



UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 Catalyst. 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 2017 ("HY2017") vs Six Months ended 30 June 2016 ("HY2016")**

	HY2017 (Unaudited) S\$'000	HY2016 (Unaudited) S\$'000	Increase/ (Decrease) %
Revenue	30,829	44,173	-30.2%
Cost of Sales	(25,193)	(35,752)	-29.5%
Gross profit	5,636	8,421	-33.1%
Other income	1,020	870	17.2%
Administrative expenses	(5,239)	(6,902)	-24.1%
Finance costs	(586)	(770)	-23.9%
Profit before tax	831	1,619	-48.7%
Income tax expense	(70)	(17)	311.8%
Profit net of tax	761	1,602	-52.5%
Other comprehensive income, net of tax-			
Foreign currency translation	(2)	5	-140.0%
Total comprehensive income	759	1,607	-52.8%
Profit net of tax attributable to:			
Owners of the Company	761	1,602	-52.5%
	761	1,602	-52.5%
Total comprehensive income attributable to:			
Owners of the Company	759	1,607	-52.8%
	759	1,607	-52.8%

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

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

	HY2017 (Unaudited) S\$'000	HY2016 (Unaudited) S\$'000	Increase/ (Decrease) %
Write-back for doubtful trade receivables, net	(357)	-	N/M
Write-back of gross amount due from customers for contract work-in-progress	(200)	-	N/M
Depreciation of property, plant and equipment	929	966	-4%
Bad debt written off	108	-	N/M
Impairment of property, plant and equipment	-	4	-100%
Loss on disposal of property, plant and equipment, net	71	61	16%

N/M – Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	36,885	37,012	20,100	18,576
Investment property	-	-	8,474	8,594
Goodwill	980	980	-	-
Investment in subsidiaries	-	-	17,734	17,734
Deferred tax assets	39	39	-	-
	<u>37,904</u>	<u>38,031</u>	<u>46,308</u>	<u>44,904</u>
Current assets				
Gross amount due from customers for contract work-in-progress	25,177	24,760	-	-
Asset held for sale	-	938	-	-
Inventories	1,691	3,135	-	-
Prepaid operating expenses	1,052	399	122	70
Trade and other receivables	11,969	16,150	3,761	6,850
Income tax recoverable	-	546	-	-
Cash and cash equivalents	5,617	3,396	726	578
	<u>45,506</u>	<u>49,324</u>	<u>4,609</u>	<u>7,498</u>
Total assets	<u>83,410</u>	<u>87,355</u>	<u>50,917</u>	<u>52,402</u>
EQUITY AND LIABILITIES				
Current liabilities				
Gross amount due to customers for contract work-in-progress	1,181	55	-	-
Trade and other payables	12,449	14,132	10,812	12,437
Other liabilities	4,388	6,404	245	269
Loans and borrowings	20,899	22,649	2,182	2,245
Income tax payable	243	163	-	-
	<u>39,160</u>	<u>43,403</u>	<u>13,239</u>	<u>14,951</u>
Net current (liabilities)/assets	<u>6,346</u>	<u>5,921</u>	<u>(8,630)</u>	<u>(7,453)</u>
Non-current liabilities				
Loans and borrowings	18,650	19,484	18,650	17,883
Deferred tax liabilities	138	138	-	-
	<u>18,788</u>	<u>19,622</u>	<u>18,650</u>	<u>17,883</u>
Total liabilities	<u>57,948</u>	<u>63,025</u>	<u>31,889</u>	<u>32,834</u>
Net assets	<u>25,462</u>	<u>24,330</u>	<u>19,028</u>	<u>19,568</u>
Equity attributable to owners of the Company				
Share capital	18,766	18,393	18,766	18,393
Treasury shares	(256)	(256)	(256)	(256)
Foreign currency translation reserve	(88)	(86)	-	-
Premium paid on acquisition of non-controlling interests	(355)	(355)	-	-
Merger reserves	(7,442)	(7,442)	-	-
Retained earnings	14,837	14,076	518	1,431
Total equity	<u>25,462</u>	<u>24,330</u>	<u>19,028</u>	<u>19,568</u>
Total equity and liabilities	<u>83,410</u>	<u>87,355</u>	<u>50,917</u>	<u>52,402</u>

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

As at 30 June 2017 (Unaudited)		As at 31 December 2016 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
20,899	-	22,649	-

Amount repayable after one year

As at 30 June 2017 (Unaudited)		As at 31 December 2016 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
18,650	-	19,484	-

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. A term loan facility of S\$1 million is 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 Group's secured borrowings comprised loans which are secured by way of legal mortgages of certain leasehold properties of its subsidiaries.

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	
	HY2017	HY2016
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	831	1,619
Adjustments:		
Depreciation of property, plant and equipment	929	966
Write-back of doubtful trade receivables, net	(357)	-
Bad debt written off	108	-
Loss on disposal of property, plant and equipment, net	71	61
Impairment of property, plant and equipment	-	4
Write-back of gross amount due from customers for contract work-in-progress	(200)	-
Finance costs	586	770
Translation difference	(2)	5
Operating cash flows before working capital changes	1,966	3,425
Changes in working capital:		
Decrease/(increase) in gross amount due from customers for contract work-in-progress	573	(2,199)
Increase/(decrease) in gross amount due to customers for contract work-in-progress	1,126	(112)
Decrease in inventories	1,444	353
Increase in prepaid operating expenses	(653)	(565)
Decrease in trade and other receivables	4,430	2,015
Decrease in trade and other payables	(1,683)	(2,856)
(Decrease)/increase in other liabilities	(2,016)	1,420
Cash flows generated from operations	5,187	1,481
Interest paid	(586)	(770)
Income tax refund/(paid), net	556	(52)
Payment to employees in cash under performance plans	373	-
Net cash flows generated from operating activities	5,530	659
Cash flows from investing activities		
Purchase of property, plant and equipment	(214)	(1,696)
Proceeds from disposal of property, plant and equipment	949	15
Net cash flows generated from/(used in) investing activities	735	(1,681)
Cash flows from financing activities		
Proceeds from loans and borrowings	2,712	35,160
Repayment of loans and borrowings	(6,756)	(34,440)
Dividend paid on ordinary shares	-	(822)
Net cash flows used in financing activities	(4,044)	(102)
Net increase/(decrease) in cash and cash equivalents	2,221	(1,124)
Cash and cash equivalents at 1 January	3,396	6,699
Cash and cash equivalents at 30 June	5,617	5,575

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	Premium on acquisition of non-controlling interests	Merger reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group (Unaudited)							
Balance as at 1 January 2017	18,393	(256)	(86)	(355)	(7,442)	14,076	24,330
Profit for the financial year	-	-	-	-	-	761	761
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	(2)	-	-	-	(2)
Total comprehensive income for the financial year	-	-	(2)	-	-	761	759
Issuance of Performance Share Plan	373	-	-	-	-	-	373
Balance as at 30 June 2017	18,766	(256)	(88)	(355)	(7,442)	14,837	25,462
Group (Unaudited)							
Balance as at 1 January 2016	18,393	(256)	(76)	(355)	(7,442)	13,090	23,354
Profit for the financial year	-	-	-	-	-	1,602	1,602
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	5	-	-	-	5
Total comprehensive income for the financial year	-	-	5	-	-	1,602	1,607
Dividends	-	-	-	-	-	(822)	(822)
Balance as at 30 June 2016	18,393	(256)	(71)	(355)	(7,442)	13,870	24,139

	Attributable to Owners of the Company			
	Share capital	Treasury shares	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
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
Company (Unaudited)				
Balance as at 1 January 2016	18,393	(256)	1,819	19,956
Loss for the financial year	-	-	(779)	(779)
Dividends	-	-	(822)	(822)
Balance as at 30 June 2016	18,393	(256)	218	18,355

- 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**

	HY2017 (Unaudited)		FY2016 (Audited)	
	No. of Shares	S\$'000	No of Shares	S\$'000
Issued share capital				
At beginning of financial year	119,269,000	18,393	119,269,000	18,393
Issuance pursuant to Performance Share Plan	2,043,098	373	-	-
At ended of financial period	121,312,098	18,766	119,269,000	18,393

The number of treasury shares as at 30 June 2017 was 1,769,900 (31 December 2016: 1,769,900).

There are no outstanding convertibles or subsidiary holdings as at 30 June 2017 and as 30 June 2016.

Grant of Share Awards Pursuant to the Performance Share Plan ("PSP")

During the period, the Company issued and allotted 2,043,098 ordinary shares in the share capital of the Company at the market price of S\$0.18 under the Performance Share Plan.

- 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 2017 Unaudited	31 Dec 2016 Audited
Total number of issued shares	121,312,098	119,269,000
Total number of treasury shares	(1,769,900)	(1,769,900)
Total number of issued shares (excluding treasury shares)	119,542,198	117,499,100

- 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 2017.

- 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 2017.

- 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

The Group has adopted the new or revised Singapore Financial Reporting Standard ("FRS") and Interpretations to FRS ("INT FRS") that are effective for financial periods beginning on or after 1 January 2017. Save for this, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with the audited financial statements for the year ended 31 December 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 adoption of the new or revised FRS and INT FRS does not have any material impact on the financial statements of the Group.

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	
	HY2017 Unaudited	HY2016 Unaudited
Profit attributable to owners of the Company (S\$'000)	761	1,602
Weighted average number of ordinary shares in issue (excluding treasury shares)	117,792,584	117,499,100
Basic and diluted earnings per ordinary share ("EPS")(Singapore cents)	0.65	1.36

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 2017 (Unaudited)	31 Dec 2016 (Audited)	30 Jun 2017 (Unaudited)	31 Dec 2016 (Audited)
Net asset value per ordinary share based on issued share capital (Singapore cents)	21.30	20.71	15.92	16.65
Number of issued shares excluding treasury shares	119,542,198	117,499,100	119,542,198	117,499,100

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 HY2017 vs. HY2016

During the period under review, the Group's total revenue decreased by S\$13.4 million (30.2%), from S\$44.2 million in HY2016 to S\$30.8 million in HY2017.

This decrease was attributable to 1) lower revenue from the mechanical and electrical engineering ("M&E") segment of S\$13.2 million (41.9%) from S\$31.5 million in HY2016 to S\$18.3 million in HY2017, primarily due to decrease in work done; 2) lower revenue from the manufacturing segment of S\$1.5 million (20%) from S\$7.5 million in HY2016 to S\$6.0 million in HY2017, primarily due to declining ducting sales; partly offset by 3) increase in revenue from the building and construction solutions segment of S\$1.3 million (25.0%) from S\$5.2 million in HY2016 to S\$6.5 million in HY2017 as a result of increasing project realisation with higher order intake secured.

The Group's cost of sales decreased by S\$10.6 million (29.6%), from S\$35.8 million in HY2016 to S\$25.2 million in HY2017. The decrease is in tandem with the decline in revenue as a result of slowdown in project activities.

Our Group's gross profit of S\$5.6 million in HY2017 was lower than S\$8.4 million in HY2016, mainly due to 1) a decline of S\$1.8 million in gross profit from the M&E segment arising from lower volume of on-going engineering projects; and 2) a decline of S\$1.1 million from the manufacturing segment due to a decrease in sales, offset by 3) an increase of S\$0.1 million from the building and construction solutions segment.

During the period under review, other income increased by S\$0.1 million from S\$0.9 million in HY2016 to S\$1.0 million in HY2017 mainly attributable to gain on disposal of a factory located at Ang Mo Kio Street 62 disposed during the period.

Administrative expenses decreased by S\$1.7 million (24.6%) from S\$6.9 million in HY2016 to S\$5.2 million in HY2017. This was mainly due to lower bonus and incentives incurred during the year.

Finance costs decreased by S\$0.2 million from S\$0.8 million in HY2016 to S\$0.6 million in HY2017, mainly due to the decrease in trade financing utilised by the Group in HY2017, which was in line with the decrease in the Group's project activities.

The Group's profit before tax in HY2017 was S\$0.8 million, as compared to profit before tax of S\$1.6 million in HY2016.

(ii) Review of the Group's financial position

Non-Current Assets

Non-current assets decreased by S\$0.1 million to S\$37.9 million as at 30 June 2017 from S\$38.0 million as at 31 December 2016. The decrease was mainly due to S\$0.9 million depreciation charged in the review period offset by addition of cost capitalisation amount to S\$0.8 million for asset-under construction for the factory at 53 Loyang Drive.

Current Assets

As at 30 June 2017, current assets stood at S\$45.5 million. This was a decrease of S\$3.8 million as compared to S\$49.3 million as at 31 December 2016 due to the following:

- Decrease in trade and other receivables of S\$4.2 million in line with the decrease in revenue during the period and stringent credit monitoring from debtors;
- Decrease in inventories of S\$1.4 million due to improved inventory management; and
- Decrease in asset held for sale of \$0.9 million as a result of disposal of property at located Ang Mo Kio Street 62;

Offset by

- Increase in cash and cash equivalents of S\$2.2 million mainly attributable to 1) sales proceeds of disposal of non-current asset held for sale of S\$0.9 million; 2) income tax refund of S\$0.6 million; and 3) better collections in trade and other receivables; and
- Increase in gross amount due from customers for contract work-in-progress of S\$0.4 million as a result of increased project execution towards the end of period closing.

Current Liabilities

As at 30 June 2017, current liabilities stood at S\$39.2 million, which represented a decrease of S\$4.2 million when compared to S\$43.4 million as at 31 December 2016. This decrease was mainly due to:

- Decrease in trade and other payables of S\$1.7 million in line with the decrease in purchase as a result of project slowdown and more timely payment to vendors;
- Decrease in loans and borrowings mainly due to decrease in trust receipt utilization and repayment of bank borrowings and bill payables at period end; and
- Decrease in other liabilities of S\$2.0 million due to lower accrued project costs;

Offset by

- Increase in gross amount due to customers for contract work-in-progress due to more advance collections from customers for building and construction segments.

Non-Current Liabilities

As at 30 June 2017, non-current liabilities decreased by S\$0.8 million to S\$18.8 million from S\$19.6 million as at 31 December 2016, mainly due to full settlement of loan in connection with the disposal of the factory located at Ang Mo Kio Street 62 during the period under review.

Equity attributable to owners of the Company

Equity attributable to owners of the Company amounted to S\$25.5 million as at 30 June 2017, which reflected an increase of S\$1.2 million when compared to S\$24.3 million as at 31 December 2016, mainly arising from 1) S\$0.8 million net profit for the period; and 2) S\$0.4 million due to share awards issued under the PSP during the period under review.

Review of Group's Cash Flow

In HY2017, the net cash flows generated from operating activities amounted to S\$5.5 million mainly due to operating cash flows before working capital changes of S\$2.0 million, adjusted for net working capital inflows of S\$3.2 million, as well as interest paid of S\$0.6 million. The net working capital inflows were mainly due to the decrease in trade and other receivable of S\$4.4 million; increase in gross amount due from/to customers for contract work-in-progress of S\$1.7 million; decrease in inventory of S\$1.4 million; offset by decrease in trade and other payable of S\$1.7 million, other liabilities of S\$2.0 million and increase in prepaid operating expenses of S\$0.7 million.

Net cash generated from investing activities of S\$0.7 million in HY2017 was mainly attributable to sales proceeds of disposal of non-current asset held for sales of S\$0.9 million, and offset by purchase of property, plant and equipment of S\$0.2 million.

Net cash used in financing activities amounted to S\$4.0 million in HY2017 due to the net repayment of bank loans and borrowings.

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 business environment remains challenging amid economic uncertainties in the next 12 months with continuous pressures on contract value and stiff competition for new project to be secured. The Group will continue to focus on cost control in managing the completion of existing projects. As such, the Group will continue to pursue investment opportunities beyond Singapore as and when they arise.

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 HY2017.

(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 HY2017.

(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/recommendeded for HY2017.

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.

The Group does not have a general mandate from shareholders for IPT. There were no IPTs of S\$100,000 and above during HY2017.

The S\$1 million term loan facility provided by Ethoz Capital Ltd to Kin Xin Engineering Pte Ltd is secured jointly by a corporate guarantee issued by the Company and a personal guarantee by Mr Chu Sau Ben (please refer to Section 1(b)(ii)). The outstanding amount as at 30 June 2017 was S\$211,588. No consideration was/will be paid to Mr Chu Sau Ben for the provision of the aforesaid personal guarantee.

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 2017 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 2017