

ASPEN (GROUP) HOLDINGS LIMITED

(Company Registration No. 201634750K)

Unaudited Financial Statement and Dividend Announcement

For the half year ended 30 June 2020

Aspen (Group) Holdings Limited (the “**Company**”) was incorporated in the Republic of Singapore on 22 December 2016 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company and its subsidiaries (the “**Group**”) were formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) prior to the initial public offering and its listing on the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 28 July 2017. The Restructuring Exercise was completed on 21 June 2017. Please refer to the Company’s Offer Document dated 19 July 2017 (the “**Offer Document**”) for further details on the Restructuring Exercise.

Aspen (Group) Holdings Limited is a Malaysia-based property group developing affordable residential and mixed development properties at strategic locations with good infrastructure and amenities for middle-income mass market purchasers. The Group’s flagship project, Aspen Vision City, a 245-acres freehold mixed development project well-located in Bandar Cassia, Batu Kawan – Penang’s third satellite city, is a joint partnership with IKEA Southeast Asia. The Group also has several on-going developments in Penang Island and Selangor.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3) AND HALF-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

		Group		
	Note	Half Year Ended	30.06.19	%
		30.06.20	Unaudited	Change
		Unaudited	Unaudited	
		RM'000	Restated	
		RM'000	RM'000	
Revenue	8a(i)	108,162	173,638	(38)
Cost of sales	8a(ii)	(88,790)	(121,320)	(27)
Gross profit		<u>19,372</u>	<u>52,318</u>	<u>(63)</u>
Other income	8a(iii)	1,335	1,191	12
Administrative expenses	8a(iv)	(24,430)	(18,567)	32
Selling and distribution expenses	8a(v)	(3,054)	(6,639)	(54)
Other expenses	8a(vi)	(2,069)	(85)	2334
Results from operating activities		<u>(8,846)</u>	<u>28,218</u>	<u>(131)</u>
Finance income		1,069	1,038	3
Finance costs	8a(vii)	(5,012)	(3,437)	46
Net finance cost		<u>(3,943)</u>	<u>(2,399)</u>	<u>433</u>
Share of result of associates, net of tax	8a(viii)	(547)	(501)	9
(Loss)/ Profit before tax		<u>(13,336)</u>	<u>25,318</u>	<u>(153)</u>
Tax expense	8a(ix)	(836)	(10,826)	(92)
(Loss) / Profit for the period representing total comprehensive income for the period		<u>(14,172)</u>	<u>14,492</u>	<u>(198)</u>
(Loss) /Profit /total comprehensive income attributable to:				
Equity holders of the Company		(13,784)	9,188	(250)
Non-controlling interest		(388)	5,304	(107)
		<u>(14,172)</u>	<u>14,492</u>	<u>(198)</u>

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

		Group		
	Note	Half Year Ended	30.06.19	%
		30.06.20	Unaudited	Change
		Unaudited	Restated	
		RM'000	RM'000	
Profit before tax is arrived at:				
After crediting:				
Interest income		1,069	1,038	3
And after charging:				
Depreciation of property, plant and equipment	8a(iv)	6,772	4,165	47
Amortisation of intangible asset	8a(iv)	8	-	100
Interest expense	8a(vii)	5,012	3,437	46
Payroll expense		7,351	8,017	(8)

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

	Note	Group		Company	
		30.06.20	31.12.19	30.06.20	31.12.19
		Unaudited	Audited	Unaudited	Audited
		RM'000	RM'000	RM'000	RM'000
Non-current assets					
Property, plant and equipment		153,033	159,375	-	-
Intangible assets		1,494	1,502	-	-
Investment in subsidiaries		-	-	215,585	215,585
Investment in associates		87,981	86,727	-	-
Development properties		355,352	352,054		
Deferred tax assets		6,997	7,504	-	-
	8b(i)	604,857	607,162	215,585	215,585
Current assets					
Development properties		513,761	484,586	-	-
Contract costs		12,427	13,852	-	-
Contract assets		58,708	36,461	-	-
Current tax assets		8,620	9,427		
Inventories		17,672	17,603	-	-
Trade and other receivables		68,789	109,403	58,807	76,908
Cash and cash equivalents		59,318	67,663	14,717	6,018
	8b(ii)	739,295	738,995	73,524	82,926
Total assets		<u>1,344,152</u>	<u>1,346,157</u>	<u>289,109</u>	<u>298,511</u>
Current liabilities					
Loans and borrowings		131,373	121,973	43,442	45,018
Lease liabilities		2,202	2,235	-	-
Trade and other payables		313,681	315,098	7,672	14,867
Contract liabilities		23,686	10,113	-	-
Current tax liabilities		639	455	-	-
	8b(iii)	471,581	449,874	51,114	59,885
Non-current liabilities					
Loans and borrowings		294,951	310,589	-	-
Lease liabilities		11,742	12,553	-	-
Trade and other payables		109,660	108,383	-	-
Deferred tax liabilities		9,706	9,733	-	-
	8b(iv)	426,059	441,258	-	-
Total liabilities		897,640	891,132	51,114	59,885
Equity					
Share capital		244,591	237,241	244,591	237,241
Treasury shares		(21)	(21)	(21)	(21)
Reserves		146,619	162,094	(6,575)	1,406
Equity attributable to owners of the Company		391,189	399,314	237,995	238,626
Non-controlling interests		55,323	55,711	-	-
Total equity		446,512	455,025	237,995	238,626
Total equity and liabilities		<u>1,344,152</u>	<u>1,346,157</u>	<u>289,109</u>	<u>298,511</u>

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

As at 30.06.20 Unaudited		As at 31.12.19 Audited	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
101,373	30,000	121,973	-

Amount repayable after one year

As at 30.06.20 Unaudited		As at 31.12.19 Audited	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
290,367	4,584	276,005	34,584

Details of any collateral

The loans and borrowings are secured over the freehold land, fixed and floating charges over certain subsidiaries' present and future assets, fixed deposits placed by the subsidiaries, corporate guarantees by subsidiaries, pledge of shares held by the holding company, deed of assignment of benefits of certain contract proceeds, and joint and several guarantee by certain directors of the subsidiaries.

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

Consolidated Statement of Cash Flows

	Group	
	Half Year Ended	
	30.06.20	30.06.19
	Unaudited	Unaudited
		Restated
	RM'000	RM'000
Cash flows from operating activities		
(Loss) /Profit before tax	(13,336)	25,318
Adjustments for:		
Depreciation of property, plant and equipment	6,775	4,165
Amortisation of intangible asset	8	-
Property, plant and equipment written off	-	646
Interest expense	11,212	7,394
Interest income	(1,069)	(1,038)
Share of results of equity-accounted investees	547	501
Unrealised loss on foreign exchange	2,562	-
	6,699	36,986
Changes in development properties	(32,682)	(37,799)
Changes in contract costs	1,425	(24,281)
Changes in contract assets	(22,247)	15,434
Changes in trade and other receivables	40,614	(73,833)
Changes in trade and other payables	4,154	(20,800)
Changes in lease liabilities	-	(420)
Changes in contract liabilities	13,573	(38,497)
Cash generated from/(used in) operations		
	11,536	(143,210)
Tax refunded/(paid)	636	(19,848)
Net cash generated from/(used in) operating activities		
	12,172	(163,058)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(432)	(6,143)
Acquisition of investment property	-	(9,424)
Interest received	1,069	1,038
Capital injection from non-controlling interests	-	27,000
Additions of investment in associates	(1,800)	(5,340)
Net cash (used in)/from investing activities	(1,163)	7,131

Cash flows from financing activities

Proceeds from issuance of shares through private placement

Purchase of treasury shares

Changes in fixed deposit pledged

Proceeds from drawdown of loans and borrowings

Repayment of loans and borrowings

Repayment of finance lease liabilities

Interest paid

Net cash (used in)/from financing activities

-	-
-	(60)
(728)	(80)
20,771	128,926
(29,741)	(7,084)
(844)	(460)
(9,703)	(5,942)
(20,245)	115,300

Net decrease in cash and cash equivalents

Effect of exchange rate changes on cash and cash equivalents

Cash and cash equivalents at the beginning of financial period

Cash and cash equivalents at end of the financial period

(9,236)	(40,627)
163	6
60,540	154,232
51,467	113,611

Cash and cash equivalents included in the consolidated statement of cash flows comprises the followings:

	Group	
	30.06.20	30.06.19
	Unaudited	Unaudited
	RM'000	RM'000
Cash and cash equivalents	59,318	122,494
Less: Fixed deposits pledged to financial institutions	(7,851)	(8,883)
	51,467	113,611

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

Consolidated Statement of Changes in Equity

Group	Share capital RM'000	Treasury Shares RM'000	Merger reserves RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2020	237,241	(21)	37,442	(11)	124,663	399,314	55,711	455,025
Prior year adjustment**	-	-	-	-	(1,683)	(1,683)	-	(1,683)
At 1 January 2020 (Restated)	237,241	(21)	37,442	(11)	122,980	397,631	55,711	453,342
Issuance of scrip dividend	7,350	-	-	-	-	7,350	-	7,350
Profit for the period representing total comprehensive income for the period	-	-	-	-	(13,784)	(13,784)	(388)	(14,172)
Translation loss	-	-	-	(8)	-	(8)	-	(8)
At 30 June 2020	244,591	(21)	37,442	(19)	109,196	391,189	55,323	446,512

Group	Share capital RM'000	Treasury Shares RM'000	Merger reserves RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2019, as previously reported	237,241	-	37,442	-	116,383	391,066	23,692	414,758
Impact of adopting SFRS 16	-	-	-	-	(635)	(635)	-	(635)
At 1 January 2019 (Restated)	237,241	-	37,442	-	115,748	390,431	23,692	414,123

Profit for the period representing total comprehensive income for the period (Restated)	-	-	-	-	9,188	9,188	5,304	14,492
Purchase of treasury shares	-	(60)	-	-	-	(60)	-	(60)
Impact of adopting SFRS 16	-	-	-	-	754	754	-	754
Non-controlling interests on acquisition of subsidiary	-	-	-	-	10	10	(10)	-
Transactions with non-controlling interests	-	-	-	-	-	-	27,000	27,000
Translation gain	-	-	-	6	-	6	-	6
At 30 June 2019	237,241	(60)	37,442	6	125,700	400,329	55,986	456,315

Statement of Changes in Equity

Company	Share capital RM'000	Treasury shares RM'000	Accumulated profits RM'000	Total equity RM'000
At 1 January 2020	237,241	(21)	1,406	238,626
Prior year adjustment*	-	-	(1,546)	(1,546)
At 1 January 2020 (Restated)	237,241	(21)	(140)	237,080
Issuance of scrip dividend	7,350	-	-	7,350
Purchase of treasury shares	-	-	-	-
Loss for the period representing total comprehensive income for the period	-	-	(6,435)	(6,435)
At 30 June 2020	244,591	(21)	(6,575)	237,995

Company	Share capital RM'000	Treasury shares RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 Jan 2019	237,241	-	(11,345)	225,896
Purchase of treasury shares	-	(60)	-	(60)
Loss for the period representing total comprehensive income for the period	-		(2,169)	(2,169)
At 30 June 2019	237,241	(60)	(13,514)	223,667

Note:

Prior year adjustment

* – The Board has declared an interim dividend (tax exempt single-tier) of S\$0.00342 per ordinary share for the financial year ended 31 December 2019 amounting to S\$3,295,409.74 which is equivalent to RM 10,013,76.58 (exchange rate of S\$1: RM3.0387). Understating of RM1,546,931.20 is adjusted.

- Depreciation of property, plant and equipment amounting to RM136,236.80 is understated.

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital – Ordinary Shares

	No. of issued shares	Issued and paid-up capital RM
Balance as at 31 December 2019 (excluding treasury shares)	963,570,100	237,219,944
Add: Issuance from scrip dividend scheme	19,699,494	7,350,081
Balance as at 30 June 2020 (excluding treasury shares)	<u>983,269,594</u>	<u>244,570,025</u>

Treasury Shares

The Company had 47,800 treasury shares as at 30 June 2020 and 132,600 treasury shares as at 30 June 2019. The treasury shares held constitute 0.005% and 0.014% of the total number of ordinary shares outstanding as at 30 June 2020 and 30 June 2019 respectively.

Outstanding Convertibles

As at 30 June 2020, the Company has a convertible loan due of an aggregate amount of USD10,000,000 ("**Convertible Loan**"), of which 50% of the Convertible Loan may be converted to approximately 19,177,143 new fully paid ordinary shares of the Company based on a fixed conversion price of S\$0.35 per share (assuming an exchange rate of US\$1: S\$1.3424). Further details on this Convertible Loan can be found in the Company's SGXNET announcement dated 20 May 2018. Save for the Convertible Loan, the Company did not have any other outstanding options and convertibles as at 30 June 2020 and 30 June 2019.

There were no subsidiary holdings as at 30 June 2020 and 30 June 2019.

Scrip Dividend Scheme

On 20 January 2020, the Company had issued 19,699,494 new ordinary shares in the capital of the Company and allotted at an issue price of S\$0.1240 per new share to entitled shareholders who had elected to participate in the Aspen Group Scrip Dividend Scheme in respect of the dividend for the third quarter ended 30 September 2019. Further details on this Scrip Dividend Scheme can be found in the Company's SGXNET announcements dated 18 November 2019 and 20 January 2020.

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

	30.06.20	31.12.19
Total number of issued shares (excluding treasury shares)	<u>983,269,594</u>	<u>963,570,100</u>

There were 47,800 treasury shares as at 30 June 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.

There were no sales, transfers, cancellation or use of 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. There were no 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 auditors of the Company.

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 (this is not required for any audit issue that is a material uncertainty relating to going concern)

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

Not applicable.

(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 paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements 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

During the current financial year, the Group has adopted the following amendments to SFRS(I)s which took effect from financial year beginning 1 January 2020:

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material
- Amendments to SFRS(I) 3 Definition of a Business
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform

The adoption of the above amendments to SFRS(I)s is assessed to have no significant impact on the financial statements of the Group.

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

	Group	
	Half Year Ended	
	30.06.20	30.06.19
(Loss) /Profit attributable to equity holders of the Company (RM'000)	(13,784)	9,188
Weighted average number of ordinary shares ('000) ⁽¹⁾	981,105	963,520
Basic and diluted earnings per share ("EPS") (RM cents) ⁽²⁾	(1.40)	0.95

Notes:

- 1) EPS have been computed based on the weighted average share capital of 981,104,814 shares and 963,520,124 shares for the respective half year ended 30 June 2020 and 30 June 2019.
- 2) The diluted earnings per share for half year ended 30 June 2020 and 30 June 2019 is the same as the basic earnings per share assuming that no potential ordinary shares are to be issued under the Convertible Loan as the conversion price is higher than the prevailing market price as at 30 June 2020 and 30 June 2019.

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 period reported on; and
(b) Immediately preceding financial year

	Group		Company	
	30.06.20	31.12.19	30.06.20	31.12.19
Net asset value (RM'000)	391,189	399,314	237,995	238,626
Number of ordinary shares in issue ('000)	983,270	963,570	983,270	963,570
Net asset value per ordinary share (RM cents)	39.78	41.44	24.20	24.76

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-
- (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

Review for the performance of the Group for the half year ended 30 June 2020 ("1H2020) as compared to the previous corresponding quarter ended 30 June 2019 ("1H2019").

**Consolidated Statement of Comprehensive Income
1H2020 compared to 1H2019**

- (i) Revenue
The Group recorded revenue of RM108.16 million for 1H2020, a decrease of 38% as compared to 1H2019 due to the deferment of construction progress for approximately two months for all on-going projects due to the movement control order imposed by Malaysia government to contain the spread of Covid-19 ("MCO"). Progressive construction and new sales of Vertu Resort as well as construction of Beacon Executive Suites contributed RM82.72 million and RM13.37 million to the Group's revenue for 1H2020 respectively.
- (ii) Cost of sales
Cost of sales decreased by 27% to RM88.79 million for 1H2020, in tandem with the decrease in revenue.
- (iii) Other income
Other income increased RM0.14 million to RM1.34 million for 1H2020 mainly due to an increase in realised and unrealised gain on a favourable foreign exchange translation from the Group's USD accounts against Malaysian Ringgit.
- (iv) Administrative expenses
Administrative expenses increased by 32% to RM24.43 million in 1H2020 due to higher depreciation charges on additional fixed assets purchased, a one-off professional fee incurred for corporate advisory purpose and expenses incurred by Kanada-Ya SG Pte. Ltd. and Kanada-Ya Restaurants Pte. Ltd. which commenced their operations in December 2019.
- (v) Selling and distribution expenses
Selling and distribution expenses decreased to RM3.05 million in 1H2020 mainly due to sales and marketing activities having to be deferred during the MCO.
- (vi) Other expenses
Other expenses increased by RM1.98 million to RM2.07 million in 1H2020 mainly due to realised and unrealised loss on foreign exchange translation from foreign currency borrowing. USD had fluctuated from US\$1: RM4.0930 as at year ended 31 December 2019 to US\$1: RM4.2825 as at half year ended 30 June 2020.
- (vii) Finance costs
Finance costs increased by RM1.58 million to RM5.01 million in 1H2020 as a result of higher interest payable due to additional redeemable preference share which was issued during the financial year ended 31 December 2019 ("RPS Interest"). The RPS Interest was not qualified to be capitalised.

(viii) Share of results of associates
Share of losses of associates increased to RM0.55 million in 1H2020 mainly due to rental rebate granted to tenants by Bandar Cassia Properties Sdn. Bhd. during the MCO.

(ix) Tax expense
In 1H2020, a lower tax expense is accounted as the Group recorded lower taxable profits.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Consolidated Statement of Financial Position

(i) Non-current assets
The Group's non-current assets decreased by RM2.39 million from RM607.16 million as at 31 December 2019 to RM604.77 million as at 30 June 2020, primarily due to the following:-

- a decrease of RM6.34 million in property, plant and equipment due to a total depreciation and amortisation charge of RM6.78 million which was offset by renovation work on building and purchase of motor vehicles, office and computer equipment and furniture and fittings of RM0.43 million; and
- a decrease of RM0.50 million in deferred tax assets from the reversal of deferred tax assets recognised on unrealised profits; offset by
- an increase of RM1.25 million in investment in associates due to an additional capital injection of RM1.80 million into an associate, Global Vision Logistics Sdn. Bhd., which was offset against the share of result from associates amounting to RM0.55 million; and
- an increase in development properties of RM3.30 million arising from interest capitalised for pipeline projects.

(ii) Current assets
The Group's current assets increased by RM0.30 million from RM738.99 million as at 31 December 2019 to RM739.29 million as at 30 June 2020, primarily due to the following:

- increase in development properties of RM29.18 million from development costs incurred for the on-going projects; offset against the decrease in contract costs of RM1.43 million;
- increase in contract assets amounting to RM22.25 million mainly from the increase in cost incurred and profits recognised for Vertu Resort project which exceeded progress billing; offset by
- decrease in trade and other receivables of RM40.61 million mainly due to receivables collected;
- decrease in cash and cash equivalents of RM8.35 million due to repayment of borrowings and creditors; and
- decrease in current tax asset amounting to RM0.81 million due to the tax overpaid has been refunded by the authority.

(iii) Current liabilities

The Group's current liabilities increased by RM21.71 million from RM449.87 million as at 31 December 2019 to RM471.58 million as at 30 June 2020, primarily due to the following:

- increase in contract liabilities for Beacon Suites and Vivo Executive Apartment projects amounting to RM13.57 million. Contract liabilities represent the progress billings in excess of the cost incurred and profits recognised; and
- increase in loans and borrowings of RM9.40 million being the re-classification of loans and borrowings due to such loans maturing within one year.

(iv) Non-current liabilities

The Group's non-current liabilities decreased by RM15.20 million from RM441.26 million as at 31 December 2019 to RM426.06 million as at 30 June 2020, primarily due to re-classification of loans and borrowings due within one year to current liabilities and the repayment of loan.

The Group has a positive working capital of RM267.71 million as at 30 June 2020.

Consolidated Statement of Cash Flows

The Group recorded net cash generated from operating activities of RM12.17 million in 1H2020, which comprised operating cash inflows after working capital changes of RM11.54 million and tax refunds of RM0.64 million. The net cash inflow from operations was mainly due to the increase in development properties, contract assets and liabilities, decrease in the trade and other receivables.

Net cash used in investing activities amounted to RM1.16 million mainly from interest received of RM1.07 million, offset against the acquisition of property, plant and equipment of RM0.43 million, and the additional investment in associate of RM1.80 million.

Net cash used in financing activities amounted to RM20.25 million mainly from the total interest paid of RM9.70 million, the drawdown of loans and borrowings of RM20.77 million for current project development and investment property purposes offset by the repayment of loans and lease liabilities amounting to RM30.59 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

To mitigate the effect of Covid-19 pandemic, the Government had announced stimulus measures⁽ⁱ⁾ to address the economic challenges of Covid-19 including the recent stimulus measures announced for the property sector on 7 June 2020 in conjunction with the Recovery Movement Control Order, such as the reintroduction of the Home Ownership Campaign under Short-Term Economic Recovery Plan. The Penang State Government had announced a reduction in the ceiling price for the purchase of Penang properties by foreigners. The Group sees this as an opportunity to further promote its projects to the foreign market as foreign buyers will now have a lower entry point to invest in the Penang property market. Although there is restriction on international travel, demand

from the Hong Kong market did not subside and several marketing efforts i.e. advertising via our new e-commerce platforms and social media such as Facebook have been carried out to reach out to potential buyers during this period.

Meanwhile, Bank Negara Malaysia has proactively reduced the Overnight Policy Rate (OPR) by another 25 basis points on 7 July 2020⁽ⁱⁱⁱ⁾ from 2.0% to 1.75%, which should cushion the consequential economic and financial impact on the economy. These measures would help to stimulate the property market by lowering the cost to own property and loan interest rate to the purchaser.

However, property market activity remains slow despite a number of initiatives by the Government. Sales performance of the real estate market in 2020 is expected to be weighed down by oncoming supply and build-up of unsold inventory, while the potential impact from the coronavirus is unclear at this point⁽ⁱⁱⁱ⁾.

In view of the market condition, we have quickly adapted through our new e-commerce platforms, social media assets and adjusted our standard operating procedure to enable viewing and purchase of property online. Although buyer sentiments remain weak with job security concerns, our continued focus on affordable housing has placed us in a strategic position amid the pandemic. The main focus of the Group has been to drive sales for on-going projects and selling inventory units and deferment in new project launches.

The immediate effect of the Movement Control Order (“MCO”) was the deferment of construction progress and sale and marketing activities which led to losses for the half year ended 30 June 2020. Although the construction for the Group’s ongoing projects were halted by the MCO, efforts are being made to accelerate construction progress to make up for lost time to target to meet the contracted period for handover to homeowners. The Group expects that any risk of late delivery may be mitigated by the passing of the Covid 19 Temporary Measures Bill by Parliament ^(iv).

Despite the slowdown in the property market, we do not foresee there being any major impact on the operations, compliance, earnings prospects, liquidity, contractual obligation and viability of the Group in the near future. The liquidity of the Group has also eased following the financial repayment moratorium of 6 months which was announced by Bank Negara Malaysia^(v). Further, the Group has also extended the tenure of the Convertible Loan by 12 months from its original maturity date of April 2020.

Despite the measures from the Government, the full impact of the pandemic remains to be seen as the Covid-19 situation is unprecedented and still on-going globally. The Directors of the Group will monitor the situation closely and respond proactively to mitigate and minimise the potential impact of Covid-19 on the Group’s financial performance and financial position.

In addition, the Group is currently in discussions with several third parties in relation to new revenue streams and joint ventures. The Company will provide shareholders with updates as and when there are any material developments on the aforementioned.

Source: -

- (i) <https://www.bnm.gov.my/ar2019/emr-summary.php>
- (ii) https://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=5078
- (iii) <https://www.theedgemarkets.com/article/sluggish-property-market-conditions-continue-2020-%E2%80%94analysts>

- (iv) <https://www.theedgemarkets.com/article/zuraida-govt-formulating-law-prevent-legal-action-against-delayed-housing-projects>
- (v) https://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=5018&lang=en

11. Dividend

(a) Current Financial Period Reported On:

Any dividend declared for the 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:

Any dividend declared for the corresponding period of the immediately preceding financial year?

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

(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 the shareholders, this must be stated)

Not applicable.

(d) Date payable:

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined:

Not applicable.

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

No dividend has been declared or recommended as the management plans to conserve cash in this soft property market. The Board may declare the payment of dividends when the property market conditions improve and are more favourable.

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.

The Group does not have an existing general mandate from shareholders for IPTs.

There are no IPTs exceeding S\$100,000 and above during the financial period under review.

14. Use of disbursement from Convertible Loan

The Company refers to the disbursement amounting to USD\$10.89 million (excluding arranger fee of USD\$0.11 million) from the acceptance of Convertible Loan from Haitong International Financial Products (Singapore) Pte. Ltd. as announced on 20 May 2018 and 19 October 2018.

As at the date of this announcement, the status on the use of disbursements from the Convertible Loan is as follows:

Use of Net Disbursement from Convertible Loan	Amount allocated USD\$'000	Amount utilised USD\$'000	Balance USD\$'000
Investment in Global Vision Logistics Sdn. Bhd.	5,445	(949) ⁽¹⁾	4,496
Construction of Central Park	3,267	(3,267) ⁽²⁾	-
Investment in Bandar Cassia Properties (SC) Sdn. Bhd.	2,178	(2,178) ⁽³⁾	-
Total	10,890	(6,394)	4,496

Notes:

(1) USD\$0.95 million utilised for investment in Global Vision Logistics Sdn. Bhd. which intends to develop a sustainable integrated logistics and warehousing hub as announced on 13 June 2018.

(2) USD\$3.27 million utilised for the construction of Central Park located in Aspen Vision City.

(3) USD\$2.18 million utilised for investment in Bandar Cassia Properties (SC) Sdn. Bhd. which intends to construct the Regional Integrated Shopping Centre.

(4) The exchange rate as at 28 January 2019 of RM4.1080: USD\$1.00 is used for the above compilation.

The above utilisations are in accordance with the intended use of the proceeds from the Convertible Loan and percentage allocated, as stated in the announcement dated 20 May 2018.

The Board will continue to update in periodic announcements on the utilisation of the proceeds from the Convertible Loan as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its quarterly and full year financial results announcements.

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

The Company confirms that it has procured undertakings from all its directors and executive officers pursuant to Rule 720(1).

16. Negative confirmation by the Board pursuant to Rule 705(5)

To the best of the Board of Directors' knowledge, nothing has come to their attention which may render the unaudited financial results for half year ended 30 June 2020 to be false or misleading in any material aspect.

17. Disclosure of acquisition (including incorporations) and sale of shares under Catalist Rule 706A.

Not applicable. No transactions pursuant to Catalist Rule 706A had been undertaken during and as at the end of the half year ended 30 June 2020.

BY ORDER OF THE BOARD

Dato' Murly Manokharan
President & Group Chief Executive Officer

9 August 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) 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. 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 Ms. Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).