ZHONGXIN FRUIT AND JUICE LIMITED
(Incorporated in Singapore)
(Co. Reg. No. 200208395H)

UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2017

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

1(a). 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 six months period ended 31 December 2017. These figures have not been audited.

	Group		
	Unaudited HY 31 Dec 2017 RMB'000	Unaudited HY 31 Dec 2016 RMB'000	Increase / (Decrease) %
Revenue	52,829	42,021	26%
Cost of sales	(40,868)	(33,475)	22%
Gross profit	**11,961**	**8,546**	40%
Other income:			
Other operating income	234	700	(67%)
Expenses:			
Distribution expenses	(7,647)	(3,670)	108%
Administrative expenses	(3,997)	(6,822)	(41%)
Finance costs	(1,591)	(1,077)	48%
Share of loss from equity accounted joint venture	(3,146)	(1,179)	167%
Loss before income tax	**(4,186)**	**(3,502)**	20%
Income tax expense	(72)	(25)	188%
Loss for the financial period	**(4,258)**	**(3,527)**	21%
Other comprehensive income for the financial period, net of tax	-	-	
Total comprehensive loss for the financial period attributable to owners of the Company	**(4,258)**	**(3,527)**	21%

Operating loss is arrived at after charging / (crediting) the following:

	Group	
	Unaudited HY 31 Dec 2017 RMB'000	Unaudited HY 31 Dec 2016 RMB'000
Charges		
Amortisation of land use rights and intangible assets	94	73
Depreciation of property, plant and equipment	487	515
Foreign exchange loss	37	82
Interest expense	1,591	1,077
Credits		
Amortisation of deferred capital grant	(1)	-
Interest income	(233)	(510)
Write-back of trade and other payables	-	(183)

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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	
	Unaudited	Audited	Unaudited	Audited
	As at		As at	
	31 Dec 2017 RMB'000	30 June 2017 RMB'000	31 Dec 2017 RMB'000	30 June 2017 RMB'000
ASSETS				
Non-Current Assets				
Investment in joint venture	7,291	10,437	10,451	10,451
Investment in subsidiaries	-	-	48,223	48,223
Property, plant and equipment	68,677	64,780	-	2
Land use rights and intangible assets	7,344	7,438	-	-
	83,312	82,655	58,674	58,676
Current Assets				
Cash and cash equivalents	5,607	6,510	4,706	6,230
Other receivables	5,039	2,446	-	-
Receivable from subsidiaries	-	-	68,997	68,951
Receivable from immediate holding company	-	34,745	-	-
Prepayments	98	1,312	-	-
Inventories	66,894	7,098	-	-
	77,638	52,111	73,703	75,181
Total Assets	**160,950**	**134,766**	**132,377**	**133,857**
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	252,093	252,093	252,093	252,093
Contributed surplus	22,000	22,000	-	-
Statutory and other reserves	3,040	3,040	-	-
Accumulated losses	(208,977)	(204,719)	(119,854)	(119,406)
Equity attributable to owners of the Company	**68,156**	**72,414**	**132,239**	**132,687**
Non-Current Liability				
Deferred capital grant	234	-	-	-
Current Liabilities				
Trade and other payables	13,293	8,915	138	1,170
Payable to immediate holding company	79,201	53,437	-	-
Deferred capital grant	6	-	-	-
Income tax payable	60	-	-	-
	92,794	62,352	138	1,170
Total Liabilities	**92,794**	**62,352**	**138**	**1,170**
Total Equity and Liabilities	**160,950**	**134,766**	**132,377**	**133,857**

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

As at 31 December 2017 and 30 June 2017, the Group did not have any borrowings and debt securities.

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

	Group	
	Unaudited HY 31 Dec 2017 RMB'000	**Unaudited HY 31 Dec 2016 RMB'000**
Cash flows from operating activities		
Loss before income tax	(4,186)	(3,502)
Adjustments for :		
Amortisation of land use rights and intangible assets	94	73
Depreciation of property, plant and equipment	487	515
Share of loss from equity accounted joint venture	3,146	1,179
Write-back of trade and other payables	-	(183)
Interest expense	1,591	1,077
Interest income	(233)	(510)
Operating cash flows before working capital changes	899	(1,351)
Inventories	(57,745)	(24,305)
Other receivables	(2,593)	631
Receivable from related parties	-	801
Receivable from immediate holding company	34,745	19,228
Prepayments	1,214	788
Trade and other payables	4,378	(855)
Payable to related parties	-	(28)
Cash flows from operations	(19,102)	(5,091)
Income tax paid	(12)	-
Net cash used in operating activities	**(19,114)**	**(5,091)**
Cash flows from investing activities		
Interest received	233	510
Proceed from government grant	240	-
Purchase of property, plant and equipment	(6,435)	(2,155)
Net cash used in investing activities	**(5,962)**	**(1,645)**
Cash flows from financing activities		
Advances from immediate holding company	25,764	12,117
Net repayment to related parties	-	(1,744)
Interest paid	(1,591)	(1,077)
Net cash generated from financing activities	**24,173**	**9,296**
Net change in cash and cash equivalents	(903)	2,560
Cash and cash equivalents at beginning of financial period	6,510	1,785
Cash and cash equivalents at end of financial period	**5,607**	**4,345**

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.

	Equity attributable to owners of the Company				
	Share Capital RMB'000	Contributed Surplus RMB'000	Statutory and Other Reserves RMB'000	Accumulated Losses RMB'000	Total RMB'000
Group					
Current Year:					
Balance as at 1 July 2017	252,093	22,000	3,040	(204,719)	72,414
Total comprehensive loss for the financial period	-	-	-	(4,258)	(4,258)
Balance as at 31 December 2017	252,093	22,000	3,040	(208,977)	68,156
Previous Year:					
Balance as at 1 July 2016	252,093	22,000	955	(206,056)	68,992
Total comprehensive loss for the financial period	-	-	-	(3,527)	(3,527)
Balance as at 31 December 2016	252,093	22,000	955	(209,583)	65,465
Company					
Current Year:					
Balance as at 1 July 2017	252,093	-	-	(119,406)	132,687
Total comprehensive loss for the financial period	-	-	-	(448)	(448)
Balance as at 31 December 2017	252,093	-	-	(119,854)	132,239
Previous Year:					
Balance as at 1 July 2016	252,093	-	-	(128,254)	123,839
Total comprehensive loss for the financial period	-	-	-	(284)	(284)
Balance as at 31 December 2016	252,093	-	-	(128,538)	123,555

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.

There was no change in the Company's issued share capital of 1,055,459,201 from 30 June 2017 to 31 December 2017.

As at 31 December 2017 and 31 December 2016, there were no outstanding options, convertibles, treasury shares or subsidiary holdings in the Company.

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 total number of issued shares excluding treasury shares	As at 31 Dec 2017	As at 30 June 2017
Total number of issued shares	1,055,459,201	1,055,459,201
Less : Treasury shares	-	-
Total number of issued shares (excluding treasury shares)	1,055,459,201	1,055,459,201

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 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.

Except as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation which are consistent with those used in the most recent audited consolidated financial statements for the financial year ended 30 June 2017.

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 the Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for the current financial year. The adoption of new/revised FRS and INT FRS does not have any material impact on the financial statements for the financial period ended 31 December 2017.

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.

Loss per ordinary shares of the Group for the period based on loss after income tax :	Unaudited HY 31 Dec 2017	Unaudited HY 31 Dec 2016
(a) Based on the weighted average number of ordinary shares in issue (basic) (RMB cents)	(0.40)	(0.33)
(b) On a fully diluted basis (RMB cents)	(0.40)	(0.33)
Weighted average number of ordinary shares in issue	1,055,459,201	1,055,459,201

The basic and fully diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2017 and 31 December 2016.

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.

	Unaudited As at 31 Dec 2017	Audited As at 30 June 2017
Group		
Net assets value per ordinary share based on total number of issued shares excluding treasury shares (RMB cents)	6.46	6.86
Company		
Net assets value per ordinary share based on total number of issued shares excluding treasury shares (RMB cents)	12.53	12.57

The net asset value per ordinary share for the Group and Company is calculated based on the issued share capital of 1,055,459,201 as at 31 December 2017 and 30 June 2017.

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 for the performance of the Group for the six months ended 31 December 2017 ("HY2018") as compared to the six months ended 31 December 2016 ("HY2017").

Consolidated Statement of Comprehensive Income

Revenue

During HY2018 and HY2017, the Group recorded the following:

	Group	
	HY2018	**HY2017**
Procurement (Metric tonnes, "MT"):		
- Apples	93,876	72,619
- Semi processed apple juice	3,952	356
- Pears	4,751	-
Total	102,579	72,975
Production (MT):		
- Apple juice	18,629	12,311
- Fructose	914	-
Total	19,542	12,311
Sales volume (MT):		
- Apple juice	7,832	5,833
- Pear juice	214	515
- Fructose	328	-
Total	8,374	6,348
Average selling price (RMB per MT):		
- Fruit juice	6,193	6,517
- Fructose	7,000	-

Average procurement cost of raw materials in HY2018 was lower as compared to HY2017, based on fluctuations of their market prices. The subsidiary of the Company, Yuncheng Zhongxin Fruit and Juice Company Limited ("Yuncheng Zhongxin") leveraged on this trend of lower procurement costs and higher demand from its end customers, and procured higher volume of apples and pears for its production. Hence, the Group recorded a higher level of production in HY2018.

On the other hand, the shortage of quality raw materials in the procurement region of a subsidiary, Xuzhou Zhongxin Fruit and Juice Company Limited ("Xuzhou Zhongxin") persisted. Having reviewed the price and quality of raw materials and overall market demand, the Management decided to continue the temporary suspension of Xuzhou Zhongxin's operations which has taken place since the 2nd half of calendar year 2015 ("Temporary Suspension"). The Management will continuously monitor the situation and if market conditions improve, it will consider resuming production in Xuzhou Zhongxin's plant in the next fruit harvesting season starting in the next financial year ending 30 June 2019.

The Group continued to grow its revenue and achieved a revenue of RMB52.8 million in HY2018, representing an increase of RMB10.8 million or 26% as compared to RMB42.0 million in HY2017. This was mainly due to higher customer demand for concentrated fruit juices reflected by its higher sales volume, partially offset by the lower average selling price of the concentrated fruit juices in HY2018 attributable to intense market competition.

In HY2018, Yuncheng Zhongxin commenced production of apple and pear fructose as part of its diversification of product mix in line with the Group's plan to develop new product offerings. The sales of fructose constituted approximately 4% of the Group's sales in HY2018.

Gross profit

The increase in the gross profit from RMB8.5 million in HY2017 to RMB12.0 million in HY2018, as well as the improved gross profit margin from 20% to 23% were mainly due to the lower average procurement cost of raw materials.

Other income

Other income in HY2018 decreased by RMB0.5 million mainly due to the following:

- decrease in interest income of RMB0.3 million in relation to interest received from the Group's immediate holding company, SDIC Zhonglu Fruit and Juice Co., Limited ("SDIC Zhonglu") for excess cash deposit by the Group in satisfaction of one of the conditions imposed by SDIC Zhonglu for providing financing to the Group; and
- absence of write-back of trade and other payables of RMB0.2 million present in HY2017, which were recorded by Yuncheng Zhongxin and Xuzhou Zhongxin prior to the periods when the Company underwent judicial management ("JM") from 16 May 2011 to 20 December 2012 and were assessed to be no longer payable due to the passage of time.

Expenses

The increase in distribution expenses was mainly due to higher freight and transportation costs incurred in HY2018 attributable to increased shipment volume as well as higher freight rates charged by the Group's logistic provider due to increased fuel costs.

The decrease in administrative expenses was mainly due to a decrease in depreciation and salaries attributable to Xuzhou Zhongxin relating to the Temporary Suspension.

The increase in finance costs was mainly due to the higher level of financing received from the Group's immediate holding company, SDIC Zhonglu in HY2018.

Share of loss from equity-accounted joint venture

In HY2018, the Group's share of loss from its equity-accounted joint venture, Linyi SDIC Zhonglu Fruit Juice Co., Ltd ("Linyi") was approximately RMB3.1 million as compared to RMB1.2 million in HY2017. The loss from Linyi was higher in HY2018 despite improved revenue over the period mainly due to the higher freight and transportation costs incurred attributable to higher shipment volume and higher freight rates.

Profit for the financial period

Due to the reasons explained above, the Group recorded a loss after taxation of RMB4.3 million in HY2018 as compared to RMB3.5 million in HY2017.

Statements of Financial Position

The comparative for both the assets and liabilities are based on the Group's financial statements as at 31 December 2017 and 30 June 2017.

Non-current assets increased by approximately RMB0.6 million from RMB82.7 million as at 30 June 2017 to RMB83.3 million as at 31 December 2017 mainly due to the following:

Investment in joint venture

Investment in joint venture decreased by approximately RMB3.1 million mainly due to a lower carrying amount of the investment in Linyi following the share of loss in HY2018.

Property, plant and equipment ("PPE")

PPE increased by approximately RMB3.9 million mainly due to an addition amounted to RMB6.4 million, partially offset by depreciation charges of RMB2.5 million.

The addition of PPE in HY2018 was mainly incurred by Yuncheng Zhongxin for the purpose of its factory's water treatment upgrading work and water conservation project ("Water Treatment Upgrading Project") carried out by the company.

Included in the depreciation charges in HY2018 was an amount of RMB2.0 million (HY2017: RMB1.8 million) which were absorbed into inventories costing while the remaining amount of RMB0.5 million (HY2017: RMB0.5 million) was charged to distribution and administrative expenses.

Land use rights and intangible assets

Land use rights and intangible assets decreased by approximately RMB0.1 million due to the amortisation of land use rights and intangible assets.

Current assets increased by approximately RMB25.5 million from RMB52.1 million as at 30 June 2017 to RMB77.6 million as at 31 December 2017 mainly due to the following:

Other receivables

Other receivables increased by approximately RMB2.6 million mainly due to:

- value-added-tax ("VAT") receivable of RMB2.9; and
- partially offset by receipt of amount receivable from the relevant authority of Fengxian county of approximately RMB0.2 million. This was related to a compensation receivable pursuant to a compulsory acquisition of a portion of the land and structure adjourning Baiyi river belonging to Xuzhou Zhongxin by the county of Fengxian for the purpose of creating a garden belt for Baiyi river.

Receivable from immediate holding company

The amount receivable from immediate holding company of RMB34.7 million as at 30 June 2017 was related to trade amount owing by SDIC Zhonglu in relation to sales made in the previous financial year. The amount has been repaid by SDIC Zhonglu in HY2018.

Prepayments

Prepayments decreased by approximately RMB1.2 million due to lesser prepaid expenses required as at 31 December 2017.

Inventories

Inventories increased by approximately RMB59.8 million as the Group carried higher level of finished goods as at 31 December 2017 due to higher level of procurement and production of apple juice by Yuncheng Zhongxin in HY2018 as mentioned above. The fruit juice industry is cyclical in nature as raw materials such as apples and pears are in season during the first half of the Group's financial year. To ensure the freshness of the ingredients, the Group generally procures and produces the fruit juice during the first half of the financial year for its full year's supply. Therefore, the Group carried higher level of inventories as at 31 December 2017 which were mainly represented by finished goods.

Non-current Liability - Deferred capital grant

Deferred capital grant relates to government grant received by Yuncheng Zhongxin for the development of Water Treatment Upgrading Project. The grant is recognised as deferred capital grant and amortised over the useful life of the plant.

Current liabilities increased by approximately RMB30.4 million from RMB62.4 million as at 30 June 2017 to RMB92.8 million as at 31 December 2017. This was mainly due to the following:

Trade and other payables

Trade and other payables increased by approximately RMB4.4 million mainly due to:

- increase in trade payables of RMB6.1 million as a result of higher level of procurement during HY2018 and the higher outstanding trade payables balances as at 31 December 2017 not due for payment;

offset by

- VAT payable of RMB1.4 million as at 30 June 2017, recorded by Yuncheng Zhongxin and Xuzhou Zhongxin settled in HY2018. For VAT payable by Xuzhou Zhongxin as at 30 June 2017, it was related to sales derived from inventories held; and
- net settlement of other payables and accrued expenses of RMB0.3 million in HY2018.

Payable to immediate holding company

The amount payable to immediate holding company increased by approximately RMB25.8 million mainly relating to advances received for the funding of the Group's working capital to support the Group's working capital requirement during the peak production season in the first half of the Group's financial year.

Negative working capital

As at 31 December 2017, the Group's current liabilities exceeded its current assets by RMB15.2 million as compared to the shortfall of RMB10.2 million as at 30 June 2017. The immediate holding company of the Group has continued to finance the Group's working capital requirements by making available working capital. The Group will continue to be dependent on its immediate holding company for financial support and its connections for entry into new markets. The Group is consistently looking into the various possibilities to expand and diversify its business with the view of improving profitability and the financial position of the Group, hence reducing the dependence on its immediate holding company eventually.

Statement of Cash Flows

Net cash used in operating activities of RMB19.1 million in HY2018 was mainly due to the positive cash flows before working capital changes, decrease in the amount receivable from immediate holding company and offset by the increase in inventories.

Net cash used in investing activities of RMB6.0 million in HY2018 was mainly due to the addition of property, plant and equipment.

The Group generated net cash from financing activities of RMB24.2 million in HY2018 mainly due to advances received from its immediate holding company.

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.

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 general outlook of the global economy remains uncertain and challenging. The international fruit juice market has also experienced persistent weakening. Demand was seen to be slowly picking, but overall remained in the doldrums. The slow recovery of the global economy also placed tremendous pressure on the fruit juice processing manufacturers. However, these pose as short term challenges to the Group as the Group remains bullish on the longer term outlook of the economy and the fruit juice industry. As the world population becomes increasingy health conscious, the importance of apple juice concentrate as the essential raw materials for juice products will continue to increase. Along with the increased affluence and higher awareness of the benefits of apple and pear juice globally, the Group is optimistic on the future demand for the concentrated apple and pear juice market.

Riding on this trend, the Group's longer term plan will include developing new business and exploring broadening of product offerings to include other value-added products such as vegetable juice and its related products, accelerate the structural readjustment of product segments and enhance external communication and collaboration. These efforts aim to drive the Group towards the objectives of increasing profitability and competitiveness hence strengthening the Group's financial position and industry reach.

11. If a decision regarding dividend has been made:

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

No dividend was declared for HY2018.

(b) (i) Amount per share (cents)

Not applicable.

(b) (ii) Previous corresponding period (cents)

Not applicable. No dividend was declared for HY2017.

(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 5.00 pm) 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 for HY2018.

13. If the group has obtained a general mandate from shareholders for 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.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RMB'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) (RMB'000)
SDIC Zhonglu	-	(a) Sales by the Group to SDIC Zhonglu and its group of companies. 52,014
		(b) Interest paid by subsidiaries of the Company with respect to the working capital provided by SDIC Zhonglu. 1,587
		(c) Interest received from SDIC Zhonglu for excess cash deposit by the Group in relation to financing from SDIC Zhonglu Group. 230
Total		53,831

Save as disclosed above, there are no other IPTs above S$100,000 in HY2018.

The above IPTs were conducted pursuant to the renewed shareholders' mandate for IPTs approved by shareholders on 26 October 2017.

14. Negative confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

On behalf of the Board of Directors, we hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the six-months financial period ended 31 December 2017 to be false or misleading in any material aspect.

Zhang Jiming	Quan Yuhong
Director	**Director**

15. 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 confirms that it has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7H in accordance with Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Zhang Jiming
Chairman

9 February 2018

*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**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).