

CITICODE LTD.

REGISTRATION NUMBER: 200404283C

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2020

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a)(i) An income statement for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group		Change %
	1H2020 S\$'000	1H2019 S\$'000	
Revenue	203	3,275	(93.8)
Cost of sales	(165)	(3,243)	(94.9)
<b>Gross profit</b>	<b>38</b>	<b>32</b>	18.8
Other income	6	18	(66.7)
Administrative expenses	(645)	(345)	(87.0)
Finance costs	(7)	(6)	16.7
<b>Loss before income tax</b>	<b>(608)</b>	<b>(301)</b>	102.0
Income tax expense	-	-	
<b>Loss for the period</b>	<b>(608)</b>	<b>(301)</b>	102.0

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1(a)(ii) The net loss attributable to shareholders includes the following charges/(credits)

	Group		Change %
	1H2020 S\$'000	1H2019 S\$'000	
<b>1.1 Loss before income tax is arrived at after charging the following:</b>			
Realised futures / foreign exchange loss	(440)	(1)	n.m
Unrealised futures (loss)/gain	*	17	n.m
Amortisation of right-of-use assets	(10)	-	n.m
<b>1.2 Other income includes the following:</b>			
Foreign exchange gain, net	*	16	n.m
Miscellaneous income	4	2	100.0
Lease income	2	-	n.m
	<u>6</u>	<u>18</u>	(66.7)
<b>1.3 Finance costs include the following:</b>			
Bank charges	*	(1)	n.m
Interest expense:			
- Lease liabilities	(4)	-	n.m
- Borrowings	(3)	(5)	(40.0)
	<u>(7)</u>	<u>(6)</u>	16.7

\*Less than S\$1,000

n.m = not meaningful

1(a)(iii) Consolidated statement of comprehensive income for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial period

	Group		Change %
	1H2020 S\$'000	1H2019 S\$'000	
<b>Loss for the period</b>	(608)	(301)	102.0
<b>Other comprehensive income:</b>			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences	15	31	(51.6)
<b>Total comprehensive loss for the period attributable to the owners of the company</b>	<u>(593)</u>	<u>(270)</u>	119.6

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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	
	30-Jun-20 S\$'000	31-Dec-19 S\$'000	30-Jun-20 S\$'000	31-Dec-19 S\$'000
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	3	3
Investment in a joint venture	1	1	-	-
Finance lease receivables	54	63	54	63
Right-of-use assets	70	80	70	80
	<u>125</u>	<u>144</u>	<u>127</u>	<u>146</u>
<b>Current assets</b>				
Trade and other receivables	173	477	172	162
Finance lease receivables	19	19	19	19
Cash and cash equivalents	248	406	100	100
<b>Current assets</b>	<u>440</u>	<u>902</u>	<u>291</u>	<u>281</u>
<b>Total Assets</b>	<u><b>565</b></u>	<u><b>1,046</b></u>	<u><b>418</b></u>	<u><b>427</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	209,581	209,581	209,581	209,581
Capital reserve	(654)	(654)	-	-
Foreign currency translation reserve	(14)	(29)	-	-
Accumulated losses	<u>(209,821)</u>	<u>(209,213)</u>	<u>(210,611)</u>	<u>(212,765)</u>
<b>Total attributable to equity holders of the Company</b>	<u>(908)</u>	<u>(315)</u>	<u>(1,030)</u>	<u>(3,184)</u>
<b>Non-current liabilities</b>				
Lease liabilities	107	126	107	126
Borrowings	865	715	865	715
	<u>972</u>	<u>841</u>	<u>972</u>	<u>841</u>
<b>Current liabilities</b>				
Trade and other payables	463	482	438	2,732
Lease liabilities	38	38	38	38
	<u>501</u>	<u>520</u>	<u>476</u>	<u>2,770</u>
<b>Total Liabilities</b>	<u><b>1,473</b></u>	<u><b>1,361</b></u>	<u><b>1,448</b></u>	<u><b>3,611</b></u>
<b>Total Equity and Liabilities</b>	<u><b>565</b></u>	<u><b>1,046</b></u>	<u><b>418</b></u>	<u><b>427</b></u>

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

Amount repayable after one year

	As at 30 June 2020		As at 31 December 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings	-	865	-	715

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	
	1H2020 S\$'000	1H2019 S\$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(608)	(301)
Adjustments for:		
Amortisation of right-of-use of assets	10	-
Finance costs	7	6
Lease income	(2)	-
Unrealised foreign exchange gain	*	(17)
<b>Operating cash flow before working capital changes</b>	<b>(593)</b>	<b>(312)</b>
Changes in working capital:		
Trade and other receivables	304	1,966
Trade and other payables	(4)	(1,735)
Cash used in operations	(293)	(81)
Interest paid	(7)	(6)
Lease income received	2	-
<b>Net cash used in operating activities</b>	<b>(298)</b>	<b>(87)</b>
<b>Cash flows from investing activities</b>		
Proceeds from finance lease receivables	9	-
<b>Net cash generated from investing activities</b>	<b>9</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings, net	150	150
Repayment of lease liabilities	(19)	-
<b>Net cash generated from financing activities</b>	<b>131</b>	<b>150</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(158)</b>	<b>63</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>406</b>	<b>199</b>
<b>Cash and cash equivalents at end of the period</b>	<b>248</b>	<b>262</b>

\*Less than S\$1,000

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

Group	Share capital S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Total Equity S\$'000
<b>1H2019</b>					
<b>Balance as at 1 January 2019</b>	209,581	(654)	9	(209,226)	(290)
Loss for the period	-	-	-	(301)	(301)
<i>Other comprehensive income for the period</i>					
- Foreign currency translation differences	-	-	31	-	31
Total comprehensive loss for the period	-	-	31	(301)	(270)
<b>Balance as at 30 June 2019</b>	209,581	(654)	40	(209,527)	(560)
<b>1H2020</b>					
<b>Balance as at 1 January 2020</b>	209,581	(654)	(29)	(209,213)	(315)
Loss for the period	-	-	-	(608)	(608)
<i>Other comprehensive income for the period</i>					
- Foreign currency translation differences	-	-	15	-	15
Total comprehensive loss for the period	-	-	15	(608)	(593)
<b>Balance as at 30 June 2020</b>	209,581	(654)	(14)	(209,821)	(908)

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Company	Share capital S\$'000	Accumulated losses S\$'000	Total Equity S\$'000
	<hr/>		
<b><u>1H2019</u></b>			
<b>Balance as at 1 January 2019</b>	209,581	(212,452)	(2,871)
Loss for the period, representing total comprehensive loss for the period	-	(485)	(485)
<b>Balance as at 30 June 2019</b>	<b>209,581</b>	<b>(212,937)</b>	<b>(3,356)</b>
	<hr/>		
<b><u>1H2020</u></b>			
<b>Balance as at 1 January 2020</b>	<b>209,581</b>	<b>(212,765)</b>	<b>(3,184)</b>
Profit for the period, representing total comprehensive profit for the period	-	2,154	2,154
<b>Balance as at 30 June 2020</b>	<b>209,581</b>	<b>(210,611)</b>	<b>(1,030)</b>
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**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.**

**Share Capital**

Since the end of the previous period reported on (i.e. 31 December 2019), there was no change in the Company's share capital during the 6 months period ended 30 June 2020. The number of ordinary shares issued was 41,316,907,761.

**Treasury Shares**

The Company does not have any treasury shares and does not have any subsidiary that holds shares issued by the Company as at the end of the financial period ended 30 June 2020 and as at the end of the corresponding period of the immediately preceding financial year.

**Convertible Securities**

The Company has no outstanding convertible securities as at the end of the financial period ended 30 June 2020 and as at the end of the corresponding period of the immediately preceding financial year.

**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.**

Total number of issued shares excluding treasury shares	Number of shares
Balance as at 30 June 2020	41,316,907,761
Balance as at 31 December 2019	41,316,907,761

**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.**

The Company does not have any treasury shares.

**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 does not have any subsidiary that holds shares issued by the Company.

**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 our auditors.

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3. **Where the figures have been audited or reviewed, the auditors' report (including any modifications 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.**
- (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the unaudited financial statements for current reporting period compared with the audited financial statements for the 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.**

The Group has adopted the new and revised SFRS(I)s which are effective for its financial period beginning 1 January 2020. The adoption of the new standards did not have material financial impact on the Group's 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	
	1H2020 S\$ cents	1H2019 S\$ cents
<b>Earning per share for the Group attributable to equity holders of the Company</b>		
i) Basic	(0.0015)	(0.0007)
ii) On a fully diluted basis	(0.0015)	(0.0007)

Basic earnings per share for 1H2020 and 1H2019 were both calculated based on total issued shares of 41,316,907,761.



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7. Net asset value (“NAV”) (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-Jun-20 S\$ cents	31-Dec-19 S\$ cents	30-Jun-20 S\$ cents	31-Dec-19 S\$ cents
NAV per ordinary share	(0.0022)	(0.0008)	(0.0025)	(0.0077)

NAV per share as at 30 June 2020 and 31 December 2019 were both calculated based on total issued shares of 41,316,907,761.

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.

**Review of Financial Performance (1H2020 vs 1H2019)**

Revenue for 1H2020 fell by S\$3.08 million to S\$0.20 million as we cancelled most of our trading sales orders at our discretion as a result of renewed market uncertainty, commodities price volatility and major supply chain disruptions due to the Covid-19 Pandemic. We continued to derive revenue from local engineering consultancy projects in 1H2020 with a gross margin of 18.7%. Part of our project workflows were however delayed during Phase One of Circuit Breaker Period in Singapore.

As disclosed in the Performance Guidance Note on 7 August 2020, our trading business incurred hedging losses during the period under review given the changing exposure in the commodities market, particularly copper price fell by close to 20% in the month of March 2020 as the markets for metal commodities were extremely volatile. We made a discretionary decision to cancel out the corresponding future contracts without taking physical delivery of goods on worries that the coronavirus pandemic would have an unprecedented impact on the global commodity markets and would expose ourselves to increasingly higher risks across the supply chain amidst slowing global economic activities. Our decisions were made amidst continued concerns over lockdown of nations, collapse in demand and fall in prices. We believe our prudent decisions had helped to mitigate risks for our trading business. As a result, administrative expenses, including mainly hedging costs and losses; rose by S\$0.30 million to S\$0.65 million, despite savings on fixed operating cost under our streamlined operations.

Other income fell to S\$0.006 million in the absence of foreign exchange gain.

Finance cost rose to S\$0.007 million due mainly to higher interest expense recorded under the revised Singapore Financial Reporting Standards (International) SFRS(I) 16 Leases.

Given the above, the Group reported a loss after income tax (“Net Loss”) of S\$0.61 million for 1H2020 compared to that of S\$0.30 million for 1H2019.

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- (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 Financial Position (30 June 2020 vs 31 December 2019)**

**Assets**

Non-current assets fell by S\$0.02 million to S\$0.125 million due mainly to amortisation.

Current assets fell by S\$0.46 million to S\$0.44 million. Trade and other receivables, excluding prepaid insurance and working capital advances for a project of S\$0.06 million, fell by S\$0.36 million to S\$0.17 million due mainly to reduction in projects progress payments, lower trading sales and refund of security deposits placed with our suppliers.

**Liabilities**

Total liabilities rose by S\$0.11 million to S\$1.47 million due mainly to an additional interest-free loan of S\$0.15 million from a director during the period under review, net of repayments of lease liabilities and payables.

**Shareholders' Equity (30 June 2020 vs 31 December 2019)**

Total equity, after accounting for current period results and foreign currency translation reserve, was negative S\$0.91 million as at 30 June 2020 as compared to negative S\$0.32 million as at 31 December 2019.

**Review of Cash Flows (for 1H2020)**

As a result of loss before tax during the period under review, net cash used in operating activities was S\$0.30 million, after accounting for working capital changes for the operations, including cash flows from both interest received and interest paid.

Cash flows from investing activities rose by S\$0.009 million due mainly to proceeds from finance leases income.

Cash flows from financing activities rose by S\$0.13 million due mainly to an interest-free loan of S\$0.15 million from a director, net of repayment of lease liabilities.

As a result of the above, cash and cash equivalents fell by S\$0.16 million to S\$0.25 million as at 30 June 2020.

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

The Group had previously disclosed on 27 February 2020 in Note 10 of its results announcement for FY2019 that “Market risks for our trading business are largely dependent on various macro factors. We have seen slowing global activities, increased uncertainty, higher volatility and weaker sentiments that these concerns require us to manage our trading business more prudently”. The Group also issued a Performance Guidance Note on 7 August 2020 stating that the Group would report a loss for 1H2020.

The Group reported a Net Loss of S\$0.61 million for 1H2020 compared to that of S\$0.30 million for 1H2019.

**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.**

**Existing Businesses**

Metal commodities markets are likely to remain volatile following the abrupt fall in prices particularly in March 2020 over the coronavirus pandemic. Whilst some statistics seem to suggest that traders should now take calculated risks for trading opportunities to build up buffer stocks in anticipation of post-pandemic demand recovery, we have adopted a much conservative approach and it is likely that we will discontinue our trading business. At the same time, we will continue to undertake local engineering consultancy projects in smaller scale but will refrain from participating in new projects bidding for now as supply chain has largely been disrupted and our existing resources are limited. We have also delayed discussions over projects evaluation in Southeast Asia due to travel restrictions. The Chairman has given an overview, provided an outlook and guided his strategies in the Company’s 2019 Annual Report as well.

Considering the fact that we have scaled down our existing businesses (i.e trading and engineering businesses) for the reasons mentioned above and despite operating cost savings under our streamlined operations, the Board expects the Group’s existing businesses to report a Net Loss for FY2020 unless the scale of the existing businesses can improve significantly (which is highly unlikely under the current adverse business conditions). The Board wishes to further highlight that if the Corporate Turnaround Plans (as set out below) can successfully be implemented as planned, the Group will report the financial results for its existing businesses under “Discontinued Operations” for FY2020 in accordance with the SFRS(I)s.

**Corporate Turnaround Plans**

On 29 July 2020, we announced the proposed acquisition of Livingstone Health Ltd (the “**Proposed Acquisition**”) which will constitute a Reverse Takeover (the “**RTO**”) on completion (the “**Announcement**”). As disclosed in the Announcement, the Proposed Acquisition is in line with our corporate turnaround strategy to sustain revenue stream, improve financial performance and enhance Shareholders’ value in the long term. The Proposed Acquisition will allow us to diversify into the multidisciplinary healthcare sector in Singapore and we have highlighted that the Company will consolidate its shares by 500 to 1 to facilitate execution of the RTO.

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The Proposed Acquisition, if completed, will also mean a successful transformation plan for the Company, leading to an improvement and leverage position for future fund-raising exercises and helping to mitigate market risks relating to our existing businesses. We have also announced that we will dispose of all our existing businesses, including the trading business, after completion of the RTO.

Meanwhile, we will focus in the execution process of the RTO and we may incur additional corporate costs and one-off expenses for execution of our corporate turnaround plans. The Proposed Acquisition is subject to the approval of the shareholders of the Company (the “Shareholders”) at an extraordinary general meeting of the Company (the “EGM”) to be convened. We will make the necessary announcements as and when there are further material developments on the Proposed Acquisition. The Circular together with a notice of the EGM will also be despatched to the Shareholders in due course.

Please refer to the Announcement dated 29 July 2020 for additional details of the Proposed Acquisition.

### **Cautionary Statement**

As highlighted in the Announcement and the Performance Guidance Note dated 7 August 2020, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company and are advised to refrain from taking any action which may be prejudicial to their interests before seeking advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers (as appropriate).

## **11. Dividend**

**(a) Current financial period reported on - any dividend declared for the current financial period reported on?**

No.

**(b) Corresponding period of immediately preceding financial year - any dividend recommends for the corresponding period of the immediately preceding financial year?**

No.

**(c) State the tax rate and the country where the dividend is derived**

Not applicable.

**(d) Date payable**

Not applicable.

**(e) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for 1H2020 as the Group reported a Net Loss for the period and the Board of Directors deems it is appropriate to conserve funds for the existing working capital requirements while the Company is the midst of implementing its corporate turnaround plans.

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- 13. If the Group has obtained a general mandate from shareholders for Interested Persons 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 its shareholders for IPTs.

The Executive Chairman and CEO, Mr. Teh Wing Kwan (“**TWK**”) provided financial assistance to the Company in the form of an interest free loan of S\$150,000 in aggregate during the period under review. As these loans are interest free, as such, pursuant to Rule 909 (3) of the Listing Manual, the value of these transactions are “NIL”.

As previously disclosed in the Company’s Annual Report for FY2019, TWK had given a financial undertaking to support the Group and the Company’s working capital needs. The above transaction was an additional working capital loan (a transaction exceeding S\$100,000) provided by TWK during 1H2020. The total amount owing to TWK, including working capital advances and other accruals was approximately S\$0.673 million as at 30 June 2020. The total amount owing to TWK is non-interest bearing. It is expected that TWK will continue to provide financial support to the Company before completion of the Proposed Acquisition.

- 14. Negative Confirmation pursuant to Rule 705(5) of the Listing Manual.**

To the best knowledge of the Board of Directors, nothing material has come to the attention of the Board of Directors which may render the unaudited financial statement of the Group and the Company for the period ended 30 June 2020 to be false or misleading in any material aspect.

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirmed that it has procured undertakings from all its directors and executive officer (in the format set out in Appendix 7.7) under Rule 720 (1) of the listing manual.

**BY ORDER OF THE BOARD**

**Teh Wing Kwan**

**Executive Chairman and Chief Executive Officer**

**14 August 2020**