentioned increased sales to external customers and re-sale of coils; 2) an increase of S$0.8 million (266.7%) from the building and construction solutions segment arising from improved project execution and productivity; 3) first gross profit contribution from the travel and tour services business of S$2.3 million following the completion of the acquisition in March 2018; offset by 4) a decline of S$0.6 million (19.4%) in gross profit from the M&E segment due to more competitively priced projects.

During the period under review, other income increased by S$0.2 million (20.0%) from S$1.0 million in HY2017 to S$1.2 million in HY2018 mainly attributable to the commencement of receipt of rental income from 53 Loyang Drive property which was issued its Temporary Occupation Permit ("**TOP**") in January 2018.

Administrative expenses increase by S$2.9 million (55.8%) from S$5.2 million in HY2017 to S$8.1 million in HY2018. This was mainly due to 1) the consolidation expenses from the travel and tour services business following the completion of the acquisition of YC Group in March 2018; 2) depreciation increase by S$0.3 million (33.3%) related to 53 Loyang Drive property which obtained its TOP in January 2018; and 3) higher salaries and wage expenditure due to increase in headcount for employees and workers as part of the Group's growth and expansion plans as well as salary adjustments.

Finance costs increased by S$0.3 million (50.0%) from S$0.6 million in HY2017 to S$0.9 million in HY2018, mainly due to the increase in construction loan interest which was capitalized in previous years.

The Group's profit before tax in HY2018 was S$0.5 million, as compared to profit before tax of S$0.8 million in HY2017, representing a decrease of S$0.3 million (37.5%).

(ii) <u>Review of the Group's financial position</u>

<u>Non-Current Assets</u>

Non-current assets increase by S$11.6 million (29.7%) from S$39.0 million as at 31 December 2017 to S$50.6 million as at 30 June 2018. The increase was mainly due to 1) S$1.2 million property, plant and machinery in connection with the consolidation of YC Group; 2) a provisional goodwill of S$11.0 million which arose from the YC Acquisition (please refer to page 5 of this announcement for further details on the provisional goodwill) and S$0.6 million of purchase of property, plant and machinery during the year, partially offset by 3) S$1.2 million depreciation charged in the review period.

<u>Current Assets</u>

As at 30 June 2018, current assets stood at S$88.5 million. This was an increase of S$37.5 million (73.5%) as compared to S$51.0 million as at 31 December 2017 due to the following:

- Increase in contract assets of S$5.9 million (19.5%) which resulted from increased work done in line with increased project activities, yet to be billed;
- Increase in inventories of S$2.8 million (103.7%) mainly attributable to 1) bulk purchase of inventory items such as coils used in the production for our manufacturing segment which was in line with the increased sales volume and production capacity in line with corporate strategy expansion plan; and 2) inventories held for travel and tour service segment;
- An asset held for sale of S$10.0 million which relates to the Investment Property of YC Group. In accordance with the post-completion covenants of the SPA, the property is to be disposed of within 12 months from the completion date of the acquisition of YC Group;

- Increase in trade and other receivables of S$15.9 million (119.5%) mainly attributable to travel and tour service segment;
- Increase in prepaid operating expenses of S$1.7 million (242.9%) mainly attributable to travel and tour service segment; and
- Increase in cash and cash equivalents of S$1.2 million (29.3%) mainly attributable to travel and tour service segment.

Current Liabilities

As at 30 June 2018, current liabilities stood at S$79.5 million, which represented an increase of S$26.6 million (50.3%) when compared to S$52.9 million as at 31 December 2017. This increase was mainly due to:

- Increase in trade and other payables of S$20.4 million (127.5%) in line with the increase in trade and other receivables from travel and tour service segment;
- Increase in loan and borrowings of S$3.9 million (12.5%) mainly attributable to 1) mortgage loan of S$7.5 million in connection the Investment Property Indebtedness of YC Group, 2) increase in bank overdraft of S$6.0 million, partially offset by 3) reclassification of S$9.4 million construction loan to non-current liabilities;
- Increase in other liabilities of S$2.6 million (52.0%) due to higher accrued operation expenses;

  Partially offset by

- Decrease in contract liabilities of S$0.3 million (100%) due to less advance collections from customers for building and construction segments.

Non-Current Liabilities

As at 30 June 2018, non-current liabilities increased by S$7.9 million (73.8%) to S$18.6 million from S$10.7 million as at 31 December 2017, mainly due to reclassification of construction loan granted by UOB which was secured by the asset under construction at 53 Loyang Drive (which was issued TOP in January 2018) from current liabilities in prior year.

Equity attributable to owners of the Company

Equity attributable to owners of the Company amounted to S$38.6 million as at 30 June 2018, which reflected an increase of S$12.2 million (46.2%) when compared to S$26.4 million as at 31 December 2017, mainly arising from 1) S$0.2 million net profit for the period; and 2) S$12.0 million arising from the issuance and allotment of 93,750,000 new ordinary shares in the capital of the Company issued to Chu San Ben (Executive Chairman and Chief Executive Officer) as consideration for the YC Acquisition.

Review of Group's Cash Flow

In HY2018, the net cash used in operating activities amounted to S$0.7 million (compared to net cash flows from operating activities of S$5.5 million) mainly due to operating cash flows before working capital changes of S$3.0 million, adjusted for net working capital outflows of S$2.8 million, as well as interest paid of S$0.9 million. The net working capital outflows were mainly due to the increase in trade and other receivable of S$0.7 million; increase in contract assets/liabilities of S$6.3 million; increase in inventory of S$1.5 million; offset by increase in trade and other payable of S$3.0 million, other liabilities of S$2.2 million and decrease in prepaid operating expenses of S$0.5 million.

Net cash used in investing activities of S$0.6 million in HY2018 was mainly attributable to purchase of property, plant and equipment from the manufacturing segment.

Net cash flows from financing activities amounted to S$2.5 million in HY2018 (compared to net cash used in financing activities of S$4.0 million in HY2017) due to the additional bank loans and borrowings from the building and construction solutions segment for the project financing.

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 Group will increasingly look for growth opportunities abroad to diversify its geographical base and revenue streams given that its core businesses are closely linked to Singapore's building and construction industry, which remains challenging. The latest round of government measures to cool the Singapore property market as announced on 5 July 2018, has further raised the need for the Group to venture overseas.

A subsidiary, Libra Manufacturing Sdn Bhd was set up in Malaysia in March 2018 to engage in the manufacturing of air-conditioning and mechanical ventilation ducts. The Group is also in the process of relocating some of its manufacturing operations to Malaysia as part of its efforts to optimise cost. The plant in Malaysia is expected to be operational by end FY2018.

The acquisition earlier this year of a 51% stake in YC Group which was completed on 28 March 2018 was also part of the Group's strategic diversification. YC Group, which contributed three months' of revenue and profit to Libra in the quarter ended 30 June 2018, provides travel and tour services in Malaysia and has four stores in Klang Valley selling luxury goods and a variety of Malaysia-made products, including latex mattresses, coffee, chocolates and bird's nest.

The Group is hopeful of YC Group's prospects as Malaysia's federal government is committed to further boosting the country's inbound tourism industry. The Ministry of Tourism, Arts and Culture has set a target for Malaysia to be one of the world's Top 10 tourist destinations in 2018[1]. Most of YC Group's customers hail from China, the third-biggest source of tourist-arrivals to Malaysia in 2017 after Singapore and Indonesia. Some 2.28 million Chinese nationals visited Malaysia last year, up 7.4% from 2016, according to Tourism Malaysia.[2]

1. https://www.malaymail.com/s/1655191/tourism-ministry-aims-to-put-malaysia-in-worlds-top-10-tourist-destinations
2. https://www.tourism.gov.my/media/view25-9-million-international-tourists-visited-malaysia-in-2017

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 HY2018.

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

Not applicable.

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

No dividends were declared for the corresponding period of the immediately preceding financial year.

(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 HY2018.

(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/recommended for HY2018.

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.

<u>Proposed YC Acquisition</u>

The Company refers to its announcements dated 10 October 2017, 2 January 2018, 10 January 2018, 30 January 2018, 2 February 2018, 5 February 2018, 8 February 2018, 9 February 2018 and 28 March 2018 and its circular dated 19 January 2018 in relation to the proposed acquisition of 51% of the issued and paid-up share capital in YC Capital Consolidated Sdn. Bhd. (the "**Proposed YC Acquisition**").

As stated in the Company's announcement dated 28 March 2018, the Proposed YC Acquisition was completed on 28 March 2018 (the "**Completion Date**") following the payment of the aggregate consideration for the Proposed YC Acquisition of S$12.0 million by way of an allotment and issue of 93,750,000 ordinary shares in the share capital of the Company (the "**Consideration Shares**") at an issue price of S$0.128 per Consideration Share to Mr Chu Sau Ben.

Mr Chu Sau Ben is the Executive Chairman and the Chief Executive Officer of the Company, and is also a controlling shareholder of the Company. Accordingly, Mr Chu Sau Ben is an interested person under Chapter 9 of the Catalist Rules and the Proposed YC Acquisition constitutes an interested person transaction under Chapter 9 of the Catalist Rules. As the total value of the Proposed YC Acquisition represented approximately 59.96% which was more than 5% of the Group's audited NTA as at 31 December 2016, the Company sought and obtained shareholders' approval for the Proposed YC Acquisition in accordance with Rule 906(1)(a) of the Catalist Rules.

As stated in the Company's circular dated 19 January 2018:

(i) The Company, Mr Choong Hin Seong, Tuan Haji Anuar bin Ahmad and YC Capital Consolidated Sdn. Bhd. ("**YC Capital**") have agreed to dispose the 12 adjoining pieces of leasehold land, together with a five (5) storey terrace light industrial building erected thereon, bearing the postal address of 1, 2, 3, 4, 5, 6, 7, 8, 9 10, 11 and 12, Jalan Perdana 10/6 and 10/8 Pandan Perdana, 55300 Kuala Lumpur (collectively, the "**Investment Property**") on or before the date falling 12 months from the Completion Date (the "**Investment Property Disposal**").

(ii) The Company, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad have covenanted and undertaken that they shall procure that YC Capital enter into a sale and purchase agreement (or similar agreement) in relation to the Investment Property Disposal. YC Capital shall use the proceeds from the Investment Property Disposal to discharge any indebtedness of YC Capital in relation to the Investment Property (the "**Investment Property Indebtedness**"), including but not limited to the banking facility granted by RHB Bank Berhad (by way of facility letters dated 2 September 2013, 10 October 2013, 30 October 2015 and 1 December 2016) and CIMB Bank Berhad (by way of facility letter dated 12 September 2013). In the event that proceeds from the Investment Property Disposal are not sufficient to discharge the Investment Property Indebtedness, Mr Chu Sau Ben, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad shall pay to YC Capital such shortfall so as to enable YC Capital to discharge the Investment Property Indebtedness, and to pay for any taxes arising or having arisen in connection with the Investment Property and all cost and expenses in relation to the Investment Property Disposal. In the event that there is a surplus from the Investment Property Disposal after discharging the Investment

Property Indebtedness, and paying any taxes arising or having arisen in connection with the Investment Property and all cost and expenses in relation to the Investment Property Disposal, YC Capital shall pay such surplus to Mr Chu Sau Ben, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad.

(iii) Mr Chu Sau Ben, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad have jointly and severally covenanted and undertaken to the Company that they shall make all repayments relating to the Investment Property Indebtedness on or before the date on which such repayments fall due, including but not limited to repayments under the banking facility granted by RHB Bank Berhad (by way of facility letters dated 2 September 2013, 10 October 2013, 30 October 2015 and 1 December 2016) and CIMB Bank Berhad (by way of facility letter dated 12 September 2013).

The Investment Property is stated as an asset held for sale and the Investment Property Indebtedness are stated as loans and borrowings, and their values as at 30 June 2018 are approximately S$10.0 million and S$7.5 million respectively. Please refer to Section 1(b)(i) for further details.

Personal Guarantees

A S$0.5 million term loan facility granted by Ethoz Capital Ltd to Kin Xin Engineering Pte Ltd in October 2017, a wholly owned subsidiary of the Company, was secured jointly by a corporate guarantee provided by the Company and a personal guarantee provided by Mr Chu Sau Ben.

A S$0.3 million term loan facility granted by Ethoz Capital Ltd to Libra Engineering Pte. Ltd. in April 2018, a wholly owned subsidiary of the Company, was secured jointly by a corporate guarantee provided by the Company and a personal guarantee provided by Mr Chu Sau Ben.

The aggregate amount outstanding under both term loan facilities granted by Ethoz Capital Ltd as at 30 June 2018 was S$676,857.

A S$1.0 million term loan facility granted by Ethoz Capital Ltd to Kin Xin Engineering Pte Ltd in January 2015, a wholly owned subsidiary of the Company, was secured jointly by a corporate guarantee provided by the Company and a personal guarantee provided by Mr Chu Sau Ben. This term loan facility was fully settled in January 2018.

A S$1.0 million term loan facility granted by Malayan Banking Berhad to Libra Engineering Pte. Ltd. in February 2016, a wholly owned subsidiary of the Company, was secured jointly by a corporate guarantee provided by the Company and a personal guarantee provided by Mr Chu Sau Ben. This term loan facility was fully settled in April 2018.

No consideration was and will be paid to Mr Chu Sau Ben for the provision of the personal guarantees disclosed above. Please refer to Section 1(b)(ii) for further details.

Others

The aggregate professional fees charged by Shook Lin & Bok LLP ("**SLB**") for the financial period ended 30 June 2018 was S$114,400. Ms Gn Jong Yuh Gwendolyn ("**Ms Gn**"), an Independent Director of the Company, is a partner of SLB. Ms Gn and her immediate family members together do not (directly or indirectly) have an interest of 30% or more in SLB. SLB is therefore not an associate (as defined under the Catalist Rules) of Ms Gn. Accordingly, the transactions with SLB do not fall within the ambit of interested person transactions under Chapter 9 of the Catalist Rules.

The Company did not obtain a general mandate from shareholders for interested person transactions. Save as disclosed above, there were no interested person transactions with an aggregate value of S$100,000 or more during the current financial period reported on.

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"), the Board confirms that nothing has come to knowledge and belief of 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 2018 to be false or misleading, in any material aspect.

BY ORDER OF THE BOARD

Chu Sau Ben
Executive Chairman and Chief Executive Officer

Date: 14 August 2018