

## UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

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**1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**1(i) Consolidated Statement of Comprehensive Income For The Financial Period Ended 30 June 2020 ("1H 2020")**

	Group		Change %
	1H 2020 S\$'000	1H 2019 S\$'000	
<b>Revenue</b>	<b>234,204</b>	<b>312,464</b>	<b>-25%</b>
Materials and subcontract costs	(144,657)	(202,663)	-29%
Employee benefits	(28,223)	(30,493)	-7%
Depreciation and amortisation	(16,371)	(12,192)	34%
Finance costs	(14,860)	(19,095)	-22%
Other operating expenses	(28,098)	(40,848)	-31%
Interest income	1,112	2,847	-61%
Rental income	1,331	1,211	10%
Other income	14,854	4,245	250%
Share of results of associates and joint ventures	1,463	11,984	-88%
<b>Profit before tax</b>	<b>20,755</b>	<b>27,460</b>	<b>-24%</b>
Taxation	(10,536)	(9,364)	13%
<b>Profit for the period</b>	<b>10,219</b>	<b>18,096</b>	<b>-44%</b>
<b>Other comprehensive income</b>			
Net fair value changes on debt and equity instruments at fair value through other comprehensive income	1,468	3,341	-56%
Foreign currency translation	4,217	(2,405)	n.m
Share of other comprehensive income of associates and a joint venture	49	6,764	-99%
<b>Other comprehensive income for the period, net of tax</b>	<b>5,734</b>	<b>7,700</b>	<b>-26%</b>
<b>Total comprehensive income for the period</b>	<b>15,953</b>	<b>25,796</b>	<b>-38%</b>
<b>Profit attributable to:</b>			
Owners of the Company	5,504	14,765	-63%
Non-controlling interests	4,715	3,331	42%
	<b>10,219</b>	<b>18,096</b>	<b>-44%</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	10,320	22,668	-54%
Non-controlling interests	5,633	3,128	80%
	<b>15,953</b>	<b>25,796</b>	<b>-38%</b>
<b>Earnings per ordinary share (cents)</b>			
-Basic	<b>0.28</b>	<b>0.76</b>	<b>-63%</b>
-Diluted	<b>0.28</b>	<b>0.76</b>	<b>-63%</b>

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Other information :-

	Group		Change %
	1H 2020 S\$'000	1H 2019 S\$'000	
<b>Other Income</b>			
Foreign exchange gain	1,419	39	n.m
Net fair value gain on derivatives	-	923	n.m
Government grants and other miscellaneous income	13,314	2,119	528%
Dividend income from equity instruments	121	1,164	-90%
	<b>14,854</b>	<b>4,245</b>	
<b>Other operating expenses</b>	<b>(28,098)</b>	<b>(40,848)</b>	
<i>Included in other operating expenses</i>			
Sales and marketing expenses	(9,756)	(17,211)	-43%
Rental expenses	(979)	(5,100)	-81%
Net fair value loss on derivatives	(5,811)	-	n.m
Repair and maintenance	(3,571)	(2,718)	31%
Net foreign exchange loss	(309)	(3,589)	-91%

n.m - means "not meaningful"

**NOTES:**

- 1a. The Group recognises all inventories, including trade-in stock and sales return stock at their cost values. For finished stocks aged 2 years and above, partial provisions for stock obsolescence were made to take into consideration labour costs for designing and rework.
- 1b. The decrease in materials and subcontract costs in 1H 2020 was mainly due to lower revenue for the real estate and jewellery businesses.
- 1c. The decrease in employee benefits for 1H 2020 was mainly due to lower staff costs for jewellery business.
- 1d. The significant increase in depreciation and amortisation for 1H 2020 was mainly attributable to the right-of-use (ROU) assets arising from adoption of SFRS(I) 16 *Leases* and the increase in depreciation of property, plant and equipment.
- 1e. The lower finance costs for 1H 2020 was mainly due to the decrease in term notes and bonds.
- 1f. The decrease in other operating expenses in 1H 2020 was mainly due to lower sales and marketing expenses for real estate and jewellery businesses, lower rental expenses arising from the adoption of SFRS(I) 16 *Leases* and lower foreign exchange loss. However, the lower operating expenses was partially offset by the net fair value loss on derivatives and higher repair and maintenance costs.
- 1g. Lower interest income in 1H 2020 was mainly due to decrease in investment securities and lower interest-bearing bank deposits.
- 1h. The increase in other income in 1H 2020 was mainly attributable to rental rebates from landlords and the grant provided by Singapore government for wages under the Jobs Support Scheme.
- 1i. The decrease in share of results of associates and joint ventures in 1H 2020 was largely due to one-time gain on sale of Crowne Plaza London Kensington in 1H 2019 by AF Global Limited.
- 1j. The higher effective tax rate in 1H 2020 was mainly due to the higher tax rate for the overseas real estate business, unutilised tax losses for which deferred tax assets had not been recognised for the period and the net fair value loss on derivatives which was not tax deductible.

**2. STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	30-Jun-20 S\$'000	31-Dec-19 S\$'000	30-Jun-20 S\$'000	31-Dec-19 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	194,633	171,377	49	171
Intangible assets	9,490	9,599	984	1,233
Investment properties	60,606	60,795	-	-
Investment in subsidiaries	-	-	235,204	225,204
Investment in associates	125,517	124,070	76,529	76,529
Investment in joint ventures	414	75	75	75
Investment securities	12,085	11,872	-	-
Trade and other receivables	4,479	14,282	-	-
Right-of-use assets	89,189	96,972	-	-
Prepayments	6	-	-	-
Deferred tax assets	2,123	3,181	-	1,039
	<b>498,542</b>	<b>492,223</b>	<b>312,841</b>	<b>304,251</b>
<b>Current assets</b>				
Inventories	149,264	149,692	-	-
Development properties	501,119	521,221	-	-
Properties held for sale	63,325	64,237	-	-
Trade and other receivables	296,383	331,293	69	7,826
Prepayments	3,661	5,598	339	319
Due from subsidiaries (non-trade)	-	-	67,619	27,434
Due from joint ventures (non-trade)	1,672	1	1	1
Due from associates (non-trade)	1,079	1,278	6	385
Investment securities	4,755	9,718	-	425
Derivatives	-	2,033	-	-
Cash and bank balances	64,990	146,194	6,873	337
	<b>1,086,248</b>	<b>1,231,265</b>	<b>74,907</b>	<b>36,727</b>
<b>Total assets</b>	<b>1,584,790</b>	<b>1,723,488</b>	<b>387,748</b>	<b>340,978</b>
<b>Current liabilities</b>				
Trade and other payables	67,631	79,577	10,864	16,220
Due to subsidiaries (non-trade)	-	-	45,163	53,296
Due to an associate (non-trade)	980	1,508	-	-
Provision for taxation	28,188	19,720	11	-
Derivatives	2,302	-	-	-
Lease liabilities	21,542	22,591	-	-
Term notes and bonds	189,128	357,982	-	-
Interest-bearing loans and borrowings	478,674	486,436	14,200	-
	<b>788,445</b>	<b>967,814</b>	<b>70,238</b>	<b>69,516</b>
<b>Net current assets</b>	<b>297,803</b>	<b>263,451</b>	<b>4,669</b>	<b>(32,789)</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	138,448	104,991	3,000	-
Term notes and bonds	145,750	142,000	50,000	-
Other payables	5,984	5,939	-	-
Lease liabilities	68,917	75,549	-	-
Deferred tax liabilities	16,917	16,747	6	-
	<b>376,016</b>	<b>345,226</b>	<b>53,006</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,164,461</b>	<b>1,313,040</b>	<b>123,244</b>	<b>69,516</b>
<b>Net assets</b>	<b>420,329</b>	<b>410,448</b>	<b>264,504</b>	<b>271,462</b>
<b>Equity attributable to shareholders of the Company</b>				
Share capital	226,930	226,930	226,930	226,930
Treasury shares	(2,290)	(2,290)	(2,290)	(2,290)
Other reserves	(12,798)	(17,622)	1,302	1,302
Revenue reserves	106,357	105,705	38,562	45,520
	<b>318,199</b>	<b>312,723</b>	<b>264,504</b>	<b>271,462</b>
Non-controlling interests	102,130	97,725	-	-
<b>Total equity</b>	<b>420,329</b>	<b>410,448</b>	<b>264,504</b>	<b>271,462</b>
<b>Net asset value per ordinary share (in cents)</b>	<b>16.42</b>	<b>16.14</b>	<b>13.65</b>	<b>14.01</b>

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**2. STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

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**2a. - Review of Financial Position**

Group shareholders' funds increased from S\$410.4 million as at 31 December 2019 to S\$420.3 million as at 30 June 2020. This was mainly contributed by increase in other reserves, non-controlling interests and revenue reserves. The increase in other reserves was mainly due to the foreign currency translation gain.

The Group's total assets of S\$1,584.8 million as at 30 June 2020 was S\$138.7 million lower as compared to 31 December 2019. This was mainly attributable to the decrease in cash and bank balances, trade and other receivables, development properties, right-of-use assets, and investment securities, partially offset by the increase in property, plant and equipment. The decrease in cash and bank balances was mainly due to the repayment of interest-bearing loans and borrowings and the redemptions of the Group's outstanding S\$177.3 million bonds and S\$24.5 million term notes which were due in April 2020. The decrease in trade and other receivables was mainly due to the decrease in pledge book and secured loans for the Group's financial service business. The decrease in development properties was mainly due to recognition of costs relating to the settlement of units sold for Australia 108, partially offset by development expenditures incurred for on-going projects.

The Group's total liabilities of S\$1,164.5 million as at 30 June 2020 was S\$148.6 million lower than that as at 31 December 2019. This was largely due to the decrease in trade and other payables and the redemptions of the Group's outstanding S\$177.3 million bonds and S\$24.5 million term notes due in April 2020, cancellation of S\$25.9 million bonds and term notes due in April and August 2020 and open market purchases of bonds and term notes.

**3. CONSOLIDATED STATEMENT OF CASH FLOWS**

	1H 2020 S\$'000	1H 2019 S\$'000
<b>Operating activities</b>		
Profit before tax	20,755	27,460
Adjustments for:		
Property, plant and equipment written-off	85	458
Impairment loss on property, plant and equipment	-	439
Allowance for write-down of development properties	-	1,246
Loss on disposal of property, plant and equipment	-	86
Net fair value loss/(gain) on derivatives	5,811	(923)
Impairment loss on investment securities	169	-
Depreciation of property, plant and equipment	3,779	2,800
Depreciation of right-of-use assets	11,844	8,779
Write-back of inventories	(68)	(240)
Interest receivables written-off	-	11
Allowance for amounts due from a joint venture	-	13
Interest expense	13,780	17,827
Interest income	(1,112)	(2,847)
Amortisation of prepaid rent	1	2
Amortisation of intangible assets	747	611
Amortisation of prepaid commitment fees	1,032	1,296
Amortisation of premium on term notes	48	(28)
Net loss on disposal of investment securities	55	329
Dividend income from equity instruments	(121)	(1,164)
Loss on purchase and cancellation of term notes and bonds	99	-
Gain on termination of lease contracts	(3)	-
Share of results of associates and joint ventures	(1,463)	(11,984)
Unrealised foreign exchange differences	(3,696)	2,839
<b>Operating profit before changes in working capital</b>	<b>51,742</b>	<b>47,010</b>
Decrease/(increase) in:		
Inventories	214	(8,999)
Development properties, investment properties and properties held for sale	31,688	64,382
Contract assets, trade and other receivables	44,250	22,142
Prepayments	456	1,309
Restricted cash	3,186	-
Decrease in:		
Trade and other payables	(3,026)	(8,339)
<b>Net cash flows generated from operations</b>	<b>128,510</b>	<b>117,505</b>
Interest paid	(15,323)	(19,491)
Income taxes paid	(1,272)	(7,726)
<b>Net cash flows generated from operating activities</b>	<b>111,915</b>	<b>90,288</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(28,659)	(9,782)
Acquisition of intangible assets	(97)	(262)
Interest received	2,279	3,262
Purchase of investment securities	-	(1,497)
Dividend income from equity instruments	121	1,164
Proceeds from disposal of investment securities	5,970	59,994
Disposal of investment in a subsidiary, net of cash	(958)	-
Due from associates (non-trade), net	(329)	(308)
Due (from)/to joint ventures (non-trade), net	(1,670)	19,985
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(23,343)</b>	<b>72,556</b>

**3. CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

	1H 2020 S\$'000	1H 2019 S\$'000
<b>Financing activities</b>		
Dividends paid to shareholders of the Company	(9,688)	(4,841)
Dividends paid to non-controlling interests of subsidiaries	(3,104)	(2,374)
Proceeds from issuance of term notes	50,000	-
Repayment of term notes and bonds	(215,203)	(89,378)
Proceeds from term loans	76,954	33,408
Repayment of term loans	(70,715)	(69,164)
Proceeds/(repayment) of short-term bank borrowings, net	17,256	(17,884)
Repayment of principal portion of lease liabilities	(12,939)	(9,162)
Repayment of finance lease obligations	-	(84)
Term notes and bonds commitment fee paid	367	-
<b>Net cash flows used in financing activities</b>	<b>(167,072)</b>	<b>(159,479)</b>
Net (decrease)/increase in cash and cash equivalents	(78,500)	3,365
Cash and cash equivalents at beginning of period	132,997	59,020
Effect of exchange rate changes on cash and cash equivalents	482	(175)
<b>Cash and cash equivalents at end of period</b>	<b>54,979</b>	<b>62,210</b>

**Cash and cash equivalents**

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:-

	1H 2020 S\$'000	1H 2019 S\$'000
Amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects	-	13,173
Cash at bank	54,979	49,037
<b>Cash and cash equivalents</b>	<b>54,979</b>	<b>62,210</b>

As at 30 June 2020, an amount of S\$10.0 million (1H FY2019: S\$Nil) has not been included in cash and cash equivalents of the Group as the amount relates to a reserve account held in escrow by a third party which will only be released upon repayment of the loan, interest and related development expenditures.

**3a. - Cashflow Analysis**

**1H 2020**

Net cash generated from operating activities for 1H 2020 was S\$111.9 million as compared to S\$90.3 million in 1H 2019. This was mainly due to decrease in trade and other receivables, development properties and restricted cash, partially offset by decrease in trade and other payables. The decrease in development properties was mainly due to recognition of costs relating to the settlement of units sold for Australia 108, partially offset by development expenditures incurred for on-going projects.

Net cash used in investing activities of S\$23.3 million in 1H 2020 was largely attributable to increase in property, plant and equipment, partially offset by proceeds from disposal of investment securities.

Net cash used in financing activities was S\$167.1 million in 1H 2020 as compared to S\$159.5 million for 1H 2019. The net cash used in financing activities was mainly due to the redemptions of the Group's outstanding S\$177.3 million bonds and S\$24.5 million term notes which were due in April 2020, and buy-back and cancellation of term notes and bonds due in April and August 2020, partially offset by proceeds from new issuance of term notes.

As a result, cash and cash equivalent balances increased to S\$55.0 million as at 30 June 2020 from S\$133.0 million as at 31 December 2019.

4. STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests S\$'000	Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Revenue reserves S\$'000	Other reserves S\$'000		
<b>Group</b>						
Balance as at 1 January 2020	226,930	(2,290)	105,705	(17,622)	97,725	410,448
Profit for the period	-	-	5,504	-	4,715	10,219
<i>Other comprehensive income for the period</i>						
Net fair value changes on debt and equity instruments at FVOCI	-	-	-	1,493	(25)	1,468
Foreign currency translation	-	-	-	3,274	943	4,217
Share of other comprehensive income of associates	-	-	-	49	-	49
Other comprehensive income, net of tax	-	-	-	4,816	918	5,734
<i>Contributions by and distributions to owners</i>						
Dividends on ordinary shares - Cash dividends	-	-	(4,844)	-	(1,277)	(6,121)
Total contributions by and distributions to owners	-	-	(4,844)	-	(1,277)	(6,121)
<i>Changes in ownership interests in subsidiaries</i>						
Change in ownership interest in subsidiaries without a change in control	-	-	-	-	26	26
Change in ownership interest in subsidiaries with a change in control	-	-	-	-	23	23
Total changes in ownership interests in subsidiaries	-	-	-	-	49	49
<i>Others</i>						
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	-	(8)	8	-	-
Total Others	-	-	(8)	8	-	-
<b>Balance as at 30 June 2020</b>	<b>226,930</b>	<b>(2,290)</b>	<b>106,357</b>	<b>(12,798)</b>	<b>102,130</b>	<b>420,329</b>
<b>Balance as at 1 January 2019</b>	<b>226,930</b>	<b>(2,589)</b>	<b>109,335</b>	<b>(27,776)</b>	<b>100,663</b>	<b>406,563</b>
Profit for the period	-	-	14,765	-	3,331	18,096
<i>Other comprehensive income for the period</i>						
Net fair value changes on debt and equity instruments at FVOCI	-	-	-	2,986	355	3,341
Foreign currency translation	-	-	-	(1,847)	(558)	(2,405)
Share of other comprehensive income of an associate and a joint venture	-	-	-	6,764	-	6,764
Other comprehensive income, net of tax	-	-	-	7,903	(203)	7,700
<i>Contributions by and distributions to owners</i>						
Dividend on ordinary shares - Cash dividends	-	-	(4,841)	-	(2,607)	(7,448)
Total contributions by and distributions to owners	-	-	(4,841)	-	(2,607)	(7,448)
<i>Others</i>						
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	-	(613)	613	-	-
Total Others	-	-	(613)	613	-	-
<b>Balance as at 30 June 2019</b>	<b>226,930</b>	<b>(2,589)</b>	<b>118,646</b>	<b>(19,260)</b>	<b>101,184</b>	<b>424,911</b>



#### 4. STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Attributable to shareholders of the Company				Non-controlling interests S\$'000	Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Revenue reserves S\$'000	Other reserves S\$'000		
<b>Company</b>						
Balance as at 1 January 2020	226,930	(2,290)	45,520	1,302	-	271,462
Loss for the period, representing total comprehensive income for the period	-	-	(2,114)	-	-	(2,114)
<i>Contributions by and distributions to owners</i>						
Dividends on ordinary shares - Cash dividends	-	-	(4,844)	-	-	(4,844)
Total contributions by and distributions to owners	-	-	(4,844)	-	-	(4,844)
<b>Balance as at 30 June 2020</b>	<b>226,930</b>	<b>(2,290)</b>	<b>38,562</b>	<b>1,302</b>	<b>-</b>	<b>264,504</b>
Balance as at 1 January 2019	226,930	(2,589)	31,861	1,413	-	257,615
Loss for the period, representing total comprehensive income for the period	-	-	(1,809)	-	-	(1,809)
<i>Contributions by and distributions to owners</i>						
Dividends on ordinary shares - Cash dividends	-	-	(4,841)	-	-	(4,841)
Total contributions by and distributions to owners	-	-	(4,841)	-	-	(4,841)
<b>Balance as at 30 June 2019</b>	<b>226,930</b>	<b>(2,589)</b>	<b>25,211</b>	<b>1,413</b>	<b>-</b>	<b>250,965</b>

#### 5. CHANGES IN SHARE CAPITAL

	Company	
	No. of shares '000	S\$ '000
Issued and fully paid share capital (excluding treasury shares)		
Balance at 1 January and 30 June 2020	1,937,577	224,640

#### 6. CHANGES IN TREASURY SHARES

There were no (30 June 2019: nil) treasury shares transferred to employees under the Aspial Share Award Scheme during the financial period.

	Company	
	No. of shares '000	S\$ '000
Balance at 1 January and 30 June 2020	8,319	2,290

#### 7. CHANGES IN SUBSIDIARY HOLDINGS

Not applicable. The company does not have any subsidiary holdings.

## 8. GROUP BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand

As at 30-Jun-2020		As at 31-Dec-19	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
455,019	212,783	464,295	380,123

Amount repayable after one year

As at 30-Jun-2020		As at 31-Dec-19	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
133,276	150,922	104,755	142,236

### Details of collateral

The Group's borrowings and debt securities are secured as follows:-

- i) legal mortgages over subsidiaries' development properties;
- ii) legal assignment of subsidiaries' interest under the Sale and Purchase agreements and tenancy agreements in respect of development properties or units;
- iii) legal assignment of subsidiaries' interest in the Project Account and Rental Account;
- iv) corporate guarantee by the Company; and
- v) fixed and floating charge on all current assets of certain subsidiaries.

## 9. AUDITOR'S REPORT

The figures have not been audited nor reviewed by the auditors.

## 10. AUDIT OPINION

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2019 are not subject to adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

**11. ACCOUNTING POLICIES**

The Group has applied the same accounting policies and methods of computation in the half year results announcement for the current financial period ended 30 June 2020 as those of the audited financial statements for the financial year ended 31 December 2019, as well as all applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for financial years beginning on or after 1 January 2020.

The adoption of these new and revised SFRS(I) and Interpretations of SFRS(I) relevant to the Group's operations which are effective for annual periods beginning on or after 1 January 2020 does not have a material impact on the financial statements.

**12. EARNINGS PER SHARE**

	Group	
	1H 2020	1H 2019
i) Basic earnings per share (cents)	0.28	0.76
ii) Diluted earnings per share (cents)	0.28	0.76
-Weighted average number of shares (excluding treasury shares) ('000)	1,937,577	1,936,491

**13. NET ASSET VALUE PER SHARE**

	Group		Company	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Net asset value per ordinary share (in cents)	16.42	16.14	13.65	14.01
Number of ordinary shares in issue (excluding treasury shares) ('000)	1,937,577	1,937,577	1,937,577	1,937,577

**14. VARIANCE FROM FORECAST STATEMENT**

No forecast for the period ended 30 June 2020 was previously provided.

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**15. REVIEW OF CORPORATE PERFORMANCE**

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Group revenue of S\$234.2 million for 1H 2020 was S\$78.3 million or 25.1% lower than the corresponding period in 2019. The lower revenue was due to the decrease in contribution from Real Estate Business and Jewellery Business, partly offset by higher revenue from Financial Service Business.

Revenue from the Real Estate Business of S\$98.7 million in 1H 2020 declined by 38.6% from S\$160.7 million in 1H 2019. The revenue was mainly contributed by Australia 108 as the project will achieve full completion in 2020.

Revenue from the Financial Service Business of S\$102.8 million in 1H 2020 increased by S\$10.8 million or 11.7% from the corresponding period in 2019. This was mainly due to higher revenue from the pawnbroking business and the trading of jewellery business, partially offset by lower revenue from the retail of jewellery and branded merchandise in Singapore and the secured lending business.

The Jewellery Business reported revenue of S\$34.0 million in 1H 2020 as compared to S\$63.4 million in 1H 2019. The lower revenue was mainly due to closure of retail shops in Singapore during the Circuit Breaker period.

The Group's pre-tax profit of S\$20.8 million for 1H 2020 was 24.4% lower than the S\$27.5 million recorded in 1H 2019.

Pre-tax profit of S\$12.6 million in 1H 2020 for the Real Estate Business decreased by S\$4.2 million or 25.0% compared to 1H 2019 and was due mainly to lower revenue in 1H 2020.

The Financial Service Business registered a pre-tax profit of S\$12.1 million for 1H 2020, which was 76.9% higher than 1H 2019. The increase in pre-tax profit was mainly due to higher profit contributions from pawnbroking and trading business partially offset by lower profit contribution from the retail of jewellery and branded merchandise and the secured lending business. Grants and rebates relating to staff and rental costs helped to defray some of the operating costs and loss of retail sales during the Circuit Breaker period.

The Jewellery Business recorded a small pre-tax profit of \$0.1 million in 1H 2020 as compared to a pre-tax loss of S\$2.1 million in 1H 2019. This was mainly due to profit recorded by its bullion business and grants and rebates relating to staff and rental costs that helped to defray some of the operating costs and loss of revenue due to the closure of retail shops during the Circuit Breaker period.

## 16. BUSINESS OUTLOOK

### Real Estate Business

In Singapore, the Group will continue to market the remaining commercial units in its CityGate project for rent and sale.

As at the date of this announcement, the Group has completed 98% of the construction of Australia 108 and targets to achieve full completion by the third quarter of FY 2020. The Australia 108 project is expected to contribute positively to the Group's revenue and profitability for FY 2020.

The Group has temporarily ceased its hotel operations and building works for four of its properties in Penang during the lockdown period imposed by the Malaysian government from 18 March 2020 to 3 May 2020. After the lifting of the lockdown period in May 2020, building works and some of the Group's hotel operations in Penang have resumed.

### Financial Service Business

The Covid-19 pandemic has led to major disruptions in supply chain and cross-border travel, affecting the economy, employment and retail sentiments. Although the governments have provided various short-term subsidies and support, the Group will need to strengthen its product and service innovation and leverage on its network of stores and technology to increase synergy and efficiencies in the delivery of product and services.

### Jewellery Business

The Group expects consumer sentiments to remain weak with the ongoing Covid-19 pandemic and will work on improving the operational effectiveness and efficiency of its Jewellery Business.

### AF Global Limited

The core business of AF Global Limited, namely the hotel and serviced residence business, is expected to be affected by the Covid-19 pandemic, which has significantly reduced global travel demand. The operating environment will remain challenging and the Group is exercising prudence in capital, cash flow management and taking initiatives to reduce operating expenses and defer non-essential capital expenditure.

In China, the intended financing for the purchase of our entire shareholding interest in the joint venture company by the Xuzhou joint venture partner did not materialize in accordance with a key financing milestone of the agreement. The Group will provide the necessary update when there is any further material development.

### Debt Analysis

Group total debt has declined substantially in 1H 2020. Total debt decreased by S\$139.4 million to S\$952.0 million as at 30 June 2020. Group cash and cash equivalents was S\$65.0 million as at 30 June 2020 as compared to S\$146.2 million as at 31 December 2019.

Total loans and borrowings of S\$617.1 million as at 30 June 2020 was S\$25.7 million higher than 31 December 2019 mainly due to the additional loan for the Financial Service Business. Of the total loans and borrowings, property-related loans was about S\$265.2 million for the Real Estate Business and the balance of S\$351.9 million was mainly working capital and mortgage loan for its Financial Service Business and Jewellery Business.

As at 30 June 2020, the Group has outstanding term notes and bonds of S\$334.9 million, which was S\$165.1 million lower than the amount as at 31 December 2019 due to the redemption of the 5.3% bonds for the Company and the 5.5% term notes for its Finance Service Business in April 2020, cancellation of some bonds due in 2020, open market purchases of bonds and term notes, which is partially offset by the issue of new term notes of S\$50.0 million in March 2020. In June 2020, the Group has also cancelled S\$8.1 million of its 5.25% bonds due August 2020.

In relation to the outstanding bonds due in 2020, the Group intends to finance the repayment through a combination of (i) the existing cash balance and bank facilities available; (ii) the current expected proceeds from the ongoing settlements and handovers of Australia 108 units; (iii) the expected cashflow for the Company from its operations and potential divestments of investment assets and properties and; and (iv) the Company's assessment of the availability of external financing based on current market conditions.

The Group may purchase some of its remaining term notes and bonds, which may include, but are not limited to those due in 2020, prior to the maturity dates. The purchase of its term notes and bonds may be done via various channels such as open market purchase and tender offer and will enable the Group to improve its debt position and reduce negative carry.

Barring unforeseen circumstances such as unfavourable changes in Australian and Malaysian currencies and a more severe impact on the economy arising from the Covid-19 pandemic, the Group expects to be profitable in FY 2020.

**17. INTERESTED PERSON TRANSACTIONS**

No interested persons transactions (“IPT”) were conducted under the Company’s IPT mandate for the period ended 30 June 2020.

**18. DIVIDEND**

(i) Any dividend declared for the current financial period reported on?

**No**

(ii) Any dividend declared for the preceding financial period?

**Yes**

Name of dividend	1H 2019
Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	0.38 cent per ordinary share
Tax Rate	One-tier tax exempt
Book closure date	23 December 2019
Payment date	8 January 2020

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

***No dividend has been declared or recommended as the Group intends to retain its cash for its working capital, reduce its borrowings and to fund future growth. As such, no dividend has been declared or recommended for the period.***

**19. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS PURSUANT TO RULE 720 (1) OF THE LISTING MANUAL**

The Company confirms that all the required undertakings under Rule 720 (1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**20. CONFIRMATION PURSUANT TO THE RULE 705(5) OF THE LISTING MANUAL**

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the six months ended 30 June 2020 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Koh Wee Seng  
CEO

Koh Lee Hwee  
Director

30 July 2020