HEALTHWAY MEDICAL CORPORATION LIMITED

(Co. Regn. No: 200708625C)

Healthway Medical
Empowering Healthier Lives

UNAUDITED FINANCIAL STATEMENTS AND DIVIDENDS ANNOUNCEMENT FOR THE THREE-MONTH FINANCIAL PERIOD ENDED 31 MARCH 2019 ("2019 Q1")

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

1(a) 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.

	3 months ended		
	31.03.19 S$'000	31.03.18 S$'000	Change %
Revenue	27,099	28,660	(5.4)
Other income	649	965	(32.7)
Other gains	15	16	(6.3)
Expenses by nature			
- Medical supplies, consumables and laboratory expenses	(5,477)	(5,536)	(1.1)
- Staff costs	(18,225)	(18,902)	(3.6)
- Depreciation of property, plant and equipment	(2,729)	(475)	n.m.
- Rental expenses	(14)	(2,712)	(99.5)
- Allowance for doubtful trade and other receivables	(208)	(93)	123.7
Finance costs	(235)	(18)	n.m.
Other operating expenses	(1,952)	(1,806)	8.1
(Loss)/Profit before income tax	(1,077)	99	n.m.
Income tax credit	-	17	n.m.
(Loss)/Profit for the year attributable to shareholders	(1,077)	116	n.m.
Other comprehensive loss, net of tax	(8)	(14)	(42.9)
Total comprehensive (loss)/income for the year	(1,085)	102	n.m.

n.m. denotes not meaningful.

Explanatory notes to the income statement

Loss before income tax of the Group is arrived at after charging / (crediting):

	3 months ended		
	31.03.19 S$'000	31.03.18 S$'000	Change %
Interest income	(76)	(87)	(12.6)
Rental income	(151)	(120)	25.8
Interest expense	13	18	(27.8)
Lease interest expense	222	-	n.m.
Allowance for doubtful trade and other receivables	208	93	123.7
Gain on disposal of property, plant and equipment	-	(169)	n.m.
Unrealised currency translation gain - net	(15)	(16)	(6.3)
Property, plant and equipment written off	3	-	n.m.
Rental expenses	14	2,712	(99.5)

Statement of comprehensive income

	3 months ended		
	31.03.19 S$'000	31.03.18 S$'000	Change %
(Loss)/Profit for the year	(1,077)	116	n.m.
Currency translation loss arising from consolidation - net	(8)	(14)	(42.9)
Total comprehensive (loss)/profit for the year	(1,085)	102	n.m.

n.m. denotes not meaningful.

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

	Group		Company	
	31.03.19 S$'000	31.12.18 S$'000	31.03.19 S$'000	31.12.18 S$'000
Current assets				
Cash and bank balances	27,720	33,381	25,912	31,010
Trade and other receivables	15,924	15,616	104	123
Inventories	3,315	2,926	-	-
	46,959	51,923	26,016	31,133
Non-current assets				
Other receivables	2,502	2,502	163	163
Investments in subsidiaries	-	-	212,341	208,233
Property, plant and equipment	25,974	7,320	1,390	654
Intangible assets	144,724	142,552	308	221
	173,200	152,374	214,202	209,271
Total assets	220,159	204,297	240,218	240,404
Equity				
Share capital	277,433	277,433	277,433	277,433
Currency translation reserve	740	748	-	-
Accumulated losses	(99,219)	(97,622)	(41,114)	(41,112)
Total equity	178,954	180,559	236,319	236,321
Current liabilities				
Trade and other payables	19,551	21,042	2,935	4,025
Current income tax liabilities	9	84	-	-
Other liabilities	7,756	-	-	-
Borrowings	487	389	-	-
	27,803	21,515	2,935	4,025
Non-current liabilities				
Borrowings	650	77	-	-
Deferred income tax liabilities	1,178	1,178	-	-
Provisions	968	968	58	58
Other liabilities	10,466	-	906	-
Other payables	140	-	-	-
	13,402	2,223	964	58
Total liabilities	41,205	23,738	3,899	4,083
Total equity and liabilities	220,159	204,297	240,218	240,404

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

	As at 31.03.19		As at 31.12.18	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Amount repayable within one year	34	-	86	-

The secured borrowings of the Group are secured by personal guarantee from certain employees of the Company.

The Group's borrowings presented above do not include lease borrowings. Lease borrowings classified under borrowings of the Group are repayable as follows:

	As at 31.03.19	As at 31.12.18
	S$'000	S$'000
Amount repayable within one year	453	303
Amount repayable after one year	650	77

These lease borrowings of the Group are secured by the legal titles of leased property, plant and equipment and corporate guarantee from the Company.

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.

	3 months ended	
	31.03.19 S$'000	**31.03.18 S$'000**
Cash flows from operating activities		
(Loss)/Profit before income tax	(1,077)	99
Adjustments for:		
Depreciation of property, plant and equipment	2,729	475
Allowance for doubtful trade and other receivables	208	93
Property, plant and equipment written off	3	-
Gain on disposal of property, plant and equipment	-	(169)
Unrealised currency translation gain - net	(15)	(16)
Interest expense	235	18
Interest income	(76)	(87)
	2,007	413
Changes in working capital:		
Inventories	(389)	(484)
Trade and other receivables	(516)	(824)
Trade and other payables	(1,344)	(1,126)
Cash used in operations	(242)	(2,021)
Income tax payment	(75)	(46)
Net cash used in operating activities	**(317)**	**(2,067)**
Cash flows from investing activities		
Additions to property, plant and equipment	(1,560)	(128)
Additions to intangible assets	(2,172)	-
Proceeds from disposal of property, plant and equipment	-	309
Settlement of obligations - Wei Yi	-	(24)
Interest received	76	87
Net cash (used in) / generated from investing activities	**(3,656)**	**244**
Cash flows from financing activities		
Repayment of borrowings	(52)	(78)
Proceed from/(Repayment of) lease borrowings - net	723	(188)
Payment of lease liabilities	(2,124)	-
Interest paid	(235)	(18)
Net cash used in financing activities	**(1,688)**	**(284)**
Net decrease in cash and cash equivalents	**(5,661)**	**(2,107)**
Cash and cash equivalents		
Beginning of financial year	32,773	38,023
End of financial year	**27,112**	**35,916**

Cash and cash equivalents comprised:

	As at 31.03.19 S$'000	As at 31.03.18 S$'000
Cash and bank balances	27,720	36,523
Fixed deposits pledged as collaterals	(608)	(607)
	27,112	35,916

For the three month period ended 31 March 2019, the Group acquired property, plant and equipment with an aggregate cost of S$1,560,000 (2018: S$128,000), of which S$63,000 (2018: S$nil) was acquired under lease.

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.

	Ordinary shares	Currency translation reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000
Group - Current period				
At 1 January 2019	277,433	748	(97,622)	180,559
Adoption of SFRS(I) 16	-	-	(520)	(520)
At 1 January 2019	277,433	748	(98,142)	180,039
Loss for the period	-	-	(1,077)	(1,077)
Foreign exchange differences	-	(8)	-	(8)
Total comprehensive loss for the period	-	(8)	(1,077)	(1,085)
At 31 March 2019	277,433	740	(99,219)	178,954
Group - Previous period				
At 1 January 2018	277,433	731	(91,812)	186,352
Profit for the period	-	-	116	116
Foreign exchange differences	-	(14)	-	(14)
Total comprehensive (loss) / income for the period	-	(14)	116	102
At 31 March 2018	277,433	717	(91,696)	186,454

	Ordinary shares	Currency translation reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000
Company - Current period				
At 1 January 2019	277,433	-	(41,112)	236,321
Adoption of SFRS(I) 16	-	-	(32)	(32)
At 1 January 2019	277,433	-	(41,144)	236,289
Profit for the period	-	-	30	30
Total comprehensive income for the period	-	-	30	30
At 31 March 2019	277,433	-	(41,114)	236,319
Company - Previous period				
At 1 January 2018	277,433	-	(41,459)	235,974
Profit for the period	-	-	95	95
Total comprehensive income for the period	-	-	95	95
At 31 March 2018	277,433	-	(41,364)	236,069

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.

Ordinary shares

	Number of shares	Amount S$
Ordinary shares excluding treasury shares as at 31 December 2018 and 31 March 2019	4,528,792,100	277,433,014

Convertibles

The Company did not have any outstanding convertibles as at 31 March 2019 (31 March 2018: Nil).

Treasury shares

The Company did not have any treasury shares as at 31 March 2019 (31 March 2018: Nil).

Subsidiary Holdings

The Company did not have subsidiary holdings as at 31 March 2019 (31 March 2018: Nil)

1(d)(iii) 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 31.03.19	As at 31.12.18
Total number of issued shares excluding treasury shares	4,528,792,100	4,528,792,100

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 have 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 as 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 Company's auditors.

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

Not applicable.

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

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used 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.

Except for the adoption of the new financial reporting framework as discussed in the paragraph below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared to the Group's most recently audited financial statements for the year ended 31 December 2018.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases, which took effect on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The adoption of SFRS(I) 16 results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Exceptions to this standard are short-term and low-value leases. The accounting for lessors was not changed significantly.

In applying the modified retrospective approach, the cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. Subsequent to initial recognition, the Group will depreciate the ROU assets over the lease term and recognise interest expenses on the lease liabilities. The Group applied the practical expedient to the definition of a lease on transition. SFRS(I) 16 will be applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The ROU assets as at 31 March 2019 amounting to S$17.5 million were mainly related to leases of commercial and office premises occupied by the Group. Accordingly, there was a corresponding increase in lease liabilities of S$18.2 million as at 31 March 2019.

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.

	3 months ended	
	31.03.19	**31.03.18**
Basic and diluted (loss)/earnings per ordinary share (Singapore cents) [(a)]	(0.02) [(b)]	- [(c)(d)]

(a) Basic and diluted (loss)/earnings per share of the Group for the 3 months ended 31 March 2019 are calculated based on the weighted average number of ordinary shares in issue of 4,528,792,100 (3 months ended 31 March 2018: 4,528,792,100).

(b) The respective basic and diluted loss per share for the Group for the 3 months ended 31 March 2019 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

(c) The respective basic and diluted earnings per share for the Group for the 3 months ended 31 March 2018 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

(d) Less than $0.01

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	
	As at 31.03.19	**As at 31.12.18**	**As at 31.03.19**	**As at 31.12.18**
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	3.95	3.99	5.22	5.22

The net asset value per ordinary share of the Group and the Company as at 31 March 2019 were calculated based on the total number of issued shares, excluding treasury shares, of 4,528,792,100 (31 December 2018: 4,528,792,100).

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 followings: -
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 performance

The Group's turnover for the quarter ended 31 March 2019 ("FY2019 Q1") was S$27.1 million, a decrease of S$1.6 million or 5.4% from S$28.7 million for the quarter ended 31 March 2018 ("FY2018 Q1"). The decrease was mainly due to the decrease in revenue of S$0.6 million in Primary Healthcare segment and the decrease in revenue of S$1.0 million in Specialist Healthcare segment. This is mainly attributable to the reduced operating hours in clinics that are undergoing refurbishment works. In addition, the drop-in revenue for Specialist Healthcare Segment was on account of absence of S$0.4 million of revenue from Wellness Segment, which was disposed-off during the quarter ended 30 September 2018 ("Q3-FY2018").

Other income in FY2019 Q1 was S$0.7 million, a decrease of S$0.3 million due to lower government grants of S$0.1 million and absence of gain on disposal of fixed assets of S$0.2 million.

Total operating costs for the Group decreased by S$0.9 million or 3.1% from S$29.5 million for FY2018 Q1 to S$28.6 million for FY2019 Q1. The decrease was mainly attributable to decrease in staff costs and rental on operating leases due to adoption of SFRS(I) 16, offset by increase in depreciation expenses due to adoption of SFRS(I) 16, allowance for doubtful trade and other receivables and other operating expenses.

Finance costs were higher by S$0.2 million mainly due to lease interest expenses as a result of adoption of SFRS(I) 16.

As a result of the above, the Group's loss before income tax for FY2019 Q1 was S$1.1 million as compared to a profit before income tax of S$0.1 million in FY2018 Q1 and the net loss attributable to shareholders for FY2019 Q1 was S$1.1 million as compared to net profit attributable to shareholders of S$0.1 million for FY2018 Q1.

Financial position

Non-current assets were S$173.2 million as at 31 March 2019, S$20.8 million higher than S$152.4 million as at 31 December 2018. The increase was due to increase in property, plant and equipment of S$18.6 million mainly due to recognition of right-of-use assets of S$17.5 million as a result of adoption of SFRS(I) 16 and addition of S$1.1 million in other property, plant and equipment net of depreciation. The increase in intangible assets of S$2.2 million is mainly due to the acquisition of GP clinics totalling to S$2.1 million and addition of other intangibles of S$0.1 million during the FY2019 Q1.

Current assets were S$46.9 million as at 31 March 2019, S$5.0 million lower than S$51.9 million as at 31 December 2018. The decrease was mainly due to decrease in cash and cash equivalents of S$5.7 million, offset by increase in inventories of S$0.4 million mainly due to increase in procurement upon acquisition of GP clinics and an increase in trade receivables of S$0.3 million.

Non-current liabilities were S$13.4 million as at 31 March 2019, an increase of S$11.2 million from S$2.2 million as at 31 December 2018. This was mainly due to lease liabilities of S$10.5 million arising from adoption of SFRS(I) 16, increase in lease borrowings of S$0.6 million and other payable of S$0.1 million.

Current liabilities were S$27.8 million as at 31 March 2019, an increase of S$6.3 million from S$21.5 million as at 31 December 2018. This was mainly due to lease liabilities of S$7.8 million arising from adoption of SFRS(I) 16, an increase in net lease borrowings of S$0.1 million, offset by a decrease in trade payables of S$0.5 million, decrease in other payables and accruals for operating expenses totalling to S$1.0 million and decrease in current income tax liabilities of S$0.1 million.

The Group had a positive working capital of S$19.2 million as at 31 March 2019.

Cash flow statement

As at 31 March 2019, the Group had cash and cash equivalents amounting to S$27.1 million, net of fixed deposits pledged of S$0.6 million, as compared to cash and cash equivalents amounting to S$35.9 million, net of fixed deposits pledged of S$0.6 million as at 31 March 2018.

The cash movements during FY2019 Q1 can be summarised as follows: -

Cash flow used in operating activities for FY2019 Q1 amounted to S$0.3 million was a result of operating cash flow before changes in working capital of S$2.0 million, adjusted for net working capital outflow of S$2.2 million. The net working capital outflow was mainly due to increase in inventories of S$0.4 million, increase in trade and other receivables of S$0.5 million, decrease in trade and other payables of S$1.3 million.

Cash flow used in investing activities for FY2019 Q1 was S$3.7 million, mainly due to purchase of property, plant and equipment of S$1.6 million, addition of intangible assets of S$2.2 million, offset by interest received of S$0.1 million.

Cash flow used in financing activities for FY2019 Q1 was S$1.7 million, mainly due to repayment of borrowings of S$0.1 million, repayment of lease borrowings of S$0.1 million, payment of lease liabilities of S$2.1 million and interest payment of S$0.2 million. This was offset by proceed from lease borrowings of S$0.8 million.

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 had been previously disclosed to shareholders for the current reporting period.

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 highlighted in then-Finance Minister Heng Swee Keat's Budget 2019 address, the Community Health Assist Scheme (CHAS) will be expanded to cover all Singaporeans, regardless of income, for chronic conditions such as diabetes and osteoarthritis. Consequently, more patients will be able to benefit from affordable and accessible healthcare services available at GP and specialist clinics. This policy update, together with Singapore's ageing population, will drive up patient numbers at clinics across Singapore.

As a result, private healthcare providers like Healthway Medical must also be prepared to cope with this increase in patient volume, without compromising the standard of care provided. The Company's main priority is to ensure that all patients receive the highest quality of care, while ensuring the wider organisation continues to operate effectively. With the expansion of CHAS, we expect clinics to see an increase in patient numbers, and in order to ensure that we are able to effectively accommodate the potential increase in caseloads and patients, we constantly look to upgrade and improve our clinics and operations.

In line with the need to futureproof our clinics alongside these trends, the Company's refurbishment works began in Q3 2018, and continue as scheduled. The refurbishment works are expected to be completed by Q2 FY2019, and at present, a total of 31 clinics have been revamped. With the upgrading of facilities and infrastructure, the Company looks to empower doctors, nurses and staff to provide patients with the quality care they need, while ensuring enhanced operational efficiency to accommodate larger patient numbers.

To heighten efficiency across all levels of the organisation, we are also working towards enhancing our IT services, to ensure the Company remains competitive and efficient in a data-driven and technology-enabled society. At the clinic level, these upgraded systems will streamline operational and administrative processes for seamless and efficient patient management, even with larger numbers. With such processes in place, we hope to ensure that the Company continues to optimise its business, while continuing to deliver value to all our stakeholders.

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

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

No dividends have been declared or recommended for the current reporting 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 the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Book closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividends have been declared or recommended for the current financial period reported on due to losses incurred during FY2019 Q1.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), 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 Company does not have a general mandate from its shareholders for Interested Person Transactions.

Pursuant to the Catalist Rules, there were no IPTs of S$100,000 or more entered into by the Group during FY2019 Q1.

14. Use of Proceeds from Tranche 2 of Convertible Notes ("T2 CN B")

The net proceeds from the issuance of T2 CN B, which was completed on 21 April 2017, was approximately S$59.8 million (after deducting estimated expenses of S$0.2 million) ("**T2 Net Proceeds**"). On 29 December 2017, the Company announced certain reallocation of the T2 Net Proceeds. Subsequent thereto, the Company had on 8 August 2018 regrouped the initial intended use of proceeds ("**Regrouping**") and reallocate the balance unutilised proceeds ("**Further Re-Allocation**"). As at 13 May 2019, the T2 Net proceeds have been utilised as follows:

Intended purposes after Regrouping	Amount allocated after Regrouping and Further Re-allocation (S$ million)	Amount utilised as at 13 May 2019 (S$ million)	Amount unutilised as at 13 May 2019 (S$ million)
Working capital	39.80	34.38[(1)]	5.42
Acquisition of GP and Specialist clinics	20.00	2.10	17.90
	59.80	**36.48**	**23.32**

Notes:-

(1) Mainly for the repayment of loans, payment of salaries, payments to suppliers and renovation costs.

The utilisation was in accordance with the intended purposes stated following the Regrouping and Further Re-allocation as stated in the Company's announcement dated 8 August 2018.

15. Confirmation pursuant to Rule 705(5) of the SGX-ST Listing Manual

The Board of Directors (the "**Board**") has confirmed that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the quarter ended 31 March 2019 to be false or misleading in any material aspect.

16. Confirmation pursuant to Rule 720 (1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720 (1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

Raymond Lam
Company Secretary
13 May 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assume 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 Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).