



MAXI-CASH FINANCIAL SERVICES CORPORATION LTD

(Company Registration No: 200806968Z)
(Incorporated in the Republic of Singapore)

UNAUDITED THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Ong Hwee Li (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

1. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Consolidated Statements of Comprehensive Income For The Financial Period Ended 30 September 2017 ("9M 2017")

	Group		Change %
	9M 2017 \$'000	9M 2016 \$'000	
Revenue	138,972	117,268	19%
Material costs	(97,415)	(81,634)	19%
Employee benefits	(12,450)	(10,398)	20%
Depreciation and amortisation	(1,150)	(1,034)	11%
Finance costs	(4,891)	(3,404)	44%
Other operating expenses	(14,880)	(11,668)	28%
Interest income	1,193	-	n.m.
Rental income	233	111	110%
Other income	1,234	619	99%
Share of results of joint venture	(24)	-	n.m.
Profit before tax	10,822	9,860	10%
Taxation	(1,225)	(1,333)	-8%
Profit for the period	9,597	8,527	13%
Other comprehensive income			
Net fair value change of available-for-sale financial assets	1,052	-	n.m.
Other comprehensive income for the period, net of tax	1,052	-	n.m.
Total comprehensive income for the period	10,649	8,527	25%
Profit attributable to:			
Owners of the Company	9,519	8,447	13%
Non-controlling interests	78	80	-3%
	9,597	8,527	13%
Total comprehensive income attributable to:			
Owners of the Company	10,571	8,447	25%
Non-controlling interests	78	80	-3%
	10,649	8,527	25%
Earnings per ordinary share (cents)			
-Basic	1.22	1.48	-18%
-Diluted	1.22	1.48	-18%

Other information :-

	Group		Change %
	9M 2017 \$'000	9M 2016 \$'000	
Amortisation of prepaid rent	38	41	-7%
Depreciation of plant and equipment	1,113	993	12%
Financial losses on items not fully covered by insurance	37	22	68%
Foreign currency exchange gain, net	(460)	(102)	n.m.
Loss on disposal of plant and equipment, net	388	267	45%

n.m. - Not meaningful

1. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
1(ii) Consolidated Statements of Comprehensive Income For The Financial Period from 1 July 2017 to 30 September 2017 ("3Q 2017")

	Group		Change %
	3Q 2017 \$'000	3Q 2016 \$'000	
Revenue	45,545	40,958	11%
Material costs	(31,065)	(28,086)	11%
Employee benefits	(4,269)	(3,541)	21%
Depreciation and amortisation	(413)	(337)	23%
Finance costs	(2,055)	(1,115)	84%
Other operating expenses	(4,856)	(4,219)	15%
Interest income	931	-	n.m.
Rental income	92	60	53%
Other income	930	137	n.m.
Share of results of joint venture	(24)	-	n.m.
Profit before tax	4,816	3,857	25%
Taxation	(454)	(547)	-17%
Profit for the period	4,362	3,310	32%
Other comprehensive income			
Net fair value change of available-for-sale financial assets	970	-	n.m.
Other comprehensive income for the period, net of tax	970	-	n.m.
Total comprehensive income for the period	5,332	3,310	61%
Profit attributable to:			
Owners of the Company	4,329	3,278	32%
Non-controlling interests	33	32	3%
	4,362	3,310	32%
Total comprehensive income attributable to:			
Owners of the Company	5,299	3,278	62%
Non-controlling interests	33	32	3%
	5,332	3,310	61%

n.m. - Not meaningful

NOTES:

- 1a - Depreciation of fixed assets in pawnshops and retail outlets is computed on a straight-line basis over 3 to 5 years.
- 1b - The Group recognises all inventory, including trade-in stock and sales return stock, at the lower of cost and net realisable value.
- 1c - The increase in material costs in 9M 2017 and 3Q 2017 were generally in line with the increase in revenue from the retail and trading of jewellery, watches and branded bags business.
- 1d - Higher employee benefits expenses for 9M 2017 and 3Q 2017 were mainly due to the increase in number of employees and basic salaries with more shops in operation and performance bonus.
- 1e - Higher depreciation and amortisation charges in 9M 2017 and 3Q 2017 were mainly due to the renovation at shops.
- 1f - Increase in finance costs for 9M 2017 and 3Q 2017 were mainly due to higher loan and interest accrued for multicurrency medium term notes issued in 2Q 2017.
- 1g - Higher other operating expenses in 9M 2017 and 3Q 2017 were mainly due to higher branding, rental and exhibition expenses and amortisation of multicurrency medium term notes programme establishment and issuance expenses.
- 1h - Interest income for 9M 2017 and 3Q 2017 were mainly from investment securities.
- 1i - Higher rental income for 9M 2017 and 3Q 2017 were mainly due to new leases.
- 1j - Increase in other income for 9M 2017 and 3Q 2017 was mainly due to gain on disposal of investment securities and reversal of provision of doubtful trade receivables.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30-Sep-17 \$'000	31-Dec-16 \$'000	30-Sep-17 \$'000	31-Dec-16 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	8,908	4,162	104	69
Trade and other receivables	11,152	1,714	-	-
Investments in subsidiaries	-	-	46,100	45,000
Deferred tax assets	625	363	227	67
	20,685	6,239	46,431	45,136
CURRENT ASSETS				
Inventories	48,965	43,211	-	-
Trade and other receivables	259,367	246,278	57	538
Prepaid rent	4	42	-	-
Prepayments	1,610	852	485	20
Due from subsidiaries (non-trade)	-	-	115,585	43,165
Due from a related company (trade)	-	97	-	7
Due from joint venture (non-trade)	3,663	-	3,663	-
Investment securities	68,989	-	-	-
Cash and bank balances	32,023	10,542	874	1,502
	414,621	301,022	120,664	45,232
TOTAL ASSETS	435,306	307,261	167,095	90,368
CURRENT LIABILITIES				
Trade and other payables	7,022	5,576	2,840	1,999
Due to immediate holding company (non-trade)	-	11	-	7
Due to related companies (non-trade)	-	29,570	-	-
Provision for taxation	1,840	1,782	-	-
Interest-bearing loans and borrowings	246,470	173,550	-	-
	255,332	210,489	2,840	2,006
Net current assets	159,289	90,533	117,824	43,226
NON-CURRENT LIABILITIES				
Other payables	33	56	-	-
Interest-bearing loans and borrowings	2,677	-	-	-
Term notes	50,000	-	50,000	-
Deferred tax liabilities	297	94	-	-
	53,007	150	50,000	-
TOTAL LIABILITIES	308,339	210,639	52,840	2,006
Net assets	126,967	96,622	114,255	88,362
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	114,411	87,439	114,411	87,439
Other reserves	1,052	-	-	-
Revenue reserves	10,616	8,373	(156)	923
	126,079	95,812	114,255	88,362
Non-controlling interests	888	810	-	-
Total equity	126,967	96,622	114,255	88,362
Net asset value per ordinary share (cents)	14.22	13.17	12.88	12.15

2a. - Review of Financial Position

The equity attributable to owners of the Company was \$126.1 million as at 30 September 2017 as compared to \$95.8 million as at 31 December 2016. The increase was mainly attributable to the increase in share capital and reserves. The increase in share capital was due to issuance of 38,066,653 and 121,255,062 new ordinary shares under the scrip dividend scheme in June 2017 and Rights Issue in July 2017 respectively. The increase in revenue reserves was mainly due to profit for the period and net gain in fair value change of available-for-sale financial assets.

The Group's total assets of \$435.3 million as at 30 September 2017 was \$128.0 million higher than that as at 31 December 2016 mainly due to the increase in investment securities, cash and bank balances, trade and other receivables, inventories, property, plant and equipment, amount due from joint venture (non-trade) and prepayments, partially offset by the decrease in amount due from a related company (trade) and prepaid rent. The increase in non-current trade and other receivables was mainly due to provision of secured loans. The increase in current trade and other receivables was due to the increase in pledge book for the Group's pawnbroking business and interest receivables from investment securities. The increase in prepayments was mainly due to a deposit paid to purchase a retail shop. The increase in property, plant and equipment was mainly due to the acquisition of a leasehold property. The investment securities were pertaining to the bonds acquired by the Group.

The Group's total liabilities of \$308.3 million as at 30 September 2017 was \$97.7 million higher than that as at 31 December 2016. This was mainly due to the issuance of the multicurrency medium term notes, increase in interest-bearing loans and borrowings and trade and other payables which was partially offset by the decrease in amount due to related companies (non-trade).

3. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Group			
	3Q 2017 \$'000	3Q 2016 \$'000	9M 2017 \$'000	9M 2016 \$'000
OPERATING ACTIVITIES				
Profit before taxation	4,816	3,857	10,822	9,860
Adjustments for:				
Depreciation of property, plant and equipment	401	325	1,113	993
Write down of inventories	(2)	2	-	2
Interest expense	2,055	1,115	4,891	3,404
Interest income	(932)	-	(1,194)	-
Amortisation of prepaid commitment fee	47	-	86	-
Financial losses on items not fully covered by insurance	11	8	38	25
Loss on disposal of plant and equipment	133	69	400	267
Gain on disposal of investment securities	(227)	-	(297)	-
Amortisation of prepaid rent	13	13	38	41
Unrealised foreign exchange differences	50	-	175	-
Share of results of joint venture	24	-	24	-
Operating profit before changes in working capital	6,389	5,389	16,096	14,592
(Increase)/decrease in:				
Inventories	(3,102)	(9,056)	(5,754)	(13,581)
Trade and other receivables	(3,086)	(10,387)	(21,798)	(26,873)
Prepayments	1,187	(3)	(213)	283
Due from a related company (trade)	-	121	97	(119)
Due from a joint venture (non-trade)	(3,687)	-	(3,687)	-
Increase in:				
Trade and other payables	805	499	1,423	810
Cash flows used in operations	(1,494)	(13,437)	(13,836)	(24,888)
Interest paid	(2,055)	(1,115)	(4,891)	(3,404)
Income taxes refund	-	-	-	1
Income taxes paid	(702)	(183)	(1,442)	(474)
Net cash flows used in operating activities	(4,251)	(14,735)	(20,169)	(28,765)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(522)	(615)	(6,259)	(1,446)
Interest received	407	-	427	-
Purchase of investment securities	(61,007)	-	(116,556)	-
Proceeds from disposal of investment securities	30,392	-	48,956	-
Net cash flows used in investing activities	(30,730)	(615)	(73,432)	(1,446)
FINANCING ACTIVITIES				
Proceeds from issuance of term notes	-	-	50,000	-
Proceeds from short-term bank borrowings, net	41,358	104,420	72,833	41,560
Proceeds from term loan, net	(21)	-	2,764	-
Advances from/(Repayment of advances to) immediate holding company (non-trade), net	-	2	(11)	(83)
Term notes commitment fee paid	-	-	(631)	-
Repayment of advances from a related company (non-trade), net	(5,000)	(84,700)	(29,570)	(9,307)
Dividends paid on ordinary shares	-	(2,910)	(766)	(3,242)
Proceeds from rights issue, net	20,463	-	20,463	-
Net cash flows generated from financing activities	56,800	16,812	115,082	28,928
Net increase/(decrease) in cash and cash equivalents	21,819	1,462	21,481	(1,283)
Cash and cash equivalents at the beginning of period	10,204	6,727	10,542	9,472
Cash and cash equivalents at the end of period	32,023	8,189	32,023	8,189

3. CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statements comprise the following amounts:-

	9M 2017 \$'000	9M 2016 \$'000
Cash at banks and on hand	32,023	8,189
Cash and cash equivalents	32,023	8,189

3a. - Cashflow Analysis

3Q 2017

Net cash used in operating activities for 3Q 2017 was \$4.3 million as compared to \$14.7 million in 3Q 2016, mainly due to the increase in operating profit for the financial period, trade and other receivables, inventories and amount due from joint venture, partially offset by the decrease in prepayments.

Net cash used in investing activities was \$30.7 million in 3Q 2017 as compared to \$0.6 million in 3Q 2016. The net cash used in investing activities was mainly due to the purchase of investment securities, acquisition of a new property and renovation for pawnshops and retail outlets, partially offset by the disposal of investment securities.

Net cash generated from financing activities was \$56.8 million in 3Q 2017 as compared to \$16.8 million in 3Q 2016. This was due to proceeds from short-term bank borrowings and proceeds from rights issue in 3Q 2017, partially offset by decrease in repayment of certain advances from a related company (non-trade) and dividends paid on ordinary shares.

9M 2017

Net cash used in operating activities for 9M 2017 was \$20.2 million compared to \$28.80 million for 9M 2016. This was due to the increase in operating profit for the financial period, trade and other receivables, inventories and amount due from joint venture, partially offset by decrease in prepayments and increase in trade and other payables.

Net cash used in investing activities was \$73.4 million in 9M 2017 as compared to \$1.4 million in 9M 2016. The higher net cash used in investing activities in 9M 2017 was mainly due to purchase of investment securities and acquisition of a leasehold property.

Net cash generated from financing activities was \$115.1 million in 9M 2017 as compared to \$28.9 million in 9M 2016. The higher net cash generated from financing activities was mainly due to the proceeds from issuance of multicurrency medium term notes, proceeds from short-term bank borrowings, proceeds from rights issue and proceeds from term loan, partially offset by repayment of advances from a related company (non-trade) and payment of dividends.

As a result of the above, cash and cash equivalents was \$32.0 million as at 30 September 2017.

4. STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company			Non-controlling interests \$'000	Total \$'000
	Share capital \$'000	Other reserves \$'000	Revenue reserves \$'000		
Group					
Balance as at 1 January 2017	87,439	-	8,373	810	96,622
Total comprehensive income for the period	-	-	9,519	78	9,597
Dividends on ordinary shares - Cash	-	-	(767)	-	(767)
Dividends on ordinary shares - Scrip	-	-	(6,509)	-	(6,509)
Ordinary shares issued under scrip dividend scheme	6,509	-	-	-	6,509
Ordinary shares issued under rights issue	20,613	-	-	-	20,613
Net gain on fair value change of available-for-sale financial assets	-	1,052	-	-	1,052
Share issuance expenses	(150)	-	-	-	(150)
Balance as at 30 September 2017	114,411	1,052	10,616	888	126,967
Balance as at 1 January 2016	64,035	-	2,747	709	67,491
Total comprehensive income for the period	-	-	8,447	80	8,527
Dividends on ordinary shares	2,482	-	(5,723)	-	(3,241)
Balance as at 30 September 2016	66,517	-	5,471	789	72,777
Company					
Balance as at 1 January 2017	87,439	-	923	-	88,362
Total comprehensive income for the period	-	-	6,197	-	6,197
Dividends on ordinary shares - Cash	-	-	(767)	-	(767)
Dividends on ordinary shares - Scrip	-	-	(6,509)	-	(6,509)
Ordinary shares issued under scrip dividend scheme	6,509	-	-	-	6,509
Ordinary shares issued under rights issue	20,613	-	-	-	20,613
Share issuance expenses	(150)	-	-	-	(150)
Balance as at 30 September 2017	114,411	-	(156)	-	114,255
Balance as at 1 January 2016	64,035	-	(8)	-	64,027
Total comprehensive income for the period	-	-	2,309	-	2,309
Dividends on ordinary shares	2,482	-	(5,723)	-	(3,241)
Balance as at 30 September 2016	66,517	-	(3,422)	-	63,095

5. CHANGES IN SHARE CAPITAL

	No. of shares '000	Issued and fully paid-up share capital \$'000
Balance as at 31 December 2016	727,530	87,439
Ordinary shares issued under scrip dividend scheme (Note 1)	38,067	6,509
Balance as at 30 June 2017	765,597	93,948
Ordinary shares issued under rights issue (Note 2)	121,255	20,463
Balance as at 31 September 2017	886,852	114,411

Note 1 - On 27 June 2017, the Company issued 38,066,653 new shares at an issue price of \$0.0171 to eligible Shareholders who have elected to participate in the Company's scrip dividend scheme.

Note 2 - On 10 July 2017, the Company issued 121,255,062 new shares at an issue price of \$0.170 for each rights share, on the basis of one (1) rights share for every six (6) existing ordinary shares in the capital of the Company.

The Company has no outstanding convertibles, treasury shares or subsidiary holdings as at 30 September 2017 and 30 September 2016.

6. CHANGES IN TREASURY SHARES

Not applicable. The Company does not have any treasury shares.

7. CHANGES IN SUBSIDIARY HOLDINGS

Not applicable. The Company does not have any subsidiary holdings.

8. GROUP BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand

As at 30-Sep-17		As at 31-Dec-16	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
246,470	-	173,550	-

Amount repayable after one year

As at 30-Sep-17		As at 31-Dec-16	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
2,677	50,000	-	-

Details of collateral

The Group's borrowings and debt securities are secured as follows:-

- i) corporate guarantees by the Company and/or Aspiat Corporation Limited (controlling shareholder of the Company); and
- ii) fixed and floating charges on all assets of certain subsidiaries.

9. AUDITOR'S REPORT

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

10. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the second quarter announcement for the current financial year ending 31 December 2017 as those of the audited financial statements for the financial year ended 31 December 2016, as well as all applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2017. The adoption of these new and revised FRSs has no material effect on the third quarter announcement for the current financial year ending 31 December 2017.

11. EARNINGS PER SHARE

	Group			
	3Q 2017 cents	3Q 2016 cents	9M 2017 cents	9M 2016 cents
i) Basic earnings per share	0.49	0.56	1.22	1.48
ii) Diluted earnings per share	0.49	0.56	1.22	1.48
- Weighted average number of shares ('000)	874,990	582,024	777,782	569,429

12. NET ASSET VALUE PER SHARE

	Group		Company	
	30-Sep-17	31-Dec-16	30-Sep-17	31-Dec-16
Net asset value per ordinary share (cents)	14.22	13.17	12.88	12.15
Number of ordinary shares in issue ('000)	886,852	727,530	886,852	727,530

13. VARIANCE FROM FORECAST STATEMENT

No forecast for the financial period ended 30 September 2017 was previously provided.

14. REVIEW OF CORPORATE PERFORMANCE

The Group's revenue rose 18.5% to \$139.0 million in 9M 2017. It was \$21.7 million higher than 9M 2016. The increase in revenue contribution was primarily attributed to the higher interest income from the pawnbroking business, higher sales from the retail and trading of jewellery, watches and branded bags business, and maiden contribution from the secured lending business.

Revenue contribution from the pawnbroking business increased by about 7.7% in 9M 2017 as compared to 9M 2016. The increase was primarily attributed to the higher interest income from its growing pledge book. The retail and trading of jewellery, watches and branded bags business reported a 21.0% increase in revenue in 9M 2017 as compared to 9M 2016.

For 3Q 2017, the Group's revenue of \$45.5 million was 11.2% higher than 3Q 2016 due to higher revenue recorded by both the pawnbroking business and the retail and trading of jewellery, watches and branded bags business.

As compared to 9M 2016 and 3Q 2016, operating expenses in 9M 2017 and 3Q 2017 increased in most categories such as material costs, staff costs, rental, finance and depreciation and amortisation costs. The increase was mainly due to the opening of 4 new shops and enlargement of 5 existing shops in 9M 2017 and the issuance of multicurrency medium term notes. The Group had embarked on major marketing campaigns in 9M 2017 and resulted in an increase of approximately \$1.1 million in sales and marketing costs, as compared to 9M 2016.

The higher revenue and gross profit were partially offset by the increase in operating expenses. As a result, the pre-tax profit of the Group increased by \$1.0 million or 9.8% to \$10.8 million in 9M 2017. For 3Q 2017, the Group reported a pre-tax profit of \$4.8 million as compared to \$3.9 million in 3Q 2016.

Excluding the increase in the marketing costs for the campaigns, the pre-tax profit in 9M 2017 would have been \$11.9 million.

15. BUSINESS OUTLOOK

The Group's core business of pawnbroking and retail continue to operate under very competitive environment, rising operating costs and a volatile gold price. To counter these challenges, the Group will continue to improve its operating efficiencies through greater economy of scale and also leverage on the strong Maxi-Cash brand. The Group continues to review its store network by opening new stores in areas with good potential for pawnbroking and retail. The Group will continue to strengthen its Maxi-Cash and LuxeSTYLE brands.

The Group has been progressively deploying funds raised from its rights and bond issues to its secured lending business. As at end of September 2017, the Group was only able to invest about \$8 million in the secured lending business and hence the contribution to the Group's results was marginal in the 3Q 2017.

However, by 31 October 2017 the Group had managed to invest a total of about \$40 million in its secured lending business and intends to invest up to \$30 million in 4Q 2017.

In view of the above, the Group expects its secured lending business to contribute positively to its earnings as the funds are being deployed.

16. INTERESTED PERSON TRANSACTIONS

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalist Rules.

17. DIVIDEND

(i) Any dividend declared for the current financial period reported on?

No

(ii) Any dividend declared for the previous corresponding financial period?

No

18. NEGATIVE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705 (5) OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST ("CATALIST RULES")

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the third quarter and nine months ended 30 September 2017 to be false or misleading in any material aspect.

19. PROCURED UNDERTAKINGS BY THE BOARD AND EXECUTIVE OFFICERS PURSUANT TO RULE 720 (1) OF THE CATALIST RULES

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

On behalf of the Board of Directors,

Ng Leok Cheng
CEO

Koh Wee Seng
Non-Executive Chairman

8th November 2017