



CHINA FIBRETECH LTD.

(Company Registration No. 40381)
(Incorporated in Bermuda)

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 2017

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

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

Consolidated statement of comprehensive income for the Group

The Group	4Q 31 December			Year ended 31 December		
	2017	2016	Change	2017	2016	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	5,152	4,476	15.1%	26,956	24,971	7.9%
Cost of sales	(4,639)	(4,104)	13.0%	(23,983)	(22,089)	8.6%
Gross profit	513	372	37.9%	2,973	2,882	3.2%
Other income	240	28	757.1%	240	1,919	-87.5%
Selling and distribution expenses	(301)	(116)	159.5%	(1,196)	(580)	106.2%
Administrative expenses	(1,200)	(1,265)	-5.1%	(3,605)	(4,724)	-23.7%
Other operating expenses	(4)	(610)	-99.3%	(619)	(2,164)	71.4%
Finance cost	(220)	(212)	3.8%	(928)	(894)	3.8%
Loss before taxation	(972)	(1,803)	-46.1%	(3,135)	(3,561)	-12.0%
Income tax expense	(2)	(26)	-92.3%	(2)	(26)	-92.3%
Loss for the period/year	(974)	(1,829)	-46.7%	(3,137)	(3,587)	-12.5%
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period/year	(974)	(1,829)	-46.7%	(3,137)	(3,587)	-12.5%

*n.m denotes not meaningful



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1(a)(ii) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

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

The Group	4Q 31 December		Year ended 31 December	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Amortisation of land use rights	15	15	61	61
Depreciation of property, plant and equipment	794	794	3,176	3,148
Interest income	-	(28)	-	(1,919)
Interest expense	-	212	-	893
Staff Cost	992	1,869	5,509	6,786
Directors' fee – directors of the Company	458	66	608	285
Utilities expense	1,467	1,507	5,789	8,624



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

Statements of financial position

	The Group		The Company	
	31 December 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000	31 December 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Assets and Liabilities				
Non-current assets				
Property, plant and equipment	24,518	27,694	-	-
Land use rights	2,244	2,305	-	-
Investment in subsidiaries	-	-	-	-
Due from a subsidiary	-	-	-	-
	<u>26,762</u>	<u>29,999</u>	<u>-</u>	<u>-</u>
Current assets				
Inventories	566	564	-	-
Trade receivables	6,507	4,119	-	-
Prepayment and other receivables	4,560	4,560	-	-
Due from a subsidiary	-	-	4,796	4,796
Cash and bank balances	112	660	5	5
	<u>11,745</u>	<u>9,903</u>	<u>4,801</u>	<u>4,801</u>
Current liabilities				
Trade payables	855	506	-	-
Accruals and other liabilities	8,230	6,837	4,492	3,099
Interest-bearing bank borrowings	12,900	12,900	-	-
Income tax payable	-	-	-	-
Amount due to a subsidiary	-	-	4,896	4,896
	<u>21,985</u>	<u>20,243</u>	<u>9,388</u>	<u>7,995</u>
Net current assets/liabilities	(10,240)	(10,340)	(4,587)	(3,194)
Net assets/liabilities	<u>16,522</u>	<u>19,659</u>	<u>(4,587)</u>	<u>(3,194)</u>
Equity				
Share capital	135,773	135,773	135,773	135,773
Reserves	(119,251)	(116,114)	(140,360)	(138,967)
Total equity	<u>16,522</u>	<u>19,659</u>	<u>(4,587)</u>	<u>(3,194)</u>



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

Amount repayable in one year or less, or on demand

As at 31 December 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
12,900	-	12,900	-

Details of any collateral

The Group's bank loans were secured by certain of the Group's leasehold buildings with an aggregate carrying value of approximately RMB5,615,000 as at 31 December 2017 (31 December 2016: RMB6,267,000), land use rights with an aggregate carrying value of approximately RMB2,244,000 as at 31 December 2017 (31 December 2016: RMB2,305,000).



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1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of cash flows for the Group

	Year ended 31 December	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Cash flows from operating activities		
Loss before taxation	(3,135)	(3,561)
Adjustments for :		
Amortisation of land use rights	61	61
Depreciation of property, plant and equipment	3,176	3,148
Interest income	-	(1,919)
Interest expenses	-	893
Operating profit/(loss) before working capital changes	100	(1,378)
Decrease/(increase) in inventories	(2)	252
Decrease/(increase) in trade receivables	(2,388)	11,056
Decrease in prepayments and other receivables	-	16,127
(Decrease)/increase in trade payables	349	(1,829)
(Decrease)/Increase in accruals and other liabilities	1,393	(469,731)
Cash used in operations	(648)	(445,503)
Interest paid	-	(893)
Interest received	-	1,919
Income tax paid	(2)	(203)
Net cash used in operating activities	(548)	(444,680)
Cash flows from investing activities		
Acquisition and construction of property, plant and equipment	-	(4,787)
Net cash used in investing activities	-	(4,787)
Cash flows from financing activities		
Bank loans obtained	12,900	12,900
Repayment of bank loans	(12,900)	(12,900)
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	(548)	(449,467)
Cash and cash equivalents at the beginning of the financial year	660	450,127
Cash and cash equivalents at the end of the financial year	112	660



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity for the Group

The Group	<----- Attributable to equity holders of the Company ----->								
	Share capital	Treasury shares	Share premium	Share-based payment reserve	Capital reserve	Statutory reserve	Merger reserve	Retained profits/(accumulated losses)	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2016	135,773	(35)	79,908	-	4,403	15,000	(102,287)	(109,516)	23,246
Total comprehensive loss for the year	-	-	-	-	-	-	-	(3,587)	(3,587)
Balance at 31 December 2016 (Unaudited)	135,773	(35)	79,908	-	4,403	15,000	(102,287)	(113,103)	19,659
Balance as at 1 January 2017	135,773	(35)	79,908	-	4,403	15,000	(102,287)	(113,103)	19,659
Total comprehensive loss for the year	-	-	-	-	-	-	-	(3,137)	(3,137)
Balance at 31 December 2017 (Unaudited)	135,773	(35)	79,908	-	4,403	15,000	(102,287)	(116,240)	16,522



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity for the Company

The Company	Share capital RMB'000	Treasury share RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance as at 1 January 2016	135,773	(35)	79,908	-	(216,789)	(1,143)
Total comprehensive loss for the year	-	-	-	-	(2,051)	(2,051)
Balance at 31 December 2016 (Unaudited)	135,773	(35)	79,908	-	(218,840)	(3,194)
Balance as at 1 January 2017	135,773	(35)	79,908	-	(218,840)	(3,194)
Total comprehensive loss for the year	-	-	-	-	(1,393)	(1,393)
Balance at 31 December 2017 (Unaudited)	135,773	(35)	79,908	-	(220,233)	(4,587)



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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Pursuant to an SGM of the Company held on 29 April 2015, the Company has completed the consolidation of every fifty existing issued ordinary shares in the capital of the Company held by shareholders of the Company into one ordinary share effective as at 9.00 am on 29 May 2015. As a result of the completion of the share consolidation exercise, the number of ordinary shares, including treasury shares, of the Company is now 8,979,791.

There are no changes in the issued and paid-up share capital of the Company since 29 May 2015.

There were no convertible shares issued by the Company as at 31 December 2017.

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

	As at 31 December 2017	As at 31 December 2016
Number of ordinary shares in issue	8,979,791	8,979,791
Less: Ordinary shares kept as treasury shares	(4,000)	(4,000)
Number of ordinary shares excluding treasury shares	<u>8,975,791</u>	<u>8,975,791</u>

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

There is no sales, transfers, disposal, cancellation and / or use of treasury shares by the Company as at 31 December 2017.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

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

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

Not applicable.



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4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

The Group has adopted all the new or revised Singapore Financial Reporting Standards (“FRS”) and Interpretations to FRS (“INT FRS”) that are mandatory for financial years beginning on or after 1 January 2017.

The accounting policies and methods of computation are consistent with the latest audited financial statements for the financial year ended 31 December 2015.

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 adopted all new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017. The adoption of these new/revised FRS and INT FRS does not result in substantial change to the Group’s and Company’s accounting policies or have any significant impact on the financial statements.

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

Basic and Diluted Earnings Per Share

	3 months ended 31 December		12 months ended 31 December	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Net loss attributable to equity holders of the Company (RMB’000)	(974)	(1,829)	(3,137)	(3,587)
<u>Basic</u>				
Weighted average number of ordinary shares in issue (’000)	8,976	8,976	8,976	8,976
Earnings/(Loss) per share (RMB)	(0.11)	(0.20)	(0.35)	(0.40)
<u>Diluted</u>				
Weighted average number of ordinary shares in issue (’000)	8,976	8,976	8,976	8,976
Earnings/(Loss) per share (RMB)	(0.11)	(0.20)	(0.35)	(0.40)



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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 year reported on; and**
- (b) immediately preceding financial year.**

	The Group		The Company	
	As at 31 December 2017 (Unaudited)	As at 31 December 2016 (Unaudited)	As at 31 December 2017 (Unaudited)	As at 31 December 2016 (Unaudited)
Net asset value per ordinary share (RMB)	1.8	2.2	-0.5	-0.4
Number of issued ordinary shares excluding treasury share as at end of the period	8,975,791	8,975,791	8,975,791	8,975,791

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 year 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 year reported on.**

Review of Financial Performance

Revenue

The Group recorded revenue of RMB27.0 million for year ended 31 December 2017 ("FY2017"), an increase of 7.9% compared to RMB25.0 million for year ended 31 December 2016 ("FY2016"). On a quarterly review, the revenue for three months ended 31 December 2017 ("4Q2017") had increased to RMB5.2 million as compared to RMB4.5 million for three months ended 31 December 2016 ("4Q2016").

The increase in revenue was mainly due to increase demand and better average processing fee. The average processing fee was RMB9,240 per tonne in FY2017 compared to RMB7,655 per tonne in the corresponding period. Total processing quantity reduced from 4,618 tonne in FY2016 when compared to 2,917 tonne in FY2017 due to a temporary shut down during the year.



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Review of Financial Performance (cont'd)

Gross profit and gross profit margin

Our gross profit decreased from RMB2.9 million in FY2016 to RMB3.0 million in FY2017.

Gross profit margin decreased from 11.5% in FY2016 to 11.0% in FY2017. The decrease in gross profit and gross profit margin is mainly due to decrease in quantity of fabric processed due to Company temporary shut down operation during the year.

Other income

Decrease in other income by 87.5% from RMB1.9 million in FY2016 to RMB0.2 million in FY2017 was attributed by the followings:

- Decrease in interest income by RMB1.0 million due to no rollover of fixed deposits amounting to RMB200 million was made on its maturity dates, 1 May 2016 and 30 June 2016.

Selling and distribution expenses

Selling and distribution expenses increased from RMB0.6 million in FY2016 to RMB1.2 million in FY2017 was mainly due to increase in logistics cost in tandem to the increase in revenue.

Administrative expenses

Administrative expenses decreased by 23.7% from RMB4.8 million in FY2016 to RMB3.6 million in FY2017. The decrease was mainly due to the followings:

- Decrease in staff cost by RMB0.5 million as a result of reduction in number of staff.
- Decrease in entertainment expenses by RMB0.1 million as a result of tightening control in operation expenses.
- Decrease in professional fees by RMB0.5 million

Other operating expenses

The other operating expenses amounting to RMB0.6 million incurred in FY2017 was due to a staff injuries compensation.

Finance cost

Marginal increase in finance cost by 3.8% from RMB0.89 million in FY2016 to RMB0.92 million in FY2017 was due to bank and related charges.

Income tax expense

Income tax expenses of reduced from RMB26,000 to RMB2,000 as there is no underprovision of prior year taxation where the underprovision of taxation is derived from profit generated by our China subsidiary in Shishi, Fujian Province in FY2015.



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Review of Financial Position

Property, plant and equipment increased from RMB27.6 million as at 31 December 2016 to RMB24.5 million as at 31 December 2017, mainly attributed by the depreciation charge of RMB3.1 million during the year.

Land use rights decreased from RMB2.31 million as at 31 December 2016 to RMB2.24 million as at 31 December 2017 due to amortisation of land use rights of RMB61,000 during the year.

Inventories which consist of dyeing materials, additives and packaging materials remained unchange at RMB0.6 million in FY2017 compared to FY2016.

Trade receivables decreased from RMB4.1 million as at 31 December 2016 to RMB6.5 million as at 31 December 2017. The increase of 58.5% was due to higher revenue recorded in 4Q2017 amounting to RMB5.2 million as compared to 4Q2016 amounting to RMB4.5 million and also due to slower collection during FY2017.

There was no significant movement in prepayment and other receivables as at 31 December 2017 as compared to financial year ended 31 December 2016.

Cash and bank balances decreased from RMB0.7 million as at 31 December 2016 to RMB0.1 million as at 31 December 2017. The decrease was mainly attributable to the followings:

- Slower collection from our debtors amounting to RMB2.4 million;
- Slower payment to our trade supplier and non trade suppliers amounting to RMB0.4million and RMB 1.4 million; and

Trade payables increased by 69.0% from RMB0.5 million as at 31 December 2016 to RMB0.9 million as at 31 December 2017. The increase was mainly due to increase orders to suppliers and slower payment to our suppliers.

Accrued liabilities and other payables increased by 20.4% from RMB6.8 million as at 31 December 2016 to RMB8.2 million as at 31 December 2017. The increase was mainly due to accrual for professional fees.

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

Based on our disclosure in the 2016 full year and 9M2017 results announcements pertaining to a challenging business outlook in FY2017, the management noted no variance between the actual results of FY2017 and the prospect statement disclosed to shareholders disclosed during 9M2017 announced on 15 Jan 2018.



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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.

Based on the result obtained in FY2017 and the Group's experience with our order books on hand, the Group expects a challenging 2018 for its dying business.

The China textile industry is fraught with uncertain as output had been slow due to domestic factors and weak recovery from the international market. The effect of various domestic factors such as rising costs from cotton prices and labor costs, has a direct and/or indirect effect on our customers and consequently in their demand for our service.

The new Board are currently exploring potential new business diversification in infrastructure related industry (Belt Road project) in China

Shareholders are advised to refer to the Company's announcements for more details.

11. Dividend

(a) Current Financial Year Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded for the year ended 31 December 2017.



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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business segment

As the Group operates principally in a single business segment which is the provision of dyeing and post-processing treatment services for fabrics, no reporting by business operations is presented.

Geographical segment

As the business of the Group is engaged entirely in the PRC, no reporting by geographical location of operations is presented

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

As disclosed in Paragraph 8.

15. **A breakdown of sales**

The Group	FY2017 RMB'000 (Unaudited)	FY2016 RMB'000 (Unaudited)	Changes %
(a) Sales reported for first half year	16,810	12,910	30.21%
(b) (Loss)/profit attributable to shareholders reported for first half year	(1,089)	(834)	30.57%
(c) Sales reported for second half year	10,776	12,061	-10.65%
(d) Loss attributable to shareholders reported for second half year	(2,048)	(2,753)	-25.61%

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

The Group and Company	FY2017 RMB'000	FY2016 RMB'000
Ordinary		
- Interim	-	-
- Final	-	-
Preference	N/A	N/A
TOTAL	-	-



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17. Interested Person Transactions

The Group does not have any general mandate from shareholders for Interested Person Transactions. No interested person transactions exceeding S\$100,000 has been entered into by the Group for the year ended 31 December 2017.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that there is no such persons.

19. Confirmation by the Board Pursuant to Rule 720(1) of SGX Listing Manual

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in form Appendix 7.7.

20. Use of IPO proceeds

As at the date of this announcement, the net proceeds from the Company's initial public offering has been utilised as follows:

Use of IPO proceeds	Amount allocated S\$'000	Amount utilized S\$'000	Balance S\$'000
To construct new facilities and acquire new machinery	14,000	13,231	769
To expand our research and development capabilities	1,000	1,000	-
For working capital purpose	1,282	1,282	-
	<u>16,282</u>	<u>15,513</u>	<u>769</u>

On behalf of the Board of Directors

Eric Choo Han Kiat
Executive Director

01 March 2018