

**MERCURIUS CAPITAL INVESTMENT LIMITED.**

**(previously known as CCFH LTD.)**

(Incorporated in the Republic of Singapore)

(Company Registration No.198200473E)

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**Third Quarter Financial Statement Announcement for the Nine-Months Period Ended 30/9/2015 of Mercurius Capital Investment Limited (“MCIL” or the “Company” and together with its subsidiaries, the “Group”)**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, R & T Corporate Services Pte. Ltd. (“Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“Exchange”). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.*

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE  
THIRD QUARTER AND NINE-MONTHS ENDED 30 SEPTEMBER 2015**

	3 Months Ended			9 Months Ended		
	30/09/2015	30/09/2014	Change	30/09/2015	30/09/2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
		<b>Re-presented</b>			<b>Re-presented</b>	
Revenue	9,395	10,156	-7%	18,611	31,958	-42%
Cost of sales	(6,307)	(7,222)	-13%	(14,484)	(23,474)	-38%
Gross profit	3,088	2,934	5%	4,127	8,484	-51%
Other income, net	135	303	-55%	310	411	-25%
Other (losses)/gains, net	(209)	(92)	127%	(213)	243	-188%
Selling and distribution expenses	(211)	(249)	-15%	(680)	(1,009)	-33%
Administrative expenses	(472)	(866)	-45%	(1,524)	(3,002)	-49%
Finance costs	(282)	(185)	52%	(747)	(547)	37%
<b>Profit before income tax</b>	<b>2,049</b>	<b>1,845</b>	11%	<b>1,273</b>	<b>4,580</b>	-72%
Income tax expenses	(21)	(594)	-96%	(114)	(1,511)	-92%
<b>Net profit for the financial period from continuing operations</b>	<b>2,028</b>	<b>1,251</b>	62%	<b>1,159</b>	<b>3,069</b>	-62%
<b>Discontinued operations</b>						
<b>Net profit for the financial period from discontinued operations, net of tax</b>	<b>-</b>	<b>1,076</b>	-100%	<b>-</b>	<b>2,540</b>	-100%
<b>Total profit for the financial period</b>	<b>2,028</b>	<b>2,327</b>		<b>1,159</b>	<b>5,609</b>	
<b>Other comprehensive income:</b>						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation						
-(Losses)/gains	(107)	-	NM	289	(443)	-165%
<b>Total comprehensive income</b>	<b>1,921</b>	<b>2,327</b>	-17%	<b>1,448</b>	<b>5,166</b>	-72%
<b>Net profit attributable to:</b>						
Equity holders of the Company - continuing operation	2,028	1,251	62%	1,159	3,069	-62%
Equity holders of the Company - discontinued operation	-	1,076	-100%	-	2,540	-100%
	<b>2,028</b>	<b>2,327</b>	-13%	<b>1,159</b>	<b>5,609</b>	-79%
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company - continuing operation	1,921	1,251	54%	1,448	2,626	-45%
Equity holders of the Company - discontinued operation	-	1,076	-100%	-	2,540	-100%
	<b>1,921</b>	<b>2,327</b>	-17%	<b>1,448</b>	<b>5,166</b>	-72%

NM = Not Meaningful

**1(a)(ii) Notes to Consolidated Statement of Comprehensive Income**

Profit for the financial period was arrived at after crediting/(charging) the following:

	Continuing Operation			Discontinued Operations		
	9 Months Ended		Change	9 Months Ended		Change
	30/09/2015	30/09/2014		30/09/2015	30/09/2014	
	SS'000	SS'000	%	SS'000	SS'000	%
Interest income	10	21	-52%	-	3	-100%
Reversal of allowance for impairment of trade receivables	-	1	-100%	-	-	NM
Inventories written-down	-	(61)	-100%	-	-	NM
Depreciation and amortisation	(191)	(1,306)	-85%	-	(84)	-100%
Gain/(loss) on disposal of property, plant and equipment	-	(18)	-100%	-	-	NM
Property, plant and equipment	-	(3)	-100%	-	-	NM
Salaries, bonuses and allowances	(2,342)	(6,764)	-65%	-	(833)	-100%
Rental expenses on operating lease	(521)	(338)	54%	-	(99)	-100%
Interest expense	(747)	(547)	37%	-	(309)	-100%
Under provision of income tax in prior period	-	-	NM	-	(17)	-100%
Currency translation (loss)/gain, net	(209)	232	-190%	-	17	-100%

*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.

**STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015 AND 31 DECEMBER 2014**

	Group As at		Company As at	
	30/09/2015 S\$'000	31/12/2014 S\$'000	30/09/2015 S\$'000	31/12/2014 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	5,286	3,548	8	96
Trade and other receivables	66,908	51,919	52,713	42,156
Income tax recoverable	18	35	13	-
Inventories	30,768	23,159	-	-
	<u>102,980</u>	<u>78,661</u>	<u>52,734</u>	<u>42,252</u>
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	45,571	45,571
Property, plant and equipment	835	914	14	16
Intangible assets	1,496	1,432	-	-
	<u>2,331</u>	<u>2,346</u>	<u>45,585</u>	<u>45,587</u>
<b>TOTAL ASSETS</b>	<u>105,311</u>	<u>81,007</u>	<u>98,319</u>	<u>87,839</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	21,544	25,142	32,644	32,130
Current income tax liabilities	66	407	-	-
Borrowings	40,165	13,370	10,721	-
	<u>61,775</u>	<u>38,919</u>	<u>43,365</u>	<u>32,130</u>
<b>TOTAL LIABILITIES</b>	<u>61,775</u>	<u>38,919</u>	<u>43,365</u>	<u>32,130</u>
<b>NET ASSETS</b>	<u>43,536</u>	<u>42,088</u>	<u>54,954</u>	<u>55,709</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	49,074	49,074	132,732	132,732
Other reserves	8,900	8,611	-	-
Accumulated losses	(14,217)	(15,376)	(77,778)	(77,023)
	<u>43,757</u>	<u>42,309</u>	<u>54,954</u>	<u>55,709</u>
<b>Non-controlling interests</b>	(221)	(221)	-	-
<b>TOTAL EQUITY</b>	<u>43,536</u>	<u>42,088</u>	<u>54,954</u>	<u>55,709</u>

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

**- Amount repayable in one year or less, or on demand**

**- Amount repayable after one year**

	<b>Group 30/09/2015</b>		<b>Group 31/12/2014</b>	
	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
Borrowing	40,165	-	13,370	-
Of which:				
Amount due within 1 year	40,165	-	13,370	-
Amount due after 1 year	-	-	-	-
	40,165	-	13,370	-

**Details of any collateral**

Secured borrowings consist of term loans, bills payable and factoring of trade receivables. The bank borrowings are secured over a pledge of certain properties, plant and equipment provided by a related company and related party.

Shishi Haotian Dress Industry Co Ltd ("Shishi Haotian"), a fully owned subsidiary of the Group, had extended a corporate guarantee to a bank in China for Eagleton (Xiamen) Import & Export Co Ltd's ("Eagleton") banking facilities with the bank. The corporate guarantee is effective from 12 August 2014 to 12 August 2017 for an amount up to RMB20,000,000. Following the completion of the disposal of the Group's stake in Eagleton on 23 January 2015, the Group got the purchasers of Eagleton to provide an indemnity in the favour of Shishi Haotian for the corporate guarantee, pending the release of the same.

On 4 May 2015, Eagleton had settled in full the outstanding amount under the banking facilities for which Shishi Haotian had provided the corporate guarantee. Following the settlement of the banking facility, the corporate guarantee provided by Shishi Haotian had been discharged accordingly.

**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.**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER AND NINE-MONTH ENDED 30 SEPTEMBER 2015**

	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Net profit	2,028	2,327	1,159	5,609
<b>Adjustments for:</b>				
Income tax expense	21	594	114	1528
Reversal of allowance for impairment of trade receivables	27	-	-	(1)
Allowance for impairment of trade receivables	-	-	-	-
Inventories write-down	-	(21)	-	61
Amortisation of intangible assets	-	335	-	1083
Depreciation of property, plant and equipment	60	94	191	307
Interest expense	282	289	747	856
Interest income	(3)	(5)	(10)	(24)
Plant and equipment written off	-	-	-	3
(Gain)/Loss on disposal of property, plant and equipment	-	-	-	18
Unrealised currency translation (gains)/losses	1,245	331	2,032	87
Operating cash flows before working capital changes	3,660	3,944	4,233	9,527
<b>Changes in working capital</b>				
Trade and other receivables	(15,041)	(2,894)	(16,081)	(20,679)
Inventories	70	(3,950)	(7,609)	(5,031)
Trade and other payables	(3,429)	(3,033)	(3,598)	6,294
<b>Cash used in operations</b>	<b>(14,740)</b>	<b>(5,933)</b>	<b>(23,055)</b>	<b>(9,889)</b>
Interest received	3	5	10	24
Income tax refund	(1)	-	14	-
Income tax paid	(48)	(144)	(467)	(366)
<b>Net cash used in operating activities</b>	<b>(14,786)</b>	<b>(6,072)</b>	<b>(23,498)</b>	<b>(10,231)</b>
<b>Cash flows from investing activities</b>				
Additions to intangible assets	-	-	-	(86)
Additions to property, plant and equipment	-	(1,031)	(75)	(1,352)
Proceeds from disposal of property, plant and equipment	-	1,347	-	1,349
Deferred proceed from disposal of subsidiaries	-	-	1,092	-
<b>Net cash provided/(used in) by investing activities</b>	<b>-</b>	<b>316</b>	<b>1,017</b>	<b>(89)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	24,407	21,838	53,552	27,523
Proceeds from placement of ordinary shares	-	-	-	8,052
Repayment of borrowings	(8,166)	(18,922)	(28,758)	(26,234)
Interest paid	(282)	(289)	(747)	(856)
(Increase)/decrease in bank deposits and bank balances pledged	(1,899)	(464)	(2,609)	886
<b>Net cash provided by financing activities</b>	<b>14,060</b>	<b>2,163</b>	<b>21,438</b>	<b>9,371</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(726)</b>	<b>(3,593)</b>	<b>(1,043)</b>	<b>(949)</b>
<b>Cash and cash equivalent</b>				
Cash and cash equivalent at beginning of financial period	2,338	6,952	2,557	4,570
Effect of currency translation on cash and cash equivalents	73	206	171	(56)
Cash and cash equivalent at end of financial period	1,685	3,565	1,685	3,565

**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. (Continued)**

Notes to consolidated statement of cash flows:-

a) Cash and cash equivalents included in the consolidated statement of cash flows comprises the followings:

	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances	5,286	9,466	5,286	9,466
Short-term bank deposits	-	-	-	-
Cash and cash equivalents as per statement of financial position	<u>5,286</u>	<u>9,466</u>	<u>5,286</u>	<u>9,466</u>
Short-term bank deposits pledged with banks	-	(16)	-	(16)
Bank balances pledged with banks	(3,601)	(5,885)	(3,601)	(5,885)
	<u>1,685</u>	<u>3,565</u>	<u>1,685</u>	<u>3,565</u>

**1(d)(i) A statement (for the issuer and the 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.**

**GROUP**

	Equity attributable to owners of the parent							
	Share capital	Statutory surplus reserve	Capital reserve	Foreign currency translation account	Accumulated losses	Equity attributable to owners of the parent	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2015	49,074	1,911	6,992	(292)	(15,376)	42,309	(221)	42,088
Total comprehensive income for the financial period	-	-	-	289	1,159	1,448	-	1,448
Balance at 30 September 2015	49,074	1,911	6,992	(3)	(14,217)	43,757	(221)	43,536
Balance at 1 January 2014	41,022	1,905	6,992	(991)	(18,631)	30,297	(221)	30,076
Issue of share via placement	8,052	-	-	-	-	8,052	-	8,052
Total comprehensive income for the financial period	-	-	-	58	5,609	5,667	-	5,667
Transfer to statutory reserve	-	6	-	-	(6)	-	-	-
Balance at 30 September 2014	49,074	1,911	6,992	(933)	(13,028)	44,016	(221)	43,795

**COMPANY**

	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 January 2015	132,732	(77,023)	55,709
Total comprehensive income for the financial period	-	(755)	(755)
Balance at 30 September 2015	132,732	(77,778)	54,954
Balance at 1 January 2014	124,680	(73,630)	51,050
Issue of share via placement	8,052	-	8,052
Total comprehensive income for the financial period	-	(956)	(956)
Balance at 30 September 2014	132,732	(74,586)	58,146



- 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.**

There was no change in the Company's share capital from 31 December 2014 to 30 September 2015.

As at 30 September 2015 and 30 September 2014, there were no outstanding convertibles and share options in respect of the unissued ordinary shares of the Company under the Friven & Co. Employee Share Options Scheme.

There were no treasury shares as at 30 September 2015 and 30 September 2014.

- 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 30 September 2015 and 31 December 2014, the total number of issued shares was 1,104,008,940. There were no treasury shares as at 30 September 2015 and 31 December 2014.

- 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 thereon.**

Not applicable. The Company did not have any treasury shares during and as at 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 independent auditor.

- 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 had applied the same accounting policies and methods of computation in the financial statements for the current financial period reported on, as in the recently audited financial statements of the Group for the financial year ended 31 December 2014 (“FY2014”).

**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 had adopted all the applicable new and revised Financial Reporting Standards ("FRS") including related interpretations (“INT FRS”) which become effective for the financial year beginning on or after 1 January 2015. The adoption of these new and revised FRS and INT FRS did not give rise to any material impact on the Group's financial statements for the current financial period reported on.

**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.**

	Continuing Operations		Discontinued Operations	
	9 Months Ended		9 Months Ended	
	30-09-2015	30-09-2014	30-09-2015	30-09-2014
Net profit for the financial period (S\$'000)	1,159	3,069	-	2,539
Weighted average number of ordinary shares in issue for computation of basic earnings and diluted earnings per share	1,104,008,940	1,104,008,940	1,104,008,940	1,104,008,940
Basic and diluted earnings per share (cents)	0.10	0.28	-	0.23

For the nine-month financial period ended 30 September 2015 and 30 September 2014, the diluted earnings per share was equivalent to the basic earnings per share as the Company did not have any potentially dilutive securities.

7. **Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the:-**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

	<b>Group</b>	
	<b>30/09/2015</b>	<b>31/12/2014</b>
<b>Net Asset Value Per Ordinary Share</b>		
- Based on issued share capital at the end of financial period/year	3.94 cents	3.81 cents
- Number of existing issued shares at the end of financial period/year	1,104,008,940	1,104,008,940
	<b>Company</b>	
	<b>30/09/2015</b>	<b>31/12/2014</b>
<b>Net Asset Value Per Ordinary Share</b>		
- Based on issued share capital at the end of financial period/year	4.98 cents	5.05 cents
- Number of existing issued shares at the end of financial period/year	1,104,008,940	1,104,008,940

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**

**Turnover**

Divisions	3 months	3 months	Variance	9 months	9 months	Variance
	ended	ended		ended	ended	
	30/09/15	30/09/14		30/09/15	30/09/14	
	("3Q2015")	("3Q2014")		("9M2015")	("9M2014")	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
		Re-presented		Represented		
Original Design Manufacturing ("ODM")	9,395	9,209	2.0	18,611	25,645	(27.4)
Bedding and bed linen retail	-	247	(100.0)	-	845	(100.0)
Sourcing and Procurement	-	700	(100.0)	-	5,468	(100.0)
<b>Total</b>	<b>9,395</b>	<b>10,156</b>	<b>(7.5)</b>	<b>18,611</b>	<b>31,958</b>	<b>(41.8)</b>

- (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 (Continued)**

### **Turnover**

Turnover for 3Q2015 decreased by 7.5% from S\$10.2 million in 3Q2014 to S\$9.4 million in 3Q2015. Despite the decrease in turnover as compared to 3Q2014, the Group has managed to increase turnover in 3Q2015 by S\$9.4 million or 101.9% when compared to first half of FY2015("1H2015").

Overall 9M2015 performance remained unfavorable with turnover decrease by 41.8% as compared to 9M2014. The decrease in turnover was mainly driven by:-

- decrease in revenue from the Original Design Manufacturing ("ODM") business by S\$7.0 million as a result of declining sales volume from the European and South American markets during the period.
- no revenue generated from bedding and bed linen retail business due to the discontinuation of the bedding and linen retail in Singapore and Malaysia. However, the Company had entered into a licensing agreement with Casa Grandeur Pte Ltd for the right to sell bedding and bed linen products under the Group's proprietary brands, including without limitation, the Friven brand. Income generated from the licensing agreement is reflected under other income.
- There was no revenue contributed by sourcing and procurement business in 3Q2015.

### **Gross Profit**

Slight increase in Gross profit by S\$0.2 million from S\$2.9 million in 3Q2014 to S\$3.1 million in 3Q2015 as result of higher sales recorded during the period. The increase in gross profit margin from 28.9% in 3Q2014 to 32.9% in 3Q2015 was mainly due to product mix from goods which demand a higher profit margin. This was also accompanied by lower raw material cost purchased in prior period being used for current production.

### **Other Income**

Other income decreased by 55% from S\$0.3 million in 3Q2014 to S\$0.1 million in 3Q2015. The higher other income recorded in 3Q2014 was mainly due to recovery of bad debt, disposal of raw material, and receipt of government subsidies totalling S\$0.2 million.

### **Expenses**

Other losses mainly consist of fluctuation from currency translation recognised during the period. The significant loss of S\$0.2 million was mainly due to the volatility of US Currency during the period which affects the Company's USD denominated transactions and balances.

**(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 (Continued)**

Selling and distribution expenses decreased by 15% from S\$249,000 in 3Q2014 to S\$211,000 in 3Q2015. Overall 9M2015 decreased by S\$0.3 million when compared to 9M2014 which was primarily due to closure of the bedding and bed linen retail business in Singapore and Malaysia.

Administrative expenses decreased by S\$0.4 million from S\$0.9 million in 3Q2014 to S\$0.5 million in 3Q2015 as a result of the discontinued bedding and bed linen retail business in Singapore and Malaysia where staff costs and rental expenses had decreased by S\$0.3million and S\$0.1 million respectively.

The increase of finance cost by 52% from S\$185,000 in 3Q2014 to S\$282,000 in 3Q2015 was mainly attributed to the increase in interest expenses as a result of higher borrowing. During the period, the Group had further drawdown existing and new banking facilities for working capital purpose.

The Group reported a net profit of S\$2.0 million from continuing operation in 3Q2015 as compared to a S\$1.3 million profit for 3Q2014 due to the above factors.

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Trade and other receivables increased by S\$15.0 million when compared to 31 December 2014 as a result of increase in advances to suppliers by S\$21.5 million. Advances to suppliers for purchase of good remain high for the period following an anticipation of higher production volume in coming months. The significant increase was offset by decrease in trade and other receivables by S\$7.5 million.

Inventories increased by S\$7.6 million to S\$30.8 million as at 30 September 2015 from S\$23.2 million as at 31 December 2014, mainly due to higher amount of inventories purchased in anticipation of higher level of production in the coming months.

Non-current assets remained at S\$2.3 million as at 30 September 2015. Slight movement was due to depreciation of property, plant and equipment and amortisation of intangible assets during the period.

Trade and other payables decreased by S\$3.6 million to S\$21.5 million as at 30 September 2015 compared to S\$25.1 million as at 31 December 2014. This was mainly due to decrease in deposit received for ODM customers, offset by increase in other payable by S\$2.0 million.

Total borrowings increased by S\$26.8 million to S\$40.2 million as at 30 September 2015 when compared to S\$13.4 million as at 31 December 2015, mainly due to new banking facilities and increase in bill payables by the Group for purchase of inventories and payment of advances to suppliers.

- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**  
**(Continue)**

The Group had a positive working capital of S\$41.2 million as at 30 September 2015 as compared to S\$39.7 million as at 31 December 2014.

**Group's Cash Flow Position**

Net cash used in operating activities amounted to S\$14.8 million for 3Q2015, and S\$6.1 million for 3Q2014. The net cash inflows before working capital changes were S\$3.7 million and S\$3.9 million for 3Q2015 and 3Q2014 respectively. The net cash outflows from changes in working capital were mainly due to increase in trade and other receivables of S\$15.0 million in 3Q2015 as a result of significant increase in advances to suppliers for purchase of goods and was further supported by decrease in trade and other payables of S\$3.4 million due to advances to creditors.

Net cash provided by financing activities of S\$14.1 million for 3Q2015 was mainly due to proceeds from borrowings amounting to S\$24.4 million. It was offset by repayment for borrowings and increase in balances pledged with bank amounting to S\$8.2 million and S\$1.9 million respectively.

The Group had a net cash outflow for both 3Q2015 and 3Q2014 amounting to S\$0.7 million and S\$3.6 million respectively.

As at 30 September 2015, cash and cash equivalents of the Group stood at S\$1.7 million (3Q2014: S\$3.6 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 has been previously disclosed to 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.**

The global macro-economic outlook for 2015 remains positive with global growth projected to grow 3.3% in 2015<sup>1</sup>. The United States is expected to grow 2.5%<sup>1</sup> in 2015, the Euro Area to grow 1.5%<sup>1</sup>, and China to grow 6.8%<sup>1</sup>. Despite the positive outlook in these markets, the Group is mindful of the various downside risks inherent in these key markets, such as the unwinding of loose monetary policy and the expected increase in interest rate in the United States, credit reforms and decreasing growth rate in China, and the high unemployment rate, increased geopolitical concerns and depreciating Euro dollar in Europe. As such, the Group expects its ODM business to operate under challenging business environment in these markets.

On 1 June 2015, the Company announced that as certain conditions precedent in the share sale agreement dated 18 January 2015 relating to the proposed acquisition of Mercury Capital Investment Limited (the "SSA") were not fulfilled by 31 May 2015 (the due date for fulfilment of such conditions precedent), the SSA has accordingly lapsed. All rights, obligations, and liabilities under the SSA are consequently extinguished. The Company, Mr Deng Xinhua, Mr Lim Yew Seng and Mercury Capital Asset Management Limited, who are all parties to the SSA, have entered into a termination agreement dated 31 May 2015 in respect of the SSA to, inter alia, mutually terminate the SSA with effect from the date thereof and be released and discharged from their respective obligations and liabilities thereunder. Moving forward, the Group will continue to seek potential investment opportunities, which may include the resources, energy, financial services as well as other sectors as and when opportunities arise.

**11. Dividend**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

No.

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<sup>1</sup> International Monetary Fund, World Economic Outlook:"Slower growth in emerging market, gradual pick up in advance economics", July 2015

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for 3Q2015.

**13. If the Group has obtained a general mandate from shareholders for interested person 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 does not have a general mandate from shareholders for IPTs.

**14. Interested person transactions**

There were no IPTs with value more than S\$100,000 during 3Q2015.

**15. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited**

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors that may render the unaudited financial statements for the third quarter and nine-month period ended 30 September 2015 to be false or misleading in any material aspect.

**16. 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 is in the process of procuring undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules by 7 December 2015 (being the expiry of the transition period prescribed by the SGX-ST for compliance with such requirements).

**BY ORDER OF THE BOARD**

**Chang Wei Lu**  
**Executive Chairman**  
**09 November 2015**