



**CHINA MEDICAL (INTERNATIONAL)
GROUP LIMITED**

中国医疗(国际)集团有限公司

Company Registration No. 200505118M

CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

THIRD QUARTER UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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

	Group 3 months ended			Increase/ (Decrease)	Group 9 months ended		
	30.9.18 (Unaudited)	30.9.17 (Unaudited)	Increase/ (Decrease)		30.9.18 (Unaudited)	30.9.17 (Unaudited)	Increase/ (Decrease)
	S\$'000	S\$'000			S\$'000	S\$'000	
Revenue	196	382	(49%)	1,439	1,419	1%	
Cost of Sales	(124)	(192)	(35%)	(748)	(845)	(11%)	
Gross Profit	72	190	(62%)	691	574	20%	
	37%	50%		48%	40%		
Other (loss)/ income	(1)	62	(102%)	29	215	(87%)	
Selling & distribution expenses	(41)	(35)	17%	(132)	(135)	(2%)	
Administrative expenses	(525)	(1,036)	(49%)	(1,652)	(2,887)	(43%)	
Other operating expenses	(1)	(67)	(99%)	(46)	(213)	(78%)	
Finance income/ (expenses)	(169)	(198)	(15%)	(487)	(524)	(7%)	
Loss for the financial period before income tax	(665)	(1,084)	(38%)	(1,597)	(2,970)	(46%)	
Income tax credit/ (expense)	1	-	N/M	1	(2)	N/M	
Net loss	(664)	(1,084)	(39%)	(1,596)	(2,972)	(46%)	
Other comprehensive loss:							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation (loss)/income	(18)	164	(111%)	(66)	141	(147%)	
Other comprehensive (loss)/income, net of tax	(18)	164	(111%)	(66)	141	(147%)	
Total comprehensive loss	(682)	(920)	(26%)	(1,662)	(2,831)	(41%)	
Loss attributable to:							
Equity holders of the Company	(659)	(1,045)	(37%)	(1,582)	(2,805)	(44%)	
Non-controlling interests	(5)	(39)	(87%)	(14)	(167)	(92%)	
Net loss for the financial period	(664)	(1,084)	(39%)	(1,596)	(2,972)	(46%)	
Loss attributable to:							
Equity holders of the Company	(669)	(871)	(23%)	(1,641)	(2,651)	(38%)	
Non-controlling interests	(13)	(49)	(73%)	(21)	(180)	(88%)	
Total comprehensive loss for the financial period	(682)	(920)	(26%)	(1,662)	(2,831)	(41%)	

Notes to Consolidated Statement of Comprehensive Income

	Group		Increase/ (Decrease)	Group		Increase/ (Decrease)
	3 months ended			9 months ended		
	30.9.18 (Unaudited) S\$'000	30.9.17 (Unaudited) S\$'000		30.9.18 (Unaudited) S\$'000	30.9.17 (Unaudited) S\$'000	
Interest expense on borrowings	(127)	(198)	(36%)	(360)	(524)	(31%)
Depreciation of property, plant and equipment	(1)	(30)	(97%)	(43)	(108)	(60%)
Unwinding of imputed interest	(43)	-	N/M	(128)	(121)	6%
Impairment of other receivables	-	(300)	N/M	-	(550)	N/M
Write off of property, plant and equipment	-	-	N/M	-	(16)	N/M
Foreign exchange gain	-	-	N/M	1	(5)	N/M

N/M – 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	
	As at 30.9.18 Unaudited S\$'000	As at 31.12.17 Audited S\$'000	As at 30.9.18 Unaudited S\$'000	As at 31.12.17 Audited S\$'000
<u>ASSETS</u>				
Current assets				
Cash & cash equivalents	2,240	3,847	759	2,919
Trade and other receivables	415	550	678	92
Inventories	47	44	-	-
Total current assets	2,702	4,441	1,437	3,011
Non-current assets				
Investment in subsidiary corporations	-	-	352	352
Property, plant and equipment	40	76	9	9
Intangible asset	-	-	-	-
Goodwill	-	-	-	-
Total non-current assets	40	76	361	361
Total assets	2,742	4,517	1,798	3,372
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	749	1,123	764	975
Borrowings	3,497	3,421	-	298
Income tax payable	21	25	-	3
Total current liabilities	4,267	4,569	764	1,276
Non current liabilities				
Trade and other payables	3,306	3,178	3,306	3,178
Deferred income tax liabilities	-	-	-	-
Total non-current liabilities	3,306	3,178	3,306	3,178
Total liabilities	7,573	7,747	4,070	4,454
Net liabilities	(4,831)	(3,230)	(2,272)	(1,082)
Capital and reserves attributable to equity holders of the Company				
Share capital	57,378	57,152	57,378	57,152
Other reserves	1,120	1,352	1,038	1,203
Accumulated losses	(63,408)	(61,826)	(60,688)	(59,437)
Share capital and reserves	(4,910)	(3,322)	(2,272)	(1,082)
Non-controlling interests	79	92	-	-
Total equity	(4,831)	(3,230)	(2,272)	(1,082)

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

	As at 30.9.2018 Unaudited		As at 31.12.2017 Audited	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(i) Loan facilities ^(a)	3,497	-	3,421	-

Details of any collateral

- (a) Approximately S\$3.497 million (HK\$20 million) loan borrowed by the Company's wholly owned subsidiary, CMIC Hemodialysis (Hong Kong) Limited, is secured by a corporate guarantee granted by the Company and a deed of guarantee granted by one of the Company's shareholder, Dato Dr Choo Yeow Ming. The loan currently bears interest at a rate of 14% per annum and the repayment date of this loan is 27 December 2018.

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			
	3 months ended		9 months ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000
Net loss	(664)	(1,084)	(1,596)	(2,972)
Cash flows from operating activities				
Adjustment for:				
Income tax expense	(1)	-	(1)	2
Depreciation of property, plant and equipment	1	30	43	108
Write off of property, plant and equipment	-	-	-	16
Unwinding of imputed interest	43		128	-
Unrealised currencies translation / loss	-	226	7	15
Interest income	(2)	-	(9)	-
Interest expense	127	198	360	524
Operating cash flows before movements in working capital	(496)	(630)	(1,068)	(2,307)
Trade and other receivables	180	43	138	182
Inventories	(7)	5	(3)	37
Trade and other payables	(237)	(8)	(374)	(265)
Cash used in operations	(560)	(590)	(1,307)	(2,353)
Income tax paid	11	-	(4)	(2)
Interest income	2	-	9	-
Interest expense	(127)	(198)	(360)	(524)
Net cash used in operating activities	(674)	(788)	(1,662)	(2,879)
Cash flow used in investing activities				
Purchase of property, plant and equipment	-	-	(7)	-
Net cash used in investing activities	-	-	(7)	-
Cash flows from financing activities				
Redemption of warrants	-	-	-	(500)
Proceeds from issuance of new shares	-	-	-	1,440
Proceeds from conversion of warrants	-	-	61	-
Proceeds from borrowing	-	800	-	1,000
Net cash generated from financing activities	-	800	61	1,940
Net (decrease)/ increase in cash and cash equivalents	(674)	12	(1,608)	(939)
Cash and cash equivalents at the beginning of the financial period	2,914	1,569	3,847	2,525
Effect of currency translation on cash and cash equivalents	-	-	1	(5)
End of the financial period	2,240	1,581	2,240	1,581

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 (cont'd)

Represent by:

	Group			
	3 months ended		9 months ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	Unaudited	Unaudited	Unaudited	Unaudited
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank and on hand	2,240	1,581	2,240	1,581
Less: bank deposits pledged	-	(503)	-	(503)
Cash and cash equivalents per consolidated statement cash flows	<u>2,240</u>	<u>1,078</u>	<u>2,240</u>	<u>1,078</u>

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

Group	Share capital	Currency translation reserves	Accumulated losses	Share option reserve	Warrant reserve	Attributable to equity holders of company	Non-controlling interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(Unaudited)								
Balance as at 1.1.2017	50,000	18	(49,799)	1,038	1,415	2,672	(56)	2,616
Redemption of warrants	-	-	-	-	(500)	(500)	-	(500)
Expiry of warrants	110	-	-	-	(110)	-	-	-
Issuance of new shares	1,440	-	-	-	-	1,440	-	1,440
Other comprehensive loss	-	(12)	-	-	-	(12)	(11)	(23)
Total comprehensive loss for the period	-	-	(1,760)	-	-	(1,760)	(128)	(1,888)
Balance as at 30.6.2017	51,550	6	(51,559)	1,038	805	1,840	(195)	1,645
Redemption of warrants	-	-	-	-	-	-	-	-
Expiry of warrants	-	-	-	-	-	-	-	-
Issuance of new shares	-	-	-	-	-	-	-	-
Other comprehensive income	-	166	-	-	-	166	(2)	164
Total comprehensive loss for the period	-	-	(1,045)	-	-	(1,045)	(39)	(1,084)

Balance as at 30.9.2017	51,550	172	(52,604)	1,038	805	961	(236)	725
<u>(Unaudited)</u>								
Balance as at 1.1.2018	57,152	149	(61,826)	1,038	165	(3,322)	92	(3,230)
Conversion of warrants	75	-	-	-	(14)	61	-	61
Expiry of warrants	151	-	-	-	(151)	-	-	-
Other comprehensive loss/ (gain)	-	(49)	-	-	-	(49)	1	(48)
Total comprehensive loss for the period	-	-	(923)	-	-	(923)	(9)	(932)
Balance as at 30.6.2018	57,378	100	(62,749)	1,038	-	(4,233)	84	(4,149)
Other comprehensive loss	-	(18)	-	-	-	(18)	-	(18)
Total comprehensive loss for the period	-	-	(659)	-	-	(659)	(5)	(664)
Balance as at 30.9.2018	57,378	82	(63,408)	1,038	-	(4,910)	79	(4,831)

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 (cont'd)

	Share capital	Accumulated losses	Share option reserves	Warrant reserve	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(Unaudited)					
Balance as at 01.01.2017	50,000	(47,708)	1,038	1,415	4,745
Redemption of warrants	-	-	-	(500)	(500)
Expiry of warrants	110	-	-	(110)	-
Issuance of shares	1,440	-	-	-	1,440
Total comprehensive loss for the period	-	(1,246)	-	-	(1,246)
Balance as at 30.6.2017	51,550	(48,954)	1,038	805	4,439
Redemption of warrants	-	-	-	-	-
Expiry of warrants	-	-	-	-	-
Issuance of shares	-	-	-	-	-
Total comprehensive loss for the period	-	(614)	-	-	(614)
Balance as at 30.9.2017	51,550	(49,568)	1,038	805	3,825

(Unaudited)					
Balance as at 01.01.2018	57,152	(59,437)	1,038	165	(1,082)
Conversion of warrants	75	-	-	(14)	61
Expiry of warrants	151	-	-	(151)	-
Total comprehensive loss for the period	-	(916)	-	-	(916)
Balance as at 30.6.2018	57,378	(60,688)	1,038	-	(1,937)
Conversion of warrants	-	-	-	-	-
Expiry of warrants	-	-	-	-	-
Total comprehensive loss for the period	-	(335)	-	-	(335)
Balance as at 30.9.2018	57,378	(60,688)	1,038	-	(2,272)

1(d)(ii) Details of any changes in the company’s share capital arising from right 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, 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 were no changes in the issued share capital of the Company for the 3 months financial period ended 30 September 2018 (“3Q2018”). As at 30 September 2018, the issued and paid up capital of the Company is approximately S\$57,378,000 comprising 8,812,778,946 shares.

No warrants pursuant to the 2017 Rights cum Warrants Issue were exercised during 3Q2018. As at 30 September 2018, there were 5,601,440,009 freely detachable warrants (“2017 Warrants”) which may be exercisable into 5,601,440,009 ordinary shares of the Company (30 September 2017: Nil. There were no outstanding 2017 Warrants as the 2017 Warrants were issued on 31 October 2017).

In 3Q2018, no employee share options were exercised. As at 30 September 2018, the Company had 258,182,000 outstanding employee share options exercisable into 258,182,000 new ordinary shares of the Company (30 September 2017: 103,950,000, pursuant to repricing of the existing employee share option, the outstanding number of employee share option as at 30 September 2017 were adjusted to 262,343,000 on 11 October 2017).

Save as disclosed above, the Company did not have any other convertibles as at 30 September 2018 and 30 September 2017.

There were no treasury shares and subsidiary holdings as at 30 September 2018 and 30 September 2017.

1(d)(iii) To show the 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

	Company	Company
	30.09.2018	31.12.2017
Total number of issued shares excluding treasury shares	8,812,778,946	8,800,573,324

There were no treasury shares as at 30 September 2018 and 31 December 2017.

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 as the Company did not have any treasury shares 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 as the Company did not have any subsidiary holdings during and as at the end of the current financial period reporting on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

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

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

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

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 same accounting policies and methods of computation have been adopted for the current reporting year as compared with the most recent audited financial statements of the Company for the financial year ended 31 December 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 a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s.

In adopting SFRS(I)s, the Group applied all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group had also applied new major SFRS(I) equivalent of IFRS 15 Revenue from Contracts with Customers.

The adoption of these SFRS (I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Loss Per Share	Group		Group	
	3 months ended		9 months ended	
	30.09.2018 (Unaudited)	30.09.2017 (Unaudited)	30.09.2018 (Unaudited)	30.09.2017 (Unaudited)
Basic (Singapore cents) ⁽¹⁾	(0.007)	(0.033)	(0.018)	(0.09)
Diluted (Singapore cents) ⁽²⁾	(0.007)	(0.033)	(0.018)	(0.09)

Notes:

¹ The calculation of loss per ordinary share is based on the Group's loss attributable to equity holders of the Company of approximately S\$659,000 for 3 months financial period ended 30 September 2018 (30 September 2017: S\$1,045,000) and loss attributable to equity holders of the Company of approximately S\$1,582,000 for 9 months financial period ended 30 September 2018 (30 September 2017: S\$2,805,000) divided by the weighted average number of shares of 8,808,931,643 shares as at 30 September 2018 (30 September 2017: 3,130,268,846 shares).

² The outstanding warrants and options were not included in the computation of the diluted loss per share as their effect would have been anti-dilutive.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	30.09.18 Unaudited	31.12.17 Audited	30.09.18 Unaudited	31.12.17 Audited
Net liabilities (S\$'000)	4,831	3,230	2,272	1,082
Number of ordinary shares in issue ('000)	8,812,779	8,800,573	8,812,779	8,800,573
Net liabilities value per ordinary share (Singapore cents)	(0.05)	(0.04)	(0.03)	(0.01)

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 the Income Statement of the Group

i) Revenue

	3Q2018	3Q2017		Variance
	S\$'000	S\$'000	S\$'000	%
Trading & distribution	196	331	(135)	(41%)
Medical Aesthetics	- ¹	51	(51)	(100%)
Total	<u>196</u>	<u>382</u>	(186)	(49%)

¹ Amounts less than S\$500.

The Group's revenue from its trading and distribution business for the 3Q2018 was S\$0.196 million, a decrease of 41% or S\$0.135 million decrease as compared to the revenue of S\$0.331 million for the 3Q2017.

Medical aesthetic segment recorded revenue of under S\$0.001 million in 3Q2018 (3Q2017: S\$0.051 million). This was partially due to medical aesthetics business being badly affected by poor market demand from China and weak market condition in Taiwan. The management is looking into further medical research and other strategic plans to move the medical aesthetic business forward while pending the completion of the Company's proposed corporate actions. Revenue generated from medical aesthetic relates to a one-off minor sale of aesthetic medical products.

ii) Gross profit and gross profit margin

The Group's gross profit of 3Q2018 from operations decreased by S\$0.118 million or 62% from S\$0.190 million in 3Q2017 to S\$0.072 million in the 3Q2018 as a result of low demand and deteriorating margin.

iii) Administrative expenses

Administrative expenses decreased by S\$0.511 million or 49% reduction from S\$1.036 million in 3Q2017 to S\$0.525 million in 3Q2018 mainly due to saving of lease expenses in Shenzhen and legal advisory fees for China operations of approximately S\$0.548 million incurred in 3Q2017.

iv) Other operating expense

Other operating expenses decreased by approximately S\$0.066 million or 99% from S\$0.067 million in 3Q2017 to S\$0.001 million in 3Q2018 was mainly due to lower staff welfare expenses incurred in the medical aesthetics segment during the financial period under review.

v) Finance expenses

During the financial period under review, the finance expenses decreased by S\$0.029 million or 15% reduction due to favorable exchange rate between Singapore dollar to Hong Kong dollar. The finance expense was mainly incurred for the purpose of interest payment for a subsidiary's HK\$20 million loan denominated in Hong Kong dollar.

Review of the Financial Position of the Group

vi) Assets

Total assets of the Group decreased by S\$1.775 million from S\$4.517 million as at 31 December 2017 to S\$2.742 million as at 30 September 2018. This was mainly attributable to a decrease in cash and cash equivalents of approximately S\$1.607 million due to payment of operating expenses and decrease in carrying value of property, plant and equipment of S\$0.036 million relating to depreciation and slightly offset by purchase of new property, plant and equipment. The decrease was also affected by decrease in trade and other receivables of approximately S\$0.135 million due to lower trade receivables in trading and distribution division resulting from lower sales volume during the period.

vii) Liabilities

Current Liabilities decreased by S\$0.302 million mainly due to a decrease in current trade and other payables of S\$0.374 million as a result of repayment and lower purchases made in its steel trading business. The decrease in current liabilities was offset by an increase in borrowing of S\$0.076 resulting from a retranslation loss on the Group's HK\$20 million loan.

The increase in non current liabilities of S\$0.128 was due to the increase in trade and other payables from the unwinding of interest amounting to S\$0.128 million as a result of the fair valuation adjustment on the S\$3.5 million amount owing to the former shareholder of a subsidiary arising from the acquisition of China iMyth Company Pte Ltd .

viii) Negative working capital

As at the balance sheet date, the Group was in negative working capital of S\$1.565 million and net liabilities of S\$4.831 million and as at that date, the Company has net liabilities of S\$2.272 million. Notwithstanding this, the Board and Management is of the view that the Group is able to continue as a going concern due to the followings:

- (a) Dato Dr Choo has provided a letter of financial support expressing his willingness to provide continuing financial support to the Group and the Company upon terms and conditions agreeable to both parties to enable the Group to continue to operate and meet its financial obligations and commitments as and when they fall due in the next 12 months from 3 April 2018.
- (b) In relation to the HK\$20 million (S\$3.497 million) extended by a third party to a subsidiary corporation, CMIC Hemodialysis (Hong Kong) Limited of which is due to expire on 27 December 2018, Dato Dr Choo had signed an agreement to make available till 1 May 2019 an advance of up to the amount pursuant to this third party loan to repay on behalf of the subsidiary corporation of the Group should it be unable to repay in full or in part.
- (c) The Company has announced on 26 August 2018 that subject to the approval of Shareholders, the Company will be conducting several corporate exercises:
 - (i) Consolidation of every 2 existing ordinary shares in the capital of the Company into 1 consolidated share;
 - (ii) Allotment and issuance of up to 3,214,285,714 consolidated shares pursuant to the conversion of the deferred payment liability of S\$3.5 million; and
 - (iii) Placement of 2,857,142,857 consolidated shares in the capital of the company at an issue price of S\$0.0014 for each share, with up to 952,380,952

investment warrants, each carrying the right to subscribe for 1 consolidated share in the capital of the company at an exercise price of S\$0.0014 for each new consolidated share.

The proposed corporate exercises if approved by the shareholders in the extraordinary general meeting to be held, will strengthen the financial position of the Group as the key debts would have been extinguished upon completion of the corporate exercises.

Review of the Cash Flow Statement of the Group

ix) Cash flow

Net cash used in operating activities in 3Q2018 amounted to S\$0.674 million. The operating cash outflows before movement in working capital was S\$0.496 million in 3Q2018. The net cash outflow from changes in working capital of approximately S\$0.064 million was mainly due to outflow of S\$0.237 million in trade and other payables and inflow of S\$0.180 million of trade and other receivables. In 3Q2018, S\$0.127 million interest payment was made for the HK\$20 million (equivalent to S\$3.497 million) loan from Concorde Global Limited.

There was no cash flow for investing and finance activities for 3Q2018.

Cash and cash equivalents were S\$2.240 million as at 30 September 2018 as compared to S\$1.581 million as at 30 September 2017.

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

As mentioned in 8(viii)(c) above, the Group is proposing to conduct several corporate exercises. Upon the successful completion of the proposed corporate exercises, the Company will have a new controlling shareholder, Rest Investment Ltd. (the "Anchor Investor"). The Anchor Investor will work together with the Directors and the management of the Company to undertake a strategic review of the Group's business.

Pending the completion of the corporate exercises, the Board's strategy for the Group's two key businesses are as follows:

Medical Aesthetics Business

To minimise cash flow and costs, the Taiwan business will be focusing on medical research, attending seminars and networking efforts in Taiwan and PRC instead of performing treatments pending the completion of the proposed corporate exercises.

Steel Trading Business

The Group had received notification from its principal steel trading distributor that the franchise agreement with the Group will end on 14 December 2018 if not renewed. Currently, management is in negotiation with the principle to secure an extension of the franchise agreement. The Group is also considering exploring options with other principles for the steel trading business.

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

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

No dividend has been declared or recommended for the current financial period.

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

Not applicable

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

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of 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 dividends are determined.

Not applicable

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

No dividend has been declared or recommended for the current financial period reported on.

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 did not enter into any IPT of S\$100,000 or more in value per transaction for 3Q2018. The Group does not have a general mandate from shareholders for IPTs.

14. Confirmation that the Issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Catalist Rules.

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

15. Use of Proceeds

As at 17 October 2018, the net proceeds had been utilised as follows:

	Allocation of net proceeds raised (S\$'000)	Amount Utilised before 03-Aug-18 (S\$'000)	Amount Utilised from 04-Aug-18 to 17-Oct-18 (S\$'000)	Amount Unutilised as at 17-Oct-18 (S\$'000)
(A) Proceeds from 2017 Rights cum Warrants issue				
(i) Working Capital	2,801	(2,122)	(438)	241
(ii) Repayment of loans	2,800	(2,640)	-	160
Total Amount	5,601	(4,762)	(438)	401

The above use of proceeds is in accordance with the revised use as stated in the announcements dated 10 November 2017.

Notes:

(A) The proceeds from 2017 Rights cum Warrants Issue comprised S\$4.118 million from rights subscribed and S\$1.483 million from excess application, the Company announced in its 3Q2017 results announcement dated 10 November the revised use of proceeds from the Rights cum Warrants Issue to 50.01% working capital and 49.99% repayment of loans.

- (i) During the period, S\$438,000 from the working capital portion of the proceeds from the 2017 Rights cum Warrants Issue was utilised for expenses relating to the operations of the Group. Such expenses mainly related to administrative and operating expenses.

Working Capital	Amount Utilised from 04-Aug-2018 to 17-Oct-2018 (S\$'000)
Professional Fees	78
Administrative Expenses	196
Loan Interest	82
Payroll Related	82
Other Operating Expenses	-
Total	438

- (ii) There was no fund utilised for repayment of loans for the period of 04 August 2018 to 17 October 2018.

16. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements for 3Q2018 to be false or misleading in any material aspect.

By Order of the Board
Hano Maeloa
12 November 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)