



騰龍國際集團

GLOBAL DRAGON LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No.198102945K and SGX: 586

UNAUDITED HALF-YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (“HY2021”)

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.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (“HY2021”)**

| Group | The Group | | |
|--|--------------------------------|--------------------------------|-------------------------------------|
| | Unaudited HY2021 S\$'000 | Unaudited HY2020 S\$'000 | % Change Increase/ (Decrease) |
| Revenue | 4,685 | 453 | >100% |
| Cost of sales | (4,455) | (229) | >100% |
| Gross profit | 230 | 224 | 3% |
| Other income | 362 | 58 | >100% |
| Fair value loss on investment properties | (127) | – | N.M. |
| Sales and marketing expenses | (198) | (344) | (42%) |
| General and administrative expenses | (674) | (810) | (17%) |
| Other expenses | – | (484) | N.M. |
| Finance costs | (546) | (585) | (7%) |
| Loss before tax | (953) | (1,941) | (51%) |
| Income tax expense | – | – | – |
| Loss for the period attributable to the owners of the Company | (953) | (1,941) | (51%) |
| <u>Other comprehensive income:</u> | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Revaluation of land | – | 49,331 | N.M. |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Currency translation differences - foreign operations, at nil tax | – | 1 | N.M. |
| Total comprehensive income for the period attributable to the owners of the Company | (953) | 47,391 | >100% |

* N.M. – not meaningful

** Revenue and general and administrative expenses for HY2020 were restated as a result of the adjustments arising from the adoption of SFRS(I) 16 in second half of FY2020, where the rental income from campus of S\$0.6 million was offset against the rental expense of S\$0.6 million.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (“HY2021”)**

Loss before tax of the Group is arrived at after charging/(crediting) the following:

| | Group | | |
|--|---|---|--|
| | Unaudited HY2021 S\$'000 | Unaudited HY2020 S\$'000 | % Change Increase/ (Decrease) |
| Allowance for estimated credit loss | – | 15 | N.M. |
| Depreciation of plant and equipment | 14 | 14 | – |
| Depreciation of right-of-use asset | 32 | – | N.M. |
| Employee benefit expense | 435 | 420 | 4% |
| Fair value loss on investment properties | 127 | – | N.M. |
| Gain on derivative instrument held at fair value through profit and loss | (222) | – | N.M. |
| Interest expense | 544 | 584 | (7%) |
| Interest income | (5) | (30) | (83%) |
| Loss on disposal of investment properties | – | 200 | N.M. |
| Operating lease expenses | 41 | 83 | (51%) |

* 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.

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 December 2020**

| | Group | | Company | |
|---|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| | Unaudited 31/12/2020 S\$'000 | Audited 30/06/2020 S\$'000 | Unaudited 31/12/2020 S\$'000 | Audited 30/06/2020 S\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 109,811 | 107,746 | 32 | 46 |
| Investment properties | 12,595 | 14,065 | 12,595 | 14,065 |
| Investment in subsidiaries | – | – | 5,000 | 5,000 |
| Right-of-use assets | 71 | 103 | – | – |
| | 122,477 | 121,914 | 17,627 | 19,111 |
| Current assets | | | | |
| Trade and other receivables | 67 | 66 | 48 | 47 |
| Tax recoverable | 173 | – | – | – |
| Due from subsidiaries (non-trade) | – | – | 33,800 | 33,970 |
| Prepayments | 26 | 19 | 26 | 18 |
| Contract assets | 2,036 | 613 | – | – |
| Development properties | 101,457 | 86,865 | – | – |
| Lease receivable | – | 259 | – | 259 |
| Properties held for sale | 1,344 | 3,100 | 1,344 | – |
| Cash and short-term deposits | 2,608 | 3,332 | 38 | 634 |
| | 107,711 | 94,254 | 35,256 | 34,928 |
| Total assets | 230,188 | 216,168 | 52,883 | 54,039 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 2,835 | 1,280 | 435 | 584 |
| Due to subsidiaries (non-trade) | – | – | 985 | 978 |
| Contract liabilities | 2,792 | 691 | – | – |
| Derivative instrument | – | 222 | – | – |
| Lease liabilities | 66 | 426 | – | 361 |
| Provisions | 15 | 15 | 15 | 15 |
| Borrowings | 17,965 | 50,366 | 937 | 1,089 |
| | 23,673 | 53,000 | 2,372 | 3,027 |
| Net current assets | 84,038 | 41,254 | 32,884 | 31,901 |
| Non-current liabilities | | | | |
| Lease liabilities | 6 | 39 | – | – |
| Borrowings | 121,452 | 77,119 | 9,426 | 9,612 |
| | 121,458 | 77,158 | 9,426 | 9,612 |
| Total liabilities | 145,131 | 130,158 | 11,798 | 12,639 |
| Net assets | 85,057 | 86,010 | 41,085 | 41,400 |
| EQUITY | | | | |
| Share capital | 46,116 | 46,116 | 46,116 | 46,116 |
| Reserves | 38,941 | 39,894 | (5,031) | (4,716) |
| Equity attributable to owners of the Company | 85,057 | 86,010 | 41,085 | 41,400 |
| Total equity | 85,057 | 86,010 | 41,085 | 41,400 |
| Total equity and liabilities | 230,188 | 216,168 | 52,883 | 54,039 |

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

| 31 December 2020 | | 30 June 2020 | |
|--------------------|----------------------|--------------------|----------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| 17,965 | – | 50,366 | – |

Amount repayable after one year

| 31 December 2020 | | 30 June 2020 | |
|--------------------|----------------------|--------------------|----------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| 121,452 | – | 77,119 | – |

Details of any collateral:**Secured borrowings**

As at 31 December 2020 and 30 June 2020, the secured borrowings of the Group are secured by

- (i) mortgages over leasehold land and building of the Group and certain development and investment properties held by the Group and the Company;
- (ii) corporate guarantees by the Company;
- (iii) assignment of developer's rights and benefits in the sale and purchase agreements; and
- (iv) personal guarantees by the Executive Chairman and substantial shareholder of the Company.

Unsecured borrowings

As at 31 December 2020 and 30 June 2020, the Company does not have any unsecured borrowings.

- 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.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (“HY2021”)**

| | The Group | |
|--|--------------------------------|--------------------------------|
| | Unaudited HY2021 S\$'000 | Unaudited HY2020 S\$'000 |
| Operating activities | | |
| Loss before tax | (953) | (1,941) |
| <i>Adjustments for:</i> | | |
| Allowance for estimated credit losses | – | 15 |
| Depreciation of plant and equipment | 14 | 14 |
| Depreciation of right-of-use assets | 32 | – |
| Fair value loss on investment properties | 127 | – |
| Gain on derivative instrument held at fair value through profit and loss | (222) | – |
| Loss on disposal of investment properties | – | 200 |
| Interest expense | 544 | 584 |
| Interest income | (5) | (30) |
| Operating loss before working capital changes | (463) | (1,158) |
| <i>Changes in working capital:</i> | | |
| (Increase)/decrease in trade and other receivables | (181) | 3,198 |
| Increase in contract assets | (1,424) | (247) |
| Increase in development properties and properties held for sale | (11,465) | (20,960) |
| Decrease/(increase) in lease receivable | 263 | (928) |
| Increase in trade and other payables | 1,556 | 215 |
| Increase in contract liabilities | 2,101 | 692 |
| (Decrease)/increase in lease liability | (396) | 928 |
| Cash used in operations | (10,009) | (18,260) |
| Interest paid | (506) | (614) |
| Net cash flows used in operating activities | (10,515) | (18,874) |
| Investing activities | | |
| Interest received | 1 | 6 |
| Interest paid | (302) | (515) |
| Acquisition of property, plant and equipment | (1,776) | (444) |
| Proceeds from disposal of investment properties | 67 | 1,280 |
| Net cash flows (used in)/from investing activities | (2,010) | 327 |
| Financing activities | | |
| Interest paid | (131) | (176) |
| Decrease in fixed deposits pledged | 622 | – |
| Proceeds from bank loans | 14,590 | 15,387 |
| Proceeds from shareholders' loans | – | 4,390 |
| Repayments of bank loans | (2,658) | (1,517) |
| Repayments of shareholders' loans | – | (500) |
| Net cash flows from financing activities | 12,423 | 17,584 |
| Net decrease in cash and cash equivalents | (102) | (963) |
| Cash and cash equivalents at beginning of financial period | 1,710 | 1,628 |
| Cash and cash equivalents at end of financial period | 1,608 | 665 |
| Note to the Consolidated Statement of Cash Flows | | |
| Cash and short-term deposits | 2,608 | 1,665 |
| Less: Fixed deposits pledged | (1,000) | (1,000) |
| Cash and cash equivalents | 1,608 | 665 |

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.

| Unaudited Group | Equity attributable to owners of the Company | | | | | |
|--|--|---------------------------|------------------------------|----------------------|--------------------|--------------|
| | Share capital | Asset revaluation reserve | Exchange fluctuation reserve | Share option reserve | Accumulated losses | Total Equity |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 July 2020 | 46,116 | 50,663 | 285 | 498 | (11,552) | 86,010 |
| Loss for the period | – | – | – | – | (953) | (953) |
| Total comprehensive income for the period | – | – | – | – | (953) | (953) |
| At 31 December 2020 | 46,116 | 50,663 | 285 | 498 | (12,505) | (85,057) |

| Unaudited Group | Equity attributable to owners of the Company | | | | | |
|--|--|---------------------------|------------------------------|----------------------|--------------------|--------------|
| | Share capital | Asset revaluation reserve | Exchange fluctuation reserve | Share option reserve | Accumulated losses | Total Equity |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 July 2019 | 46,116 | – | 240 | 498 | (7,806) | 39,048 |
| Loss for the period | – | – | – | – | (1,941) | (1,941) |
| Other comprehensive income | – | – | – | – | – | – |
| - Foreign currency translation differences | – | – | 1 | – | – | 1 |
| - Net surplus on revaluation of land | – | 49,331 | – | – | – | 49,331 |
| Total comprehensive income for the period | – | 49,331 | 1 | – | (1,941) | 47,391 |
| At 31 December 2019 | 46,116 | 49,331 | 241 | 498 | (9,747) | 86,439 |

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.

| Unaudited Company | Share capital \$'000 | Share option reserve \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|---|----------------------------|-----------------------------------|---------------------------------|---------------------------|
| At 1 July 2020 | 46,116 | 498 | (5,214) | 41,400 |
| Loss for the period | – | – | (315) | (315) |
| Total comprehensive income for the period | – | – | (315) | (315) |
| At 31 December 2020 | 46,116 | 498 | (5,529) | 41,085 |

| Unaudited Company | Share capital \$'000 | Share option reserve \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|---|----------------------------|-----------------------------------|---------------------------------|---------------------------|
| At 1 July 2019 | 46,116 | 498 | (6,004) | 40,610 |
| Profit for the period | – | – | 1,057 | 1,057 |
| Total comprehensive income for the period | – | – | 1,057 | 1,057 |
| At 31 December 2019 | 46,116 | 498 | (4,947) | 41,667 |

- 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.**

The Company's issued and fully paid share capital and number of ordinary shares as at 31 December 2020 and 30 June 2020 are set out below:

| | Number of ordinary shares | Share capital \$ |
|---|----------------------------------|-------------------------|
| <u>Issued and fully paid:</u> | | |
| As at 31 December 2020 and 30 June 2020 | 681,975,469 | 46,116,140 |

As at 31 December 2020, the number of outstanding and unexercised options granted under the GDL Share Options Scheme was nil (31 December 2019: nil). No share awards have been granted pursuant to the GDL Share Award Scheme in HY2021 and HY2020.

As at 31 December 2020, the Company did not hold any treasury shares and subsidiary holdings (31 December 2019: nil treasury shares and subsidiary holdings).

- 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.**

As at 31 December 2020, the total number of issued shares (excluding treasury shares) was 681,975,469 shares (30 June 2020: 681,975,469 shares).

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

Not applicable. The Company did not have any treasury shares during and as at the end of HY2021.

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

Not applicable. The Company did not have any subsidiary holdings during and as at the end of HY2021.

- 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 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. The Group's latest audited financial statements for FY2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

Except as disclosed in paragraph 5 below, the Group and the Company have consistently applied the same accounting policies and methods of computation as that applied to the most recently audited annual financial statements for the financial year ended 30 June 2020.

- 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.**

Except for the adoption of the new and revised SFRS(I) and interpretation of SFRS(I) applicable for the financial year beginning on 1 July 2020, the same accounting policies and methods of computation have been applied. The adoption of the new and revised SFRS(I) has no material impact on the financial performance or position of the Group and the Company.

- 6. Earnings/(loss) 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.**

| | The Group | |
|--|-----------------------------|-----------------------------|
| | Unaudited HY2021 | Unaudited HY2020 |
| <u>Loss per ordinary share</u> | | |
| Loss per ordinary share of the Group for the financial period based on net loss attributable to owners of the Company on weighted average number of ordinary shares in issue (basic) (cents) and fully diluted basis (cents) | (0.14) | (0.28) |
| Weighted average number of shares in issue during the period | 681,975,469 | 681,975,469 |

The Company does not have any dilutive equity investments in HY2021 and HY2020.

- 7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share 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 |
|--|--------------|----------------|
| The total number of issued shares at the end of the: | | |
| (a) current financial period reported as at 31 December 2020 | 681,975,469 | 681,975,469 |
| (b) immediately preceding financial year as at 30 June 2020 | 681,975,469 | 681,975,469 |
| Net asset value per issued ordinary share (cents): | | |
| (a) as at 31 December 2020 (unaudited) | 12.47 | 6.02 |
| (b) as at 30 June 2020 (audited) | 12.61 | 6.07 |

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.

8.1 INCOME STATEMENT REVIEW

Review for the performance of the Group for the six-month financial period ended 31 December 2020 (“HY2021”) as compared to the six-month financial period ended 31 December 2019 (“HY2020”).

In HY2021, the Group's net loss reduced by S\$988,000 (or 51%) to S\$953,000 from S\$1.94 million in HY2020, resulting in a basic loss per share of 0.14 cents (HY2020: 0.28 cents).

In HY2021, the Group recorded a negative total comprehensive income for the period of S\$953,000, as compared to a total comprehensive income of S\$47.39 million in HY2020, comprised a revaluation surplus of nil (HY2020: S\$49.33 million) for its land and nil (HY2020: S\$1,000) of currency translation differences gains from its foreign operations.

8.1.1 Revenue, other income and fair value adjustment on investment properties

Revenue

The Group's revenue increased by S\$4.23 million (or 934%) to S\$4.69 million in HY2021 (HY2020: S\$453,000) due mainly to the recognition of revenue from the property development projects located at East Coast Road (“**Project Infini At East Coast**”) and Jalan Demak (“**Project Jalan Demak**”) of S\$4.52 million (HY2020: S\$247,000). The Group completed the sale of its first residential property development project, namely, Project Jalan Demak during the financial period under review.

The increase is partially offset by the decrease in rental income from its investment properties by S\$45,000 to S\$161,000 (HY2020: S\$206,000) which was in line with the decrease in property investment portfolio of 999-year leasehold prime office units to 17 units (HY2020: 19 units) in HY2021.

Cost of sales

The Group recognised cost of sales of S\$4.46 million in HY2021 (HY2020: S\$229,000) for Project Infini At East Coast and Project Jalan Demak.

Other income

The Group's other income increased significantly by S\$304,000 (or 524%) to S\$362,000 in HY2021 (HY2020: S\$58,000) due mainly to the increase in gain on derivative instrument held at fair value through profit and loss of S\$222,000 and government grants of S\$106,000, which comprised mainly rental waivers for campus. The increase was offset by the decrease in interest income from fixed deposits of S\$24,000 during HY2021.

Fair value loss on investment properties

The Group recorded a fair value loss on investment properties of S\$127,000 in HY2021 (HY2020: nil).

8.1.2 Operating expenses

The Group's operating expenses, which comprised sales and marketing expenses and general and administrative expenses, have decreased by S\$282,000 (or 24%) to S\$872,000 in HY2021 (HY2020: S\$1.15 million), due mainly to the decrease in sales and marketing expenses relating to Project Infini At East Coast.

8.1 INCOME STATEMENT REVIEW (CONT'D)

8.1.2 Operating expenses (cont'd)

Sales and marketing expenses

Sales and marketing expenses decreased by S\$146,000 (or 42%) to S\$198,000 in HY2021 (HY2020: S\$344,000), comprising mainly advertising and promotional expenses and commissions paid of S\$108,000 and S\$42,000 respectively for Project Infini At East Coast and Project Jalan Demak. The decrease was offset by the increase in show flat expenses of S\$4,000 for Project Infini At East Coast and Project Jalan Demak.

General and administrative expenses

General and administrative expenses decreased by S\$136,000 (or 17%) to S\$674,000 in HY2021 (HY2020: S\$810,000) due mainly to:

- (a) the decrease in rental expense from office by S\$3,000 (or 7%) due to rental rebate received;
- (b) the decrease in professional fee, compliance expenses and listing expenses of S\$8,000 (or 6%);
- (c) the decrease in maintenance expense of the investment properties of S\$38,000 (or 34%);
- (d) the decrease in allowances and write offs of S\$16,000 (or 107%), which comprised mainly the write down to net realisable value of property held for sale; and
- (e) the decrease in other administrative expenses of S\$85,000 due to the GST not claimable by certain non-GST registered subsidiaries.

The decrease was offset by the increase in employee benefits expense of S\$14,000 (or 3%).

Other expenses

The Group recorded other expenses of nil in HY2021 (HY2020: S\$484,000). Other expenses for HY2020 comprised loss on foreign exchange contract of S\$284,000 and loss on disposal of investment properties of S\$200,000.

8.1.3 Finance costs

Finance costs decreased by S\$39,000 (or 7%) to S\$546,000 in HY2021 (HY2020: S\$585,000) due to the decrease in loan interest expenses and lease interest expenses of S\$23,000 and S\$16,000 respectively.

8.2 BALANCE SHEET REVIEW

The comparative performance for both assets and liabilities are based on the Group's consolidated financial statements as at 31 December 2020 and 30 June 2020.

As at 31 December 2020, the Group recorded total net assets of S\$85.06 million (30 June 2020: S\$86.01 million).

8.2.1 Total equity

Equity attributable to the owners of the Company amounted to S\$85.06 million as at 31 December 2020 (30 June 2020: S\$86.01 million). The decrease was due to the net loss for the period of S\$953,000.

8.2 BALANCE SHEET REVIEW (CONT'D)

8.2.2 Non-current assets

Non-current assets increased by S\$563,000 (or 0.5%) to S\$122.48 million as at 31 December 2020 (30 June 2020: S\$121.91 million) due mainly to the increase in property, plant and equipment by S\$2.06 million to S\$109.81 million as at 31 December 2020 (30 June 2020: S\$107.75 million), which comprised mainly the increase in hotel under construction of S\$2.05 million and depreciation charges of S\$14,000 recognised in HY2021.

The increase was offset by the following items:

- (a) the decrease in investment properties of S\$1.47 million to S\$12.60 million as at 31 December 2020 (30 June 2020: S\$14.07 million) due to the fair value loss on investment properties recognised of S\$127,000 in HY2021 and classification of investment properties of S\$1.34 million as properties held for sale; and
- (b) the decrease in right-of-use asset of S\$32,000 due to depreciation charges recognised in HY2021.

8.2.3 Current assets

The increase in current assets by S\$13.46 million (or 14%) to S\$107.71 million as at 31 December 2020 (30 June 2020: S\$94.25 million) was due mainly to the increase in the following items:

- (a) the increase in GST tax recoverable of S\$173,000;
- (b) the increase in contract assets of S\$1.42 million from Project Infini At East Coast; and
- (c) the increase in development properties of S\$14.59 million from the increase in costs capitalised into property development projects located at East Coast Road, Flower Road, Lorong Mydin and Tan Sim Boh Road.

The increase was partially offset by the decrease in the following items:

- (a) the decrease in lease receivable of S\$259,000;
- (b) the decrease in properties held for sale of S\$1.76 million due to the completion of sales for Project Jalan Demak of S\$3.10 million and the decrease was offset by the recognition of investment properties held for sale of S\$1.34 million, arising from the option-to-purchase issued for two (2) office units at Peninsula Plaza; and
- (c) the decrease in cash and short-term deposits of S\$724,000 to S\$2.61 million as at 31 December 2020 (30 June 2020: S\$3.33 million) to fund the Group's existing and future property development projects as well as the Group's working capital requirements.

8.2.4 Current liabilities

Current liabilities decreased by S\$29.33 million (or 55%) to S\$23.67 million as at 31 December 2020 (30 June 2020: S\$53.00 million) due mainly to the following items:

- (a) the decrease in derivative instrument of S\$222,000;
- (b) the decrease in lease liabilities of S\$360,000 (see Paragraphs 8.2.5 Total current and non-current lease liabilities below for more details); and
- (c) the decrease in current borrowings by S\$32.40 million, due mainly to the classification of borrowings amounting to S\$38.30 million from current liabilities to non-current liabilities (see Paragraphs 8.2.5 Total current and non-current borrowings below for more details).

The decrease was partially offset by the increase in trade and other payables of S\$1.56 million and contract liabilities of S\$2.10 million relating to Project Infini At East Coast.

The increase in trade and other payables of S\$1.56 million was due mainly to the increase in trade payables of S\$1.30 million and retention sum of S\$347,000, both relating to the construction of development properties. The increase was partially offset by the decrease in accrued operating expenses of S\$16,000, deposits received of S\$17,000 for deposits relating to the investment properties and net GST payable of S\$54,000.

8.2 BALANCE SHEET REVIEW (CONT'D)

8.2.4 Current liabilities (cont'd)

Net current assets

As at 31 December 2020, the Group recorded a net current assets of S\$84.04 million (30 June 2020: S\$41.25 million) due to the increase in current assets of S\$13.46 million and decrease in current liabilities of S\$29.33 million. For the analysis of current assets and current liabilities, please refer to Paragraphs 8.2.3 and 8.2.4 above for details.

8.2.5 Non-current liabilities

Non-current liabilities increased by S\$44.30 million to S\$121.46 million as at 31 December 2020 (30 June 2020: S\$77.16 million) attributable mainly to the reclassification of borrowings amounted to S\$38.30 million from current liabilities due to the change in the loan repayment terms and the increase in borrowings of S\$6.03 million to fund the Group's existing and future property development projects as well as the Group's working capital requirements. The increase was offset by the decrease in lease liabilities of S\$33,000.

Total current and non-current lease liabilities

Total current and non-current lease liabilities have decreased by S\$393,000 to S\$72,000 as at 31 December 2020 (30 June 2020: S\$465,000). The decrease is in line with the decrease in operating lease commitments as at 31 December 2020.

Total current and non-current borrowings

Total current and non-current borrowings have increased by S\$11.94 million to S\$139.42 million as at 31 December 2020 (30 June 2020: S\$127.48 million), due mainly to a net drawdown of borrowings to fund the Group's existing and future property development projects as well as the Group's working capital requirements.

8.3 CASH FLOW REVIEW

Cash and short-term deposits decreased by S\$724,000 to S\$2.61 million as at 31 December 2020 (30 June 2020: S\$3.33 million), which comprised cash and cash equivalents of S\$1.61 million and fixed deposits pledged of S\$1.0 million. The decrease was mainly relating to the purchase and construction of property development properties.

The Group recorded net cash used in operating activities of S\$10.52 million in HY2021 due mainly to an operating loss before working capital changes of S\$463,000, cash used for working capital of S\$9.55 million and interest expenses paid of S\$506,000.

The net cash used in investing activities amounted to S\$2.01 million in HY2021 due mainly to the acquisition of property, plant and equipment of S\$1.78 million and interest expenses paid of S\$302,000. The cash outflows were offset by the interest income received of S\$1,000 and proceeds from disposal of investment properties of S\$67,000.

The Group had also received net cash inflows of S\$12.42 million from its financing activities in HY2021. This comprised mainly proceeds from bank loans of S\$14.59 million and decrease in fixed deposits pledged of S\$622,000 to finance the purchase and construction of development properties. The cash inflows were partly offset by the interest expenses paid of S\$131,000 and repayments of bank loans of S\$2.66 million.

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

Not applicable. 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.

As of the date of this announcement, the Group's reportable business segments comprise the property development segment, property investment segment and hospitality segment.

Property development segment

According to data released by the Urban Redevelopment Authority (“URA”) on 22 January 2021, for the whole of 2020, prices of private residential properties increased by 2.2%, compared with the 2.7% increase in 2019, in which, prices of landed properties rose by 1.2% while those of non-landed properties rose by 2.5%⁽¹⁾.

The Group's property development projects are summarised as below:

- (a) Completed property development project
The Group has completed the sale of its first residential landed property located at Jalan Demak (“**Project Jalan Demak**”).
- (b) Property development projects under construction
The Group has four (4) property development projects which are currently under construction as set out below:
 - (i) the residential non-landed property development project located at East Coast Road (“**Project Infini At East Coast**”);
 - (ii) the residential landed property development project located at Lorong Mydin (“**Project Lorong Mydin**”); and
 - (iii) the residential landed property development project located at Flower Road (“**Project Flower Road**”).
- (c) Property development project in the final stage of development planning
The Group completed the purchase of a property located at Tan Sim Boh Road (“**Project Tan Sim Boh Road**”) for residential landed property development during HY2021. Subject to relevant development approvals from the authorities, the Group expects to commence the construction works of the Project Tan Sim Boh Road during the second half of the financial year ending 30 June 2021 (“**FY2021**”).

Despite the adverse economic conditions, the Group managed to issue the options-to-purchase for its units at Project Infini At East Coast and Project Flower Road. As of date of this announcement, a total sale of S\$24.17 million has been secured. Barring any unforeseen circumstances, both Project Infini At East Coast and Project Flower Road are expected to contribute positively to the Group's earnings in FY2021.

Property investment segment

The Group's property investment portfolio as at 31 December 2020 consisted of 17 units (30 June 2020: 17 units) of 999-leasehold prime office units located in Singapore's Central Business District (“**CBD**”) and achieved tenant occupancy rate of over 80% in HY2021. As part of the Group's strategy to unlock the value of the CBD Office Units, the Group issued an option-to-purchase to dispose one (1) unit of the CBD Office Units in HY2021. Barring any unforeseen circumstances, the Group expects to complete the mentioned disposal during FY2021.

Hospitality segment

The Group's hospitality investment portfolio as at 31 December 2020 consisted of a 194-room hotel development project located at Telok Blangah Road (“**Project Telok Blangah Road**”) which is currently under construction.

Barring any unforeseen circumstances, the Group's current focus is to complete the construction of all its residential and hotel projects in its pipelines and strengthening its financial fundamentals thereby ensuring sustainable long-term growth for the Group.

Reference:

⁽¹⁾ *Extracted from the URA Website, which was published on 22 January 2021 (<https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr21-02>).*

11. If a decision regarding dividend has been made:**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend was declared for HY2021.

(b) (i) Amount per share (cents)

Not applicable.

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

Not applicable. No dividend was declared for HY2020.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) 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 and the reason(s) for the decision.

No dividend has been declared/recommended for HY2021 as the Group was in a loss-making position during the financial period under review.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders in respect of any interested person transaction.

There were no interested person transactions above S\$100,000 during the financial period under review.

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

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

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

We, Koh Kian Soo and Tan Chee Wee, directors of the Company, hereby confirm on behalf of the Board that, to the best of our knowledge, nothing has come to the attention of the board of directors which may render the unaudited financial statements for the six-month financial period ended 31 December 2020 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Mr Koh Kian Soo
Executive Chairman

Mr Tan Chee Wee
Executive Director and Chief Operating Officer

10 February 2021

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Lee Khai Yinn (Telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.