



JCG INVESTMENT HOLDINGS LTD

Company Registration No. 200505118M

JCG INVESTMENT HOLDINGS LTD

SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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 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)	Group		Increase/ (Decrease)
	3 months ended			6 months ended		
	30.06.19 Unaudited S\$'000	30.06.18 Unaudited S\$'000		30.06.19 Unaudited S\$'000	30.06.18 Unaudited S\$'000	
Revenue	717	649	10%	798	1,243	(36%)
Cost of Sales	(439)	(320)	37%	(450)	(624)	(28%)
Gross Profit	278	329	(16%)	348	619	(44%)
Gross Profit Margin	39%	51%		44%	50%	
Other income	1	10	(90%)	1	30	(97%)
Other losses	(32)	-	100%	(32)	-	100%
Selling and distribution expenses	(16)	(57)	(72%)	(32)	(91)	(65%)
Administrative expenses	(634)	(608)	4%	(1,473)	(1,172)	26%
Finance expenses	(4)	(159)	(97%)	(184)	(318)	(42%)
Loss for the financial period before income tax	(407)	(485)	(16%)	(1,372)	(932)	47%
Income tax expense	-	-	-	-	-	-
Net loss	(407)	(485)	(16%)	(1,372)	(932)	47%
Other comprehensive loss:						
Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation income/(loss)	13	(126)	110%	51	(48)	206%
Other comprehensive income/(loss), net of tax	13	(126)	110%	51	(48)	206%
Total comprehensive loss	(394)	(611)	(36%)	(1,321)	(980)	35%
Loss attributable to:						
Equity holders of the Company	(394)	(480)	(18%)	(1,338)	(923)	45%
Non-controlling interests	(13)	(5)	(160%)	(34)	(9)	278%
Net loss for the financial period	(407)	(485)	(16%)	(1,372)	(932)	47%
Loss attributable to:						
Equity holders of the Company	(385)	(600)	(36%)	(1,297)	(972)	33%
Non-controlling interests	(9)	(11)	(18%)	(24)	(8)	200%
Total comprehensive loss for the financial period	(394)	(611)	(36%)	(1,321)	(980)	35%

Notes to Consolidated Statement of Comprehensive Income

	Group		Increase/ (Decrease)	Group		Increase/ (Decrease)
	3 months ended			6 months ended		
	30.06.19 Unaudited S\$'000	30.06.18 Unaudited S\$'000		30.06.19 Unaudited S\$'000	30.06.18 Unaudited S\$'000	
Interest expense on borrowings	(5)	(117)	(96%)	(34)	(233)	(85%)
Amortisation of right-of-use assets	(8)	-	100%	(8)	-	100%
Depreciation of property, plant and equipment	(11)	(21)	(48%)	(20)	(42)	(52%)
Share options adjustment	141	-	100%	141	-	100%
Unwinding of imputed interest	-	(42)	(100%)	(151)	(85)	78%
Foreign exchange (loss)/gain	(8)	(1)	700%	(13)	1	(1400%)

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	
	As at 30.06.19 Unaudited S\$'000	As at 31.12.18 Audited S\$'000	As at 30.06.19 Unaudited S\$'000	As at 31.12.18 Audited S\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	1,891	1,613	291	347
Right-of-use assets	19	-	-	-
Trade and other receivables	1,700	620	3,542	46
Total current assets	3,610	2,233	3,833	393
Non-current assets				
Investment in subsidiary corporations	-	-	3,702	352
Property, plant and equipment	89	31	32	4
Goodwill	2,745	-	-	-
Rights-of-use assets	38	-	-	-
Total non-current assets	2,872	31	3,734	356
Total assets	6,482	2,264	7,567	749
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	1,707	4,054	1,184	4,245
Borrowings	39	3,493	150	-
Lease liabilities	18	-	-	-
Income tax payable	137	40	-	-
Total current liabilities	1,901	7,587	1,334	4,245
Non-current liabilities				
Borrowings	186	-	-	-
Lease liabilities	38	-	-	-
	224	-	-	-
Total liabilities	2,125	7,587	1,334	4,245
Net assets/ (liabilities)	4,357	(5,323)	6,233	(3,496)
Capital and reserves attributable to equity holders of the Company				
Share capital	65,019	53,871	65,019	53,871
Other reserves	3,670	3,775	3,639	3,785
Accumulated losses	(64,444)	(63,106)	(62,425)	(61,152)
Share capital and reserves	4,245	(5,460)	6,233	(3,496)
Non-controlling interests	112	137	-	-
Total equity	4,357	(5,323)	6,233	(3,496)

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

	As at 30.06.2019		As at 31.12.2018	
	Unaudited		Audited	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
(i) Loan facilities ^(a)	-	-	3,493	-
(ii) Loan facilities	-	39	-	-

Amount repayable after one year

	As at 30.06.2019		As at 31.12.2018	
	Unaudited		Audited	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
(i) Loan facilities ^(a)	-	-	-	-
(ii) Loan facilities	-	186	-	-

Details of any collateral

- (a) Approximately S\$3.493 million (HK\$20 million) loan borrowed by the Company's wholly owned subsidiary, CMIC Hemodialysis (Hong Kong) Limited, is secured by a corporate guarantee granted by the Company and a deed of guarantee granted by one of the Company's shareholder, Dato Dr Choo Yeow Ming.

The loan has been fully settled in January 2019 through a S\$4.0 million proceeds raised from a share subscription, as announced on 26 August 2018 and approved by shareholders on 31 December 2018.

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			
	3 months ended		6 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000
Net loss	(407)	(485)	(1,372)	(932)
Cash flows from operating activities				
Adjustment for:				
Income tax expense	-	-	-	-
Amortisation of right-of-use assets	8	-	8	-
Depreciation of property, plant and equipment	11	21	20	42
Share options adjustment	(141)	-	(141)	-
Loss on deconsolidation of subsidiary corporations	32	-	32	-
Unwinding of imputed interest	-	42	151	85
Unrealised currency translation gain	12	8	50	7
Interest income	-	(2)	-	(7)
Interest expense	5	117	34	233
Operating cash flows before movements in working capital	(480)	(299)	(1,218)	(572)
Trade and other receivables	37	(209)	101	(41)
Inventories	-	(16)	-	3
Trade and other payables	511	93	919	(137)
Cash generated from/(used in) operations	68	(431)	(198)	(747)
Income tax paid	(86)	(13)	(86)	(15)
Interest income	-	2	-	7
Interest expense	-	(117)	-	(233)
Net cash used in operating activities	(18)	(559)	(284)	(988)
Cash flow used in investing activities				
Purchase of property, plant and equipment	(13)	-	(48)	(7)
Net cash inflow on acquisition of a subsidiary	148	-	148	-
Net cash generated from/ (used in) investing activities	135	-	100	(7)

	Group			
	3 months ended		6 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000
Cash flows from financing activities				
Proceeds from issuance of new shares	-	-	4,000	-
Proceeds from conversion of warrants	-	-	8	61
Repayment of lease liability	(9)	-	(9)	-
Repayment of borrowings	(13)	-	(3,506)	-
Interest paid	(4)	-	(33)	-
Net cash (used in)/ generated from/financing activities	(26)	-	460	61
Net increase/ (decrease) in cash and cash equivalents	91	(559)	276	(934)
Cash and cash equivalents at the beginning of the financial period	1,799	2,967	1,613	3,344
Effect of currency translation on cash and cash equivalents	1	3	2	1
End of the financial period	1,891	2,411	1,891	2,411

Represented by:

	Group			
	3 months ended		6 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000
Cash at bank and on hand	1,891	2,914	1,891	2,914
Less: bank deposits pledged	-	(503)	-	(503)
Cash and cash equivalents per consolidated statement cash flows	1,891	2,411	1,891	2,411

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 S\$'000	Currency translation reserves S\$'000	Accumulated losses S\$'000	Share option reserve S\$'000	Warrant reserve S\$'000	Attributable to equity holders of company S\$'000	Non-controlling interest S\$'000	Total S\$'000
Unaudited								
Balance as at 01.01.2018	53,645	149	(61,068)	280	3,672	(3,322)	92	(3,230)
Conversion of warrants	75	-	-	-	(14)	61	-	61
Expiry of warrants	151	-	-	-	(151)	-	-	-
Total comprehensive loss for the period	-	-	(923)	-	-	(923)	(9)	(932)
Other comprehensive loss	-	(49)	-	-	-	(49)	1	(48)
Balance as at 30.06.2018	53,871	100	(61,991)	280	3,507	(4,233)	84	(4,149)
Unaudited								
Balance as at 01.01.2019	53,871	(10)	(63,106)	278	3,507	(5,460)	137	(5,323)
Conversion of warrants	13	-	-	-	(5)	8	-	8
Issuance of share capital	7,785	-	-	-	-	7,785	-	7,785
Acquisition of a subsidiary	3,350	-	-	-	-	3,350	-	3,350
Share options lapsed	-	-	-	(141)	-	(141)	-	(141)
Total comprehensive loss for the period	-	-	(1,338)	-	-	(1,338)	(34)	(1,372)
Other comprehensive loss	-	41	-	-	-	41	10	51
Deconsolidation of subsidiary corporations	-	-	-	-	-	-	(1)	(1)
Balance as at 30.06.2019	65,019	31	(64,444)	137	3,502	4,245	112	4,357

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 S\$'000	Accumulated losses S\$'000	Share option reserves S\$'000	Warrant reserve S\$'000	Total S\$'000
Unaudited Balance as at 01.01.2018	53,645	(58,679)	280	3,672	(1,082)
Conversion of warrants	75	-	-	(14)	61
Expiry of warrants	151	-	-	(151)	-
Total comprehensive loss for the period	-	(916)	-	-	(916)
Balance as at 30.06.2018	53,871	(59,595)	280	3,507	(1,937)
Unaudited Balance as at 01.01.2019	53,871	(61,152)	278	3,507	(3,496)
Conversion of warrants	13	-	-	(5)	8
Issuance of share capital	7,785	-	-	-	7,785
Acquisition of a subsidiary	3,350	-	-	-	3,350
Share options lapsed	-	-	(141)	-	(141)
Total comprehensive loss for the period	-	(1,273)	-	-	(1,273)
Balance as at 30.06.2019	65,019	(62,425)	137	3,502	6,233

1(d)(ii) Details of any changes in the company’s share capital arising from right 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, 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.

	Number of shares	Share capital S\$'000
Balance as at 31 December 2018	<u>8,812,778,946</u>	<u>53,871</u>
Balance as at 30 June 2019	<u>12,485,587,734</u>	<u>65,019</u>

On 10 January 2019, the Company had completed:

- (i) Consolidation of every 2 existing ordinary shares in the capital of the Company into 1 consolidated share;
- (ii) Allotment and issuance of up to 3,214,285,714 consolidated shares pursuant to the conversion of the deferred payment liability of S\$3.5 million;
- (iii) Placement of 2,857,142,857 consolidated shares in the capital of the company at an issue price of S\$0.0014 for each share (“Share Subscription”), with up to 952,380,952 investment warrants, each carrying the right to subscribe for 1 consolidated share in the capital of the company at an exercise price of S\$0.0014 for each new consolidated share; and
- (iv) Allotment and issuance of 142,857,143 Introducer Shares at an issue price of S\$0.0014 to the Introducer.

The total number of shares of the Company has increased from 4,406,389,409 Shares post-completion of the Proposed Share Consolidation to 10,620,675,123 Shares, following the completion of the Proposed Deferred Liability Conversion, Proposed Share Subscription and Proposed Introducer Shares Issue.

3,801,500 warrants pursuant to the 2017 Rights cum Warrants Issue were exercised during 1Q2019. No warrants pursuant to the 2017 Rights cum Warrants Issue were exercised during 2Q2019. As at 30 June 2019, there were 2,796,918,493 free detachable warrants (“2017 Warrants”) which may be exercisable into 2,796,918,493 ordinary shares of the Company. As at 30 June 2018, there were 5,601,440,009 free detachable warrants (“2017 Warrants”) which may be exercisable into 5,601,440,009 ordinary shares of the Company.

Pursuant to the 2017 Rights cum Warrants Issue, the exercise prices of share options granted on 2 May 2008, 20 June 2008 and 2 October 2014 were adjusted to S\$0.01 and additional 158,393,000 options were granted. Accordingly, the Company has 262,343,000 outstanding employee share options after the 2017 Rights cum Warrants Issue. In 2Q2019, no employee share options were exercised. During 2Q2019, 79,498,000 employee share options had lapsed due to expiry of the employee share options. As at 30 June 2019, the Company had 76,975,000 (30 June 2018: 258,182,000) outstanding employee share options exercisable into 76,975,000 (30 June 2018: 258,182,000) ordinary shares of the Company.

Pursuant to completion of the 100% acquisition of Brand X Lab Pte Ltd on 15 April 2019, 1,861,111,111 ordinary shares of the Company were issued at the issue price of S\$0.0018 per share. Accordingly, the total number of shares of the Company has increased to 12,485,587,734 shares.

Save as disclosed above, the Company did not have any other convertibles as at 30 June 2019 and 30 June 2018

There were no treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 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

	Company	Company
	30.06.2019	31.12.2018
Total number of issued shares excluding treasury shares	12,485,587,734	8,812,778,946

There were no treasury shares during and as at end of the financial period ended 30 June 2019 and as at the end of the financial year ended 31 December 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

Not applicable as the Company did not have any treasury shares as at the end of the current financial period reported on.

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 as the Company did not have any subsidiary holdings during and as at the end of the current financial period reporting on.

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. The figures have not been audited or reviewed by the Company's auditors.

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 disclosed in Section 5 below, the same accounting policies and methods of computation have been adopted for the current reporting year as compared with the most recent audited financial statements of the Company for the financial year ended 31 December 2018 ("FY2018").

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 applied the SFRS(I) 16 which is mandatorily effective from 1 January 2019:

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied SFRS(I) 16 using the modified retrospective method as of 1 January 2019 with no restatement of comparative information.

The Group adopted to measure the right-of-use assets to an amount equal to the lease liabilities related to that leases recognized in the statement of financial position as at 1 January 2019. In addition, the Group elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

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

Loss Per Share	Group		Group	
	3 months ended		6 months ended	
	30.06.2019 Unaudited	30.06.2018 Unaudited	30.06.2019 Unaudited	30.06.2018 Unaudited
Basic (Singapore cents) ⁽¹⁾	(0.003)	(0.005)	(0.012)	(0.010)
Diluted (Singapore cents) ⁽²⁾	(0.003)	(0.005)	(0.012)	(0.010)

Notes:

¹ The calculation of loss per ordinary share is based on the Group's loss attributable to equity holders of the Company of approximately S\$394,000 for 3 months period ended 30 June 2019 (30 June 2018: S\$480,000) and loss attributable to equity holders of the Company of approximately S\$1,338,000 for 6 months period ended 30 June 2019 (30 June 2018: S\$923,000) divided by the weighted average number of shares of 11,325,702,228 shares (30 June 2018: 8,806,976,107 shares).

² The outstanding warrants and options were not included in the computation of the diluted loss per share as their effect would have been anti-dilutive.

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	
	30.06.19 Unaudited	31.12.18 Audited	30.06.19 Unaudited	31.12.18 Audited
Net assets/(liabilities) (S\$'000)	4,357	(5,323)	6,233	(3,496)
Number of ordinary shares in issue ('000)	12,485,588	8,812,779	12,485,588	8,812,779
Net assets/(liabilities) value per ordinary share (Singapore cents)	0.03	(0.06)	0.05	(0.04)

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.**

Review of the Income Statement of the Group

i) Revenue

	2Q2019	2Q2018	Variance	
	S\$'000	S\$'000	S\$'000	%
Trading and distribution	154	544	(390)	(72%)
Medical aesthetics	69	105	(36)	(34%)
Event organisation and management consultancy	494	-	494	100%
Total	717	649	(68)	10%

The Group's revenue from its trading and distribution business for 2Q2019 was S\$0.154 million, a decrease of 72% or S\$0.390 million as compared to the revenue of S\$0.544 million in the previous corresponding financial period ended 30 June 2018 ("2Q2018"). The decrease is due to the cessation of the Group's franchise agreement with its principal steel trading distributor, Heraeus Electro-Nite International N.V. ("Heraeus") on 14 December 2018.

The medical aesthetic segment recorded a revenue of S\$0.069 million for 2Q2019, a decrease in revenue of S\$0.036 million during the period compared to corresponding period in 2Q2018 of S\$0.105 million. This was partially due to medical aesthetics business being badly affected by poor market demand from China and weak market condition in Taiwan, resulting in a lower number of treatments performed in 2Q2019.

The event organisation and management consultancy segment, which is a new revenue segment generated by Brand X Lab Pte Ltd, generated revenue of S\$0.494 million in 2Q2019.

ii) Cost of sales

The increase in cost of sales is in line with the increase in revenue.

iii) Gross profit

The Group's gross profit from operations decreased by 16% from S\$0.329 million in 2Q2018 to S\$0.278 million in 2Q2019. This was mainly due to decrease in trading and distribution segment in which the gross profit margin has decreased from 45% to 10%. The decrease was offset by the new revenue segment, event organisation and management consultancy business, which generated a gross profit margin of 41% in 2Q2019.

iv) Other income

Other income decreased by S\$0.009 million to S\$0.001 million in 2Q2019 from S\$0.010 million in 2Q2018 mainly due to decrease in fixed deposit interest income and reimbursement from the government for childcare leave.

v) Other losses

Other losses increased by S\$0.032 million in 2Q2019 due to loss on deconsolidation of subsidiary corporations.

vi) Administrative expenses

Administrative expenses increased by S\$0.026 million from S\$0.608 million in 2Q2018 to S\$0.634 million in 2Q2019. The administrative expenses incurred during the period ended 30 June 2019 are mainly operational costs, including staff costs, directors' remunerations and professional costs. The increase was mainly due to operation costs amounting to S\$0.113 million arising from the newly acquired wholly owned subsidiary, Brand X Lab Pte Ltd, and professional fees incurred for the acquisition amounting to S\$0.026 million. Some of the increase in administrative expenses was offset by share options adjustment of S\$0.141 million due to expiry of certain share options granted to former employees of the Company.

vii) Finance expenses

During the financial period under review, finance expenses decreased by S\$0.155 million or 97% decrease mainly due to decrease in interest expenses of S\$0.117 million as the HK\$ 20 million loan has been settled in January 2019 and decrease in unwinding of imputed interest expenses as a result of the fair value adjustment on the deferred payment liability of S\$3.5 million which had been converted into share capital in January 2019.

viii) Depreciation of property, plant and equipment

During the financial period under review, the depreciation of property, plant and equipment decreased by S\$0.010 million or 48% less due to the addition of property, plant and equipment.

Review of the Financial Position of the Group

ix) Assets

Total assets of the Group increased by S\$4.218 million from S\$2.264 million as at 31 December 2018 to S\$6.482 million as at 30 June 2019. This was mainly attributable to goodwill of S\$2.745 million, trade and other receivables of S\$1.175 million, right-of-use assets of S\$0.057 million and property, plant and equipment of S\$ 0.040 million arising from the acquisition of Brand X Lab Pte Ltd in April 2019 and increase in cash and cash equivalents of approximately S\$0.278 million due to cash generated from investing activities as explained under paragraph xi below.

x) Liabilities

Total liabilities decreased by S\$5.462 million from S\$7.587 million as at 31 December 2018 to S\$2.125 million as at 30 June 2019 due to conversion of the deferred payment liability of S\$3.5 million into share capital and repayment of HK\$20 million loan from Concorde Global Limited. Some of the decrease in liabilities was offset by the trade and other payables amounting to S\$0.611 million, bank borrowings amounting to S\$0.225 million, lease liabilities amounting to S\$0.056 million and income tax amounting to S\$0.122 million arising from the acquisition of Brand X Lab Pte Ltd.

Review of the Cash Flow Statements of the Group

x) Cash flow

Net cash used in operating activities in 2Q2019 amounted to S\$0.018 million. The operating cash outflows before movement in working capital was S\$0.480 million. The net cash inflow from the changes in working capital of approximately S\$0.548 million was mainly due to a decrease in trade and other payables of S\$0.511 million.

Net cash generated from investing activities for 2Q2019 amounted to S\$0.135 million due to the acquisition of Brand X Lab Pte Ltd of S\$0.148 million and offset by the purchase of property, plant and equipment of S\$0.013 million.

Net cash used in financing activities for 2Q2019 amounted to S\$0.026 million due to repayment of borrowings, lease liability and interest paid of S\$0.013 million, S\$0.009 million and S\$0.004 million respectively.

Cash and cash equivalents were S\$1.891 million as at 30 June 2019 as compared to S\$2.914 million as at 30 June 2018.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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

The Directors and the management of the Company have embarked on a strategic review of the Group's existing businesses to determine the feasibility of growing and expanding these businesses, as well as to consider the feasibility of adding business consultancy, real estate related services, investment management and advisory services, subject to compliance with licensing and other regulatory requirements.

As part of the strategic review following the recent corporate exercises, the Company has entered into a sale and purchase agreement with the shareholders of a group of companies constituting the Beverly Wilshire Medical Centre Group on 16 May 2019 to acquire 51% of the issued and paid up ordinary shares in the capital of such companies.

Beverly Wilshire Medical Centre Group is constituted by a group of Malaysia-incorporated companies specialising in medical aesthetic treatments, healthy ageing wellness and regenerative therapies, cosmetic surgery, dental aesthetics and hair restoration. It is a multi-award-winning integrated beauty care and medical aesthetics group established in 2012. Beverly Wilshire Group manages and operates two (2) fully-licensed Ministry of Health of Malaysia medical centres and two (2) licenced clinics.

This acquisition of Beverly Wilshire Medical Centre Group is part of the Company's overall strategic plan to rebuild our Health Business. The Company has the potential to expand its medical aesthetics and healthcare business as the medical aesthetics and healthcare businesses remains an industry segment in Greater China and South East Asia with strong growth potential. With Beverly Wilshire Medical Centre Group, the Company will cement our efforts to expand and build our businesses in Singapore, Malaysia and China.

In addition, pursuant to a subscription agreement dated 16 May 2019 entered into with Dato' Ng Tian Sang @ Ng Kek Chuan, the Company has on 18 July 2019, completed the share subscription whereby the proceeds from the share subscription amounts to S\$500,000. The Company announced on 21 May 2019 that 70% of the proceeds shall be used for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business opportunities as and when they arise and 30% will be used for the working capital of the Company.

Presently, the Board's strategy for the Group's three key businesses are as follows:

- Medical Aesthetics Business

The Group intends to rejuvenate its medical aesthetics business. Besides our current representation in Taiwan, we intend to widen involvement into Singapore, Malaysia as well as China.

- Steel Trading Business

The Group is currently inclined to retain and expand the steel trading business and management will continue to explore options with other principals for the steel trading business.

- Event organisation and management consultancy

The Group views the event organisation and management consultancy business of Brand X Lab as synergistic with and complementary to the Group's existing medical aesthetics and healthcare business and will similarly augment other businesses that the Group would be expanding into in future. This maiden acquisition is in line with our commitment to rebuild and nurse the Group back to sustained profitability as the additional commercial

activities brought in through the acquisition would increase the revenue income of the Group as a whole.

The Company will make the necessary announcement as and when there are material developments.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared or recommended for the current financial period.

(b)(i) Amount per share (cents)

Not applicable

(b)(ii) Previous corresponding period (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 5.00 pm) will be registered before entitlements to the dividends 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 as the Group is in loss making position for financial period ended 30 June 2019.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not enter into any IPT of S\$100,000 or more in value per transaction for 2Q2019. The Group does not have a general mandate from shareholders for IPTs.

14. Use of Proceeds

As at 13 August 2019, the net proceeds from the share subscriptions in January 2019 and July 2019 had been utilised as follows:

	Allocation of net proceeds raised S\$'000	Amount utilised before 14-May-19 S\$'000	Amount utilised from 14-May-19 to 13-Aug-19 S\$'000	Amount unutilised as at 13-Aug-19 S\$'000
(A) Proceeds from share subscription in January 2019				
(i) Working Capital	484	(132)	(333)	19
(ii) Repayment of loans	3,516	(3,516)	-	-
(B) Proceeds from share subscription in July 2019				
(i) Working Capital	150	-	-	150
(ii) Funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business opportunities as and when they arise	350	-	-	350
Total Amount	4,500	(3,648)	(333)	519

Notes:

- (A) The proceeds from Share Subscription in January 2019 amounts to S\$4.0 million. The Company announced in its circular on 26 August 2018 that 100% of the proceeds shall be used for repayment of the Concorde Loan which had been advanced by Concorde Global Limited to CMIC Hemodialysis (Hong Kong) Limited under the loan agreement entered into between the parties on 20 June 2016 ("Concorde Loan Agreement") and the accrued interest under the Concorde Loan Agreement. Any balance will be used for the working capital of the Company.
- (i) During the financial period reported on, S\$333,000 from the working capital portion of the proceeds from the share subscription was utilised. Such expenses mainly related to administrative and operating expenses.
- (B) The proceeds from the share subscription raised in July 2019 pursuant to a subscription agreement dated 16 May 2019 entered into with Dato' Ng Tian Sang @ Ng Kek Chuan amounts to S\$500,000. The Company announced on 21 May 2019 that 70% of the proceeds shall be used for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business opportunities as and when they arise and 30% will be used for the working capital of the Company. None of the aforementioned proceeds have been utilised as at the date of this announcement.

During the financial period ended 30 June 2019, the proceeds from conversion of warrants arising from the 2017 Rights cum Warrants amounted to S\$0.008 million and has been fully utilised for working capital purposes.

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

The Board of Directors hereby confirm that to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial results set out above to be false or misleading in any material respect.

16. Confirmation that the Issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Catalist Rules.

The Company confirms that it has procured all the required undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

By Order of the Board
14 August 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Vanessa Ng (Telephone: +65 6389 3065 and E-mail: vanessa.ng@morganlewis.com)