



**CHINA MEDICAL (INTERNATIONAL)
GROUP LIMITED**

中国医疗(国际)集团有限公司

Company Registration No. 200505118M

CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

SECOND QUARTER UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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

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

	Group 3 months ended		Increase/ (Decrease) %	Group 6 months ended		Increase/ (Decrease) %
	30.6.17 (Unaudited) S\$'000	30.6.16 (Unaudited) S\$'000		30.6.17 (Unaudited) S\$'000	30.6.16 (Unaudited) S\$'000	
	Revenue	458		816	(44%)	
Cost of Sales	(286)	(408)	(30%)	(653)	(1,114)	(41%)
Gross Profit	172	408	(58%)	384	765	(50%)
	38%	50%		37%	41%	
Other income	66	17	N/M	153	151	1%
Selling & distribution expenses	(35)	(112)	(69%)	(100)	(207)	(52%)
Administrative expenses	(595)	(1,275)	(53%)	(1,851)	(2,385)	(22%)
Other operating expenses	(78)	(138)	(43%)	(146)	(213)	(31%)
Finance expense	(159)	(13)	N/M	(326)	(13)	N/M
Loss for the financial period before income tax	(629)	(1,113)	(43%)	(1,886)	(1,902)	(1%)
Income tax expense	-	(6)	N/M	(2)	(6)	(67%)
Net loss	(629)	(1,119)	(44%)	(1,888)	(1,908)	(1%)
Other comprehensive loss: Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation loss	(12)	(16)	(25%)	(23)	(46)	(50%)
Other comprehensive income, net of tax	(12)	(16)	(25%)	(23)	(46)	(50%)
Total comprehensive loss	(641)	(1,135)	(44%)	(1,911)	(1,954)	(2%)
Loss attributable to:						
Equity holders of the Company	(613)	(985)	(38%)	(1,760)	(1,627)	8%
Non-controlling interests	(16)	(134)	(88%)	(128)	(281)	(54%)
Net loss for the financial period	(629)	(1,119)	(44%)	(1,888)	(1,908)	(1%)
Loss attributable to:						
Equity holders of the Company	(631)	(1,002)	(37%)	(1,780)	(1,670)	7%
Non-controlling interests	(10)	(133)	(92%)	(131)	(284)	(54%)
Total comprehensive loss for the financial period	(641)	(1,135)	(44%)	(1,911)	(1,954)	(2%)

Notes to Consolidated Statement of Comprehensive Income

	Group			Group		
	3 months ended			6 months ended		
	30.6.17 (Unaudited) S\$'000	30.6.16 (Unaudited) S\$'000	Increase/ (Decrease) %	30.6.17 (Unaudited) S\$'000	30.6.16 (Unaudited) S\$'000	Increase/ (Decrease) %
Interest expense on borrowings	(159)	(13)	N/M	(326)	(13)	N/M
Depreciation of property, plant and equipment	(37)	(39)	(5%)	(78)	(78)	0%
Impairment of other receivables	-	-	N/M	(250)	-	N/M
Write off of property, plant and equipment	(16)	-	N/M	(16)	(3)	N/M
Foreign exchange gain/ (loss)	5	16	(69%)	(5)	(22)	(77%)

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 30.6.17 Unaudited S\$'000	As at 31.12.16 Audited S\$'000	As at 30.6.17 Unaudited S\$'000	As at 31.12.16 Audited S\$'000
<u>ASSETS</u>				
Current assets				
Cash & cash equivalents	1,569	2,525	675	1,404
Trade and other receivables	1,431	1,570	1,862	893
Inventories	32	64	-	-
Total current assets	3,032	4,159	2,537	2,297
Non-current assets				
Investment in subsidiary corporations	-	-	7,302	7,302
Property, plant and equipment	183	274	17	27
Intangible asset	104	104	-	-
Goodwill	7,192	7,192	-	-
Total non-current assets	7,479	7,570	7,319	7,329
Total assets	10,511	11,729	9,856	9,626
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	1,013	1,348	1,320	864
Borrowings	3,738	3,730	-	-
Total current liabilities	4,751	5,078	1,320	864
Non current liabilities				
Trade and other payables	3,097	3,017	3,097	3,017
Borrowings	1,000	1,000	1,000	1,000
Deferred income tax liabilities	18	18	-	-
Total non-current liabilities	4,115	4,035	4,097	4,017
Total liabilities	8,866	9,113	5,417	4,881
Net assets	1,645	2,616	4,439	4,745
Capital and reserves attributable to equity holders of the Company				
Share capital	51,550	50,000	51,550	50,000
Other reserves	(49,710)	(47,320)	(47,111)	(45,255)
Share capital and reserves	1,840	2,680	4,439	4,745
Non-controlling interests	(195)	(64)	-	-
Total equity	1,645	2,616	4,439	4,745

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

	Group	
	30.6.2017	31.12.2016
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Current liabilities		
Loan facilities - note (i)	3,738	3,730
	<u>3738</u>	<u>3,730</u>
Non-current liabilities		
Loan facilities - note (ii)	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

Details of any collateral

- (i) (a) Approximately S\$3.538 million (HK\$20 million) loan borrowed by a subsidiary is secured by a corporate guarantee granted by the Company and a deed of guarantee granted by one of the Company's substantial shareholders, Dato Dr Choo Yeow Ming. The loan currently bears interest at a rate of 14% per annum and the repayment date of this loan is 27 December 2017.
- (b) On 2 February 2017, one of the Company's substantial shareholders, Dato Dr Choo Yeow Ming advanced an interest free loan of S\$0.2 million to the Company, repayable in 12 months after the date of disbursement for general working capital purposes.
- (ii) Unsecured shareholder loan of S\$1 million from Dato Dr Choo Yeow Ming. The unsecured loan bears interest at a rate of 6% per annum and is due for repayment on 5 March 2020.

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		6 months ended	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	Unaudited	Unaudited	Unaudited	Unaudited
	S\$'000	S\$'000	S\$'000	S\$'000
Net loss	(629)	(1,119)	(1,888)	(1,908)
Cash flows from operating activities				
Adjustment for:				
Income tax expense	-	6	2	6
Depreciation of property, plant and equipment	37	39	78	78
Write off of property, plant and equipment	16	-	16	3
Unrealised currencies translation gain	(66)	(19)	(211)	(1)
Interest expense	159	13	326	13
Operating cash flows before movements in working capital	(483)	(1,080)	(1,677)	(1,809)
Trade and other receivables	(55)	(1,587)	139	(3,326)
Inventories	16	(69)	32	191
Trade and other payables	(134)	320	(257)	228
Cash used in operations	(656)	(2,416)	(1,763)	(4,716)
Income tax paid	-	(6)	(2)	(6)
Interest expense	(159)	(13)	(326)	(13)
Net cash used in operating activities	(815)	(2,435)	(2,091)	(4,735)
Cash flow used in investing activities				
Purchase of property, plant and equipment	-	(35)	-	(58)
Net cash used in investing activities	-	(35)	-	(58)

	Group			
	3 months ended		6 months ended	
	30.6.2017 Unaudited S\$'000	30.6.2016 Unaudited S\$'000	30.6.2017 Unaudited S\$'000	30.6.2016 Unaudited S\$'000
Cash flows from financing activities				
Redemption of warrants	-	-	(500)	-
Proceeds from issuance of new shares	-	-	1,440	3,000
Proceeds from borrowing	-	3,498	200	3,498
Net cash generated from financing activities	-	3,498	1,140	6,498
Net (decrease)/ increase in cash and cash equivalents	(815)	1,028	(951)	1,705
Cash and cash equivalents at the beginning of the financial period	2,379	4,158	2,525	3,519
Effect of currency translation on cash and cash equivalents	5	2	(5)	(36)
End of the financial period	1,569	5,188	1,569	5,188

Represent by:

	Group			
	3 months ended		6 months ended	
	30.6.2017 Unaudited S\$'000	30.6.2016 Unaudited S\$'000	30.6.2017 Unaudited S\$'000	30.6.2016 Unaudited S\$'000
Cash at bank and on hand	1,569	5,188	1,569	5,188
Less: bank deposits pledged	(503)	(1,500)	(503)	(1,500)
	1,066	3,688	1,066	3,688

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

	Share capital	Currency translation reserves	Accumulated losses	Share option reserve	Warrant reserve	Attributable to equity holders of company	Non-controlling interest	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(Unaudited)								
Balance as at 1.1.2016 (Restated)	46,485	12	(31,043)	1,038	1,115	17,607	616	18,223
Issuance of shares	3,000	-	-	-	-	3,000	-	3,000
Loss for the period	-	(43)	-	-	-	(43)	(3)	(46)
Total comprehensive loss for the period	-	-	(1,627)	-	-	(1,627)	(281)	(1,908)
Balance as at 30.6.2016	49,485	(31)	(32,670)	1,038	1,115	18,937	332	19,269
(Unaudited)								
Balance as at 1.1.2017	50,000	18	(49,799)	1,038	1,415	2,672	(56)	2,616
Redemption of warrants	-	-	-	-	(500)	(500)	-	(500)
Expiry of warrants	110	-	-	-	(110)	-	-	-
Issuance of new shares	1,440	-	-	-	-	1,440	-	1,440
Other comprehensive income	-	(12)	-	-	-	(12)	(11)	(23)
Total comprehensive loss for the period	-	-	(1,760)	-	-	(1,760)	(128)	(1,888)
Balance as at 30.6.2017	51,550	6	(51,559)	1,038	805	1,840	(195)	1,645

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

	Share capital	Accumulated losses	Share option reserves	Warrant reserve	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(Unaudited)					
Balance as at 01.01.2016	46,485	(32,056)	1,038	1,115	16,582
Issuance of shares	3,000	-	-	-	3,000
Total comprehensive loss for the period	-	(1,200)	-	-	(1,200)
Balance as at 30.6.2016	49,485	(33,256)	1,038	1,115	18,382
(Unaudited)					
Balance as at 01.01.2017	50,000	(47,708)	1,038	1,415	4,745
Redemption of warrants	-	-	-	(500)	(500)
Expiry of warrants	110	-	-	(110)	-
Issuance of shares	1,440	-	-	-	1,440
Total comprehensive loss for the period	-	(1,246)	-	-	(1,246)
Balance as at 30.6.2017	51,550	(48,954)	1,038	805	4,439

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.

The Company's share capital is shown as below:-	Number of Shares	Share capital S\$'000
Balance as at 1 April 2017	2,999,133,315	50,110
Balance as at 30 June 2017	3,199,133,315	51,550

During the three months ended 30 June 2017 ("2Q2017"), 200,000,000 shares were issued. Accordingly, the issued and paid up capital of the Company has increased to S\$51,550,000 comprising 3,199,133,315 shares as at 30 June 2017.

No warrants pursuant to the Rights cum Warrants Issue were exercised during the financial period ended 2Q2017. As at 30 June 2017, there were 66,179,592 (30 June 2016: 66,179,592) outstanding warrants pursuant to the Rights cum Warrants Issue which may be exercisable into 66,179,592 (30 June 2016: 66,179,592) ordinary shares of the Company.

In 2Q2017, no employee share options were exercised. As at 30 June 2017, the Company had 103,950,000 (30 June 2016: 107,550,000) outstanding employee share options. There were no employee share options exercised during the period 31 March 2016 to 30 June 2017. 700,000 employee share options had lapsed following the expiry of the options.

There were no treasury shares and subsidiary holdings as at 30 June 2017 and 30 June 2016.

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 30.06.2017	Company 31.12.2016
Total number of issued shares excluding treasury shares	3,199,133,315	2,999,133,315

There were no treasury shares as at 30 June 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 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 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 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

The same accounting policies and methods of computation have been adopted for the current reporting year as compared with the most recent audited financial statements of the Company for the financial year ended 31 December 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

Not applicable.

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		6 months ended	
	30.06.2017 (Unaudited)	30.06.2016 (Unaudited)	30.06.2017 (Unaudited)	30.06.2016 (Unaudited)
Basic (Singapore cents) ⁽¹⁾	(0.020)	(0.035)	(0.057)	(0.057)
Diluted (Singapore cents) ⁽²⁾	(0.020)	(0.035)	(0.057)	(0.057)

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\$613,000 for 3 months period ended 30 June 2017 (30 June 2016: S\$985,000) and loss attributable to equity holders of the Company of approximately S\$1,760,000 for 6 months period ended 30 June 2017 (30 June 2016: S\$1,627,000), divided by the weighted average number of shares of 3,095,265,912 shares (30 June 2016: 2,848,583,864 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	
	30.06.17 Unaudited	31.12.16 Audited	30.06.17 Unaudited	31.12.16 Audited
Net asset value per ordinary share (Singapore cents)	0.05	0.09	0.14	0.16

The net asset value per ordinary share of the Group and the Company was calculated based on the Group's and the Company's net assets value as at 30 June 2017 and 31 December 2016 divided by 3,199,133,315 ordinary shares (31 December 2016: 2,999,133,315 ordinary shares).

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

	2Q2017	2Q2016	Variance	
	S\$'000	S\$'000	S\$'000	%
Trading & distribution	391	608	(217)	(36%)
Aesthetics Medical	67	208	(141)	(68%)
Total	<u>458</u>	<u>816</u>	(358)	(44%)

The Group's revenue from its trading and distribution business for the 2Q2017 was S\$0.391 million, a decrease of S\$0.217 million or 36% as compared to the revenue of S\$0.608 million for the 2Q2016. These are due to weak market demand, decrease in steel production and strong import competition. Medical aesthetic segment recorded S\$0.067 million of revenue during 2Q2017 (2Q2016: S\$0.208 million) and was affected by:

- a) Stiff competition in the aesthetic medical business in Taiwan;
- b) Significant decrease in the number of medical tourists arrival in Taiwan from mainland China mainly due to the political environment; and
- c) Tightening of regulatory control and ensuring strict compliance with applicable laws and regulations for private medical clinics in mainland China.

ii) Gross profit and gross profit margin

The Group's gross profit from operations decreased by S\$0.236 million or 58% from S\$0.408 million in 2Q 2016 to S\$0.172 million in the 2Q 2017 as a result of deteriorating revenue.

iii) Other operating income

Other operating income of S\$0.153 million in 2Q 2017 mainly comprises of functional currency translation differences in the foreign subsidiaries' financial statements.

iv) Selling and distribution expenses

Selling and distribution expenses decreased by S\$0.077 million or 69% from S\$0.112 million in 2Q2016 to S\$0.035 million in 2Q2017 mainly due to lower marketing costs and lower outward freight charges.

v) Administrative expenses

Administrative expenses decreased by S\$0.680 million or 53% from S\$1.275 million in 2Q2016 to S\$0.595 million in 2Q2017 mainly due to lower manpower costs and lower travelling expenses.

vi) Other operating expenses

Other operating expenses decreased by approximately S\$0.060 million or 43% from S\$0.138 million in 2Q2016 to S\$0.078 million in 2Q2017. This was mainly due to the one-off set-up fee incurred in 2Q2016 for the HKD20 million (equivalent to S\$3.498 million) loan granted by Concorde Global Limited.

vii) Finance expenses

Finance expenses increased by approximately S\$0.146 million from S\$0.013 million in 2Q2016 to S\$0.159 million in 2Q2017 mainly due to interest expense for HKD20 million (equivalent to S\$3.498 million) loan granted by Concorde Global Limited.

viii) Income tax

There was no further income tax expense provision in 2Q2017.

Review of the Financial Position of the Group

ix) Balance sheet

Total assets of the Group decreased by S\$1.218 million from S\$11.729 million as at 31 December 2016 to S\$10.511 million as at 30 June 2017. This was attributable to a decrease in cash and cash equivalents of approximately S\$0.956 million and decrease in other receivables and prepayments of S\$0.139 million mainly due to lower sales in trading and distribution business.

Total liabilities of the Group decreased by S\$0.247 million from S\$9.113 million as at 31 December 2016 to S\$8.866 million as at 30 June 2017. This was mainly attributable to a decrease in trade and other payables of S\$0.335 million resulting from lower sales in trading and distribution business and the accretion of interest amounting to S\$0.080 million as a result of the fair valuation of the S\$3.5 million amount owing to a vendor.

Review of the Cash Flow Statement of the Group

x) **Cash flow**

Net cash used in operating activities in 2Q2017 amounted to S\$0.815 million and S\$2.091 million for 1H2017. The operating cash outflows before movement in working capital was S\$0.483 million in 2Q2017. The movement in working capital was mainly due to increase in trade and other receivables of S\$0.055 million and a decrease in trade and other payables of \$0.132 million for 2Q2017.

There was no cash flow for investing activities for 2Q2017.

In 2Q2017, S\$0.161 million was for interest payment mainly for the HK\$20 million (equivalent to S\$3.498 million) loan from Concorde Global Limited.

Cash and cash equivalents were S\$1.569 million as at 2Q2017 as compared to S\$5.188 million as at 2Q2016.

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 trading and distribution business of the Group is expected to perform at current levels but we expect to see improvements in the economic environment in our markets and we will continue to contain costs to maintain profitability for this business.

Our aesthetic medical business is still affected by the slowdown in China tourist's arrival and strong local competition in the industry in Taiwan. Currently, we are closely monitoring the situation and evaluating our options.

As for the kidney hospital in Qingdao, we are still in discussion with various stakeholders as to the financing options available to the Group to complete the renovation of the said hospital.

On 7 June 2017 the Company announced the revised terms of the Rights cum Warrant Issue which will allow the Company to raised net proceeds of up to approximately \$20 million on a maximum subscription basis, assuming all convertible securities of the Company are converted and/or exercised as at the books closure date and all entitled shareholders subscribe in full for their rights entitlement and also convert and /or exercised their full entitlement of warrants issued.

We will continue to seek out all business opportunities to complement our business and/or to expand going forward.

11. Dividend

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on?

No

(b) *Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) *Date payable:* Not applicable

(d) *Books closure date:* Not applicable

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

No dividend has been declared or recommended.

12. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not enter into any IPT of S\$100,000 or more in value per transaction for 2Q2016. The Group does not have a general mandate from shareholders for IPTs.

13. 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.

14. Use of Proceeds

As at 7 August 2017, the net proceeds had been utilised as follows:

Use of proceeds	Allocation of net proceeds raised (S\$)	Amount Utilised before 2 May 2017 (S\$)	Amount Utilised from 2 May 2017 to 7 August 2017 (S\$)	Amount Unutilised (S\$)
(A) Proceeds from 200 mil shares placement				
Funding Growth Expansion	426,000	127,609	298,391	-
Working Capital	994,000	715,133	278,867	-
Total Amount	1,420,000	842,742	577,258	-

The above use of proceeds is in accordance with the intended use as stated in the announcements dated 10 March 2017 and 4 April 2017.

Notes:

(A) The shares placement is in relation to placement of an aggregate of 200,000,000 new ordinary shares in the issued and paid up capital of the Company as announced on 10 March 2017.

From 2 May 2017 to 7 August 2017, S\$298,391 from the working capital portion of the proceeds of the placement was utilised for expenses related growth expansion for the Group's aesthetics business in Shenzhen.

During the period, S\$278,867 from the working capital portion of the proceeds of the placement was utilised for expenses related to operation of the Group mainly relate to payment of administrative expenses and operating expenses.

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

The Board of Directors of the Company confirms that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements for 2Q2017 to be false or misleading in any material aspect.

By Order of the Board

Tai Kok Chuan
Executive Chairman
7 August 2017

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

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

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