

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 8-K**

**Current Report  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **August 30, 2022**

**8i Acquisition 2 Corp.**

(Exact Name of Registrant as Specified in its Charter)

**British Virgin Islands**

(State or other jurisdiction  
of incorporation)

**001-40462**

(Commission  
File Number)

**n/a**

(I.R.S. Employer  
Identification No.)

c/o 6 Eu Tong Seng Street  
#08-13 Singapore 059817

(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code: **+65-6788 0388**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Units consisting of one Ordinary Share, no par value, one Redeemable Warrant to acquire one-half (1/2) of one Ordinary Share, and one Right to acquire one-tenth of an Ordinary Share	LAXXU	NASDAQ Stock Market LLC
Ordinary Shares included as part of the Units	LAX	NASDAQ Stock Market LLC
Redeemable Warrants included as part of the Units	LAXXW	NASDAQ Stock Market LLC
Rights included as part of the Units	LAXXR	NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01. Regulation FD Disclosure**

8i Acquisition 2 Corp. (the “Company”) retained and compensated Fundamental Research Corp. to prepare a research report on the Company and EUDA Health Limited. The research report attached hereto as Exhibit 99.1 is being furnished pursuant to Item 7.01 of this Current Report and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits:

Exhibit No.	Description
99.1	<a href="#">Research Report, dated August 30, 2022</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 6, 2022

8i Acquisition 2 Corp.

By: /s/ Meng Dong (James) Tan

Name: Meng Dong (James) Tan

Title: Chief Executive Officer

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## 8i Acquisition 2 Corp.

(NASDAQ: LAX)

Acquiring a Health-Tech Company with DHL as a Client – Initiating Coverage

**N/A**  
**Current Price: US\$9.95**  
**Fair Value: N/A**  
**Risk\*: 4**

Sector/Industry: Digital Assets

[Click here for more research on the company and to share your views](#)

### Highlights

- 8i Acquisition 2 Corp. (LAX) is a Special Purpose Acquisition Company ("SPAC"), with \$86M in cash, and an agreement to acquire Euda Health Limited (EUDA), a Singapore-based health technology company.
- A SPAC is a shell-company formed to acquire a private company through a reverse takeover. SPACs gained popularity in 2020/2021 as a faster/cheaper route for private companies to go public. SPAC IPOs in the U.S. increased from 59 in 2019, to 248 in 2020, and to 613 in 2021 (Source: Statista). However, lackluster performance of shares of several SPAC deals, and SEC inquiries on a few high-profile deals, have made investors more cautious on SPACs. SPAC IPOs are down 65% YTD this year. That said, several SPACs have been relatively successful; DraftKings Inc. (NASDAQ: DKN) is a good example.
- LAX intends to acquire EUDA for \$140M at \$10 per share. The deal is expected to close by November 24, 2022. If not, LAX will have to return investors' capital plus accrued interest.
- EUDA is a **B2B health-tech company connecting patients to doctors**. The company focuses on urgent care services for employees of corporations with a relatively high incidence of work-place accidents. In the event of an accident, EUDA's proprietary AI platform conducts a preliminary diagnosis, and connects the patient to a doctor/hospital. When the doctor recommends follow-up tests, EUDA's platform selects optimal testing centers based on pricing/convenience/availability, removing any potential favoritism/bias from doctors who tend to refer patients to facilities of their choice. All of the invoices/payments are processed through EUDA's platform. We believe EUDA's process has potential to be faster and cheaper for its corporate clients. **DHL (XTRA: DPW) is a client.**
- EUDA's business should not be confused with the highly competitive/saturated **B2C telemedicine business**. To our knowledge, there is no other company with a similar business model in Singapore. Its closest comparable is China-based Ping An Good Doctor (HKG:1833/MCAP: \$3.1B). Formed in 2014, this company generates \$1B+ in revenue.
- In H1-2022, EUDA's platform generated \$3M in revenue, up 15% YoY, 600 clients and 3,000 employees/patients availed of EUDA's services. We estimate that EUDA has cornered 6% of its target market in Singapore.
- Management is focused on expanding within Singapore first, and then expand internationally to **India and Indonesia, where there is a shortage of doctors.**
- We will assign a rating and valuation if and when the proposed transaction is completed.

### Risks

- No guarantee that the deal with EUDA will be completed
- No guarantee that EUDA will be able to expand its market share.
- Risk of technology failure and cybersecurity risk
- Competition

### EUDA Key Financial Data (US\$)

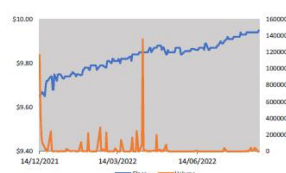
YE Dec 31	2021	2022E	2023E
Cash	\$ 189,996	\$ 848,245	\$ 2,303,040
Working Capital	\$ -2,963,378	\$ -704,883	\$ 1,385,368
Total Assets	\$ 7,999,028	\$ 8,206,387	\$ 9,847,178
Debt	\$ 353,729	\$ 800,000	\$ -
Revenue	\$ 10,544,550	\$ 10,438,516	\$ 11,803,813
Net Income	\$ 864,812	\$ -3,362,959	\$ -3,081,585

\*See last page for important disclosures, rating, and risk definitions. All figures in US\$ unless otherwise specified

Sid Rajeev, B.Tech, CFA, MBA  
 Head of Research

Alexis Cabel, B.A.Econ  
 Equity Analyst

### LAX Price and Volume



	YTD	12M
LAX	2%	N/A
NASDAQ	-23%	-21%

### Pro forma Company Data

52-Week Range	\$9.65-\$9.95
Shares Outstanding (Post Business Combination)*	19M
MCAP (post business combination)	\$184M
Yield	N/A
P/E (forward)	N/A
P/B	N/A

\*Assuming IPO investors redeem 100% of their investments

**Share Purchase Agreement (SPA) Between LAX and EUDA**

**Initial Payment**

\$140M at \$10 per share

**Earn-Out Payments**

- 1M shares if share price >=\$15 over the next 2.5 years
- 1M shares if share price >=\$20 over the next 2.5 years
- 1M shares, if revenue and net income are at least \$20.1M and \$3.6M, respectively, in 2023
- 1M shares, if revenue and net income are at least \$40.1M and \$10.1M, respectively, in 2024

In its IPO, LAX raised \$86.25M, which is currently held in a trust account. **Shareholders have an option to redeem** their shares at US\$10 per share plus accrued interest, irrespective of whether the proposed deal is closed. Investors get to retain all of the warrants issued to them, allowing them to acquire 4.3M shares at an exercise price of \$11.50. We note that most SPAC deals offer similar terms to their IPO investors.

**Overview of EUDA**

Founded in 2019, EUDA **utilizes a proprietary AI platform to provide a one-stop medical concierge service to patients.** Its services primarily include preliminary diagnosis, selection of specialist doctors/hospitals/clinics for treatment, ability to purchase medicines from online pharmacies, and bill payments.

**Benefits of EUDA Over The Traditional Healthcare Process**

Potential for 40% cost savings to patients and employers

Doctors, hospitals, and clinics have potential to increase patient volume

Insurance companies and employers can view the breakdown of bills, ailments, and other relevant data in one platform

24/7 operations; 5 min waiting time vs 0.5-1.5 hours for the traditional process

Overall convenience for all parties

Source: Company / FRC

*The acquisition is targeted to be completed by November 24, 2022*

*\$140M plus milestone payments (all paid in shares)*

*The company has 200 employees, including 170 in Singapore, and the rest in China, Vietnam, and India*

*Pay per use B2B model*

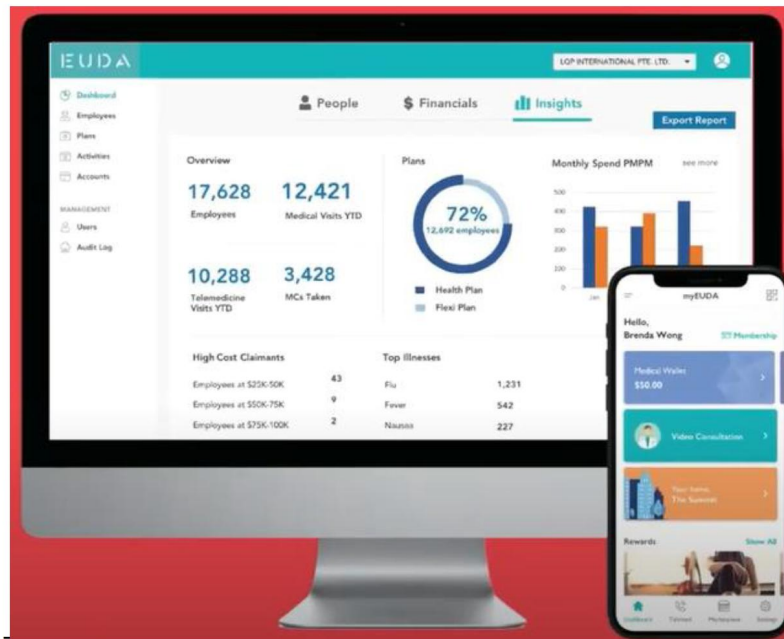
*As the company is merely connecting patients to doctors/facilities, they do not need a license to operate in Singapore*



*EUDA's platform allows all parties to view details of a treatment, associated costs, and other relevant data in a single platform*

*Currently supported by 295 doctors, clinics, and healthcare providers in Singapore*

*DHL is a client*



Source: Company

**Urgent Care Services**

**The company specializes in urgent care medical treatment** for injuries and accidents. We believe EUDA has attracted 6% of its target market in Singapore, which includes companies in labor-intensive sectors such as manufacturing, logistics, and transportation. Employees' workplace healthcare needs are typically paid for by their employers and their insurance companies.

*In H1-2022, 600 clients/3,000 employees availed of EUDA's services*

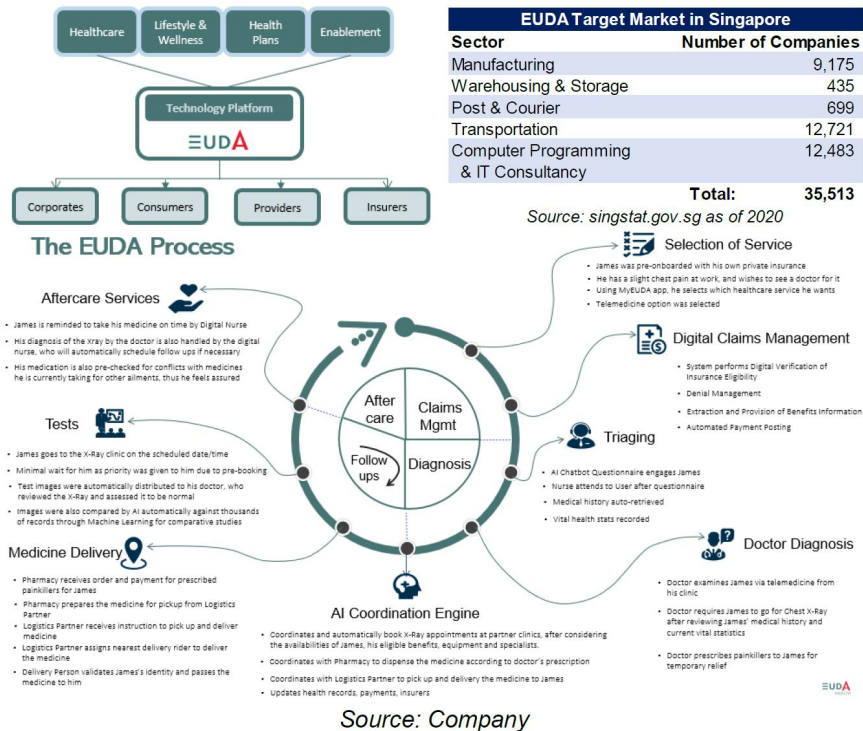
Our research indicates that a labour-intensive company typically has an incidence rate of 1% per year. The average cost of treatment per incident is approximately \$1,500. **This implies that a company with 200 employees can generate \$3k in revenue per year for EUDA.**

In H1-2022, EUDA reported gross margins of 48%, after paying healthcare providers and suppliers. This compares to 23% for Ping An Good Doctor, which is a direct comparable operating in China. We expect EUDA's margins to decline with increased competition.

The chart on the right shows all of the primary applications provided by EUDA, including preliminary diagnosis, identification of third-party services, bill payments, medicine delivery, etc.

Corporate customers are billed per visit, with payments due within 30 days; the average payment period to its suppliers is also 30 days

Launching in the coming months

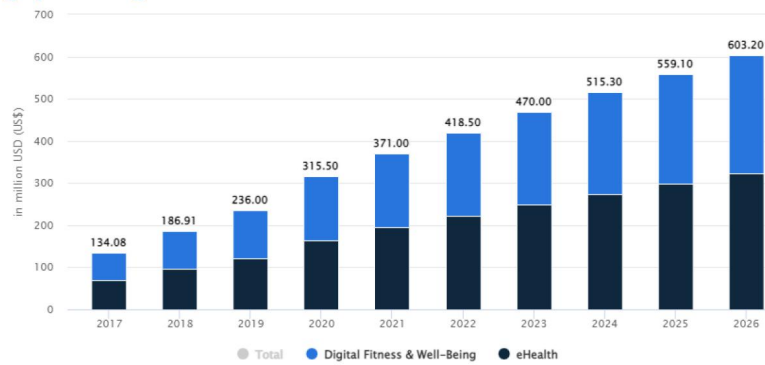


**Home Care Services**

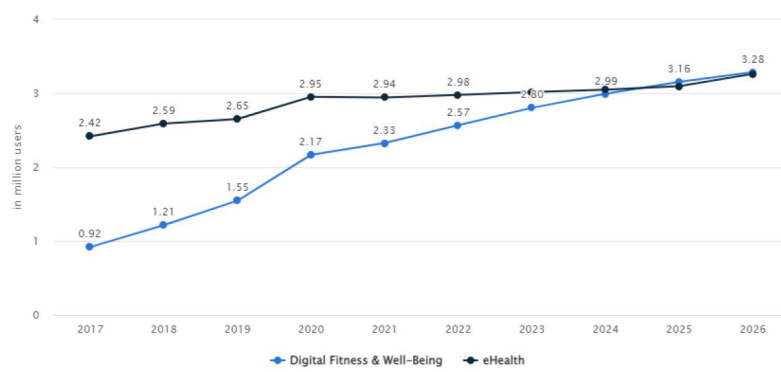
EUDA plans to launch home care services by the end of 2022. The company currently has a property management arm (generating \$4-\$5M in revenue per year) managing 50 residential and commercial properties. **EUDA plans to set up kiosks across all of their properties under management.** These kiosks will allow residents, needing medical care, to connect to EUDA's platform, and obtain assistance.

## Singapore Digital Health Market

Singapore's digital health market is expected to grow 10% p.a. from 2021 to 2026



### USERS BY SEGMENT



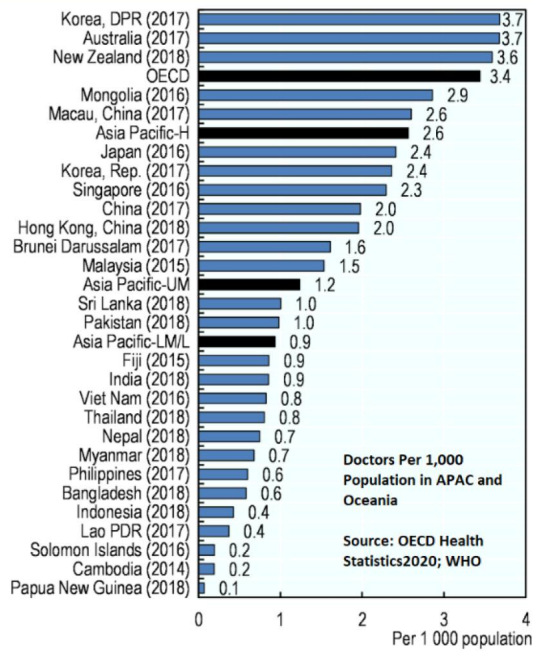
Source: Statista

3M users, or 50% of the country's population use e-health services vs only 22% in the U.S. (valuepenguin.com), making Singapore an attractive market for EUDA and digital healthcare service providers



We believe EUDA's business should be attractive in areas with low doctor to population ratios

EUDA's future target markets of India and Indonesia have relatively low doctor to population ratios



**Comparables**

The closest, and probably the only direct comparable, is Ping An Good Doctor (operating in China/MCAP: \$1.5B), which generates \$1B+ in revenue, but is yet to be profitable

	EUDA	Ping An Good Doctor
Target Market	Singapore	China
Formed In	2019	2014
LTM Revenue (M)	\$11	\$1,060
LTM EBITDA (M)	-\$1	-\$189
Gross Margin	48%	23%
Network	295 doctors, clinics, and healthcare providers	48k doctors and specialists, 3.1k hospitals, and 7,500 pharmacies
No. of Patients	3k (H1-2022)	1.27B consultations

Source: FRC/Various

Management and board will own 18% of the company's equity, if and when the proposed transaction is completed

## Management and Board

Name	Position(s)	# Shares Outstanding	% of Total
Wei Wen Kelvin Chen	CEO and Executive Director	933,333	5.00%
Thien Su Gerald Lim	Independent Director	-	-
David Francis Capes	Independent Director	-	-
Alfred Lim	Independent Director	-	-
Kim Hing Chan	Independent Director	-	-
		<b>933,333</b>	<b>5.00%</b>
Meng Dong (James) Tan	CEO and Chairman of 8i Holdings 2 Pte Ltd	2,465,725	13.20%

**Total Shares Outstanding Assuming IPO Investors Redeem 100% of Their Investments: 18,677,725**

Source: Company Filings

Brief biographies of the senior management and board members, as provided by the company, follow:

### Wei Wen Kelvin Chen – Chief Executive Officer and Executive Director

Since 2019, Dr. Chen has served as the Chief Executive Officer, founder, and Executive Director of EUDA. He started his career with the Singapore Police Force (SPF) as a police officer, where he served as SPF's IT consultant. From 2012 to 2017, Dr. Chen worked at Healthway Medical Group (Healthway), and afterwards, he established Kent Ridge Health. Dr. Chen holds a Doctorate in Business Administration from the University of South Australia and a Bachelor of Science, with honors, in Computer Science from the University of Greenwich.

### Thien Su Gerald Lim – Independent Director

Mr. Lim has over 40 years of experience in the insurance and financial services industry. From 2000 to 2012, he served as the CEO of Aon Trade Credit for Asia Pacific, CEO of Aon Taiwan, and CEO and Chairman of Aon Singapore. From 2012 until 2016, Mr. Lim worked with Marsh & McLennan Companies as CEO of Marsh Southeast Asia and CEO of Marsh Credit Political Financial Risks for Asia. In the last six years, he has served as Chairman of Phillip Insurance Investments. Mr. Lim received his Bachelor's Degree in Business from the National University of Singapore, and his Master's Degree in Education from George Washington University.

### David Francis Capes - Independent Director

Mr. Capes currently serves as Senior Vice President and Global Head of Operations and Innovation at MiRXES. Prior to MiRXES, he served as Vice President of Research & Development of Asia at Becton Dickinson BD. Mr. Capes also held senior management roles in Pathway Biomed and Rockeby Biomed. He holds a PhD in Pharmacy from Curtin University and a BA in Pharmacy from Western Australia Institute of Technology.

### Alfred Lim – Independent Director

Mr. Lim started his career in 1978 with May & Baker Ltd / Rhone Poulenc Singapore Pte Ltd and moved to Neste Chemicals Trading Singapore Pte Ltd in 1990, where he was the Managing Director for sales and marketing. Between 1994 to 2002, he

was the managing director of Borealis Singapore Pte Ltd where he was awarded the International Trade Award from Ministry of Finance. In 2002, Mr Lim co-founded Akashi Sdn Bhd, a Malaysian distributor for chemicals. From 2006 to 2018, Mr. Lim acted as a senior consultant to An Duong Group. Since 2018, he has been a consultant to Roca Group. Mr. Lim received his Bachelor of Science (Honors) degree in Chemistry from the University of Singapore in 1976, Graduate degree in Marketing from Singapore Institute of Management in 1986.

**Kim Hing Chan – Independent Director**

Mr. Chan has over 30 years of experience in both the technology and financial services sector. From 2005 to 2020, Mr. Chan held various senior positions in CIMB Bank Singapore (from 2018 to 2020), United Overseas Bank (from October 2016 to May 2018) and Citibank Singapore (from 2005 through 2016). In 2000, he co-founded a security technology start-up named i-Sprint Innovations (S) Pte Ltd and was the company’s Chief Technology Officer for four years. The start-up’s application authentication and security administration model were based on a patented application security administration model that was co-invented by Mr. Chan. Mr. Chan holds a Master’s degree in computer science from University College London.

**EUDA’s Financials**

Revenue Breakdown	2020	2021	YoY%	H1-2021	H1-2022	YoY%
Medical Services [EUDA Platform]	\$ 3,832,631	\$ 5,728,189	49%	\$ 2,589,038	\$ 2,987,193	15%
Face Recog/Temp Reader Sales*	\$ 488,067	\$ 257,841	-47%	\$ 260,433	\$ 7,653	-97%
Property Management Services	\$ 4,554,681	\$ 4,558,520	0%	\$ 2,308,631	\$ 2,100,214	-9%
<b>Total Revenue</b>	<b>\$ 8,875,379</b>	<b>\$ 10,544,550</b>	<b>19%</b>	<b>\$ 5,158,102</b>	<b>\$ 5,095,060</b>	<b>-1%</b>

\*non-core revenue

H1-2022 revenue from EUDA’s platform was up 15% YoY

EBITDA remains negative

EUDA’s platform has relatively stable gross margins (approximately 50%)

Minimal debt, but working capital was -\$4M at the end of Q2-2022

STATEMENTS OF OPERATIONS						
YE Dec 31, US\$	2020	2021	YoY%	H1-2021	H1-2022	YoY%
Revenue	\$ 8,875,379	\$ 10,544,550	19%	\$ 5,158,102	\$ 5,095,060	-1%
EBITDA	\$ -608,178	\$ -964,124	-259%	\$ -580,042	\$ -1,589,366	-174%

Segment Gross Margins	2021	H1-2021	H1-2022
Medical Services [EUDA Platform]	51%	50%	48%
Face Recog/Temp Reader Sales	35%	49%	-24%
Property Management Services	27%	31%	24%
EUDA Gross Margin	40%	41%	38%

Summary of Cash Flows		
	H1-2021	H1-2022
Operating	\$ 484,727	\$ -1,228,888
Investing	\$ -261,161	\$ -153,373
Financing	\$ -189,323	\$ 1,348,589
<b>Net</b>	<b>\$ 294,969</b>	<b>\$ 245,017</b>
<b>Free Cash Flows to Firm (FCF)</b>	<b>\$ 223,566</b>	<b>\$ -1,382,261</b>

Liquidity and Capital Structure			
	2021	Q2-2022	Sector Ave
Cash	\$ 189,996	\$ 245,017	
Working Capital	\$ -2,963,378	\$ -3,842,345	
Current Ratio	0.59	0.52	3.20
Total Debt	\$ 353,729	233,101	
Total Debt / Capital	0.37	0.29	0.16

Source: Company Filings, FRC



## FRC Projections

*We are expecting \$10M in revenue in 2022, and \$12M in 2022*

*EBITDA is expected to remain negative until 2024*

	2022E	2023E
<b>Operating Stats</b>		
Patients	6,000	6,982
Medical Services Revenue/Patient	\$1,000	\$1,036
Total Medical Services	\$6,000,000	\$7,232,914
Property Management Services	\$4,409,564	\$4,507,588
Home Care Services	\$0	\$63,310
Face Recog/Temp Reader Sales	\$28,952	\$0
<b>Total Revenue</b>	<b>\$10,438,516</b>	<b>\$11,803,813</b>
Total Cost of Revenue	\$6,371,928	\$7,073,880
<b>Total Gross Profit</b>	<b>\$4,066,588</b>	<b>\$4,729,934</b>
Total Expenses	\$7,179,129	\$7,550,762
<b>EBITDA</b>	<b>-\$3,112,541</b>	<b>-\$2,820,828</b>

Source: FRC

**We will assign a valuation/rating if and when the transaction is completed.**

Upcoming catalysts include:

- Closing of the transaction in November 2022
- Ramp up of operations in Singapore
- International expansion (India and Indonesia in one to two years), with long-term plans to expand to Malaysia, Vietnam, Australia, and New Zealand
- Initiate home care services in the coming months

### Risks

We believe the company is exposed to the following risks (list is non-exhaustive):

- **No guarantee that the deal with EUDA will be completed**
- No guarantee that EUDA will be able to expand its market share.
- Yet to be profitable
- Risk of technology failure and cybersecurity risk
- Rise of competition
- The proposed acquisition price reflects a revenue multiple of 18x vs 5x for the Health Care Technology sector (Source: S&P Capital IQ). This implies that management is expecting significant revenue growth through domestic and international expansion.

*Assigning a risk rating of 4*

**Appendix**

<b>EUDA Health Limited and Subsidiaries</b>				
<b>STATEMENTS OF OPERATIONS</b>				
<b>(in US\$) - YE December 31</b>				
	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>
Net Revenue	8,875,379	10,544,550	10,438,516	11,803,813
Cost of Revenues	4,985,092	6,300,197	6,371,928	7,073,880
<b>Gross Profit</b>	<b>3,890,287</b>	<b>4,244,353</b>	<b>4,066,588</b>	<b>4,729,934</b>
Operating Expenses	4,498,465	5,208,477	7,179,129	7,550,762
<b>EBITDA</b>	<b>(608,178)</b>	<b>(964,124)</b>	<b>(3,112,541)</b>	<b>(2,820,828)</b>
Depreciation & Amortization	285,378	264,103	248,009	260,757
<b>EBIT</b>	<b>(893,556)</b>	<b>(1,228,227)</b>	<b>(3,360,550)</b>	<b>(3,081,585)</b>
Investment Income				
Dividend Income				
Interest Expense	65,819	127,126		
<b>EBT</b>	<b>(959,375)</b>	<b>(1,355,353)</b>	<b>(3,360,550)</b>	<b>(3,081,585)</b>
Non-Recurring Expenses	-1,205,824	-2,303,890		
Taxes	47,477	48,141		
<b>Net Profit (Loss)</b>	<b>198,972</b>	<b>900,396</b>	<b>(3,362,959)</b>	<b>(3,081,585)</b>

<b>EUDA Health Limited and Subsidiaries</b>			
<b>BALANCE SHEET</b>			
<b>(in US\$) - YE Dec 31st</b>			
	<b>2021</b>	<b>2022E</b>	<b>2023E</b>
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	189,996	848,245	2,303,040
A/R	1,802,316	1,715,920	1,940,353
Other Receivables	1,991,226	2,090,787	2,195,327
Other Receivables - Related Parties	297,621	312,502	328,127
Prepaid Expenses	71,495	212,960	223,608
<b>Total Current Assets</b>	<b>4,352,654</b>	<b>5,180,415</b>	<b>6,990,455</b>
<b>Contract Assets</b>			
Long-term Prepaids and Deposits			
Other Receivables	1,830,603	1,458,210	1,531,121
Property and Equipment	56,927	56,927	56,927
Right of Use Assets	104,234	104,234	104,234
Goodwill and Intangible Assets	1,282,648	1,034,639	773,882
Others	371,962	371,962	390,560
<b>Total Assets</b>	<b>7,999,028</b>	<b>8,206,387</b>	<b>9,847,178</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
A/P	2,819,127	2,566,193	2,995,361
Loans Payable	353,729	800,000	
Other Payables and Accrued Liabilities	488,597	2,162,743	2,270,880
Tax Payables	307,343	322,710	338,846
Related Party Loans	3,272,311		
Current Portion of Lease Liabilities	74,925	33,652	-
<b>Total Current Liabilities</b>	<b>7,316,032</b>	<b>5,885,298</b>	<b>5,605,086</b>
Lease Liabilities	33,652	33,652	33,652
Deferred Income Tax	49,294	51,759	54,347
<b>Total Liabilities</b>	<b>7,398,978</b>	<b>5,970,708</b>	<b>5,693,085</b>
<b>SHAREHOLDERS EQUITY</b>			
Share Capital	334,863	334,863	334,863
Additional Paid-In Capital		5,000,000	10,000,000
Accumulated Earnings	180,333	- 3,182,626	- 6,264,211
Non-Controlling Interest	78,818	81,227	81,227
AOCI	6,036	2,214	2,214
<b>Total shareholders' equity (deficiency)</b>	<b>600,050</b>	<b>2,235,678</b>	<b>4,154,093</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>7,999,028</b>	<b>8,206,387</b>	<b>9,847,178</b>



<b>EUDA Health Limited and Subsidiaries</b>			
<b>STATEMENTS OF CASH FLOWS</b>			
<b>(in US\$) - YE Dec 31st</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>
<b>OPERATING ACTIVITIES</b>			
Net Profit for the Year	900,396	-3,362,959	-3,081,585
<b>Adjusted for items not involving cash:</b>			
Depreciation and Amortization	264,103	248,009	260,757
Deferred Taxes Benefits	-27,680		
Investment Income	-1,917,062		
Gain on Disposal of Subsidiaries			
Provision for Doubtful Account	43,804		
<b>Funds From Operations</b>	<b>-736,439</b>	<b>-3,114,950</b>	<b>-2,820,828</b>
<b>Change in working capital</b>			
A/R	-263,950	86,396	-224,432
Other Receivables	36,621	-114,442	-120,164
Prepaid expenses	-18,010	-141,465	-10,648
A/P	1,376,274	-252,934	429,168
Other Payable and Accrued Expenses	4,360	1,674,146	108,137
Taxes	107,188	15,367	16,136
Operating Lease Liabilities	-62,124	-41,273	-33,652
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>443,920</b>	<b>-1,889,155</b>	<b>-2,656,284</b>
<b>INVESTING ACTIVITIES</b>			
Loan to Third Party	-354,226		
Other Receivables		372,393	-72,911
Goodwill and Intangible Assets			
Others		0	-18,598
Acquisition of Equipment	-1,957		
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-356,183</b>	<b>372,393</b>	<b>-91,509</b>
<b>FINANCING ACTIVITIES</b>			
Lease Payments	-6,686	0	0
Others		2,465	2,588
Proceeds from Loans/ Convertible Debt	-161,687	-2,826,040	-800,000
Proceeds from equity issue		4,998,587	5,000,000
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-168,373</b>	<b>2,175,012</b>	<b>4,202,588</b>

**Fundamental Research Corp. Equity Rating Scale:**

**Buy** – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

**Hold** – Annual expected rate of return is between 5% and 12%

**Sell** – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

**Suspended or Rating N/A**— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

**Fundamental Research Corp. Risk Rating Scale:**

**1 (Low Risk)** - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

**2 (Below Average Risk)** - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

**3 (Average Risk)** - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

**4 (Speculative)** - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

**5 (Highly Speculative)** - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues and may rely on external funding. These stocks are considered highly speculative.

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