



UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**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 Sponsor has not independently verified the contents of 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 2019 ("HY2019") vs Six Months ended 30 June 2018 ("HY2018")**

	HY2019 (Unaudited) S\$'000	HY2018 (Unaudited) S\$'000	Increase/ (Decrease) %
Revenue	45,044	45,140	-0.2%
Cost of Sales	(45,864)	(39,222)	16.9%
Gross (loss)/profit	(820)	5,918	N/M
Other income	1,022	1,183	-13.6%
Impairment loss on financial assets	(2,850)	(404)	N/M
Administrative expenses	(7,863)	(5,770)	36.3%
Finance costs	(1,012)	(836)	21.1%
(Loss)/profit before tax	(11,523)	91	N/M
Income tax expense	(3)	(42)	-92.9%
(Loss)/profit from continuing operations, net of tax	(11,526)	49	N/M
Discontinued operations			
(Loss)/profit from discontinued operations, net of tax	(10,631)	435	N/M
(Loss)/profit for the period	(22,157)	484	N/M
Other comprehensive income, net of tax-			
Foreign currency translation	93	(44)	N/M
Total comprehensive (loss)/income	(22,064)	440	N/M
Net (loss)/profit for the period attributable to Owners of the Company			
(Loss)/profit from continuing operations, net of tax	(11,526)	49	N/M
(Loss)/profit from discontinued operations, net of tax	(10,107)	222	N/M
	(21,633)	271	N/M
Non-controlling interest			
(Loss)/profit from discontinued operations, net of tax	(524)	213	N/M
(Loss)/profit for the period	(22,157)	484	N/M
(Loss)/profit net of tax attributable to:			
Owners of the Company	(21,633)	271	N/M
Non-controlling interests	(524)	213	N/M
	(22,157)	484	N/M
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(21,540)	241	N/M
Non-controlling interests	(524)	199	N/M
	(22,064)	440	N/M

N/M – Not meaningful

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

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

	HY2019 (Unaudited) S\$'000	HY2018 (Unaudited) S\$'000	Increase/ (Decrease) %
Impairment loss on financial assets	2,850	404	N/M
Impairment loss on goodwill			
- continuing operations	980	-	N/M
- discontinued operations	9,561	-	N/M
Depreciation of property, plant and equipment			
- continuing operations	1,252	1,200	4.3%
- discontinued operations	-	6	N/M
Bad debt written off	-	111	N/M
Impairment of property, plant and equipment			
- discontinued operation	459	-	N/M
Loss on disposal of property, plant and equipment, net	-	35	N/M

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 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	35,282	36,854	108	143
Investment property	-	-	27,984	28,398
Goodwill	-	10,540	-	-
Investment in subsidiaries	-	-	17,734	30,137
Right-of-use assets	4,508	-	3,401	-
	<u>39,790</u>	<u>47,394</u>	<u>49,227</u>	<u>58,678</u>
Current assets				
Contract assets	39,905	40,035	-	-
Asset held for sale **	-	8,521	-	-
Inventories	2,965	6,133	-	-
Prepaid operating expenses	475	802	108	48
Trade and other receivables	14,970	26,646	1,942	64
Income tax recoverable	11	11	-	-
Cash and cash equivalents	2,308	2,278	488	509
	<u>60,634</u>	<u>84,426</u>	<u>2,538</u>	<u>621</u>
Assets directly related to disposal group classified as held for sale*	15,335	-	-	-
	<u>75,969</u>	<u>84,426</u>	<u>2,538</u>	<u>621</u>
Total assets	<u>115,759</u>	<u>131,820</u>	<u>51,765</u>	<u>59,299</u>
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	-	18	-	-
Trade and other payables	29,792	29,241	11,105	10,922
Other liabilities	8,415	7,619	767	443
Lease liabilities	4,508	-	3,401	-
Loans and borrowings	46,891	37,333	20,089	1,779
Income tax payable	971	2,136	-	-
	<u>90,577</u>	<u>76,347</u>	<u>35,362</u>	<u>13,144</u>
Liabilities directly related to disposal group classified as held for sale*	10,322	-	-	-
	<u>100,899</u>	<u>76,347</u>	<u>35,362</u>	<u>13,144</u>
Net current (liabilities)/assets	<u>(24,930)</u>	<u>8,079</u>	<u>(32,824)</u>	<u>(12,523)</u>
Non-current liabilities				
Loans and borrowings	-	18,541	-	17,626
Deferred tax liabilities	428	436	-	-
	<u>428</u>	<u>18,977</u>	<u>-</u>	<u>17,626</u>
Total liabilities	<u>101,327</u>	<u>95,324</u>	<u>35,362</u>	<u>30,770</u>
Net assets	<u>14,432</u>	<u>36,496</u>	<u>16,403</u>	<u>28,529</u>
Equity attributable to owners of the Company				
Share capital	31,169	31,169	31,169	31,169
Treasury shares	(256)	(256)	(256)	(256)
Foreign currency translation reserve	(78)	(171)	-	-
Premium paid on acquisition of non-controlling interests	(355)	(355)	-	-
Merger reserves	(7,442)	(7,442)	-	-
Retained earnings	(9,837)	11,796	(14,510)	(2,384)
Equity attributable to owners of the Company	<u>13,201</u>	<u>34,741</u>	<u>16,403</u>	<u>28,529</u>
Non-controlling interests	1,231	1,755	-	-
Total equity	<u>14,432</u>	<u>36,496</u>	<u>16,403</u>	<u>28,529</u>
Total equity and liabilities	<u>115,759</u>	<u>131,820</u>	<u>51,765</u>	<u>59,299</u>

* Assets/liabilities directly related to disposal group classified as held for sale

Assets/liabilities directly related to disposal group classified as held for sale of S\$15.3 million and S\$10.3 million respectively relates to the discontinued operations of YC Capital Consolidated Sdn. Bhd. (“YCC” and together with its subsidiaries, the “YC Group”), in relation to the Company’s announcement dated 15 April 2019, whereby the Company has entered into a memorandum of understanding (the “MOU”) with Mr Chu Sau Ben, (the “Purchaser”) and YC Group for the proposed disposal of the Group’s 51% interest in the issued and paid-up shares of YCC (the “Proposed YC Disposal”) for a consideration amount of S\$12,000,000 being the same amount that the Group had paid the Purchaser for the acquisition of YC Group.

** Asset held for sale

An asset held for sale of S\$8.5 million relates to the investment property consisting of twelve (12) adjoining plots 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 “Asset Held for Sale”). 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.

Appropriateness of going concern assumption

As at 30 June 2019, the Group’s current liabilities exceeded its current assets by S\$20.42 million. For the financial period ended 30 June 2019, although the Group incurred a loss after tax of S\$22.16 million and a total comprehensive loss of S\$22.06 million, the Group has generated a net cash inflows from operating activities of \$1.16 million. Management has analysed the Group’s financial performance for the next 12 months, coupled with the ability to re-finance the loans and borrowings through negotiation with the lenders. Accordingly, the Management has assessed the Group ability to continue as a going concern to be appropriate.

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 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured S\$’000	Unsecured S\$’000	Secured S\$’000	Unsecured S\$’000
46,891	-	37,333	-

Amount repayable after one year

As at 30 June 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured S\$’000	Unsecured S\$’000	Secured S\$’000	Unsecured S\$’000
-	-	18,541	-

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, being 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	
	HY2019 (Unaudited) S\$'000	HY2018 (Unaudited) S\$'000
Cash flows from operating activities		
(Loss)/profit before tax		
- continuing operations	(11,523)	91
- discontinued operation	(10,631)	435
(Loss)/profit before tax, total	(22,154)	526
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	1,252	1,206
Impairment loss on financial assets	2,850	404
Impairment loss on goodwill	10,541	-
Loss on disposal of property, plant and equipment, net	-	35
Impairment of property, plant and equipment	459	-
Finance costs	1,078	877
Translation difference	89	(30)
Operating cash flow (used in)/from before working capital changes	(5,885)	3,018
<u>Changes in working capital:</u>		
Contract assets	130	(5,956)
Contract liabilities	(18)	(354)
Inventories	2,976	(1,528)
Prepaid operating expenses	327	500
Trade and other receivables	1,529	(769)
Trade and other payables	2,397	3,019
Other liabilities	980	2,261
Cash flows from operations	2,436	191
Interest paid	(1,078)	(877)
Income tax paid, net	(60)	(53)
Net cash flows (used in)/from operating activities	1,298	(739)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(628)
Net cash used in investing activities	-	(628)
Cash flows from financing activities		
Proceeds from loans and borrowings	1,415	7,295
Repayment of loans and borrowings	(2,544)	(4,754)
Payments of lease liabilities	(139)	-
Net cash flows (used in)/from financing activities	(1,268)	2,541
Net increase in cash and cash equivalents	30	1,174
Cash and cash equivalents at 1 January	2,278	4,137
Cash and cash equivalents at 30 June	2,308	5,311

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 2019	31,169	(256)	(171)	(355)	(7,442)	11,796	-	34,741	1,755	36,496
Loss for the financial period	-	-	-	-	-	(21,633)	-	(21,633)	(524)	(22,157)
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	93	-	-	-	-	93	-	93
Total comprehensive income for the financial period	-	-	93	-	-	(21,633)	-	(21,540)	(524)	(22,064)
Balance as at 30 June 2019	31,169	(256)	(78)	(355)	(7,442)	(9,837)	-	13,201	1,231	14,432
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 period	-	-	-	-	-	271	-	271	213	484
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	(30)	-	-	-	-	(30)	(14)	(44)
Total comprehensive income for the financial period	-	-	(30)	-	-	271	-	241	199	440
Issuance of new ordinary shares pursuant to acquisition of subsidiaries	12,403	-	-	-	-	-	-	12,403	2,094	14,497
Expiry of equity-settled share option granted to employees	-	-	-	-	-	135	(135)	-	-	-
Balance as at 30 June 2018	31,169	(256)	(132)	(355)	(7,442)	16,056	-	39,040	2,293	41,333

	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 2019	31,169	(256)	(2,384)	-	28,529
Loss for the financial period	-	-	(12,126)	-	(12,126)
Balance as at 30 June 2019	31,169	(256)	(14,510)	-	16,403
Company (Unaudited)					
Balance as at 1 January 2018	18,766	(256)	(635)	135	18,010
Loss for the financial period	-	-	(1,322)	-	(1,322)
Issuance of new ordinary shares pursuant to acquisition of subsidiaries	12,403	-	-	-	12,403
Expiry of equity-settled share option granted to employees	-	-	135	(135)	-
Balance as at 30 June 2018	31,169	(256)	(1,822)	-	29,091

- 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.

	HY2019 (Unaudited)		FY2018 (Audited)	
	No. of Shares	S\$'000	No of Shares	S\$'000
Issued share capital				
At beginning of financial year	215,062,098	31,169	121,312,098	18,766
Issuance of shares as consideration for the acquisition of YC	-	-	93,750,000	12,403
At end of financial period	215,062,098	31,169	215,062,098	31,169

The number of treasury shares as at 30 June 2019 was 1,769,900 (31 December 2018: 1,769,900).

There are no outstanding convertibles or subsidiary holdings as at 30 June 2019 and as at 31 December 2018.

- 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 2019 Unaudited	31 Dec 2018 Audited
Total number of issued shares	215,062,098	215,062,098
Total number of treasury shares	(1,769,900)	(1,769,900)
Total number of issued shares (excluding treasury shares)	<u>213,292,198</u>	<u>213,292,198</u>

- 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 from 1 January to 30 June 2019.

- 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 2019.

- 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 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 audited financial statements as at 31 December 2018.

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 has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It requires a lessee to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in SFRS(I) 16. The Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of FRS17 Leases.

Leases are recognised as a right-of-use ("ROU") asset and corresponding liability at the date of which the leased asset is available for use by the Group. These lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In applying SFRS(I) 16 for the first time, the Group has used certain practical expedients permitted by the standard.

On the adoption of SFRS(I) 16, the Group and the Company recognise ROU assets of S\$4.65 million and S\$3.45 million respectively and lease liabilities of S\$4.65 million and S\$3.45 million respectively, for the leases previously classified as operating leases. A depreciation expense on ROU assets of S\$0.14 million and finance cost of S\$0.03 million are charged to profit or loss of the Group for the period ended 30 June 2019.

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	
	HY2019 Unaudited	HY2018 Unaudited
(Loss)/profit attributable to owners of the Company (S\$'000)	(21,633)	271
Weighted average number of ordinary shares in issue (excluding treasury shares)	213,292,198	168,621,484
Basic and diluted (loss)/earnings per ordinary share ("EPS") (Singapore cents)	(10.14)	0.16

The basic and diluted EPS for the respective financial periods are computed based on the (loss)/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 2019 (Unaudited)	31 Dec 2018 (Audited)	30 Jun 2019 (Unaudited)	31 Dec 2018 (Audited)
Net asset value per ordinary share based on issued share capital (Singapore cents)	6.19	16.29	7.69	13.38
Number of issued shares excluding treasury shares	213,292,198	213,292,198	213,292,198	213,292,198

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 HY2019 vs. HY2018

Continuing operations

During the period under review, the Group's total revenue decreased by S\$0.1 million or 0.2%, from S\$45.1 million in HY2018 to S\$45.0 million in HY2019.

This decrease was mainly attributable to 1) lower revenue from the mechanical and electrical engineering ("M&E") segment of S\$2.5 million or 9.8% from S\$25.4 million in HY2018 to S\$22.9 million in HY2019, primarily due to decrease in work done; 2) lower revenue from the manufacturing segment of S\$0.4 million or 4.6% from S\$8.6 million in HY2018 to S\$8.3 million in HY2019, primarily due to declining of ducting sales; partly offset by 3) increase in revenue from the building and construction solutions segment of S\$2.7 million or 24.3% from S\$11.1 million in HY2018 to S\$13.8 million in HY2019 as a result of higher project realisation with higher order intake secured.

The Group's cost of sales increased by S\$6.7 million or 17.1%, from S\$39.2 million in HY2018 to S\$45.9 million in HY2019. The increase was attributable to higher sub-contractor and material costs mainly due to the current economic conditions experienced in the construction sector.

The Group reported a gross loss of S\$0.8 million in HY2019. A significant decline of S\$6.7 million or 114% from a gross profit of S\$5.9 million in HY2018 to a gross loss of S\$0.8 million in HY2019, this was mainly due to 1) a decline of S\$2.7 million or 108% in gross profit from the M&E segment due to more competitively priced projects and increased sub-contractor and material costs; 2) a decline of S\$0.5 million or 35.7% from the manufacturing segment due to a decrease in sales; 3) a decline of S\$3.5 million or 300% from the building and construction solutions segment arising from project cost overrun mainly due to delay the work in progression.

During the period under review, other income decreased by S\$0.2 million or 16.7% from S\$1.2 million in HY2018 to S\$1.0 million in HY2019 mainly due to a decrease in rental income derived from the property at 34 Sungai Kadut.

Impairment loss on financial assets increased by S\$2.5 million or 625% from S\$0.4 million in HY2018 to S\$2.9 million in HY2019, this was mainly due to impairment on long overdue trade and other receivables for the building and construction solutions segment.

Administrative expenses increased by S\$2.1 million or 36.3% from S\$5.8 million in HY2018 to S\$7.9 million in HY2019. This was mainly due to 1) an impairment loss of goodwill of S\$1.0 million; 2) an increase in professional expenses such as consultancy, legal and audit fees.

Finance costs increased by S\$0.2 million or 21.1% from S\$0.8 million in HY2018 to S\$1.0 million in HY2019, mainly due to the increase in trade financing utilised by the Group in HY2019.

The Group's loss before tax from continuing operations in HY2019 was S\$11.5 million, as compared to profit before tax of S\$0.1 million in HY2018, representing a decrease of S\$11.6 million.

Discontinued operations

The Group recognised loss from discontinued operations of travel and tour services segment of S\$10.1 million comprises mainly impairment loss of goodwill.

(ii) Review of the Group's financial position

Non-Current Assets

Non-current assets decreased by S\$7.6 million or 16.0% from S\$47.4 million as at 31 December 2018 to S\$39.8 million as at 30 June 2019. The decrease was mainly due to 1) impairment loss of goodwill amounting to S\$11.0 million for discontinuing operation and the building and construction solution segment; 2) depreciation for the financial period of S\$1.1 million; partial offset by 3) recognition in right-of-use assets of S\$4.5 million by first-time adoption FRS 116.

Current Assets

As at 30 June 2019, the Group's current assets was amounting to S\$76.0 million, decreased by S\$8.4 million or 10.0% as compared to S\$84.4 million as at 31 December 2018 due to the following:

- Decrease in contract assets of S\$0.1 million which resulted in decreased project execution towards the end of the financial period;
- Decrease in inventories of S\$3.1 million in line with lower sales turnover and ceased coil trading;
- Decrease in trade and other receivables of S\$11.7 million mainly due to lower sales turnover and additional impairment loss on trade and other receivables of S\$2.8 million arising from the building and construction solutions segment;
- Decrease in prepaid operating expenses of S\$0.4 million mainly attributable to the discontinued operations of YC Group reclassified as asset held to sale; and

Partial offset by:

- Increase in assets held for sale of S\$6.8 million relating to the discontinued operations of YC Group.

Current Liabilities

As at 30 June 2019, the Group's current liabilities amounting to S\$100.9 million, which represented an increase of S\$24.6 million or 32.2% as compared to S\$76.3 million as at 31 December 2018. This increase was mainly due to:

- Increase in trade and other payables of S\$0.6 million in line with the increase in cost of sales;
- Increase in loan and borrowings of S\$9.6 million mainly attributable to 1) bank borrowings of S\$18.6 million reclassification from non-current liabilities as such borrowings are due for repayment, and partially offset by 2) S\$9.0 million mainly attributable to the discontinued operations of YC Group reclassified as asset held for sale;
- Increase in liabilities held for sale of S\$10.3 million mainly attributable to the discontinued operations of YC Group reclassified as liabilities held for sale;
- Increase in other liabilities of S\$0.7 million due to higher accrued operation expenses in relation to the building and construction solutions segment;
- Increase in lease liabilities of S\$4.5 million by first-time adoption of FRS 116; and

Partially offset by:

- Decrease in income tax payables of S\$1.1 million due to the discontinued travel and tour service segment operations which as reclassified under liabilities held for sale.

Non-Current Liabilities

As at 30 June 2019, non-current liabilities decreased by S\$18.6 million to S\$0.4 million from S\$19.0 million as at 31 December 2018, mainly due to the reclassification of loans and borrowings to current liabilities. The management is currently in negotiation with the various lenders to refinance the various loans and borrowings.

Equity attributable to owners of the Company

Equity attributable to owners of the Company amounted to S\$13.2 million as at 30 June 2019, which reflected a decrease of S\$21.5 million as compared to S\$34.7 million as at 31 December 2018, mainly due to net loss for the period.

Review of Group's Cash Flow

For HY2019, the Group has a net cash flows from operating activities amounted to S\$1.3 million. This has shown a favourable cash flow from operating activities as compared to the net cash used in operating activities of S\$0.7 million in HY2018, mainly arose from the operating cash flow used before working capital changes of S\$5.9 million, adjusted for a net increase in working capital of S\$8.3 million, and an interest of S\$1.1 million paid. The net working capital inflows were mainly due to the decrease in trade and other receivables of S\$1.5 million; decrease in contract assets of S\$0.1 million; decrease in inventories of S\$3.0 million, decrease in prepaid operating expenses of S\$0.3 million, increase in trade and other payables of S\$2.4 million; and increase in other liabilities of S\$1.0 million.

The net cash used in financing activities amounted to S\$1.3 million in HY2019 (compared to net cash flows from financing activities of S\$2.5 million in HY2018) due to a net repayment of loans, borrowing and lease liabilities

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

Except for as announced in announcements dated 15 April 2019 and as disclosed in item 13 in relation to the disposal of YC Group, the Group's operations are in line with the commentary stated in Paragraph 10 of the FY2019 full year results announcement dated 1 March 2019.

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

Amid all the doom and gloom, Singapore's construction sector continued its moderate recovery. After 10 consecutive quarters of decline, the sector grew an estimated 2.2% year-on-year in the second quarter of this year, after expanding 2.7% in the first quarter.ⁱ In fact, construction was pinpointed as the sole bright spot during the latest quarterly survey of professional forecasters by the Monetary Authority of Singapore (MAS) released on 12 June 2019.ⁱⁱ The turnaround in the Singapore construction industry is primarily driven by a slew of mega projects planned by the government, from the massive 1,050-hectare Changi Airport Terminal 5ⁱⁱⁱ project in the East, to the North-South Corridor^{iv} development connecting the towns in the north to the city centre, to the Tuas Mega Port^v in the West which, when fully developed, is envisaged to be the world's largest container terminal located in a single location. At the same time, JTC Corporation, the lead agency in Singapore spearheading the planning, promotion and development of a dynamic industrial landscape, has been busy developing large multi-storey industrial complexes to consolidate various traditional industries occupying disparate, low-rise spaces under one roof. For instance, TimMac@Kranji^{vi}, a 5.97-hectare high-rise development slated for completion in 2020, will bring together many metal, machinery and timber companies under one space. In addition, there is a S\$9 billion expansion by Singapore's two integrated resorts which will see Marina Bay Sands add a new entertainment arena and hotel tower, while Resorts World Sentosa will extend Universal Studios Singapore to include two new attractions.^{viii}

Looking ahead, the Group expects the operating environment to remain challenging due to rising costs, tough competition and tight labour market. Moving forward, the Group will focus on its core business M&E in order to remain as the preferred M&E contractor. The Group is currently undergoing restructuring and realignment exercise to rationalise the Group's operations and businesses. The Group will provide updates from time to time via SGXNet on any material information of the exercise when necessary.

ⁱ https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2019/07/Adv_Est2Q19.pdf

ⁱⁱ <https://www.mas.gov.sg/-/media/MAS/EPG/SPF/2019/Survey-Writeup-Jun2019-Web.pdf?la=en&hash=249112585320FAB3A89C85>

ⁱⁱⁱ <http://www.changiairport.com/corporate/our-expertise/changi-east.html>

^{iv} <https://www.lta.gov.sg/content/ltaweb/en/roads-and-motoring/projects/north-south-corridor.html>

^v <https://www.maritimesgconnect.com/features/spotlight/5-things-you-should-know-about-new-tuas-mega-port>

^{vi} <https://www.jtc.gov.sg/industrial-land-and-space/Pages/timmac-kranji.aspx>

^{viii} <https://www.channelnewsasia.com/news/singapore/singapore-integrated-resorts-expansion-resorts-world-sentosa-mbs-11409002>

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 HY2019.

(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 HY2019.

(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 and reason(s) for the decision.

No dividend has been declared/recommended for HY2019 because the Group incurred a net loss for the period ended 30 June 2019.

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.

YC Disposal

As stated in the Company's announcement dated 15 April 2019, the Company entered into a memorandum of understanding (the "MOU") with Mr Chu Sau Ben, (the "Purchaser") and YC Capital Consolidated Sdn. Bhd. ("YCC" and together with its subsidiaries, the "YC Group") in relation to the proposed disposal of the Group's 51% interest in the issued and paid-up shares of YCC (the "Proposed YC Disposal"). Considering that the Consideration amount of S\$12,000,000 is the same amount that the Group had paid the Purchaser for the YC Acquisition, the Directors are of the view that the Proposed YC Disposal is beneficial to the Group.

Personal guarantee

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 2019 was S\$0.4 million.

A S\$0.7 million a personal guarantee provided by Mr Chu Sau Ben for a subcontractor of Cyber Builders Pte Ltd in Feb 2019, a wholly owned subsidiary of the Company.

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 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 from 1 January to 30 June 2019 to be false or misleading, in any material aspect.

BY ORDER OF THE BOARD

Chu Sau Ben
Executive Chairman, Executive Director and Chief Executive Officer

Date: 14 August 2019