



CHINESE GLOBAL INVESTORS GROUP LTD.

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

Unaudited Financial Statements and Dividend Announcement for the Third Quarter and Nine Months Ended 31 March 2017

9 May 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 relevant rules of Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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CHINESE GLOBAL INVESTORS GROUP LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 196600189D)

Third Quarter Financial Statements for the Financial Period Ended 31 March 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 Third Quarter Ended		+/- %	Group 9 Months Ended		+/- %
		31-Mar-17 (Unaudited)	31-Mar-16 (Unaudited)		31-Mar-17 (Unaudited)	31-Mar-16 (Unaudited)	
		S\$	S\$		S\$	S\$	
Revenue		2,567,779	2,558,977	0.3	8,383,440	8,489,094	(1.2)
Cost of Sales		(2,052,258)	(1,975,833)	3.9	(6,514,277)	(6,169,133)	5.6
Gross Profit		515,521	583,144	(11.6)	1,869,163	2,319,961	(19.4)
Other Income	i	270,973	47,359	472.2	332,745	232,191	43.3
Distribution Costs		(262,090)	(244,522)	7.2	(782,076)	(865,827)	(9.7)
Administrative Expenses		(804,813)	(814,937)	(1.2)	(2,567,015)	(2,594,513)	(1.1)
Other Expenses	ii	(378,562)	(1,954,790)	(80.6)	(1,108,335)	(2,588,376)	(57.2)
Finance Cost		1,767	(18,602)	(109.5)	(41,899)	(48,560)	(13.7)
Loss before Income Tax	iii	(657,204)	(2,402,348)	(72.6)	(2,297,417)	(3,545,124)	(35.2)
Income Tax Expense		(8,349)	(4,606)	81.3	(45,515)	(34,197)	33.1
Loss for the Period		(665,553)	(2,406,954)	(72.3)	(2,342,932)	(3,579,321)	(34.5)
Other Comprehensive Income:							
Currency translation differences arising from consolidation		26,753	48,759	(45.1)	(164,193)	(11,211)	1,364.6
Available-for-sale investment							
- Fair value gains		-	-	nm	-	1,408	nm
Other comprehensive income for the period, net of tax		26,753	48,759	(45.1)	(164,193)	(9,803)	1,574.9
Total comprehensive loss for the period		(638,800)	(2,358,195)		(2,507,125)	(3,589,124)	
Loss for the period attributable to Owners of the Company		(665,553)	(2,406,954)	(72.3)	(2,342,932)	(3,579,321)	(34.5)
Total comprehensive loss attributable to Owners of the Company:		(638,800)	(2,358,195)	(72.9)	(2,507,125)	(3,589,124)	(30.1)

nm – Not Meaningful

(i) Other income includes the following:

	<u>Group</u>		<u>Group</u>	
	<u>Third Quarter Ended</u>		<u>9 Months Ended</u>	
	<u>31-Mar-17</u>	<u>31-Mar-16</u>	<u>31-Mar-17</u>	<u>31-Mar-16</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Bad debts recovered	3,480	-	10,681	8,756
Allowances for doubtful debts written back	101,962	-	101,962	-
Dividend income	-	-	-	1,250
Foreign exchange translation gain	-	-	-	1,335
Gain on disposal of an associate	-	-	-	720
Gain on disposal of subsidiaries	132,832	-	132,832	-
Government grants/subsidies	13,103	33,723	24,033	48,002
Interest income	174	172	529	540
Sundry income	19,422	13,464	62,708	171,588
	<u>270,973</u>	<u>47,359</u>	<u>332,745</u>	<u>232,191</u>

(ii) Other expenses include the following:

	<u>Group</u>		<u>Group</u>	
	<u>Third Quarter Ended</u>		<u>9 Months Ended</u>	
	<u>31-Mar-17</u>	<u>31-Mar-16</u>	<u>31-Mar-17</u>	<u>31-Mar-16</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Allowances for doubtful debts	9,603	9,942	29,475	30,402
Bad debts written off	179,632	-	186,299	-
Fair value (gain)/loss on held-for-trading	(469,517)	1,681,004	-	1,782,385
Foreign exchange translation loss	7,680	12,687	9,440	-
Inventory written off	-	1,845	-	2,211
Loss on disposal of held-for-trading investments	647,327	241,123	781,306	750,814
Loss on disposal of property, plant and equipment	408	-	92,928	-
Provision for stock obsolescence	179	-	179	-
Realised loss on exchange difference	2,963	-	7,914	-
Sundry expenses	287	8,189	794	22,564
	<u>378,562</u>	<u>1,954,790</u>	<u>1,108,335</u>	<u>2,588,376</u>

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

	<u>Group</u>		<u>Group</u>	
	<u>Third Quarter Ended</u>		<u>9 Months Ended</u>	
	<u>31-Mar-17</u>	<u>31-Mar-16</u>	<u>31-Mar-17</u>	<u>31-Mar-16</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Amortisation of intangible assets	1,343	197	3,647	591
Depreciation of property, plant and equipment	29,485	36,677	90,540	109,933

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.

	<u>Group</u>		<u>Company</u>	
	<u>31-Mar-17</u> <u>Unaudited</u> <u>S\$</u>	<u>30-Jun-16</u> <u>Audited</u> <u>S\$</u>	<u>31-Mar-17</u> <u>Unaudited</u> <u>S\$</u>	<u>30-Jun-16</u> <u>Audited</u> <u>S\$</u>
ASSETS				
<u>Non-current assets:</u>				
Property, plant and equipment	364,614	539,860	-	402
Intangible assets	12,818	2,715	-	-
Subsidiaries	-	-	963,340	963,340
Goodwill	-	351,914	-	-
Total non-current assets	377,432	894,489	963,340	963,742
<u>Current assets:</u>				
Inventories	928,184	783,154	-	-
Gross amount due from contract customers	366,108	209,611	-	-
Trade and other receivables	5,242,216	5,715,518	212,894	252,579
Held-for-trading investments	-	894,020	-	-
Income tax recoverable	-	17,330	-	-
Available-for-sale investments	13,885	14,791	-	-
Cash and bank balances	1,307,725	1,254,122	(65,081)	15,784
Total current assets	7,858,118	8,888,546	147,813	268,363
Total assets	8,235,550	9,783,035	1,111,153	1,232,105
LIABILITIES AND EQUITY				
<u>Current liabilities:</u>				
Trade and other payables	4,846,482	4,979,646	619,597	805,551
Gross amount due to contract customers	202,244	89,059	-	-
Lease obligations	35,188	38,185	-	-
Bank overdrafts	257,246	85,796	-	-
Short term borrowings	1,649,980	913,940	-	-
Income tax payable	101,832	-	-	-
Total current liabilities	7,092,972	6,106,626	619,597	805,551
<u>Non-current liabilities:</u>				
Lease obligations	58,906	85,298	-	-
Deferred tax liabilities	5,040	5,354	-	-
Total non-current liabilities	63,946	90,652	-	-
<u>Capital and reserves:</u>				
Share capital	40,310,404	40,310,404	40,310,404	40,310,404
Statutory reserve	346,410	346,410	-	-
Foreign currency translation reserves	(989,690)	(825,497)	-	-
Fair value reserve	15,706	15,706	-	-
Reserve on put option	49,247	49,247	-	-
Accumulated losses	(38,653,445)	(36,310,513)	(39,818,848)	(39,883,850)
Total equity	1,078,632	3,585,757	491,556	426,554
Total liabilities and equity	8,235,550	9,783,035	1,111,153	1,232,105
Working capital	765,146	2,781,920		
Total borrowings	2,001,320	1,123,219		
Gross gearing (times)*	1.86	0.31		

*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

As at 31 March 2017 (Unaudited) S\$		As at 30 June 2016 (Audited) S\$	
Secured	Unsecured	Secured	Unsecured
292,434	1,649,980	586,109	451,812

Amount repayable after one year

As at 31 March 2017 (Unaudited) S\$		As at 30 June 2016 (Audited) S\$	
Secured	Unsecured	Secured	Unsecured
58,906	-	85,298	-

Details of any collaterals

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

Short-term borrowings of S\$nil (30 June 2016: S\$462,128) were secured on the Group's held-for-trading investments.

The bank overdrafts of S\$257,246 (30 June 2016: S\$85,796) were secured on fixed deposits pledged.

Finance leases of S\$94,094 (30 June 2016: S\$123,483) are secured on the plant and equipment. The net book value of these plant and equipment as at 31 March 2017 was S\$177,332 (30 June 2016: S\$233,947).

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

	Group		Group	
	<u>Third Quarter Ended</u>		<u>9 Months Ended</u>	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	Unaudited S\$	Unaudited S\$	Unaudited S\$	Unaudited S\$
Cash flows from operating activities:				
Loss before tax	(657,204)	(2,402,348)	(2,297,417)	(3,545,124)
Adjustments for:				
Amortisation of intangible assets	1,343	197	3,647	591
Allowances for doubtful debts	9,603	9,942	29,475	30,402
Allowances for doubtful debts written back	(101,962)	-	(101,962)	-
Bad debts written off	179,632	-	186,299	-
Bad debts recovered	(17,882)	-	(10,681)	(8,756)
Depreciation of property, plant and equipment	29,485	36,677	90,540	109,933
Dividend income	-	-	-	(1,250)
Held-for-trading investments:				
- Loss on disposal	647,327	241,123	781,306	750,814
- Net fair value (gain)/loss on investment	(469,517)	1,681,004	-	1,782,385
Foreign exchange (gain)/loss	(112,749)	(38,557)	158,446	(43,173)
Interest expense	(5,107)	18,602	32,342	48,560
Interest income	(174)	(172)	(529)	(540)
Inventory written off	-	1,845	-	2,211
Loss on disposal of property, plant and equipment	408	-	92,928	-
Gain on disposal of associate	-	-	-	(720)
Gain on disposal of subsidiaries	(132,832)	-	(132,832)	-
Provision for stock obsolescence	179	-	179	-
Provision for warranties	75,000	62,758	45,000	168,990
Operating loss before working capital changes	(554,450)	(388,929)	(1,123,259)	(705,677)
Trade and other receivables	517,801	880,655	167,196	230,408
Amount due from/to contract customers	119,776	(55,803)	(53,652)	(107,578)
Inventories	103,132	66,452	(160,095)	178,903
Held-for-trading investment	112,998	(141,263)	138,963	164,295
Trade and other payables	(347,126)	232,303	191,071	603,176
Cash (used in)/generated from operations	(47,869)	593,415	(839,776)	363,527
Interest received/(paid)	5,107	(18,602)	(32,342)	(48,560)
Income tax refund/(paid)	33,943	(97,116)	(132,420)	(144,981)
Net cash (used in)/generated from operating activities	(8,819)	477,697	(1,004,538)	169,986
Cash flows from investing activities:				
Dividends received	-	-	-	1,250
Interest received	174	172	529	540
(Payment for)/proceeds from disposal of property, plant and equipment	(3,073)	-	7,148	-
(Payment for)/proceeds from disposal of subsidiary	(8,930)	-	(8,930)	720
Purchase of property, plant and equipment	(11,742)	(26,018)	(24,271)	(34,918)
Purchase of intangible assets	-	-	(13,750)	-
Acquisition of investment in a subsidiary	-	-	-	(171,376)
Net cash generated from/(used in) investing activities	(23,571)	(25,846)	(39,274)	(203,784)

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

	Group		Group	
	<u>Third Quarter Ended</u>		<u>9 Months Ended</u>	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	Unaudited	Unaudited	Unaudited	Unaudited
	S\$	S\$	S\$	S\$
Cash flows from financing activities:				
Net repayments of lease obligations	(8,796)	9,765	(29,388)	(28,852)
Repayments of short-term borrowing	(84,506)	-	(484,119)	-
Proceeds from short-term borrowing	464,443	-	1,489,643	-
Restricted cash	(271,589)	(10,510)	(271,869)	6,665
Net cash generated from/(used in) financing activities	99,552	(745)	704,267	(22,187)
Net effects of exchange rate changes in cash and cash equivalents	10,577	(5,178)	(11,186)	5,475
Net increase/(decrease) in cash and cash equivalents	77,739	445,927	(350,731)	(24,081)
Cash and cash equivalents at beginning of period	7,101	(74,637)	435,571	395,371
Cash and cash equivalents at end of period	84,840	371,290	84,840	371,290

	Group		Group	
	<u>Third Quarter Ended</u>		<u>9 Months Ended</u>	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	Unaudited	Unaudited	Unaudited	Unaudited
	S\$	S\$	S\$	S\$
Cash at end of period includes the following:				
Cash and bank balances	1,307,725	1,262,635	1,307,725	1,262,635
Bank overdrafts	(257,246)	(161,456)	(257,246)	(161,456)
	1,050,479	1,101,179	1,050,479	1,101,179
Restricted cash (Note 1)	(965,639)	(729,889)	(965,639)	(729,889)
Cash and cash equivalents at end of period	84,840	371,290	84,840	371,290

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	Foreign Currency Translation Reserve	Fair Value Reserve on AFS	Reserve on Put Options	Accumulated Losses	Total Equity
Balance at 1 July 2015	S\$ 40,310,404	S\$ 346,410	S\$ (768,947)	S\$ 15,706	S\$ 49,247	S\$ (31,629,986)	S\$ 8,322,834
Loss for the year	-	-	-	-	-	(3,579,321)	(3,579,321)
Other comprehensive loss, net of tax	-	-	-	-	-	-	-
-Currency translation differences arising from consolidation	-	-	(11,211)	-	-	-	(11,211)
-Fair value gain on available-for-sale investments, net reclassification to profit or loss upon disposal	-	-	-	1,408	-	-	1,408
Total comprehensive loss for the year	-	-	(11,211)	1,408	-	(3,579,321)	(3,589,124)
Balance at 31 March 2016 (Unaudited)	40,310,404	346,410	(780,158)	17,114	49,247	(35,209,307)	4,733,710
Balance at 1 July 2016	40,310,404	346,410	(825,497)	15,706	49,247	(36,310,513)	3,585,757
Loss for the year	-	-	-	-	-	(2,342,932)	(2,342,932)
Other comprehensive loss, net of tax	-	-	-	-	-	-	-
- Currency translation differences arising from consolidation	-	-	(164,193)	-	-	-	(164,193)
Total Comprehensive loss for the year	-	-	(164,193)	-	-	(2,342,932)	(2,507,125)
Balance at 31 March 2017 (Unaudited)	40,310,404	346,410	(989,690)	15,706	49,247	(38,653,445)	1,078,632

COMPANY	Share Capital	Accumulated Losses	Total
Balance at 1 July 2015	S\$ 40,310,404	S\$ (39,597,002)	S\$ 713,402
Total comprehensive loss for the period	-	(295,760)	(295,760)
Balance at 31 March 2016 (Unaudited)	40,310,404	(39,892,762)	417,642
Balance at 1 July 2016	40,310,404	(39,883,850)	426,554
Total comprehensive loss for the period	-	65,002	65,002
Balance at 31 March 2017 (Unaudited)	40,310,404	(39,818,848)	491,556

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 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.

	<u>Number of Shares</u>	<u>Share Capital (S\$)</u>
As at 31 December 2016	915,977,500	40,310,404
As at 31 March 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 31 March 2017 and 31 March 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 31 March 2017 and 31 March 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.

	31 March 2017	30 June 2016
The total number of issued shares excluding treasury shares	915,977,500	915,977,500

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. 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 2016.

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 2016. 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		Group	
	Third Quarter Ended		9 Months Ended	
	31-Mar-17 (Unaudited)	31-Mar-16 (Unaudited)	31-Mar-17 (Unaudited)	31-Mar-16 (Unaudited)
(i) Basic and fully diluted earnings per share ("EPS") (Singapore cents)	(0.07)	(0.26)	(0.26)	(0.39)
(iii) Weighted average number of ordinary shares issued used in the computation of basic and diluted EPS	915,977,500	915,977,500	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	
	31-Mar-17 (Unaudited)	30-Jun-16 (Audited)	31-Mar-17 (Unaudited)	30-Jun-16 (Audited)
	Net asset value per ordinary share (Singapore cents)	0.12	0.39	0.05
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:-
- 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
 - 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

	3Q2017	3Q2016	+ / (-)	9M2017	9M2016	+ / (-)
	S\$'000	S\$'000		S\$'000	S\$'000	
Waterproofing business	2,552	2,524	1.1%	8,327	8,431	(1.2%)
Loan financing business	15	35	(57.1%)	56	58	(3.4%)
Total	2,567	2,559	0.3%	8,383	8,489	(1.2%)

	3Q2017	3Q2016	+ / (-)	9M2017	9M2016	+ / (-)
	S\$'000	S\$'000		S\$'000	S\$'000	
Singapore	2,091	1,876	11.5%	6,640	6,560	1.2%
Malaysia	406	471	(13.8%)	1,429	1,265	13.0%
China	55	177	(68.9%)	258	606	(57.4%)
Hong Kong	15	35	(57.1%)	56	58	(3.4%)
Total	2,567	2,559	0.3%	8,383	8,489	(1.2%)

The Group's revenue increased by approximately 0.3% quarter-on-quarter ("qoq") to S\$2.57 million in 3Q2017 mainly attributable to a marginal increase in revenue from the waterproofing business. Higher revenues were recognised on Singapore waterproofing projects in line with larger number of work completed, partially offset by subdued economic conditions in Malaysia and China.

Gross Profit

The Group's gross profit in 3Q2017 lowered by 11.6% from S\$0.58 million in 3Q2016 to S\$0.52 million in 3Q2017. The overall gross profit margin was marginally lower at 20.1% in 3Q2017 as compared to 22.8% in 3Q2016 due to higher subcontracting costs for the waterproofing business.

Other Income

Other income increased by S\$0.22 million from S\$0.05 million in 3Q2016 to S\$0.27 million in 3Q2017, mainly due to the gain on disposal of subsidiaries of S\$0.13 million and a recovery of bad debt of S\$0.10 million in 3Q2017. The abovementioned gain on disposal of subsidiaries comprise of a gain on disposal for Success Finance of S\$0.12 million based on the Group's consolidated accounts as

at 27 March 2017, as compared to the expected gain on disposal of S\$33,479 announced through SGXNET which was based on the Group's consolidated accounts as at 31 December 2016.

Distribution Expenses

The Group's distribution expenses increased by 7.2% to S\$0.26 million in 3Q2017 due to higher advertising and promotion expenses and repair and maintenance expenses incurred for the waterproofing business.

Administrative Expenses

Administrative expenses in 3Q2017 decreased by 1.2% or S\$0.01 million to S\$0.80 million, mainly due to the absence of research and development expenses from the waterproofing business and lower staff expenses from the Hong Kong subsidiaries, offset by higher entertainment and rental expenses from the waterproofing business.

Other Expenses

Other expenses decreased from S\$1.95 million in 3Q2016 to S\$0.38 million in 3Q2017, mainly due to the higher loss on disposal of held-for-trading investments of S\$0.65 million and bad debts written off of S\$0.18 million in 3Q2017, offset by a fair value gain on held-for-trading investments of S\$0.47 million in 3Q2017 (3Q2016: a fair value loss of S\$1.68 million).

Finance Cost

Finance cost decreased by 109.5% to a negative S\$1,767 in 3Q2017, due to an over accrual of interest expense by its Hong Kong subsidiary, Success Finance Limited during 3Q2017.

Income tax expense increased from S\$4,606 in 3Q2016 to S\$8,349 in 3Q2017 due to a higher provision for income tax expense by the Malaysian waterproofing subsidiaries in relation to the higher revenue recorded for the 9 months financial period.

Net Loss

Based on the above, the Group recorded a loss of S\$0.67 million in 3Q2017 compared to S\$2.41 million in 3Q2016.

Review of Consolidated Statement of Financial Position

Total Assets (Current and Non-Current)

As at 31 March 2017, total assets decreased by 15.8% to S\$8.24 million from S\$9.78 million as at 30 June 2016, mainly due to the disposal of held-for-trading investments, decrease in trade and other receivables and property, plant and equipment, offset by an increase in gross amount due from contract customers, inventories and cash and bank balances.

Inventories increased by S\$0.15 million from S\$0.78 million as at 30 June 2016 to S\$0.93 million as at 31 March 2017 as a result of higher sales in Malaysian waterproofing subsidiaries during the 9 months ended 31 March 2017.

Property, plant and equipment decreased by S\$0.18 million from S\$0.54 million as at 30 June 2016 to S\$0.36 million as at 31 March 2017, due mainly to the disposal of plant and equipment with net book value of S\$0.10 million.

Trade and other receivables decreased by S\$0.47 million from S\$5.72 million as at 30 June 2016 to S\$5.24 million as at 31 March 2017, due mainly to the decrease in retention sums contributed by waterproofing projects nearing completion.

The fair value of held-for-trading investments was *nil* as at 31 March 2017 as compared to S\$0.89 million as at 30 June 2016, due to a disposal of the quoted equity investments.

Gross amount due from contract customers increased by S\$0.16 million from S\$0.21 million as at 30 June 2016 to S\$0.37 million as at 31 March 2017 due mainly to higher amounts owing from certain customers relating to claims certification works under our waterproofing subsidiaries.

Goodwill was *nil* as at 31 March 2017 as compared to S\$0.35 million as at 30 June 2016, due to disposal of Success Finance as at 27 March 2017.

Total Liabilities (Current and Non-Current)

Total liabilities of S\$7.16 million as at 31 March 2017 increased by 15.5% or S\$0.96 million from S\$6.20 million as at 30 June 2016. This was mainly due to an increase in gross amount due to contract customers, bank overdrafts, short term borrowings and income tax payable, partially offset by a decrease in trade and other payables.

Trade and other payables as at 31 March 2017 decreased by 2.7% or S\$0.13 million to S\$4.85 million from S\$4.98 million as at 30 June 2016, due to decreased claims certification made by waterproofing contract customers for completed works.

Bank overdrafts increased by 199.8% or S\$0.17 million to S\$0.26 million as at 31 March 2017 as a result of higher utilization of bank overdrafts by Hitchins Group.

Short-term borrowings increased by 80.5% or S\$0.74 million to S\$1.65 million as at 31 March 2017 as a result of an unsecured loan undertaken by its Hong Kong subsidiary – CGI (HK) Limited.

Gross amount due to contract customers increased by S\$0.11 million from S\$0.09 million as at 30 June 2016 to S\$0.20 million as at 31 March 2017 due mainly to higher accrued revenue from certain customers relating to claims certification works under our waterproofing subsidiaries.

Income tax payable of S\$0.10 million as at 31 March 2017 was a provision provided for revenue recognised in the current financial period by the waterproofing business.

Equity

Shareholders' funds decreased 69.9% to S\$1.08 million as at 31 March 2017 from S\$3.59 million as at 30 June 2016. The decrease reflected higher losses recognized for the current financial period and an increase in foreign currency translation losses due to the depreciation of Hong Kong dollar vis-à-vis the Singapore dollar.

Review of Consolidated Statement of Cash Flows

	3Q2017	3Q2016
	S\$'000	S\$'000
Net cash (used in)/from operating activities	(9)	478
Net cash used in investing activities	(24)	(26)
Net cash from/(used in) financing activities	100	(1)
Net increase in cash and cash equivalents	78	446
Cash and cash equivalents for the period	85	371

Net cash(used in)/from operating activities

The Group recorded a net cash outflow from operating activities of S\$8,819 in 3Q2017 as compared to a net cash inflow of S\$0.48 million in 3Q2016, mainly due to a higher net fair value gain on held-for-trading investments, allowances for doubtful debts written back, foreign exchange gain and gain on disposal of subsidiaries offset by a higher loss on disposal of held-for-trading investments, bad debts written off, and provision for warranties.

Net cash used in investing activities

The Group recorded net cash outflow from investing activities of S\$0.02 million compared to a net cash outflow of S\$0.03 million in 3Q2016, comprising mainly proceeds from disposal of subsidiary and purchase of property, plant and equipment.

Net cash from/(used in) financing activities

The Group recorded a net cash inflow from financing activities of S\$0.10 million, as compared to a net cash outflow of S\$745 in 3Q2016, mainly due to net proceeds from short-term borrowing amounting to S\$0.38 million, offset by higher restricted cash of S\$0.27 million in 3Q2017.

Based on the above, the Group's net cash and cash equivalents decreased to S\$0.08 million as at 31 March 2017 from a net cash balance of S\$0.37 million at 31 March 2016.

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.

With the economic outlook and business environment continuing to be uncertain, the Group expects the markets in which we operate in to remain challenging.

The outlook for our waterproofing business is expected to remain challenging in the next 12 months, as we face higher labour costs due to increasing worker levies imposed by the government and keen industry competition.

With the completion of disposal of Success Finance Limited, the Group will continue to adopt a cautious stance and evaluate any suitable investment opportunities.

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 3Q2017.

(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 3Q2017.

(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 31 March 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 31 March 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 financial period ended 31 March 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

So Yuen Chun
Executive Director

9 May 2017