

INFINIO GROUP LIMITED

Unaudited Half-Year Financial Statement Announcement

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 period of immediately preceding financial year.

| | Group | | |
|--|------------------------------|----------------|-------------|
| | Half Year Ended 30 September | | |
| | 2017 \$'000 | 2016 \$'000 | % Change |
| Revenue | - | - | - |
| Cost of sales | - | - | - |
| Gross profit | - | - | - |
| Other income - net | 3 | 6 | 50% |
| Distribution and marketing expenses | - | - | N.M |
| Administrative expenses | (479) | (427) | 12% |
| Results from operating activities | (476) | (421) | 13% |
| Finance income | - | - | N.M |
| Finance cost | (53) | (32) | 66% |
| Finance cost - net | (53) | (32) | 66% |
| Loss before tax | (529) | (453) | 17% |
| Income tax expenses | - | - | N.M |
| Loss for the year | (529) | (453) | 17% |
| Other comprehensive income: | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Employee share options | - | - | N.M |
| -Share options lapsed | - | - | N.M |
| Other comprehensive income for the year, net of tax | - | - | N.M |
| Total comprehensive loss for the year | (529) | (453) | 17% |
| Loss attributable to: | | | |
| Owners of the Company | (529) | (453) | 17% |
| Non-controlling interests | - | - | N.M |
| | (529) | (453) | 17% |
| Total comprehensive loss attributable to: | | | |
| Owners of the Company | (529) | (453) | 17% |
| Non-controlling interests | - | - | N.M |
| | (529) | (453) | 17% |
| Loss per share | | | |
| - Basic loss per share (cents) | (0.03) | (0.04) | - 25% |
| - Diluted loss per share (cents) | (0.03) | (0.04) | - 25% |

Note: Differences due to rounding

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative period of immediately preceding financial year.

Notes to Administrative Expenses

| | Group Half Year Ended 30 September | | |
|---|---|------------------------|---------------------|
| | 2017 \$'000 | 2016 \$'000 | % Change |
| Administrative Expenses by Nature | | | |
| Audit fees paid/payable to the auditor of the Company | 35 | 38 | -8% |
| Depreciation of plant and equipment | - | - | - |
| Employee compensation | 195 | 216 | -10% |
| Legal and professional fees | 41 | 10 | 309% |
| Listing fees and AGM/ EGM expenses | 108 | 53 | 104% |
| Operating lease – office and equipment rental | 43 | 43 | 0% |
| Other | 57 | 67 | -15% |
| Total administrative expenses | <u>479</u> | <u>427</u> | <u>12%</u> |

For the 6 month financial period ended 30 September 2017, the Group did not register any investment income, allowance for doubtful debts and bad debt written off, write off for stock obsolescence, impairment in value of investment, adjustments for under or over provision of tax, exceptional items, and extraordinary items.

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

| | Group | | Company | |
|---|--------|----------------|----------------|--------------|
| | 30-Sep | 31-Mar | 30-Sep | 31-Mar |
| | Note | 2017 | 2017 | 2017 |
| | | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | |
| Non-Current assets | | | | |
| Plant and equipment | | - | - | - |
| Intangible assets | | - | - | - |
| Mining rights | | - | - | - |
| Investments in subsidiaries | | - | - | - |
| | | - | - | - |
| Current assets | | | | |
| Trade and other receivables | | 24 | 44 | 20 |
| Cash and cash equivalents | | 5 | 5 | 1 |
| | | 29 | 49 | 21 |
| Assets held for sale | | 1,903 | 1,903 | 1,903 |
| Total assets | | 1,932 | 1,952 | 1,924 |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to owners of the Company | | | | |
| Share capital | | 45,721 | 44,010 | 45,721 |
| Reserves | | (46,826) | (46,297) | (46,591) |
| | | (1,105) | (2,287) | (870) |
| Non-controlling interests | | (26) | (26) | - |
| Total equity | | (1,131) | (2,313) | (870) |
| Current Liabilities | | | | |
| Trade and other payables | | 2,004 | 2,960 | 1,736 |
| Borrowings | | 1,059 | 1,305 | 1,058 |
| Total liabilities | | 3,063 | 4,265 | 2,794 |
| Total equity and liabilities | | 1,932 | 1,952 | 1,924 |

Note: Differences due to rounding

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

| As at 30 September 2017 | | As at 31 March 2017 | |
|-------------------------|------------------------|---------------------|------------------------|
| Secured | Unsecured | Secured | Unsecured |
| Nil | 1,058,500 ² | Nil | 1,305,500 ¹ |

Amount repayable after one year;

| As at 30 September 2017 | | As at 31 March 2017 | |
|-------------------------|-----------|---------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| Nil | Nil | Nil | Nil |

Details of any collateral.

None.

The unsecured loans comprised of the following:

¹The loans from third parties comprise unsecured loans, comprised of (i) \$25,000, (ii) \$460,500 repayable in September 2017 and (iii) \$70,000 repayable in October 2017 respectively. These loans bear interest of 12% per annum. As at 30 September 2017, the outstanding loan from third party of \$25,000 has been repaid in this financial period and the loans of \$460,500 & \$70,000 has been extended. (Please see below Point (a) and (d)).

¹The loans from shareholders comprised of:

- (i) Unsecured interest-free loan extended by Atlas Capital Pte Ltd amounting to \$350,000 (2016 - \$482,000) and is repayable on demand; and
- (ii) Unsecured interest-bearing loans extended by Advance Opportunities Fund 1 amounting to \$400,000 (2016 - \$400,000) at an interest rate of 12% per annum and is repayable on demand.
- On 8 May 2017, Atlas Capital Pte Ltd assigned the loan of \$350,000 to Mr Foong Chee Meng. Please refer to announcement dated 12 May 2017 for further details.

²As at 30 September 2017, the unsecured loans comprised of the following:

- (a) Unsecured interest-bearing loans amounting to \$460,500 from shareholder with an interest rate of 1% per month and is repayable on demand.
- (b) Unsecured interest-bearing loans amounting to \$280,000 due to Advance Opportunities Fund an interest rate of 12% per annum and is repayable on demand. The decreased by \$120,000 from \$400,000 was due to the conversion of debt, for conversion amount owed by the Company into new ordinary shares of the Company. Please refer to announcement dated 12 May 2017 and 6 July 2017 for further details.
- (c) \$250,000 of the Convertible Notes was subscribed.
- (d) The loans from third parties comprise unsecured loans, amounting to \$68,000 repayable on demand. These loans bear interest of 12% per annum.

As at 30 September 2017, \$250,000 of the Convertible Notes were subscribed but not converted into ordinary shares.

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.

Consolidated Statement Of Cash Flows

| | Group | |
|---|--------------------------------|---------------|
| | Half Year Ended 30 Sept | |
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Loss before tax | (529) | (453) |
| <u>Adjustments for :</u> | | |
| Amortisation of intangible assets | - | - |
| Depreciation of plant and equipment | - | - |
| Currency realignment | - | - |
| Interest income | - | - |
| Operating cash flows before changes in working capital | (529) | (453) |
| <u>Changes in working capital, net of effects from acquisition and disposal of subsidiaries:</u> | | |
| Trade and other receivables | 20 | (12) |
| Trade and other payables | 121 | 139 |
| Net cash used in operating activities | (388) | (326) |
| Cash flows from investing activities | | |
| Acquisition of plant and equipment | - | - |
| Proceeds from disposal of available-for-sale financial assets | - | - |
| Net cash flows from investing activities | - | - |
| Cash flows from financing activities | | |
| Proceeds from issue of new ordinary shares, net of expenses | 164 | - |
| Proceeds from subscription of convertible notes | 250 | - |
| Proceeds from loans | 39 | 461 |
| Repayment of borrowings | (65) | (132) |
| Net cash flows generated from financing activities | 388 | 329 |
| Net (decrease)/ increase in cash and cash equivalents | 0 | 3 |
| Cash and cash equivalents at beginning of financial year | 5 | 4 |
| Cash and cash equivalents at the end of the period | 5 | 7 |

Note : Differences due to rounding

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 change in equity

| Group | Share capital \$'000 | Other reserves \$'000 | Accumulated losses \$'000 | Attributable to owners of the Company \$'000 | Non- controlling interests \$'000 | Total equity \$'000 |
|--|-------------------------------------|--------------------------------------|--|---|--|------------------------------------|
| 2017 | | | | | | |
| Balance at 1 April 2017 | 44,010 | (58) | (46,239) | (2,287) | (26) | (2,313) |
| Loss for the year | - | - | (529) | (529) | - | (529) |
| <u>Other comprehensive income/</u> <u>(loss)</u> | | | | | | |
| Items that may be reclassified subsequently to profit and loss: | | | | | | |
| Employee share options | | | | | | |
| - Share options lapsed | - | - | - | - | - | - |
| Currency translation differences arising from consolidation | - | - | - | - | - | - |
| Total comprehensive income/ (loss) for the year | - | - | - | - | - | - |
| <u>Contributions by and</u> <u>distributions to owners of</u> <u>the Company</u> | | | | | | |
| Issuance of shares | 1,727 | - | - | 1,727 | - | 1,727 |
| Share issue expenses | (16) | - | - | (16) | - | (16) |
| | 1,711 | - | - | 1,711 | - | 1,711 |
| Balance at 30 September 2017 | 45,721 | (58) | (46,768) | (1,105) | (26) | (1,131) |
| 2016 | | | | | | |
| Balance at 1 April 2016 | 44,010 | (43) | (44,994) | (1,027) | (25) | (1,052) |
| Loss for the year | - | - | (453) | (453) | - | (453) |
| <u>Other comprehensive income/</u> <u>(loss)</u> | | | | | | |
| Items that may be reclassified subsequently to profit and loss: | | | | | | |
| Employee share options | | | | | | |
| - Share options lapsed | - | - | - | - | - | - |
| Currency translation differences Arising from consolidation | | | | | | - |
| Total comprehensive income/ (loss) for the year | - | - | - | - | - | - |
| <u>Contributions by and</u> <u>distributions to owners of</u> <u>the Company</u> | | | | | | |
| Issuance of shares | - | - | - | - | - | - |
| Share issue expenses | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Balance at 30 September 2016 | 44,010 | (43) | (45,447) | (1,480) | (25) | (1,505) |

| Company | Share capital \$'000 | Other reserves \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|--|----------------------------|-----------------------------|---------------------------------|---------------------------|
| 2017 | | | | |
| Balance at 1 April 2017 | 44,010 | - | (46,070) | (2,060) |
| Loss for the year | - | - | (521) | (521) |
| <u>Other comprehensive income/(loss)</u> | | | | |
| Employee share options | | | | |
| - Share options lapsed | - | - | - | - |
| Total comprehensive income/(loss) for the year | - | - | - | - |
| <u>Contributions by and distributions to owners of the Company</u> | | | | |
| Issuance of shares | 1,727 | - | - | 1727 |
| Share issue expenses | (16) | - | - | (16) |
| | 1,711 | - | - | 1,711 |
| Balance at 30 September 2017 | 45,721 | - | (46,591) | (870) |
| 2016 | | | | |
| Balance at 1 April 2016 | 44,010 | - | (44,819) | (809) |
| Loss for the year | - | - | (440) | (440) |
| <u>Other comprehensive income/(loss)</u> | | | | |
| Employee share options | | | | |
| - Share options lapsed | - | - | - | - |
| Total comprehensive income/(loss) for the year | - | - | - | - |
| <u>Contributions by and distributions to owners of the Company</u> | | | | |
| Issuance of shares | - | - | - | - |
| Share issue expenses | - | - | - | - |
| | - | - | - | - |
| Balance at 30 September 2016 | 44,010 | - | (45,259) | (1,249) |

Note : Differences due to rounding

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.

During the 6 month financial period ended 30 September 2017, 180,000,000 Placement Shares have been issued to Advance Opportunities Fund I ('AOF I') for \$180,000 pursuant to the Placement Agreement dated 26 January 2017 and 1,289,459,580 Conversion shares has been issued to certain creditors for the proposed conversion of debts owing by the group pursuant to the debt conversion agreements dated 12 May 2017.

As at 30 September 2017, \$250,000 of the Convertible Notes have been subscribed for but have not been converted into ordinary shares. The Convertible Notes is convertible at the option of the subscriber, into new ordinary shares of the Company. In the event the \$250,000 Convertible Notes is to be converted at the minimum conversion price of \$0.0008 in accordance with the terms and conditions of the Subscription Agreement, the number of shares to be issued on conversion of the amount of \$250,000 pursuant to the Subscription Agreement is approximately 312,500,000 ordinary shares.

The Company does not hold any treasury shares and do not have any subsidiary holdings as at 30 September 2017 and 31 March 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares at the end of the current financial period and as at the end of the immediately preceding year

| | as at 30 Sep 2017 | as at 31 Mar 2017 |
|-------------------------------|--------------------------|--------------------------|
| Total number of Issued Shares | 2,520,763,830 | 1,051,304,250 |

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. The Company did not hold any treasury shares during and 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. The Company did not have any subsidiary holdings during and at the end of the current financial period reported 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 auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

The figures have not been audited or reviewed by the 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.

The Group and the Company have consistently applied the same accounting policies and methods of computation as in the most recently audited annual financial statements.

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.

Not applicable.

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**

| | 30 Sep 2017 | 30 Sep 2016 |
|--|--------------|--------------|
| (Loss) per ordinary share for the period | | |
| - Based on weighted average number of ordinary shares in issue | (0.03) cents | (0.04) cents |
| - Based on fully diluted number of ordinary shares in issue | (0.03) cents | (0.04) cents |

The Group's loss per share is based on the weighted average number of ordinary shares in issue during the financial year of 2017: 1,845,716,000 (2016:1,051,304,250). As of 30 September 2017 and 30 September 2016, the Group does not have any outstanding warrants and employee share options. Thus, there is no impact on the Group's dilutive potential ordinary share.

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:-**

| Net Asset Value | Group | | Company | |
|--|----------|----------|----------|----------|
| | 30/09/17 | 31/03/17 | 30/09/17 | 31/03/17 |
| Net asset value based on existing issued share capital as at the | Cents | | Cents | |
| respective period / year | (0.04) | (0.22) | (0.03) | (0.20) |

The net asset value per share is calculated based on the number of ordinary shares in issue of 2,520,763,830 as at 30 September 2017. (31 March 2017: 1,051,304,250 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.

Overview

The Group's has no revenue for the half year ended 30 September 2017 ("HFY2018"), remain the same as the previous financial year. It was due mainly to loss of revenue from the Group's online payment business following the expiry of the license held by Onegame Pte Ltd, a Group's subsidiary, in June 2015.

The other income received is the job credits grant from the Government.

Administration expenses increased by 12% to \$0.48 million in HFY2018 from \$0.43 million for HFY2017 mainly due to Listing fees, AGM/EGM fees and professional fees for the proposed

transactions of Proposed Debt Conversion, Proposed Notes Issue and Proposed Diversification in this financial period.

Finance costs increased by \$21,000 to \$53,000 in HFY2018 mainly due to the additional interest expense payable on the loan extended by Advance Opportunities Fund and loans obtained from shareholder amounting to \$460,500.

As a result of the above, the Group had a net loss of approximately \$0.53 million in HFY2018 as compared to a net loss of approximately \$0.45 million in HFY2017.

Financial Position and Cash Flow Analysis

As at 30 September 2017, the Group and the Company had cash and cash equivalent of \$5,000 and \$1,000 respectively.

The Group's current assets decreased from \$49,000 as at 31 March 2017 to \$29,000 as at 30 September 2017 due to decrease in deposits and prepayments.

The Group's current liabilities decreased from \$4,265,000 as at 31 March 2017 to \$3,063,000 as at 30 September 2017 mainly due to the conversion of debts of certain non-trade creditors of the Company, which include certain ex-vendors of Summit Light Ventures Ltd, the current shareholders and current/ex directors of the Company, for conversion of amounts owed by the Company of approximately \$1.54 million offset by increase in legal fees, professional fees, listing fees and AGM/EGM expenses for the proposed transactions. There was a decreased in trade and other payables from \$2,960,000 as at 31 March 2017 to \$2,004,000 as at 30 September 2017 also mainly due to the conversion of debts.

As at 30 September 2017, the Group's shareholder's equity was negative at \$1,131,000, as compared to a negative equity of \$2,313,000 mainly due to the completion of placement new shares for \$180,000 and issuance of new shares with \$1,547,000 conversion of debts.

The Group's net cash used in operating activities amounted to \$388,000 in HFY2018 as compared to \$326,000 for HFY2017. The higher net cash used in operating activities in HFY2018 was in line with higher loss before tax in HFY2018 as well as negative effect on changes in working capital. The Group recorded net cash inflow from financing activities of approximately \$388,000 in HFY2018 mainly derived from proceeds raised from issuance of new shares and issuance of unsecured equity linked redeemable structured convertible notes, which was offset by repayment of borrowings.

As at 30 September 2017, the Group reported net current liabilities of \$3,034,000 mainly due to outstanding payables in respect of (i) unsecured interest-bearing loans obtained from shareholders, (ii) unpaid directors' remuneration and fees, (iii) unsecured interest-bearing loans obtained from an unrelated third party, (iv) unsecured equity linked redeemable structured convertible notes and (v) other accrued operating expenses mainly professional fees.

Notwithstanding the Group's loss after tax of approximately \$529,000 in HFY2018 and net current liabilities of approximately \$3,034,000 as at 30 September 2017, the Board and the Audit Committee of the Company ("Audit Committee") are of the opinion that the Company and the Group will be able to meet their liabilities as and when they fall due and that the Company and the Group are able to continue as a going concern for the next 12 months. The basis of such opinion is as follows:-

- Following the approval from the Company's shareholders, on 28 June 2017 the Company has received the Listing and Quotation notice ("Notice") from the Singapore Exchange Securities Trading Limited ("SGX-ST") in respect of the listing and quotation of up to 25,000,000,000 new ordinary Shares in the capital of the Company ("ELN Conversion Shares") to be issued pursuant to the Proposed Notes Issue.

At the date of this announcement, the Company has received the monies from the first sub-tranche of Tranche 1 Notes, amounting to \$203,577 after deducting related expenses. Management intends to further draw-down the remaining 19 sub-tranches of the Tranche 1 Notes in the next 12 months for an aggregate of \$4,750,000 in proceeds, which will be used for its automated retail business and general working capital purposes. However, the further drawdown is subject to the liquidity of the Company's shares and compliance with the terms and conditions set out in the subscription agreement,

As announced on the 6 November 2017, Advance Opportunities Fund I ('AOF I') has agreed to further drawdown as soon as they comply with the terms of the agreement not to exceed 15% of the enlarged capital of the company after conversion of the notes. The terms and conditions of the drawdown are clearly set out in the subscription agreement and AOF I will comply with its drawdown obligations in accordance thereto.

- The Board also believes that the new developments in the automated retail business, such as new payment method and smarter automated retail machines, create new markets for the automated retail segment.

The diversification is part of the corporate strategy of the Group with diversified returns and long term growth. The Board believes that the diversification can provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholder's value for the Company.

Further announcement will be made to update the shareholders in the event there are any relevant changes or developments on the above matters.

Update on Use of Proceeds

Proposed Placement

As announced on 25 April 2017, the total gross amount of \$180,000 raised from Proposed Placement has been applied for the intended purposes to discharge part of its current liabilities of the Company and its subsidiaries. The net proceeds after deducting related expenses amounted to \$155,000. The proceeds have been utilized as follow:

| <u>Use of Proceeds</u> | S\$ |
|--|------------|
| Net Proceeds | 155,000 |
| Payment in respect of existing Liabilities:- | |
| Professional Fees | 80,000 |
| Director's Salary | 16,665 |
| Staff Cost | 24,628 |
| Repayments of third parties interest bearing loans | 33,707 |
| | 155,000 |

The use of the proceeds as disclosed above is in accordance with the stated use in the Company's Proposed Placement announcement dated 26 January 2017.

Proposed Notes Issue

As announced on 31 July 2017, the total gross amount of \$250,000 raised from the Proposed Notes Issue has been applied for the intended purposes for general corporate purposes and general working capital purposes. The net proceeds after deducting related expenses amounted to \$ 203,577. The proceeds have been utilized as follows:

| <u>Use of Proceeds</u> | S\$ |
|--|----------------|
| Net Proceeds | 203,577 |
| Company's General Corporate and Working Capital Purposes :- | |
| General and administrative cost (including salaries) | 78,365 |
| Professional Fees (external auditors, share registrar and printer) | 49,462 |
| Repayments of third parties interest bearing loans and interest | 75,750 |
| | 203,577 |

The use of the proceeds as disclosed above is in accordance with the stated use in the Company's Proposed Notes Issue announcement dated 01 September 2016.

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 been 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.

As announced on the 12 May 2017, the Group entered into a licensing agreement (the "**Licensing Agreement**") with Kalms Vending Private Limited ("**Kalms Vending**"), a wholly owned subsidiary of Kalms Singapore Pte Ltd ("**Kalms**") to carry on the automated retail business (the "**Proposed Diversification**"). The Company had also on 1 June 2017 obtained Shareholders approval for (i) the proposed diversification of its current business which involves the retailing of merchandise through automated retail machines ("**Proposed Diversification**").(ii) the Proposed Notes Issuance ("**Proposed Notes Issue**") and Proposed Debt Conversion ("**Proposed Debt Conversion**") pursuant to requirements under Catalist Rules.

On the 1 June, the Company has obtained shareholders' approval for the diversification of the Group's current business to include the automated retail business, which involves the retailing of merchandise, such as jewellery and premium gifts through automated retail machines and revenue from advertisements. The Company will start with the purchase of 10 automated retail licenses to operate 10 automated retail machines in Singapore and once the economic feasibility of the automated retail business is proven, the Company will increase the number of licenses with the aim to be the master licensee for Kalm Vending's automated retail machines in Singapore.

Refer to the Company announcement dated 06 November 2017, pursuant to Clause 1.2(b) of the license agreement dated 12 May 2017, the Company has elected to purchase 10 automated retail machines from Innovend Pte Ltd ("**Innovend**"), a wholly owned subsidiary of Kalms. Further to various discussions between the Company and Kalms, Innovend has agreed to supply 10 automated retail machines to the Company for \$135,000 inclusive of initial setup fee and also agreed to grant a credit term of 90 days with interest rate of 6% p.a. payable to Innovend from 1st day of delivery until the full payment of the invoice. The Company intends to take possession of the 10 automated retail machines by 15 December 2017 and to fully deploy all 10 automated retail

machines and operational by 31 December 2017 as scheduled. Kalms has also agreed to assist the Company with procuring all the 10 locations. The change in the direction of the business was approved by the shareholders on 01 June 2017 after which Kalms was duly informed of the Company's decision to buy the automated retail machines rather than lease them. As quoted, delivery of the automated retail machines will take 8 weeks with a further 2 weeks of preparation to commission. Kalms informed the Company in late September that the automated retail machines will be ready for delivery by 15 December 2017 and deployment and operational by 31 December 2017.

Further announcement will be made to update the shareholders in the event there are any relevant changes or developments of the above matters.

Shareholders should note that as stated in the announcement dated 28 March 2017, the Singapore Exchange Securities Trading Limited ("SGX-ST") required the Company to, *inter alia*, demonstrate that it has a viable business to maintain its listing status on or before 31 December 2017, failing which the SGX-ST may suspend trading of the Company's listed securities under Rule 1303 of the SGX-ST Listing Manual Section B: Rules of Catalyst. Shareholders should exercise extreme caution in trading their Shares as there is no certainty that the Company can meet the deadline stipulated by the SGX-ST.

11. If a decision regarding dividend has been made:-

(a) Current Financial period Report on

None

(b) 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, a statement to that effect:-

No dividend has been declared/recommendeded for the 6 month period ended 30 September 2017.

13. Interested Persons Transactions:

| Name of Interested Person | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to rule 920) | Aggregate value of all interested persons transactions conducted under shareholders mandate pursuant to rule 920 (excluding transactions less than \$100,000) |
|----------------------------------|--|--|
| Nil | Nil | Nil |

The Company has not obtained a general mandate from shareholders for interested person transactions.

14. Negative assurance confirmation on interim financial results under Rules 705(5) of the Listing Manual.

The Board of Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results of the Group and the Company for the half year ended 30 September 2017, to be false or misleading in any material aspect.

On behalf of the Board,

Lim Yeow Sun
Executive Director

Hong Seong Soo
Non-Executive Director

15. Confirmation by the Company to Rule 720(1) of the Catalist Rules

The Company confirms that it has procured all the required undertakings from all directors and executive officers of the Company under Rule 720(1) of the Catalist Rules.

On behalf of the Board,

Lim Yeow Sun
Executive Director

Hong Seong Soo
Non-Executive Director

BY ORDER OF THE BOARD

.....
Lim Yeow Sun
Director
14 November 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made and basis for which such opinions are formed.*

This announcement has not been examined or approved by the Exchange and the Exchange 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.

*The contact person for the Sponsor is Mr. Liao H. K.
Telephone number: 6221 0271*