

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

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

	Group			Group		
	3 months ended		Change	9 months ended		Change
	30.09.2020	30.09.2019		30.09.2020	30.09.2019	
	(3Q 2020)	(3Q 2019)		(9M 2020)	(9M 2019)	
US\$'000	US\$'000	%	US\$'000	US\$'000	%	
Revenue	5,366	3,293	63	9,105	8,864	3
Cost of sales	(1,234)	(1,770)	(30)	(3,414)	(5,258)	(35)
Gross profit	4,132	1,523	n.m.	5,691	3,606	58
Other operating income	40	16	n.m.	42	319	(87)
Administrative and marketing expenses	(944)	(1,268)	(26)	(2,821)	(2,893)	(2)
Profit from operating activities	3,228	271	n.m.	2,912	1,032	n.m.
Finance income	24	52	(54)	80	139	(42)
Finance costs	(1,351)	(1,617)	(16)	(4,060)	(5,281)	(23)
Net finance cost	(1,327)	(1,565)	(15)	(3,980)	(5,142)	(23)
Share of results of jointly controlled entities (net of tax)	107	(28)	n.m.	390	18	n.m.
Profit/(Loss) before taxation	2,008	(1,322)	n.m.	(678)	(4,092)	(83)
Taxation	(462)	(474)	(3)	(981)	(957)	3
Profit/(Loss) after taxation	1,546	(1,796)	n.m.	(1,659)	(5,049)	(67)
Non-controlling interests	(102)	(195)	(48)	(236)	(266)	(11)
Profit/(Loss) for the period	1,444	(1,991)	n.m.	(1,895)	(5,315)	(64)

Profit/(Loss) for the period is arrived at after charging the following:-

	Group			Group		
	3 months ended		Change	9 months ended		Change
	30.09.2020	30.09.2019		30.09.2020	30.09.2019	
	(3Q 2020)	(3Q 2019)		(9M 2020)	(9M 2019)	
US\$'000	US\$'000	%	US\$'000	US\$'000	%	
- Net finance cost	(1,327)	(1,565)	(15)	(3,980)	(5,142)	(23)
- Depreciation	(921)	(1,183)	(22)	(2,333)	(3,848)	(39)
- Impairment of financial assets/other receivables	-	(73)	(100)	-	(128)	(100)

n.m. = not meaningful

Statements of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30.09.2020 US\$'000	31.12.2019 US\$'000	30.09.2020 US\$'000	31.12.2019 US\$'000
Non-current assets				
Property, plant and equipment	26,543	28,369	-	-
Right-of-use assets	16,173	16,202	-	-
Subsidiaries	-	-	55,181	54,733
Joint ventures	-	4,948	-	5,965
Other receivables	582	7,564	-	6,990
	43,298	57,083	55,181	67,688
Current assets				
Inventories	545	565	-	-
Trade and other receivables	20,948	11,586	7,716	778
Amounts due from subsidiaries	-	-	3,496	3,637
Amounts due from joint ventures	1,823	1,823	1,672	1,479
Assets held for sale	12,046	6,429	5,770	-
Cash and cash equivalents	3,387	5,246	24	470
	38,749	25,649	18,678	6,364
Total assets	82,047	82,732	73,859	74,052
Equity				
Share capital	274,545	274,545	274,545	274,545
Convertible perpetual capital securities	6,811	6,811	6,811	6,811
Redeemable exchangeable preference shares	7,042	7,042	-	-
Warrants	2,384	2,384	2,384	2,384
Other reserves	(6,486)	(6,480)	(1,276)	(1,276)
Accumulated losses	(306,957)	(304,807)	(294,195)	(290,352)
Equity attributable to owners of the Company	(22,661)	(20,505)	(11,731)	(7,888)
Non-controlling interests	971	705	-	-
Total equity	(21,690)	(19,800)	(11,731)	(7,888)
Non-current liabilities				
Other payables	159	152	-	-
Financial liabilities	16,723	16,444	-	-
Deferred tax liabilities	1,341	1,288	-	-
	18,223	17,884	-	-
Current liabilities				
Trade and other payables	16,698	13,401	8,523	7,047
Amounts due to joint venture	120	114	120	114
Amounts due to related parties	26,388	25,482	26,388	25,445
Amounts due to subsidiaries	-	-	22,941	21,716
Financial liabilities	41,800	45,279	27,618	27,618
Provision for tax	508	372	-	-
	85,514	84,648	85,590	81,940
Total liabilities	103,737	102,532	85,590	81,940
Total equity and liabilities	82,047	82,732	73,859	74,052

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

	Group			
	As at 30.09.2020		As at 31.12.2019	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	41,800	26,388	45,279	25,482
Amount repayable after one year	16,723	-	16,444	-

Details of any collateral

Secured borrowings as at 30 September 2020 and 31 December 2019 were secured by mortgages on the respective hydro-electric power plants, solar photovoltaic power plant, offshore support vessels and onshore accommodation module.

Included in cash and cash equivalents an amount of US\$3,335,000 (31 December 2019: US\$4,656,000) being restricted or earmarked by the banks for various facilities granted.

1(b)(iii) Statement of comprehensive income for the period ended 30 September 2020

	Group			Group		
	3 months ended		Change %	9 months ended		Change %
	30.09.2020	30.09.2019		30.09.2020	30.09.2019	
	(3Q 2020)	(3Q 2019)		(9M 2020)	(9M 2019)	
US\$'000	US\$'000	US\$'000	US\$'000			
Profit/(Loss) for the period	1,546	(1,796)	n.m.	(1,659)	(5,049)	(67)
Other comprehensive income/(loss)						
<u>Items that may be reclassified subsequently to profit and loss:</u>						
Effective portion of changes in fair value of cash flow hedge	3	(10)	n.m.	7	(34)	n.m.
Exchange differences on monetary items forming part of net investment in foreign operations	396	(790)	n.m.	39	(787)	n.m.
Foreign currency translation differences relating to financial statements of foreign operations	(7)	(744)	(99)	(22)	342	n.m.
	<u>392</u>	<u>(1,544)</u>	n.m.	<u>24</u>	<u>(479)</u>	n.m.
<u>Item that is not be reclassified to profit and loss:</u>						
Net change in fair value of financial assets at fair value through other comprehensive income (FVOCI)	-	(3,213)	(100)	-	(3,242)	(100)
Net change in fair value of actuarial gain or loss	-	(1)	(100)	-	(33)	(100)
Other comprehensive income/(loss) for the period	<u>392</u>	<u>(4,758)</u>	n.m.	<u>24</u>	<u>(3,754)</u>	n.m.
Total comprehensive income/(loss) for the period	<u>1,938</u>	<u>(6,554)</u>	n.m.	<u>(1,635)</u>	<u>(8,803)</u>	(81)
Attributable to:						
Owners of the Company	1,802	(6,681)	n.m.	(1,901)	(8,991)	(79)
Non-controlling interests	136	127	7	266	188	41
	<u>1,938</u>	<u>(6,554)</u>	n.m.	<u>(1,635)</u>	<u>(8,803)</u>	<u>(81)</u>

n.m. = not meaningful

1(c) A Statement of Cash Flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	3 months ended		9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	(3Q 2020)	(3Q 2019)	(9M 2020)	(9M 2019)
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit/(Loss) before taxation	2,008	(1,322)	(678)	(4,092)
Adjustments for:-				
Depreciation of property, plant and equipment	724	926	1,784	3,078
Depreciation of right-of-use assets	197	257	549	770
Impairment on:				
- financial asset	-	73	-	73
- other receivables	-	-	-	33
- equity investments at FVOCI	-	-	-	22
Interest income	(24)	(52)	(80)	(139)
Interest expense	1,351	1,617	4,060	5,281
Equity-settled share-based payment transaction	-	-	-	45
Share of results of jointly controlled entities, net of tax	(107)	28	(390)	(18)
Operating profit before working capital changes	4,149	1,527	5,245	5,053
Changes in working capital:				
Inventories	(28)	4	20	(41)
Trade and other receivables	(3,869)	(741)	(2,356)	(577)
Trade and other payables	927	(284)	1,263	135
Income tax paid	(154)	(559)	(680)	(768)
Net cash generated from/(used in) operating activities	1,025	(53)	3,492	3,802
Cash flows from investing activities				
Purchase of plant and equipment	(49)	-	(111)	(232)
Interest income received	24	52	80	139
Net cash (used in)/generated from investing activities	(25)	52	(31)	(93)
Cash flows from financing activities				
Proceeds from borrowings	-	58	25	83
Repayment of borrowings	(934)	(354)	(3,780)	(1,094)
Decrease/(increase) in restricted cash	277	1,207	1,321	(437)
Payment of lease liabilities	-	(263)	(28)	(786)
Interest expense paid	(458)	(364)	(1,508)	(1,188)
Net cash (used in)/generated from financing activities	(1,115)	284	(3,970)	(3,422)
Net increase/(decrease) in cash and cash equivalents	(115)	283	(509)	287
Cash and cash equivalents at beginning of period	17	88	590	844
Effect of exchange rate fluctuations on cash held	150	282	(29)	(478)
Cash and cash equivalents at end of period	52	653	52	653
Cash and cash equivalent comprise:				
	Group			
	3 months ended		9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	(3Q 2020)	(3Q 2019)	(9M 2020)	(9M 2019)
	US\$'000	US\$'000	US\$'000	US\$'000
Cash and cash equivalents as per statement of financial position	3,387	6,531	3,387	6,531
Less: Restricted cash	(3,335)	(5,878)	(3,335)	(5,878)
Cash and cash equivalents as per consolidated statement of cash flows	52	653	52	653

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.

Statements of Changes in Equity

The Group	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Fair value reserve	Hedging reserve	Accumulated losses	Total	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 2020	274,545	6,811	7,042	2,384	(2,868)	(3,961)	(15)	(308,268)	(24,330)	835	(23,495)
Total comprehensive income for the period	-	-	-	-	355	-	3	1,444	1,802	136	1,938
Transactions with owners, recognised directly in equity											
Contributions by and distribution to owners											
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(133)	(133)	-	(133)
Total transactions with owners	-	-	-	-	-	-	-	(133)	(133)	-	(133)
Balance as at 30 September 2020	274,545	6,811	7,042	2,384	(2,513)	(3,961)	(12)	(306,957)	(22,661)	971	(21,690)

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. (Continued)
Statements of Changes in Equity

The Group	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Fair value reserve	Hedging reserve	Accumulated losses	Total	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 2019	272,670	6,811	7,042	2,384	(1,230)	(1,019)	(8)	(282,706)	3,944	2,287	6,231
Total comprehensive income/(loss) for the period	-	-	-	-	(1,466)	(3,214)	(10)	(1,991)	(6,681)	127	(6,554)
Transactions with owners, recognised directly in equity											
Contributions by and distribution to owners											
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(77)	(77)	-	(77)
Equity-settled share-based payment transaction	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	(77)	(77)	-	(77)
Balance as at 30 September 2019	272,670	6,811	7,042	2,384	(2,696)	(4,233)	(18)	(284,774)	(2,814)	2,414	(400)

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. (Continued)

Statements of Changes in Equity

The Company	Share capital US\$'000	Perpetual securities US\$'000	Warrants US\$'000	Fair value reserves US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 July 2020	274,545	6,811	2,384	(1,276)	(292,663)	(10,199)
Total comprehensive loss for the period	-	-	-	-	(1,399)	(1,399)
Transactions with owners, recognised directly in equity						
Contributions by and distribution to owners						
Accrued convertible perpetual capital securities distributions	-	-	-	-	(133)	(133)
Total transaction with owners	-	-	-	-	(133)	(133)
Balance as at 30 September 2020	274,545	6,811	2,384	(1,276)	(294,195)	(11,731)

The Company	Share capital US\$'000	Perpetual securities US\$'000	Warrants US\$'000	Fair value reserves US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 July 2019	272,670	6,811	2,384	(1,006)	(274,500)	6,359
Total comprehensive loss for the period	-	-	-	(1)	(4,210)	(4,211)
Transactions with owners, recognised directly in equity						
Contributions by and distribution to owners						
Accrued convertible perpetual capital securities distributions	-	-	-	-	(77)	(77)
Equity-settled share-based payment transaction	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	(77)	(77)
Balance as at 30 September 2019	272,670	6,811	2,384	(1,007)	(278,787)	2,071

- 1(d)(ii) Details of any changes in the company's share capital arising from right 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 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.**

During the third quarter of 2020, there was no allotment and issuance of new ordinary shares.

As at 30 September 2020, the Company had 13,656,697,535 ordinary shares in issue and 3,084,660,568 outstanding convertibles convertible into one ordinary share each. As at 30 September 2019, the Company had 13,166,385,035 ordinary shares in issue and 3,084,660,568 outstanding convertibles convertible into one ordinary share each.

Out of the above-said, as at 30 September 2020 and 30 September 2019, there were 7,299,270 redeemable exchangeable preference shares in a subsidiary available for exchange into 523,620,516 ordinary shares of the Company.

The Company did not hold any treasury shares and 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.**

As at 30 September 2020, the issued and paid-up share capital excluding treasury shares of the Company comprised 13,656,697,535 (31 December 2019: 13,656,697,535) ordinary shares.

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

Not applicable as the Company did not hold any treasury shares as at the end of the current financial period reported on.

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

Not applicable as the Company did not hold subsidiary holdings 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 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) Update on the efforts taken to resolve each outstanding audit issue

The auditors have issued a disclaimer of opinion on page 33 of the Company's annual report for the financial year ended 31 December 2019 due to:-

(1) Recoverability of interests in joint venture and asset divestment plans

As included in the Company's announcement dated on 21 August 2020 and 15 September 2020, the Company, together with its joint venture partners, had entered into a sales and purchase agreement with Yinson Renewables (S) Pte Ltd, of which the Company will dispose its entire effective interests of 48.45% in the issued and paid-up share capital of the joint venture in India ("Disposal Transaction"). In addition, the Company had convened an extraordinary general meeting (the "EGM") on 30 September 2020 and the approval was obtained from the shareholders during the EGM in relation to the Disposal Transaction. The Company is currently working on satisfying all the conditions precedent to complete the transaction.

In relation to the divestment plan for the Group's other solar asset, the Group is still in discussion with interested parties and update will be provided when there is material development on the discussion.

(2) Deficiencies in shareholders' equity and loans and borrowings with lenders and a shareholder

Management expects the Group's net working capital and shareholders' equity to remain negative for at least the next 12 months as the forecast operating cashflows are insufficient to address the deficiencies. As updated in our announcement on 4 November 2020, the Group continues to engage in on-going discussions with the lenders and creditors to formalise their commitment to provide continued support on the Group's financial restructuring process.

(3) Cash flows from operating activities

With current COVID-19 pandemic together with the economic challenges and regulatory delays encountered in the Group's energy and power segment, there are material uncertainties about the operating cash flows to be generated from the Group's continuing businesses, so as to meet debts as and when they fall due, at least in the next 12 months from the reporting date. Meanwhile, the operational performance of the renewable energy assets remains within the Group's expectations. Over the past months, the Group has actively engaged with its customers and has managed to collect the long outstanding receivable balances from the customers. Meanwhile, the Group is still working on the following two items. Upon the completion of these two items, there will be a positive impact on the Group's operating cashflows:

- (a) the commencement of collection upon relevant authorities qualifying the Group for payments on the three mini hydro power plants that had their PPAs extended for a further five years; and
- (b) the receipt of the government subsidies in relation to our China photovoltaic power plant which the Group had submitted its claims following the opening of the application window in April 2020.

(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 matters stated in the disclaimer auditors' report on the financial statements have 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.

Except as disclosed under paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2019.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company have applied same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2019, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2020 as follows:

Amendments to References to Conceptual Framework in SFRS(I) Standards

Definition of a Business (Amendments to SFRS(I) 3)

Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)

SFRS(I) 17 Insurance Contracts

The above new SFRS(I)s, interpretations and amendments to SFRS(I)s do not have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

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

	Group			
	3Q 2020	3Q 2019	9M 2020	9M 2019
(in US\$ cents)				
(a) Based on weighted average number	0.01	(0.01)	(0.01)	(0.04)
(b) On a fully diluted basis *	0.01	(0.01)	(0.01)	(0.04)
Note:				
Weighted average number of ordinary shares (in million):				
- Basic earnings per share	13,657	13,166	13,657	13,166
- Diluted earnings per share *	13,657	13,166	13,657	13,166

* The outstanding convertibles (including perpetual securities, share options and redeemable exchangeable preference shares) were excluded in the computation of the diluted earnings per share because these convertibles were anti-dilutive for the respective financial periods.

- 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 the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

(in US\$ cents)	Group		Company	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the financial period reported on	(0.17)	(0.15)	(0.09)	(0.06)

- 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.

Income Statement Review
3Q 2020 vs 3Q 2019

The Group's revenue for the three months ended 30 September 2020 ("3Q 2020") increased by US\$2,073,000 to US\$5,366,000 as compared to the corresponding three months ended 30 September 2019 ("3Q 2019") mainly due to the recognition of the revenue in arrears (relating to period from May 2019 to June 2020: US\$2,043,000) on the three mini-hydro power plants which the PPAs were renewed in July 2020.

The Group's cost of sales for 3Q 2020 decreased by US\$536,000 to US\$1,234,000 as compared to 3Q 2019. The decrease in cost of sales is largely due to lower depreciation expense post impairment exercise of assets in Dec 2019, coupled by cessation of depreciation charge on certain fully depreciated mini hydro assets from Sep 2019 onwards as well as lower operational and maintenance expenses incurred on the Sri Lanka mini hydro power plants.

As a result of the above, the Group's gross profit for 3Q 2020 increased by US\$2,609,000 to US\$4,132,000 as compared to 3Q 2019.

Administrative and marketing expenses in 3Q 2020 decreased by US\$324,000 as compared to 3Q 2019 mainly due to non-recurring professional fees recorded in 3Q 2019.

Finance costs in 3Q 2020 decreased by US\$266,000 as compared to 3Q 2019 mainly due to principal repayment of borrowing to lenders.

Share of profit of jointly controlled entities increased in 3Q 2020 relates to the Group's joint venture in India due to lower administrative expenses incurred.

9M 2020 vs 9M 2019

The Group's revenue for the nine months ended 30 September 2020 ("9M 2020") increased by US\$241,000 to US\$9,105,000 as compared to the corresponding nine months ended 30 September 2019 ("9M 2019"). The marginal increase in revenue was due to recognition of the revenue in arrears (relating to period from May 2019 to December 2019: US\$1,450,000) on the three mini-hydro power plants in 9M 2020 but was partially offsetted by the decrease due to the absence of recognition of tariff adjustment in 9M 2019 on prior years generation outputs.

The Group's cost of sales for 9M 2020 decreased by US\$1,844,000 to US\$3,414,000 as compared to 9M 2019. The decrease in cost of sales is largely due to lower depreciation expense post impairment exercise of assets in Dec 2019, coupled by cessation of depreciation charge on certain fully depreciated mini hydro assets from Sep 2019 onwards and due to a reduction in operations and maintenance expenses incurred in the mini-hydro power plants.

As a result of the above, the Group's gross profit for 9M 2020 increased by US\$2,085,000 to US\$5,691,000 as compared to 9M 2019.

Other operating income in 9M 2020 decreased by US\$277,000 as compared to 9M2019 mainly due to the absence of a reversal of expenses upon final settlement of account with a creditor recorded in 2Q 2019.

Administrative and marketing expenses in 9M 2020 was largely on par compared to its corresponding period in 9M 2019.

Finance costs in 9M 2020 decreased by US\$1,221,000 as compared to 9M 2019 mainly due to principal repayment of borrowing to lenders.

Share of profit of jointly controlled entities increased in 9M 2020 relates to the Group's joint venture in India due to lower administrative expenses incurred.

Statement of Financial Position Review

Non-current Assets

The Group's Non-current Assets amounted to US\$43,298,000 as at 30 September 2020. The decrease of US\$13,785,000 was mainly due to reclassification of the investment and other receivables from joint venture to current assets under assets held for sale and trade and other receivables, respectively, pending finalisation of the Disposal Transaction in fourth quarter of Year 2020. The remaining decrease is due to depreciation charge for the 9M 2020 period.

Current Assets

The Group's Current Assets amounted to US\$38,749,000 as at 30 September 2020. The increase was mainly due to the reclassification of the balances from non-current assets as described above.

Total Liabilities

The Group's Total Liabilities increased by US\$1,205,000 to US\$103,737,000 as at 30 September 2020 as compared to 31 December 2019. This was mainly due to higher trade and other payables as a result of accrual of professional fees in relation to the Group's restructuring exercise and interest expense for the 9M 2020 period, partially offsetted by instalment repayment of borrowing to financial institutions.

Statement of Cash Flows Review

Cash Flow from Operating Activities

The Group's net cash generated from operating activities in 3Q 2020 was US\$1,025,000. This was mainly due to cash collection from trade receivables, coupled with negotiation with trade creditors to defer certain payments.

Cash Flow from Investing Activities

The Group's net cash used in investing activities in 3Q 2020 was US\$25,000. This was mainly due to purchase of plant and equipment offsetted by the interest income received by the Group.

Cash Flow from Financing Activities

The Group's net cash used in financing activities in 3Q 2020 was US\$1,115,000. This was mainly due to the net repayment of borrowings and interest expenses.

Going concern assessment

The Group had net liabilities of US\$21,690,000 as at 30 September 2020. Higher net liabilities as compared to 31 December 2019 is largely due to the losses incurred for the 9M 2020 period. In addition, the Group had net current liabilities of US\$46,765,000 as at 30 September 2020. The net current liabilities is a result of certain liabilities being reclassified to current liabilities as the Group did not meet the repayment schedule, financial covenants and the general undertaking imposed by the lenders. The Group continues to engage in on-going discussions with all the lenders to restructure the borrowings as part of the whole Group's restructuring process.

While the proceeds from the Disposal Transaction will bring in fundings for the Group to partially meet its debt obligation with its lenders, as disclosed in the Company's 17 June 2020 announcement, the Group would remain in a net liability position post completion of the Disposal Transaction. As such, the continual support from the lenders is critical to the completion of the Group's restructuring process.

In view of the above uncertainties faced by the Group, the Board and the Audit Committee is of the view that the Company's shares should remain suspended under Rule 1303(3)(c) of the Catalist Rules.

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 had 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.

The standstill period in relation to the maturity of redeemable and exchangeable preference shares (the “REPS”) and a standstill agreement with one of the bank lenders had expired on 31 October 2020. The Group is currently in discussion with these lenders to further extend their support towards the Group’s restructuring exercise.

In relation to the disposal of the accommodation module in Port Melville, the buyer had requested the Group for a further one-year extension to complete the transaction so as to convert the final lump sum payment due in October 2020 to a 12-month progressive payment plan. The Group is currently in consultation with the bank lender that provided the Group the debt financing for the accommodation module and in discussion with the buyer on the details of their proposal.

As part of the Group’s planned asset divestment plan, shareholders had on 30 September 2020 approved the disposal of all of the Company’s effective interest of 48.45% in the issued and paid-up share capital of Rising Sun Energy Private Limited, which holds two solar photovoltaic plant within the Bhadla solar complex in India. The Company is currently working on satisfying all the conditions precedent to complete the transaction. As announced previously, the net proceeds from this sale will be applied towards settling part of the Group’s liabilities with the bank lenders to improve the Group’s financial position.

We will keep the shareholders updated on significant developments in relation to the Group’s finance restructuring.

11 Dividend

(a) Current Financial Period Reported On

No dividend was declared for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend was declared for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

As the Company incurred losses for 9M 2020, no dividend has been declared or recommended for the financial period.

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). If no IPT mandate has been obtained, a statement to that effect.

The Group had on 22 June 2020, obtained a general and specific mandate from shareholders for interested person transactions (“IPTs”).

Particulars of IPTs for the period 1 July 2020 to 30 September 2020 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) US\$	Aggregate value of all IPTs conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) US\$
<u>Ezion Holdings Limited</u> Management fee paid/payable to	Controlling shareholder of the Company	NIL	49,055
<u>Ezion Holdings Limited</u> Interest paid/payable to	Controlling shareholder of the Company	NIL	269,507

14 Disclosure of acquisition of the issuer to include the aggregate value of the consideration pursuant to Rule 706A

Not applicable. The Company did not acquire and dispose any shares in any companies during 3Q 2020, other than the Disposal Transaction as announced by the Company on 21 August 2020 and 15 September 2020, which has been approved by the shareholders during the EGM on 30 September 2020, but not completed as at date of announcement.

15 Confirmation of undertakings from Directors and Executive Officers

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist Rule 720(1).

BY ORDER OF THE BOARD

Tan Wee Sin
Company Secretary
13 November 2020

Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual Section B: Rules of Catalyst

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results of the Group for the period ended 30 September 2020 to be false or misleading in any material aspect.

On behalf of the Board of directors

.....
Tan Ser Ko
Executive Director / CEO

.....
Eng Chiaw Koon
Non-Executive Director

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (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 document, including the correctness of any of the statements or opinions made or reports contained in this document.

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