



JCG INVESTMENT HOLDINGS LTD

Company Registration No. 200505118M

JCG INVESTMENT HOLDINGS LTD

THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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		Increase/ (Decrease)	Group		Increase/ (Decrease)
	3 months ended			9 months ended		
	30.09.19 Unaudited S\$'000	30.09.18 Unaudited S\$'000		30.09.19 Unaudited S\$'000	30.09.18 Unaudited S\$'000	
Revenue	787	196	302%	1,585	1,439	10%
Cost of Sales	(614)	(124)	395%	(1,064)	(748)	42%
Gross Profit	173	72	140%	521	691	(25%)
Gross Profit Margin	22%	37%		33%	48%	
Other income/(loss)	11	(1)	1200%	12	29	(59%)
Other losses	(1)	-	100%	(33)	-	100%
Selling and distribution expenses	(16)	(41)	(61%)	(48)	(132)	(64%)
Administrative expenses	(979)	(526)	86%	(2,451)	(1,698)	44%
Finance expenses	(14)	(169)	(92%)	(198)	(487)	(59%)
Loss for the financial period before income tax	(826)	(665)	24%	(2,197)	(1,597)	38%
Income tax expense	(26)	1	2700%	(26)	1	2700%
Net loss	(852)	(664)	28%	(2,223)	(1,596)	39%
Other comprehensive loss:						
Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation income/(loss)	(21)	(18)	17%	30	(66)	145%
Other comprehensive income/(loss), net of tax	(21)	(18)	17%	30	(66)	145%
Total comprehensive loss	(873)	(682)	28%	(2,193)	(1,662)	32%
Loss attributable to:						
Equity holders of the Company	(862)	(659)	31%	(2,200)	(1,582)	39%
Non-controlling interests	10	(5)	300%	(23)	(14)	64%
Net loss for the financial period	(852)	(664)	28%	(2,223)	(1,596)	39%
Loss attributable to:						
Equity holders of the Company	(875)	(669)	31%	(2,172)	(1,641)	32%
Non-controlling interests	2	(13)	115%	(21)	(21)	-
Total comprehensive loss for the financial period	(873)	(682)	28%	(2,193)	(1,662)	32%

Notes to Consolidated Statement of Comprehensive Income

	Group		Increase/ (Decrease)	Group		Increase/ (Decrease)
	3 months ended			9 months ended		
	30.09.19 Unaudited S\$'000	30.09.18 Unaudited S\$'000		30.09.19 Unaudited S\$'000	30.09.18 Unaudited S\$'000	
Interest expense	(14)	(127)	(89%)	(47)	(360)	(87%)
Amortisation of right-of-use assets	(37)	-	100%	(45)	-	100%
Depreciation of property, plant and equipment	(13)	(1)	1200%	(33)	(43)	(23%)
Share options adjustment	-	-	-	141	-	100%
Rental income	7	-	100%	7	-	100%
Fixed deposit interest income	4	-	100%	4	3	33%
Share award under JCG share performance plan	(285)	-	100%	(285)	-	100%
Unwinding of imputed interest	-	(43)	(100%)	(151)	(128)	18%
Foreign exchange (loss)/gain	(3)	-	(100%)	(16)	1	(1500%)

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 30.09.19 Unaudited S\$'000	As at 31.12.18 Audited S\$'000	As at 30.09.19 Unaudited S\$'000	As at 31.12.18 Audited S\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	1,933	1,613	261	347
Right-of-use assets	49	-	38	-
Trade and other receivables	1,183	620	3,680	46
Total current assets	3,165	2,233	3,979	393
Non-current assets				
Investment in subsidiary corporations	-	-	3,702	352
Property, plant and equipment	79	31	28	4
Goodwill	2,748	-	-	-
Rights-of-use assets	333	-	290	-
Total non-current assets	3,160	31	4,020	356
Total assets	6,325	2,264	7,999	749
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	1,316	4,054	1,304	4,245
Borrowings	20	3,493	150	-
Lease liabilities	61	-	47	-
Income tax payable	140	40	3	-
Total current liabilities	1,537	7,587	1,504	4,245
Non-current liabilities				
Borrowings	186	-	-	-
Lease liabilities	333	-	290	-
	519	-	290	-
Total liabilities	2,056	7,587	1,794	4,245
Net assets/ (liabilities)	4,269	(5,323)	6,205	(3,496)
Capital and reserves attributable to equity holders of the Company				
Share capital	65,804	53,871	65,804	53,871
Other reserves	3,657	3,775	3,639	3,785
Accumulated losses	(65,306)	(63,106)	(63,238)	(61,152)
Share capital and reserves	4,155	(5,460)	6,205	(3,496)
Non-controlling interests	114	137	-	-
Total equity	4,269	(5,323)	6,205	(3,496)

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

	As at 30.09.2019		As at 31.12.2018	
	Unaudited		Audited	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(i) Loan facilities ^(a)	-	-	3,493	-
(ii) Loan facilities	-	20	-	-

Amount repayable after one year

	As at 30.09.2019		As at 31.12.2018	
	Unaudited		Audited	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(i) Loan facilities ^(a)	-	-	-	-
(ii) Loan facilities	-	186	-	-

Details of any collateral

- (a) An approximately S\$3.493 million (HK\$20 million) loan was borrowed by the Company's wholly owned subsidiary, CMIC Hemodialysis (Hong Kong) Limited, and this was secured by a corporate guarantee granted by the Company and a deed of guarantee granted by one of the Company's shareholders, Dato Dr Choo Yeow Ming.

The loan has been fully settled in January 2019 through a share subscription which raised S\$4.0 million in proceeds, as announced by the Company on 26 August 2018 and approved by shareholders on 31 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	
	30.09.19	30.09.18	30.09.19	30.09.18
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000
Net loss	(852)	(664)	(2,223)	(1,596)
Cash flows from operating activities				
Adjustment for:				
Income tax expense	26	(1)	26	(1)
Amortisation of right-of-use assets	37	-	45	-
Depreciation of property, plant and equipment	13	1	33	43
Share options adjustment	-	-	(141)	-
Share award under JCG share performance plan	285	-	285	-
Loss on deconsolidation of subsidiary corporations	1	-	33	-
Unwinding of imputed interest	-	43	151	128
Unrealised currency translation gain	(23)	-	27	7
Interest income	-	(2)	-	(9)
Interest expense	14	127	47	360
Operating cash flows before movements in working capital	(499)	(496)	(1,717)	(1,068)
Trade and other receivables	519	180	620	138
Inventories	-	(7)	-	(3)
Trade and other payables	(395)	(237)	524	(374)
Cash used in operations	(375)	(560)	(573)	(1,307)
Income tax paid	(22)	11	(108)	(4)
Interest income	-	2	-	9
Interest expense	-	(127)	-	(360)
Net cash used in operating activities	(397)	(674)	(681)	(1,662)
Cash flow from investing activities				
Purchase of property, plant and equipment	(2)	-	(50)	(7)
Net cash inflow on acquisition of a subsidiary	-	-	148	-
Net cash (used in)/ provided by investing activities	(2)	-	98	(7)

	Group			
	3 months ended		9 months ended	
	30.09.19	30.09.18	30.09.19	30.09.18
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000
Cash flows from financing activities				
Proceeds from issuance of new shares	500	-	4,500	-
Proceeds from conversion of warrants	-	-	8	61
Fixed deposit placement	(750)	-	(750)	-
Repayment of lease liability	(36)	-	(44)	-
Repayment of borrowings	(19)	-	(3,525)	-
Interest paid	(4)	-	(37)	-
Net cash (used in)/ provided by financing activities	(309)	-	152	61
Net decrease in cash and cash equivalents	(708)	(674)	(431)	(1,608)
Cash and cash equivalents at the beginning of the financial period	1,891	2,914	1,613	3,847
Effect of currency translation on cash and cash equivalents	-	-	1	1
End of the financial period	1,183	2,240	1,183	2,240

Represented by:

	Group			
	3 months ended		9 months ended	
	30.09.19	30.09.18	30.09.19	30.09.18
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000
Cash at bank and on hand	1,933	2,240	1,933	2,240
Less: bank deposits pledged	(750)	-	(750)	-
Cash and cash equivalents per consolidated statement cash flows	1,183	2,240	1,183	2,240

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 S\$'000	Currency translation reserves S\$'000	Accumulated losses S\$'000	Share option reserve S\$'000	Warrant reserve S\$'000	Attributable to equity holders of company S\$'000	Non-controlling interest S\$'000	Total S\$'000
Unaudited								
Balance as at 01.01.2018	53,645	149	(61,068)	280	3,672	(3,322)	92	(3,230)
Conversion of warrants	75	-	-	-	(14)	61	-	61
Expiry of warrants	151	-	-	-	(151)	-	-	-
Total comprehensive loss for the period	-	-	(923)	-	-	(923)	(9)	(932)
Other comprehensive loss	-	(49)	-	-	-	(49)	1	(48)
Balance as at 30.06.2018	53,871	100	(61,991)	280	3,507	(4,233)	84	(4,149)
Total comprehensive loss for the period	-	(18)	-	-	-	(18)	-	(18)
Other comprehensive loss	-	-	(659)	-	-	(659)	(5)	(664)
Balance as at 30.09.2018	53,871	82	(62,650)	280	3,507	(4,910)	79	(4,831)

Group	Share capital S\$'000	Currency translation reserves S\$'000	Accumulated losses S\$'000	Share option reserve S\$'000	Warrant reserve S\$'000	Attributable to equity holders of company S\$'000	Non-controlling interest S\$'000	Total S\$'000
Unaudited								
Balance as at 01.01.2019	53,871	(10)	(63,106)	278	3,507	(5,460)	137	(5,323)
Conversion of warrants	13	-	-	-	(5)	8	-	8
Issuance of share capital	7,785	-	-	-	-	7,785	-	7,785
Acquisition of a subsidiary	3,350	-	-	-	-	3,350	-	3,350
Share options lapsed	-	-	-	(141)	-	(141)	-	(141)
Total comprehensive loss for the period	-	-	(1,338)	-	-	(1,338)	(34)	(1,372)
Other comprehensive loss	-	41	-	-	-	41	10	51
Deconsolidation of subsidiary corporations	-	-	-	-	-	-	(1)	(1)
Balance as at 30.06.2019	65,019	31	(64,444)	137	3,502	4,245	112	4,357
Issuance of share capital	500	-	-	-	-	500	-	500
Share award under JCG share performance plan	285	-	-	-	-	285	-	285
Total comprehensive loss for the period	-	-	(862)	-	-	(862)	10	(852)
Other comprehensive loss	-	(13)	-	-	-	(13)	(8)	(21)
Balance as at 30.09.2019	65,804	18	(65,306)	137	3,502	4,155	114	4,269

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)

Company	Share capital S\$'000	Accumulated losses S\$'000	Share option reserves S\$'000	Warrant reserve S\$'000	Total S\$'000
Unaudited					
Balance as at 01.01.2018	53,645	(58,679)	280	3,672	(1,082)
Conversion of warrants	75	-	-	(14)	61
Expiry of warrants	151	-	-	(151)	-
Total comprehensive loss for the period	-	(916)	-	-	(916)
Balance as at 30.06.2018	53,871	(59,595)	280	3,507	(1,937)
Total comprehensive loss for the period	-	(335)	-	-	(335)
Balance as at 30.09.2018	53,871	(59,930)	280	3,507	(2,272)
Unaudited					
Balance as at 01.01.2019	53,871	(61,152)	278	3,507	(3,496)
Conversion of warrants	13	-	-	(5)	8
Issuance of share capital	7,785	-	-	-	7,785
Acquisition of a subsidiary	3,350	-	-	-	3,350
Share options lapsed	-	-	(141)	-	(141)
Total comprehensive loss for the period	-	(1,273)	-	-	(1,273)
Balance as at 30.06.2019	65,019	(62,425)	137	3,502	6,233
Issuance of share capital	500	-	-	-	500
Share award under JCG share performance plan	285	-	-	-	285
Total comprehensive loss for the period	-	(813)	-	-	(813)
Balance as at 30.09.2019	65,804	(63,238)	137	3,502	6,205

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.

	Number of shares	Share capital S\$'000
Balance as at 31 December 2018	8,812,778,946	53,871
Balance as at 30 September 2019	13,020,032,179	65,804

On 10 January 2019, the Company had completed the following corporate actions:

- (i) Consolidation of every 2 existing ordinary shares in the capital of the Company into 1 consolidated share (the “Share Consolidation”);
- (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 (the “Deferred Liability Conversion”);
- (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 (“Share Subscription”), 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; and
- (iv) Allotment and issuance of 142,857,143 Introducer Shares at an issue price of S\$0.0014 to the Introducer (the “Introducer Shares Issue”).

The total number of shares of the Company had increased from 4,406,389,409 Shares post-completion of the Share Consolidation to 10,620,675,123 Shares, following the completion of the Deferred Liability Conversion, Share Subscription and Introducer Shares Issue.

Following the Proposed Share Consolidation on 10 January 2019, there were 2,800,719,993 free detachable warrants (“2017 Warrants”) pursuant to the 2017 Rights cum Warrants Issue. 3,801,500 2017 Warrants were exercised during the 3 months period ended 31 March 2019 (“1Q2019”) and no 2017 Warrants were exercised during the 3 months period ended 30 June 2019 (“2Q2019”) and the 3 months period ended 30 September 2019 (“3Q2019”). As at 30 September 2019, there were 2,796,918,493 (30 September 2018: 5,601,440,009) 2017 Warrants which may be exercisable into 2,796,918,493 (30 September 2018: 5,601,440,009) ordinary shares of the Company.

Pursuant to the 2017 Rights cum Warrants Issue, the exercise prices of the share options granted on 2 May 2008, 20 June 2008 and 2 October 2014 were adjusted to S\$0.01 and an additional 158,393,000 options were granted. Accordingly, the Company had 262,343,000 outstanding employee share options after the 2017 Rights cum Warrants Issue. Following the Share Consolidation on 10 January 2019, there were 156,423,000 outstanding employee share options. During the 9 months period ended 30 September 2019, no employee share options were exercised. During 2Q2019, 39,749,000 employee share options had lapsed due to expiry

of the employee share options. As at 30 September 2019, the Company had 38,487,500 (30 September 2018: 258,182,000) outstanding employee share options exercisable into 38,487,500 (30 September 2018: 258,182,000) ordinary shares of the Company.

Pursuant to the completion of the 100% acquisition of Brand X Lab Pte Ltd on 15 April 2019, 1,861,111,111 ordinary shares of the Company were issued at the issue price of S\$0.0018 per share. Accordingly, the total number of shares of the Company increased to 12,485,587,734 shares.

On 18 July 2019, the Company had completed the allotment and issuance to Dato' Ng Tian Sang @ Ng Kek Chuan ("**Dato' Ng Tian Sang**") of 250,000,000 Subscription Shares at an issue price of S\$0.002 per Subscription Share and 250,000,000 investment warrants (the "**Investment Warrants**"), each convertible into one Warrant Share at an exercise price of S\$0.0018 per warrant. Accordingly, the total number of Shares of the Company increased from 12,485,587,734 shares to 12,735,587,734 shares. For the avoidance of doubt, none of the 250,000,000 Investment Warrants have been exercised by Dato' Ng Tian Sang to date.

Pursuant to the vesting of the share awards under the JCG Share Performance Plan, the Company has allotted and issued 284,444,445 new shares on 27 September 2019 (the "Award Shares"). Following the issuance and allotment of the Award Shares, the total number of issued and paid-up ordinary shares of the Company increased from 12,735,587,734 to 13,020,032,179 shares.

Save as disclosed above, the Company did not have any other convertibles as at 30 September 2019 and 30 September 2018.

There were no treasury shares and subsidiary holdings as at 30 September 2019 and 30 September 2018.

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
	30.09.2019	31.12.2018
Total number of issued shares excluding treasury shares	13,020,032,179	8,812,778,946

There were no treasury shares during and as at end of the financial period ended 30 September 2019 and as at the end of the financial year ended 31 December 2018.

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 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 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 Section 5 below, the same accounting policies and methods of computation have been adopted for the current reporting period as compared with the most recent audited financial statements of the Company for the financial year ended 31 December 2018 ("FY2018").

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 applied the SFRS(I) 16 which is mandatorily effective from 1 January 2019:

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied SFRS(I) 16 using the modified retrospective method as of 1 January 2019 with no restatement of comparative information.

The Group adopted to measure the right-of-use assets to an amount equal to the lease liabilities related to those leases recognised in the statement of financial position as at 1 January 2019. In addition, the Group elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

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	
	30.09.2019 Unaudited	30.09.2018 Unaudited	30.09.2019 Unaudited	30.09.2018 Unaudited
Basic (Singapore cents) ⁽¹⁾	(0.007)	(0.007)	(0.019)	(0.018)
Diluted (Singapore cents) ⁽²⁾	(0.007)	(0.007)	(0.019)	(0.018)

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\$862,000 for 3 months period ended 30 September 2019 (30 September 2018: S\$659,000) and loss attributable to equity holders of the Company of approximately S\$2,200,000 for 9 months period ended 30 September 2019 (30 September 2018: S\$1,582,000) divided by the weighted average number of shares of 11,789,428,398 shares (30 September 2018: 8,808,931,643 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	
	30.09.19 Unaudited	31.12.18 Audited	30.09.19 Unaudited	31.12.18 Audited
Net assets/(liabilities) (S\$'000)	4,269	(5,323)	6,205	(3,496)
Number of ordinary shares in issue ('000)	13,020,032	8,812,779	13,020,032	8,812,779
Net assets/(liabilities) value per ordinary share (Singapore cents)	0.03	(0.06)	0.05	(0.04)

- 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

	3Q2019	3Q2018	Variance	
	S\$'000	S\$'000	S\$'000	%
Trading and distribution	196	196	-	-
Medical aesthetics	41	- ¹	41	100%
Event organisation and management consultancy	550	-	550	100%
Total	787	196	591	302%

¹ Amounts less than S\$500.

The Group's revenue from its trading and distribution business for 3Q2019 was S\$0.196 million, which is the same as that generated in the previous corresponding financial period ended 30 September 2018 ("3Q2018").

The medical aesthetic segment recorded a revenue of S\$0.041 million for 3Q2019, an increase in revenue of S\$0.041 million compared to the corresponding period in 3Q2018 of under S\$0.001 million.

The event organisation and management consultancy segment, which is a new revenue segment following the Company's acquisition of Brand X Lab Pte Ltd in April 2019, generated revenue of S\$0.550 million in 3Q2019.

ii) Cost of sales

The increase in cost of sales is in line with the increase in revenue.

iii) Gross profit

The Group's gross profit from operations increased by 140% from S\$0.072 million in 3Q2018 to S\$0.173 million in 3Q2019. The increase was mainly due to the new revenue segment, the event organisation and management consultancy business, which generated a gross profit margin of 26% in 3Q2019. It was offset by a decrease in the trading and distribution segment in which the gross profit margin decreased from 37% to 11%.

iv) Other income/(loss)

Other income increased by S\$0.012 million to S\$0.011 million in 3Q2019 from other loss of S\$0.001 million in 3Q2018 mainly due to an increase in fixed deposit interest income and office rental income.

v) Other losses

Other losses increased by S\$0.001 million in 3Q2019 due to loss on deconsolidation of a subsidiary corporation.

vi) Administrative expenses

Administrative expenses increased by S\$0.453 million from S\$0.526 million in 3Q2018 to S\$0.979 million in 3Q2019. The administrative expenses incurred during the period ended 30 September 2019 are mainly attributable to operational costs, including staff costs, directors' remunerations and professional costs. The increase was mainly due to employees share performance expenses of S\$0.285 million and professional fees incurred for the proposed acquisition of Beverly Wilshire Medical Centre Group and subscription of new shares and warrants.

vii) Finance expenses

During the financial period under review, finance expenses decreased by S\$0.155 million or 92% as compared to S\$0.169 million in 3Q2018 mainly due to a decrease in interest expenses of S\$0.127 million as the HK\$ 20 million loan has been settled in January 2019 and a decrease in unwinding of imputed interest expenses as a result of the fair value adjustment on the deferred payment liability of S\$3.5 million which had been converted into share capital in January 2019.

viii) Depreciation of property, plant and equipment

During the financial period under review, the depreciation of property, plant and equipment increased by S\$0.012 million or 1200% as compared to S\$0.001 million in 3Q2018 due to the additions of property, plant and equipment.

Review of the Financial Position of the Group

ix) Assets

Total assets of the Group increased by S\$4.061 million from S\$2.264 million as at 31 December 2018 to S\$6.325 million as at 30 September 2019. This was mainly attributable to goodwill of S\$2.748 million, trade and other receivables of S\$0.574 million, right-of-use assets of S\$0.054 million and property, plant and equipment of S\$0.035 million arising from Brand X Lab Pte Ltd which was acquired in April 2019 and an increase in cash and cash equivalents of approximately S\$0.320 million due to cash generated from investing and financing activities as explained under paragraph xi below.

x) Liabilities

Total liabilities decreased by S\$5.531 million from S\$7.587 million as at 31 December 2018 to S\$2.056 million as at 30 September 2019 due to conversion of the deferred payment liability of S\$3.5 million into share capital and repayment of the HK\$20 million loan from Concorde Global Limited. Some of the decrease in liabilities was offset by the trade and other payables amounting to S\$0.112 million, bank borrowings amounting to S\$0.205 million, lease liabilities amounting to S\$0.056 million and income tax amounting to S\$0.122 million arising from Brand X Lab Pte Ltd which was acquired in April 2019.

Review of the Cash Flow Statements of the Group

x) Cash flow

Net cash used in operating activities in 3Q2019 amounted to S\$0.397 million. The operating cash outflows before movement in working capital was S\$0.499 million. The net cash inflow from the changes in working capital of approximately S\$0.102 million was mainly due to a decrease in trade and other receivables and trade and other payables of S\$0.519 million and S\$0.395 million respectively as compared to S\$0.180 million and S\$0.237 million respectively in 3Q2018.

Net cash used in investing activities for 3Q2019 amounted to S\$0.002 million due to the purchase of property, plant and equipment.

Net cash used in financing activities for 3Q2019 amounted to S\$0.309 million due to fixed deposit placement, repayment of borrowings, lease liability and interest paid of S\$0.750 million, S\$0.019 million, S\$0.036 million and S\$0.004 million respectively and offset by proceeds from issuance of new shares of S\$0.5 million.

Cash and cash equivalents were S\$1.183 million as at 30 September 2019 as compared to S\$2.240 million as at 30 September 2018.

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 Directors and the management of the Company have embarked on a strategic review of the Group's existing businesses to determine the feasibility of growing and expanding these businesses, as well as to consider the feasibility of adding business consultancy, real estate related services, investment management and advisory services, subject to compliance with licensing and other regulatory requirements.

As part of the strategic review following the recent corporate exercises, the Company had entered into a sale and purchase agreement with the shareholders of a group of companies constituting the Beverly Wilshire Medical Centre Group on 16 May 2019 to acquire 51% of the issued and paid up ordinary shares in the capital of such companies.

On 26 August 2019, the Company had obtained shareholders' approval for the proposed acquisition of the Beverly Wilshire Medical Centre Group.

The Beverly Wilshire Medical Centre Group is constituted by a group of Malaysia-incorporated companies specialising in medical aesthetic treatments, healthy ageing wellness and regenerative therapies, cosmetic surgery, dental aesthetics and hair restoration. It is a multi-award-winning integrated beauty care and medical aesthetics group established in 2012. Beverly Wilshire Group manages and operates two (2) fully-licensed Ministry of Health of Malaysia medical centres and two (2) licenced clinics.

This acquisition of the Beverly Wilshire Medical Centre Group is part of the Company's overall strategic plan to rebuild our Health Business. The Company has the potential to expand its medical aesthetics and healthcare business as the medical aesthetics and healthcare businesses remains an industry segment in Greater China and South East Asia with strong growth potential. With the Beverly Wilshire Medical Centre Group, the Company will cement our efforts to expand and build our businesses in Singapore, Malaysia and China.

In addition, pursuant to a subscription agreement dated 16 May 2019 entered into with Dato' Ng Tian Sang, the Company had on 18 July 2019 completed the share subscription whereby the proceeds from the share subscription amounts to S\$500,000. The Company announced on 21 May 2019 that 70% of the proceeds shall be used for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business opportunities as and when they arise while the remaining 30% will be used for the working capital of the Company.

Presently, the Board's strategy for the Group's three key businesses are as follows:

- Medical Aesthetics Business

The Group intends to rejuvenate its medical aesthetics business. Besides our current representation in Taiwan, we intend to widen involvement into Singapore, Malaysia as well as China.

- Steel Trading Business

The Group is currently inclined to retain and expand the steel trading business and management will continue to explore options with other principals for the steel trading business.

- Event organisation and management consultancy

The Group views the event organisation and management consultancy business of Brand X Lab as synergistic with and complementary to the Group's existing medical aesthetics and healthcare business and will similarly augment other businesses that the Group would

be expanding into in future. This maiden acquisition is in line with our commitment to rebuild and nurse the Group back to sustained profitability as the additional commercial activities brought in through the acquisition would increase the revenue income of the Group as a whole.

The Company will make the necessary announcement(s) as and when there are material developments.

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 and the reason(s) for the decision.

No dividend has been declared or recommended as the Group is in a loss-making position for the financial period ended 30 September 2019.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("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.

The Group did not enter into any IPTs of S\$100,000 or more in value per transaction for 3Q2019. The Group does not have a general mandate from shareholders for IPTs.

14. Use of Proceeds

As at 4 November 2019, the net proceeds from the share subscriptions in January 2019 and July 2019 had been utilised as follows:

	Allocation of net proceeds raised S\$'000	Amount utilised before 14-Aug-19 S\$'000	Amount utilised from 14-Aug-19 to 4-Nov-19 S\$'000	Amount unutilised as at 4-Nov-19 S\$'000
(A) Proceeds from share subscription in January 2019				
(i) Working Capital	484	(465)	(19)	-
(ii) Repayment of loans	3,516	(3,516)	-	-
Total Amount	4,000	(3,981)	(19)	-
(B) Proceeds from share subscription in July 2019				
(i) Working Capital	150	-	(123)	27
(ii) Funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business opportunities as and when they arise	350	-	(103)	247
Total Amount	500	-	(226)	274

Note:

(A) The proceeds from Share Subscription in January 2019 amounts to S\$4.0 million. The Company announced in its circular on 26 August 2018 that 100% of the proceeds shall be used for repayment of the Concorde Loan which had been advanced by Concorde Global Limited to CMIC Hemodialysis (Hong Kong) Limited under the loan agreement entered into between the parties on 20 June 2016 ("Concorde Loan Agreement") and the accrued interest under the Concorde Loan Agreement. Any balance will be used for the working capital of the Company.

(i) During the financial period reported on, S\$19,000 from the working capital portion of the proceeds from the share subscription was utilised. Such expenses mainly related to administrative and operating expenses.

All proceeds from the January 2019 subscription have been utilized.

(B) The proceeds from the share subscription raised in July 2019 pursuant to a subscription agreement (the "Subscription Agreement") dated 16 May 2019 entered into with Dato' Ng Tian Sang @ Ng Kek Chuan (the "Subscriber") amounts to S\$500,000 to date. The Company announced on 21 May 2019 that 70% of the proceeds shall be used for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business opportunities as and when they arise and 30% will be used for the working capital of the Company.

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- (i) During the financial period reported on, S\$123,000 from the working capital portion of the proceeds from the share subscription was utilised. Such expenses mainly related to administrative and operating expenses.

Pursuant to the Subscription Agreement, the Company issued to the Subscriber 250,000,000 new ordinary shares in the capital of the Company together with 250,000,000 new warrants (the “**Investment Warrants**”). The Company also granted to the Subscriber the right to require the Company to issue to the Subscriber (i.e. the Call Option), and the Subscriber granted to the Company the right to require the Subscriber to subscribe for (i.e. the Put Option), all (and not only some) of the 250,000,000 Put and Call Option Shares with the 250,000,000 Put and Call Option Warrants, on the terms and subject to the conditions of the Subscription Agreement. No further proceeds from the July 2019 Subscription have been raised as neither the Investment Warrants nor the Put and Call Options have been exercised.

During the 9 months ended 30 September 2019, the proceeds from conversion of warrants arising from the 2017 Rights cum Warrants amounted to S\$0.008 million and has been fully utilised for working capital purposes.

15. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules.

The Board of Directors hereby confirm that to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial results set out above to be false or misleading in any material respect.

16. 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.

**By Order of the Board
5 November 2019**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd (the “**Sponsor**”).

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Vanessa Ng (Telephone: +65 6389 3065 and E-mail: vanessa.ng@morganlewis.com)