



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

FRAGRANCE GROUP LIMITED

**UNAUDITED HALF YEAR FINANCIAL STATEMENT AND DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2020**

FRAGRANCE GROUP LIMITED
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1(a)(i) **Consolidated Statement of Profit and Loss and Other Comprehensive Income**

	Group		
	1H 2020	1H 2019	Change
	S\$'000	S\$'000	%
Revenue	60,606	27,600	119.6
Cost of sales	(43,726)	(7,340)	495.7
Gross profit	16,880	20,260	(16.7)
Other operating income/(losses)	4,843	(4,176)	N.M
Other operating expenses	(17,507)	(13,756)	27.3
Finance costs	(17,307)	(14,876)	16.3
Share of results of a joint venture ¹	-	7,876	N.M
Loss before income tax	(13,091)	(4,672)	180.2
Taxation	269	652	(58.7)
Loss for the period	(12,822)	(4,020)	219.0
Profit attributable to:			
Equity holders of the Company	(12,727)	(3,833)	232.0
Non-controlling interests	(95)	(187)	(49.2)
Other comprehensive income/(loss)			
Exchange difference on translation of foreign operations	5,911	(8,547)	N.M
Share of other comprehensive income of a joint venture			
Exchange difference on translation of foreign operations	-	3,101	N.M
Fair value loss on investment securities	-	(86)	N.M
Net other comprehensive income/(loss)	5,911	(5,532)	N.M
Total comprehensive loss	(6,911)	(9,552)	(27.6)
Total comprehensive income attributable to:			
Equity holders of the Company	(6,816)	(9,365)	(27.2)
Non-controlling interests	(95)	(187)	(49.2)

N.M – Not Meaningful

Notes:

1. The share of results of a joint venture arising from AF Corporation Pte Ltd.

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1(a)(ii) **Notes to Statement of Comprehensive income:-**

Profit before taxation is determined
after (charging)/crediting:-

Write off of bad debts

Amortisation and depreciation

Finance costs

Components of tax expenses
recognised in profit and loss include:-

Under provision of income tax in prior years

Other operating income/(losses)

Net foreign exchange gain/(loss)

Interest income

Gain on disposal of financial assets at fair value through
profit or loss

Gain on settlement of financial liabilities

Change in fair value of financial assets at fair value through
profit or loss

Change in fair value of financial liabilities at fair value through
profit or loss

Fair value loss on investment properties, net¹

Gain/(Loss) on forward foreign exchange contracts

Impairment loss on properties held for sale

Grant income

Others

Total

Group		
1H 2020	1H 2019	Change
S\$'000	S\$'000	%
(1)	(1)	-
(2,890)	(1,179)	145.1
(17,307)	(14,876)	16.3
(10)	(22)	(54.5)
306	(561)	N.M
160	1,146	(86.0)
8	166	(95.2)
18	791	(97.7)
(663)	52	N.M
(36)	17	N.M
(1,192)	(750)	58.9
4,887	(5,261)	N.M
(423)	-	N.M
1,010	-	N.M
768	224	242.9
4,843	(4,176)	(216.0)

N.M – Not Meaningful

Note:

1. This arise from the estimated change to the fair value of an investment property which has a shorter lease period of 15 years (with effect from 2013).

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1(b)(i) **Statements of Financial Position as at 30 Jun 2020 vs 31 Dec 2019**

	Group		Company	
	30 Jun 2020 S\$'000	31 Dec 2019 S\$'000	30 Jun 2020 S\$'000	31 Dec 2019 S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	211,560	205,233	-	-
Other receivables and prepayment	6,191	28,791	486	743
Investment properties ¹	1,983,166	1,823,976	-	-
Subsidiaries	-	-	687,348	663,848
Investment in a joint venture	67	67	76	76
Total non-current assets	2,200,984	2,058,067	687,910	664,667
<u>Current assets</u>				
Cash and cash equivalents	18,945	69,452	4,774	32,848
Trade and other receivables	30,490	25,703	406,031	399,658
Development properties	715,100	788,282	-	-
Financial assets at fair value through profit or loss	747	4,018	747	4,018
Properties held for sale	194,970	89,971	31,157	31,847
Assets held for distribution ²	-	115,539	-	104,900
Derivative financial instruments	6,129	4,183	2,764	2,157
Inventories	71	119	-	-
Total current assets	966,452	1,097,267	445,473	575,428
<u>Current liabilities</u>				
Trade and other payables	47,999	48,716	34,492	16,060
Notes interest payable	2,757	2,821	2,757	2,821
Notes payable due in next 12 months ³	121,000	-	121,000	-
Term loans ⁴	213,435	172,362	22,623	22,623
Income tax payable	8,823	8,813	8,765	8,760
Total current liabilities	394,014	232,712	189,637	50,264
Net current assets	572,438	864,555	255,836	525,164
<u>Non-current liabilities</u>				
Trade and other payables	-	-	4,057	4,646
Notes payable	147,144	274,587	147,144	274,587
Term loans	1,370,621	1,245,541	-	-
Deferred tax liabilities	9,142	11,160	44	-
Total non-current liabilities	1,526,907	1,531,288	151,245	279,233
Net assets	1,246,515	1,391,334	792,501	910,598

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1(b)(i) **Statements of Financial Position as at 30 Jun 2020 vs 31 Dec 2019 – Continued**

	Group		Company	
	30 Jun 2020 S\$'000	31 Dec 2019 S\$'000	30 Jun 2020 S\$'000	31 Dec 2019 S\$'000
Capital and reserves				
Share capital	150,000	150,000	150,000	150,000
Treasury shares	(885)	(885)	(885)	(885)
Performance share reserve	325	325	325	325
Revaluation reserve	40	40	-	-
Foreign currency translation reserve	(67,985)	(73,896)	-	-
Investment revaluation reserve	2	2	-	-
Retained earnings	1,156,726	1,307,361	643,061	761,158
Equity attributable to the owners of the Company	1,238,223	1,382,947	792,501	910,598
Non-controlling interests	8,292	8,387	-	-
Total equity	1,246,515	1,391,334	792,501	910,598

Notes:

- The Group would like to highlight the uncertainty relating to the carrying amounts of its investment properties as at 30 June 2020 due to the impact of COVID-19. Our investment properties are largely in Singapore which entered Phase 2 of the COVID-19 re-opening with effect from 19 June 2020 and timing of Phase 3 is still unknown and uncertain. The Group is of the view that it is pre-mature to make a reliable assessment of the impact on the carrying values of the investment properties. This is because of the market uncertainties due to the ongoing COVID-19 pandemic, in particular its duration, its ultimate impact on the business and economy, and the insufficient visibility to date of important valuation assumptions such as future cash flows and insufficient market transactions available for benchmarking to adopt meaningful capitalisation rates. The extent of additional government support to the businesses, if any, and any potential easing/tightening of measures under Phase 2 itself may have a contributing impact. The Group will continue to monitor the evolving situation and will assess the carrying values of the Group's investment properties by the financial year ending 31 December 2020.

For illustrative purposes, the impact arising from a decline of every 1% in the valuation of the Group's investment properties, is as follows:

Description	30 June 2020	Pro-forma assuming 1% decline in property valuation
Profit After Tax and Minority Interests ("PATMI") (\$'000)	(12,727)	(31,379)
Earnings Per Share (cents)	(0.19)	(0.47)
Net Asset Value per Share (cents)	18.60	18.30
Debt-to-Equity ratio (times)	1.49	1.51

The above illustration (i) assumes that all other variables are constant and (ii) is a sensitivity analysis for illustrative purposes on the impact of a decline in valuation of the properties, and does not represent the Group's views on where the valuations might end up. The Group will continue to closely monitor the evolving situation and perform property valuation (i) for material assets, when there is an indication of a material change or objective, and an appropriate valuation can be reliably obtained or (ii) by the end of the financial year, whichever is the earlier.

- Investment in AF Global Limited have been distributed as dividend-in-specie at 17 Mar 2020.
- The notes payable amounting to S\$121.0 million is due in April 2021 with a coupon rate of 6.125% and this is expected to be repaid from the proceeds from the completion of sales from Phase 1 of Premier Tower, available cash balances and other sources.
- The loans which are due for renewal in the next 12 months amounting to \$166.4 million are all relating to property and are expected to be renewed as they reach the expiry date.

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

	As at 30 Jun 2020		As at 31 Dec 2019	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	213,435	123,757	172,362	2,821
Amount repayable after one year	1,370,621	147,144	1,245,541	274,587

Details of collaterals

The credit facilities for the Group are secured by the following:

- i) the legal mortgage of company's office premises, investment and development properties and properties held for sale;
- ii) assignment of sale and rental proceeds, construction contracts, performance bonds and/or insurance policies; and
- iii) corporate guarantees by Fragrance Group Limited.

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1(c) **Consolidated Statement of Cash Flows**

	Group	
	1H 2020 S\$'000	1H 2019 S\$'000
<u>Operating activities</u>		
Loss before income tax	(13,091)	(4,672)
<i>Adjustments for:</i>		
Amortisation and depreciation	1,830	911
Amortisation of rental incentive granted	80	634
Amortisation of processing fee on debt notes issued	1,060	268
Fair value on derivative financial instrument	(4,887)	5,261
Dividend income	(43)	-
Interest income	(160)	(1,146)
Interest expense	17,307	14,876
Impairment loss on property held for sale	423	-
Change in fair value of investment properties	1,192	750
Net unrealised foreign exchange difference	(332)	(1,251)
Bad debt written off	1	1
Share of results of a joint venture	-	(7,876)
Change in fair value of financial assets at fair value through profit or loss	663	(52)
Gain on disposal of financial assets at fair value through profit or loss	(8)	(166)
Change in fair value of financial liabilities at fair value through profit or loss	36	(17)
Gain on settlement of financial liabilities	(18)	(791)
Operating cash flow before movements in working capital	4,053	6,730
Inventories	48	11
Trade and other receivables	(934)	39,453
Development properties and properties held for sale	(10,752)	(114,165)
Trade and other payables	(31,702)	(24,187)
Net cash used in operations	(39,287)	(92,158)
Interest paid	(5,842)	(23,239)
Income tax paid	(54)	(14,607)
Net cash used in operating activities	(45,183)	(130,004)
<u>Investing activities</u>		
Additional capital contribution in a joint venture	-	(450)
Capital redemption from a joint venture	-	19,860
Payment for derivative financial instrument	3,027	(8,636)
Interest received	150	944
Dividend received	43	-
Purchase of financial assets at fair value through profit or loss	(564)	-
Purchase of property, plant and equipment	(5,798)	(61)
Additions to investment properties	(142,131)	(138,162)
Proceeds from disposal of financial assets at fair value through profit or loss	291	1,638
Net cash used in investing activities	(144,982)	(124,867)

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1(c) **Consolidated Statement of Cash Flows – Continued**

Financing activities

Proceeds from non-controlling interests

Dividend paid

Proceeds from borrowings

Repurchased of medium term note issued

Repayment of borrowings

Net cash from financing activities

Net decrease in cash and cash equivalents

Cash and cash equivalents at beginning of period

Effects of exchange rate on foreign currency balances

Cash and cash equivalents at end of period

Group	
1H 2020 S\$'000	1H 2019 S\$'000
240	240
(23,498)	-
195,329	310,674
-	(26,442)
(32,099)	(36,464)
139,972	248,008
(50,193)	(6,863)
69,452	136,129
(314)	(329)
18,945	128,937

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1(d)(i) Statements of Changes in Equity

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserves	Revaluation Reserves	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Attributable to Equity Holders	Non-Controlling Interests	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2019	150,000	1,181,848	(945)	325	51,550	(68,668)	(580)	1,313,530	9,634	1,323,164
Award performance shares	-	-	60	-	-	-	-	60	-	60
Total comprehensive income for the period	-	(3,833)	-	-	-	(5,446)	(86)	(9,365)	(187)	(9,552)
Balance as at 30 Jun 2019	150,000	1,178,015	(885)	325	51,550	(74,114)	(666)	1,304,225	9,447	1,313,672

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserves	Revaluation Reserves	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Attributable to Equity Holders	Non-Controlling Interests	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2020	150,000	1,307,361	(885)	325	40	(73,896)	2	1,382,947	8,387	1,391,334
Dividend paid	-	(137,908)	-	-	-	-	-	(137,908)	-	(137,908)
Total comprehensive income for the period	-	(12,727)	-	-	-	5,911	-	(6,816)	(95)	(6,911)
Balance as at 30 Jun 2020	150,000	1,156,726	(885)	325	40	(67,985)	2	1,238,223	8,292	1,246,515

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1(d)(i) Statements of Changes in Equity

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserve	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2019	150,000	714,047	(945)	325	863,427
Award performance shares	-	-	60	-	60
Total comprehensive income for the period	-	(268)	-	-	(268)
Balance as at 30 Jun 2019	150,000	713,779	(885)	325	863,219

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserve	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2020	150,000	761,158	(885)	325	910,598
Dividend paid	-	(127,268)	-	-	(127,268)
Total comprehensive income for the period	-	9,171	-	-	9,171
Balance as at 30 Jun 2020	150,000	643,061	(885)	325	792,501

1(d)(ii) Details of any changes in the company's share capital

There was no movement in the issued and paid-up capital of the Company since 31 December 2019.

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

	As at 30 Jun 2020	As at 31 Dec 2019
Total number of Ordinary Shares issued and fully paid	6,720,000,000	6,720,000,000
Treasury Shares	(6,400,000)	(6,400,000)
Total number of issued shares excluding treasury shares	6,713,600,000	6,713,600,000

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.

	No. of shares
Balance as at 1 January 2020	6,400,000
Less: Sales, transfers, disposals or cancellation	-
Balance as at 30 June 2020	6,400,000

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.

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

The figures have neither been audited nor reviewed by the Company's auditors.

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3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications 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.

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 has applied the same accounting policies and methods of computation in the financial statements for the current reporting year as that of the audited financial statements for the year ended 31 December 2019, except for the adoption of new or amended SFRS(I) applicable for the financial year beginning 1 January 2020 which did not have any significant impact on the financial statements of the Group.

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.**

Please refer to item 4 above.

6. **Earnings per ordinary share (EPS) 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.**

In computing the EPS, the weighted average number of shares (excluding treasury shares) as at the end of the period is used for the computation. The diluted EPS is the same as the basic EPS as there are no dilutive instruments in issue during the period.

Weighted average number of shares in issue

Loss per share

(a) Based on weighted average number of shares in issue

(b) Based on fully diluted basis

Number of shares in issue at end of period

Group	
1H 2020	1H 2019
6,713,600,000	6,713,422,541
Cents	Cents
(0.19)	(0.06)
(0.19)	(0.06)
6,713,160,000	6,713,160,000

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

	Group		Company	
	30 Jun 2020 Cents	31 Dec 2019 Cents	30 Jun 2020 Cents	31 Dec 2019 Cents
Net asset value ("NAV") per ordinary share	18.6	20.7	11.8	13.6

The NAV per ordinary share as at 30 June 2020 and 31 December 2019 was calculated based on 6,713,600,000 and 6,713,600,000 issued shares (excluding treasury shares) respectively.

8. **A review of the Group's performance**

	Group		
	1H 2020 S\$'000	1H 2019 S\$'000	Change %
<u>REVENUE</u>			
Property development	42,775	3,167	1,250.6
Commercial investment	7,974	11,045	(27.8)
Hotel operations	8,867	11,786	(24.8)
Hospitality investment	990	1,602	(38.2)
Total	60,606	27,600	119.6
<u>GROSS PROFIT</u>			
Property development	3,405	1,031	230.3
Commercial investment	7,974	11,045	(27.8)
Hotel operations	4,511	6,582	(31.5)
Hospitality investment	990	1,602	(38.2)
Total	16,880	20,260	(16.7)
<u>PROFIT BEFORE TAXATION</u>			
Property development	(7,267)	(3,518)	106.6
Commercial investment	(5,006)	(4,978)	0.6
Hotel operations	(1,343)	2,944	N.M
Hospitality investment	525	880	(40.3)
Total	(13,091)	(4,672)	180.2

	Group	
	1H 2020 %	1H 2019 %
<u>GROSS PROFIT MARGIN</u>		
Property development	8.0	32.6
Commercial investment	100.0	100.0
Hotel operations	50.9	55.8
Hospitality investment	100.0	100.0
Consolidated total	27.9	73.4

N.M – Not Meaningful

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1H 2020 vs 1H 2019

Revenue

As our Group's ongoing projects are mainly in Australia and the revenue from these projects will only be recognised on a completed contract method upon its completion, the Group's turnover for 1H 2020 increased by 119.6%, or \$33.0 million to \$60.6 million. NV Apartments in Australia was the main revenue contributor of our property development segment which obtained title in Feb 2020 and contributed revenue of \$38.6 million in 1H 2020. In Singapore, our joint operation project City Gate contributed revenue of \$0.7 million in 1H 2020. For another two new development projects in Singapore, namely, Urban Treasures and Jervois Treasures has been launched to the market last year contributed revenue of \$1.9 million and \$0.9 million in 1H 2020.

Overall there was an decrease in occupancy for the Group's commercial investment properties mainly due to i) closure of Tower 15 for redevelopment into a hotel property; ii) disposal of Fragrance Building property @ 168 Changi Road in December 2019 and iii) the rental waiver for Covid-19 pandemic. As a result, the Group's commercial investment revenue decreased by 27.8% to \$8.0 million.

Revenue from Hotel operations decrease by 24.8% or \$2.9 million to \$8.9 million in 1H 2020 were mainly affected by Covid-19 pandemic. The revenue from ibis Styles Hobart, Australia and The Imperial Hotel, United Kingdom contributed \$4.9 million in 1H 2020 and \$11.8 million in 1H 2019 respectively. The decrease in revenue was partly offset by the soft opening of the brand new Novotel Perth Murray Street Hotel in mid-December 2019. The new hotel has contributed revenue of \$4.0 million in 1H 2020.

Hospitality investment segment decreased by 38.2% to \$1.0 million mainly due to rental rebate given to hotel operator during this Covid-19 pandemic. The contribution was derived from a portfolio of four hotel properties namely, i) Lyndene Hotel; ii) The Townhouse Hotel; iii) The Crown Hotel and iv) Duke of Cornwall, all located in the United Kingdom.

Gross Profit

Gross profit decreased by 16.7% to \$16.9 million. Gross profit margin of 27.9% in 1H 2020 compared with 73.4% achieved during the same period in 2019 is largely due to the shift in revenue mix from our four segments as commercial and hotel investments have no cost of sales.

Other Operating Income/(losses)

Other operating income of \$4.8 million on 1H 2020 was largely due to gain on forward foreign exchange contracts, and grant income for property tax rebate from government which partly offset by fair value loss on financial assets at fair value through profit or loss, estimated fair value loss on an investment property which has a shorter lease tenure and impairment loss on property held for sale.

Other Operating Expenses

Other operating expenses for 1H 2020 increased by 27.3%, or \$3.8 million to \$17.5 million mainly due to the following factors:

1. expensed off commission expenses relating to the NV Apartments project which were previously being capitalised;
2. increase in depreciation & amortisation, managing agent fee, legal and professional fee and payroll expenses due to operations of new hotel in Australia; and
3. grant expenses arising from property tax rebate of \$0.7 million.

The above decreased was partly offset by:

1. decrease in showflat cost for Singapore development projects; and
2. decrease in repair and maintenance fee.

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Finance Costs

Finance costs increased by \$2.4 million or 16.3% to \$17.3 million in 1H 2020 due to i) expensed off finance costs which were capitalised previously; and ii) additional loans drawn down. The overall increase was partially offset by general decrease in average interest rates across the floating rate borrowings in 1H 2020.

Taxation

Taxation for 1H 2020 decreased by 58.7% million as compared to prior year mainly due to the losses during the period which was partially offset by provision of income tax and withholding tax on interest income from overseas companies.

Statements of financial position & Statement of cash flows

Non-current assets mainly comprise of i) land and building of our investment properties and ii) hotel properties which are accounted as property, plant and equipment. The Group's investment properties totaled at \$1.98 billion as at 30 June 2020.

Property, plant and equipment which primarily comprise land and building of our hotel properties totaled \$211.6 million as at 30 June 2020. The increase was attributed to the additional costs incurred for hotel asset, Novotel Perth Murray Street in Australia. The increase is partially offset by depreciation for the period.

As per the announcement made on 17 March 2020 - the Group has completed the distribution in specie in AF Global Limited ("AF Global") to the entitled shareholders. The Group has now holds a direct interest of 0.41% in AF Global and classified direct holding of AF Global as financial assets at fair value through profit or loss.

Development properties include land costs, development costs, interest capitalised, mainly relating to our overseas projects, and other related costs and these accounted for \$715.1 million or 74.0% of total current assets as at 30 June 2020. The net decrease of \$73.2 million compared to the balance as at 31 December 2019 was mainly due to transfer of the completed project, NV Apartments to the properties held for sale. The decrease was partly offset by the additional costs incurred for Australia, United Kingdom and Singapore projects which included the new projects namely 20-26 Best Street in Devonport, Australia and The Mount Pleasant in Plymouth, United Kingdom.

Trade and other receivables of \$30.5 million include \$0.54 million of unbilled revenue from our City Gate Jervois Treasures and Urban Treasures projects in Singapore. The increase compared to the balance as at 31 December 2019 was mainly due to the additional revenue recognised, increase in deferred commission and hotel receivables in Australia and also VAT receivable from our United Kingdom projects.

Trade and other payables, which mainly comprise trade creditors, amount due to non-controlling interests and accrual for ongoing development projects cost which decrease marginally from \$48.7 million as at 31 December 2019 to \$48.0 million.

Total borrowings increase by \$159.6 million, or 9.4% was due to the additional drawdown of \$195.3 million loans during the period and was partially offset by repayment of certain borrowings during the period.

During the period ended 30 June 2020, the net cash outflow from operating activities amounted to \$45.2 million. Cash used in investing activities amounted to \$145.0 million which was mainly due to additions of investment properties. Net cash inflow from financing activities amounted to \$140.0 million which mainly due to drawdown of additional loans, partially offset by repayment of certain borrowings. Cash and cash equivalents stood at \$18.9 million as at 30 June 2020 compared to \$69.5 million as at the end of 31 December 2019.

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

The current announced results are in line with the general prospect commentary as disclosed to shareholders in the fourth quarter 2019 results announcement.

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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.**

Singapore

According to the real estate statistics for second half of 2020 released by the Urban Redevelopment Authority, the prices of private residential properties increased by 0.3% in 2nd Quarter 2020, compared with the 1.0% decrease in the previous quarter¹.

The Group expect the overall market sentiment for the residential properties to be muted due to Covid-19 pandemic. The Group has two residential projects in Singapore, namely, Jervois Treasures located at 31 Jervois Road and Urban Treasures located at 205 Jalan Eunos.

The Group is actively working on the redevelopment of two hotel projects, namely, i) 15 Hoe Chiang Road; and ii) 62 and 64 Waterloo Street. Both projects have commenced the demolition works.

Office space rentals remain unchanged in 2Q 2020, compared with 0.8% decrease in the previous quarter¹. The Group will continue its marketing efforts to increase the occupancy of its investment properties through proactive lease management.

Australia

The Group has completed the development of NV Apartments in Perth, Australia in December 2019 and completed the sales settlement of 98 units. The Group will continue to market the remaining units for sale.

Construction works for Premier Tower is in advanced stage with an approximate completion of 87.5%². The Group has a total contracted and unconditional sale of A\$468.0 million³ from Premier Tower, recording 84.2% of the residential units' sales. The completion of the development is expected to happen in 2 phases. Phase 1 of the completion is expected in Dec 2020 with about 438 residential units ready for handover. Phase 2 for the remaining units is expected in February 2021. This is contingent that the Victorian state government do not introduce any further tightening COVID-19 measures. Settlement of sales for Phase 1 units is expected in the first quarter 2021 and Phase 2 in second quarter of 2021. Revenue will be recognised once the settlement takes place.

Of the two hotels in operation in Australia, Novotel Murray Street Perth was trading well in 1H 2020 as the hotel was used to house the returning Australians. Ibis Styles Hotel was affected due to the Covid-19 restrictions but this hotel has been recently used by the Tasmanian state government which will help in the revenue contribution.

United Kingdom

The Group expect the rental income from the existing hotel investment properties, namely, The Crown Hotel, Lyndene Hotel, St Chads Hotel, The Townhouse Hotel and Duke of Cornwall to be continued to be affected by the Covid-19 pandemic. The Imperial Hotel in Blackpool which is self-operated is expected to add to the Group's recurring income, however due to the Covid-19 pandemic, the hotel has ceased operation from March 2020 to June 2020 and has since reopened from mid July 2020.

The Group has obtained planning permission for five of its hotel projects, namely, i) refurbishment of existing Municipal buildings in Liverpool (Grade II* listed) into a luxury hotel; redevelopment of ii) former Park Hotel in Paignton; iii) former Lighthouse in Paignton; iv) former Corbyn Head Hotel; and v) former Palace Hotel in Torquay all of which are to be operated as international brand hotels. Construction works were commenced on former Park Hotel and Lighthouse in Paignton. The Group has submitted the plans for planning permission for the former Royal National hospital site in Bath city into a hotel.

Summary

The Group has two development projects namely Jervois Treasures and Urban Treasures in Singapore which are in early stage of development. The Group's key development projects are in Australia whose revenue will only be recognised upon completion and successful settlement of sale contracts. Revenue from Premier Tower is expected to be recognised only in 1H 2021 (as explained above) while revenue from unsold units in NV Apartments may be recognised as and when the units are sold.

In addition, the Group's results will be dependent on i) the sales and progress of Singapore development projects; ii) fair value changes in the investment properties; iii) performance of the hotel properties; iv) the prevailing exchange rates of AUD and GBP against SGD.

The Coronavirus disease 2019 pandemic (COVID-19) is expected to continue to have an economic impact globally and this will have an impact on the Group's performance.

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Footnotes:

1. According to the Urban Redevelopment Authority 2Q 2020 real estate statistics released on 24 July 2020.
2. As at 30 June 2020.
3. Unconditional sales status represents the percentage of units sold as at 14 August 2020.

11. Dividend

- (a) Any dividend declared for the current financial period? No
- (b) Any dividend declared for the previous corresponding period? No
- (c) Date payable : Not Applicable
- (d) Record date : Not Applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended in view of the results of the Group.

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

The Group has not obtained a general mandate from Shareholders for Interested Person Transactions ("IPT").

14. Negative confirmation pursuant to Rule 705(5).

Please refer to Note 1 in the Explanatory Notes to Statement of Financial Position for the disclosures pertaining to uncertainty in the carrying value of the Group's investment properties and liquidity risk (Note 3 and 4 to Statement of Financial Position) due to the impact of COVID-19.

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company (comprising the statements of financial position and the result of business, consolidated statement of profit or loss and other comprehensive income, statements of changes in equity and consolidated statement of cash flows, together with their accompanying notes) as at 30 June 2020, to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

KOH WEE MENG
Executive Chairman and CEO

PERIAKARUPPAN ARAVINDAN
Executive Director and Deputy CEO

14 August 2020