

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 FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 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

	30 June 2020	30 June 2019	Increase / Decrease
	(Unaudited) RMB'000	(Audited) RMB'000	RMB'000
Revenue	199,609	189,071	6%
Cost of Sales	(143,904)	(139,066)	3%
Gross Profit	55,705	50,005	11%
Other Income	1,523	19,034	-92%
Expenses			
Selling & Distribution	-	(3)	-100%
General and Admin	(9,159)	(13,454)	-32%
Other Expenses	-	(19,059)	n.m.
Profit before taxation	48,069	36,523	32%
Income Tax	(13,924)	(11,658)	19%
Profit for the year	34,145	24,865	37%
Othe comprehensive income			
Exchange differences on translation of foreign operations	21	-	n.m.
Total comprehensive profit	34,166	24,865	
Profit attributable to :			
Equity holders of the parent Company	30,348	20,319	49%
Non Controlling Interest	3,797	4,546	-16%
	34,145	24,865	
Total comprehensive profit attributable to:			
Equity holders of the parent Company	30,369	20,319	49%
Non Controlling Interest	3,797	4,546	-16%
	34,166	24,865	37%

*n.m - not meaningful

1. The unaudited 12 month period results ended 30 June 2020 covers the period from 1 July 2019 to 30 June 2020.

2. The Audited 18 month period results ended 30 June 2019 covers the period from 1 January 2018 to 30 June 2019.

1(a)(ii) Other information

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

	30 June 2020	30 June 2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Depreciation of property, plant and equipment	45	55
Interest income	(1,334)	(328)
Gain on bargain purchase	-	(18,684)
Loss on disposal of subsidiaries	-	19,171

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	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Assets</u>				
Non-current assets				
Property, plant and equipment	219	252	-	-
Trade and other receivables	284,512	152,482	-	-
Investment in subsidiaries	-	-	510	510
Total non-current assets	284,731	152,734	510	510
Current assets				
Trade and other receivables	51,572	25,755	-	-
Contract assets	5,531	88,329	-	-
Prepayment	101	87	96	24
Amount due from subsidiary	-	-	141,073	144,540
Cash and bank balances	97,221	104,606	3	30
Total current assets	154,425	218,777	141,172	144,594
Total assets	439,156	371,511	141,682	145,104
<u>Liabilities and equity</u>				
Equity				
Share capital	192,187	192,187	192,187	192,187
Treasury shares	(24)	(24)	(24)	(24)
Other reserve	(9,976)	(9,997)	94,696	94,696
Accumulated losses	15,880	(14,468)	(149,296)	(145,801)
Non Controlling Interest	20,226	16,429	-	-
Equity attributable to owners of the Company	218,293	184,127	137,563	141,058
Current Liabilities				
Trade and other payables	195,281	175,726	4,119	4,046
Provision for taxation	13,924	-	-	-
Deferred tax liability	11,658	11,658	-	-
Total current liabilities	220,863	187,384	4,119	4,046
Total liabilities	220,863	187,384	4,119	4,046
Total liabilities and equity	439,156	371,511	141,682	145,104

(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 2020		As at 30 June 2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 30 June 2020		As at 30 June 2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

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

	The Group	
	30 June 2020	30 June 2019
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before income tax	48,069	36,523
Adjustment for:		
Depreciation of property, plant and equipment	45	55
Gain on bargain purchase	-	(18,684)
Loss on disposal of subsidiaries	-	19,171
Interest income	(1,334)	(328)
Operating cash flows before changes in working capital	46,780	36,737
Changes in working capital:		
Contract receivables	82,798	(88,329)
Trade and other receivables	(157,861)	(169,902)
Trade and other payables	7,751	22,816
Cash generated from/(used in) operating activities	(20,532)	(198,678)
Interest received	1,334	328
Income tax paid	-	-
Net cash used in operating activities	(19,198)	(198,350)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12)	(307)
Acquisition of a subsidiary, net of cash acquired	-	92
Disposal of a subsidiaries, net of cash disposed	-	(112)
Net cash used in investing activities	(12)	(327)
Cash flows from financing activities		
Amount due to directors	(52)	858
Amount due to shareholder	11,856	152,052
Proceeds from issue of share capital	-	151,058
Net cash generating from financing activities	11,804	303,968
Net cash (decrease)/increase in cash and cash equivalents	(7,406)	105,291
Cash and cash equivalents at beginning of financial year	104,606	112
Effect of currency translation	21	(797)
Cash and cash equivalents at end of financial year	97,221	104,606

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 Level	-----Attributable to equity holders of the Company-----										
	Share Capital RMB'000	Treasury shares RMB'000	Share Premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Currency Translation Reserve RMB'000	Retained Profit/(accum ulated losses) RMB'000	Controlling Interest RMB'000	Non Controlling Interest RMB'000	Total Equity RMB'000
Balance as at 1 January 2018	135,773	(35)	79,908	4,403	15,000	(102,287)	-	(116,240)	16,522	-	16,522
Share Capital Reduction ⁽¹⁾	(81,464)	11	-	-	-	-	-	81,453	-	-	-
Share Placement ⁽²⁾	137,878	-	13,179	-	-	-	-	-	151,057	-	151,057
Total Comprehensive profit for the year	-	-	-	-	-	-	-	20,319	20,319	4,546	24,865
Exchange differences arising on translation of foreign operation	-	-	-	-	-	-	(798)	-	(798)	-	(798)
Deconsolidation of subsidiaries Arising for deconsolidation of Subsidiary	-	-	-	(4,403)	(15,000)	102,287	-	(102,287)	(19,403)	-	(19,403)
Acquisition of a subsidiary	-	-	-	-	-	(102,287)	-	102,287	-	-	-
	-	-	-	-	-	-	1	-	1	11,883	11,884
Balance as at 30 June 2019 (Audited)	192,187	(24)	93,087	-	-	(102,287)	(797)	(14,468)	167,698	16,429	184,127
Balance as at 1 July 2019	192,187	(24)	93,087	-	-	(102,287)	(797)	(14,468)	167,698	16,429	184,127
Total Comprehensive profit for the year	-	-	-	-	-	-	-	30,348	30,348	3,797	34,145
Other comprehensive income for the year	-	-	-	-	-	-	21	-	21	-	21
Balance as at 30 June 2020 (Unaudited)	192,187	(24)	93,087	-	-	(102,287)	(776)	15,880	198,067	20,226	218,293

Statement of changes in equity for the Company

Company Level

	Share Capital RMB'000	Treasury shares RMB'000	Share Premium RMB'000	Currency Translation Reserve RMB'000	Retained Profit/(accu- mulated losses) RMB'000	Total Equity RMB'000
Balance as at 1 January 2018	135,773	(35)	79,908	-	(220,233)	(4,587)
Share Capital Reduction ⁽¹⁾	(81,464)	11	-	-	81,453	-
Share Placement ⁽²⁾	137,878	-	13,179	-	-	151,057
Total Comprehensive loss for the period	-	-	-	-	(7,021)	(7,021)
Exchange differences arising on translation of foreign operation	-	-	-	1,609	-	1,609
Balance as at 30 June 2019 (Audited)	192,187	(24)	93,087	1,609	(145,801)	141,058
Balance as at 1 July 2019	192,187	(24)	93,087	1,609	(145,801)	141,058
Total Comprehensive loss for the period	-	-	-	-	(3,495)	(3,495)
Balance as at 30 June 2020 (unaudited)	192,187	(24)	93,087	1,609	(149,296)	137,563

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 30 June 2020	67,959,583	192,187

There were no convertible shares issued by the Company as at 30 June 2020.

As at 30 June 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 30 June 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	67,951,583	67,951,583

- 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 30 June 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 (I).

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

	As at 30 June 2020	As at 30 June 2019
Profit attributable to equity holders of the Company (RMB'000)	30,369	20,319
Weighted average number of ordinary shares excluding treasury shares ('000)	67,952	43,226
Profit per share (RMB) - Basic and diluted	0.45	0.47

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 30 June 2020 (Unaudited)	As at 30 June 2019 (Audited)	As at 30 June 2020 (Unaudited)	As at 30 June 2019 (Audited)
Net asset value per ordinary share (RMB)	3.21	2.71	2.02	2.08
Number of issued ordinary shares excluding treasury share as at end of the year	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

The Group's revenue has increased by approximately RMB10.5 million or 6% from approximately RMB189.1 million in FY2019 to approximately RMB199.6 million in FY2020. The increase was mainly due to the 5 completed road parcels accepted by the client in January 2020. The total revenue including additional variation accepted by the client for the 5 completed road parcels was RMB213.6 million. After adjusting for the accounting treatment of effect of time value of money, the net revenue recognised for FY2020 was approximately RMB199.6 million.

Due to Covid-19 which has resulted in a delay in the construction progress, there was no completed road parcel for the period April to June 2020. The client has accepted an additional variation revenue of RMB11.5 million in the Q4 2020 for the road parcels completed in January 2020.

Other Income

Other income in FY2020 was mainly attributable to interest income generated from fixed deposit placed with reputable bank. The other income in FY2019 was mainly attributable to the one-off gain arising from the acquisition of Bo Dao.

Administrative expenses

Administrative expenses decreased by approximately RMB4.3 million or 32% from approximately RMB13.4 million in FY2019 to approximately RMB9.1 million in FY2020, mainly attributed to legal and professional fees relating to the Special Audit and resumption of trading incurred in FY2019. The breakdown of the administrative expenses were as follow:

- Legal & Professional fees – RMB3.2 million
- Director fees – RMB0.8 million
- Entertainment and travelling – RMB0.5 million
- Payroll & Employees' benefits – RMB4.0 million
- All other operating expenses – RMB0.6 million

Other operating expenses

The other operating expenses of RMB19 million in FY2019 was mainly attributable to 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 FY2020 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

The Group reported a net profit after tax of RMB34.2 million for FY2020, before minority interest in tandem with the above.

Review of Financial Position

Non-current assets

Trade and other receivables increased by approximately RMB132.0 million from approximately RMB152.5 million as at 30 June 2019 to approximately RMB284.5 million as at 30 June 2020. The credit term with the client is based on a progressive payment schedule for every parcel of completed road accepted and payable over a period of 10 years. The non-current trade receivables represented the payments to be received more than one year.

Current assets

Trade and other receivables increased by approximately RMB25.8 million from approximately RMB25.8 million as at 30 June 2019 to approximately RMB51.6 million as at 31 March 2020. This represented the progressive payment for the 10 road parcels completed to date, to be collected from the client within 12 months as per the contract.

Contract assets decreased by approximately RMB82.8 million from approximately RMB88.3 million as at 30 June 2019 to approximately RMB5.5 million as at 30 June 2020. There 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 and no road construction in the first half of year 2020 which resulted in no construction work in progress was 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 net current liabilities for the year ended 30 June 2020.

Current liabilities

Trade and other payables increased by approximately RMB19.6 million from approximately RMB175.7 million as at 30 June 2019 to approximately RMB195.3 million as at 30 June 2020. These increased were mainly attributable to increase in trade payable of RMB8.0 million and 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. The Group has not secured any financial borrowings to date and this project has been financed by 宜宾路桥. As at 30 June 2020, the amount due to 宜宾路桥 was approximately RMB163.9 million. 宜宾路桥 is a shareholder of Bo Dao and also the main contractor for the project. 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 approximately RMB7.4 million from approximately RMB104.6 million as at 30 June 2019 to approximately RMB97.2 million as at 30 June 2020 was due to net cash flow used in operating activities of approximately RMB19.2 million and partly offset by net cash generating from financing activities of approximately RMB11.8 million.

Net cash flows used in operating activities of approximately RMB19.2 million in FY2020 was mainly due to changes in working capital for receivables and payables.

Net cash generating from financing activities of approximately RMB11.8 million was mainly attributable to amount due to a shareholder.

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.

The Group continues to take all pre-cautionary measures in prevention of another wave of the Covid-19 outbreak and is still committed to improving the business performances overall.

Although there has been a delay in deliverance of road parcels and the acceptance process by the Client construction schedule due to the Covid-19 situation, the construction of the road parcels are progressing in the first quarter of FY2021. The Company will continue to work with its Client in monitoring the progress closely.

The relevant parties for the township development project in Dhaka City Bangladesh, led by the Army Welfare Trust of People's Republic of Bangladesh, 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/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial year ended 30 June 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 year ended 30 June 2020.

14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

The Group 30 June 2020	Singapore RMB'000	China RMB'000	Total RMB'000
Infrastructure Business			
Revenue	-	199,609	199,609
Cost of sales	-	(143,904)	(143,904)
Gross profit	-	55,705	55,705
The Group 30 June 2019			
Infrastructure Business			
Revenue	-	189,071	189,071
Cost of sales	-	(139,066)	(139,066)
Gross profit	-	50,005	50,005

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Paragraph 8 above for details.

16. A breakdown of sales

	The Group 30 June 2020 RMB'000	30 June 2019 RMB'000	Change %
Sales for the first half year	-	33,822	-100%
Operating (loss)/profit after tax	(5,582)	4,393	-227%
Sales for the second half year	199,609	155,249	29%
Operating profit after tax	39,727	20,472	94%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that there is no person occupying any managerial positions in the Company or any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

19. 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.

20. 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	-
	17,182	16,413	769
Used of Placement Proceeds	22,900	6,980	15,920
Project Investment	7,000	3,663	3,337
Working capital purposes ⁽¹⁾	29,900	10,643	19,257
	47,082	27,056	20,026

(1) Use of Placement Proceeds of S\$3.7 million for "working capital purpose", the breakdown as follow:

- i. Payroll and Staff related expenses (incl. Directors Fees) – S\$1.6 million
- ii. Operating Expenses (incl. Rental, Stationery, Entertainments, Travelling) – S\$0.6million
- 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
28 August 2020