



MERCURIUS CAPITAL  
INVESTMENT LIMITED

**MERCURIUS CAPITAL INVESTMENT LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No.198200473E)

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**Unaudited Financial Statements Announcement for the Fourth Quarter and Financial Year Ended 31 December 2017**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.*

*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 correctness of any of the statements or opinions made or reports contained in this announcement.*

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

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

	3 Months Ended			12 Months Ended		
	31/12/2017	31/12/2016	Change	31/12/2017	31/12/2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Continuing operations</b>	<b>Unaudited</b>	<b>Unaudited (Re-presented)</b>		<b>Unaudited</b>	<b>Audited</b>	
Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-
Other (losses)/income, net	438	(2,696)	NM	968	(598)	NM
Administrative expenses	(96)	(189)	-49	(502)	(597)	-16
Finance costs	(64)	1	NM	(65)	-	NM
<b>Profit/(loss) before income tax</b>	<b>278</b>	<b>(2,884)</b>	<b>NM</b>	<b>401</b>	<b>(1,195)</b>	<b>NM</b>
Income tax credit/(expenses)	-	-	-	-	-	-
<b>Net profit/(loss) for the financial period from continuing operation</b>	<b>278</b>	<b>(2,884)</b>	<b>NM</b>	<b>401</b>	<b>(1,195)</b>	<b>NM</b>
<b>Discontinued operations</b>						
<b>Net loss for the financial period from discontinued operations, net of tax</b>	<b>-</b>	<b>(12,173)</b>	<b>-100</b>	<b>(2,058)</b>	<b>(21,377)</b>	<b>-90</b>
<b>Total loss for the financial period</b>	<b>278</b>	<b>(15,057)</b>	<b>NM</b>	<b>(1,657)</b>	<b>(22,572)</b>	<b>-93</b>
<b>Other comprehensive income/(loss):</b>						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation - Gains/(losses)	802	527	52	883	(119)	NM
<b>Total comprehensive loss</b>	<b>1,080</b>	<b>(14,530)</b>	<b>NM</b>	<b>(774)</b>	<b>(22,691)</b>	<b>-97</b>
<b>Net profit/(loss) attributable to:</b>						
Equity holders of the Company-continuing operations	278	(2,884)	NM	401	(1,195)	NM
Equity holders of the Company-discontinued operations	-	(12,173)	-100	(2,058)	(21,377)	-90
Equity holders of the Company	278	(15,057)	NM	(1,657)	(22,572)	-93
<b>Total comprehensive (loss)/income attributable to:</b>						
Equity holders of the Company-continuing operations	1,080	(2,357)	NM	1,284	(1,314)	NM
Equity holders of the Company-discontinued operations	-	(12,173)	-100	(2,058)	(21,377)	-90
Equity holders of the Company	1,080	(14,530)	NM	(774)	(22,691)	-97

NM = Not Meaningful

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

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

	Continuing Operations			Discontinued Operations		
	3 months ended		Change	3 months ended		Change
	31/12/2017	31/12/2016		31/12/2017	31/12/2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Re-presented			Re-presented		
Interest income	-	-	-	-	2	-100
Write back for impairment of trade and other receivables	(886)	(1,920)	-54	-	-	-
Bad debts written off	(12)	-	NM	-	-	-
Allowance for impairment of trade and other receivables, net	-	(80)	-100	-	(10,806)	-100
Depreciation of property, plant and equipment	(1)	(1)	-	-	46	-100
Salaries, bonuses and allowances	(35)	(35)	-	-	(332)	-100
Rental expenses on operating lease	(1)	(8)	-88	-	(347)	-100
Interest expense	(64)	(2)	NM	-	(154)	-100
Currency translation gains/(losses), net	1,320	(769)	NM	-	1,168	-100

	Continuing Operations			Discontinued Operations		
	12 months ended		Change	12 months ended		Change
	31/12/2017	31/12/2016		31/12/2017	31/12/2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Re-presented			Re-presented		
Interest income	-	-	-	-	6	-100
Waiver of trade and other payables	134	-	NM	-	-	-
Gain on disposal/strike off of subsidiary corporations	844	-	NM	-	-	-
Bad debt written off	(12)	-	NM	-	-	-
Allowance for impairment of trade and other receivables, net	-	(80)	-100	-	(10,806)	-100
Depreciation of property, plant and equipment	(4)	(4)	-	(4)	(115)	-97
Salaries, bonuses and allowances	(98)	(98)	-	(88)	(1,013)	-91
Rental expenses on operating lease	(1)	(29)	-97	(22)	(399)	-94
Interest expense	(65)	(2)	NM	(127)	(701)	-82
Currency translation gains/(losses), net	2	178	-99	(1,868)	1,127	NM

NM = Not Meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	As at		As at	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	499	165	482	145
Trade and other receivables	87	69	82	24
Income tax recoverable	3	18	-	-
	<u>589</u>	<u>252</u>	<u>564</u>	<u>169</u>
Assets held-for-sale	-	32,008	-	18,089
	<u>589</u>	<u>32,260</u>	<u>564</u>	<u>18,258</u>
<b>Non-current assets</b>				
Investments in subsidiary corporations	*	*	*	*
Property, plant and equipment	8	9	5	9
	<u>8</u>	<u>9</u>	<u>5</u>	<u>9</u>
<b>TOTAL ASSETS</b>	<u>597</u>	<u>32,269</u>	<u>569</u>	<u>18,267</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	253	2,822	210	781
Convertible loan	1,000	-	1,000	-
	<u>1,253</u>	<u>2,822</u>	<u>1,210</u>	<u>781</u>
Liabilities held-for-sale	-	30,008	-	18,089
<b>TOTAL LIABILITIES</b>	<u>1,253</u>	<u>32,830</u>	<u>1,210</u>	<u>18,870</u>
<b>NET LIABILITIES</b>	<u>(656)</u>	<u>(561)</u>	<u>(641)</u>	<u>(603)</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	133,182	49,074	133,182	132,732
Other reserves	(2,116)	8,831	-	-
Accumulated losses	(131,730)	(58,245)	(133,823)	(133,335)
	<u>(664)</u>	<u>(340)</u>	<u>(641)</u>	<u>(603)</u>
<b>Non-controlling interests</b>	8	(221)	-	-
<b>TOTAL EQUITY</b>	<u>(656)</u>	<u>(561)</u>	<u>(641)</u>	<u>(603)</u>

\* Amount less than S\$1,000.

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

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

	As at 31/12/2017		As at 31/12/2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible loan	-	1,000	-	-

**- Amount repayable after one year**

	As at 31/12/2017		As at 31/12/2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible loan	-	-	-	-

**Details of any collateral**

Not applicable, as there is no collateral on the convertible loan.

Convertible Loan

On 17 March 2017, the Company entered into a convertible loan agreement with two investors whereby the investors provided a redeemable convertible loan of an aggregate principal value of S\$1.0 million ("**Convertible Loan**") to the Company, which is convertible into up to 10.8 million new ordinary shares (inclusive of interest) in the issued and paid-up share capital of the Company ("**Shares**").

The Company is currently looking into extending the maturity date of the Convertible Loan for an additional 12-month period with a new due date of 17 March 2019. The Company will announce once the extension is finalised with the respective investors.

**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.**

	<b>12 Months Ended</b>	
	31/12/2017	31/12/2016
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Net loss	(1,657)	(22,572)
<b>Adjustments for:</b>		
Income tax expense	-	17
Depreciation of property, plant and equipment	8	119
Write-back on impairment of plant and equipment	-	(444)
Bad debt written off	12	-
Interest expense	192	703
Interest income	-	(6)
Gain on disposal/strike off of subsidiary corporations	(844)	-
Gain on disposal of property, plant and equipment, net	-	(194)
Property, plant and equipment written-off	-	368
Unrealised currency translation loss	1,866	1,718
<b>Operating cash flows before working capital changes</b>	<b>(423)</b>	<b>(20,291)</b>
<b>Changes in working capital</b>		
Trade and other receivables	(18)	24,920
Inventories	141	6,111
Trade and other payables	(208)	(8,367)
<b>Cash (used in)/provided by operations</b>	<b>(508)</b>	<b>2,373</b>
Interest received	-	6
Income tax refund	13	-
Income tax paid	(29)	(85)
<b>Net cash (used in)/provided by operating activities</b>	<b>(524)</b>	<b>2,294</b>
<b>Cash flows from investing activities</b>		
Additions of property, plant and equipment	(3)	-
Proceeds from disposal of property, plant and equipment	-	368
Disposal/strike off of subsidiary corporations, net of cash disposed of	(52)	-
<b>Net cash (used in)/provided by investing activities</b>	<b>(55)</b>	<b>368</b>
<b>Cash flows from financing activities</b>		
Proceeds from convertible loan	1,000	-
Proceeds from borrowings	153	29,973
Repayment of borrowings	(155)	(33,699)
Interest paid	(127)	(703)
Decrease/(increase) in bank deposits and bank balances pledged	29	1,134
<b>Net cash provided by/(used in) financing activities</b>	<b>900</b>	<b>(3,295)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>321</b>	<b>(633)</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents at beginning of financial year	196	1,040
Effects of currency translation on cash and cash equivalents	(18)	(211)
Cash and cash equivalents at end of financial year	499	196

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

Notes to consolidated statement of cash flows:-

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

	Year Ended	
	31/12/2017	31/12/2016
	S\$'000	S\$'000
Continuing operations:-		
Cash and cash equivalents as per statement of financial position	499	165
Discontinued operations:-		
Cash and cash equivalents as per statement of financial position	-	1,662
Less : bank balances pledged with banks	-	(1,631)
	-	31
Cash and cah equivalents per consolidated cash flow statement	499	196

**1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

GROUP	Equity attributable to owners of the Company							
	Share capital S\$'000	Statutory surplus reserve S\$'000	Capital reserve S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
Balance at 1 January 2017	49,074	1,911	6,992	(72)	(58,245)	(340)	(221)	(561)
Reclassification pursuant to disposal of subsidiary corporations	83,658	(1,911)	(6,992)	(2,927)	(71,828)	-	-	-
Issue of shares via placement	450	-	-	-	-	450	-	450
Total comprehensive income/(loss) for the financial year	-	-	-	883	(1,657)	(774)	229	(545)
Balance at 31 December 2017	133,182	-	-	(2,116)	(131,730)	(664)	8	(656)
Balance at 1 January 2016	49,074	1,911	6,992	47	(35,673)	22,351	(221)	22,130
Total comprehensive loss for the financial year	-	-	-	(119)	(22,572)	(22,691)	-	(22,691)
Balance at 31 December 2016	49,074	1,911	6,992	(72)	(58,245)	(340)	(221)	(561)
<b>COMPANY</b>								
	Share Capital S\$'000	Accumulated Losses S\$'000	Total Equity S\$'000					
Balance at 1 January 2017	132,732	(133,335)	(603)					
Issue of shares via placement	450	-	450					
Total comprehensive loss for the financial year	-	(488)	(488)					
Balance at 31 December 2017	133,182	(133,823)	(641)					
Balance at 1 January 2016	132,732	(112,042)	20,690					
Total comprehensive loss for the financial year	-	(21,293)	(21,293)					
Balance at 31 December 2016	132,732	(133,335)	(603)					



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Issued and fully paid-up ordinary shares	Share capital S\$'000
Balance as at 1 October 2017	1,104,008,940	132,732
Add : Allotment and issue of new Shares	10,000,000	450
Balance as at 31 December 2017	1,114,008,940	133,182

10 million new Shares were allotted and issued to Chang Wei Lu on 11 October 2017, in discharge and full settlement of the interest-free loan amounting to S\$450,000 owed by the Company to Chang Wei Lu.

As at 31 December 2017, the Convertible Loan, inclusive of interest, is convertible into up to 10.8 million new Shares (31 December 2016: nil). Save for this, the Company does not have any other convertible securities.

There were no treasury shares or subsidiary holdings as at 31 December 2016 and 31 December 2017.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at 31 December 2017 was 1,114,008,940 (31 December 2016: 1,104,008,940). There were no treasury shares as at 31 December 2017 and 31 December 2016.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation, and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

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

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

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the preparation of the audited financial statements of the Group for the financial year ended 31 December 2016.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group had adopted all the applicable new and revised Financial Reporting Standards ("FRS") including related interpretations ("INT FRS") which become effective for the financial year beginning on or after 1 January 2017. The adoption of these new and revised FRS and INT FRS did not give rise to any material impact on the Group's financial statements for the current financial period reported on.

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

	3 Months Ended		12 Months Ended	
	31-12-2017	31-12-2016	31-12-2017	31-12-2016
Weighted average number of ordinary shares for basic earnings per share	1,114,008,940	1,104,008,940	1,114,008,940	1,104,008,940
Weighted average number of ordinary shares for diluted earnings per share	1,114,836,337	1,104,008,940	1,114,836,337	1,104,008,940
<b>Continuing Operations</b>				
Net profit/(loss) for the financial period/year (S\$'000)	278	(2,884)	401	(1,195)
Basic earnings/(loss) per share (cents)	0.02	(0.26)	0.04	(0.11)
Diluted earnings/(loss) per share (cents)	0.02	(0.26)	0.04	(0.11)
<b>Discontinued Operations</b>				
Net loss for the financial period/year (S\$'000)	-	(12,173)	(2,058)	(21,377)
Basic loss per share (cents)	-	(1.10)	(0.18)	(1.94)
Diluted loss per share (cents)	-	(1.10)	(0.18)	(1.94)

For the financial year ended 31 December 2017, the weighted average number of shares for diluted earnings/(loss) per share included the following:-

- i. 10 million new Shares allotted and issued to Chang Wei Lu on 11 October 2017, in discharge and full settlement of the interest-free loan amounting to S\$450,000 owed by the Company to Chang Wei Lu; and
- ii. up to 10.8 million new Shares that may be issued and allotted pursuant to the conversion of the Convertible Loan.

7. **Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group	
	31/12/2017	31/12/2016
<b>Net Liabilities Value Per Ordinary Share</b>		
- Based on issued share capital at the end of financial year	(0.06) cents	(0.05) cents
- Number of existing issued shares at the end of financial year	1,114,008,940	1,104,008,940
<b>Company</b>		
<b>Net Liabilities Value Per Ordinary Share</b>		
- Based on issued share capital at the end of financial year	(0.06) cents	(0.05) cents
- Number of existing issued shares at the end of financial year	1,114,008,940	1,104,008,940

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Following the completion of the disposal of China Children Fashion Holdings Pte Ltd and its subsidiary corporations (the "CCFHPL Group") on 28 February 2017 ("Completion"), the Group has excluded the CCFHPL Group from its consolidated financial statements with effect from the same date. The comparative figures have also been adjusted accordingly to reflect the discontinued operations.

(A) **Review of consolidated statement of comprehensive income**

**Revenue and Gross Profit**

Following the Completion of the disposal of the CCFHPL Group, the Group does not have any revenue stream in the fourth quarter ended 31 December ("4Q") 2017 and full year ended 31 December 2017 ("FY2017"). The Group's new business in property development and property investment which was approved by shareholders of the Company on 30 March 2017, is still in early stages and has not generated any revenue for the Group.

**Other Income/Losses**

Other income (net) of S\$0.44 million in 4Q2017 was mainly derived from gain from exchange difference of S\$1.32 million as a result of reclassification of S\$1.2 million to discontinued operations, partially offset by adjustments to the write back of impairment of trade and other receivables of S\$0.89 million, as compared to 4Q2016 where other losses of S\$2.70 million were due to exchange losses of S\$0.78 million and adjustments to the write back of impairment of trade and other receivables of S\$1.92 million. In FY2017, other income (net) of S\$0.97 million was mainly derived from gain on disposal/strike off of subsidiary corporations amounting to S\$0.84 million as a result of the disposal of the CCFHPL Group and striking off of Friven Eagleton Sourcing Limited. No such income was reported in FY2016.

**Administrative Expenses**

Administrative expenses of S\$0.10 million in 4Q2017 (4Q2016: S\$0.19 million) and S\$0.50 million in FY2017 (FY2016: S\$0.60 million) were related to salary expenses, depreciation of property, plant and equipment, and professional fees. The overall decrease in administrative expenses was mainly due to decrease in professional and audit fees amounting to S\$0.09 million.

**Finance Costs**

Finance costs of S\$0.1 million incurred in 4Q2017 and FY2017 was due to recognition of the interest payable from the Convertible Loan.

### **Net profit/(loss) from continuing operations**

As a result of the above, the Group recorded a net profit after tax of S\$0.28 million and S\$0.40 million in 4Q2017 and FY2017 respectively, as compared to a net loss of S\$2.88 million and S\$1.19 million in 4Q2016 and FY2016 respectively.

### **Net loss from discontinued operations**

The discontinued operations recorded a net loss after tax of nil and S\$2.06 million in 4Q2017 and FY2017 respectively (S\$12.17 million in 4Q2016 and S\$21.38 million in FY2016).

## **(B) Review of statement of financial position**

### **Current Assets**

Cash and cash equivalents increased to S\$0.50 million as at 31 December 2017, from S\$0.17 million as at 31 December 2016. Please refer to the consolidated statement of cash flows on the movement in cash and cash equivalents.

Trade and other receivables increased to S\$0.09 million as at 31 December 2017, from S\$0.07 million as at 31 December 2016, mainly due to an increase in prepaid expenses of S\$0.03 million, which related to professional and listing fees.

Income tax recoverable decreased marginally to S\$3,000 as at 31 December 2017, from S\$0.02 million as at 31 December 2016.

Assets held-for-sale of S\$32.01 million as at 31 December 2016 relate to the assets of CCFHPL Group, which was disposed of by the Company on 28 February 2017.

### **Non-current Assets**

Non-current assets remained relatively stable at S\$0.01 million as at 31 December 2017 and 31 December 2016.

### **Current Liabilities**

Trade and other payables decreased by S\$2.57 million, from S\$2.82 million as at 31 December 2016 to S\$0.25 million as at 31 December 2017. The decrease was mainly due to (i) the striking off of Friven Eagleton Sourcing Limited in the second quarter of FY2017, which had contributed S\$1.8 million in trade and other payables as at 31 December 2016; and (ii) the decrease in advances from Director of S\$0.45 million as a result of the full settlement of the outstanding loan via the issuance of new Shares in October 2017.

Convertible loan of S\$1.0 million as at 31 December 2017 relate to a convertible loan agreement entered into by the Company on 17 March 2017 with two investors for the provision of a redeemable convertible loan of an aggregate principal value of S\$1.0 million by the two investors.

Liabilities held-for-sale of S\$30.01 million as at 31 December 2016 relate to liabilities of the CCFHPL Group, which was disposed of by the Company on 28 February 2017.

The Group recorded negative working capital of S\$0.66 million as at 31 December 2017, as compared to S\$0.56 million as at 31 December 2016. Given the Group's negative working capital position, the Company is currently looking into extending the due date of the Convertible Loan on 17 March 2018 for an additional 12 months and to secure repayment terms via allotment of new Shares. The Company will update shareholders once extension of the Convertible Loan is finalised with the investors.

### **Equity**

The Group had negative equity of S\$0.66 million as at 31 December 2017, as compared to S\$0.56 million as at 31 December 2016. This was mainly due to an increase in accumulated losses of S\$131.7 million as at 31 December 2017. The Group recorded other deficit of S\$2.12 million as at 31 December 2017, as compared to other reserves of S\$8.83 million as at 31 December 2016, due to the disposal of CCFHPL Group.

### **(C) Consolidated statement of cash flows**

Net cash used in operating activities amounted to S\$0.98 million for FY2017. This was due to (i) cash outflow before changes in working capital of S\$0.42 million; (ii) decrease in trade and other payables of S\$0.21 million as a result of the striking off of Friven Eagleton Sourcing Limited; and (iii) decrease in trade and other receivables of S\$0.02 million, partially offset by decrease in inventories of S\$0.14 million as a result of the disposal of CCFHPL Group.

Net cash used in investing activities of S\$0.06 million in FY2017 was mainly due to the disposal/strike off of subsidiary corporations during the financial year.

Net cash provided by financing activities of S\$0.90 million in FY2017 was mainly due proceeds from convertible loan and borrowings of S\$1.00 million and S\$0.15 million, respectively, partially offset by repayment of borrowings of S\$0.15 million and interest paid of S\$0.13 million.

As a whole, the Group had a net cash inflow of S\$0.32 million in FY2017. The cash and cash equivalents as at 31 December 2017 amounted to S\$0.50 million.

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

Not applicable.

**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.**

FY2017 had been a challenging year as the Group ventured into new business and went through major restructuring through the disposal of CCFHPL Group.

On 30 March 2017, the Company had obtained its shareholders' approval on diversification of core business to include property development and property investment ("New Business"). A joint venture agreement had been signed with HM Realty Holdings Sdn Bhd to develop a land located at Kempas, Johor Bahru, Malaysia. Concurrently, the Group had also secured 4 plots of land in the vicinity of Johor Bahru, Malaysia by signing option agreements with 4 land owners, pursuant to which the Group had been granted the option for the rights to jointly develop their land in the future.

To initiate work on the Kempas land, the Company had appointed Y. Architect Sdn Bhd as the architect for the proposed land development and is working on sourcing for consultant and contractor for the proposed land development. The Company is currently in the process of converting the Kempas land title from residential use to commercial use. The Board is aware of the prolonged process of conversion, partly due to the upcoming Malaysia General Election, which affected the approval process from the respective Government agencies. The Board will keep shareholders of the Company informed of any updates from time to time where appropriate or required under the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist.

The Board is cautiously optimistic of the New Business and believes that it will allow the Group to have better prospects of profitability and improve shareholders' value in the long run. The Board noted the negative working capital of the Group as at 31 December 2017, and the Company is currently looking at extending the Convertible Loan due on 17 March 2018 for an additional 12 months, and to secure repayment terms via allotment of new Shares. In addition, barring unforeseen circumstances, the Board believes that the Group's financial performance will improve once the New Business is fully operational.

**11. If a decision regarding dividend has been made:**

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

No.

**(b) Amount of dividend per share of the current reporting financial period and of the previous corresponding period.**

Nil (31 December 2016: Nil).

- (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 5:00pm) 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.**

No dividend has been declared or recommended for the financial year ended 31 December 2017.

- 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.**

No general mandate for IPT has been obtained from shareholders.

- 14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year. (Continued).**

The Group operates principally in a single business segment which is property development and property investment. As such, no segmental information is presented.

- 15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to section 8 for further details.



**16. A breakdown of sales.**

	FY2017 S\$'000	FY2016 S\$'000	% increase/ (decrease)
(a) Sales reported for first half year	-	-	-
(b) Operating loss after tax before deducting minority interests reported for first half year	(530)	(2,753)	NM
(c) Sales reported for second half year	-	-	-
(d) Operating loss after tax before deducting minority interests reported for second half year	(1,127)	(19,819)	NM

*NM = Not meaningful*

No revenue was recorded in FY2017 and FY2016.

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable. No dividend was declared and paid for FY2017 and FY2016.

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

**19. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

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

20. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use in the offer document or the announcement of the issuer.

Use of net proceeds from the Convertible Loan as at 31 December 2017

<b>Use of Net Proceeds</b>	<b>Amount allocated</b>	<b>Amount utilised</b>	<b>Balance as at 31 December 2017</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
Working capital*	635	546	89
Business growth and investment opportunities	350	-	350
<b>Total</b>	<b>985</b>	<b>546</b>	<b>439</b>

*\*Working capital included operating expenses such as professional fees - S\$417,000, listing fees - S\$32,000, staff cost - S\$73,000 and office expenses - S\$24,000.*

The use of the aforementioned net proceeds is in accordance with the intended use as stated in the Company's announcement dated 17 March 2017. The Company will make periodic announcements as and when the balance of the net proceeds is materially disbursed.

**BY ORDER OF THE BOARD**

**Chang Wei Lu**  
**Executive Chairman and Chief Executive Officer**

**1 March 2018**