



KITCHEN CULTURE HOLDINGS LTD.

(Company Registration No.: 201107179D)

(the “**Company**”, and together with its subsidiaries, the “**Group**”)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 31 DECEMBER (“HY”) 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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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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.

	Group		Increase/(Decrease) %
	Unaudited HY2019 \$	Unaudited HY2018 \$	
Revenue	4,697,921	7,770,068	(39.5)
Cost of sales	(2,510,781)	(4,200,383)	(40.2)
Gross profit	2,187,140	3,569,685	(38.7)
Other income	12,112	134,403	(91.0)
Selling and distribution expenses	(1,945,323)	(2,030,423)	(4.2)
General and administrative expenses	(1,874,971)	(2,660,817)	(29.5)
Other operating expenses	(13,393)	(425,112)	(96.8)
Loss from operations	(1,634,435)	(1,412,264)	15.7
Finance cost	(248,565)	(260,586)	(4.6)
Loss before income tax	(1,883,000)	(1,672,850)	12.6
Income tax expense	-	-	-
Net loss for the period	(1,883,000)	(1,672,850)	12.6
Other comprehensive income for the period, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	177,524	18,850	>100.0
Total comprehensive loss for the period	(1,705,476)	(1,654,000)	3.1
Net (loss)/income attributable to:			
Equity holders of the Company	(1,877,603)	(1,691,725)	11.0
Non-controlling interests	(5,397)	18,875	N.M.
	(1,883,000)	(1,672,850)	12.6
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(1,702,677)	(1,680,344)	1.3
Non-controlling interests	(2,799)	26,344	N.M.
	(1,705,476)	(1,654,000)	3.1

N.M.= Not Meaningful

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

	Group		
	Unaudited HY2019	Unaudited HY2018	% Change Increase/(Decrease)
	\$	\$	
Amortisation of investment property	(6,389)	(6,389)	0.0
Inventories written down to net realisable value	–	(96,150)	N.M.
Depreciation of property, plant and equipment	(172,649)	(527,001)	(67.2)
Property, plant and equipment written off	–	(21,192)	N.M.
Gain on disposal of property, plant and equipment	37,655	93,082	(59.5)
Interest expense	(210,236)	(260,586)	(19.3)
Interest income	359	41	>100.0
Net gain/(loss) on foreign exchange difference	3,392	(385,796)	N.M.
Sundry income ⁽¹⁾	11,753	134,362	(91.3)

Note 1: Sundry income

Administration fee charged to customers	6,613	21,221	(68.8)
Net revenue from investment property	4,383	–	N.M.
Government grant	757	13,441	(94.4)
Compensation from a supplier for the termination of a supply contract	–	22,000	N.M.
Compensation from a supplier for defective goods under warranty	–	77,700	N.M.
	11,753	134,362	(91.3)

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	
	Unaudited 31.12.2018	Audited 30.6.2018	Unaudited 31.12.2018	Audited 30.6.2018
	\$	\$	\$	\$
Current assets				
Cash and cash equivalents	741,961	321,821	2,497	2,692
Trade receivables	4,511,246	5,597,816	–	–
Other receivables	2,076,758	2,025,242	8,493,428	8,752,843
Inventories	7,000,038	7,281,897	–	–
Tax recoverable	42,704	38,223	–	–
	<u>14,372,707</u>	<u>15,264,999</u>	<u>8,495,925</u>	<u>8,755,535</u>
Non-current assets				
Property, plant and equipment	524,953	615,442	–	–
Investment property	239,613	246,002	–	–
Subsidiary corporations	–	–	1,500,005	1,500,005
Trade receivables	618,250	618,250	–	–
Deferred tax assets	335,264	337,337	–	–
	<u>1,718,080</u>	<u>1,817,031</u>	<u>1,500,005</u>	<u>1,500,005</u>
Total assets	<u>16,090,787</u>	<u>17,082,030</u>	<u>9,995,930</u>	<u>10,255,540</u>
Current liabilities				
Trade payables	6,589,559	5,602,123	–	–
Other payables	8,436,010	8,291,859	2,948,726	3,005,535
Finance lease liabilities	37,020	42,889	–	–
Borrowings	2,996,390	3,450,655	375,000	375,000
Income tax payable	5,038	4,429	–	–
	<u>18,064,017</u>	<u>17,391,955</u>	<u>3,323,726</u>	<u>3,380,535</u>
Non-current liabilities				
Finance lease liabilities	183,822	141,651	–	–
Borrowings	1,000,000	1,000,000	–	–
	<u>1,183,822</u>	<u>1,141,651</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>19,247,839</u>	<u>18,533,606</u>	<u>3,323,726</u>	<u>3,380,535</u>
Equity				
Share capital	8,731,259	8,731,259	8,731,259	8,731,259
Translation reserve	364,788	189,862	–	–
Accumulated losses	(12,099,386)	(10,221,783)	(2,059,055)	(1,856,254)
Capital and reserves attributable to equity holders of the Company				
	(3,003,339)	(1,300,662)	6,672,204	6,875,005
Non-controlling interests	(153,713)	(150,914)	–	–
Total equity	<u>(3,157,052)</u>	<u>(1,451,576)</u>	<u>6,672,204</u>	<u>6,875,005</u>
Total liabilities and equity	<u>16,090,787</u>	<u>17,082,030</u>	<u>9,995,930</u>	<u>10,255,540</u>

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

	Unaudited 31.12.2018		Audited 30.6.2018	
	\$	\$	\$	\$
	Secured	Unsecured	Secured	Unsecured
Borrowings	2,996,390	-	3,450,655	-
Finance leases	37,020	-	42,889	-
Advances classified under other payables	-	2,659,047	-	3,078,281
Total	3,033,410	2,659,047	3,493,544	3,078,281

Amount repayable after one year

	Unaudited 31.12.2018		Audited 30.6.2018	
	\$	\$	\$	\$
	Secured	Unsecured	Secured	Unsecured
Borrowings	1,000,000	-	1,000,000	-
Finance leases	183,822	-	141,651	-
Total	1,183,822	-	1,141,651	-

Details of collaterals are as follows:

Save for the non-convertible bond amounting to \$375,000 (30 June 2018: \$375,000), all borrowings are guaranteed by the Company. Non-convertible bond is secured by the Company's ordinary shares held by the controlling shareholder and Director of the Company, Mr. Lim Wee Li.

Finance lease liabilities are secured on the property, plant and equipment purchased under the finance leases. In addition, as at 31 December 2018, finance lease liabilities were guaranteed by Mr. Lim Wee Li amounting to \$83,600 (30 June 2018: \$89,489) and the Company of \$137,242 (30 June 2018: \$95,051).

- 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	
	Unaudited HY2019	Unaudited HY2018
	\$	\$
Operating activities		
Loss before tax	(1,883,000)	(1,672,850)
Adjustments for:		
Depreciation of property, plant and equipment	172,649	527,001
Amortisation of investment property	6,389	6,389
Property, plant and equipment written off	-	21,192
Gain on disposal of property, plant and equipment	(37,655)	(93,082)
Interest expense	210,236	260,586
Interest income	(359)	(41)
Unrealised foreign exchange differences	204,151	26,840
Operating cash flows before movements in working capital	(1,327,589)	(923,965)
Inventories	281,859	402,535
Trade and other receivables	1,035,054	1,394,241
Trade and other payables	1,295,870	1,701,546
Cash generated from operating activities	1,285,194	2,574,357
Income tax (paid)/refunded	(3,872)	20,703
Net cash generated from operating activities	1,281,322	2,595,060
Investing activities		
Interest received	359	41
Disposal of property, plant and equipment	41,353	93,082
Additions to property, plant and equipment	(90,920)	(207,542)
Net cash used in investing activities	(49,208)	(114,419)
Financing activities		
Proceeds of advances from a director	-	88,066
Repayment of advances from a director	(119,720)	-
Proceeds from borrowings	-	375,000
Repayment of borrowings	(285,392)	(2,223,557)
Proceeds from finance lease	67,000	-
Repayment of finance leases	(30,151)	(37,974)
Interest paid	(210,236)	(260,586)
Net cash used in financing activities	(578,499)	(2,059,051)
Net increase in cash and cash equivalents	653,615	421,590
Cash and cash equivalents at the beginning of the financial period	(69,085)	(229,845)
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	(10,649)	(15)
Cash and cash equivalents at the end of the financial period (Note A)	573,881	191,730

Note A

	As at 31 December 2018	As at 31 December 2017
	\$	\$
Cash and cash equivalents	741,961	359,760
Less: pledged fixed deposit	(168,080)	(168,030)
Cash and cash equivalents in the consolidated statement of cash flows	573,881	191,730

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.

Group

	Share Capital	Accumulated Losses	Currency Translation Reserve	Attributable to Equity Holders of the Company	Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$
As at 1 July 2018	8,731,259	(10,221,783)	189,862	(1,300,662)	(150,914)	(1,451,576)
Loss for the period	-	(1,877,603)	-	(1,877,603)	(5,397)	(1,883,000)
Other comprehensive income for the period, net of tax						
- Exchange differences on translation of foreign operations	-	-	174,926	174,926	2,598	177,524
Total comprehensive (loss)/income for the period	-	(1,877,603)	174,926	(1,702,677)	(2,799)	(1,705,476)
As at 31 December 2018	8,731,259	(12,099,386)	364,788	(3,003,339)	(153,713)	(3,157,052)

Group

	Share Capital \$	Accumulated Losses \$	Currency Translation Reserve \$	Attributable to Equity Holders of the Company \$	Non- Controlling Interests \$	Total Equity \$
As at 1 July 2017	6,231,259	(6,195,765)	404,263	439,757	(169,784)	269,973
(Loss)/profit for the period	–	(1,691,725)	–	(1,691,725)	18,875	(1,672,850)
Other comprehensive income for the period, net of tax						
- Exchange differences on translation of foreign operations	–	–	11,381	11,381	7,469	18,850
Total comprehensive (loss)/income for the period	–	(1,691,725)	11,381	(1,680,344)	26,344	(1,654,000)
As at 31 December 2017	6,231,259	(7,887,490)	415,644	(1,240,587)	(143,440)	(1,384,027)

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. (cont'd)

Company	Share Capital \$	Accumulated Losses \$	Total Equity \$
As at 1 July 2018	8,731,259	(1,856,254)	6,875,005
Loss for the period, representing total comprehensive loss for the period	–	(202,801)	(202,801)
As at 31 December 2018	8,731,259	(2,059,055)	6,672,204
As at 1 July 2017	6,231,259	(1,428,693)	4,802,566
Loss for the period, representing total comprehensive loss for the period	–	(72,418)	(72,418)
As at 31 December 2017	6,231,259	(1,501,111)	(4,730,148)

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.

	As at 31 December 2018		As at 30 June 2018	
	Number of shares	\$	Number of shares	\$
Issued and paid-up share capital	118,477,000	8,731,259	118,477,000	8,731,259

There was no change in the Company's share capital since the end of the previous period reported on, being 30 June 2018 up till 31 December 2018.

As at 31 December 2018 and 31 December 2017, the Company did not have outstanding options, convertibles, treasury shares or subsidiary holdings.

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 2018	As at 30 June 2018
Total number of shares excluding treasury shares	118,477,000	118,477,000

There were no treasury shares as at 31 December 2018 and 30 June 2018.

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 as at 31 December 2018.

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.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 31 December 2018.

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 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 Section 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period compared to the most recently audited financial statements for the financial year ended 30 June 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.

Singapore listed companies are required to apply a new financial reporting framework - Singapore Financial Reporting Framework (International) ("SFRS(I)") that is identical to the International Financial Reporting Standards for the financial year beginning or after 1 January 2018. The Group has adopted SFRS(I) on 1 July 2018, including Interpretations of SFRS(I). The adoption of these new / revised SFRS(I) and Interpretations of SFRS(I) is not expected to result in material changes to the accounting policies and material adjustments to the financial position, results of operations or cash flows of the Group for HY2019.

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.

	HY2019	HY2018
Basic and fully diluted loss per share (cents)	(1.6)	(1.7)
Weighted average number of ordinary shares	<u>118,477,000</u>	<u>100,000,000</u>

Basic and fully diluted loss per ordinary share are calculated by dividing the Group's loss attributable to equity holders of the Company for the financial period by the weighted average number of ordinary shares. The basic and fully diluted loss per ordinary share in HY2019 and HY2018, respectively, are the same as the Company did not have any dilutive equity instruments in 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	
	31.12.2018	30.6.2018	31.12.2018	30.6.2018
Net (liabilities)/asset value per ordinary share (cents)	(2.5)	(1.1)	5.6	5.8

Net (liabilities)/asset value per ordinary share is calculated by dividing the Group's equity attributable to equity holders of the Company by the aggregate number of ordinary shares as at the end of the respective financial periods.

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:
- 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
 - any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Review of Consolidated Statement of Comprehensive Income

Revenue

In HY2019, the Group recorded revenue of \$4.7 million, a decrease of 39.5% or \$3.1 million as compared to \$7.8 million in HY2018. The decrease was mainly attributable to lower revenue contribution from the Residential Projects segment by 57.1% or \$2.4 million and the Distribution and Retail segment by 19.2% or \$0.7 million.

Residential Projects

The Residential Projects segment accounted for 38.3% or \$1.8 million of the Group's revenue in HY2019, attributable to revenue derived from 8 ongoing projects carried forward from the calendar year 2016. Comparatively, revenue for Residential Projects in HY2018 amounted to \$4.2 million from 10 ongoing projects carried forward from calendar year 2016.

Distribution and Retail

The Distribution and Retail segment accounted for 61.7% or \$2.9 million of the Group's revenue in HY2019. The decrease in Distribution and Retail revenue of 19.2% or \$0.7 million, from \$3.6 million in HY2018 was attributable to a decrease in sales of \$0.7 million and \$0.2 million in Singapore and Hong Kong respectively, partially offset by an increase of \$0.2 million in China.

Gross Profit

Gross profit decreased by 38.7% or \$1.4 million, from \$3.6 million in HY2018 to \$2.2 million in HY2019 which is in line with the decrease in revenue. Overall gross profit margin increased marginally by 0.7 percentage points from 45.9% in HY2018 to 46.6% in HY2019.

The Residential Projects segment recorded an increase in gross profit margin of 14 percentage points as a result of decreased costs incurred from the completion of projects. However, the Distribution and Retail segment experienced a decline in gross profit margin by 8 percentage points due to discounts given during sales and promotions.

Other Income

Other income decreased by 91.0% or \$0.1 million from \$0.1 million in HY2018 to \$12K in HY2019. This was mainly due to compensation from a supplier for the termination of a supply contract and from a supplier for defective goods under warranty amounting to \$0.1 million recorded in HY2018 and which did not recur in HY2019.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 4.2% or \$0.1 million from \$2.0 million in HY2018 to \$1.9 million in HY2019. This was mainly attributable to a decrease in sales commissions arising from lower turnover during HY2019.

General and Administrative Expenses

General and administrative expenses decreased by 29.5% or \$0.8 million, from \$2.7 million in HY2018 to \$1.9 million in HY2019. This was mainly attributable to:

- a. a decrease in rental expenses of \$0.7 million mainly due to a consolidation of the Group's office/warehouse and showrooms in both Singapore and Hong Kong in line with the Group's cost control programme;
- b. a decrease in depreciation of \$0.4 million mainly due to a significant amount of property, plant and equipment being fully depreciated in prior periods; and
- c. partially offset by (i) an increase in insurance/legal and professional fee of \$0.1 million, and (ii) an increase in postage and freight/printing and stationery of \$0.1 million.

Other Operating Expenses

Other operating expenses decreased by \$0.4 million, from \$0.4 million in HY2018 to \$13K in HY2019 due mainly to a net foreign exchange loss of \$0.4 million incurred in HY2018 which did not recur in HY2019.

Finance Cost

Finance cost decreased marginally from \$261K in HY2018 to \$249K in HY2019, mainly due to a decrease in bank interest paid as a result of the repayment of bank borrowings in HY2019.

Loss Before Tax

The Group recorded loss before tax of \$1.9 million and \$1.7 million in HY2019 and HY2018 respectively due to the reasons explained above.

Tax Expense

There is no income tax expense in HY2019 and HY2018 as the Group is in a loss position during the two financial periods.

Review of Statements of Financial Position of the Group

Assets

The Group's total assets decreased by \$1.0 million from \$17.1 million as at 30 June 2018 to \$16.1 million as at 31 December 2018. The decrease in total assets was mainly attributable to:

- a. a decrease in trade receivables of \$1.1 million, mainly due to collections from debtors;
- b. a decrease in inventories of \$0.3 million as a result of inventories being recognised as cost of sales;
- c. a decrease in net carrying value of property, plant and equipment of \$0.1 million due to (i) purchase of plant and equipment of \$0.1 million, less (ii) depreciation charge of \$0.2 million; and
- d. partially offset by an increase in cash and cash equivalents \$0.4 million.

Liabilities

The Group's total liabilities increased by \$0.7 million from \$18.5 million as at 30 June 2018 to \$19.2 million as at 31 December 2018. The increase in total liabilities was mainly attributable to:

- a. an increase in trade payables of \$1.0 million due to a net increase in sales deposits received \$1.7 million, partially offset by (i) payment to trade creditors of \$0.5 million and (ii) decrease in amount due to customers on projects of \$0.2 million;
- b. an increase in other payables of \$0.1 million due to an increase in accrued expenses; and
- c. partially offset by a decrease in borrowings due to repayment of borrowings.

Statement on Working Capital Position and Going Concern

The Group is currently in a negative working capital position and a net liability position of \$3.7 million and \$3.2 million respectively as at 31 December 2018. Regardless, the Board believes that barring any unforeseen circumstances, the Group will be able to meet its short-term obligations as and when they fall due and continue as a going concern on the basis of the following management representations:

- (a) Management has obtained written commitments from a shareholder and other third party lenders not to demand payment for at least the next 12 months for an aggregate loans of \$2.6 million.
- (b) Mr. Lim Wee Li, who had extended an interest free loan of \$2.1 million to the Group for working capital purposes as at 31 December 2018, has undertaken not to call for repayment until the Group has sufficient additional working capital. In addition, Mr. Lim Wee Li has undertaken to provide further financial support if the need arises to enable the Group to continue in operation for at least the next 12 months from 31 December 2018.
- (c) An amount of \$5.3 million in the current trade payables relates to sales deposits collected from customers for kitchen systems purchased, which will be recognised as revenue subsequently upon delivery of the kitchen systems to the customers and do not represent a payment obligation by the Group.

Further discussion on the Group's plan to strengthen its financial position is set out in Section 10 of this announcement.

Review of Consolidated Statement of Cash Flows

In HY2019, the Group's operating cash flows before movements in working capital was cash outflow of \$1.3 million. The net cash generated from working capital amounting to \$2.6 million was due mainly to a decrease in trade and other receivables of \$1.0 million, a decrease in inventories of \$0.3 million and an increase in trade and other payables of \$1.3 million. The net cash generated from operating activities amounted to \$1.3 million.

In HY2019, net cash used in investing activities of \$49K was due to purchase of plant and equipment of \$0.1 million, partially offset by proceeds from disposal of plant and equipment of \$41K.

Net cash used in financing activities of \$0.6 million in HY2019 was due mainly to net repayment of borrowings and advances of \$0.4 million and interest paid of \$0.2 million.

As a result of the above, cash and cash equivalents (excluding fixed deposit pledged) was \$0.6 million as at 31 December 2018.

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 was previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Group's Retail and Distribution business had been slow in the past few years but we are seeing more orders in our overseas markets, despite the consolidation of our showrooms in Hong Kong. The Group's order book for kitchen appliances and kitchen systems (based on deposits received from customers) currently stands at \$5.3 million. There are also plans to add new brands of appliances to the Group's portfolio of products, in line with expansion of the Group's businesses through KROOM, which retails premium kitchen appliances and accessories, and kitchen and wardrobe systems.

The Group's Residential Projects business in the last three years had faced significant challenges due to the dearth of projects in the premium market, for which the Group has a proven track record and competitive advantage in the design, supply and installation of international branded quality kitchen systems. However, due to the high numbers of en-bloc projects in Singapore in 2018, management has noted a surge in new project launches. The Group has managed to capitalise on this, and our order book pipeline (based on letters of award and intent) currently stands at \$16.6 million for 2 residential projects in Singapore which are expected to be completed over the next 2 to 3 years. We have also seen a renewed interest in our house brand, Pureform, which accounts for approximately a third of our current order book. This bodes well for our strategy to capture a bigger share of the non-premium market segment.

Management expects more project launches in the coming year and is focused on capturing a sizeable proportion of these projects subject to available financing. In this regard, the Company is exploring various options to strengthen its balance sheet and working capital position, including *inter alia*, restructuring its current payment obligations, fundraising and other financing options. The Board will make further announcements as and when there are material developments.

To maintain its competitive advantage, the Group has continually implemented various initiatives to manage costs and improve efficiency in performance. This includes, amongst others, resource planning, cost control, streamlining of operations and partnering with manufacturers to lower cost of material.

11. If a decision regarding dividend has been made:
 (a) Whether an interim (final) ordinary dividend has been declared (recommended)

No.

- (b)(i) Amount per share

Name of Dividend	
Dividend type	Not applicable
Dividend amount per ordinary share (cents)	Not applicable

- (b)(ii) Previous corresponding period

Name of Dividend	
Dividend type	Not applicable
Dividend amount per ordinary share (cents)	Not applicable

- (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.

- (d) The date the dividend is payable.

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

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 current financial period ended 31 December 2018 as the Group has accumulated losses of \$12.1 million as at 31 December 2018.

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) of the Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. There is no interested person transaction entered into by the Group with a value of more than \$100,000 during HY2019.

14. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules.

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for HY2019 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

The Company confirms that all the required undertakings in the format set out in Appendix 7H under the Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officers.

On behalf of the Board of Directors

Lim Wee Li
Executive Chairman and CEO

Date: 14 February 2019