

PAVILLON HOLDINGS LTD

Half-Year Results Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR HALF-YEAR AND FULL YEAR RESULTS ANNOUNCEMENTS

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

Financial statements for the 6 months ended 30 June 2022

	Note	Group		Increase/ (Decrease) %
		Jan 2022 - June 2022	Jan 2021 - June 2021	
		S\$'000	S\$'000	
Revenue	4	8,279	5,039	64.3%
Other items of income				
Interest income – bank deposits		34	34	0.0%
Other income		155	339	-54.3%
Items of expenses				
Raw materials and changes in inventories		(2,986)	(1,684)	77.3%
Employee compensation		(3,280)	(2,932)	11.9%
Depreciation expense		(771)	(906)	-15.0%
Finance expenses		(64)	(64)	0.0%
Other operating expenses		(1,435)	(949)	51.2%
Total expenses		(8,536)	(6,535)	30.6%
Share of loss of associated companies		(1,546)	(2,825)	-45.3%
Loss before income tax	6	(1,614)	(3,947)	-59.1%
Income tax expenses	7	(54)	(10)	440.0%
Net Loss		(1,669)	(3,957)	-57.8%
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss in subsequent periods (net of tax):</i>				
Currency translation differences on consolidation of foreign entities (net)		(174)	440	-139.5%
<i>Items that will not be reclassified subsequently to profit or loss in subsequent periods (net of tax)::</i>				
Currency translation differences on consolidation of foreign entities (net)		(73)	160	
Fair Value gain on finance asset, at FVOCI		-	290	NM
Total comprehensive loss for the period		(1,917)	(3,067)	-37.5%
Net Loss attributable to:				
Equity holders of the Company		(4,255)	(3,179)	33.8%
Non-controlling interests		2,586	(778)	-432.5%
		(1,669)	(3,957)	-57.8%
Total comprehensive loss				
Attributable to :				
Equity holders of the Company		(4,429)	(2,519)	75.8%
Non-controlling interests		2,512	(548)	-558.8%
		(1,917)	(3,067)	-37.5%
Earnings per share attributable to owners of the Company		Cts	Cts	
Basic		(1.10)	(0.82)	
Diluted		(1.10)	(0.82)	

B. Condensed interim statements of financial position

		Group	
		30 June 2022	31 Decemeber 2021
		S\$'000	S\$'000
ASSETS			
Current assets			
		5,261	6,791
		661	941
		1,350	650
		<u>7,272</u>	<u>8,382</u>
Non-current assets			
		413	417
	10	4,162	4,162
		6,077	7,818
	11	2,605	2,780
		<u>13,257</u>	<u>15,177</u>
Total assets		<u>20,528</u>	<u>23,559</u>
LIABILITIES			
Current liabilities			
		3,807	4,131
		56	2
	12	1,709	2,051
		<u>5,572</u>	<u>6,184</u>
Non-current liabilities			
		130	130
	12	1,637	2,141
		198	198
		48	48
		<u>2,013</u>	<u>2,517</u>
Total liabilities		<u>7,585</u>	<u>8,701</u>
NET ASSETS		<u>12,943</u>	<u>14,858</u>
EQUITY			
	13	39,433	39,433
		4,005	4,180
		(35,447)	(31,192)
		<u>7,992</u>	<u>12,420</u>
Non-controlling interests		<u>4,951</u>	<u>2,437</u>
TOTAL EQUITY		<u>12,943</u>	<u>14,858</u>

B. Condensed interim statements of financial position (Continued)

		Company	
		30 June 2022	31 Decemeber 2021
		S\$'000	S\$'000
ASSETS			
Current assets			
Cash and cash equivalents		17	17
Trade and other receivables		792	771
		<u>809</u>	<u>788</u>
Non-current assets			
Investments in subsidiary corporations		13,453	13,453
Property, plant and equipment	11	0	0
		<u>13,453</u>	<u>13,453</u>
Total assets		<u>14,261</u>	<u>14,241</u>
LIABILITIES			
Current liabilities			
Trade and other payables		4,644	3,833
Borrowings		714	723
		<u>5,358</u>	<u>4,556</u>
Non-current liabilities			
Trade and other payables - NC		130	130
Borrowings - NC		627	766
		<u>757</u>	<u>896</u>
Total liabilities		<u>6,115</u>	<u>5,452</u>
NET ASSETS		<u>8,146</u>	<u>8,789</u>
EQUITY			
Capital and reserve attributable to equity holders of the Company			
Share capital	13	39,433	39,433
Accumulated losses		(31,287)	(30,644)
TOTAL EQUITY		<u>8,146</u>	<u>8,789</u>

C. Condensed interim statements of changes in equity

Attributable to owners of the Company								
The Group 2022	Share capital S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Fair value Reserve S\$'000	Accumulated losses S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance as at 1 January 2022	39,433	474	3,478	228	(31,192)	12,421	2,437	14,858
Profit/(Loss) for the year				-	(4,255)	(4,255)	2,586	(1,669)
<u>Other comprehensive loss</u>								
Foreign currency translation		(174)	-	-		(174)	(73)	(247)
Total other comprehensive income for the period, net of tax	-	(174)	-	-	(4,255)	(4,428)	2,512	(1,917)
Balance as at 30 June 2022	39,433	300	3,478	228	(35,447)	7,993	4,951	12,943
2021	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance as at 1 January 2021	39,433	(453)	3,478	272	(15,068)	27,662	5,599	33,261
Profit for the year				-	(3,179)	(3,179)	(778)	(3,957)
<u>Other comprehensive loss</u>								
Foreign currency translation		440	-	-		440	160	600
Fair value gain on investment				220	-	220	70	290
Total other comprehensive income for the period, net of tax	-	440	-	220	(3,179)	(2,519)	(548)	(3,067)
Balance as at 30 June 2021	39,433	(13)	3,478	492	(18,247)	25,143	5,052	30,195

Attributable to owners of the Company						
The Company 2022	Share capital S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Fair value Reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance as at 1 January 2022	39,433	-	-	-	(30,644)	8,789
Profit for the year				-	(643)	(643)
Total other comprehensive income for the period, net of tax					(643)	(643)
Balance as at 30 June 2022	39,433	-	-	-	(31,287)	8,146
2021	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2021	39,433	-	-	-	(14,759)	24,674
Profit for the year				-	(841)	(841)
Total contributions by and distributions to owners	-	-	-	-	(841)	(841)
Balance as at 30 June 2021	39,433	-	-	-	(15,600)	23,834

D. Condensed interim consolidated statement of cash flows

	Group	
	Jan 2022 - June 2022 S\$'000	Jan 2021 - June 2021 S\$'000
Cash flows from operating activities :		
Net loss	(1,669)	(3,957)
Adjustments for :		
Depreciation of property, plant and equipment	771	906
Gain on disposal of property, plant and equipment	(21)	(23)
Income tax expense	54	10
Interest expense	65	65
Interest income	(34)	(34)
Share of loss on associated company	1,546	2,825
Property, plant and equipment written off	-	1
Unrealised currency translation difference	22	3
Operating loss before working capital changes	<u>734</u>	<u>(204)</u>
Cash flows from operating activities		
Inventories	(697)	(857)
Trade and other receivables	283	100
Trade and other payables	(324)	611
Cash flows used in operations	<u>(4)</u>	<u>(350)</u>
Income taxes paid	-	-
Net cash flows used in operating activities	<u>(4)</u>	<u>(350)</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(592)	(36)
Proceeds from disposal of property, plant and equipment	21	23
Interest received	34	34
Net cash provided by/(used in) investing activities	<u>(537)</u>	<u>21</u>
Cash flows from financing activities		
Principal payment of lease liabilities	(605)	(713)
Proceeds from borrowing	-	-
Principal payment of borrowing	(241)	(144)
Interest Paid	(64)	(65)
Net cash (used in)/ provided by financing activities	<u>(910)</u>	<u>(922)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(1,451)</u>	<u>(1,251)</u>
Beginning of the reporting period	6,375	7,952
Effect of currency translation on cash and cash equivalents	(78)	107
Cash and cash equivalents at end of reporting period	<u><u>4,846</u></u>	<u><u>6,808</u></u>
Reconciliation of Cash and cash equivalents		
Cash and cash equivalents at end of reporting period	5,261	7,255
Less Bank overdraft	(414)	(447)
Cash and cash equivalents per consolidated statement of cashflow	<u><u>4,846</u></u>	<u><u>6,808</u></u>

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Pavillon Holdings Ltd. (the "Company") is a limited liability company incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange. The registered office and principal place of business of the Company is located at Block 1002 Tai Seng Avenue #01-2536, Singapore 534409.

The principal activities of the Company are those of investment holding, franchising and provision of management services to its subsidiary corporations. There have been no significant changes in the nature of these activities during the financial year.

The principal activities of the subsidiary corporations are :

- (a) Operation of restaurants
- (b) Financial leasing of all kind of machineries, tools and equipment
- (c) Business development trading, import and export of machineries and investment holdings
- (d) Property management
- (e) Asset Management, enterprise management, mergers and acquisitions and financial advisory services

Related companies in these financial statements refer to the companies within Pavillon Holdings Ltd.'s group of companies.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

Going concern assumptions

During the financial period ended 30 June 2022, the Group incurred a net loss of S\$1.7 million (30 June 2021: net loss of S\$3.9 million) and net cash used in operating activities of S\$4K (2021: S\$350K). The Board of Directors has assessed that the going concern basis of preparation for this set of financial statements remains appropriate on the basis that the company is proceeding with the proposed shares subscription as previously announced on 10 March 2022.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the interim financial statements, the management of the Group (the "Management") has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

The significant judgements made by the Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Information about estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Impairment of investment in associated companies

There were no significant changes in critical judgements, estimates and assumptions as compared to the consolidated financial statements as at and for the year ended 31 December 2021.

3. Seasonal operations

The Group's businesses for Jan 2022 to Jun 2022 are not affected significantly by seasonal or cyclical factors. However, the F & B business in Singapore has improved due to the relaxation of COVID-19 safe management measures by the authority.

4. Segment and revenue information

The Group is organised into the following main business segments

These operating segments are reported in a manner consistent with internal reporting provided to Mr Kok Nyong Patt who are responsible for allocating resources and assessing performance of the operating segments

4.1. Reportable segments

	Food & beverages	Leasing	Properties	Other	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1 Jan 2022 to 30 Jun 2022					
Revenue	9,037	-	-	33	9,070
Inter-segment revenue	791	-	-	-	791
Revenue from external parties	8,246	-	-	33	8,279
Interest Income	-	0	-	34	34
Miscellaneous Income	132	2	21	0	155
Total other income	132	2	21	34	189
Total revenue and other income	8,378	2	20	66	8,468
Depreciation of property, plant and equipment	(684)	(1)	(0)	(86)	(771)
Finance expenses	(36)	-	-	(28)	(64)
Segment profit Unallocated expenses	(5,521)	11,797	(11,951)	(2,027)	(7,700)
Share of loss of associated company	-	(773)	(773)	-	(1,546)
Profit/(Loss) before taxation	2,138	11,025	(12,703)	(2,075)	(1,615)
Taxation					(54)
Net Loss					(1,669)
Segment assets	6,228	4,187	6,256	3,857	20,528
Investment in associated companies	-	-	-	-	-
Total assets per statement of financial position					20,528
Expenditures for segment non-current assets					
- Additions to PPE	181	-	-	411	592
Segment liabilities B4 elimination	7,386	6,092	22,243	6,337	42,058
Less : Consol adjustment	(4,128)	(3,905)	(22,233)	(4,311)	(34,577)
Segment liabilities	3,258	2,187	10	2,026	7,481
Current income tax liabilities	56	-	-	-	56
Deferred income tax liabilities	48	-	-	-	48
Total liabilities per statement of financial position					7,585

4.1. Reportable segments (cont'd)

	Food & beverages	Leasing	Properties	Other	Total
1 Jan 2021 to 30 Jun 2021	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	4,922	7	63	536	5,529
Inter-segment revenue	-	-	-	490	490
Revenue from external parties	4,922	7	63	46	5,039
Interest Income	-	34	-	-	34
Miscellaneous Income	270	-	23	46	339
Total other income	270	34	23	46	373
Total revenue and other income	5,192	41	86	92	5,412
Depreciation of property, plant and equipment	(703)	-	(201)	(2)	(906)
Finance expenses	(37)	-	(1)	(26)	(64)
Segment profit Unallocated expenses	(3,676)	(435)	(57)	(1,395)	(5,563)
Share of loss of associated company	-	(2,825)	-	-	(2,825)
Profit/(Loss) before taxation	776	(3,219)	(173)	(1,331)	(3,947)
Taxation					(10)
Net Loss					(3,957)
Segment assets	7,282	9,411	280	58	17,031
Investment in associated companies	-	19,889	-	-	19,889
Total assets per statement of financial position					36,921
Expenditures for segment non-current assets					
- Additions to PPE	34	1	-	-	36
Segment liabilities	3,796	709	108	1,987	6,600
Current income tax liabilities	41	-	-	-	41
Deferred income tax liabilities	84	-	-	-	84
Total liabilities per statement of financial position					6,725

4.2. Disaggregation of Revenue

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major revenue stream and geographical regions. Revenue is attributed to countries by location of customers.

	The Group 6 months ended 30 June 2022				
	Food & beverages	Leasing	Properties	Other	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Types of goods or service:					
Sale of goods	8,246	-	-	33	8,279
Rental income	-	-	-	-	-
Total revenue	8,246	-	-	33	8,279
Timing of revenue recognition:					
At a point in time	8,126	-	-	33	8,159
Over time	120	-	-	-	120
Total revenue	8,246	-	-	33	8,279
Geographical information:					
Singapore	8,211	-	-	-	8,211
Vietnam	32	-	-	-	32
PRC	3	-	-	33	36
Total revenue:	8,246	-	-	33	8,279

	The Group 6 months ended 30 June 2021				
	Food & beverages	Leasing	Properties	Other	Total
Types of goods or service:					
Sale of goods	4,922	-	-	46	4,969
Rental income	-	7	63	-	70
Total revenue	4,922	7	63	46	5,039
Timing of revenue recognition:					
At a point in time	4,922	-	-	-	4,922
Over time	-	7	63	46	117
Total revenue	4,922	7	63	46	5,039
Geographical information:					
Singapore	4,922	-	-	-	4,922
Vietnam	-	-	-	24	24
PRC	-	7	63	22	93
Total revenue:	4,922	7	63	46	5,039

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021

	Note	Group		Company	
		30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
		S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets					
Financial assets at fair value through other comprehensive income (FVOCI)	10	4,162	4,162	-	-
Cash and bank balances and trade and other receivables (Amortised cost)		5,868	7,463	797	762
		10,030	11,625	797	762
Financial Liabilities					
Trade and other payables and borrowings (Amortised cost)		7,283	8,453	6,115	5,452

6. Loss before taxation

6.1. Significant items

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	S\$'000	S\$'000
Income		
Interest income	34	34
Expenses		
Interest on borrowings	47	35
Depreciation of property, plant and equipment	771	906
Other income		
Government Grant	105	253
Rebate due to Covid-19	20	29
Recoverable of rental deposit previously written off	-	22
Gain on disposal of property, plant and equipment	21	23
Others	9	14
	155	341

6.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021
	S\$'000	S\$'000
Current Income Tax expenses	54	10
Income tax expense recongnised in Profit and Loss	54	10

8. Dividends

(a) Whether an interim (final) ordinary dividend has been declared (recommended).
No dividends declared during the year.

(b) (i) Amount per share: Not applicable
(ii) Previous corresponding period: None

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

9. Net Asset Value

	Group		Company	
	As at 30/06/2022	As at 31/12/2021	As at 30/06/2022	As at 31/12/2021
	Cts	Cts	Cts	Cts
Net asset value per ordinary share	2.06	3.20	2.10	2.27

10. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following

	Group	
	30-Jun-22 S\$'000	31-Dec-21 S\$'000
Unquoted equity security – Lingbao Gold Group Co., Ltd		
("Lingbao")		
Beginning of financial year	4,162	4,220
Fair value gains	-	(58)
End of financial year	<u>4,162</u>	<u>4,162</u>

The financial asset, at FVOCI represents 1.15% equity interests in a company - Lingbao that is engaged in the mining, processing, smelting and sale of gold and other metallic products. Lingbao is a joint stock limited company incorporated in PRC, which partially of its shares are listed on the Stock Exchange of Hong Kong Limited.

The Group has elected to measure the above financial asset, at FVOCI due to management's intention to hold the financial asset for strategic investment purpose.

10.1. Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities **(Level 1)**.
- b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) **(Level 2)**; and
- c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) **(Level 3)**.

The following table presented the assets measured at fair value :

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group – 30 June 2022				
Financial assets				
FVOCI investments (Quoted investments)	-	4,162	-	4,162
Group – 31 December 2021				
Financial assets				
FVOCI investments (Quoted investments)	-	4,162	-	4,162

11. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$592,000 (30 June 2021: \$36,000) and disposed of assets amounting to \$21,000 (30 June 2021: \$23,000)

12. Borrowings

	Group	
	30-Jun-22 S\$'000	31-Dec-21 S\$'000
<u>Amount repayable within one year or on demand</u>		
Bank overdrafts - Unsecured	414	415
Bank borrowings - Unsecured	491	496
Lease liabilities Unsecured	804	1,140
	<u>1,709</u>	<u>2,051</u>
<u>Amount repayable after one year</u>		
Bank borrowings - Unsecured	1,282	1,518
Lease liabilities Unsecured	355	623
	<u>1,637</u>	<u>2,141</u>
	Company	
	30-Jun-22 S\$'000	31-Dec-21 S\$'000
<u>Amount repayable within one year or on demand</u>		
Bank overdrafts - Unsecured	414	415
Bank borrowings - Unsecured	300	308
	<u>714</u>	<u>723</u>
<u>Amount repayable after one year</u>		
Bank borrowings - Unsecured	627	766
	<u>627</u>	<u>766</u>

13. Share capital

	Group		Company	
	As at 30/6/2022		As at 31/12/2021	
	Number of shares	Amount S\$	Number of shares	Amount S\$
Beginning of interim period	387,748,700	39,433,461	387,748,700	39,433,461
Issue of ordinary shares by virtue of exercise of share options	-	-	-	-
End of interim period	<u>387,748,700</u>	<u>39,433,461</u>	<u>387,748,700</u>	<u>39,433,461</u>

The Company did not hold any treasury shares as at 30 June 2022

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Pavillon Holdings Ltd and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Revenue

Total revenue of the Group has increased by approximately S\$3.2 million as compared to the period ended 30/06/2021 mainly due to better F&B businesses as a result of further relaxation of COVID-19 safe management measures by the authority.

Interest Income

Interest income was from bank deposits placed with financial institutions in China.

Other Income

Other income for the period Jan to Jun 2022 was lower when compared to Jan to Jun 2021 mainly due to the reduction of COVID-19 support grants by the Singapore government.

Raw materials and changes in inventories

Raw materials consumption has increased due to the improvement of the F&B business in reporting period.

Employee compensation

Employee compensation has increased due to higher manpower costs in the F&B business.

Depreciation expenses

Depreciation decreased by S\$142k as compared to 30 June 2021. This was due to some fixed assets having already been fully depreciated.

Finance expenses

Finance expenses comprise Bank borrowing expenses of S\$50k and S\$14K for lease interest expenses.

Other operating expenses

Other operating expenses increased by around S\$486K as compared to last year's first 6 months mainly due to the following reasons:

- 1) higher professional fees of S\$162K due to the company preparing for share subscription.
- 2) increment due to car washing business-related operating expenses of around S\$63K.
- 3) increment of S\$32K due to higher traveling costs as a result of strict COVID policy by China in the first 6 months of 2022.
- 4) higher F & B operating expenses of around S\$221K mainly due to improvement of F & B business.

Share of loss of associated companies

There is a share of loss from the associated company at S\$1.5M for the period Jan to Jun 2022. However, when compared from Jan to Jun 2021, the loss has narrowed by S\$1.3 million mainly due to Fengchi IoT starting to ramp up its car-warehousing business.

Total comprehensive gain - NCI

The gain of NCI is mainly due to the transfer of our investment in Fenchi IOT Management Co., Ltd from Pavillon Financial Leasing Co., Ltd, our non-wholly owned subsidiary, to our wholly owned subsidiary, Tianjin Pavillon Assets Management Co., Ltd.

Review of Financial Position as at 30 Jun 2022

Property, plant and equipment

The reduction of fixed assets by S\$176K is mainly due to a reduction of right-of-use assets by S\$540K offset by an increase in investment in the car-washing business of around S\$364K.

Trade and other receivable - Current

Trade and other receivables were reduced mainly due to the reduction of prepayment to the car-washing business.

Inventories

The company has increased its inventory to avoid shortages caused by the disruption and delay of overseas supplies.

Investment in Associated companies

Value decreased due to loss recognition of associated companies for the period Jan to Jun 2022.

Liabilities

Trade and other payables - Current

The Trade & other payables have reduced mainly due to:

- 1) shortages of overseas supplies that lead to suppliers reducing their credit terms.
- 2) encashment of annual leave by employees.

Borrowings

Borrowings reduced due to repayment of bank loan and lease liabilities.

Review of Consolidated Cash Flows

Net cash outflow is mainly due to investing in the car-washing business.

Net cash outflow of \$910K used in financing activities for period Jan to Jun 2022 compared to net cash outflow of \$922K for period 1 Jan 2020 to 30 Jun 2021 is mainly due to reduction of repayment of lease liabilities.

Cash and cash equivalent as of 30 June 2022 was S\$5.2m consisting of a Fixed deposit of S\$882K and a Cash & bank Balance of S\$4.3m, compared to Cash and cash equivalent as of 30 June 2021 of S\$6.8m, which consists of a Fixed deposit of S\$2.6m and a Cash & bank Balance of S\$4.2m.

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

Consistent with previous statements.

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

The group's F & B business has improved since the relaxation of COVID-19 safe management measures. However, the disruption and delay of overseas supplies may drive up the cost of the raw materials.

The China authority has further refined and clarified the emission standard for parallel-import cars into China, which will encourage more parallel-import cars to be imported into China. This may lead to an increase in business opportunity for our logistic hub in Tianjin.

5. Dividend information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

No dividends declared during the period.

The company require capital for operation needs and development of new business. Therefore the company will not be declaring any dividend.

(b) (i) Amount per share: Not applicable

(ii) Previous corresponding period: None

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

5b. Corresponding Period of the Immediate Preceding Financial Year

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

No dividends declared during the period.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

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

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, 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 financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

John Chen Seow Phun
Director

Singapore
18-Jul-22