

Unaudited Half-Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2019

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

1(a) (i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial period

	Group		Increase/ (Decrease) %
	6 Months Ended 31/12/2019 S\$'000	6 Months Ended 31/12/2018 S\$'000	
Revenue	4,089	2,168	88.6
Cost of sales	(1,262)	(824)	53.2
Gross profit	2,827	1,344	N.M.
Other income	26	18	44.4
Administrative expenses	(2,505)	(2,188)	14.5
Results from operating activities	348	(826)	N.M.
Finance income	27	4	N.M.
Finance costs	(234)	(557)	(58.0)
Net finance cost	(207)	(553)	N.M.
Share of results of equity-accounted investees, net of tax	37	18	N.M.
Profit / (loss) before tax	178	(1,361)	N.M.
Tax expenses	-	-	-
Profit / (loss) for the period	178	(1,361)	N.M.
Profit / (loss) for the period attributable to:			
Owners of the Company	165	(1,441)	N.M.
Non-controlling interests	13	80	(83.8)
	178	(1,361)	N.M.

N.M. - Not Meaningful

1(a) (ii) **A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial period**

	Group		Increase/ (Decrease) %
	6 Months Ended 31/12/2019 S\$'000	6 Months Ended 31/12/2018 S\$'000	
Profit / (loss) for the period	178	(1,361)	N.M.
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss			
- Foreign currency translation differences	85	(337)	N.M.
Other comprehensive loss, net of tax	85	(337)	N.M.
Total comprehensive income / (loss) for the period	263	(1,698)	N.M.
Total comprehensive income / (loss) attributable to:			
Equity holders of the Company	365	(1,686)	N.M.
Non-controlling interests	(102)	(12)	N.M.
Total comprehensive income / (loss) for the period	263	(1,698)	N.M.

1(a) (iii) **Notes to the income statement**

	Group		Increase/ (Decrease) %
	6 Months Ended 31/12/2019 S\$'000	6 Months Ended 31/12/2018 S\$'000	
Operating loss is stated after charging/ (crediting):			
(a) Foreign exchange loss	1	-	N.M.
(b) Interest income	(27)	(4)	N.M.
(c) Interest on borrowings	233	557	(58.2)
(d) Depreciation of property, plant and equipment and right-of-use (ROU) asset	1,211	757	60.0
- included in cost of sales	758	612	23.9
- included in administrative expenses	453	145	N.M.
(e) Amortisation of intangible assets	13	19	(31.6)
(f) Operating lease expenses	1	98	(99.0)

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**

Unaudited statements of financial position as at 31 December 2019

	Group		Company	
	31/12/19 S\$'000	30/06/19 S\$'000	31/12/19 S\$'000	30/06/19 S\$'000
Non-current assets				
Property, plant and equipment	47,395	47,610	1	1
Right-of-use asset	385	-	-	-
Intangible assets	6,231	5,892	1	2
Investment in subsidiaries	-	-	8,300	17,792
Investment in joint-venture and associate	31	26	-	-
Other investments	972	1,011	972	1,011
Other receivables	1,652	1,628	13,147	13,107
	56,666	56,167	22,421	31,913
Current assets				
Amount due from subsidiaries	-	-	13,013	12,358
Trade and other receivables	2,340	2,840	25	28
Inventories	85	96	-	-
Cash and cash equivalents	3,826	3,380	797	1,946
	6,251	6,316	13,835	14,332
Total assets	62,917	62,483	36,256	46,245
Non-current liabilities				
Loans and borrowings	19,268	-	-	-
Amount due to non-controlling interests (non-trade)	6,238	6,160	-	-
Deferred tax liability	1,143	1,141	-	-
	26,649	7,301	-	-
Current liabilities				
Amount due to subsidiaries	-	-	10	9,506
Loans and borrowings	239	19,511	-	-
Trade and other payables	2,055	2,253	951	917
Amount due to non-controlling interests (non-trade)	400	500	-	-
Lease liabilities	393	-	-	-
	3,087	22,264	961	10,423
Total liabilities	29,736	29,565	961	10,423
Net assets	33,181	32,918	35,295	35,822
Equity				
Share capital	87,434	87,434	87,434	87,434
Reserves	(58,590)	(58,955)	(52,139)	(51,612)
Equity attributable to equity holders of the Company	28,844	28,479	35,295	35,822
Non-controlling interests	4,337	4,439	-	-
Total equity	33,181	32,918	35,295	35,822

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

Amount repayable in one year or less, or on demand

As at 31/12/19		As at 30/06/19	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
239	-	19,511	-

Amount repayable after one year

As at 31/12/19		As at 30/06/19	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
19,268	-	-	-

As at 30 June 2019, a subsidiary of the Group did not meet one of the bank financial covenants in relation to the loan secured against the Travelodge City Centre. This was because the hotel underwent extensive refurbishment during significant portions of the period and thus many rooms were not available to sell. As a result of the above, these borrowings were reclassified from non-current liabilities to current liabilities as at 30 June 2019 in accordance with requirements of Singapore Financial Reporting Standards (International) 1-1. The bank is aware of the refurbishment and has since granted a waiver from the compliance of the financial covenant for these borrowings subsequent to 30 June 2019. Consequently, at 31 December 2019, the bulk of the Group's borrowings amounting to S\$19.3 million has been classified back to non-current liabilities.

Details of any collaterals

The Group's secured borrowings and debt securities are secured by a hotel property of a subsidiary with net carrying amount of S\$35.1 million (FY2019: S\$34.3 million).

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period**

Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2019

	Period from 01/07/19 to 31/12/19 S\$'000	Period from 01/07/18 to 31/12/18 S\$'000
Cash Flows From Operating Activities		
Profit / (loss) before tax	178	(1,361)
Adjustments for:-		
Depreciation of property, plant and equipment and right-of-use asset	1,211	757
Amortisation of intangible assets	13	19
Interest expense	233	557
Interest income	(27)	(4)
Share of results of equity-accounted investees, net of tax	(37)	(18)
Operating cash flows before working capital changes	1,571	(50)
Change in working capital:-		
Inventories	11	3
Trade and other receivables	571	64
Trade and other payables	(213)	284
Cash generated from operations	1,940	301
Interest paid	(233)	(557)
Net cash generated from / (used in) operating activities	1,707	(256)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(804)	(965)
Acquisition of intangible assets	(352)	(124)
Non-trade amount due from an associate	(24)	(89)
Payment for renovation work-in-progress	-	(2,525)
Withdrawal of fixed deposits pledged	151	-
Proceeds from sales of investments	39	-
Dividend income received	32	-
Interest received	27	4
Net cash used in investing activities	(931)	(3,699)
Cash Flows from Financing Activities		
Proceeds from loans and borrowings	-	2,704
Repayment of amount due to non-controlling interests, net	(22)	-
Repayment of lease liabilities	(77)	-
Repayment of loans and borrowings	(79)	(540)
Net cash (used in) / generated from financing activities	(178)	2,164
Net increase / (decrease) in cash and cash equivalents	598	(1,791)
Cash and cash equivalents at the beginning of the period	2,894	4,047
Effect of exchange rate changes on cash and cash equivalents	(2)	(15)
Cash and cash equivalents at the end of the period	3,490	2,241
Represented by:		
Cash and cash equivalents at the end of period		
Fixed deposits	336	151
Cash and bank balances	3,490	2,587
	3,826	2,738
Less: Fixed deposits with tenor of more than 3 months placed with financial institutions	(336)	(346)
Less: Fixed deposits (pledged)	-	(151)
	3,490	2,241

1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity of (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

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2019

Group	Share Capital	Fair Value reserve	Foreign Currency Translation Reserve	Other reserve	Accumulated Losses	Total attributable to the equity holders of the Company	Non-controlling Interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2019	87,434	(60)	(322)	(2,059)	(56,514)	28,479	4,439	32,918
Adjustment on initial application of SFRS (I) 3	-	-	-	721	(721)	-	-	-
Balance as at 1 July 2019, as adjusted	87,434	(60)	(322)	(1,338)	(57,235)	28,479	4,439	32,918
Profit for the period	-	-	-	-	165	165	13	178
Other comprehensive income	-	-	200	-	-	200	(115)	85
Total comprehensive income for the period	-	-	200	-	165	365	(102)	263
Balance as at 31 December 2019	87,434	(60)	(122)	(1,338)	(57,070)	28,844	4,337	33,181

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2018

Group	Share Capital	Fair Value reserve	Other reserve	Accumulated Losses	Total attributable to the equity holders of the Company	Non-controlling Interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2018	83,524	(60)	(2,059)	(54,295)	27,110	4,467	31,577
Loss for the period	-	-	-	(1,441)	(1,441)	80	(1,361)
Other comprehensive income for the period	-	-	(245)	-	(245)	(92)	(337)
Total comprehensive loss for the period	-	-	(245)	(1,441)	(1,686)	(12)	(1,698)
Balance as at 31 December 2018	83,524	(60)	(2,304)	(55,736)	25,424	4,455	29,879

Company - Statement of Changes in Equity for the Half-Year Ended 31 December 2019

Company	Share Capital	Fair Value reserve	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2019	87,434	(60)	(51,552)	35,822
Loss for the period	-	-	(527)	(527)
Other comprehensive income / (loss) for the period	-	-	-	-
Total comprehensive loss for the period	-	-	-	(527)
Balance as at 31 December 2019	87,434	(60)	(52,079)	35,295

Company - Statement of Changes in Equity for the Half-Year Ended 31 December 2018

Company	Share Capital	Fair Value reserve	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2018	83,524	(60)	(50,668)	32,796
Loss for the period	-	-	(297)	(297)
Other comprehensive income / (loss) for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(297)	(297)
Balance as at 31 December 2018	83,524	(60)	(50,965)	32,499

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consideration, 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.

Group and Company

Issued and fully-paid

	Number of Shares	Paid-Share Capital S\$'000
Balance as at 1 July 2019	3,111,689,122	87,434
Issuance of shares	-	-
Balance as at 31 December 2019	3,111,689,122	87,434

The Company does not have any outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2019 and 30 June 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

	31/12/2019	30/06/2019
Total number of issued shares	3,111,689,122	3,111,689,122

The Company did not hold any treasury shares as at 31 December 2019 and 30 June 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.

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.

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

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of 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

Not applicable

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 note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those applied for the audited annual financial statements as at 30 June 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 the Singapore Financial Reporting Standards (International) ("SFRS(I)s") including improvements to SFRS and interpretations of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 July 2018. The Group has also currently applied new accounting standards SFRS(I) 16 *Leases* for the current reporting period, using the modified retrospective approach. The Group has applied the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 July 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The Group has measured lease liabilities by applying a single discount rate to their office leases. Furthermore, the Group has applied the practical expedient to recognise S\$0.5 million of ROU assets equal to their lease liabilities at 1 July 2019.

Under SFRS(I) 16, the Group recognised depreciation of the ROU asset of S\$0.1 million, and interest expense on lease liabilities of S\$0.01 million, and operating lease expenses decreased by S\$0.1 million. The net impact to the Group's results in the current reporting period is not material.

As at 31 December 2019, the Group has recognised a ROU asset of S\$0.4 million with corresponding lease liabilities of S\$0.4 million.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends**

	6 months ended	
	31/12/2019	31/12/2018
Basic and diluted		
Weighted average ordinary shares	3,111,689,122	2,651,689,122
Profit / (loss) per share (cents):	0.005	(0.054)

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

Net asset value per ordinary share based on issued share capital	As at 31/12/2019	As at 30/06/2019
For the Group (cents)	0.93	0.92
For the Company (cents)	1.13	1.15

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Review of Financial Performance

The Group reported revenue of S\$4.1 million for the financial period ended 31 December 2019 ("1HY2020") as compared to S\$2.2 million for the financial period ended 31 December 2018 ("1HY2019"), an increase of 88.6% or S\$1.9 million. The increase was mainly due to higher revenue recorded by the hospitality division. Revenue from the vessel chartering segment in 1HY2020 was consistent with the revenue earned in 1HY2019 at S\$0.9 million.

Cost of sales increased by 53.2% from S\$0.8 million in 1HY2019 to S\$1.3 million in 1HY2020 mainly due to the inclusion of operation expenses incurred in Travelodge City Centre. In line with the above, the gross profit increased by S\$1.5 million in 1HY2020.

Administrative expenses increased by 14.5% from S\$2.2 million in 1HY2019 to S\$2.5 million in 1HY2020. This was mainly due to the increase of administrative expenses incurred in Travelodge City Centre on its completion of refurbishment and the cost of new hires in the corporate office of its hospitality business.

As a result of the significant increase in sales and a less than proportionate increase in expenses, the Group reported a profit before tax of S\$0.2 million in 1HY2020, compared to a loss before tax of S\$1.4 million in 1HY2019.

Review of Financial Position

Non-current assets

Non-current assets increased by S\$0.5 million, mainly due to increase in intangible assets of S\$0.3 million, increase in right-of-use asset of S\$0.4 million, offset by decrease in property, plant and equipment of S\$0.2 million.

During 1HY2020, there was additions of property, plant and equipment of S\$0.8 million mainly attributable to the refurbishment works done on Travelodge City Centre, effects of upward movements in foreign exchange rates of S\$0.1 million, offset by depreciation of S\$1.1 million charged during the year.

Current assets

Current assets decreased by S\$0.1 million, mainly due to decrease in trade and other receivables of S\$0.5 million offset against increase in cash and cash equivalents of S\$0.4 million.

Non-current liabilities

As mentioned in note 1(b)(ii), following the waiver from the bank on the compliance of the financial covenants, as at 31 December 2019, the bulk of the Group's borrowings amounting to S\$19.3 million has been classified back to non-current liabilities. In addition, non-current amount due to non-controlling interests increased by S\$0.1 million due to additional contribution from non-controlling interests in a subsidiary of the company.

Current liabilities

Current liabilities decreased by S\$19.2 million mainly due to the reclassification of bank borrowings of S\$19.3 million as mentioned above. Trade and other payables decreased by S\$0.2 million and current amount due to non-controlling interests decreased by S\$0.1 million, offsetted by the inclusion of lease liabilities of S\$0.4 million under SFRS (I) 16.

Equity

Overall, the Group's total equity increased by S\$0.3 million in 1HY2020 mainly arising from profit for the period of S\$0.2 million and movement in foreign currency translation reserve of S\$0.1 million during the period.

Review of Cash Flows

The Group reported a net increase in cash and cash equivalents by S\$0.6 million mainly derived from positive operating cash flows of S\$1.7 million, and offset by cash used in investing activities of S\$0.9 million and financing activities of S\$0.2 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 the Group's hotels are spread over a wide geographical area in Asia, significant trends and competitive conditions of the industry vary by country. The countries that the Group operate in enjoy generally favourable market conditions during the 1HY2020. However, the industry will face significant challenges in the financial period ended 30 June 2020 ("2HY2020").

The 2019 Novel Coronavirus (2019-nCov) will invariably have an impact on the broader global macro economy and the Group's hospitality business in 2HY2020. Chinese outbound travellers make up a significant proportion of the international visitor arrivals into

the countries which the Group has hotels operating in. The volume of travel undertaken by this group of travellers, and the overall global and regional travel volumes, may decrease as a result of the outbreak. This may have implications on the Group's hospitality business because the hotel management/franchise fee income stream may reduce as hotels experience a decline in revenue, and likewise Travelodge City Centre may see a similar reduction in occupancy. To mitigate this, the Group will focus on diversifying the geographical mix of the guests at the hotels by targeting travellers of other nationalities, focus marketing efforts on domestic travellers and MICE-related activities, and manage operating costs more efficiently. The situation is being monitored closely but at the date of this announcement, the Company is not able to quantify the effect of this disruption in the next reporting period and the next 12 months.

11. If a decision regarding dividend has been made:

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

None.

(b) (i) Amount per share cents

None.

(ii) Previous corresponding period cents

None.

(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. This is to conserve cash for working capital and capital expenditure purposes.

13. Aggregate value of interested person transactions conducted pursuant to shareholders' mandate for the half year ended 31 December 2019

To date, there is no general mandate from shareholders for interested person transactions.

The aggregate values of all Interested Person Transactions ("IPTs") for the half year ended 31 December 2019 did not exceed S\$100,000.

14. 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. Where the proceeds have been used for working capital purpose, a breakdown with specific details on how the proceeds have been applied must be disclosed

Pursuant to announcements on 5 March 2019, 20 March 2019, 10 May 2019 and 29 August 2019, the Company has further utilised S\$0.77 million out of S\$3.91 million from the 2019 Placement of Shares for working capital.

	Amount utilised S\$ Million	Amount unutilised S\$ Million
2019 Placement of Shares	3.11*	0.80

*Working capital utilization such as professional fees, payroll related expenses, administrative overheads and listing related fees.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

Pursuant to Rule 720(1) of the Catalist Rule, the Company has procured undertakings from all its directors and executive officers.

16. Confirmation by the Board of Directors (“The Board”) pursuant to Rule 705(5) of the Catalist Rule [Negative confirmation pursuant to Rule 705(5)]

The Board of Directors has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited half year financial results of the Group to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Ong Min'er
Financial Controller

13 February 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The Company's Sponsor has not independently verified the contents of this announcement. 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:-

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