

AYONDO LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 201728417D)

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER
ENDED 30 JUNE 2020**

This announcement has been prepared by ayondo Ltd. (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.

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IMPORTANT NOTES

- 1) The Company is required under Catalist Rule 705(2) to report its financial statements quarterly.
- 2) As at 30 June 2020, the Company is in a negative working capital and liability position of approximately CHF2.4 million and CHF3.2 million, respectively. The unaudited financial results announcement for the 2Q2020 has been prepared on a going concern basis. The validity of the going concern basis on which the unaudited financial statements for 2Q2020 are prepared, is subject to the continued support from Golden Nugget Jinzhuan Limited to finance the Company via exercising its option in the remaining convertible notes of approximately S\$7.4 million and/or the completion of the reverse takeover of Rich Glory International Investment Limited. The Company has been suspended from trading since 1 February 2019.
- 3) On 30 July 2020, the Company announced that the Company had on 29 July 2020 entered into a conditional Sale and Purchase Agreement with Speed Success Group Limited in relation to the proposed acquisition of the entire equity interest in Rich Glory International Investment Limited by the Company (the "**Proposed Acquisition**"). The Proposed Acquisition, if undertaken and completed, is expected to result in a "Reverse Take-over" of the Company and is subject to, inter alia, the approval of shareholders of the Company at an extraordinary general meeting to be convened and the approval of the SGX-ST.

The Board would like to advise shareholders to read the above important notes and the following unaudited results announcement for 2Q2020 carefully. Shareholders should also consult their stockbroker, bank manager, solicitor, or other professional adviser if they have any doubt about the actions that they should take.

UNAUDITED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Three months period ended 30 Jun 2020 ("2Q2020") vs three months period ended 30 Jun 2019 ("2Q2019")

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEARLY 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					
	2Q2020	2Q2019	Increase/ (Decrease)	6M2020	6M2019	Increase/ (Decrease)
	(Unaudited) CHF'000	(Unaudited) CHF'000	%	(Unaudited) CHF'000	(Unaudited) CHF'000	%
Trading revenue	-	16	n.m.	-	252	n.m.
Fees, rebates, client bonus and betting duty tax	-	-	n.m.	-	(48)	n.m.
Net operating income	-	16	n.m.	-	204	n.m.
Other income	-	7	n.m.	169	15	n.m.
	-	23	n.m.	169	219	(22.8)
Other items of expense						
Staff expenses	(22)	(560)	(96.1)	(52)	(1,173)	(95.6)
Marketing expenses	-	(6)	n.m.	-	(58)	n.m.
Other operating expenses	(144)	(143)	0.7	(311)	(1,438)	(78.4)
Finance costs	-	(8)	n.m.	(80)	(14)	n.m.
Loss before tax	(166)	(694)	(76.1)	(274)	(2,464)	(88.9)
Income tax credit	-	-	n.m.	-	(1)	n.m.
Loss for the period	(166)	(694)	(76.1)	(274)	(2,465)	(88.9)
Discontinued operations						
Profit/(loss) for the period from discontinued operations, net of income tax	-	64	n.m.	-	(1,423)	n.m.
Gain on disposal of subsidiary	-	7,172	n.m.	-	7,172	n.m.
Profit/(loss) for the period	(166)	6,542	n.m.	(274)	3,284	n.m.
Other comprehensive income						
Foreign currency translation	-	(638)	n.m.	-	(463)	n.m.
Disposal of subsidiary	-	945	n.m.	-	945	n.m.
Other comprehensive income for the period, net of tax	-	307	n.m.	-	482	n.m.
Total comprehensive income for the period	(166)	6,849	n.m.	(274)	3,766	n.m.
Loss for the period attributable to:						
Equity holders of the Company	(166)	6,554	n.m.	(274)	3,301	n.m.
Non-Controlling Interest	-	(12)	n.m.	-	(17)	n.m.
Loss for the period	(166)	6,542	n.m.	(274)	3,284	n.m.
Total comprehensive income for the period attributable to:						
Equity holders of the Company	(166)	6,861	n.m.	(274)	3,783	n.m.
Non-Controlling Interest	-	(12)	n.m.	-	(17)	n.m.
Total comprehensive income for the period	(166)	6,849	n.m.	(274)	3,766	n.m.

Note:

n.m. - Not meaningful

1(a)(ii) Notes to consolidated statement of comprehensive income

Loss from operations is arrived at after charging/ (crediting) the following items:

	Group					
	2Q2020	2Q2019	Increase/ (Decrease)	6M2020	6M2019	Increase/ (Decrease)
	(Unaudited) CHF'000	(Unaudited) CHF'000	%	(Unaudited) CHF'000	(Unaudited) CHF'000	%
Depreciation of property, plant and equipment	-	24	n.m.	-	43	n.m.
Amortisation of intangibles	-	-	n.m.	-	2	n.m.
Net foreign exchange loss/(gain)	12	(148)	n.m.	(169)	(446)	(62.1)
Finance costs on loans	(20)	8	n.m.	60	14	n.m.
Interest on convertible notes	20	-	n.m.	20	-	n.m.

Note:

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-Jun-20 (unaudited) CHF'000	As at 31-Dec-19 (Audited) CHF'000	As at 30-Jun-20 (unaudited) CHF'000	As at 31-Dec-19 (Audited) CHF'000
<u>Current assets</u>				
Trade and other receivables	40	4	40	4
Cash and bank balances	372	31	372	31
Total current assets	412	35	412	35
Total assets	412	35	412	35
<u>Equity</u>				
Share capital	32,450	32,450	32,450	32,450
Other reserves	3,336	2,988	3,336	2,988
Accumulated losses	(38,979)	(38,705)	(38,979)	(38,705)
Total equity	(3,193)	(3,267)	(3,193)	(3,267)
<u>Non-current liabilities</u>				
Convertible notes	656	-	656	-
Short-term loans	92	1,033	92	1,033
Total non-current liabilities	748	1,033	748	1,033
<u>Current liabilities</u>				
Trade and other payables	1,508	1,381	1,508	1,381
Convertible notes	696	-	696	-
Short-term loans	621	856	621	856
Loan from a former director	32	32	32	32
Total current liabilities	2,857	2,269	2,857	2,269
Total liabilities	3,605	3,302	3,605	3,302
Total equity and liabilities	412	35	412	35

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

As at 30 Jun 2020 CHF'000		As at 31 Dec 2019 CHF'000	
Secured	Unsecured	Secured	Unsecured
-	1,317	-	856

Amount repayable by the Group after one year

As at 30 Jun 2020 CHF'000		As at 31 Dec 2019 CHF'000	
Secured	Unsecured	Secured	Unsecured
-	748	-	1,033

Details of collateral

All the unsecured borrowings and convertible notes of approximately CHF2.1 million were unsecured, interest-bearing loans provided by Golden Nugget Jinzhuan Limited, Mr Mamoru Taniya and Speed Success Group Limited, respectively.

There were no secured borrowings as at 30 June 2020 and 31 December 2019.

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

Consolidated Cash Flow Statement

	Group			
	2Q2020 (Unaudited) CHF'000	2Q2019 (Unaudited) CHF'000	6M2020 (Unaudited) CHF'000	6M2019 (Unaudited) CHF'000
Cash flows from operating activities				
Loss before tax				
Continuing operations	(166)	(694)	(274)	(2,464)
Discontinued operations	-	7,141	-	5,512
Adjustments for:				
Depreciation of property, plant and equipment	-	24	-	43
Amortisation of intangibles	-	-	-	2
Gain on disposal of subsidiaries	-	(7,172)	-	(7,172)
Unrealised gain on derivatives	-	1,677	-	-
Pension costs	-	(4)	-	-
Finance costs	-	8	80	14
Unrealised exchange loss/(gain)	107	(273)	1	(6)
Operating cash flows before changes in working capital	(59)	707	(193)	(4,071)
Decrease/(Increase) in trade and other receivables	19	526	(36)	(91)
(Decrease)/Increase in trade and other payables	(53)	(8,093)	23	(4,372)
Cash flows used in operations	(93)	(6,860)	(206)	(8,534)
Interest paid	-	(8)	-	(14)
Net cash flows used in operating activities	(93)	(6,868)	(206)	(8,548)
Cash flows from investing activities				
Net proceed from disposal of investment in subsidiary	-	6,532	-	6,532
Net cash flows generated from investing activities	-	6,532	-	6,532
Cash flows from financing activities				
(Repayments)/Receipts of short-term loans	-	(187)	91	810
Receipts of convertible notes	458	-	458	-
Net cash flows generated from/(used in) financing activities	458	(187)	549	810
Net increase/(decrease) in cash and cash equivalents	365	(523)	343	(1,206)
Effects of exchange rate changes on cash and cash equivalents	-	(48)	(2)	(18)
Cash and cash equivalents at the beginning of the period	7	880	31	1,533
Cash and cash equivalents at the end of the period	372	309	372	309
Notes:				
For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:				
Cash and bank balances	372	320	372	320
Less: Bank overdraft	-	(11)	-	(11)
Cash and bank balances per consolidated statement of cash flow	372	309	372	309

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Unaudited financial statements for the second quarter ended 30 June 2020

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 CHF'000	Merger reserve ⁽¹⁾ CHF'000	Foreign currency translation reserve CHF'000	Convertible notes reserve CHF'000	Employee share option reserve CHF'000	Premium paid on acquisition of non-controlling interest CHF'000	Accumulated losses CHF'000	Total CHF'000	Non-controlling interest CHF'000	Total equity CHF'000
2020										
At 1 Jan 2020	32,450	-	-	-	2,988	-	(38,705)	(3,267)	-	(3,267)
Loss net of tax, representing total comprehensive income for the financial period	-	-	-	-	-	-	(108)	(108)	-	(108)
At 31 Mar 2020	32,450	-	-	-	2,988	-	(38,813)	(3,375)	-	(3,375)
At 1 Apr 2020	32,450	-	-	-	2,988	-	(38,813)	(3,375)	-	(3,375)
Loss net of tax, representing total comprehensive income for the financial period	-	-	-	-	-	-	(166)	(166)	-	(166)
<u>Contributions by and distributions to owners</u>										
Issuance of convertible notes	-	-	-	348	-	-	-	348	-	348
Total contributions by and distributions to owners	-	-	-	348	-	-	-	348	-	348
At 30 Jun 2020	32,450	-	-	348	2,988	-	(38,979)	(3,193)	-	(3,193)
2019										
At 1 Jan 2019	32,450	50,536	(597)	-	2,988	(3,153)	(90,458)	(8,234)	(45)	(8,279)
Loss for the period	-	-	-	-	-	-	(3,252)	(3,252)	(3)	(3,255)
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	175	-	-	-	-	175	(2)	173
Other comprehensive income for the period	-	-	175	-	-	-	-	175	(2)	173
At 31 Mar 2019	32,450	50,536	(422)	-	2,988	(3,153)	(93,710)	(11,311)	(50)	(11,361)
At 1 Apr 2019	32,450	50,536	(422)	-	2,988	(3,153)	(93,710)	(11,311)	(50)	(11,361)
Loss for the period	-	-	-	-	-	-	6,554	6,554	(12)	6,542
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	(638)	-	-	-	-	(638)	-	(638)
Disposal of subsidiaries	-	-	945	-	-	-	-	945	21	966
Other comprehensive income for the period	-	-	307	-	-	-	-	307	21	328
At 30 Jun 2019	32,450	50,536	(115)	-	2,988	(3,153)	(87,156)	(4,450)	(41)	(4,491)

Notes:

(1) The merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries under common control are accounted for by applying the pooling of interest method.

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 (continued)

Company	Share capital CHF'000	Convertible notes reserve CHF'000	Employee share option reserve CHF'000	Accumulated losses CHF'000	Total CHF'000
2020					
At 1 Jan 2020	32,450	-	2,988	(38,705)	(3,267)
Loss net of tax, representing total comprehensive income for the financial period	-	-	-	(108)	(108)
At 31 Mar 2020	32,450	-	2,988	(38,813)	(3,375)
At 1 Apr 2020	32,450	-	2,988	(38,813)	(3,375)
Loss net of tax, representing total comprehensive income for the financial period	-	-	-	(166)	(166)
<u>Contributions by and distributions to owners</u>					
Issuance of convertible notes	-	348	-	-	348
Total contributions by and distributions to owners	-	348	-	-	348
At 30 Jun 2020	32,450	348	2,988	(38,979)	(3,193)
2019					
At 1 Jan 2019	32,450	-	2,988	(38,330)	(2,892)
Profit net of tax, representing total comprehensive income for the financial period	-	-	-	471	471
As at 31 Mar 2019	32,450	-	2,988	(37,859)	(2,421)
At 1 Apr 2019	32,450	-	2,988	(37,859)	(2,421)
Profit net of tax, representing total comprehensive income for the financial period	-	-	-	611	611
As at 30 Jun 2019	32,450	-	2,988	(37,248)	(1,810)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.

Issued and fully paid ordinary shares of the Company

	No. of issued share	Issued and paid up share capital (CHF)
Balance as at 31 Mar 2020	509,785,570	32,449,753
Balance as at 30 Jun 2020	509,785,570	32,449,753

There were no changes in the Company's share capital since 31 Mar 2020 to 30 Jun 2020.

Details of convertibles

As at both dates on 30 June 2019 and 30 June 2020, there were outstanding pre-IPO options granted on 30,720,600 shares of the Company.

Save for the above, the Group had no outstanding convertibles as at 30 June 2020 and 30 June 2019.

Details of treasury shares and subsidiary holdings

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019.

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 the end of the current financial period and as at the end of the immediately preceding year are as follows:

	As at 30 Jun 2020	As at 31 Dec 2019
Total number of issued shares (excluding treasury shares) *	509,785,570	509,785,570

* The Company did not have any treasury shares as at 30 June 2020 and 31 December 2019.

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 presented above 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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -**(a) Updates on the efforts taken to resolve each outstanding audit issue**

We refer to the Independent Auditor's Report dated 2 August 2020 ("**Financial Statements**") in the Company's Annual Report 2019, which was subject to a disclaimer of opinion.

The Company's auditor had reported eight matters, being the basis for the disclaimer of opinion, namely:

(1) Going concern assumption

The Group's current liabilities and total liabilities exceeded its current assets and total assets by approximately CHF2.2 million and CHF3.3 million respectively as at 31 December 2019.

As previously announced and also set out in Note 2(a) of the Financial Statements, the Company had entered into a S\$8.1 million convertible note agreement ("**CN3**") with Golden Nugget Jinzhuang Limited ("**GN**").

On 3 June 2020, the Company received approximately S\$0.7 million ("**Tranche 1**") from issuance of the first tranche of CN3 to GN. GN has the option to subscribe for the remaining S\$7.4 million in subsequent tranche multiples of approximately S\$0.1 million at any time within three years from the issue of the Tranche 1.

The ability of the Company to continue as a going concern would depend on the continued support from GN to finance the Company via exercising its option in CN3 to inject additional funds into the Company to meet its obligations as and when they fall due.

(2) Opening balances

The financial statements for the financial year ended 31 December 2018 were audited by another firm of auditors whose audit report dated 24 May 2019 expressed a disclaimer of opinion.

The auditors are not able to satisfy themselves as to whether the opening balances and the comparative figures were free from material misstatement.

(3) Deconsolidation of subsidiaries

All employees of the Group left during the current financial year ended 31 December 2019.

On 5 June 2019, the Group disposed of ayondo Markets Ltd to an unrelated party.

The Group filed for insolvency proceedings in Germany for liquidation of ayondo GmbH on 14 August 2019 and in Switzerland for liquidation of ayondo Holding AG on 22 August 2019. ayondo GmbH is a wholly-owned subsidiary of ayondo Holding AG.

The accounting records of the subsidiaries were not available for the auditors to carry out their audit.

As a result, the auditors are unable to ascertain the accuracy of gain on disposal of subsidiary of approximately CHF17.6 million and gain on deconsolidation of subsidiaries on liquidation of approximately CHF2.4 million recognised for the year ended 31 December 2019 in respect of these subsidiaries.

(4) Profit from discontinued operations

As a result of the above scope limitations in respect of deconsolidation, the auditors are not able to carry out their audit to ascertain the accuracy of the net operating income and line item expenses in the profit and loss accounts and balance sheets of the subsidiaries as at the Disposal and Liquidation Dates (as explained in the Financial Statements).

(5) Results from continuing operations

The auditors are not provided with the underlying accounting records to support the line items in the profit and loss accounts. Consequently, the auditors are not able to satisfy themselves of the accuracy and occurrence of the line items in the profit and loss accounts.

(6) Trade and other payables

Some of the accrual items amounting to approximately CHF0.3 million which were not supported by evidence that underlying services had been received by the Group. The auditors, therefore, are not able to verify.

(7) Adoption of SFRS(I) 16 Leases

The Group was required to adopt SFRS(I) 16 Leases on 1 January 2019. The Group did not assess lease liabilities and the associated lease assets as at 1 January 2019. This is not in compliance with SFRS(I) 16.

(8) Key management personnel compensation

Disclosure of key management personnel compensation for the year ended 31 December 2019 was not presented in the Financial Statements due to unavailability of information. This non-disclosure is not in compliance with SFRS(I) 1-24 Related Party Disclosures.

In relation to items (2) to (8), the Board wishes to highlight that these issues had arose during a period which the Group had undergone significant restructuring including the disposal of its key operating subsidiary, ayondo Markets Limited ("**AML**") and the insolvency and / or liquidation proceedings of its remaining subsidiaries, following which the Group ceased to have any operating business activities. This has led to challenges in obtaining the necessary information for the conduct of the audit. As a result of the above restructuring, the Group also experienced a complete turnover of its key management team including its chief executive officer, chief financial officer, chief operating officer, chief talent officer and general counsel. The Company appointed an interim chief executive officer in January 2019 who also departed in August 2019 after seeing through the disposal of AML. The Company has since hired another interim CEO in October 2019.

Presently, the finance function is outsourced to a third-party service provider in Singapore, with oversight by the interim CEO and the Audit Committee of the Company. Given that the Company have minimal activities currently, the Board believes that the set-up is adequate to manage the accounting, financial reporting and compliance functions of the Company.

The Company had on 29 July 2020 entered into a conditional sale and purchase agreement with Speed Success Group Limited in relation to the potential acquisition of Rich Glory International Investment Limited (the "**Proposed Acquisition**"). The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover of the Company under the Catalist Rules. Please refer to the Company's announcement on 30 July 2020 for more details on the Proposed Acquisition.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed

The Board confirms that the impact of all outstanding audit issues on the financial statements for the financial year ended 31 December 2019 have been adequately disclosed.

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 applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited consolidated financial statements for the financial year ended 31 December 2019.

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.**

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The Group has assessed and does not expect the application of these standards to have a significant impact on the financial statements.

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**

	Group			
	2Q2020	2Q2019	6M2020	6M2019
Loss attributable to owners of the Company (CHF'000)	(166)	6,554	(274)	3,301
Loss per ordinary shares (Basic and fully diluted)				
Based on weighted average number of ordinary shares in issue (CHF cents)	(0.03) ⁽¹⁾	1.29	(0.05) ⁽¹⁾	0.65
Weighted average number of ordinary shares in issue	<u>509,785,570</u>	<u>509,785,570</u>	<u>509,785,570</u>	<u>509,785,570</u>

Note:

- (1) The basic and fully diluted loss/earnings per share were the same as the basic loss/earnings per share assuming that no potential ordinary shares are to be issued under the convertible securities due to the exercise price for most of the convertible securities being higher than the prevailing market price as at 30 June 2019 and 30 June 2020.

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			
	2Q2020	2Q2019	6M2020	6M2019
Loss attributable to owners of the Company (CHF'000)	(166)	6,554	(274)	3,301
Loss per ordinary shares (Basic and fully diluted)				
Based on weighted average number of ordinary shares in issue (CHF cents)	(0.03) ⁽¹⁾	1.29	(0.05) ⁽¹⁾	0.65
Weighted average number of ordinary shares in issue	<u>509,785,570</u>	<u>509,785,570</u>	<u>509,785,570</u>	<u>509,785,570</u>

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 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Staff, marketing and other operating expenses

During the period under review, the Company incurred expenses approximately CHF0.2 million comprises salary and related cost, professional expenses such as audit fee, corporate secretarial expenses, sponsor fee, accounting fee and directors' fees.

During the period under review, no finance cost was recorded was mainly due to the reversal of approximately CHF0.05 million short-term loan interest which was accrued additionally in 1Q2020 for 4Q2019. The said accrual was no longer required as it was recorded in FY2019 via an audit adjustment.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Trade and other receivables of approximately CHF0.04 million comprises deposits and prepayments.

The Company's short-term loans of approximately CHF0.7 million was provided by GN, Mr Mamoru Taniya and Speed Success Group Limited, respectively, and mainly is interest-bearing. Convertible notes of approximately CHF1.7 million were issued on 1 Jun 2020 to GN and Mr Mamoru Taniya of which, approximately CHF1.4 million was recognised as liability component and CHF0.3 million was recognised as equity component because of fair valuation. The other payables of approximately CHF1.5 million consists of outstanding non-trade payables.

NEGATIVE WORKING CAPITAL AND NET LIABILITIES POSITION

The Company was in a negative working capital position of approximately CHF2.4 million and CHF2.2 million as at 30 June 2020 and 31 December 2019, respectively. Net liabilities position improved from approximately CHF3.3 million as at 31 December 2019 to approximately CHF3.2 million as at 30 June 2020 due to the recognition of the equity component of the convertible notes of approximately CHF0.4 million offset by approximately CHF0.3 million losses incurred in 1H2020.

The unaudited financial results announcement for the 2Q2020 has been prepared on a going concern basis. The validity of the going concern basis on which the unaudited financial statements for 2Q2020 are prepared, is subject to the continued support from GN to finance the Company via exercising its option in the remaining convertible notes of approximately S\$7.4 million and/or the completion of the reverse takeover of Rich Glory International Investment Limited.

The Company will update shareholders via SGXNET as and when there are any material developments on the aforementioned.

REVIEW OF THE GROUP'S STATEMENT OF CASH FLOW

In 2Q2020, the Group recorded a net cash outflow of approximately CHF0.1 million from operating activities, which comprises mainly current period losses and changes in working capital.

In 2Q2020, there was no cash movement from investing activities.

In 2Q2020, the Group recorded a cash inflow of approximately CFH0.5 million from the subscriber of convertible notes.

Use of proceeds from convertible notes

The Company had raised proceed from the convertible notes of approximately S\$2.5 million.

As stated in the Company's circular to shareholders dated 17 February 2020, as at 7 February 2020, the Company had received the advance payment of approximately S\$1.8 million and such monies had already been fully applied to meet the Company's general working capital requirements.

The Company intends to utilise the remaining proceeds of approximately S\$0.7 million for the repayment of loans and outstanding payments owing by the Company and general working capital purposes.

The use of the proceeds of approximately S\$0.2 million for repayment of loans, expenses incurred in relation to the issuance of convertible notes, staff salary, accounting service fees and professional fees related to the RTO from the abovementioned convertible notes are in accordance with the intended use as previously disclosed in the Company's announcement dated 1 June 2020 in relation to the respective convertible notes. The Company will make periodic announcements as and when the balance proceeds of approximately S\$0.5 million are materially disbursed.

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

No specific forecast and prospect statements has been disclosed previously.

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 announced on 22 July 2020, both GN and Mr Mamoru Taniya have exercised their rights to convert their convertible notes, respectively, and the Company has on the same day issued and allotted an aggregate of 273,481,721 new ordinary shares in the share capital of the Company ("Shares"). Following the completion of the allotment and issue of the Shares, the total issued and paid up share capital of the Company has increased from 509,785,570 Shares to 783,267,291 Shares.

On 30 July 2020, the Company announced that the Company had on 29 July 2020 entered into a conditional Sale and Purchase Agreement with Speed Success Group Limited in relation to the proposed acquisition of the entire equity interest in Rich Glory International Investment Limited by the Company (the "**Proposed Acquisition**").

The Proposed Acquisition, if undertaken and completed, is expected to result in a "Reverse Take-over" of the Company and is subject to, inter alia, the approval of shareholders of the Company at an extraordinary general meeting to be convened and the approval of the Singapore Exchange Securities Trading Limited.

11. Dividend

If a decision regarding dividend has been made:

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

No dividend has been recommended or declared for 2Q2020.

(b) Amount per share (cents) and previous corresponding period (cents).

Not applicable. No dividend has been recommended or declared for 2Q2019.

(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 Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable

12. If no dividend has been declared (recommended), a statement to that effect and reason(s) for the decision.

No dividend has been declared or recommended for 2Q2020 as the Company is not in the financial position to declare dividends.

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.

The Group does not have a general mandate from shareholders for IPTs. There was no interested person transaction of S\$100,000 and more for 2Q2020.

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

The Board of Directors of the Company has confirmed that, to the best of their knowledge, other as highlighted in the Important Note on Page 1, nothing has come to their attention which may render the unaudited financial results of the Company and the Group for 2Q2020 to be false or misleading in any material respect.

15. Confirmation pursuant to Rule 720(1) of the Catalist Rules

The Company confirms that it has procured the undertakings from all its Directors and executive officers pursuant to Rule 720 (1) of the Catalist Rules.

15A. Disclosure of acquisition (including incorporations) and sale of shares under Catalist Rule 706A.

Not applicable. The Company did not acquire and dispose shares in any companies during the second quarter of 2020.

BY ORDER OF THE BOARD

Foo Fatt Kah
Non-Executive Director
14 August 2020

Foong Daw Ching
Lead Independent Director