



MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.198200473E)

Unaudited Financial Statements Announcement for the Third Quarter and Nine-Month Financial Period Ended 30 September 2020

Mercurius Capital Investment Limited (the “**Company**”) wishes to inform the shareholders of the Company that pursuant to Rule 705(2)(d) and 705(2C) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist, the Company is required to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company’s independent auditor for the financial year ended 31 December 2019.

*This announcement has been prepared by the Company and reviewed by the Company’s sponsor, Novus Corporate Finance Pte. Ltd. (the “**Sponsor**”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Mr. Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.

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

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

	3 Months Ended			9 Months Ended		
	30/9/2020	30/9/2019	Change	30/9/2020	30/9/2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Unaudited	Unaudited		Unaudited	Unaudited	
Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-
Other (losses)/income, net	-	18	NM	14	34	(58)
Administrative expenses	(83)	(202)	(59)	(352)	(388)	(9)
Finance costs	(163)	-	NM	(467)	-	NM
Loss before income tax	(246)	(184)	34	(804)	(354)	127
Income tax expenses	-	-	-	-	(2)	NM
Net loss for the financial period	(246)	(184)	34	(804)	(356)	126
Other comprehensive (loss)/income:						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation - gains/(losses)	(20)	11	NM	2	(11)	NM
Total comprehensive loss	(266)	(173)	54	(802)	(367)	119
Total loss attributable to:						
Equity holders of the Company	(245)	(183)	34	(803)	(355)	126
Non-controlling Interest	(1)	(1)	-	(1)	(1)	-
	(246)	(184)	34	(804)	(356)	126
Total comprehensive loss attributable to:						
Equity holders of the Company	(265)	(172)	54	(801)	(366)	119
Non-controlling Interest	(1)	(1)	-	(1)	(1)	-
	(266)	(173)	54	(802)	(367)	119

NM = Not Meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

(Loss)/Profit before income tax for the financial period was arrived at after (charging)/crediting the following:

	3 Months ended			9 Months Ended		
	30/09/2020	30/9/2019	Change	30/09/2020	30/9/2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Adjustment to prior year over-accrued income tax recoverable	-	-	-	-	(2)	NM
Depreciation - Right-of-use on assets	(37)	-	NM	(111)	-	NM
Depreciation of property, plant and equipment	(2)	(1)	100	(9)	(3)	201
Salaries, bonuses and allowances	(18)	(23)	(22)	(55)	(68)	(19)
Rental expenses on operating lease	-	(30)	NM	-	(32)	NM
Currency translation (losses)/gain, net	21	18	17	(1)	9	NM
Finance expenses - Lease liability	(4)	-	NM	(11)	-	NM
Finance expenses - Convertible Loan	(159)	-	NM	(456)	-	NM

NM = 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		As at	
	30/9/2020	31/12/2019	30/9/2020	31/12/2019
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS				
Current assets				
Cash and cash equivalents	580	1,290	572	1,282
Trade and other receivables	88	7,662	131	7,700
Income tax recoverable	1	1	-	-
	<u>668</u>	<u>8,953</u>	<u>703</u>	<u>8,982</u>
Non-current assets				
Investments in subsidiary corporations	-	-	*	*
Investment in joint venture	9,260	-	9,260	-
Property, plant and equipment	39	48	39	48
Right-of-use assets	271	382	271	382
	<u>9,570</u>	<u>430</u>	<u>9,570</u>	<u>430</u>
TOTAL ASSETS	<u>10,239</u>	<u>9,383</u>	<u>10,273</u>	<u>9,412</u>
LIABILITIES				
Current liabilities				
Trade and other payables	771	762	725	719
Lease liabilities	37	144	37	144
Convertible loans	3,720	2,537	3,720	2,537
	<u>4,528</u>	<u>3,443</u>	<u>4,481</u>	<u>3,400</u>
Non-current liabilities				
Lease liabilities	241	241	241	241
TOTAL LIABILITIES	<u>4,769</u>	<u>3,684</u>	<u>4,723</u>	<u>3,641</u>
NET ASSETS	<u>5,470</u>	<u>5,699</u>	<u>5,551</u>	<u>5,771</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	141,277	140,399	141,277	140,399
Other reserves	(1,438)	(1,135)	633	938
Accumulated losses	(134,374)	(133,571)	(136,359)	(135,566)
	<u>5,465</u>	<u>5,693</u>	<u>5,551</u>	<u>5,771</u>
Non-controlling interests	5	6	-	-
TOTAL EQUITY	<u>5,470</u>	<u>5,699</u>	<u>5,551</u>	<u>5,771</u>

* Amount less than S\$1,000.

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

- Amount repayable in one year or less, or on demand

	As at 30/9/2020		As at 31/12/2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible loans	-	3,720	-	2,537

- Amount repayable after one year

	As at 30/9/2020		As at 31/12/2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible loans	-	-	-	-

Note: Convertible loans include accrued interests and recorded at fair value of the liability component. The fair value of the liability component is calculated using a market interest rate for an equivalent non-convertible loan at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves, net of deferred income taxes.

Details of any collateral

Not applicable, as there is no collateral on the convertible loans.

Convertible Loans

On 13 December 2019, the Company entered into a convertible loan agreement with three investors whereby the investors provided a redeemable convertible loan of an aggregate principal value of S\$1.75 million ("**13 Dec 2019 Convertible Loan**") to the Company, which is repayable in cash or in shares of the Company, convertible up to 19.25 million new ordinary shares (inclusive of any accrued interest) in the issued and paid-up share capital of the Company upon maturity on 12 December 2020.

On 23 December 2019, the Company entered into a convertible loan agreement with an investor whereby the investor provided a redeemable convertible loan of an aggregate principal value of S\$1.0 million ("**23 Dec 2019 Convertible Loan**") to the Company, which is repayable in cash or in shares of the Company, convertible up to 11.0 million new ordinary shares (inclusive of any accrued interest) in the issued and paid-up share capital of the Company upon maturity on 22 December 2020.

On 3 January 2020, the Company entered into a convertible loan agreement with an investor whereby the investor provided a redeemable convertible loan of an aggregate principal value of S\$0.8 million (“**3 Jan 2020 Convertible Loan**”) to the Company, which is repayable in cash or in shares of the Company, convertible up to 8.8 million new ordinary shares (inclusive of any accrued interest) in the issued and paid-up share capital of the Company upon maturity on 2 January 2021.

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.

	9 Months Ended	
	30/9/2020	30/9/2019
	SS'000	SS'000
	Unaudited	Unaudited
Cash flows from operating activities		
Net loss	(804)	(356)
Adjustments for:		
- Depreciation of property, plant and equipment	9	3
- Depreciation of Right-of-Use assets	111	-
- Interest expense	467	2
- Unrealised currency translation losses/(gains)	1	(9)
Operating cash flows before working capital changes	<u>(216)</u>	<u>(360)</u>
Changes in working capital		
Trade and other receivables	(5)	(67)
Trade and other payables	7	452
Cash generated from/(used in) operations	<u>(214)</u>	<u>25</u>
Interest paid	(10)	-
Net cash provided by/(used in) operating activities	<u>(224)</u>	<u>25</u>
Cash flows from investing activities		
Payment for investment in joint venture	(1,679)	(6,079)
Additions of property, plant and equipment	-	(29)
Net cash used in investing activities	<u>(1,679)</u>	<u>(6,108)</u>
Cash flows from financing activities		
Proceeds from placement of ordinary shares	500	5,500
Proceeds from convertible loan	800	500
Repayment of lease liability	(107)	-
Net cash provided by financing activities	<u>1,193</u>	<u>6,000</u>
Net increase/(decrease) in cash and cash equivalents	(710)	(83)
Cash and cash equivalents		
Cash and cash equivalents at beginning of financial period	1,290	225
Cash and cash equivalents at end of financial period	<u>580</u>	<u>142</u>

1(d)(i) A statement (for the issuer and the 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.

	Equity attributable to owners of the Company						
	Share capital SS'000	Other reserve SS'000	Equity component of convertible loan SS'000	Accumulated losses SS'000	Equity attributable to owners of the Company SS'000	Non-controlling interests SS'000	Total Equity SS'000
GROUP							
Balance at 1 January 2020	140,399	(1,387)	252	(133,571)	5,693	6	5,699
Loss for the financial period	-	-	-	(803)	(803)	(1)	(804)
Other comprehensive loss for the financial period	-	2	-	-	2	-	2
Placement of ordinary shares	500	-	-	-	500	-	500
Share-based payment	378	(378)	-	-	-	-	-
Convertible loan equity component	-	-	73	-	73	-	73
Interest on convertible loan classified as equity	-	-	-	-	-	-	-
Balance as at 30 September 2020	141,277	(1,763)	325	(134,374)	5,465	5	5,470
Balance at 1 January 2019	133,182	6	1,143	(134,244)	87	7	94
Loss for the financial period	-	-	-	(355)	(355)	(1)	(356)
Other comprehensive loss for the financial period	-	(11)	-	-	(11)	-	(11)
Placement of ordinary shares	6,697	-	(1,197)	-	5,500	-	5,500
Conversion of convertible loans	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-
Convertible loan equity component	-	-	500	-	500	-	500
Interest on convertible loan classified as equity	-	-	74	(74)	-	-	-
Balance as at 30 September 2019	139,879	(5)	520	(134,673)	5,721	6	5,727
COMPANY							
Balance at 1 January 2020	140,399	686	252	(135,566)	5,771	-	5,771
Loss for the financial period	-	-	-	(793)	(793)	-	(793)
Other comprehensive loss for the financial period	-	-	-	-	-	-	-
Placement of ordinary shares	500	-	-	-	500	-	500
Share-based payment	378	(378)	-	-	-	-	-
Convertible loan equity component	-	-	73	-	73	-	73
Interest on convertible loan classified as equity	-	-	-	-	-	-	-
Balance as at 30 September 2020	141,277	308	325	(136,359)	5,551	-	5,551
Balance at 1 January 2019	133,182	-	1,143	(134,179)	146	-	146
Loss for the financial period	-	-	-	(350)	(350)	-	(350)
Other comprehensive loss for the financial period	-	-	-	-	-	-	-
Placement of ordinary shares	6,697	-	(1,197)	-	5,500	-	5,500
Share-based payment	-	-	-	-	-	-	-
Convertible loan equity component	-	-	500	-	500	-	500
Interest on convertible loan classified as equity	-	-	74	(74)	-	-	-
Balance as at 30 September 2019	139,879	-	520	(134,603)	5,796	-	5,796

1(d)(ii) (aa) 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.

	Issued and fully paid-up ordinary shares	Share capital S\$'000
Balance as at 30 June 2020	1,276,474,940	140,399
Add: Allotment and issue of new shares	20,889,000	878
Balance as at 30 September 2020	1,297,363,940	141,277

On 14 July 2020, the Company had issued 20,889,000 shares as follows:

- (i) 12,500,000 new ordinary shares in the issued share capital of the Company (the "**Placement Shares**") to Mr Teo Soon Seng (the "**Placee**") in respect to a subscription agreement entered into between the Company and the Placee on 30 June 2020 (the "**Placement**"). Pursuant to the Placement, the Company shall allot and issue the Placement Shares at an issue price of S\$0.04 per Placement Share to the Placee, for an aggregate subscription amount of S\$500,000.
- (ii) 2,500,000 new ordinary shares in the issued share capital of the Company ("**Director's Shares**") to Mr Chew Hai Chiene Hester Arthur ("**Mr Hester Chew**"), Independent Non-Executive Director of the Company. Pursuant to the appointment of Mr Hester Chew as an Independent Non-Executive Director of the Company as announced on 24 July 2019, the Company had agreed to allot 2,500,000 ordinary shares at an issue price of S\$0.045 per Director's Share as payment for his director's fees of S\$112,500 for the period from 25 July 2019 to 24 July 2020. The issue and allotment of the Director's Shares was approved by the shareholders of the Company at the annual general meeting held on 25 June 2020.
- (iii) 5,000,000 new ordinary shares in the issued share capital of the Company to Mr Richard Tan Liat Chew ("**Richard**") and 889,000 new ordinary shares in the issued share capital of the Company to Mr Keith Ong Boon Kit ("**Keith**") at an issue price of S\$0.045 per Payment Share (collectively, the "**Payment Shares**").

The Company had on 26 July 2019, appointed Richard as the advisor and principal member of the private equity fund (the "**Fund**"), which will focus on resort and leisure property investment in the Indo-China region. In relation to his appointment, the Company and Richard had entered into a supplemental agreement on 4 November 2019 for the proposed issuance of 5,000,000 Payment Shares as payment for his annual remuneration for the period of 15 July 2019 to 14 July 2020.

On 27 August 2019, the Company had engaged Keith as a consultant for the Fund at agreed fees of S\$40,000. In relation to Keith's engagement as a consultant for the Fund, the Company and Keith had entered into a supplemental agreement on 4 November 2019 for the proposed issuance of 889,000 Payment Shares as payment for his consulting fees to the Fund.

Save for the above, there were no other changes in the Company's share capital as of 30 September 2020.

(bb) 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.

As disclosed in Section 1(b)(ii), the Company had entered into the 13 Dec 2019, 23 Dec 2019, and 3 Jan 2020 Convertible Loans. As at 30 September 2020, all three convertible loans, inclusive of interest, are convertible up to 39.05 million new ordinary shares of the Company (31 December 2019: 30.25 million) upon maturity. Save for this, the Company does not have any other convertible securities.

(cc) 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.

There were no treasury shares or subsidiary holdings as at 30 September 2020 and 30 September 2019.

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.

The total number of issued shares (excluding treasury shares) as at 30 September 2020 was 1,297,363,940 (31 December 2019: 1,276,474,940). There were no treasury shares as at 30 September 2020 and 31 December 2019.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's independent auditor.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications 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 (other than a material uncertainty related to going concern):-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The latest audited financial statement for the financial year ended 31 December 2019 was subject to a disclaimer of opinion on the basis of material uncertainties which may cast significant doubt on the Group's and Company's ability to continue as a going concern, highlighted in the independent auditor's report dated 6 April 2020.

To partially address the going concern issue, the Company entered into a subscription agreement on 30 June 2020 with the Placee for an aggregate subscription amount of S\$500,000, convertible into 12,500,000 Placement Shares at an issue price of S\$0.04 per Placement Share. As at 30 September 2020, the Placement Shares was listed and quoted on Catalist.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

The Board confirms that the impact of the going concern issue on the financial statements has been adequately disclosed.

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

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the preparation of the audited financial statements of the Group for the financial 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 had adopted all the applicable new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) which became effective for the financial year beginning on or after on 1 January 2020. The adoption of these new and revised SFRS(I) did not give rise to any material impact on the Group’s financial statements 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.

	3 Months Ended		9 Months Ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
Weighted average number of ordinary shares for basic earnings per share	1,283,053,378	1,227,338,136	1,280,938,891	1,152,340,874
Weighted average number of ordinary shares for diluted earnings per share	1,329,448,173	1,240,103,621	1,317,691,257	1,160,796,454
Net loss attributable to the equity holders of the Company for the financial period (S\$'000)	(245)	(183)	(803)	(355)
Less: Interest on convertible loans	(159)	-	(456)	-
Adjusted net loss for the financial period (S\$'000)	(86)	(183)	(347)	(355)
Basic earnings/(loss) per share (cents)	(0.007)	(0.015)	(0.027)	(0.031)
Diluted earnings/(loss) per share (cents)	(0.006)	(0.015)	(0.026)	(0.031)

For the 9-month period ended 30 September 2020, the weighted average number of shares for diluted loss per share took into account the following:

- i. 39.05 million new shares that may be issued and allotted pursuant to the conversion of the 13 Dec 2019 Convertible Loan, 23 Dec 2019 Convertible Loan, and 3 Jan 2020 Convertible Loan; and
- ii. The outstanding share-based payments amounting to 10 million shares.

7. **Net asset value (for the issuer and the 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	
	30/9/2020	31/12/2019
Net Assets Value Per Ordinary Share		
- Based on issued share capital at the respective dates	0.42 cents	0.45 cents
- Number of existing issued shares at the respective dates	1,297,363,940	1,276,474,940
	Company	
	30/9/2020	31/12/2019
Net Assets Value Per Ordinary Share		
- Based on issued share capital at the respective dates	0.43 cents	0.45 cents
- Number of existing issued shares at the respective dates	1,297,363,940	1,276,474,940

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.**

(A) Review of consolidated statement of comprehensive income

Revenue and Gross Profit

The Group's new business in property development and property investment which was approved by shareholders of the Company on 30 March 2017 did not generate any revenue for the Group. As such, the Group did not record any revenue, cost of sales and gross profit for the third quarter ended 30 September ("3Q") 2020 and the nine-month financial period ended 30 September ("YTD 9-Mth") 2020. Please also refer to paragraph 10 of this announcement.

Other Loss/Income, net

Other income (net) decreased by S\$20,000 from S\$34,000 in YTD 9-Mth 2019 to S\$14,000 in YTD 9-Mth 2020 due primarily to the termination of a licensing agreement in 2019. The licensing fee accounted for S\$25,000 in YTD 9-Mth 2019.

Administrative Expenses

Administrative expenses decreased from S\$202,000 in 3Q 2019 to S\$83,000 in 3Q 2020, and from S\$388,000 in YTD 9-Mth 2019 to S\$352,000 in YTD 9-Mth 2020, mainly due to the reduction in professional fees and travelling expenses that were incurred for the work related to entering into the joint venture in 3Q 2019.

Finance Costs

Finance costs in 3Q 2020 are substantially the accrued interest from the 13 Dec 2019 Convertible Loan, the 23 Dec 2019 Convertible Loan and the 3 Jan 2020 Convertible Loan amounting to S\$159,000.

Net Loss

As a result of the above, the Group recorded a net loss after tax of S\$246,000 and S\$804,000 in 3Q 2020 and YTD 9-Mth 2020 respectively, as compared to a net loss after tax of S\$184,000 and S\$356,000 in 3Q 2019 and YTD 9-Mth 2019, respectively.

(B) Review of statement of financial position

Current Assets

Current assets decreased from S\$8.95 million as at 31 December 2019 to S\$0.67 million as at 30 September 2020, mainly due to a reduction in cash and cash equivalents and trade and other receivables.

Cash and cash equivalents decreased to S\$0.58 million as at 30 September 2020, from S\$1.29 million as at 31 December 2019. Please refer to the section on “Consolidated Statement of Cash Flows” below for the reasons for the changes in cash and cash equivalents.

Trade and other receivables decreased significantly from S\$7.66 million as at 31 December 2019 to S\$0.09 million as at 30 September 2020, mainly due to the reclassification of a partial payment for a joint venture included in other receivables to investment in joint venture following the completion of the acquisition on 7 January 2020. On 12 June 2019, the Company entered into a joint venture agreement (“JVA”) with APEX Development Public Company Limited (“APEX”) and Grand Bay Hotel Co., Ltd (“Grand Bay”) for the acquisition of a 50% shareholding interest of Grand Bay from APEX, for the parties to jointly develop a hotel property under the name of “Sheraton Phuket Grand Bay Resort” in Phuket, Thailand, with Grand Bay as the joint venture vehicle (the “Joint Venture”). Pursuant to the terms and conditions of JVA, the amount paid to APEX amounting to S\$7.58 million as at 31 December 2019 had been classified as other receivables while pending completion of the acquisition.

Non-current Assets

Non-current assets has increased from S\$0.40 million as at 31 December 2019 to S\$9.57 million as at 30 September 2020 due to the recognition of investment in joint venture amounting to S\$9.26 million following the completion of the JVA on 7 January 2020, as discussed in the preceding paragraph.

Decrease in property, plant and equipment to S\$39,000 from S\$48,000, and in right-of-use assets to S\$271,000 from S\$382,000 as at 30 September 2020 as compared to 31 December 2019, was due to depreciation charges during the respective periods.

Current Liabilities

The decrease in lease liabilities of S\$107,000 since 31 December 2019 was due to the repayment of lease term during the period.

Increase in convertible loans by S\$1.18 million from S\$2.54 million as at 31 December 2019 to S\$3.72 million as at 30 September 2020 was due to the 3 Jan 2020 Convertible Loan and the accrued interest for the respective convertible loans during the period. In respect of the 3 Jan 2020 Convertible Loan, the Company had performed a valuation and determined that the fair value of the liability component amounting to S\$0.73 million was to be recorded under current liabilities, while the equity conversion component amounting to S\$0.07 million was to be recorded under shareholders' equity in other reserves, and S\$0.15 million of accrued interests recorded under current liabilities.

Working Capital

The Group recorded a negative working capital of S\$3.86 million as at 30 September 2020, as compared to a positive working capital of S\$5.51 million as at 31 December 2019. The significant change was mainly due to the reclassification of S\$7.58 million (being the Company's partial payment to the JVA) from "trade and other receivables" under current assets to "investment in joint venture" under non-current assets.

The Board is aware of the negative working capital and had taken the following precautionary measures as disclosed in the Company's annual report for the financial year ended 31 December 2019 ("**FY2019 Annual Report**"), in the section entitled "Independent Auditor's Report" and note 4 of Notes to the Financial Statements:-

- Obtained an undertaking letter from a director to ascertain sufficient cash balances in the Group and the Company prior to demanding for payment of outstanding payables of S\$0.50 million in the financial year ending 31 December 2020; and
- Entered into supplementary letters with certain convertible loan holders (the "**Investors**") in respect of convertible loan agreements amounting to S\$3.55 million (the "**Agreements**"), pursuant to which the Investors had agreed to take into consideration the available cash flow of the Company on or before the maturity date of the Agreements in determining the payment and should the

Company not be in a financial position to repay, the Investors would agree to extend the maturity date of the Agreements.

To resolve the negative working capital issue, the Company is continuously seeking sources of additional funding and long-term solutions.

Equity

The Group's total equity decreased from S\$5.70 million as at 31 December 2019 to S\$5.47 million as at 30 September 2020 due to losses incurred in YTD 9-Mth 2020.

(C) Consolidated statement of cash flows

Net cash used in operating activities amounted to S\$224,000 for YTD 9-Mth 2020, mainly due to operating cash outflows before working capital changes of S\$216,000 as a result of payment for outstanding invoices due and overdue.

Net cash used in investing activities of S\$1.68 million related to the final payment made to APEX under the terms of the JVA.

Net cash provided by financing activities of S\$1.19 million was due to cash received from the 3 Jan 2020 Convertible Loan and the Placement, offset by repayments of lease liabilities amounting to S\$107,000.

The Group had a net cash outflow of S\$0.71 million in YTD 9-Mth 2020. The cash and cash equivalents as at 30 September 2020 amounted to S\$0.58 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.

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 mentioned in the FY2019 Annual Report and in the announcement for the financial period ended 30 June 2020, the Company had on 7 January 2020, completed a joint venture investment in Thailand after a payment of the final instalment to APEX and with the remaining shares being transferred to the Company resulting in the Company holding 50% of the total issued share capital of Grand Bay. The COVID-19 pandemic has resulted in the tightening of loan application requirements by the banking and financial institutions and hence, negotiations with potential financial institutions to secure a construction loan for development of the joint venture project, Sheraton Phuket Grand Bay Resort, have been put on hold. The Company and APEX have continued to follow up with potential financial institutions and investors, and are exploring other viable options and will keep shareholders updated accordingly.

With the COVID-19 pandemic severely impacting the economic activities, the global economic situation has been projected to contract sharply, particularly in the tourism and hospitality sector. The Board is cautious in strategising the development of the Company's business. Notwithstanding, it will continue to explore joint ventures and/or strategic alliances in other opportunities and related areas to improve shareholders' value.

11. If a decision regarding dividend has been made:

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

No.

(b) Amount of dividend per share of the current reporting financial period and of the previous corresponding period.

Nil (30 September 2019: Nil).

(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 5:00pm) 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 and the reason(s) for the decision.

No dividend has been declared or recommended for 3Q 2020, as the Group recorded net loss for the period.

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.

No general mandate for IPTs has been obtained from shareholders of the Company.

14. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

The board of directors of the Company (“**Directors**”) confirms that, to the best of their knowledge, nothing has come to their attention that may render the unaudited financial statements for 3Q 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 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all its Directors and executive officers (in the updated format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

16. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use in the offer document or the announcement of the issuer.

(A) Convertible loan dated 3 January 2020

Intended uses	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Business and investments opportunities ⁽¹⁾	788	596	192
Total	788	596	192

(B) Placement dated 30 June 2020

Intended uses	Amount allocated (S\$'000)	Balance (S\$'000)
Business and investments acquisitions	184	184
General working capital ⁽²⁾	300	300
Total	484	484

Notes:-

- (1) Business and investment opportunities include the final instalment of the purchase price for the Joint Venture and expected expenses to be incurred in connection with the Joint Venture with APEX and opportunities in other property development projects as and when they arise.
- (2) General working capital includes day-to-day operating expenses for the Group such as professional fees, listing fees, staff cost and office expenses.

The use of the net proceeds from the 3 Jan 2020 Convertible Loan is in accordance with the intended use as previously disclosed in the Company's announcement dated 3 January 2020.

As at the date of this announcement, the Company has yet to utilise the proceeds from the Placement.

The Company will make periodic announcements as and when the balance of the net proceeds are materially disbursed.

BY ORDER OF THE BOARD

Chang Wei Lu
Executive Chairman and Chief Executive Officer

9 November 2020