

Half Year Financial Statements and Dividend Announcement

The Board of Directors is pleased to make the following announcement of the unaudited results for the Half-Year ended 30 June 2020.

PART I: INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3) HALF-YEAR AND FULL YEAR RESULTS

- 1(a) 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.

**Unaudited Consolidated Statement of Comprehensive Income
For the Half-Year ended 30 June 2020**

	Group		Increase (Decrease) (%)
	30 Jun 20 S\$'000	30 Jun 19 S\$'000	
Revenue	2,768	7,780	(64.4)
Cost of sales	(2,988)	(6,301)	(52.6)
Gross (loss)/profit	(220)	1,479	NM
Other items of income			
Interest income	–	147	(100.0)
Other credits	140	14	900.0
Other items of expenses			
Marketing and distribution costs	(49)	(151)	(67.5)
Administrative expenses	(1,128)	(1,053)	7.1
Finance costs	(236)	(364)	(35.2)
Impairment losses on financial assets	–	188	(100.0)
Other charges	(50)	(67)	(25.4)
Share of results of an associate	(28)	(20)	40.0
(Loss)/profit before tax	(1,571)	173	NM
Income tax expenses	(2)	(5)	(60.0)
(Loss)/profit net of tax	(1,573)	168	NM
Other comprehensive (loss)/income, net of tax:			
Exchange differences on translating foreign operations, net of tax	212	(135)	NM
Total comprehensive (loss)/income	(1,361)	33	NM
(Loss)/profit attributable to:			
Owners of the Company	(1,571)	108	NM
Non-controlling interests	(2)	60	NM
	(1,573)	168	NM
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(1,357)	(24)	NM
Non-controlling interests	(4)	57	NM
	(1,361)	33	NM

NM – denotes not meaningful

Notes to the Consolidated Statement of Comprehensive Income

	Group		Increase (Decrease) (%)
	30 Jun 20	30 Jun 19	
	S\$'000	S\$'000	
<u>Other Credits and (Other Charges)</u>			
Foreign exchange gains/(losses)	55	(67)	NM
(Provision)/reversal for slow moving inventories	(50)	10	NM
Government subsidies	85	–	NM
Others	–	4	(100.0)
Net	90	(53)	NM
<u>Presented in Profit or Loss as :</u>			
Other Credits	140	14	900.0
Other Charges	(50)	(67)	(25.4)
Net	90	(53)	NM
<u>Reversal of impairment losses on financial assets</u>			
Reversal of expected credit loss on trade receivables	–	178	(100.0)
Reversal of expected credit loss on other receivables	–	10	(100.0)
	–	188	(100.0)
Depreciation of property, plant and equipment and right-of-use assets	(364)	(330)	10.3

NM – denotes not meaningful

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

	Notes	Group		Company	
		30 Jun 20 S\$'000	31 Dec 19 Audited S\$'000	30 Jun 20 S\$'000	31 Dec 19 Audited S\$'000
ASSETS					
<u>Non-current assets:</u>					
Property, plant and equipment		6,004	6,044	–	–
Investment property		3,087	3,116	–	–
Right-of-use assets		1,257	1,222	–	–
Investments in subsidiaries		–	–	14,914	14,914
Investments in an associate		245	251	–	–
Deferred tax assets		8	9	–	–
Trade and other receivables		290	308	–	–
Total non-current assets		10,891	10,950	14,914	14,914
<u>Current assets:</u>					
Inventories	1	5,779	6,665	–	–
Trade and other receivables		7,020	6,993	2,199	1,406
Contract assets	2	2,778	970	–	–
Other assets	3	1,411	1,081	5	105
Cash and cash equivalents	4	1,541	1,342	362	145
Total current assets		18,529	17,051	2,566	1,656
Total assets		29,420	28,001	17,480	16,570
EQUITY AND LIABILITIES					
<u>Equity:</u>					
Share Capital		16,858	15,322	16,858	15,322
Treasury shares		(388)	(388)	(388)	(388)
Accumulated losses		(2,018)	(447)	(251)	(148)
Reserves		(501)	(715)	–	–
Equity attributable to equity holders of the Company		13,951	13,772	16,219	14,786
Non-controlling interests		1,687	1,691	–	–
Total equity		15,638	15,463	16,219	14,786
<u>Non-current liabilities:</u>					
Loans and borrowings	5	3,960	2,039	–	–
Lease liabilities		571	529	–	–
Total non-current liabilities		4,531	2,568	–	–
<u>Current liabilities:</u>					
Provisions		15	15	–	–
Income tax payable		119	119	–	–
Payables and accruals		3,900	4,491	1,261	1,784
Loans and borrowings	5	4,210	4,997	–	–
Lease liabilities		70	96	–	–
Other liabilities	6	937	252	–	–
Total current liabilities		9,251	9,970	1,261	1,784
Total liabilities		13,782	12,538	1,261	1,784
Total equity and liabilities		29,420	28,001	17,480	16,570

Notes to the Statement of Financial Position

- 1 The decrease in inventories was due to inventories used to build for generators of ongoing projects during the period.
- 2 The increase in contract assets was due to costs incurred for ongoing projects which are unbilled as at 30 June 2020.
- 3 The increase in other assets was mainly due to refundable deposit paid for investment purpose.
- 4 The movements in cash and cash equivalents are disclosed in the Consolidated Statement of Cash Flow at Page 5 of this announcement.
- 5 The increase in loans and borrowings was mainly due to temporary bridging loan obtained during the period for working capital purpose.
- 6 The increase in other liabilities was due mainly to advance billing to customers for projects not yet delivered as at 30 June 2020.

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

Amount repayable in one year or less, or on demand

Group (S\$'000)			
As at 30 Jun 2020		As at 31 Dec 19	
Secured	Unsecured	Secured	Unsecured
3,555	725	3,803	1,290

Amount repayable after 1 year

Group (S\$'000)			
As at 30 Jun 2020		As at 31 Dec 19	
Secured	Unsecured	Secured	Unsecured
2,531	2,000	2,568	–

Details of any collateral

Secured borrowings are made up of trust receipts, factoring receivables, term loans and lease liabilities. The loans and borrowings amounted to S\$2,217,000 and S\$394,000 (31 December 2019: S\$2,266,000 and S\$197,000) are secured against the leasehold property and equipment respectively. The lease liabilities amounted to S\$641,000 (31 December 2019: S\$625,000) are secured against the leased assets.

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

	Group	
	30 Jun 20	30 Jun 19
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss)/profit before tax	(1,571)	173
<u>Adjustments for:</u>		
Interest income	–	(147)
Finance costs	236	364
Depreciation of property, plant and equipment	296	271
Depreciation of right-of-use assets	68	59
Reversal for product warranty expenses	2	–
Provision/(reversal) for slow moving inventories	50	(10)
Reversal for provision for expected credit losses on trade receivables	–	(10)
Reversal for provision for expected credit losses on other receivables	–	(178)
Share of results of an associate	28	20
Currency translation differences	(4)	(13)
Operating cash flows before changes in working capital	(895)	529
<u>Changes in working capital:</u>		
Decrease/(increase) in inventories	1,061	(6)
Decrease/(increase) in trade and other receivables	57	(1,054)
(Increase)/decrease in contract assets	(1,774)	1,069
Increase in other assets	(321)	(152)
Decrease in payables and accruals	(796)	(1,305)
Increase in other liabilities	680	388
Cash flows used in operations	(1,988)	(531)
Income taxes paid	–	(50)
Interest received	–	–
Interest paid	(139)	(192)
Net cash flows used in operating activities (a)	(2,127)	(773)
Cash flows from investing activities		
Purchase of property, plant and equipment	(69)	(82)
Net cash flows used in investing activities (b)	(69)	(82)
Cash flows from financing activities		
Proceeds from rights cum warrants issue	1,536	–
Proceeds from loans and borrowings	5,297	6,056
Repayment of loans and borrowings	(4,399)	(5,920)
Repayment of principal portion of lease liabilities	(51)	(55)
Net cash flows from financing activities (c)	2,383	81
Net increase/(decrease) in cash and cash equivalents	187	(774)
Effects of exchange rate changes on cash and cash equivalents	12	(8)
Cash and cash equivalents, statement of cash flows, beginning balances	1,342	1,594
Cash and cash equivalents, statement of cash flows, ending balances (d)	1,541	812

Notes to the Consolidated Statement of Cash Flows

- (a) The cash flows used in operations were mainly due to reduction in the collection from customers and payments made to suppliers to build the generators for ongoing projects.
- (b) The cash flows used in investing activities purchase of equipment in relation to power plant upgrading work.
- (c) The cash flows from financing activities were mainly due to proceeds from rights cum warrants issue and temporary bridging loan from a bank.
- (d) For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	30 Jun 20	31 Dec 19
	S\$'000	Audited S\$'000
Cash and cash equivalents	1,541	1,342
Cash and cash equivalents in consolidated statement of cash flows	1,541	1,342

- 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 capitalization 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 – Group

	Attributable to Equity Holders of the Company					Non-Controlling Interests S\$'000	Total Equity S\$'000
	Share capital S\$'000	Treasury Shares	Other Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000		
Opening balance at 1 Jan 2020, as previously reported	15,322	(388)	(715)	(447)	13,772	1,691	15,463
Issuance of ordinary shares pursuant to rights cum warrants issue, net of transaction costs	1,536	–	–	–	1,536	–	1,536
Total comprehensive loss for the period	–	–	214	(1,571)	(1,357)	(4)	(1,361)
Closing balance at 30 Jun 2020	16,858	(388)	(501)	(2,018)	13,951	1,687	15,638
			(a)				
Opening balance at 1 Jan 2019, as previously reported	15,322	(388)	(488)	2,465	16,911	1,693	18,604
Total comprehensive income for the period	–	–	(132)	108	(24)	57	33
Closing balance at 30 Jun 2019	15,322	(388)	(620)	2,573	16,887	1,750	18,637
			(a)				

(a) Unrealised and not available for distribution as cash dividends.

- 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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (Continued)

Statement of Changes in Equity – Company

	Share Capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
Opening balance at 1 Jan 2020	15,322	(388)	(148)	14,786
Issuance of ordinary shares pursuant to rights cum warrants issue, net of transaction costs	1,536	–	–	1,536
Total comprehensive loss for the period	–	–	(103)	(103)
Closing balance at 30 Jun 2020	16,858	(388)	(251)	16,219
Opening balance at 1 Jan 2019	15,322	(388)	(16)	14,918
Total comprehensive loss for the period	–	–	(83)	(83)
Closing Balance at 30 Jun 2019	15,322	(388)	(99)	14,835

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.

Changes in Company's share capital arising from Rights cum Warrants Issue

Date		Number of Ordinary Shares	Value S\$'000
As at 30 June 2019 and 1 January 2020	Beginning balance before rights cum warrants issue	35,950,856	15,322
As at 17 January 2020	Issuance of ordinary shares pursuant to rights cum warrants issue, net of transaction costs	17,975,428	1,536
As at 30 June 2020	Closing balance after rights cum warrants issue	53,926,284	16,858

Changes in Company's warrants arising from Rights cum Warrants Issue

During the period ended 30 June 2020, the Company issued 17,975,428 warrants and these warrants remain outstanding as at 30 June 2020 (30 June 2019: Nil).

Total number of shares held as Treasury Shares as at 30 June 2020 was 1,076,800 shares (30 June 2019: 1,076,800 shares).

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.

Total number of issued shares excluding treasury shares as at 30 June 2020 was 53,926,284 shares (31 December 2019: 35,950,856 shares)

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of treasury shares during the Half-Year ended 30 June 2020.

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.

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.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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 above financial information has been prepared using the same accounting policies and methods of computation as presented in the financial statements for the year ended 31 December 2019 except as described in paragraph 5.

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.

There are no changes in the accounting policies and methods of computation used in the preparation of financial information in this announcement except for the adoption of the respective new or revised Singapore Financial Reporting Framework (International) ("SFRS(I)") which have no significant impact on the financial position or performance of the Group. Where applicable, the presentation of the financial information has been amended to comply with these standards.

6. **Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	30 Jun 20	30 Jun 19
(Loss)/earnings per ordinary share for the year based on net (loss)/profit attributable to equity holders of the Company:	Cents	Restated Cents
(I) Based on the weighted average number of ordinary shares in issue (cents)	(3.00)	0.30
(II) On a fully diluted basis (cents)	(2.87)	0.28

Basic earnings per share is calculated on the basis of consolidated loss after tax attributable to equity holders of the Company of S\$1,571,000 (30 June 19: profit of S\$108,000) and on 52,388,554 (30 June 19: 36,530,709) weighted average ordinary shares in issue during the period under review.

Diluted earnings per share is calculated on the basis of consolidated loss after tax attributable to equity holders of the Company of S\$1,571,000 (30 June 19: profit of S\$108,000) and on 54,795,909 (30 June 19: 38,938,064) weighted average ordinary shares in issue during the period under review and after taking into account the converted shares from the assumed conversions of warrants.

7. **Net Asset Value (for the issuer and group) per ordinary share based on 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 20	31 Dec 19	30 Jun 20	31 Dec 19
Net Asset Value per Ordinary Share based on issued Share Capital at the end of the year (in cents)	Cents	Audited Cents	Cents	Audited Cents
	25.87	38.31	30.08	41.13

The Group's net asset per ordinary share is calculated based on net assets attributable to equity holders of the Company of S\$13,951,000 (31 December 19: S\$13,772,000) and the share capital of 53,926,284 (31 December 19: 35,950,856) ordinary shares.

The Company's net asset per ordinary share is calculated based on net assets of S\$16,219,000 (31 December 19: S\$14,786,000) and the share capital of 53,926,284 (31 December 19: 35,950,856) ordinary shares.

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.**

Turnover and Profitability

Group revenue for the period ended 30 June 2020 ("HY2020") decreased by 64.4% to S\$2.8 million mainly due to lower revenue from both project and power plant business. The decrease in revenue from project segment of approximately S\$4.6 million was mainly due to our customers delayed in taking deliveries in second quarter 2020. Our customers' project delivery schedules were affected by the circuit breaker measures in effect during that period as most of the construction sites were closed since 7 April 2020. The

decrease in revenue from power plant business of approximately S\$0.4 million was due to the plant undergoing upgrading works, which is expected to be completed in FY2020.

Cost of sales decreased by 52.6% to S\$3.0 million in HY2020, consistent with lower revenue for the period.

Gross profit margin decreased mainly due to fixed manufacturing overhead cost and lower profit margin projects delivered during the period.

Marketing and distribution costs decreased by 67.5%, approximately S\$0.1 million was mainly due to less travelling and marketing activities during the period resulted from the COVID-19 pandemic.

Administrative expenses increased by 7.1% was mainly due to legal fees incurred of approximately S\$0.2 million for an ongoing litigation case announced previously. The impact of such increase is offset by the reduction in staff related cost by approximately S\$0.1 million.

Finance costs decreased by 35.2%, approximately S\$0.1 million was due to lower borrowing cost.

Other credits and other charges movements are disclosed in the Notes to the Consolidated Statements of Comprehensive Income on Page 2 of this announcement.

The Group registered a net loss after tax of S\$1.6 million for HY2020.

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

Not applicable.

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 financial period and the next 12 months.

The Group's business is closely related to activities in the construction industry and has been adversely affected by COVID-19 pandemic. Whilst construction work has only recently restarted, the Group expects very slow progress and incremental improvement in the construction sector which remains very daunting together with the costs related to safe distancing measures set by relevant authorities.

The Group remains focused on clearing its backlog orders and delivery of projects on hand, thereby improving the Group's cash flow.

The Group's priority remains to bolster its operations, improve its liquidity whilst keeping an eye on any strategic opportunities locally or overseas which may present itself in this very challenging economic climate.

11. Dividend

(a) Current Financial Period reported on

None.

(b) Corresponding Period of the immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Book 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 during the period under review. In view of the challenging environment, the board considers it prudent to reserve fund for working capital purposes.

- 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.**

Nature of relationship	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Mason Industries Pte Ltd	Note 1	–	773,000
Wizdenki Pte Ltd	Note 2	–	–

Note 1. 95.5% of the issued and paid-up share capital of Mason Industries Pte Ltd is held by Mr Chen Siew Meng, who is the brother of Mr Benedict Chen Onn Meng, a Director and Controlling Shareholder of the Company.

Note 2. 100% of the issued and paid-up share capital of Wizdenki Pte Ltd is held by Mr Chen Siew Meng, who is the brother of Mr Benedict Chen Onn Meng, a Director and Controlling Shareholder of the Company.

- 14. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

- 15. NEGATIVE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the Half-Year ended 30 June 2020 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Benedict Chen Onn Meng
Executive Chairman

14 August 2020