



SMJ INTERNATIONAL HOLDINGS LTD.
(Company Registration No: 201334844E)

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

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

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

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

	The Group		Change %
	S\$'000		
	FY 2016	FY 2015	
Revenue	16,294	20,729	(21.4)
Other income	256	155	65.2
Other gains and losses	177	84	110.7
Changes in inventories	124	(357)	(134.7)
Purchases of inventories	(9,938)	(12,862)	(22.7)
Depreciation	(269)	(101)	166.3
Employee compensation	(2,648)	(2,809)	(5.7)
Finance expenses	(76)	(64)	18.8
Freight and transportation expense	(426)	(576)	(26.0)
Installation expense	(655)	(886)	(26.1)
Other operating expenses	(3,240)	(2,327)	39.2
Total expenses	(17,128)	(19,982)	(14.3)
(Loss)/profit before income tax	(401)	986	(140.7)
Income tax expense	(17)	(121)	(86.0)
Total comprehensive (loss)/income, representing net (loss)/profit	(418)	865	(148.3)
Total comprehensive (loss)/income attributable to equity holders	(418)	865	(148.3)

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

	The Group		
	FY 2016	FY 2015	Change
	S\$'000	S\$'000	%
<u>Other income</u>			
Finance income	72	72	0.0
Rental income from investment property	58	-	NM
Sundry income	126	83	51.8
	256	155	65.2
<u>Other gains and losses</u>			
Gain on disposal of property, plant and equipment	7	7	0.0
Property, plant and equipment written-off	(3)	-	NM
Currency exchange gains – net	173	77	124.7
	177	84	110.7
<u>Profit before tax</u>			
<i>This is arrived at after charging in the Other Operating Expenses:</i>			
Allowance for impairment of trade receivables – net	160	-	NM
Bad debts (recovered)/written off	(24)	58	(141.4)
Inventories written off	199	-	NM
Inventories written down	119	-	NM
Impairment loss on investment property	224	-	NM
Rental expense on operating leases	854	797	7.2
Repair and maintenance	355	299	18.7

NM – 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 Dec 16 S\$'000	31 Dec 15 S\$'000	31 Dec 16 S\$'000	31 Dec 15 S\$'000
BALANCE SHEETS					
ASSETS					
Current assets					
Cash and cash equivalents	A	6,192	7,358	1,462	2,862
Trade and other receivables		5,400	7,521	1,177	71
Inventories		4,569	4,445	-	-
		16,161	19,324	2,639	2,933
Non-current assets					
Investment in a joint venture		359	-	-	-
Investments in subsidiary corporations		-	-	3,500	3,500
Investment property		3,000	2,801	-	-
Property, plant and equipment		818	295	-	-
		4,177	3,096	3,500	3,500
Total assets		20,338	22,420	6,139	6,433
LIABILITIES					
Current liabilities					
Trade and other payables	B	1,890	2,651	89	60
Current income tax liabilities		9	63	-	-
Borrowings - trust receipts		2,031	2,567	-	-
Deferred government grant		29	57	-	-
		3,959	5,338	89	60
Non-current liability					
Deferred income tax liabilities		1	29	-	-
Total liabilities		3,960	5,367	89	60
NET ASSETS		16,378	17,053	6,050	6,373
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		6,365	6,365	6,365	6,365
Retained profits/(accumulated losses)		10,013	10,688	(315)	8
Total equity		16,378	17,053	6,050	6,373

Note A: Cash and cash equivalents

Cash at bank
Fixed deposit
Cash on hand

Group		Company	
31 Dec 16 S\$'000	31 Dec 15 S\$'000	31 Dec 16 S\$'000	31 Dec 15 S\$'000
1,892	1,356	462	362
4,300	6,000	1,000	2,500
*	2	*	*
6,192	7,358	1,462	2,862

* Denotes amount less than S\$1,000

Note B: Trade and other payables

Trade payables
Other payables:
- non- related parties
- joint venture
Accrued operating expenses
Advance rental income received
Goods and services tax payable

Group		Company	
31 Dec 16 S\$'000	31 Dec 15 S\$'000	31 Dec 16 S\$'000	31 Dec 15 S\$'000
864	1,826	-	-
49	100	29	-
358	-	-	-
443	484	60	60
6	-	-	-
170	241	-	-
1,890	2,651	89	60

1(b)(ii) In relation to the aggregate amount of 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.

Amount repayable in one year or less, or on demand

As at 31 Dec 2016		As at 31 Dec 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,031*	-	2,567*	-

*Trust receipts

Details of any collateral

The Group issued corporate guarantees of S\$7.13 million to secure the existing borrowings.

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

Cash flows from operating activities:

Net (loss)/profit

Adjustments for:

Income tax expense

Depreciation of property, plant and equipment

Depreciation of investment property

Impairment loss on investment property

Gain on disposal of property, plant and equipment

Property, plant and equipment written-off

Interest income

Interest expense

Operating cash flows before movements in working capital

Change in working capital:

Inventories

Trade and other receivables

Trade and other payables

Deferred government grant

Cash generated from operations

Income tax paid

Net cash provided by operating activities

Cash flows from investing activities:

Additions to property, plant and equipment

Additions to investment property

Interest received

Disposal of property, plant and equipment

Net cash used in investing activities

Cash flows from financing activities:

Proceeds from borrowings

Repayment of borrowings

Interest paid

Dividends paid to equity holders of the Company

Fixed deposits with maturity more than three months

Net cash used in financing activities

FY2016	FY2015
S\$'000	S\$'000
(418)	865
17	121
214	101
55	-
224	-
(7)	(7)
3	-
(72)	(72)
76	64
92	1,072
(124)	357
2,117	(1,203)
(1,120)	627
(28)	41
937	894
(99)	(452)
838	442
(740)	(239)
(478)	(1,116)
76	74
7	7
(1,135)	(1,274)
8,077	9,474
(8,613)	(9,335)
(76)	(64)
(257)	(476)
(400)	(3,500)
(1,269)	(3,901)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Net decreased in cash and cash equivalents

Cash and cash equivalents:

Beginning of financial year

End of financial year

FY2016	FY2015
S\$'000	S\$'000
(1,566)	(4,733)
3,858	8,591
2,292	3,858

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

Cash and bank balances

Less: Bank deposits with maturity more than three months

Cash and cash equivalents per consolidated statement of cash flows

FY2016	FY2015
S\$'000	S\$'000
6,192	7,358
(3,900)	(3,500)
2,292	3,858

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.

The Group	Share Capital	Retained Profits	Total
	S\$'000	S\$'000	S\$'000
At 1 January 2016	6,365	10,688	17,053
Dividend paid	-	(257)	(257)
Total comprehensive loss for the year	-	(418)	(418)
At 31 December 2016	6,365	10,013	16,378
At 1 January 2015	6,365	10,299	16,664
Dividend paid	-	(476)	(476)
Total comprehensive income for the year	-	865	865
At 31 December 2015	6,365	10,688	17,053

The Company	Share Capital	Retained Profits/ (Accumulated Losses)	Total
	S\$'000	S\$'000	S\$'000
At 1 January 2016	6,365	8	6,373
Dividend paid	-	(257)	(257)
Total comprehensive loss for the year	-	(66)	(66)
At 31 December 2016	6,365	(315)	6,050
At 1 January 2015	6,365	(675)	5,690
Dividend paid	-	(476)	(476)
Total comprehensive income for the year	-	1,159	1,159
At 31 December 2015	6,365	8	6,373

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.

Ordinary shares of the Company	Number of shares	Share capital S\$
As at 31 December 2016 and 2015	78,000,000	6,364,807

The Company did not have any outstanding options, convertible or treasury shares as at 31 December 2016 and 31 December 2015.

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.

The Company's total number of issued and paid up share capital as at 31 December 2016 was 78,000,000 ordinary shares (31 December 2015: 78,000,000 ordinary shares).

There were no treasury shares as at the end of the current financial year and as at the end of the immediately preceding financial year.

1(d)(iv) A statement showing all sales, transfers, disposals, 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 auditors of the Company.

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.

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period compared to the audited financial statements for the financial year ended 31 December 2015 except for the adoption of the new and revised Financial Reporting Standards which became effective for the financial period beginning on or after 1 January 2016. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial year ended 31 December 2016.

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 Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the financial period on or after 1 January 2016, where applicable. The adoption of these new and revised standards from the effective date is not expected to result in any material adjustments to the financial statements of the Group for the current financial reporting year.

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.

Earnings per share ("EPS")	The Group	
	FY 2016	FY 2015
(Loss)/profit attributable to equity holders of the Company (\$'000)	(418)	865
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	78,000	78,000
Basic and diluted EPS shares (cents) ⁽¹⁾	(0.54)	1.11

⁽¹⁾ The basic and diluted EPS were the same as the Company and the Group did not have any potentially dilutive instruments for the respective financial periods.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

Net asset value ("NAV") per ordinary share	Group		Company	
	31 Dec 16	31 Dec 15	31 Dec 16	31 Dec 15
NAV (\$'000)	16,378	17,053	6,050	6,373
Number of ordinary shares	78,000,000	78,000,000	78,000,000	78,000,000
Net asset value per ordinary share based on issued share capital (cents)	21.00	21.86	7.76	8.17

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 FINANCIAL PERFORMANCE

Revenue

Our revenue decreased by S\$4.4 million or 21.4% from S\$20.7 million in FY2015 to S\$16.3 million in FY2016. The decrease was mainly attributable to a slowdown in Singapore's private sector construction activities and uncertainty in the global economy which resulted in lower demand for carpets from distributors. Breakdown of Revenue are as follows:

	The Group		Change %
	FY2016 S\$'000	FY2015 S\$'000	
Revenue by geographical area			
<u>Distribution Sales</u>			
Singapore	2,762	2,980	(7.3)
Philippines	3,594	4,489	(19.9)
Malaysia	457	914	(50.0)
Indonesia	1,477	1,236	19.5
Brunei	161	163	(1.2)
Saudi Arabia	394	811	(51.4)
Others	446	699	(36.2)
	9,291	11,292	(17.7)
<u>Contract Sales</u>			
Singapore	7,003	9,437	(25.8)
	16,294	20,729	(21.4)

Regional Distribution Sales had decreased across all market with the exceptions of Indonesia which saw an increase of 19.5% compared to FY2015. The Indonesian market has been a bright spot in ASEAN, with a 5% growth in GDP. Distribution sales for Malaysia and Saudi Arabia reduced significantly by 50.0% and 51.4% respectively. The implementation of GST and weakening Malaysian Ringgit had adversely affected the export sales to Malaysia. Saudi Arabia is affected by falling crude oil prices and unrest in the country.

The Contract Sales decreased by 25.8% compared to FY2015 due to a slowdown in Singapore's private sector construction activities and continued economic uncertainties.

Other income

The increase in other income mainly resulted from increase in rental income from investment property and sundry income.

The investment property was leased to a non-related party under operating leases with effect from March 2016 for a period of one year with an option to renew for a further one year.

The increase in sundry income was attributable to Wage Credit received from Central Provident Fund Board and receipt of government grant in FY2016 which increased by S\$22,000 and S\$18,000 respectively compared to FY2015.

There was no change in finance income which relates to the interest earned from the fixed deposit placed with a financial institution.

Other gains and losses

The foreign currency exchange translation gains result from the fluctuations of the other currencies against the Singapore dollar. The foreign currency exchange gains increased by S\$96,000 or 124.7%, from approximately S\$77,000 in FY2015 to S\$173,000 in FY2016.

Changes in inventories

The increase in the level of inventories of S\$0.1 million was mainly due to the purchase of a new range of products from "Mohawk Group", for sale to the market.

Purchases of inventories

Purchases of inventories decreased by S\$2.9 million or 22.7%, from S\$12.9 million in FY2015 to S\$9.9 million in FY2016. This was mainly due to lesser orders from Distribution and Contract Sales customers.

Depreciation

The increase in depreciation expense in FY2016 as compared to FY2015 was due to acquisition of motor vehicles, office renovation as well as commencement of depreciation for investment property during the year.

Employee compensation

Employee compensation of the Group decreased by 5.7% or S\$0.2 million due to reduction in 13th month bonus or Annual Wage Supplement ("AWS") and variable performance bonus as compared to FY2015.

Finance expense

Finance expense increased by 18.8% mainly because in FY2015, most of our trust receipts were paid before the due date, hence we incur less interest in FY2015.

Freight and transportation expense

There was a decrease in the freight and transportation expense by 26.0% or S\$0.2 million mainly due to the reduction in sales.

Installation expense

The reduction in installation expense by S\$231,000 or 26.1% in FY 2016 was in line with the reduction in Contract Sales by 25.8%.

Other operating expense

The increase in other operating expense of approximately S\$0.9 million or 39.2% was mainly due to the following:

- (i) one-off additional Goods and Services Tax ("GST") amounted to S\$71,000 paid to Inland Revenue Authority Singapore ("IRAS") for FY2013 and FY2014 after assessment;
- (ii) allowance for impairment of trade receivables - net of S\$160,000;
- (iii) inventories written off of S\$199,000 for loose items that discontinued for selling in line with the weak global market sentiment;
- (iv) inventories written down of S\$119,000 for items identified as slow moving in line with the weak global market sentiment;
- (v) impairment loss on investment property of S\$224,000 to mark to market the carrying value of the investment property;
- (vi) additional professional fees incurred for preparation, review and printing of Circular and Extraordinary General Meeting held for diversification of business of S\$36,000; and
- (vii) increased in office and warehouse rental expenses by S\$56,000 due to an increase in rental rate.

Income tax expense

The income tax expense included an under provision of tax of S\$36,000 for prior year. The decrease in the income tax expense of approximately S\$0.1 million or 86.0% was in line with the decreased in the (loss)/profit before income tax in FY2016 as compared to FY2015.

(Loss)/ profit after tax

(Loss)/ profit after tax reduced by approximately S\$1.3 million or 148.3% in FY2016 as compared to FY2015 mainly due to reduction in sales and higher other operating expenses.

REVIEW OF FINANCIAL POSITION

Current assets

The Group's current assets decreased by approximately S\$3.2 million or 16.4% mainly due to the decrease in cash and cash equivalents of approximately S\$1.2 million and decrease in trade and other receivables of S\$2.1 million which was offset with the increased in inventories of S\$0.1 million. The decrease in trade and other receivables was mainly due to an improvement in collection of receivables. Increase in inventories was due to purchase of new range of products from "Mohawk Group".

Non-current assets

The Group's non-current assets increased by approximately S\$1.1 million or 34.9% mainly due to additions made for the investment property (Skyline Residences), additions in investment in a joint venture, acquisition of motor vehicles and office renovation during the year.

Current liabilities

The decrease in current liabilities of approximately S\$1.4 million or 25.8% was due to reduction in trade and other payables and borrowings (trust receipts) of approximately S\$0.8 million and S\$0.5 million respectively. The reductions were due to reduction in purchases.

Working capital

The Group had a positive working capital of S\$12.2 million as at 31 December 2016 as compared to S\$14.0 million as at 31 December 2015.

Shareholders' equity

The Group's shareholders' equity decreased by approximately S\$0.7 million or 4.0% due to dividend paid to the equity shareholders of the Company of S\$0.3 million and a loss after tax of S\$0.4 million for the year.

REVIEW OF CASH POSITION

Cash flows generated from operating activities of the Group for FY2016 amounted to S\$0.8 million as compared to S\$0.4 million in FY2015 representing an increase of S\$0.4 million. This was mainly due to an improvement in collection of receivables offset with settlement of payables and additions of inventories for the period under review against the comparatives.

Net cash used in investing activities were mainly due to the progressive payment made for the Group's investment property of S\$0.5 million, acquisition of motor vehicles and office renovation of S\$0.7 million.

Net cash used in financing activities of approximately S\$1.3 million was mainly due to net repayment of borrowings (trust receipts) of S\$0.5 million, dividend paid to the equity shareholders of the company of S\$0.3 million and changes in fixed deposit with maturity of more than three months of S\$0.4 million.

Overall, the Group recorded a net cash decrease of approximately S\$1.6 million as compared to net cash decrease of S\$4.7 million in FY2015.

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

Not applicable. The Group has not issued any forecast or prospect statement to the shareholders.

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 per our expectations, Singapore's private sector construction activities have slowed down in 2016. As a result of lesser projects in the market, contractors become more aggressive in their bidding process for both private and government jobs and this further drives the product prices down. This downward trend has affected our sales turnover and we are likely to see this trend to persist in 2017.

On the other hand, we have expanded our dealer team in the Export Market. We have recently appointed many various new dealers for the South East Asia regions, including Australia and India. We hope to see an increase in our export sales to help compensate the lower sales numbers in the Singapore market.

In anticipation to the lower budget in all the markets, we are already in the process of developing lower priced carpets with our partner factories to meet the requirements of the customers. In addition, we are also working closely with our partner factories to provide good design and quality products to target the mid to high end markets where clients do not want to sacrifice on the quality and designs but are not willing to spend a lot of money on big brands.

As for our new Joint Venture in Indonesia principally engaged in the supply and distribution of carpets and other furnishing materials and new subsidiary in China with principal activities of property and hospitality management, there are currently no business activities in these 2 companies as we are still in the process of setting up the offices.

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

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

None.

(b) (i) Amount per share in cents

Not applicable

(ii) Previous corresponding period in cents

A tax-exempt (one-tier) dividend of S\$0.33 per share was declared and paid in respect of financial year ended 31 December 2015.

(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 shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended.

13. If the Group has obtained a general mandate from shareholders for interested persons transactions ("IPT"), 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 Group has not obtained a general mandate from shareholders for IPT.

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 statement, with comparative information for the immediately preceding year.

As at 31 December 2016 and 2015, the Group only has one business segment, which is sale and distribution of wide range of carpets. This is based on the Group's internal organisation, management structure and the primary way in which the Board of Directors is provided with the financial information.

Whilst revenue are reported into two business streams, as described below, the Group's result, the cost and combined balance sheets are only analysed by one operating segment.

(i) Distribution sales

Distribution sales refer to wholesale of carpets to dealers, carpet importers and carpet installation companies.

(ii) Contract sales

Contract sales refer to supply, deliver of carpets which include the project management work, by handling the installation of these carpets on site for its customers.

Please refer to paragraph 8 for the segmented revenue of the Group by geographical area.

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

Please refer to paragraph 8.

16. A breakdown of sales

		The Group		Change %
		FY 2016	FY 2015	
		S\$'000	S\$'000	
<u>First Half</u>				
(a)	Sales reported for first half year	7,629	9,389	(18.7)
(b)	Total comprehensive (loss)/income, representing net (loss)/profit	(59)	547	(110.8)
<u>Second Half</u>				
(c)	Sales reported for second half year	8,665	11,340	(23.6)
(d)	Total comprehensive (loss)/income, representing net (loss)/profit	(359)	318	(212.9)

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

The Group	
FY 2016	FY 2015
S\$'000	S\$'000
Ordinary, final proposed dividend	- 257

18. Use of IPO Proceeds

The Company received the gross IPO proceeds of \$3.92 million and the utilisation of the IPO proceeds as at the date of this announcement is as follows:

Use of IPO proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Amount unused S\$'000
Business expansion through acquisitions, joint ventures and/or strategic alliances	1,500	-	1,500
Improving inventory management system and logistics support ⁽¹⁾	340	(308)	32
Marketing and business development	250	(87)	163
General working capital ⁽²⁾	329	(329)	-
IPO expenses borne by the Company	1,501	(1,501)	-
	3,920	(2,225)	1,695

Notes:

- (1) Out of S\$340,000 allocated for improving inventory management system and logistics support, S\$112,774 has been utilised to purchase a new delivery truck, \$38,800 has been utilised to purchase a new forklift and \$155,991 has been utilised to purchase SAP inventory cum accounting system.

18. Use of IPO Proceeds (cont'd)

(2) The breakdown of the use of the IPO proceeds on general working capital is as follows:

	S\$
Professional fees	182,765
Directors' fees	74,999
Compliance/Listing fees	6,873
Administrative expenses	27,497
Other operating expenses	36,866
Total	<u>329,000</u>

The Company will make periodic announcements on the use of the proceeds as and when the funds are materially disbursed. The IPO proceeds are placed in short-term deposits with financial institutions and/or used to invest in short term money market instruments, as our Directors may deem appropriate.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).

20. Disclosure of persons 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(10) in the format below. If there is no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Rena Ho Pei Yuen	41	Daughter of the substantial shareholder – Mdm Lui Oi Kheng Sibling of Nellie Ho Wan Jing (Executive director and Deputy CEO)	Executive director and CEO of the Group since 2014. She is responsible for the formulation of the Group's strategic directions, expansion plans and overall business developments.	Not applicable
Nellie Ho Wan Jing	37	Daughter of the substantial shareholder – Mdm Lui Oi Kheng Sibling of Rena Ho Pei Yuen (CEO) Spouse of Tay Twan Lee	Executive director and Deputy CEO of the Group since 2014. She is responsible for export sales and marketing functions. She is also responsible for the expansion plans and business development for the Group's overseas markets.	Not applicable
Tay Twan Lee	38	Spouse of Nellie Ho Wan Jing (Executive director and Deputy CEO) Brother-in-law to Rena Ho Pei Yuen (CEO)	Business director since 2014. He is responsible for business development of the Group's export and local sales departments.	Not applicable

On behalf of the Board

Rena Ho Pei Yuen
Executive Director and CEO
27 February 2017

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