CACOLA FURNITURE INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands)

(Co. Reg. No: 179492)

FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

		Group		
		Year ended		
		31.12.2016	31.12.2015	
		RMB'000	RMB'000	%
	Notes	Unaudited	Audited	
Revenue		68,521	64,906	*5.6%*
Cost of sales		(56,469)	(53,257)	*6.0%*
Gross profit		12,052	11,649	*3.5%*
Other income	1	13,556	849	*1496.7%*
Selling and distribution expenses		(1,946)	(2,009)	*-3.1%*
Administrative expenses		(5,594)	(5,942)	*-5.9%*
Write-off non-recurring prepaid expenses	2	(8,386)	(6,263)	*33.9%*
Finance costs		(288)	(18)	*1499.3%*
Profit/(loss) before taxation	3	9,394	(1,734)	*-641.8%*
Taxation		(49)	-	*MN*
Profit/(loss) for the year attributable to owners of the Company		9,345	(1,734)	*-638.9%*
Other comprehensive income attributable to the owners of the Company				
- *Exchange differences on translation of foreign operations*		(1,211)	(109)	*1011.0%*
Total comprehensive income for the year attributable to the owners of the Company		8,134	(1,843)	*-541.4%*

MN - Not meaningful

Notes

1. Other income

	Group	
	Year ended	
	31.12.2016	31.12.2015
	RMB'000	RMB'000
	Unaudited	Audited
Bank interest income	12	37
Rental income	119	52
Gain on the extinguishment of financial liabilities	6,463	-
Recovery of impaired trade receivables	6,962	
Waiver of directors' remuneration	-	760
	13,556	849

2. Non-recurring exceptional items

This represents professional and related prepayments for the Company's reverse take over exercise, including prepayment to onshore and offshore legal advisors, reporting accountants, independent valuer, financial advisors, market researchers, funder providers as well as other related expenditures which are non-recurring in nature.

3. Profit/(loss) before taxation

	Group	
	Year ended	
	31.12.2016	31.12.2015
	RMB'000	RMB'000
	Unaudited	Audited
Depreciation of property, plant and equipment	3	8
Exchange differences, net	(82)	(227)
Interest on a convertible loan	288	18
Operating lease expenses	35	-

1(b)(i) 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	
	31.12.2016 RMB'000 Unaudited	31.12.2015 RMB'000 Audited	31.12.2016 RMB'000 Unaudited	31.12.2015 RMB'000 Audited
ASSETS AND LIABILITES				
Non-current assets				
Property, plant and equipment	64	67	-	-
Investments in subsidiaries	-	-	-	-
	64	67	-	-
Current assets				
Inventories	37,254	25,949		-
Trade and other receivables	10,990	11,070	1,449	-
Cash and bank balances	555	4,794	62	4,311
	48,799	41,813	1,511	4,311
Current liabilities				
Trade and other payables and accruals	12,989	29,610	23,636	35,761
Non-current liabilities				
Deferred tax liability	227	227	227	227
Other financial liability	3,563	3,275	3,563	3,275
	3,790	3,502	3,790	3,502
Net current assets/(liabilities)	35,810	12,203	(22,125)	(31,450)
Net assets/(liabilities)	32,084	8,768	(25,915)	(34,952)
EQUITY				
Equity attributable to Company's owners				
Share capital	71,294	62,685	71,294	62,685
Reserves	(39,210)	(53,917)	(97,209)	(97,637)
Total equity/(Capital deficiency)	32,084	8,768	(25,915)	(34,952)

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 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 31 December 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	3,790	-	3,502

Convertible loan

On 11 December 2015, the Company entered into a convertible loan agreement with a lender, pursuant to which the lender agreed to extend a loan in the aggregate principal amount of S$1,000,000 (RMB4,610,000) to the Company. The loan is unsecured, bears interest at a fixed interest rate of 6% per annum, and is repayable by the Company immediately after five years from the date of disbursement of the loan. The loan is convertible into ordinary shares in the Company at a fixed conversion price of S$0.00684 per share (at a fixed exchange rate of S$1: RMB 4.57 and HK$1: RMB 0.83).

The values of the liability component of RMB3,563,000 (2015: RMB3,275,000) and equity component were determined at the issuance of the convertible loan.

Deferred tax liability of RMB227,000 related to the taxable temporary difference arising from the initial recognition of the equity component separately from the liability component of the convertible loan.

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	
	Year ended	
	31.12.2016	31.12.2015
	RMB'000	RMB'000
	Unaudited	Audited
Cash flows from operating activities		
Operating profit/(loss) before taxation	9,394	(1,734)
Adjustments for:		
Depreciation on property, plant and equipment	3	8
Interest expenses	288	18
Interest income	(12)	(37)
Recovery of impaired trade receivables	(6,962)	-
Gain on the extinguishment of financial liabilities	(6,463)	-
Non-recurring exceptional items	8,386	6,263
Operating profit before working capital changes	4,634	4,518
Changes in inventories	(11,305)	(6,611)
Changes in trade and other receivables	(1,344)	(5,801)
Changes in prepayments	-	(3,200)
Changes in trade and other payables and accruals	(10,158)	4,868
Cash used in operations	(18,173)	(6,226)
Income taxes	(49)	-
Net cash used in operating activities	(18,222)	(6,226)
Cash flows from investing activity		
Interest received	12	37
Net cash generated from investing activity	12	37
Cash flows from financing activities		
Inception of convertible loan	-	4,610
Repayment of financial liability	-	(3,949)
Issue of shares	15,050	8,185
Net cash generated from financing activities	15,050	8,846
Net (decrease)/increase in cash and cash equivalents	(3,160)	2,657
Effect of foreign exchange differences	(1,079)	(20)
Cash and cash equivalents at beginning of the year	4,794	2,157
Cash and cash equivalents at end of the year	555	4,794
Analysis of balances of cash and cash equivalents		
Cash and bank balances	555	4,794

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.

	Share capital RMB'000	Share premium RMB'000	Convertible loan RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
The Group								
Balance as at 1 January 2015 (audited)	46,566	142,214	-	23,570	1,994	19,802	(232,828)	1,318
Issue of shares	16,119	(7,934)	-	-	-	-	-	8,185
Convertible loan - equity component	-	-	1,108	-	-	-	-	1,108
Loss for the year	-	-	-	-	-	-	(1,734)	(1,734)
Other comprehensive income:								
Currency translation difference	-	-	-	-	(109)	-	-	(109)
Total comprehensive income for the year	-	-	-	-	(109)	-	(1,734)	(1,843)
Balance as at 31 December 2015 (audited)	62,685	134,280	1,108	23,570	1,885	19,802	(234,562)	8,768
Balance as at 1 January 2016 (audited)	62,685	134,280	1,108	23,570	1,885	19,802	(234,562)	8,768
Issue of shares	8,609	6,441	-	-	132	-	-	15,182
Convertible loan - equity component	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	9,345	9,345
Other comprehensive income:								
Currency translation difference	-	-	-	-	(1,211)	-	-	(1,211)
Total comprehensive income for the year	-	-	-	-	(1,211)	-	9,345	8,134
Balance as at 31 December 2016 (unaudited)	71,294	140,721	1,108	23,570	806	19,802	(225,217)	32,084
The Company								
Balance as at 1 January 2015 (audited)	46,566	142,214	-	150,119	(35,026)	-	(340,442)	(36,569)
Issue of shares	16,119	(7,934)	-	-	-	-	-	8,185
Convertible loan - equity component	-	-	1,108	-	-	-	-	1,108
Loss for the year	-	-	-	-	-	-	(5,469)	(5,469)
Other comprehensive income:								
Currency translation difference	-	-	-	-	(2,207)	-	-	(2,207)
Total comprehensive income for the year	-	-	-	-	(2,207)	-	(5,469)	(7,676)
Balance as at 31 December 2015 (audited)	62,685	134,280	1,108	150,119	(37,233)	-	(345,911)	(34,952)
Balance as at 1 January 2016 (audited)	62,685	134,280	1,108	150,119	(37,233)	-	(345,911)	(34,952)
Issue of shares	8,609	6,441	-	-	132	-	-	15,182
Convertible loan - equity component	-	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	-	(4,110)	(4,110)
Other comprehensive income:								
Currency translation difference	-	-	-	-	(2,035)	-	-	(2,035)
Total comprehensive income for the year	-	-	-	-	(2,035)	-	(4,110)	(6,145)
Balance as at 31 December 2016 (unaudited)	71,294	140,721	1,108	150,119	(39,136)	-	(350,021)	(25,915)

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.

Changes in Company's shares capital

During FY2016, the Company had issued 984,373,646 ordinary shares (902,734,645 shares for creditors settlement exercise and 81,639,001 shares for rights issues) at an issued price of HKD 0.01 each (i.e. par value) in total.

For details, please refers to the circular and its announcements dated 18 April, 3 May, 17 May, 2 July, 12 July, 27 July, 25 October, 3 November, 24 November and 28 November 2016.

Convertible loan – equity component

As disclosed in item 1(b)(ii), the Company had on 11 December 2015 announced that the Company has entered into a convertible loan agreement with a lender pursuant to which the Lender has agreed to extend a loan in the aggregate principal amount of S$1,000,000 to the Company, at a simple interest rate of 6% per annum ("Loan").

The Loan is convertible, at the option of the Lender, into new ordinary shares of the Company (the "Conversion Shares") at a fixed conversion price, exchange rate and numbers of Conversion Shares in accordance with the terms and conditions of the Loan Agreement. The number of shares to be issued on conversion of the principal amount of S$1,000,000 pursuant to the Loan Agreement is approximately 146,200,000 ordinary shares.

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

	As at 31.12.2016	As at 31.12.2015
Total number of issued shares	1,693,386,950	709,013,304
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	1,693,386,950	709,013,304

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 period reported on.

Not applicable.

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

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

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

The Group has adopted all the new/amended International Financial Reporting Standards ("new/amended IFRSs") that became effective on 1 January 2016. Except the adoption of these new/amended IFRSs, the Group has consistently adopted the same accounting policies and methods of computations as stated in the audited financial statements of the Group for the 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 adoption of the new/amended IFRSs does not have any material financial impact on the Group's financial statements.

6. Earnings/(Loss) 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.

		Group	
		Year ended	
		31.12.2016	31.12.2015
		Unaudited	Audited
		'000	'000
Earnings/(loss) per share			
a)	Based on weighted average number of shares (RMB cents)	1.06	(0.30)
	-weighted average number of shares	884,799	587,480
b)	Based on a fully diluted basis (RMB cents)	N/A	N/A
	-adjusted weighted average number of shares	N/A	N/A

Basic earnings/(loss) per share is calculated based on loss attributable to the owners of the Company for the year divided by the weighted average of 884,799,000 shares (year ended 2015: weighted average of 587,480,000 shares).

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	
	31.12.2016 Unaudited	31.12.2015 Audited	31.12.2016 Unaudited	31.12.2015 Audited
Net asset value ("NAV") per ordinary share (RMB cents)	1.89	1.24	(1.53)	(4.93)
Number of shares (excluding treasury shares)	1,693,386,950	709,013,304	1,693,386,950	709,013,304

Net asset value per share is calculated based on total equity/(capital deficiency) of the Group and the Company as at 31 December 2016 and 2015 and based on the issued share capital of 1,693,386,950 and 709,013,304 ordinary shares (excluding treasury shares) in issue as at 31 December 2016 and 2015 respectively.

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 Group Performance

Revenue

Product Type	FY2016 (RMB mil)	% of Total Revenue	FY2015 (RMB mil)	% of Total Revenue	% Change
Panel Furniture	45.5	66.4	41.9	64.6	8.6
Sofa	19.6	28.6	19.9	30.7	-1.5
Mattress	3.4	5.0	3.1	4.8	9.7
Total	68.5	100.0	64.9	100.0	5.5

For the year ended 31 December 2016 ("FY2016"), our total revenue increased by 5.5% compared to FY2015, back to normal level before the tightened credit policy introduced by Chinese Government for property market. The policy has been relaxed from the 2nd half of FY2015, as a result, our sales orders have been recovered and better utilisation rates of our factory has been revealed.

The Group's overall gross profit margin maintained at approximately 18%.

i) valued added design provided to customers
ii) suppliers' discount on raw material
iii) property, plant and equipment have been fully written off in FY2014, thus, no depreciation expenses charged in FY2016 and FY2015 in the cost of sales

The major raw materials used for furniture production included MDF boards, fabric, foam and metal hardware.

Operating Profit

Other Income

During FY2016, the Group have recovered approximately RMB 7.0 million of previously impaired trade receivables (FY2015: Nil).

As announced on 25 October 2016, the Company has issued and allotted 902,734,645 to its creditor for settlement of outstanding professional fees and staff salaries and allowances (item 1(d)(ii)). According to the relevant accounting standard the difference between the carrying amount of the financial liability extinguished, and the consideration paid (i.e. the value of shares being issued on 25 October 2016), shall be recognised in profit or loss. As a result, approximately RMB 6.5 million was recorded in the line item of other income as gain on extinguishment of financial liabilities.

Operating Expenses

Operating expenses comprise (i) selling and distribution expenses and (ii) administrative. Operating expenses decreased from RMB 8.0 million in FY2015 to 7.5 million in FY2016, due to the tight control on the Group's expenditure and below measures,

i) In view of the Company's financial and cashflow positions, the senior management including current executive board members of the Company had consented to waive their remuneration and allowances for FY2016 and FY2015.
ii) Property, plant and equipment have been fully written off in FY2014, thus, no depreciation expenses charged in FY2016 and FY2015.
iii) Decrease in operating expenses (i.e. audit fee decreased from SGD 280,000 in FY2014 to SGD 150,000 in FY2016 and FY2015)

Non-Recurring Exceptional Items

As announced by the Company on 29 September 2015, the Company has terminated the sales and purchase agreement ("SPA") with the vendor for the acquisition of entire equity interest in Goyes Group ("RTO exercise") as a result of the current market environment is not conducive to raise fund to satisfy the cash consideration which is a condition precedent of the SPA (the "Termination").

Following the Termination, the Company decided to write off all of the professional and related prepayments for the RTO exercise, including retainers and prepayments to onshore and offshore legal advisers, independent valuer and reporting accountants, financial advisers, sponsors, consultants, market researchers, RTO fund-providers as well as other related expenditures (progress billing had been made by these parties during FY2015 and FY2016). In the opinion of the board of directors, these expenditures are non-recurring non-operating in nature, thus, included in the line item of "non-recurring prepaid expenses" presented in the income statement of the Company for the years ended 31 December 2016 and 2015.

Review of Group Financial Position

Inventories

Inventories increased by RMB 11.3 million from RMB 25.9 million in FY2015 to RMB 37.2 million in FY2016, as a result of sale orders to be delivered in the 1st half of FY2017.

Trade and other receivables

Trade and other receivables represented receivables incurred in current period. They are maintained at the same level compared to FY2015. These receivables are neither past due nor impaired.

Trade and other payables and accruals

Trade and other payables decreased by RMB 16.6 million from RMB 29.6 million in FY2015 to RMB 13.0 million in FY2016, it was mainly due to settlement of accrued RTO professional and related expenses and previous salaries and allowances by way of issuance of 902,734,645 shares to the relevant parties in FY2016 (item 1(d)(ii)).

Cash and cash equivalents

There is no material factor that negatively affected the cash flow, working capital, assets or liabilities of the Group during FY2016. Please refer to item 1c for details.

Non-current liability - Convertible loan

As announced by the Company on 11 December 2015 that the Company has entered into a convertible loan agreement with a lender pursuant to which the Lender has agreed to extend a loan in the aggregate principal amount of S$1,000,000 to the Company, at a simple interest rate of 6% per annum.

The Loan is convertible, at the option of the Lender, into new ordinary shares of the Company at a fixed conversion price, exchange rate and numbers of Conversion Shares in accordance with the terms and conditions of the Loan Agreement.

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

The actual results for FY2016 are consistent with the commentary under paragraph 10 and the update announcements released by the Company in previous periods.

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.

For FY2016, our total revenue increased by 5.5% compared to FY2015, back to normal level before the tightened credit policy introduced by Chinese Government for property market. The policy has been relaxed from the 2nd half of FY2015, as a result, our sales orders have recovered and better utilisation rate of our factory has been achieved. The management is confident of building on the current momentum and maintaining positive operating profit for the furniture business in order to enhance shareholders' value.

The Company had announced on 27 September 2016 that the Company had entered into a Sales and Purchase agreement to purchase 60% of the entire capital of A&G International Holding Limited ("A&G"). A&G was established in 2007 and is accredited as one of the authorised export furniture manufacturers of Calia Italia, a leading premium Italian leather sofa brand in Europe. Apart from being an integral manufacturing and logistic partner of Calia Italia, A & G also produces its own brand of furniture under the house brand Domus Divani, which are exported to Australia and South Korea. A&G had recently secured certain strategic contracts to supply home furnishing including sofa sets to major distributors in Australia, China, and South Korea.

The Board believes that the Proposed Acquisition will:

- enhance the quality control and know-how of the Group's existing facilities.
- create potential business opportunity through co-operation with other reputable brand/operator.
- streamline the existing operation of the Group
- strengthen the financial performance of the Group
- expand the distribution network and clientele of the Group

The Group is in the process of due diligence of the target and will update the market.

The management is also actively seeking business opportunities outside of China to diversify from its reliance on a single country.

The Company had also announced on 23 November 2016 that:

(a) the Company and Advance Opportunities Fund ("Subscriber") have mutually agreed to terminate the placement agreement between the Company and the Subscriber dated 2 October 2014 for an aggregate amount of up to S$45 million; and

(b) the Company, Advance Opportunities Fund ("Lender"), and Advance Capital Partners Pte Ltd ("Arranger") have mutually agreed to terminate the conditional unsecured S$40 million facility entered into between the Company, the Lender and the Arranger dated 2 October 2014.

This is to enable the Company to gain access to a wider range of fund raising opportunities as the Company embarks on a mission to rebuild its brand and assets.

Apart from the above measures, the Board would like to inform shareholders that they are actively seeking other potential opportunities and proposals that will enhance its financial position and provide a basis to support its application to the SGX-ST for the extension of time for Watch-List, and subsequent removal from the Watch-List. The current deadline to exist from the Watchlist is 4 March 2017 and the Company will submit its application for further extension of time and keep the shareholders updated of this application.

11. Dividend

(a) Current Financial Period Reported 0n

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Nil

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for FY2016.

13. Interested Person Transactions

There was no interested person transaction in FY2016.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUCEMENT

14. 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.

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group's senior executive management for their decisions about resources allocation to the Group's business components and for their review of these components' performance. The Group only operates in a single operating segment, which is the design, manufacturing and sale of panel furniture, sofa and mattress. Revenue from external customers for each product category is disclosed in item 8 above.

There was one external customers which amounted to 10% or more of the Group's revenue for FY2016 (FY2015: Two customers).

The Group's operations and the management team of the Group are primarily domiciled and located in the PRC. For the financial year ended 31 December 2016, the Group's customers are located in the PRC and Hong Kong . The design, manufacturing and sale of panel furniture, sofa and mattress are carried out in the PRC. Reportable segment revenue by geographical region is based on the location of the ultimate customers.

The Group's revenue from external customers is divided into the following geographical region:

Geographical Segments

	FY2016 RMB'000	FY2015 RMB'000
PRC	54,781	55,770
Hong Kong and Macau	13,740	9,136
	68,521	64,906

The assets of the Group are substantially located in the PRC which are used to support its customers in the above geographical locations. Consequently, no separate analysis of reportable segment assets by geographical region is presented.

15. A breakdown of sales

	FY2016 RMB'000	FY2015 RMB'000	Change %
(a) Sales reported for first half	32,875	12,305	167.2
(b) Profit/(loss) after tax reported for first half	3,263	(5,694)	157.3
(c) Sales reported for second half	35,646	52,601	(32.2)
(d) Profit/(loss) after tax reported for second half	6,082	3,960	53.6

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

	FY2016	FY2015
Ordinary	Nil	Nil
Preference	Nil	Nil
Total:	Nil	Nil

17. Disclosure under Rule 704(13) of the SGX Listing Manual

The Company wishes to confirm that there is no person occupying a managerial position in the company or any of its principal subsidiaries who is a relative of a director or the CEO or substantial shareholder of the company.

18. Status report on

Use of IPO and Placement Proceeds

To the date of this announcement, the Company had fully utilised the IPO and placement proceeds.

BY ORDER OF THE BOARD

Zhou Min Zong

Chief Executive Officer

21 February 2017