



CAPITAL WORLD LIMITED
(Formerly known as Terratech Group Limited)
(Company Registration No: CT-276295)
(Incorporated in the Cayman Islands on 15 March 2013)

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

Background

Capital World Limited (the “Company” and together with its subsidiaries, the “Group”), formerly known as Terratech Group Limited (“Terratech”), was listed on SGX-ST on 5 May 2017 via a successful reverse takeover (“RTO”) which was completed on 4 May 2017. Please refer to the Company’s circular to shareholders (the “Circular”) dated on 29 March 2017 for the details of the RTO.

Following the completion of the RTO, the Company changed the presentation currency for its financial statements from Singapore Dollars (“S\$”) to Malaysia Ringgit (“RM”). In addition, the Company changed its financial year end from 31 March to 30 June.

Group Level

Following the completion of the RTO, the wholly-owned subsidiary, Capital City Group, is regarded as the accounting acquirer and the Company as the accounting acquiree, for accounting purpose. As such, the consolidated financial statements have been prepared and presented as a continuation of the Capital City Group.

Accordingly, the consolidated financial statements comprising the income statement and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the first quarter ended 30 September 2017 have been presented as a continuation of the Capital City Group’s financial results and operations, in accordance with the following:

- 1) the assets and liabilities of the accounting acquirer, Capital City Group, are recognised and measured in the consolidated statement of financial position at their pre-combination carrying amount;
- 2) the assets and liabilities of the accounting acquiree, the Company, are recognised and measured in accordance with their acquisition date fair value;
- 3) the retained earnings and other equity balances recognised in the consolidated financial statements of the Group are the retained earnings and other equity balances of the Capital City Group immediately before the RTO;
- 4) the amount recognised in the issued equity interest in the consolidated financial statements of the Group is computed by adding the issued equity of Capital City Group immediately before the RTO to the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the combination; and
- 5) the comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of the Capital City Group.

Following the completion of the RTO, the principal business of the Group are those of Capital City Group, which is principally in property development whilst disclosure requirements as at the date of this announcement have been prepared on the basis as a non-mineral, oil and gas company. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting.

Company Level

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. As such, the investment in Capital City Group recorded in the Company's financial statements is accounted for at cost less accumulated impairment losses, if any.

Notes

- i) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the first quarter ended 30 September 2017 refer to the enlarged group which included the results of Capital City Group from 1 July 2017 to 30 September 2017 and the result of Capital World Limited from 1 July 2017 to 30 September 2017.
- ii) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the first quarter ended 30 September 2016 refer to the results of Capital City Group from 1 July 2016 to 30 September 2016.
- iii) The Group's consolidated statement of financial position as at 30 September 2017 and 30 June 2017 refer to the consolidated statement of financial position of the enlarged group comprising Capital City Group and Capital World Limited.
- iv) The Company's statement of financial position as at 30 September 2017 and 30 June 2017 refer to that of the Company.
- v) The Company's statement of changes in equity for the first quarter ended 30 September 2017 and 30 September 2016 respectively refer to that of the Company.

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

1(a). 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		
	First quarter ended 30 September		
	2017	2016	Change
	(unaudited)	(unaudited)	
	RM'000	RM'000	%
Revenue	44,157	27,680	60
Cost of sales	(12,496)	(4,959)	152
Gross profit	31,661	22,721	39
Other income	392	192	104
Selling and distribution expenses	(1,617)	(2,135)	(24)
General and administrative expenses	(4,113)	(1,255)	228
Finance costs	(2)	(2)	-
Profit before tax	26,321	19,521	35
Income tax expense	(6,643)	(4,813)	38
Profit after tax	19,678	14,708	34
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations	(353)	1	n.m.
Other comprehensive income, net of tax	(353)	1	n.m.
Total comprehensive income, net of tax	19,325	14,709	31
Profit attributable to:			
Owners of the Company	19,711	14,708	34
Non-controlling interests	(33)	-	n.m.
	19,678	14,708	34
Total comprehensive income attributable to:			
Owners of the Company	19,358	14,709	32
Non-controlling interests	(33)	-	n.m.
	19,325	14,709	31

n.m. denotes not meaningful

1(a). A 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. (continued)

Group		
First quarter ended 30 September		
2017	2016	Change
(unaudited)	(unaudited)	
RM'000	RM'000	%

Profit for the year is arrived at after charging / (crediting):

Interest income	(295)	(118)	150
Depreciation of property, plant & equipment	779	63	1,137
Amortisation of intangible assets (mining rights)	793	-	n.m.
Amortisation of deferred expenditure	1,240	909	36
Interest expense	2	2	-

n.m. denotes 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 30.09.17 (unaudited) RM'000	As at 30.06.17 (audited) RM'000	As at 30.09.17 (unaudited) RM'000	As at 30.06.17 (audited) RM'000
Current assets				
Inventory properties	172,667	175,839	-	-
Inventories	13,535	13,417	-	-
Deferred expenditure	7,103	8,242	-	-
Trade receivables	24,734	26,755	-	-
Unbilled receivables	1,239	813	-	-
Other receivables, deposits and prepayments	8,436	9,401	298	395
Amounts due from subsidiaries	-	-	34,224	32,308
Fixed deposits	6,462	12,946	-	-
Cash on hand and at banks	7,320	10,495	453	3,388
	241,496	257,908	34,975	36,091
Non-current assets				
Inventory properties	101,313	94,244	-	-
Deferred expenditure	1,253	1,080	-	-
Property, plant and equipment	103,625	103,760	24	-
Investment property under construction	151,098	142,321	-	-
Intangible assets	96,316	97,109	-	-
Investment in subsidiaries	-	-	763,225	763,223
	453,605	438,514	763,249	763,223
Total assets	695,101	696,422	798,224	799,314
Current liabilities				
Trade payables	123,625	159,377	-	-
Other payables and accruals	53,476	38,126	8,394	9,477
Provisions	4,977	4,977	-	-
Deferred revenue	97,350	126,995	-	-
Hire purchase payables	51	50	-	-
Provision for taxation	27,099	23,522	32	23
	306,578	353,047	8,426	9,500
Non-current liabilities				
Trade payables	108,695	82,620	-	-
Hire purchase payables	19	38	-	-
Deferred tax liabilities	23,420	23,653	-	-
	132,134	106,311	-	-
Total liabilities	438,712	459,358	8,426	9,500
Equity				
Share capital	108,044	108,044	157,169	157,169
Reserves	148,237	128,879	632,629	632,645
Equity attributable to owners of the Company	256,281	236,923	789,798	789,814
Non-controlling interests	108	141	-	-
Total equity	256,389	237,064	789,798	789,814
Total equity and liabilities	695,101	696,422	798,224	799,314

1(b)(ii). In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures at the end of the immediately preceding financial year.

	Group			
	As at 30.09.17		As at 30.06.17	
	(unaudited)		(audited)	
	RM'000		RM'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable within one year	51	-	50	-
Amount repayable after one year	19	-	38	-
	70	-	88	-

Note:

The secured amount of banking facilities of the Group as at 30 September 2017 related to finance lease obligations which are secured by the motor vehicle titles and the lessor's title to the leased assets.

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	
	First quarter ended 30 September	
	2017	2016
	(unaudited)	(unaudited)
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	26,321	19,521
Adjustments for:		
Depreciation of property, plant and equipment	779	63
Amortisation of intangible assets	793	-
Amortisation of deferred expenditure	1,240	909
Acquisition costs arising from RTO	-	-
Provision for impairment of inventories	-	-
Interest income	(295)	(118)
Interest expense	2	2
Operating cash flows before changes in working capital	28,840	20,377
Changes in working capital:		
Inventory properties	(3,897)	(16,123)
Inventories	(118)	-
Deferred expenditure	(274)	(624)
Trade and other receivables	2,560	(394)
Trade and other payables	(23,970)	13,922
	3,141	17,158
Interest paid	(2)	(2)
Interest received	295	118
Tax paid	(3,299)	(2,500)
Net cash flows generated from operating activities	135	14,774
Cash flows from investing activities		
Purchase of property, plant and equipment	(644)	(8,183)
Acquisition of a subsidiary	(2)	-
Expenditure on investment property under construction	(8,777)	(1,527)
Net cash flows used in investing activities	(9,423)	(9,710)
Cash flows from financing activities		
Withdrawal of secured deposit	-	88
Repayment of hire purchase payables	(18)	(12)
Net cash flows (used in)/generated from financing activities	(18)	76
Net (decrease)/increase in cash and cash equivalents	(9,306)	5,140
Cash and cash equivalents at beginning of financial year	23,410	13,962
Currency translation differences	(353)	-
Cash and cash equivalents at end of period	13,751	19,102
Cash and cash equivalents:	As at 30.09.17	As at 30.09.16
Fixed deposits	6,462	12,799
Cash on hand and at banks	7,320	6,334
	13,782	19,133
Less: Deposits not available for use	(31)	(31)
Cash and cash equivalents	13,751	19,102

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 RM'000	Share premium RM'000	Capital reserve RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group (unaudited)									
Balance as at 01.07.17	108,044	12,888	-	5,000	168	110,823	236,923	141	237,064
Total comprehensive income for the year	-	-	-	-	(353)	19,711	19,358	(33)	19,325
Issue of placement shares	-	-	-	-	-	-	-	-	-
Acquisition cost arising from reverse acquisition	-	-	-	-	-	-	-	-	-
Restructuring	-	-	-	-	-	-	-	-	-
	-	-	-	-	(353)	19,711	19,358	(33)	19,325
Balance as at 30.09.17	108,044	12,888	-	5,000	(185)	130,534	256,281	108	256,389
Balance as at 01.07.16	5,000	-	-	-	-	40,710	45,710	-	45,710
Total comprehensive income for the year	-	-	-	-	1	14,708	14,709	-	14,709
Balance as at 30.09.16	5,000	-	-	-	1	55,418	60,419	-	60,419
Company (unaudited)									
Balance as at 01.07.17	157,169	654,645	487	-	4,927	(27,414)	789,814	-	789,814
Total comprehensive income for the year	-	-	-	-	(90)	74	(16)	-	(16)
Balance as at 30.09.17	157,169	654,645	487	-	4,837	(27,340)	789,798	-	789,798
Balance as at 01.07.16	27,649	122,109	487	-	-	(27,335)	122,910	-	122,910
Total comprehensive loss for the year	-	-	-	-	-	(2,059)	(2,059)	-	(2,059)
Balance as at 30.09.16	27,649	122,109	487	-	-	(29,394)	120,851	-	120,851

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 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.

Ordinary shares

	Number of issued shares	Share capital RM'000
As at 1 July 2017 and 30 September 2017	1,268,314,067	157,169

There was no movement of the Company's share capital during the first quarter ended 30 September 2017.

The Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 30 September 2017 and 30 September 2016.

1(d)(iii). 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.

	As at 30.09.17	As at 30.06.17
Total number of issued shares excluding treasury shares	1,268,314,067	1,268,314,067

The Company has no treasury shares as at 30 September 2017 and 30 June 2017 respectively.

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

Not applicable. The Group 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 hold any subsidiary holdings 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 accounting standard or practice.

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

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

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

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

The Group has applied the same accounting policies and methods of computation in preparation of the financial statements for the current reporting period as those used in the most recently annual financial statements for the financial year ended 30 June 2017.

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

In the current reporting period, the Group adopted all of the new or revised International Financial Reporting Standards ("IFRS") that are relevant to its operations and are effective for first-time adoption during the current financial year beginning on or after 1 July 2017. The adoption of these new and/or revised IFRS did not result in any substantial changes to the Group's accounting policies and where relevant has no material effect on the financial results 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.

	First quarter ended 30 September 2017	September 2016
Profit after tax attributable to owners of the Company (RM'000)	19,711	14,708
Weighted average number of ordinary shares in issue	1,268,314,067	1,071,428,571
(a) Basic earnings per ordinary share (RM cents)	1.55	1.37
(b) Diluted earnings per ordinary share (RM cents)	1.55	1.37

The basic and diluted EPS were the same as there were no potentially dilutive ordinary shares in issue as at 30 September 2017 and 30 September 2016.

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:-

	Group		Company	
	As at 30.09.17	As at 30.06.17	As at 30.09.17	As at 30.06.17
Net assets value (RM'000)	256,281	236,923	789,807	789,814
Number of ordinary shares in issue	1,268,314,067	1,268,314,067	1,268,314,067	1,268,314,067
Net asset value per ordinary share based on issued share capital (RM cents)	20.21	18.68	62.27	62.27

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 STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

First quarter ended 30 September 2017 ("1Q2018") vs first quarter ended 30 September 2016 ("1Q2017")

The Group's revenue increased by RM16.5 million from RM27.7 million in 1Q2017 to RM44.2 million in 1Q2018 mainly due to higher revenue recognition from the Capital 21 (retail podium component of the Group's mixed development in Johor, Malaysia) and Capital Suites (serviced suites component of the Group's mixed development in Johor, Malaysia), in line with higher percentage of works completed.

Correspondingly, gross profit increased by RM9.0 million from RM22.7 million in 1Q2017 to RM31.7 million in 1Q2018, with a gross profit margin of 71.7% in 1Q2018 as compared to 82.1% in 1Q2017, which was due mainly to the higher construction costs recognised in 1Q2018.

The decrease in selling and distribution expenses, comprised mainly sales commission and advertising and promotional expenses, by RM0.5 million from RM2.1 million in 1Q2017 to RM1.6 million in 1Q2018 was due to lesser advertising and promotional activities during the current quarter.

The increase in general and administrative expenses of RM2.8 million from RM1.3 million in 1Q2017 to RM4.1 million in 1Q2018 was mainly due to higher payroll related costs from additional headcounts and the additional depreciation and amortization expenses from the fair value upward adjustments on the plant and equipment and mining rights as a result of the reverse takeover accounting in FY2017.

As a result of the aforementioned, the Group recorded a higher net profit of RM19.7 million in 1Q2018 as compared to a net profit of RM14.7 million in 1Q2017.

REVIEW OF STATEMENT OF FINANCIAL POSITION OF THE GROUP

Total assets decreased by RM1.3 million from RM696.4 million as at 30 June 2017 to RM695.1 million as at 30 September 2017, mainly due to the decrease in cash and bank balance and fixed deposit aggregating of RM9.7 million, offset by the increase in the inventory properties of RM7.1 million and investment properties under construction of RM8.8 million, which was in line with higher recognition of completed works.

Total liabilities decreased by RM20.7 million from RM459.4 million as at 30 June 2017 to RM438.7 million as at 30 September 2017, mainly due to the decrease in deferred revenue of RM29.6 million, offset by the increase in other payables and accruals. The decrease in deferred revenue was due mainly to the recognition of the revenue in 1Q2018. The increase in other payable and accruals was in line with the increased construction activities.

The net current liability of RM65.1 million as at 30 September 2017 was due to deferred revenue of RM97.4 million which is a non cash item. Deferred revenue is to be recognised in the future based on percentage of completion method.

REVIEW OF STATEMENT OF CASH FLOWS OF THE GROUP

In 1Q2018, the Group's net cash generated from operating activities amounted to RM0.1 million. This comprised mainly operating cash inflow before working capital changes of RM28.8 million, adjusted for net working capital outflow of RM25.7 million and tax payment of RM3.3 million.

The net working capital outflow of RM25.7 million was mainly due to: i) increase in inventory properties of RM3.9 million and ii) decrease in trade and other payables of RM24.0 million, offset by the decrease in trade and other receivables of RM2.6 million. The decrease in trade and other payables was due mainly to the decrease in deferred revenue as a result of revenue recognition in 1Q2018.

Net cash used in investing activities of RM9.4 million in 1Q2018 was due to the increase in property, plant and equipment and expenditure on investment property under construction.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and 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 prospects of the property industry in Johor Bahru remain bright with the upcoming economic developments.

The South Johor Economic Region has secured a total committed investment of RM19 billion as of end August this year¹. Besides that, the Pengerang Integrated Petroleum Complex ("PIPC"), an upcoming oil and gas industry hub at Pengerang, has attracted investment worth billions of ringgit with Petronas being one of the anchor investors². The Johor state government aims to transform the Johor Bahru city centre into an international business district over the next decade by improving infrastructure with a total investment of RM20 billion³. These positive developments augur well for the Group's existing and upcoming development projects in Johor Bahru and the Group is poised to capitalise on the increase in commercial activities in the region.

The housing loan approval rates are gradually increasing, remain high at 73 per cent of the applications in the second quarter of 2017. Furthermore, 72 per cent of the housing loan borrowers are first-time home buyers⁴. This is expected to drive the growth of the property developments in Malaysia.

The construction of Project Capital City is well on track and Capital 21 is expected to commence operations in 2018. In addition, the Group is waiting for the approval of the building plan of Project Austin from the relevant authorities. The project will be launched once the approval has been obtained.

Going forward, the Group will remain on the lookout for business opportunities by forming strategic partnerships with landowners on a joint venture basis to develop projects. Beyond Malaysia, we intend to tap into the opportunities present in the Southeast Asia real estate market to transform the Group into a regional player.

¹ Iskandar Malaysia optimistic of hitting RM30b target in 2017, <http://www.freemalaysiatoday.com/category/nation/2017/10/03/iskandar-malaysia-optimistic-of-hitting-rm30b-target-in-2017/>

² Pengerang has potential as largest oil and gas hub in Asia, <http://www.themalaymailonline.com/money/article/pengerang-has-potential-as-largest-oil-and-gas-hub-in-asia#o6d746C14UOUtmSM.97>

³ JB city centre plays catch-up, <http://www.straitstimes.com/business/jb-city-centre-plays-catch-up>

⁴ ABM refutes claim potential buyers have difficulty securing housing loans, <http://www.themalaymailonline.com/malaysia/article/abm-refutes-claims-potential-buyers-find-it-difficult-securing-housing-loan#BQw6ZpkRSAhTldGo.97>

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

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

None.

**(b)(i) Amount per share (cents)
(Optional) Rate (%)**

Not applicable.

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

(Optional) Rate (%)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers receive by the Group (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 first quarter ended 30 September 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.

The Group did not obtain a general mandate from shareholders for IPT pursuant to Rule 920(1)(a)(ii) during the financial period under review. Save as disclosed below, there were no IPTs that exceeded S\$100,000 during the financial period under review.

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	RM’000	RM’000
RDC Arkitek Sdn. Bhd. <i>(an associate of controlling shareholder of the Company for the provision of architectural consultation services)</i>	363	-

14. Update on use of proceeds.

As disclosed in the Company’s annual report 2017, the gross proceeds raised from the share placement of S\$5.2 million had been fully utilized by the Group according to the intended use.

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

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come their attention which may render the unaudited financial statements for the first quarter ended 30 September 2017 to be false or misleading in any material aspect.

16. Confirmation pursuant to Rule 720(1) of the Catalist Listing Rule

The Company confirms that it has procured undertaking from all its Directors and Executive Officers pursuant to Rule 720(1) of the Catalist Listing Manual.

BY ORDER OF THE BOARD
Siow Chien Fu
Executive Director and Chief Executive Officer
14 November 2017

This announcement has been prepared by the Group and its contents have been reviewed by the Group'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 Catalyst. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Mr. Joseph Au, Associate Director, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).