

## **REQUIREMENT TO PERFORM QUARTERLY REPORTING**

**The Company is required to continue to do quarterly reporting in view of the modified opinion issued by its statutory auditor in its latest annual report.**

## **UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2019**

### **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**

	Second Quarter			Half Year		
	FY2020	FY2019	Change	FY2020	FY2019	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	-	33,822	-100%	-	33,822	-100%
Cost of sales	-	(21,113)	-100%	-	(21,113)	-100%
Gross profit	-	12,709	-100%	-	12,709	-100%
Other income	4	18,812	-100%	26	18,812	-100%
<b>Expenses</b>						
Distribution costs	-	(71)	-100%	-	(99)	-100%
Administrative expenses	(2,307)	(2,869)	-20%	(5,608)	(4,785)	17%
Other operating expenses	-	(2,537)	-100%	-	(19,059)	-100%
Finance costs	-	(8)	-100%	-	(8)	-100%
Profit/(Loss) before taxation	(2,303)	26,036	-109%	(5,582)	7,570	-174%
Income tax expenses	-	(3,177)	-100%	-	(3,177)	-100%
<b>(Loss)/ Profit for the period, representing total comprehensive (loss)/ Profit for the period</b>	<b>(2,303)</b>	<b>22,859</b>	<b>-110%</b>	<b>(5,582)</b>	<b>4,393</b>	<b>-227%</b>
<b>Total comprehensive (loss)/ Profit attributable to:</b>						
Equity holders of the parent Company	(2,302)	21,992	-110%	(5,581)	3,526	-258%
Non-controlling interest	(1)	867	-100%	(1)	867	-100%
	<b>(2,303)</b>	<b>22,859</b>	<b>-110%</b>	<b>(5,582)</b>	<b>4,393</b>	<b>-227%</b>

## 1(a)(ii) Other information

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

	Second Quarter		Half Year	
	FY2020	FY2019	FY2020	FY2019
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	11	50	21	52
Loss on disposal of previously owned subsidiaries	-	2,537	-	19,059

## 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	
	31 December 2019	30 June 2019	31 December 2019	30 June 2019
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets and Liabilities</b>				
<b>Non-current assets</b>				
Property, plant and equipment	242	252	-	-
Trade and other receivables	154,914	152,482	-	-
Investment in subsidiaries	-	-	510	510
	<u>155,156</u>	<u>152,734</u>	<u>510</u>	<u>510</u>
<b>Current assets</b>				
Contact assets	140,154	88,329	-	-
Trade and other receivables	15,619	25,755	-	-
Prepayment	230	87	212	24
Amount due from a subsidiary	-	-	144,899	144,540
Cash and bank balances	100,242	104,606	10	30
	<u>256,245</u>	<u>218,777</u>	<u>145,121</u>	<u>144,594</u>
<b>Current liabilities</b>				
Trade and other payables	221,232	175,726	4,337	4,046
Deferred tax liability	11,658	11,658	-	-
	<u>232,890</u>	<u>187,384</u>	<u>4,337</u>	<u>4,046</u>
Net current assets	23,355	31,393	140,784	140,548
<b>Net assets</b>	<u><b>178,511</b></u>	<u><b>184,127</b></u>	<u><b>141,294</b></u>	<u><b>141,058</b></u>
<b>Equity</b>				
Share capital	192,187	192,187	192,187	192,187
Treasury shares	(24)	(24)	(24)	(24)
Reserves	(10,031)	(9,997)	97,440	94,696
Accumulated losses	(20,049)	(14,468)	(148,309)	(145,801)
<b>Attributable to Controlling interest</b>	<b>162,083</b>	<b>167,698</b>	<b>141,294</b>	<b>(141,058)</b>
Non Controlling interest	16,428	16,429	-	-
<b>Total Equity</b>	<u><b>178,511</b></u>	<u><b>184,127</b></u>	<u><b>141,294</b></u>	<u><b>(141,058)</b></u>

**(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 31 December 2019		As at 30 June 2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

**Amount repayable after one year**

As at 31 December 2019		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**

	Half Year	
	FY2020 RMB'000	FY2019 RMB'000
<b>Cash flow from operating activities</b>		
(Loss) / Profit before income tax	(5,582)	7,570
Adjustments for:		
Depreciation of property, plant and equipment	22	52
Loss on disposal of subsidiaries	-	19,059
Gain on bargain purchase	-	(18,694)
Interest income	(26)	(118)
<b>Operating cash flows before changes in working capital</b>	(5,586)	7,869
<u>Changes in working capital:</u>		
Contract receivables	(51,825)	586
Trade and other receivables	7,561	(240,070)
Trade and other payables	10,496	189,995
<b>Cash used in operating activities</b>	(39,354)	(41,620)
Interest received	26	118
Income tax paid	-	-
Net cash used in operating activities before extraordinary income	(39,328)	(41,502)
Extraordinary income	-	18,694
<b>Net cash used in operating activities</b>	(39,328)	(22,808)
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(12)	-
Disposal of a subsidiaries, net of cash disposed	-	(332)
<b>Net cash used in investing activities</b>	(12)	(332)
<b>Cash flows from financing activities</b>		
Amount due to directors	256	-
Amount due to shareholder	34,754	-
Repayment of bank loans	-	(12,900)
Proceeds from issue of share capital	-	150,000
<b>Net cash generating from financing activities</b>	35,010	137,100
<b>Net cash increase/(decrease) in cash and cash equivalents</b>	(4,330)	113,960
Cash and cash equivalents at beginning of financial period	104,606	112
Effect of currency translation	(34)	-
<b>Cash and cash equivalents at end of financial period</b>	<b>100,242</b>	<b>114,072</b>

- 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	Attributable to equity holders of the Company										
	Share Capital	Treasury shares	Share Premium	Capital reserve	Statutory reserve	Merger reserve	Currency Translation Reserve	Surplus reserve	Retained Profit/(accumulated losses)	Controlling Interest	Non Controlling Interest
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 01.07.2018	135,773	(35)	79,908	4,403	15,000	(102,287)	-	-	(123,661)	9,101	-
Share Capital Reduction <sup>(1)</sup>	(81,464)	11	-	-	-	-	-	-	81,453	-	-
Share placement <sup>(2)</sup>	137,878	-	13,179	-	-	-	-	-	-	151,057	-
Total Comprehensive loss for the year	-	-	-	-	-	-	-	-	3,526	3,526	867
Balance as at 31.12.2018	192,187	(24)	93,087	4,403	15,000	(102,287)	-	-	(38,682)	163,684	867
Balance as at 1 July 2019	192,187	(24)	93,087	-	-	(102,287)	(797)	-	(14,468)	167,698	16,429
Total Comprehensive loss for the period	-	-	-	-	-	-	-	-	(5,581)	(5,581)	(1)
Exchange differences arising on translation of foreign operation	-	-	-	-	-	-	(34)	-	-	(34)	(34)
Balance as at 31.12.2019 (unaudited)	192,187	(24)	93,087	-	-	(102,287)	(831)	-	(20,049)	162,083	16,428

### Statement of changes in equity for the Company

Company	Share Capital	Treasury shares	Share Premium	Retained Profit/(accumulated losses)	Currency Translation Reserve	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 01.07.2018	135,773	(35)	79,908	(222,010)	-	(6,364)
Share Capital Reduction <sup>(1)</sup>	(81,464)	11	-	81,453	-	-
Share placement <sup>(2)</sup>	137,878	-	13,179	-	-	151,057
Total Comprehensive loss for the year	-	-	-	(6,721)	-	(6,721)
Balance as at 31.12.2018	192,187	(24)	93,087	(147,278)	-	137,972
Balance as at 1 July 2019	192,187	(24)	93,087	(145,801)	1,609	141,058
Total Comprehensive loss for the year	-	-	-	(2,508)	-	(2,508)
Exchange differences arising on translation of foreign operation	-	-	-	-	2,744	2,744
Balance as at 31.12.2019 (unaudited)	192,187	(24)	93,087	(148,309)	4,353	141,294

#### Note:

- 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.
- 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 31 December 2019	67,959,583	192,187

There were no convertible shares issued by the Company as at 31 December 2019.

As at 31 December 2019, 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 31 December 2019	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 31 December 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 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 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**

	2Q FY2020	2Q 2019	HY 2020	HY 2019
(Loss) / Profit attributable to equity holders of the Company (RMB'000)	(2,302)	21,992	(5,581)	3,526
Weighted average number of ordinary shares excluding treasury shares ('000)	67,952	43,767	67,952	43,767
(Loss) / Profit per share (RMB) – basic and diluted	(0.03)	0.50	(0.08)	0.08

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 31 December 2019	As at 30 June 2018	As at 31 December 2019	As at 30 June 2018
Net asset value per ordinary share (RMB)	2.63	2.71	2.08	2.08
Number of issued ordinary shares excluding treasury share as at end of the period	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.

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## **Review of Financial Performance**

### **Revenue, Gross Profit and Gross Margin**

No revenue was recognised in HY2020 as the Group has not received the client's acceptance for the completed road parcels. Upon acceptance of the road parcels, the Group will recognise the revenue for the relevant parcels and transfer from contract assets to trade receivables. As at 31 December 2019, the contract assets was approximately RMB140.2 million.

### **Other Income**

Interest income were generated from fixed deposit placed with reputable bank. In HY2019, the other income is mainly attributable from the one-off gain arising from the avquision of Bo Dao.

### **Selling and distribution expenses**

Selling and distribution expenses of RMB0.1 million in HY2019 mainly related to previously owned Fabric subsidiaries. The Group has deconsolidated the Fabric subsidiaries in FY2019 due to loss of control of these subsidiaries.

### **Administrative expenses**

Administrative expenses increased by approximately 17% from RMB4.8 million in HY2019 to RMB5.6 million in HY2020, mainly attributed by the followings:

- Legal & Professional fees – RMB2.4 million
- Director fees – RMB0.5 million
- Entertainment and travelling – RMB0.3 million
- Payroll & Employees' benefits – RMB2.0 million
- All other operating expenses – RMB0.4 million

### **Other operating expenses**

The other operating expenses of RMB19 million in HY2019 was mainly attrubutable 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 HY2020 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**

As a result of the above, the Group registered a net loss attributable to owners of the Company of RMB5.6 million as compared to the net profit of RMB3.5 million in HY2019.



## **Review of Financial Position**

### **Non-current assets**

Trade and other receivables increased by 2.4 million from RMB152.5 million as at 30 June 2019 to RMB154.9 million as at 31 December 2019. This was mainly due construction expenses incurred which will be invoiced to the client upon completion of the project.

### **Current assets**

Trade and other receivables decreased by RMB10.2 million from RMB25.8 million as at 30 June 2019 to RMB15.6 million as at 31 December 2019 was mainly due to collection from the client.

Contract assets increased by RMB51.9 million from RMB88.3 million as at 30 June 2019 to RMB140.2 million as at 31 December 2019 was mainly due to construction cost for parcels of roads and ones yet to be accepted by the client. Upon every acceptance of a road parcel by the client, the Group will recognise the revenue for the relevant parcels and transfer from contract assets to trade receivables.

### **Current liabilities**

Trade and other payables increased by RMB45.5 million from RMB175.7 million as at 30 June 2019 to RMB221.2 million as at 31 December 2019. These increased were mainly due to increase in trade payable of RMB10.1 million, amount due to director of RMB0.3 million and amount due to a shareholder by a subsidiary of RMB34.8 million.

## **Review of Cashflow Position**

Overall, cash and cash equivalents decreased by RMB4.4 million from RMB104.6 million as at 30 June 2019 to RMB100.2 million as at 31 December 2019 was due to net cash flow used in operating activities of RMB39.3 million and partly off-set by net cash generating from financing activities of RMB35.0 million.

Net cash flows used in operating activities of RMB39.3 million in HY2020 was mainly due to changes in working capital for receivables and payables.

Net cash generating from financing activities of RMB35.0 million was mainly due to amount due to directors and shareholders.

**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.**

In January 2020, the client has accepted 5 completed road parcels of revenue approximately RMB181.7 million. With the recent outbreak of coronavirus in China, it will affect the construction progress of our project.

The Company was placed on the SGX Watchlist on 6 June 2019 due to the pre-tax losses recorded for period between 1 January 2015 and 31 December 2017 and the average daily

market capitalization falling below S\$40 million over last six months. The audited financial statements for the financial period 1 January 2018 and 30 June 2019 has reflected the positive results and performance of the infrastructure business that started in 2018. The Company had applied to SGX-ST to request for removal from the Watchlist on 14 November 2019 based on its satisfaction of the main criterion of the Financial Exit Criteria of pre-tax profit in its latest audited financial statements. On 20 November 2019, the Company received notification from SGX-ST that the application was not approved as the Company has yet to fulfil the average daily market capitalisation of S\$40million under Listing Rule 1314(1) and the qualified opinions made by the auditor in relation to the Company's previous fabric business for financial period ended 30 June 2019. The Company has up to 5 June 2022 to exit the Watchlist and is not precluded from re-submitting an application at a later date. The Company will continue to take active steps toward removing itself from the Watchlist.

KPMG has issued a special report on 13 August 2019 with its findings pertaining to the alleged compensation claims made by three customers in 2017. The Company has filed a report with the Singapore Police Force using KPMG's findings and will cooperate with the relevant authorities accordingly. The Company has not received any significant update and believes that the case is still under investigation. When necessary, the Company will hold a Special General Meeting to seek shareholders' approval before commencing any further legal action against persons whom have caused loss and damage to the Company.

The Company, incorporated in Bermuda, is still in the process of re-domiciliation of its business to Singapore and is also working closely with its partners on pursuing the potential project that has been shortlisted as the upcoming one. The Company will hold a Special General Meeting accordingly when time comes.

#### 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 period ended 31 December 2019 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 period ended 31 December 2019.

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**14. Updates on efforts taken to resolve each outstanding audit issue**

(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.

(b) 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.

These previously owned Fabric subsidiaries have already been deconsolidated from the Group in financial year ended 30 June 2019.

(c) Management determination of functional currency

The determination of functional currency to be SGD

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.

**Confirmation by the Board Pursuant to Rule 705(2C) of SGX Listing Manual**

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**15. Confirmation by the Board Pursuant to Rule 705(5) of SGX Listing Manual**

The Board confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited consolidated financial results of the Group for the second quarter and the first half year ended 31 December 2019, to be false or misleading in any material aspect.

**16. 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.

**17. 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	-
	<b>17,182</b>	<b>16,413</b>	<b>769</b>

**Used of Placement Proceeds**

Project Investment	22,900	6,980	15,920
Working capital purposes <sup>(1)</sup>	7,000	2,883	4,117
	<b>29,900</b>	<b>9,863</b>	<b>20,037</b>
	<b>47,082</b>	<b>26,276</b>	<b>20,806</b>

(1) Use of Placement Proceeds of S\$2.6 million for “working capital purpose”, the breakdown as follow:

- i. Payroll and Staff related (incl. Director Fees) – S\$1.0 million
- ii Operating Expenses (incl. Rental, Stationery, Entertainments, Travelling) – S\$0.5million
- iii. Professional Fees (incl. Legal, Audit, Corporate Secretary Services etc) S\$1.4 million

BY ORDER OF THE BOARD  
Eric Choo Han Kiat  
Executive Director and CEO  
14 February 2020