

OLIVE TREE ESTATES LIMITED



(Incorporated in Singapore on 30 July 2007)
(Registration Number: 200713878D)

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND HALF AND THE FULL YEAR ENDED 31 DECEMBER 2020

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.

	2 nd half ended		Increase / (Decrease) %	Financial year ended		Increase / (Decrease) %
	31-12-20	31-12-19		31-12-20	31-12-19	
	\$'000 Unaudited	\$'000 Unaudited		\$'000 Unaudited	\$'000 Audited	
Revenue	3,382	531	536.91	3,804	1,128	237.23
Cost of sales	(2,539)	-	NM	(2,539)	-	NM
Gross profit	843	531	58.76%	1,265	1,128	12.15%
Selling and distribution expenses	(129)	-	NM	(129)	-	NM
Administrative expenses	(1,303)	(1,053)	23.74%	(2,432)	(2,070)	17.49%
Finance expenses	(147)	(214)	-31.31%	(335)	(432)	-22.45%
Other income	445	129	NM	685	169	NM
Other losses, net	(508)	(21)	NM	(729)	(21)	NM
Share of (losses) / profit of associated companies	(308)	78	NM	(21)	78	NM
Loss before income tax	(1,107)	(550)	NM%	(1,696)	(1,148)	47.74%
Income tax (expense) / credit	(58)	(93)	-37.63%	51	(102)	NM
Net loss	(1,165)	(643)	81.18%	(1,645)	(1,250)	31.60%
Other comprehensive loss						
Item may be classified subsequently to profit or loss:						
- Currency translation differences arising from consolidation	(115)	(2)	NM	(79)	(2)	NM
Total comprehensive loss	(1,280)	(645)	NM	(1,724)	(1,252)	37.70%

	2 nd half ended			Financial year ended		
	31-12-20	31-12-19	Increase / (Decrease)	31-12-20	31-12-19	Increase / (Decrease)
	\$'000 Unaudited	\$'000 Unaudited	%	\$'000 Unaudited	\$'000 Audited	%
Loss per share attributable to equity holders of the Company						
- Basic and diluted (Cents)	(1.86)	(0.94)	NM	(2.50)	(1.82)	37.36%

NM – Not Meaningful

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

The Group's loss before income tax is determined after crediting / (charging) the following:

	2 nd half ended			Financial year ended		
	31-12-20	31-12-19	Change	31-12-20	31-12-19	Change
	\$'000 Unaudited	\$'000 Unaudited	%	\$'000 Unaudited	\$'000 Audited	%
Interest income	-*	-	N.M.	-*	9	N.M.
Interest expense	(147)	(214)	-31.31%	(335)	(432)	-22.45
Depreciation						
- Investment properties	(302)	(301)	NM	(604)	(603)	NM
- Plant and equipment	(2)	(3)	NM	(3)	(3)	NM

*Less than 1,000

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

	Group		Company	
	31-12-20 \$'000 Unaudited	31-12-19 \$'000 Audited	31-12-20 \$'000 Unaudited	31-12-19 \$'000 Audited
ASSETS				
Current Assets				
Cash and bank balances	1,781	2,546	559	1,114
Trade and other receivables	204	383	114	84
Deferred tax assets	60	-	-	-
Development properties	1,222	3,761	-	-
	<u>3,267</u>	<u>6,690</u>	<u>673</u>	<u>1,198</u>
Non-current Assets				
Trade and other receivables	215	-	215	274
Investment in subsidiary companies	-	-	20,219	20,219
Investment in associated companies	4,895	3,828	4,919	3,752
Investment properties	10,356	10,960	-	-
Financial assets, at fair value through profit or loss ("FVPL")	1,555	1,035	1,555	1,035
Financial assets, at amortised cost	163	-	163	-
Plant and equipment	1	4	1	4
	<u>17,185</u>	<u>15,827</u>	<u>27,072</u>	<u>25,284</u>
Total Assets	<u>20,452</u>	<u>22,517</u>	<u>27,745</u>	<u>26,482</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	3,844	1,790	4,241	1,423
Borrowings	1,827	1,184	-	-
Current income tax liabilities	44	89	-	-
	<u>5,715</u>	<u>3,063</u>	<u>4,241</u>	<u>1,423</u>
Non-current Liabilities				
Borrowings	7,668	10,661	-	-
	<u>7,668</u>	<u>10,661</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>13,383</u>	<u>13,724</u>	<u>4,241</u>	<u>1,423</u>
NET ASSETS	<u>7,069</u>	<u>8,793</u>	<u>23,504</u>	<u>25,059</u>
EQUITY				
Share capital	7,946	7,946	56,342	56,342
Treasury shares	-	-	(23)	(23)
Reverse acquisition reserve	(10,597)	(10,597)	-	-
Foreign currency translation reserve	(81)	(2)	-	-
Retained profits / (accumulated losses)	9,801	11,446	(32,815)	(31,260)
TOTAL EQUITY	<u>7,069</u>	<u>8,793</u>	<u>23,504</u>	<u>25,059</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 31 December 2020		As at 31 December 2019	
\$'000		\$'000	
Secured	Unsecured	Secured	Unsecured
1,827	-	1,184	-

Amount repayable after one year

As at 31 December 2020		As at 31 December 2019	
\$'000		\$'000	
Secured	Unsecured	Secured	Unsecured
7,668	-	10,661	-

Details of any collateral

The loans and borrowings are secured by the following:

1. First legal mortgage over properties at 1 Commonwealth Lane #01-07 / #01-08 / #01-09 / #01-10 / #01-11 / #01-12 / #01-13 / #01-14 / #01-15 / #01-17 / #01-18 / #01-19 / #01-20, Singapore 149544.
2. First legal mortgage over property at 421 Tagore Industrial Ave #01-12, Singapore 787805.
3. First legal charge over rental proceeds account and operating account maintained with the bank.
4. First legal charge over debt service reserve account and operating account maintained with the bank.
5. Legal assignment of all rights, titles and interests in the contract, insurance, bonds, and sales proceeds in respect of the property.
6. Legal assignment of rental proceeds and rental deposits derived from the properties' tenancy and all rights, titles and interests in the contract, insurance, bonds and 3-year rental support with respect to the borrower's (WBH Investment Pte Ltd) owned units at 1 Commonwealth Lane (at \$6 psf provided by the Company's controlling shareholder).
7. Corporate guarantee from Olive Tree Estates Limited for 100% of the facilities.

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

	2 nd half ended		For the year ended	
	31-12-20 \$'000 Unaudited	31-12-19 \$'000 Unaudited	31-12-20 \$'000 Unaudited	31-12-20 \$'000 Audited
Cash flows from operating activities				
Net loss	(1,165)	(643)	(1,645)	(1,250)
Adjustments for:				
Depreciation of investment properties	302	301	604	603
Depreciation of property, plant and equipment	2	3	3	3
Bank Interest expense	123	214	309	432
Loan from a director interest expenses	12	-	13	-
Loan from a shareholder interest expense	12	-	13	-
Income tax expense/(credit)	58	93	(51)	102
Interest income	-	-	-	(9)
Fair value loss on financial assets, at FVPL	242	27	213	27
Other receivables written-off	-	-	265	-
Impairment of other receivables	225	-	225	-
Finance income	(8)	-	(8)	-
Loss on amortisation of interest-free non-current receivables	37	-	37	-
Unrealised translation losses	4	-	4	-
Share of profits/(losses) of associated companies	308	(78)	21	(78)
	152	(83)	3	(170)
Changes in working capital				
- Trade and other receivables	(313)	(21)	(526)	123
- Development properties	2,539	-	2,539	-
- Trade and other payables	334	493	528	942
Cash generated from operations	2,712	389	2,544	895
Interest received	-	-	-	9
Income tax paid	(50)	(31)	(54)	(132)
Net cash provided by operating activities	2,662	358	2,490	772
Cash flows from investing activities				
Purchase of property, plant and equipment	-	(1)	-	(1)
Investments in associated companies	-	-	(1,167)	(3,752)
Financial assets, at FVPL	-	-	(733)	(1,062)
Loan to an associated company	-	-	(196)	-
Net cash used in investing activities	-	(1)	(2,096)	(4,815)
Cash flows from financing activities				
Repayment of bank borrowings	(2,350)	-	(2,350)	-
Loan from a director	250	-	750	-
Loan from a shareholder	250	-	750	-
Interest paid	(123)	(214)	(309)	(432)
Net cash used in financing activities	(1,973)	(214)	(1,159)	(432)
Net increase / (decrease) in cash and bank balances	689	143	(765)	(4,475)
Cash and bank balances at beginning of financial period / year	1,092	2,403	2,546	7,021
Cash and bank balances at end of financial period / year	1,781	2,546	1,781	2,546

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.

	Share capital \$'000	Reverse acquisition reserve \$'000	Foreign currency translation reserve \$'000	Retained profits \$'000	Total equity \$'000
Group 2020					
As at 1 January 2020	7,946	(10,597)	(2)	11,446	8,793
Total comprehensive loss for the period	-	-	36	(480)	(444)
As at 30 June 2020	7,946	(10,597)	34	10,966	8,349
Total comprehensive loss for the period	-	-	(115)	(1,165)	(1,280)
As at 31 December 2020	7,946	(10,597)	(81)	9,801	7,069

Group 2019

As at 1 January 2019	7,946	(10,597)	-	12,696	10,045
Total comprehensive loss for the period	-	-	-	(607)	(607)
As at 30 June 2019	7,946	(10,597)	-	12,089	9,438
Total comprehensive loss for the period	-	-	(2)	(643)	(645)
As at 31 December 2019	7,946	(10,597)	(2)	11,446	8,793

	Share capital \$'000	Treasury shares \$'000	Accumulated losses \$'000	Total equity \$'000
Company 2020				
As at 1 January 2020	56,342	(23)	(31,260)	25,059
Total comprehensive loss for the period	-	-	(320)	(320)
As at 30 June 2020	56,342	(23)	(31,580)	24,739
Total comprehensive loss for the period	-	-	(1,235)	(1,235)
As at 31 December 2020	56,342	(23)	(32,815)	23,504

Company 2019

As at 1 January 2019	56,342	(23)	(49,146)	7,173
Total comprehensive income for the period	-	-	18,166	18,166
As at 30 June 2019	56,342	(23)	(30,980)	25,339
Total comprehensive loss for the period	-	-	(280)	(280)
As at 31 December 2019	56,342	(23)	(31,260)	25,059

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, as well as the number of shares held as treasury shares, 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.

	Number of shares	Issued and paid-up share capital
		\$
Total issued share capital excluding treasury shares as at 31 December 2020 and 31 December 2019	68,847,711	56,342,018

The Company has no outstanding convertibles 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 are 2,500 shares held as treasury shares by the Company 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 and no subsidiary holdings 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.

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

	As at 31 December 2020	As at 31 December 2019
Total number of issued shares excluding treasury shares	68,847,711	68,847,711

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 are no sales, transfers, cancellation and/or use of treasury shares as at end of 31 December 2020.

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 subsidiary holdings during and as at the end of the financial year ended 31 December 2020.

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

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

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

Not applicable.

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

(a) **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.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

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.**

The Group had consistently applied the same accounting policies and methods of computation in the Group's financial statement for the current financial year as those applied for the most recently audited consolidated 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.**

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and SFRS(I) Interpretation ("SFRS(I) INT") that are mandatory for application for the financial year.

The adoption of these new or revised SFRS(I) and SFRS(I) INT did not result in substantial changes to the Group's accounting policies and had no material effect on the amount reported for current or prior financial years.

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.**

	2 nd half end		For the year ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	Unaudited	Unaudited	Unaudited	Audited
Net loss attributable to equity holders of the Company (\$'000)	(1,280)	(645)	(1,724)	(1,252)
Weighted average number of ordinary shares in issue	68,847,711	68,847,711	68,847,711	68,847,711
Basic and diluted loss per share (cents)	(1.86)	(0.94)	(2.50)	(1.82)

Note:

As there were no outstanding potentially dilutive ordinary shares, the diluted loss / earnings per ordinary share were accordingly the same as the basic loss / earnings per ordinary share for the respective financial period.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

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

Net asset value (“NAV”)

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
NAV per ordinary share ⁽¹⁾ (Cents)	10.27	12.77	34.14	36.40

Note:

- (1) NAV per ordinary share as at 31 December 2020 and 31 December 2019 was calculated based on the number of ordinary shares excluding treasury shares as at the end of the financial year. As at 31 December 2020, the number of ordinary shares (excluding treasury shares) was 68,847,711. (As at 31 December 2019: 68,847,711)

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:-**
- 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
- any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of income statement for the second half ended 31 December 2020 (“2H2020”) as compared to the 6 months ended 31 December 2019 (“2H2019”) and for the financial year ended 31 December 2020 (“FY2020”) as compared to the financial year ended 31 December 2019 (“FY2019”).

Revenue

The Group revenue for both 2H2020 and FY2020 increased by \$2.85 million and \$2.68 million respectively as compared to 2H2019 and FY2019 as there was sale of 2 units of development properties at Tagore 8 and partly offset by 2 months rental rebates given to One Commonwealth tenants as per the Government mandated COVID-19 measure relief. There was no sale of development properties in 2H2019 and FY2019.

Cost of sales, gross profit

Cost of sales for both 2H2020 and FY2020 consist of cost of development properties. There was no sale of development properties in both 2H2019 and FY 2019.

The gross profit for 2H2020 and FY2020 consisted of profit from the sale of development properties and rental income. Gross profit for 2H2019 and FY2019 consisted solely of rental income as there was no sale of development properties.

Selling and distribution expenses

Selling and distribution expenses for 2H2020 and FY2020 consisted of sales commission incurred for the sale of 2 units of development properties at Tagore 8. There were no such costs for 2H2019 and FY2019.

Administrative expenses

Administrative expenses for 2H2020 increased by \$0.25 million due mainly to increase in legal and professional fees of \$0.16 million and staff salaries of \$0.08 million.

Administrative expenses for FY2020 increased by \$0.36 million due mainly to increase in staff salaries of \$0.12 million and legal and professional fees of \$0.16 million .

Finance expenses

Finance expenses decreased by \$0.07 million and \$0.10 million for 2H2020 and FY2020 respectively due mainly to lower interest rate and resulting from partial loan repayment from the sale of 2 unit of development properties at Tagore 8. The interest expense for 2H2020 and FY2020 includes interest arising from the loans extended by a director and a shareholder to the Company of \$26,000 in total.

Other income

Other income for 2H2020 and FY2020 increased by \$0.3 million and \$0.5 million respectively as compared to 2H2019 and FY2019 due mainly to the Government Job Support Scheme and Rental Cash Grant of \$0.11 million and \$0.08 million respectively. Other income also included the rental support income from the Company's controlling shareholder pursuant to the rental support agreement for 3 years from the date of the reverse takeover in December 2017 amounted to \$0.49 million.

Other losses, net

Other losses for 2H2020 increased by \$0.49 million due mainly to fair value losses from the valuation of Financial assets, at FVPL (convertible loans) of \$0.24 million, loss on amortization of interest-free non-current loan receivable of \$0.03 mil to the associated company and the discount on rental support from the controlling shareholder of \$0.23 million. Other losses for FY2020 increased by \$0.71 million due mainly to reasons as explained in 2H2020 and also due to the write-off of \$0.27 million for the deposit paid for the purchase of Kempas land as the agreement in relation to the project to develop the Kempas land had lapsed, further details of which have been disclosed in the Company's announcement on 28 September 2020.

Share of (losses)/profits from associated companies

Share of losses from associated companies of \$0.02 million consist mainly of operating cost as the development properties are still under construction. The losses also included the deemed interest on amortisation of the convertible loans.

Loss before income tax

Due to the above, the Group recorded a loss before income tax of \$1.11 million and \$1.70 million in 2H2020 and FY2020 respectively, as compared to a loss before income tax of \$0.55 million and \$1.15 million in 2H2019 and FY2019 respectively.

Income tax expense

Lower income tax expense in 2H2020 due mainly to lower profit from the rental property segment and utilization of tax losses carried forward to offset the profit from the sales of development properties.

The income tax credit of \$0.05 million in FY2020 is due mainly to the recognition of deferred tax assets of \$0.06 million from the tax losses carried forward which can be used to offset against the profit from the future sale of development property.

Net loss

As a result of the above, the Group's net loss in 2H2020 and FY2020 was \$1.17 million and \$1.65 million as compared to net loss of \$0.64 million and \$1.25 million in 2H2019 and FY2019 respectively.

Review of financial position of the Group as at 31 December 2020

Current assets

As at 31 December 2020, our total current assets consisted mainly of cash and bank balances, trade and other receivables, deferred tax assets and development properties.

Trade and other receivables decreased by \$0.18 million from \$0.38 million as at 31 December 2019 to \$0.20 million as at 31 December 2020 due to reclassification of long-term rental support receivables from the controlling shareholder of \$0.22 million to non-current other receivables.

Deferred tax assets of \$0.06 million is recognised from the tax losses carried forward which can be used to offset against the profit from the future sale of development property.

Development properties decreased by \$2.54 million from \$3.76 million as at 31 December 2019 to \$1.22 million as at 31 December 2020 due to sales of 2 units at Tagore 8 during FY2020.

Non-current assets

Non-current assets related to other receivables, investment properties, property, plant and equipment, investment in associated companies and financial assets, at FVPL and financial assets, at amortised cost.

Other receivables of \$0.22 million consist of non-current rental support receivables from the Company's controlling shareholder.

Investment properties decreased by \$0.60 million from \$11.0 million as at 31 December 2019 to \$10.4 million as at 31 December 2020 due to depreciation charged for FY2020.

Investments in associated companies increased by \$1.07 million from \$3.83 million as at 31 December 2019 to \$4.90 million as at 31 December 2020 due mainly to investments in Thuan An 2 National Housing Organization Joint Stock Company ("NHO TA2") and Hong Bang 2 National Housing Organization Joint Stock Company ("NHO HB2") made during FY2020.

Financial assets, at FVPL increased by \$0.52 million from \$1.04 million as at 31 December 2019 to \$1.56 million as at 31 December 2020 due to the investment in NHO TA2 and offset by fair value loss of \$0.21 million.

Financial asset, at amortised cost consist of long-term loan to an associated company.

Current liabilities

Current liabilities comprised trade and other payables, borrowings, and current income tax liabilities.

Trade and other payables increased by \$2.05 million from \$1.79 million as at 31 December 2019 to \$3.84 million as at 31 December 2020. The increase of \$2.04 million was due mainly to loans from a director and a shareholder of the Company amounted to \$1.50 million.

Total borrowings decreased by \$2.35 million from \$11.85 million from 31 December 2019 to \$9.50 million due to repayment of loans following the sales of 2 units of development properties at Tagore 8.

Total shareholders' equity

Total shareholders' equity as at 31 December 2020 amounted to \$7.07 million and comprised mainly share capital of \$7.95 million, reverse acquisition reserve with a debit balance of \$10.60 million, foreign currency translation reserve of \$0.08 million and retained profits of \$9.80 million.

Share capital remained unchanged at \$7.95 million for both 31 December 2020 and 31 December 2019.

The reverse acquisition reserve remained unchanged with a debit balance of \$10.60 million for both 31 December 2020 and 31 December 2019.

Retained profits reduced by \$1.65 million from \$11.45 million as at 31 December 2019 to \$9.80 million as at 31 December 2020 due to net loss for FY2020.

Review of cash flow statement for HY2020 and FY2020

For 2H2020 and FY2020, the Group's net cash inflow from operating activities amounted to \$2.66 million and \$2.49 million respectively arising mainly from the sale of 2 units of development properties at Tagore 8.

For FY2020, the Group's net cash outflow from investing activities amounted to \$2.10 million arising from additional investment in associated companies, financial assets at FVPL and loan to an associated company.

For 2H2020 and FY2020, the Group's net cash outflow from financing activities amounted to \$1.97 million and \$1.16 million respectively due mainly to repayment of bank mortgage borrowings and partly offset by \$1.50 million loans from a director and a shareholder of the Company.

For FY2020, the Group had a net cash outflow of \$0.77 million.

There was a technical breach of the debt service coverage ratio (which is a loan covenant) with regards to a loan extended by a bank to one of the Company's subsidiaries (WBH Investments Pte Ltd). The Company has consistently serviced the monthly interest repayments without delay and continues to do so. The bank has noted the technical non-compliance and remains supportive of the Company's business. The Company subsequently refinanced the loan in February 2021 and is in compliance with the debt service coverage ratio.

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 global macroeconomic environment remains challenging and uncertain. Whilst significant fiscal and monetary stimulus from governments and central banks in major economies have stabilised financial markets, business and consumer sentiment as well as economic activity continue to be weighed down as a result of the ongoing COVID-19 pandemic. It is hoped that a successful global vaccination campaign will help to return global economies to pre-pandemic levels as quickly as possible, although the time frame is admittedly uncertain. With access to efficacious COVID-19 vaccines not widely available in volume (particularly to developing and third world countries) and confirmation that the virus continues to mutate, it is our expectation that the situation will remain fluid and volatile for the foreseeable future. By extension, global economic growth and business sentiment in the immediate future are also likely to be subdued.

From a longer-term perspective, population growth, rapid urbanisation and steadily growing affluence in regional emerging markets are expected to support demand for residential real estate in general, with strong underlying demand for affordable and quality residential property from both end-user buyers and investors. In this regard and undergirded by an increasingly robust and

resilient economy and foreign direct investment flows in Vietnam, the Company remains cautiously optimistic about its foray into the affordable housing market in the country. Vietnam posted gross domestic product growth of close to 3% in 2020, a feat that was achieved without a single quarter of economic contraction in spite of the ongoing pandemic. Vietnam was likely the top-performing economy in Asia last year.

On 6 February 2020, the Company announced that it had entered into various definitive investment agreements with National Housing Organization Joint Stock Company (“NHO”) and Emerging Markets Affordable Housing Fund Pte Ltd (“EMAHF”) for the purposes of acquiring 1.3 hectares of land in Binh Duong province, Vietnam to build circa 1,100 affordable housing units.

On 2 June 2020, the Company announced that further to the Covenant Partnership Agreement entered into by the Company on 18 March 2019, the Company, a special-purpose investment vehicle of NHO and EMAHF had entered into various definitive investment agreements for the purposes of acquiring 2.2 hectares of land in Hai Phong province, Vietnam to build circa 1,300 affordable housing units (“Hai Phong Project”).

The Company’s contribution to the Hai Phong Project is an investment of approximately US\$1 million. Together with its earlier investments in the Dao Tri Project, the Binh Duong Project, the Ha Long Project and the 1.3ha Binh Duong Project, the Company would have invested a total of approximately US\$5.8 million in these 5 projects across Vietnam.

Underpinned by Vietnam’s positive macro-economic prospects and growth profile, a growing middle-class and strong underlying demand for quality affordable housing, the Company expects these investments to make a favourable contribution to the growth of the Company going forward. The Dao Tri Project, the Binh Duong Project, the Ha Long Project, the 1.3ha Binh Duong Project and the Hai Phong Project are expected to yield approximately 6,100 affordable homes and more than 250 commercial units in purpose-built mixed-developments across Vietnam (“OTENHO Mixed Developments”).

The Company has sold out on its Phase 1 townhouses and launched sales for its apartment units at the Ha Long Bay Project in the second half of 2020. Barring unforeseen circumstances, the Company plans to launch sales at the Hai Phong Project in the first half of 2021. The Company is cautiously optimistic about the above-mentioned sales launches and recognizes that buyer sentiment will be guided by the extent to which the Vietnamese government is able to contain the impact of subsequent waves of community infections. The Company’s accounting policy stipulates that revenue for development properties is recognized upon completion and handover of the same and as such, there will be a lag effect between when sales of housing units are effected and when the Company is permitted to recognise revenue and by extension the level of profitability for these sales.

It is currently anticipated that the OTENHO Mixed Developments will have an estimated aggregate gross development value of approximately US\$500 million and the Parties intend for the OTENHO Mixed Developments to showcase and deploy the Company’s integrated social impact solution, comprising quality affordable homes and a suite of accessible and customised community development assets and family support services.

The Company will remain nimble and continues to actively assess opportunities originated by our stakeholders and network of business associates to principally offer social and affordable housing solutions in emerging markets such as Indonesia, Cambodia and Thailand which transform lives and deliver positive impact to local communities. In Vietnam, the Company continues to work actively with NHO to source potential development projects.

The Company is also seeking to expand its business, influence and impact by entering into joint ventures and/or strategic alliances with reputable and like-minded local partners and domain specialists (in such areas as early childhood education, healthcare and social services). The Company hopes to leverage on their competencies to enhance its ability to be a positive force for change through the provision of affordable quality housing as the bedrock of its social impact solutions by embedding localised, customized and contextualized community development elements and amenities.

Amidst the uncertainty brought about by the COVID-19 pandemic and resultant impact on global economic conditions, the Company has sought to ensure that it has sufficient debt headroom and

adequate liquidity. To this end, the Company is pleased to mention that it has sold all remaining Industrial B1 units at Tagore 8 and significantly increased occupancy at its One Commonwealth property on favourable terms. The Company has also successfully secured a \$5 million temporary bridging line from a local bank in February 2021.

With the Company's focus on the provision of mass-market affordable housing in fast-growing emerging markets, the Company will continue to rationalize its real estate portfolio in Singapore. At the moment, with ample liquidity in the markets and significant support for businesses and jobs from the Singapore government, real estate valuations have not been materially affected by the ongoing pandemic. The Board will perform an impairment assessment on property, plant and equipment at the end of each financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(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 the reason(s) for the decision.

No dividend has been declared or recommended for the year ended 31 December 2020, as the Company intends to reserve its available cash for the purposes of further investments in its target markets.

13. Interested person transactions .

In FY2020, there was an interested person transaction involving Mr Ng Chee Beng amounted to \$490,183 pursuant to a transaction deed signed on 14 November 2017 as detailed in the Company's circular to shareholders on 15 November 2017 in relation to the Reverse Takeover. In view of the support provided by Mr Ng over the years to the Company, the fact that landlords have had to provide significant government-mandated and discretionary rental support to tenants in 2020 to help said tenants tide through economic hardship as a result of COVID-19, the Company has subsequently agreed to a reduced rental support payment plan of S\$ 265,000 payable over 5 years.

In addition, the company has an office lease from Chiu Teng @ Kallang Private Limited from 16 July 2020 amounting to S\$ 20,842 for the period up to December 2020. The rental rate is at discount to comparable rental rates in the neighbouring commercial office facilities.

A director and shareholder of the Company, Mr Daniel Long Chee Tim has extended a loan of S\$750,000 to the Company which incurred an interest amount of \$13,253 as of 31 December 2020, pursuant to a loan agreement signed on 29 May 2020. The loan agreement provided up to \$1.25 million that can be extended to the Company on unsecured terms at a fixed market interest rate.

A shareholder of the Company, Mr Terrance Tan Kong Hwa has also extended a loan of S\$750,000 to the Company which incurred an interest of \$13,253 as of 31 December 2020, pursuant to a loan

agreement signed on 29 May 2020. The loan agreement provided up to \$1.25 million that can be extended to the Company on unsecured terms at a fixed market interest rate.

There were no interested person transactions of more than S\$100,000 in FY2019.

The Group does not have a general mandate from shareholders for IPTs under Rule 920(1)(a)(ii).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group

<u>2020 (Unaudited)</u>	<u>Singapore</u>			<u>Vietnam</u>	<u>Total</u>
	<u>Property Development</u>	<u>Property Rental</u>	<u>Investment</u>	<u>Property Development</u>	
<u>Revenue</u>					
Total revenue for reportable segments	3,090	714	-	-	3,804
Consolidated revenue	3,090	714	-	-	3,804
<u>Profit / (loss)</u>					
Total Profit / (loss) for reportable segments	292	(252)	(1,715)	(21)	(1,696)
Consolidated loss before income tax	-	-	-	-	(1,696)
<u>Assets</u>					
Total assets for reportable segments	2,419	11,545	27,746	-	41,710
Elimination of inter-segment assets					(21,258)
Consolidated total assets					20,452
<u>Liabilities</u>					
Total liabilities for reportable segments	1,186	8,972	4,240	-	14,398
Elimination of inter-segment liabilities					(1,015)
Consolidated total liabilities					13,383

The Group

<u>2019 (Audited)</u>	<u>Singapore</u>			<u>Vietnam</u>	<u>Total</u>
	<u>Property Development</u>	<u>Property Rental</u>	<u>Investment</u>	<u>Property Development</u>	
<u>Revenue</u>					
Total revenue for reportable segments	-	1,128	-	-	1,128
Consolidated revenue	-	1,128	-	-	1,128
<u>(Loss)/profit)</u>					
Total (Loss)/profit for reportable segments	(189)	54	(1,093)	78	(1,148)
Unallocated net (expenses)/income	-	-	-	-	-
Consolidated loss before income tax					(1,148)
<u>Assets</u>					
Total assets for reportable segments	4,299	11,887	26,750		42,936
Elimination of inter-segment assets					(20,419)
Consolidated total assets					22,517
<u>Liabilities</u>					
Total liabilities for reportable segments	3,357	8,939	1,705		14,001
Elimination of inter-segment liabilities					(277)
Consolidated total liabilities					13,724

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to note 8 for factors leading to material changes in turnover and earnings by business segments.

17. A breakdown of sales

	Group		
	FY2020	FY2019	Increase/ (decrease)
	\$'000	\$'000	%
(a) Sales reported for first half year	422	597	(29.3)
(b) Operating loss after tax before deducting minority interests reported for first half year	(480)	(607)	(20.9)
(c) Sales reported for second half year	3,382	531	536.9
(d) Operating loss after tax before deducting minority interests reported for second half year	(1,165)	(643)	81.18

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Nil

BY ORDER OF THE BOARD
Olive Tree Estates Limited

Daniel Cuthbert Ee Hock Huat
Non-Executive Independent Chairman

Daniel Long Chee Tim
Chief Executive Officer and Executive Director

27 February 2021

This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "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:

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