



# MERCURIUS CAPITAL INVESTMENT LIMITED

## MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.198200473E)

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### Unaudited Financial Statements Announcement for the First Quarter Financial Period Ended 31 March 2020

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

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

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.*

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

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

	3 Months Ended		Change
	31/3/2020	31/3/2019	
	SS'000	SS'000	%
	Unaudited	Unaudited	
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other income, net	4	32	-88
Administrative expenses	(119)	(81)	47
Finance costs	(157)	*	NM
<b>Loss before income tax</b>	<b>(272)</b>	<b>(49)</b>	<b>455</b>
Income tax expense	-	(2)	-100
<b>Net loss for the financial period</b>	<b>(272)</b>	<b>(51)</b>	<b>433</b>
<b>Other comprehensive income/(loss):</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - gains/(losses)	-	(20)	-100
<b>Total comprehensive loss</b>	<b>(272)</b>	<b>(71)</b>	<b>283</b>
<b>Net loss attributable to:</b>			
Equity holders of the Company	(272)	(50)	444
Non-controlling interests	*	(1)	NM
	<b>(272)</b>	<b>(51)</b>	<b>433</b>
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company	(272)	(70)	289
Non-controlling interests	*	(1)	NM
	<b>(272)</b>	<b>(71)</b>	<b>283</b>

*NM = Not Meaningful*

*\* Amount less than S\$1,000*

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

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

	3 months ended		Change
	31/3/2020	31/3/2019	
	S\$'000	S\$'000	%
Income tax expense	-	(2)	-100
Depreciation - Property, plant and equipment	(3)	(1)	200
Depreciation - Right-of-use assets	(37)	-	NM
Interest expense	(157)	*	NM
Salaries, bonuses and allowances	(23)	(23)	0
Rental expenses on short-term lease	-	(1)	-100
Currency translation gains, net	4	20	-80

*NM = Not Meaningful*

*\* Amount less than S\$1,000*

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	As at		As at	
	31/3/2020	31/12/2019	31/3/2020	31/12/2019
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	280	1,290	272	1,282
Trade and other receivables	88	7,662	125	7,700
Income tax recoverable	1	1	-	-
	<u>369</u>	<u>8,953</u>	<u>397</u>	<u>8,982</u>
<b>Non-current assets</b>				
Investments in subsidiary corporations	-	-	*	*
Investment in joint venture	9,260	-	9,260	-
Property, plant and equipment	45	48	45	48
Right-of-use assets	345	382	345	382
	<u>9,650</u>	<u>430</u>	<u>9,650</u>	<u>430</u>
<b>TOTAL ASSETS</b>	<u>10,019</u>	<u>9,383</u>	<u>10,047</u>	<u>9,412</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	756	762	710	719
Lease liabilities	109	144	109	144
Convertible loans	3,417	2,537	3,417	2,537
	<u>4,282</u>	<u>3,443</u>	<u>4,236</u>	<u>3,400</u>
<b>Non-current liabilities</b>				
Lease liabilities	241	241	241	241
<b>TOTAL LIABILITIES</b>	<u>4,523</u>	<u>3,684</u>	<u>4,477</u>	<u>3,641</u>
<b>NET ASSETS</b>	<u>5,496</u>	<u>5,699</u>	<u>5,570</u>	<u>5,771</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	140,399	140,399	140,399	140,399
Other reserves	(1,066)	(1,135)	1,011	938
Accumulated losses	(133,843)	(133,571)	(135,840)	(135,566)
	<u>5,490</u>	<u>5,693</u>	<u>5,570</u>	<u>5,771</u>
<b>Non-controlling interests</b>	6	6	-	-
<b>TOTAL EQUITY</b>	<u>5,496</u>	<u>5,699</u>	<u>5,570</u>	<u>5,771</u>

\* Amount less than S\$1,000.

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

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

	As at 31/3/2020		As at 31/12/2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible loans <sup>(1)</sup>	-	3,417	-	2,537

**- Amount repayable after one year**

	As at 31/3/2020		As at 31/12/2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible loan	-	-	-	-

Note:

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

**Details of any collateral**

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

Convertible Loans

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

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

On 3 January 2020, the Company entered into a convertible loan agreement with an investor whereby the investor provided a redeemable convertible loan of an aggregate

principal value of S\$0.8 million (“**3 Jan 2020 Convertible Loan**”) to the Company, which is repayable in cash or in shares of the Company, convertible up to 8.8 million new ordinary shares (inclusive of any accrued interest) in the issued and paid-up share capital of the Company upon maturity on 2 January 2021.

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

	<b>3 Months Ended</b>	
	31/3/2020 S\$'000 Unaudited	31/3/2019 S\$'000 Unaudited
<b>Cash flows from operating activities</b>		
Net loss	(272)	(51)
<b>Adjustments for:</b>		
Depreciation of Property, plant and equipment	3	1
Depreciation of Right-Of-Use assets	37	-
Interest expense	157	-
Income tax expense	-	2
Unrealised currency translation gains	(4)	(20)
<b>Operating cash flows before working capital changes</b>	<u>(79)</u>	<u>(68)</u>
<b>Changes in working capital</b>		
Trade and other receivables	(6)	(7)
Trade and other payables	(7)	(40)
<b>Cash used in operations</b>	<u>(92)</u>	<u>(115)</u>
Interest paid	(4)	-
<b>Net cash used in operating activities</b>	<u>(96)</u>	<u>(115)</u>
<b>Cash flows from investing activities</b>		
Payment for investment in a joint venture	(1,679)	-
<b>Net cash used in investing activities</b>	<u>(1,679)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from convertible loans	800	500
Repayment of lease liabilities	(35)	-
<b>Net cash provided by financing activities</b>	<u>765</u>	<u>500</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,010)	385
<b>Cash and cash equivalents</b>		
Cash and cash equivalents at beginning of financial period	1,290	225
Cash and cash equivalents at end of financial period	<u>280</u>	<u>610</u>

**1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Equity attributable to owners of the Company</b>						
	Share capital S\$'000	Other reserve S\$'000	Equity component of convertible loan S\$'000	Accumulated losses S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
<b>GROUP</b>							
Balance at 1 January 2020	140,399	(1,387)	252	(133,571)	5,693	6	5,699
Loss for the financial period	-	-	-	(272)	(272)	-	(272)
Other comprehensive loss for the financial period	-	(4)	-	-	(4)	-	(4)
Convertible loan equity component	-	-	73	-	73	-	73
Balance at 31 March 2020	140,399	(1,391)	325	(133,843)	5,490	6	5,496
Balance at 1 January 2019	133,182	(2,066)	1,143	(132,172)	87	7	94
Loss for the financial period	-	-	-	(50)	(50)	(1)	(51)
Other comprehensive loss for the financial period	-	(20)	-	-	(20)	-	(20)
Convertible loan equity component	-	-	500	-	500	-	500
Interest on convertible loan classified as equity	-	-	20	(20)	-	-	-
Balance at 31 March 2019	133,182	(2,086)	1,663	(132,242)	517	6	523
<b>COMPANY</b>							
Balance at 1 January 2020	140,399	686	252	(135,566)	5,771	-	5,771
Loss for the financial period	-	-	-	(274)	(274)	-	(274)
Convertible loan equity component	-	-	73	-	73	-	73
Balance at 31 March 2020	140,399	686	325	(135,840)	5,570	-	5,570
Balance at 1 January 2019	133,182	-	1,143	(134,179)	146	-	146
Loss for the financial period	-	-	-	(59)	(59)	-	(59)
Convertible loan equity component	-	-	500	-	500	-	500
Interest on convertible loan classified as equity	-	-	20	(20)	-	-	-
Balance at 31 March 2019	133,182	-	1,663	(134,258)	587	-	587

- 1(d)(ii) (aa) 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.**

	<b>Issued and fully paid-up ordinary shares</b>	<b>Share capital S\$'000</b>
Balance as at 31 December 2019 and 31 March 2020	1,276,474,940	140,399

- (bb) State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

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

- (cc) State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no treasury shares or subsidiary holdings as at 31 March 2020 and 31 March 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

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

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

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



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

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

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

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

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

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

The latest audited financial statement for the financial year ended 31 December 2019 was subject to a disclaimer of opinion on the basis of material uncertainties which may cast significant doubt on the Group's and Company's ability to continue as a going concern.

The Board noted the going concern issues highlighted in the independent auditor's report dated 6 April 2020 and is currently in a preliminary process of sourcing for additional funding and will keep shareholders updated accordingly.

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

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

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the preparation of the audited financial statements of the Group for the financial year ended 31 December 2019.

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

The Group had adopted all the applicable new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) which became effective for the financial year beginning on or after 1 January 2020. The adoption of these new and revised SFRS(I) did not give rise to any material impact on the Group's financial statements for the current financial period reported on.

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

**(a) based on the weighted average number of ordinary shares on issue; and**

**(b) on a fully diluted basis (detailing any adjustments made to the earnings).**

	<b>3 Months Ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
Weighted average number of ordinary shares for basic earnings per share	1,276,474,940	1,114,008,940
Weighted average number of ordinary shares for diluted earnings per share	1,331,380,241	1,138,911,132
Net loss attributable to the equity holders of Company for the financial period (S\$'000)	(272)	(51)
Less : Interest on convertible loans	(153)	-
Adjusted net loss for the financial period (S\$000)	(119)	(51)
Basic loss per share (cents)	(0.01)	(0.005)
Diluted loss per share (cents)	(0.01)	(0.004)

For the 3-month period ended 31 March 2020, the weighted average number of shares for diluted loss per share took into account:-

- I. The 39.05 million new shares that may be issued and allotted pursuant to the conversion of the 13 Dec 2019 Convertible Loan, 23 Dec 2019 Convertible Loan, and 3 Jan 2020 Convertible Loan; and
- II. The outstanding share-based payment amounting to 18.39 million shares.

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

	<b>Group</b>	
	31/3/2020	31/12/2019
<b>Net Asset Value Per Ordinary Share</b>		
- Based on issued share capital at the respective dates	0.43 cents	0.45 cents
- Number of existing issued shares at the respective dates	1,276,474,940	1,276,474,940
	<b>Company</b>	
	31/3/2020	31/12/2019
<b>Net Asset Value Per Ordinary Share</b>		
- Based on issued share capital at the respective dates	0.44 cents	0.45 cents
- Number of existing issued shares at the respective dates	1,276,474,940	1,276,474,940

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

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

Revenue and Gross Profit

The Group's new business in property development and property investment which was approved by shareholders of the Company on 30 March 2017, is still in its early stages and has not generated any revenue for the Group. As such, the Group did not record any revenue, cost of sales and gross profit for the financial period ended 31 March 2020 ("1Q2020") and the financial period ended 31 March 2019 ("1Q2019").

Other Income, net

Other income (net) decreased from S\$32,000 in 1Q2019 to S\$4,000 in 1Q2020, mainly due to a decrease of S\$16,000 in currency translation gain. There was no licensing fees income in 1Q2020 as compared to licensing fees income of S\$12,000 recorded in 1Q2019.

Administrative Expenses

Administrative expenses increased from S\$81,000 in 1Q2019 to S\$119,000 in 1Q2020. The increase in administrative expenses was mainly due to depreciation of

right-of-use assets amounting to S\$37,000 in 1Q2020 whereas no depreciation of right-of-use assets was recorded in 1Q2019.

#### Finance Costs

Finance costs in 1Q2020 refers to accrued interest from the 13 Dec 2019 Convertible Loan, 23 Dec 2019 Convertible Loan, and 3 Jan 2020 Convertible Loan amounting to S\$153,000, and the interest expenses incurred as a result of recognition of right-of-use assets and lease liabilities pursuant to the adoption of SFRS(I) 16 - Leases amounting to S\$4,000. Interest expense incurred in 1Q2019 was less than S\$1,000.

#### Net loss

As a result of the above, the Group recorded a net loss after tax of S\$272,000 in 1Q2020, as compared to a net loss after tax of S\$51,000 in 1Q2019.

### **(B) Review of statement of financial position**

#### **Current Assets**

Current assets decreased from approximately S\$8.95 million as at 31 December 2019 to approximately S\$0.37 million as at 31 March 2020, mainly due to a decrease in cash and cash equivalents and trade and other receivables.

Cash and cash equivalents decreased from S\$1.29 million as at 31 December 2019 to approximately S\$0.28 million as at 31 March 2020. Please refer to the section on “Consolidated Statement of Cash Flows” below for the reasons for the changes in cash and cash equivalents in 1Q2020.

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

#### **Non-current Assets**

Non-current assets increased from approximately S\$0.04 million as at 31 December 2019 to approximately S\$9.65 million as at 31 March 2020. The increase in non-current assets was due to the recognition of investment in joint venture amounting to S\$9.26 million following the completion of the JVA on 7 January 2020, as discussed in the preceding paragraph.

Decrease in property, plant and equipment and right-of-use assets of approximately S\$3,000 and S\$37,000 respectively as at 31 March 2020 as compared to 31 December 2019 was due to depreciation charges during the respective periods.

### **Current and Non-Current Liabilities**

Trade and other payables as at 31 March 2020 remained fairly consistent at S\$0.76 million when compared to the amount of S\$0.76 million as at 31 December 2019.

Decrease in lease liabilities by S\$35,000 was due to the repayment of lease term during the period.

Increase in convertible loans by S\$0.88 million from S\$2.54 million as at 31 December 2019 to S\$3.42 million as at 31 March 2020 was due to the recognition of 3 Jan 2020 Convertible Loan, including the accrued interest during the period. In respect of the 3 Jan 2020 Convertible Loan, the Company had performed a valuation and determined that the fair value of the liability component amounting to S\$0.73 million to be recorded under current liabilities, while the equity conversion component amounting to S\$0.07 million to be recorded under shareholders' equity in other reserve, and approximately S\$0.15 million of accrued interests recorded under current liabilities.

### **Working Capital**

The Group recorded a negative working capital of approximately S\$3.91 million as at 31 March 2020, as compared to a positive working capital of approximately S\$5.51 million as at 31 December 2019. The significant change was mainly due to the reclassification of S\$7.58 million (being the Company's partial payment to the JVA) from "trade and other receivables" under current assets to "investment in joint venture" under non-current assets.

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

- Obtained an undertaking letter from a director to ascertain sufficient cash balances in the Group and the Company prior to demanding for payment of outstanding payables of S\$0.50 million in the financial year ending 31 December 2020; and
- Entered into supplementary letters with certain convertible loan holders (the "**Investors**") in respect of convertible loan agreements amounting to S\$3.55 million (the "**Agreements**"), pursuant to which the Investors had agreed to take into consideration the available cash flow of the Company on or before the maturity date of the Agreements in determining the payment and in case that the Company is not in the financial position to repay, the Investors would agree to extend the maturity date of the Agreements.

In addition, the Company is currently in the preliminary process of sourcing for additional funding.

### **Equity**

The Group's equity decreased from approximately S\$5.70 million as at 31 December 2019 to approximately S\$5.50 million as at 31 March 2020, mainly due to losses incurred in 1Q2020 amounting to S\$272,000, offset by recognition of equity component for the 3 Jan 2020 Convertible Loan amounting to S\$73,000.

### **(C) Consolidated statement of cash flows**

Net cash used in operating activities amounted to S\$96,000 for 1Q2020, mainly due to operating expenses incurred during the period.

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

Net cash provided by financing activities of approximately S\$0.77 million was due to cash received from the 3 Jan 2020 Convertible Loan, offset by repayment of lease liabilities amounting to S\$35,000.

On a whole, the Group had a net cash outflow of approximately S\$1.01 million in 1Q2020. The cash and cash equivalents as at 31 March 2020 amounted to S\$0.28 million.

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

Not applicable.

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

As mentioned in the FY2019 Annual Report, the Company had on 7 January 2020, completed the Joint Venture after payment of the final instalment to APEX and with the remaining shares being transferred to the Company resulting in the Company holding 50% of the total issued share capital of Grand Bay. Preliminary negotiations with potential financial institutions to secure a construction loan for development of Sheraton Phuket Grand Bay Resort had begun earlier this year, but the COVID-19 pandemic had significantly affected the progress of the negotiations with countries implementing lockdowns and cross border travelling restrictions. Further, banking and financial institutions tightened loan application requirements. Notwithstanding the above, the Company will continue to follow up with the potential financial institutions and explore other viable options and keep shareholders updated accordingly.

The Board noted that the COVID-19 pandemic has severely impacted economic activities, with the global economic situation projected to contract sharply. The Board will continue to remain cautious in strategising the development of the Company's business and will continue to explore joint ventures and/or strategic alliances to improve shareholders' value.

**11. If a decision regarding dividend has been made:**

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

No.

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

Nil (31 March 2019: Nil).

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

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the Company (up to 5:00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

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

No dividend has been declared or recommended for 1Q2020, as the Group recorded a net loss for the period.

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

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

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

The board of directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention that may render the unaudited financial statements for 1Q2020 to be false or misleading in any material aspect.

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

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

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

(A) Convertible loan dated 13 December 2019

Intended uses	Amount allocated (S\$'000)	Amount utilised as at 6 April 2020 (S\$'000)	Amount utilised as at 12 May 2020 (S\$'000)	Balance (S\$'000)
Business and investments opportunities <sup>(1)</sup>	1,600	1,600	-	-
General working capital <sup>(2)</sup>	138	128	10	-
Total	1,738	1,728	10	-

(B) Convertible loan dated 3 January 2020

Intended uses	Amount allocated (S\$'000)	Amount utilised as at 6 Apr 2020 (S\$'000)	Amount utilised on 12 May 2020 (S\$'000)	Balance (S\$'000)
Business and investments opportunities <sup>(1)</sup>	788	596	-	192
Total	788	596	-	192

Notes:-

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

The use of the net proceeds from the abovementioned convertible loans are in accordance with the intended use as previously disclosed in the Company's announcements dated 15 December 2019 and 3 January 2020 in relation to the respective convertible loans. The Company will make periodic announcements as and when the balance of the net proceeds are materially disbursed.



**BY ORDER OF THE BOARD**

**Chang Wei Lu**  
**Executive Chairman and Chief Executive Officer**  
**12 May 2020**