

SITRA HOLDINGS (INTERNATIONAL) LIMITED
(Co. Regn. No: 197901237E)

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS

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

Group Income Statement for Half Year ended 30 June 2020. These figures have not been audited.

	Item	Group		
		S\$'000		%
		6 Months ended 30/06/2020	6 Months ended 30/06/2019	Increase/ (Decrease)
Continuing operations				
Revenue	8.1	7,155	9,425	-24.1%
Cost of sales	8.2	(6,458)	(8,662)	-25.4%
Gross profit		697	763	-8.6%
Other income	8.3	322	47	580.7%
Other gains/(losses) - net	8.4	(456)	358	-227.2%
Selling and marketing expenses	8.5	(184)	(239)	-28.8%
Administrative expenses	8.6	(938)	(1,150)	-18.4%
Finance expenses	8.7	(33)	(47)	-28.8%
Profit /(Loss) before income tax		(658)	(267)	146.2%
Income tax expense		-	-	
Loss for the period	8.8	(658)	(267)	146.2%
Attributable to:				
Equity holders of the Company		(649)	(280)	131.6%
Non-controlling interests		(10)	13	-174.6%
		(658)	(267)	146.2%

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Note:

Result before income tax is arrived at after charging/(crediting) the following:

	Group	
	S\$'000	
	6 Months ended 30/06/2020	6 Months ended 30/06/2019
Commission income	(38)	(29)
Defined contribution included in staff costs	42	37
Depreciation of property, plant and equipment	49	151
Directors' fees	63	53
Directors' remuneration	129	282
Exchange (gain)/loss	458	(358)
Government Grants	(84)	(9)
Overprovision of prior year income taxes relating to employees of a subsidiary	(200)	-
Rental expenses	34	11
Staff costs	513	448

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1(a) (ii) A statement of comprehensive income for the corresponding period of the immediately preceding financial year.

Group Consolidated Statement of Comprehensive Income for Half Year ended 30 June 2020.

	S\$'000	
	6 Months ended 30/06/2020	6 Months ended 30/06/2019
Loss for the period	(658)	(267)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation	(214)	(265)
Other comprehensive income, net of tax	(214)	(265)
Total comprehensive loss	(872)	(532)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	(862)	(538)
Non-controlling interests	(10)	6
	(872)	(532)

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

	Item	Group		Company	
		30/06/20	31/12/19	30/06/20	31/12/19
		S\$'000	S\$'000	S\$'000	S\$'000
Current assets	8.9				
Cash and bank balances		258	212	9	4
Financial assets, at fair value through profit or loss	note	9,000	9,000	-	-
Trade receivables		570	1,101	-	-
Other receivables		267	72	1,769	3,433
Inventories		1,971	2,030	-	-
Other current assets		74	206	54	54
		12,140	12,621	1,831	3,491
Non-current assets	8.10				
Investments in subsidiary corporations		-	-	3,560	3,560
Property, plant and equipment		10,809	10,870	50	60
Right-of-use assets		138	155	-	-
Deferred tax assets		93	58	-	-
		11,040	11,083	3,610	3,620
Total assets		23,180	23,704	5,441	7,111
Current liabilities	8.11				
Trade payables		564	1,205	-	-
Other payables		2,362	2,008	2,166	3,559
Lease liabilities		125	68	-	-
Borrowings		31	1,426	-	5
		3,082	4,707	2,166	3,564
Non-current liabilities	8.12				
Lease liabilities		3	91		
Borrowings		1,469	2	3	2
Deferred income tax liabilities		195	238	-	-
		1,667	331	3	2
Total liabilities		4,749	5,038	2,169	3,566
Net assets		18,431	18,666	3,272	3,545
Capital and reserves attributable to equity holders of the Company					
Share capital		22,992	22,992	22,992	22,992
Other reserves		519	305	(22)	(22)
Accumulated losses		(8,622)	(7,964)	(19,698)	(19,426)
		14,889	15,333	3,272	(19,448)
Non-controlling interests		3,542	3,333	-	-
Total Equity	8.13	18,431	18,666	3,272	3,545

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

Amount repayable in one year or less, or on demand

	Group	
	S\$'000	
	As at 30/06/2020	As at 31/12/2019
Bank borrowings	31	1,426
Lease liabilities	124	68

Amount repayable after one year

	Group	
	S\$'000	
	As at 30/06/2020	As at 31/12/2019
<u>Due within two to five years</u>		
Bank borrowings	1,469	2
Lease liabilities	3	91

Details of any collateral

The bank borrowings were secured on a Corporate guarantee of the Company.

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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.

	Item	Group	
		S\$'000	
		6 Months ended 30/06/2020	6 Months ended 30/06/2019
Cash flows from operating activities			
Loss before income tax		(658)	(267)
Adjustments for:			
Amortisation of right-of-use assets		17	37
Depreciation of property, plant and equipment		49	151
Interest expense		33	47
Changes in deferred tax provisions		(79)	-
Exchange differences on consolidation		435	64
		(202)	32
Changes in working capital			
- Inventories		336	749
- Trade and other receivables		59	(313)
- Other current assets		132	54
- Trade and other payables		(462)	(649)
- Lease liabilities		(17)	-
Net Cash used in operating activities	8(14)	(154)	(127)
Cash flows from financing activities			
Proceeds from bank borrowings		1,500	-
Loans from Shareholder		175	-
Repayment of Trade Facilities		(1,421)	-
Repayment of lease liabilities		(17)	(37)
Finance lease liabilities		(4)	(14)
Interest expenses paid		(33)	(47)
Net cash (used in)/provided by financing activities	8(15)	200	(51)
Net decrease in cash and cash equivalents		46	(225)
Cash and cash equivalents at beginning of financial period		212	410
Effects of currency translation on cash and cash equivalents		-	(3)
Cash and cash equivalents at end of financial period		258	182

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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.

Group	Share capital	Other reserves	Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2020	22,992	305	(7,964)	15,333	3,333	18,666
Total comprehensive (loss)/income for the period	-	117	(658)	(441)	209	(232)
Balance at 30 June 2020	22,992	522	(8,622)	14,892	3,542	18,434
Balance at 1 January 2019	17,817	(130)	(6,997)	10,690	159	10,850
Issue of new shares	5,248	-	-	5,248	-	5,248
Share issue expenses	(73)	-	-	(73)	-	(73)
Acquisition of subsidiary corporation	-	-	-	-	3,177	3,177
Total comprehensive (loss)/income for the period	-	435	(967)	(538)	(3)	(536)
Balance at 30 Dec 2019	22,992	305	(7,964)	15,333	3,333	18,666

Company	Share capital	Other reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2020	22,992	(22)	(19,426)	3,545
Total comprehensive (loss)/income for the period	-	-	(272)	(272)
Balance at 30 June 2020	22,992	(22)	(19,698)	3,272
Balance at 1 January 2019	17,817	(22)	(17,623)	172
Issue of new shares	5,248	-	-	5,248
Share issue expenses	(73)	-	-	(73)
Total comprehensive loss for the period	-	-	(1,802)	(1,802)
Balance at 31 December 2019	22,992	(22)	(19,426)	3,545
Balance at 1 January 2018	17,817	(22)	(16,426)	1,369
Total comprehensive loss for the year	-	-	(1,197)	(1,197)
Balance at 31 December 2018	17,817	(22)	(17,623)	172

Differences due to rounding.

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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

The total number of issued shares were 1,228,300,000 as at 31 December 2019 and remains the same as at 30 June 2020.

The Company did not have any treasury shares in subsidiary holdings as at 31 December 2019 and 30 June 2020.

The total number of issued shares were 1,228,300,000 as at 31 December 2019. The Company had, on 27 February 2019 entered into a share sale cum subscription and option agreement (the "Agreement") with (1) Madam Doris Chung Gim Lian and Mr Chew Han Wei (collectively, the "Vendors" and individually, a "Vendor") and Mr Chew Hua Seng (the "Subscriber"). Under the Agreement, (a) the Vendors have collectively agreed to sell to the Company, and the Company has agreed to purchase an aggregate of 54 ordinary shares in the capital of the Mapur Rocky Resort Limited from the Vendors (the "Proposed Acquisition") and the consideration of S\$3,510,100, is to be satisfied by the allotment and issue of an aggregate 319,100,000 new ordinary shares in the capital of the Company to the Vendors or their nominee; (b) the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue 158,000,000 new ordinary shares in the capital of the Company to the Subscriber (the "Proposed Subscription"); The transaction was completed and the new shares were allotted and issued on 4th October 2019

The Company further agreed to grant to the Subscriber an option (the "Call Option") to require the Company to allot and issue to the Subscriber up to 255,000,000 new ordinary shares in the capital of the Company (the "Option Shares"), and the Subscriber has agreed to grant to the Company an option (the "Put Option") to require the Subscriber to subscribe for up to the number of Option Shares (collectively, the "Proposed Options").

No conversion of the Call Option or the Put Option has taken place since the date of grant. Please refer to the Company's announcements made on 27 February 2019, 13 May 2019, 26 June 2019, 9 July 2019, 26 July 2019 and 4 October 2019 in relation to the Acquisition.

SHARE OPTIONS

As mentioned above, at 31 December 2019 and 30 June 2020, the Company has granted an option to allot and issue up to 255,000,000 option shares at an exercise price of S\$0.011. The Company did not have any other outstanding share options save as disclosed.

TREASURY SHARES

The Company did not have any outstanding treasury shares as at 31 December 2019 and remains the same as at 30 June 2020.

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SUBSIDIARY HOLDINGS

There are no subsidiary holdings of the Company shares as at 31 December 2019 and remains the same as at 30 June 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.

The total number of issued shares excluding treasury shares was 1,228,300,000 as at 31 December 2019 and remains the same as at 30 June 2020.

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. The Company does not have any treasury shares.

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

Not applicable. The Company does not have any subsidiary.

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

These figures have not been audited or reviewed by the auditors.

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

Not applicable.

3(A) If the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion, to include:

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

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

Note: (a) and (b) is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

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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 and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period which are consistent with those described in 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.

There has been no change in the accounting policies and methods of computation, since the last financial report.

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	
	6 Months ended 30/06/2020	6 Months ended 30/06/2019
Loss per ordinary share of the group, after deducting any provision for preference dividends (cents):		
(a) Based on weighted average number of ordinary shares on issue; and		
- *Basic	(0.05)	(0.04)
- **Diluted	(0.04)	(0.04)

*Based on 751,200,000 as at 30 June 2019 and 1,228,300,000 30 June 2020 respectively.

** Diluted earnings per share assume exercise of 255,000,000 in accordance with the Call Option granted to the Subscriber as detailed in 1(d)(ii) above. No dilution is assumed as at 30 June 2019 as there were no options outstanding during that period.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
Net asset value per ordinary share based on issued share capital at the end of (cents):	1.21	1.25	0.44	0.29

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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.**

COMMENTARY ON THE GROUP STATEMENT OF INCOME

(1) **Revenue**

Decrease in Revenue by 24.1% from S\$9.425 million in 1HFY2019 to S\$7.155 million in 1HFY2020 was mainly due to:

- (a) The wood-product revenue decreased by S\$2.36 million or 25.1% from S\$9.4 million to S\$7.04 million and the lifestyle outdoor furniture sales registered a S\$0.02 million increase from S\$0.04 million in 1HFY19 to S\$0.06 million in 1HFY20. Although the Covid-19 pandemic had stifled sales of wood-based products in our key markets in Europe, Australia and New Zealand from late March up to the end of May, in June, there was a resumption of sales activity but it was insufficient to recoup the lost sales in the earlier months. With the continued effects of Covid-19 affecting our key markets in the wood business, we expect further slowdown in sales in the next half year.

(2) **Cost of sales and gross profit margin**

- (a) The cost of sales decreased by S\$2.205 million or 25.4% to S\$6.458 million in 1HFY20 in tandem with the decrease in revenue for the period.
- (b) Gross profit margins improved slightly as some sales in Europe shifted to online channels, due to Covid-19 lock downs.
- (c) The company also found ways to utilize portions of wood waste to manufacture some products which reduced the cost of goods sold, resulting in higher gross margin of 9.7% in 1HFY20 compared to 8.1% in 1HFY19.

(3) **Other income**

Other income increased by S\$0.275 million to S\$0.322 million in 1HFY20, mainly due to a one-off reversal of an over provision of tax in our Indonesian subsidiary.

(4) **Other gains/(losses) – net**

Other gains and (losses) of the Group turned negative from a gain of S\$0.358 million in 1HFY2019 to a loss of S\$0.456 million in 1HFY2020, mainly due to foreign exchange losses arising from the high volatility of the United States Dollar during the period.

(5) **Selling and marketing expenses**

Selling and marketing expenses decreased by S\$0.055 million from \$0.239 million in 1HFY2019 to \$0.184 million in 1HFY20 as sales and marketing efforts were hindered significantly during much of April and May as global economies shut down due to the Covid-19 pandemic.

(6) **Administrative expenses**

Administrative expenses decreased by S\$0.212 million, from S\$1.15 million to S\$0.938 million in 1HFY2020, due mainly to:

- (a) reduction staff costs from \$0.610 million to in 1HFY19 to S\$0.502 million as the Group took efforts to reduce cost in light of the economic slowdown.

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- (b) The new property business which accounted for additional staff cost of \$0.068 million for the period has not commenced operations in any significant manner due to the restriction on travel and business operations arising from the Covid-19 pandemic.

(7) **Finance expenses**

Finance expenses decreased by S\$0.013 million due to

- (a) repayment of \$1.406 million in trade financing facilities
- (b) settlement of finance leases and bank overdrafts amounting to S\$0.02 million
- (c) refinancing of the trade facilities into a \$1.5 million long-term loan under the Temporary Bridging Loan Programme at lower interest rates.

(8) **Net loss**

Net loss of the group increased 146% from S\$0.267 million to S\$0.658 million due to the factors as elaborated above; in particular exchange loss due mainly on translation accounted for a significant portion of the loss of S\$0.458 million for the period. This was partly offset by the one off gain due to adjustment for over-provision of tax relating to employees of approximately S\$0.2 million. The group further incurred costs associated with the newly acquired property business which accounted for approximately \$115k of operating loss for 1HFY20, as the development and operations have not commenced due to the on-going pandemic.

Adjusting for new business changes and adjustments due to exchange differences and provisions, the wood products business accounted for the loss of approximately S\$0.285 million. This is reflective of the cost cutting measures taken by management during the last year; hence despite the 24.1% decline in revenue, the operational loss associated with the wood business was comparatively only slightly higher than the loss of S\$0.267 million in 1HFY19.

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION

(9) **Current assets**

Current assets decreased by S\$0.481 million to S\$12.14 million. The decreased was due to:

- (a) lower Trade receivables of S\$0.57 million compared to S\$1.001 million as at 31 December 2019 in line with the decline in sales.
- (b) Other receivables increased to S\$0.267million compared to \$0.072 million as at 31 December 2019 as this was due mainly to an increase in GST receivables.
- (c) Inventories reduced marginally by S\$0.059 million, to S\$1.971 million while other current assets reduced by S\$0.132 million to S\$0.074 million due to fewer advances for purchases.
- (d) Cash and cash equivalents increased by \$0.046 million to \$0.258 million compared to S\$0.212 million at the previous year end.

(10) **Non-current assets**

Non-current assets remained largely unchanged at S\$11.04 million compared to S\$11.083 million as the previous year end. The difference was due to recognition of usage in relation to right of use assets as well as and adjustment to deferred tax provision. There were no significant purchases or disposals during the period. The bulk of the assets related to the property acquired pursuant to the acquisition on October 2019 and the Group's land and factory in Indonesia.

(11) **Current liabilities**

Current liabilities decreased by S\$1.625 million to S\$2.926 million due mainly to:

- (a) refinancing of the Group's trade facilities into a long-term loan amounting to S\$1.5 million
- (b) the decrease of S\$0.641 million in trade payables to S\$0.564 million, this is in line with the reduced trade purchases at the end of the period due to lower transaction volumes.
- (c) Other payables however increased by S\$0.355 million due mainly to an increase in non-trade related professional fees payable as well as GST payables.

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(12) **Non-current liabilities**

Non-current liabilities increased S\$1.426 million to S\$1.667 million compared to S\$0.331 million in FY2019. This was due to refinancing short term trade facilities of the group into a long-term loan. Deferred tax liabilities reduced slightly but was offset by a slight increase in lease liabilities.

(13) **Capital and reserves**

Total equity decreased by S\$0.44 million to S\$14.892 million, due to the loss incurred during the period.

COMMENTARY ON THE GROUP STATEMENT OF CASHFLOWS

(14) Net cash outflows used in operations was S\$0.154 million.

(a) The Group's cash flows used in operating activities before working capital changes amounted to negative S\$0.202 million.

(b) A reduction in receivables, inventory and deposits of \$0.527 million, coupled with a reduction in liabilities of S\$0.479 million resulted in net changes in increase in cash of S\$0.065 million,

There was no cash use in investment during this period

(15) Net cash from financing activities amounted to S\$0.233 million which arose mainly from:

(a) securing a \$1.5 million term loan under the Government supported bridging loan programme

(b) the settlement of the S\$1.406 million outstanding under the group's trade facility

(c) repayment of hire purchase creditors and repayment of lease liabilities of \$0.021 million

(d) the Group had also obtained interest free shareholder loan for working capital amounting to \$0.175 million during the six months ended 30 June 2020

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.

The Group expects that the overall demand for our wood-based and lifestyle outdoor furniture products to remain weak, given the global economy continued to deteriorate following the Covid-19 pandemic.

The Group has taken efforts to rationalize business operations and reduce cost.

The group's diversification into the property business is in its early stage, albeit affected by the Covid-19 pandemic, and is not expected to contribute revenue in the next 12 months.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared for 1HFY20.

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(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for 1HFY20 as the Company incurred a net loss for the six months ended 30 June 2020.

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 has not obtained a general mandate for the IPTs from the shareholders.

14. 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 undertaking from all its Directors and executive officers in the format set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

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15. Confirmation pursuant to the Rule 705(5) of the listing manual.

Having considered, including but not limited to, the following:

- whether the financial statements provide a balance and fair view of any material factors that have affected the Company's business conditions and financial position; and
- all material information has been assessed to ensure reliability of the financial statement.

we, Chew Hua Seng and Steven Chew, being two directors of Sitra Holdings (International) Limited (the "**Company**"), do hereby confirm on behalf of the directors of the Company 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 financial results of the Group for the 6-month period ended 30 June 2020 to be false or misleading.

On behalf of the Board of Directors

Chew Hua Seng
Non-Executive Chairman

Steven Chew
Director

BY ORDER OF THE BOARD

Chew Chiew Siang, Steven
Executive Director
13 August 2020

*This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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

The details of the contact person for the Sponsor are:

Name: Mr. Leong Weng Tuck, Registered Professional

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