



# MERCURIUS CAPITAL INVESTMENT LIMITED

## **MERCURIUS CAPITAL INVESTMENT LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No.198200473E)

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### **Unaudited Financial Statements Announcement for the Fourth Quarter and Full Financial Year Ended 31 December 2019**

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*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.*

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

*The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.*

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

	3 Months Ended			12 Months Ended		
	31/12/2019	31/12/2018	Change	31/12/2019	31/12/2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
	<b>Unaudited</b>	<b>Unaudited</b>		<b>Unaudited</b>	<b>Audited</b>	
Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-
Other income, net	12	6	100	46	22	109
Administrative expenses	(936)	(87)	976	(1,324)	(341)	288
Finance costs	(18)	-	NM	(18)	-	NM
<b>Loss before income tax</b>	<b>(942)</b>	<b>(81)</b>	<b>1063</b>	<b>(1,296)</b>	<b>(319)</b>	<b>306</b>
Income tax expense	-	-	NM	(2)	-	NM
<b>Net loss for the financial period</b>	<b>(942)</b>	<b>(81)</b>	<b>1063</b>	<b>(1,298)</b>	<b>(319)</b>	<b>307</b>
<b>Other comprehensive income/(loss):</b>						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation - gains/(losses)	4	13	-69	(7)	6	-217
<b>Total comprehensive loss</b>	<b>(938)</b>	<b>(68)</b>	<b>1279</b>	<b>(1,305)</b>	<b>(313)</b>	<b>317</b>
<b>Net loss attributable to:</b>						
Equity holders of the Company	(941)	(81)	1062	(1,297)	(318)	308
Non-controlling interests	(1)	*	NM	(1)	(1)	0
	<b>(942)</b>	<b>(81)</b>	<b>1063</b>	<b>(1,298)</b>	<b>(319)</b>	<b>307</b>
<b>Total comprehensive loss attributable to:</b>						
Equity holders of the Company	(937)	(68)	1278	(1,304)	(312)	318
Non-controlling interests	(1)	*	NM	(1)	(1)	0
	<b>(938)</b>	<b>(68)</b>	<b>1279</b>	<b>(1,305)</b>	<b>(313)</b>	<b>317</b>

NM = Not Meaningful

\* Amount less than S\$1,000

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

Loss before income tax for the financial period was arrived at after (charging)/crediting the following:

	3 months ended			12 months ended		
	31/12/2019	31/12/2018	Change	31/12/2019	31/12/2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Adjustment to prior year over-accrued operating expenses	18	7	157	16	7	129
Bad debts written off	-	(9)	-100	-	(13)	-100
Depreciation	(70)	(1)	6900	(70)	(4)	1650
Director fees	(50)	-	NM	(50)	-	NM
Salaries, bonuses and allowances	(30)	(22)	36	(98)	(90)	9
Rental expenses on short-term lease	-	(1)	-100	(2)	(3)	-33
Currency translation (losses)/gain, net	(4)	(13)	-69	5	(6)	-183

*NM = Not Meaningful*

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

	Group		Company	
	As at		As at	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	1,290	225	1,282	195
Trade and other receivables	7,661	54	7,700	76
Income tax recoverable	1	3	-	-
	<u>8,952</u>	<u>282</u>	<u>8,982</u>	<u>271</u>
<b>Non-current assets</b>				
Investments in subsidiary corporations	-	-	*	*
Property, plant and equipment	48	4	48	2
Right-of use assets	382	-	382	-
	<u>430</u>	<u>4</u>	<u>430</u>	<u>2</u>
<b>TOTAL ASSETS</b>	<b><u>9,382</u></b>	<b><u>286</u></b>	<b><u>9,412</u></b>	<b><u>273</u></b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	773	192	730	127
Lease liabilities	144	-	144	-
Convertible loans	2,750	-	2,750	-
	<u>3,667</u>	<u>192</u>	<u>3,624</u>	<u>127</u>
<b>Non-current liabilities</b>				
Lease liabilities	241	-	241	-
<b>TOTAL LIABILITIES</b>	<b><u>3,908</u></b>	<b><u>192</u></b>	<b><u>3,865</u></b>	<b><u>127</u></b>
<b>NET ASSETS</b>	<b><u>5,474</u></b>	<b><u>94</u></b>	<b><u>5,547</u></b>	<b><u>146</u></b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	140,399	133,182	140,399	133,182
Other reserves	(1,387)	(923)	686	1,143
Accumulated losses	(133,544)	(132,172)	(135,538)	(134,179)
	<u>5,468</u>	<u>87</u>	<u>5,547</u>	<u>146</u>
<b>Non-controlling interests</b>	<b>6</b>	<b>7</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>	<b><u>5,474</u></b>	<b><u>94</u></b>	<b><u>5,547</u></b>	<b><u>146</u></b>

\* Amount less than S\$1,000.

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

**- Amount repayable in one year or less, or on demand**

	As at 31/12/2019		As at 31/12/2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible loans	-	2,750	-	-

**- Amount repayable after one year**

	As at 31/12/2019		As at 31/12/2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible loan	-	-	-	-

**Details of any collateral**

Not applicable, as there is no collateral on the convertible loans.

Convertible Loans

On 13 December 2019, the Company entered into a convertible loan agreement with three investors whereby the investors provided a redeemable convertible loan of an aggregate principal value of S\$1.75 million (“**13 Dec 2019 Convertible Loan**”) to the Company, which is convertible up to 19.25 million new ordinary shares (inclusive of any accrued interest) in the issued and paid-up share capital of the Company upon maturity on 12 December 2020.

On 23 December 2019, the Company entered into a convertible loan agreement with an investor whereby the investor provided a redeemable convertible loan of an aggregate principal value of S\$1.0 million (“**23 Dec 2019 Convertible Loan**”) to the Company, which is convertible up to 11.0 million new ordinary shares (inclusive of any accrued interest) in the issued and paid-up share capital of the Company upon maturity on 22 December 2020.

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

	<b>12 Months Ended</b>	
	31/12/2019 S\$'000 Unaudited	31/12/2018 S\$'000 Audited
<b>Cash flows from operating activities</b>		
Net loss	(1,298)	(319)
<b>Adjustments for:</b>		
Depreciation	70	4
Bad debt written off	-	13
Interest expense	18	-
Income tax expense	2	-
Share-based payment expenses	686	-
Unrealised currency translation (gains)/losses	(5)	6
<b>Operating cash flows before working capital changes</b>	<u>(527)</u>	<u>(296)</u>
<b>Changes in working capital</b>		
Trade and other receivables	(7,608)	20
Trade and other payables	569	2
<b>Cash used in operations, representing</b>	<u>(7,566)</u>	<u>(274)</u>
Interest paid	(7)	-
<b>Net cash used in operating activities</b>	<u>(7,573)</u>	<u>(274)</u>
<b>Cash flows from investing activities</b>		
Additions of property, plant and equipment	(53)	-
<b>Net cash used in investing activities</b>	<u>(53)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from placement of ordinary shares	5,500	-
Proceeds from convertible loans	3,250	-
Repayment of lease liabilities	(59)	-
<b>Net cash provided by financing activities</b>	<u>8,691</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,065	(274)
<b>Cash and cash equivalents</b>		
Cash and cash equivalents at beginning of financial year	225	499
Cash and cash equivalents at end of financial year	<u>1,290</u>	<u>225</u>

1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Equity attributable to owners of the Company						
	Share capital S\$'000	Other reserve S\$'000	Equity component of convertible loan S\$'000	Accumulated losses S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
<b>GROUP</b>							
Balance at 1 January 2019	133,182	(2,066)	1,143	(132,172)	87	7	94
Loss for the financial year	-	-	-	(1,298)	(1,298)	(1)	(1,299)
Other comprehensive loss for the financial year	-	(7)	-	-	(7)	-	(7)
Placement of ordinary shares	5,500	-	-	-	5,500	-	5,500
Conversion of convertible loans	1,717	-	(1,717)	-	-	-	-
Share-based payment	-	686	-	-	686	-	686
Convertible loan equity component	-	-	500	-	500	-	500
Interest on convertible loan classified as equity	-	-	74	(74)	-	-	-
Balance at 31 December 2019	140,399	(1,387)	-	(133,544)	5,468	6	5,474
Balance at 31 December 2017 as previously reported	133,182	(2,144)	1,063	(131,702)	399	8	407
Effect of adopting SFRS(I)	-	72	-	(72)	-	-	-
Prior year adjustment	-	-	-	63	63	-	63
Interest on convertible loan classified as equity	-	-	-	(63)	(63)	-	(63)
Balance at 1 January 2018, as restated	133,182	(2,072)	1,063	(131,774)	399	8	407
Loss for the financial year	-	-	-	(318)	(318)	(1)	(319)
Other comprehensive income for the financial year	-	6	-	-	6	-	6
Interest on convertible loan classified as equity	-	-	80	(80)	-	-	-
Balance at 31 December 2018	133,182	(2,066)	1,143	(132,172)	87	7	94

**Equity attributable to owners of the Company**

	Share capital S\$'000	Other reserve S\$'000	Equity component of convertible loan S\$'000	Accumulated losses S\$'000	Total S\$'000	Total Equity S\$'000
<b>COMPANY</b>						
Balance at 1 January 2019	133,182	-	1,143	(134,179)	146	146
Loss for the financial year	-	-	-	(1,285)	(1,285)	(1,285)
Placement of ordinary shares	5,500	-	-	-	5,500	5,500
Conversion of convertible loans	1,717	-	(1,717)	-	-	-
Share-based payment	-	686	-	-	686	686
Convertible loan equity component	-	-	500	-	500	500
Interest on convertible loan holders classified as equity	-	-	74	(74)	-	-
Balance as at 31 December 2019	140,399	686	-	(135,538)	5,547	5,547
Balance at 1 January 2018	133,182	-	1,063	(133,822)	423	423
Prior year adjustment	-	-	-	63	63	63
Loss for the financial year	-	-	-	(277)	(277)	(277)
Interest on convertible loan holders classified as equity	-	-	80	(143)	(63)	(63)
Balance as at 31 December 2018	133,182	-	1,143	(134,179)	146	146



**1(d)(ii) (aa) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

	<b>Issued and fully paid-up ordinary shares</b>	<b>Share capital S\$'000</b>
Balance as at 30 September 2019	1,263,474,940	139,879
Add : Allotment and issuance of new shares	13,000,000	520
Balance as at 31 December 2019	1,276,474,940	140,399

On 4 October 2019, the Company had issued and allotted 13,000,000 shares to two investors as settlement of a convertible loan agreement entered into on 29 March 2019 ("**29 Mar 2019 Convertible Loan**"). The 29 Mar 2019 Convertible Loan, with an aggregate principal value of S\$0.50 million and interest of approximately S\$0.02 million, was converted to 13,000,000 shares (inclusive of the interest payable) at a conversion price of S\$0.04.

Pursuant to the above allotment, the Company had issued a total of 13,000,000 shares during the fourth quarter ended 31 December ("**4Q**") 2019.

Save for the above, there were no other changes in the Company's share capital as of 31 December 2019.

**(bb) State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

As disclosed in Section 1(b)(ii), the Company had entered into the 13 Dec 2019 and 23 Dec 2019 Convertible Loans. As at 31 December 2019, both the convertible loans, inclusive of interest, are convertible up to 30.25 million new ordinary shares of the Company (31 December 2018: 11.6 million) upon maturity. Save for this, the Company does not have any other convertible securities.

**(cc) State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no treasury shares or subsidiary holdings as at 31 December 2019 and 31 December 2018.

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

The total number of issued shares (excluding treasury shares) as at 31 December 2019 was 1,276,474,940 (31 December 2018: 1,114,008,940). There were no treasury shares as at 31 December 2019 and 31 December 2018.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed by the Company's independent auditor.

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

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (other than a material uncertainty related to going concern):-**

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

Not applicable as the latest financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion (other than a material uncertainty related to going concern).

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

Not applicable as the latest financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion (other than a material uncertainty related to going concern).

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the preparation of the audited financial statements of the Group for the financial year ended 31 December 2018.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group had adopted all the applicable new and revised Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) which became effective for the financial year beginning on or after 1 January 2019. The adoption of these new and revised SFRS(I) did not give rise to any material impact on the Group's financial statements for the current financial period reported on.

The Group has adopted SFRS(I) 16 - Leases, which became effective on 1 January 2019. SFRS(I) 16 - Leases introduces a single, on-balance sheet lease accounting model. It requires a lessee to recognise a right-of-use asset representing its use of the underlying assets and a lease liability representing its obligation to make lease payments.

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

**(a) based on the weighted average number of ordinary shares on issue; and**

**(b) on a fully diluted basis (detailing any adjustments made to the earnings).**

	3 Months Ended		12 Months Ended	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Weighted average number of ordinary shares for basic earnings per share	1,275,909,723	1,114,008,940	1,183,381,976	1,114,008,940
Weighted average number of ordinary shares for diluted earnings per share	1,280,632,549	1,116,932,776	1,184,572,387	1,125,608,940
Net loss attributable to the equity holders of Company for the financial period (\$'000)	(941)	(81)	(1,297)	(318)
Less : Interest on convertible loans	(11)	-	(11)	-
Adjusted net loss for the financial period (\$'000)	(930)	(81)	(1,286)	(318)
Basic loss per share (cents)	(0.07)	(0.01)	(0.11)	(0.03)
Diluted loss per share (cents)	(0.07)	(0.01)	(0.11)	(0.03)

For the 3 months and 12 months financial period ended 31 December 2019, the weighted average number of shares for diluted loss per share took into account the 30.25 million new shares that may be issued and allotted pursuant to the conversion of the 13 Dec 2019 Convertible Loan and the 23 Dec 2019 Convertible Loan.

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

	<b>Group</b>			
	31/12/2019		31/12/2018	
<b>Net Assets Value Per Ordinary Share</b>				
- Based on issued share capital at the respective dates	0.43	cents	0.01	cents
- Number of existing issued shares at the respective dates	1,276,474,940		1,114,008,940	
	<b>Company</b>			
	31/12/2019		31/12/2018	
<b>Net Assets Value Per Ordinary Share</b>				
- Based on issued share capital at the respective dates	0.43	cents	0.01	cents
- Number of existing issued shares at the respective dates	1,276,474,940		1,114,008,940	

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**
- (A) **Review of consolidated statement of comprehensive income**

#### Revenue and Gross Profit

The Group's new business in property development and property investment which was approved by shareholders of the Company on 30 March 2017, is still in its early stages and has not generated any revenue for the Group. As such, the Group did not record any revenue, cost of sales and gross profit for FY2019 and FY2018.

#### Other Income, net

Other income (net) increased from S\$22,000 in FY2018 to S\$46,000 in FY2019, mainly due to adjustment to over-provision of prior year accrued expenses amounting to S\$15,500 in FY2019. The increase was also due to currency translation gain of S\$5,000 recorded in FY2019, as compared to currency translation loss of S\$6,000 recorded in FY2018.

#### Administrative Expenses

Administrative expenses increased significantly from S\$0.34 million in FY2018 to S\$1.32 million in FY2019, and from S\$87,000 in 4Q2018 to S\$936,000 in 4Q2019. The increase in administrative expenses was mainly due to on-going professional and operating expenses in relation to the Group's business restructuring and the joint

venture with Apex Development Public Company Limited. Overall, professional and consultant fees had increased by S\$0.75 million, travelling expenses had increased by S\$0.04 million, and depreciation of right-of-use assets increased by S\$0.07 million in FY2019 when compared to FY2018.

#### Finance Costs

Finance costs refers to accrued interest from the 13 Dec 2019 Convertible Loan and 23 Dec 2019 Convertible Loan amounting to S\$11,000, and the interest expenses incurred as a result of recognition of right-of-use assets and lease liabilities pursuant to the adoption of SFRS(I) 16 - Leases amounting to S\$7,000. No interest expense was recorded in FY2018.

#### Net loss

As a result of the above, the Group recorded a net loss after tax of S\$0.94 million and S\$1.30 million in 4Q2019 and FY2019, respectively, as compared to a net loss after tax of S\$0.08 million and S\$0.32 million in 4Q2018 and FY2018, respectively.

### **(B) Review of statement of financial position**

#### **Current Assets**

Current assets increased from approximately S\$0.29 million as at 31 December 2018 to approximately S\$9.38 million as at 31 December 2019, mainly due to an increase in cash and cash equivalents and trade and other receivables.

Cash and cash equivalents increased to S\$1.29 million as at 31 December 2019, from approximately S\$0.23 million as at 31 December 2018. Please refer to the section on “Consolidated Statement of Cash Flows” below for the reasons for the changes in cash and cash equivalents in FY2019.

Trade and other receivables increased significantly from approximately S\$0.05 million as at 31 December 2018 to approximately S\$7.66 million as at 31 December 2019, mainly due to an increase in deposits paid for office rental and utilities amounting to S\$0.05 million; and instalment made for the Company’s investment in a joint venture amounting to S\$7.58 million. On 12 June 2019, the Company had entered into a joint venture agreement (“**JVA**”) with APEX Development Public Company Limited (“**APEX**”) and Grand Bay Hotel Co., Ltd (“**Grand Bay**”) for the acquisition of 50% shareholdings interest of Grand Bay from APEX, and the parties shall jointly develop a hotel property under the name of “Sheraton Phuket Grand Bay Resort” in Phuket, Thailand, with Grand Bay as the joint venture vehicle (the “**Joint Venture**”). Pursuant to the terms and conditions of JVA, the amount paid to APEX as at 31 December 2019 had been classified as other receivables while pending completion of the acquisition.

#### **Non-current Assets**

The increase in non-current assets was due to recognition of right-of-use assets pursuant to the adoption of SFRS(I) 16 - Leases, which became effective on 1 January

2019. The right-of-use assets were derived from a new operating lease commencing August 2019. As at 31 December 2019, the right-of-use assets were calculated at approximately S\$0.38 million, taking into consideration the lease term, discount rate, and measurement principle.

Increase in property, plant and equipment in FY2019 was due to purchase of new office equipment and renovation amounting to S\$48,000, after taking into account depreciation charges.

### **Current and Non-Current Liabilities**

Trade and other payables increased from approximately S\$0.19 million as at 31 December 2018, to approximately S\$0.77 million as at 31 December 2019. This was mainly due to (i) an interest-free advancement of S\$0.50 million received from a Director of the Company; and (ii) increase in other payables and accrued operating expenses amounting to S\$0.08 million as compared to prior year.

Lease liabilities were recognised pursuant to the adoption of SFRS(I) 16 - Leases, concurrence with the recognition of right-of-use assets. As at 31 December 2019, the lease liabilities were calculated at S\$0.38 million, taking into consideration the lease term, discount rate, and measurement principle (the “**Calculated Lease Liabilities**”). The Calculated Lease Liabilities is recorded as S\$0.14 million under current liabilities and the remaining S\$0.24 million under non-current liabilities.

Increase in convertible loans of S\$2.75 million, when compared to prior year, was due to new convertible loans obtained in December 2019. Upon evaluation of its terms of agreement, the 13 Dec 2019 Convertible Loan and the 23 Dec 2019 Convertible Loan were recognised as current liabilities.

### **Working Capital**

The Group recorded a positive working capital of approximately S\$5.28 million as at 31 December 2019, as compared to a positive working capital of approximately S\$0.09 million as at 31 December 2018. The positive working capital as at 31 December 2019 was mainly due to payment of S\$7.58 million (being the Company’s first, second, and third instalment of the purchase consideration of the Joint Venture), pursuant to which the Company recorded a current asset under “trade and other receivables”.

### **Equity**

The Group’s equity increased from approximately S\$0.09 million as at 31 December 2018 to approximately S\$5.47 million as at 31 December 2019, mainly due to an increase in share capital of the Company through (i) the allotment 137,500,000 shares pursuant to the Placement for an aggregate consideration of S\$5.5 million; (ii) the allotment of 11,966,000 shares in settlement of the 2017 convertible loans signed on 17 March 2017 (“**2017 Convertible Loan**”) at an aggregate consideration of S\$1.20 million; and (iii) the allotment of 13,000,000 shares in settlement of the 29 Mar 2019 Convertible Loan at an aggregate consideration of S\$0.52 million.

Decrease in other reserves of S\$0.46 million when compared to FY2018 was mainly due to conversion of the 2017 Convertible Loan amounting to S\$1.14 million, offset by share-based payment related to professional and director's fees amounting to S\$0.69 million.

(C) **Consolidated statement of cash flows**

Net cash used in operating activities amounted to S\$7.57 million for FY2019, mainly due to increase in trade and other receivables of approximately S\$7.61 million as a result of payment made to APEX pursuant to the Joint Venture.

Net cash used in investing activities of approximately S\$53,000 was due to purchase of new office equipment and renovations.

Net cash provided by financing activities of approximately S\$8.69 million was due to cash received from convertible loans obtained during the financial year and the proceeds from the placement of new shares during the year, amounting to S\$3.25 million and S\$5.50 million respectively, offset by repayment of lease liabilities amounting to S\$0.06 million.

As a whole, the Group had a net cash inflow of approximately S\$1.07 million in FY2019. The cash and cash equivalents as at 31 December 2019 amounted to S\$1.29 million.

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

Not applicable.

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

As mentioned in paragraph 8(b) above, the Company had, on 12 June 2019, entered into a JVA with APEX to jointly develop Sheraton Phuket Grand Bay Resort in Phuket, Thailand, with Grand Bay as the joint venture vehicle. Shareholders' approval to proceed with the JVA had been obtained on 20 August 2019. On 7 January 2020, the Company had completed the Joint Venture through a final instalment made to APEX and the remaining shares had been transferred to the Company, resulting in the Company holding 50% of the total shareholdings of Grand Bay. The Company and APEX is currently working on securing a construction loan for the development of Sheraton Phuket Grand Bay Resort and will keep shareholders updated accordingly.

Notwithstanding the JVA, the Company had also entered into an addendum to the JVA with APEX, where the parties had agreed in principle on (i) the joint development of Club Med Krabi Resort and Residences mixed-used development project consisting both hotel and residences components located at Yao Beach, Krabi, Thailand; (ii) joint development of Sheraton Krabi Yao Beach Resort and Residences mixed-use development project consisting of both hotel and residences components located at

Yao Beach, Krabi Thailand; and (iii) the negotiation of the option of bulk purchase of the remaining units of The Residences at Sheraton Phuket Grand Bay at Phuket, Thailand. As announced on 26 July 2019, the Company will be setting up a private equity fund in connection with the investment opportunities pursuant to the aforementioned addendum to the JVA (the “**Fund**”). The Fund will be focusing on resort and leisure property investments in the Indo-China region. The Company will provide an update on the Fund in due course.

The Board noted the current sluggish economic outlook as a result of Covid-19 and the US-China trade war, and will remain cautious in strategising the development of the Company's business and will continue to explore joint ventures and/or strategic alliances to improve shareholders' value.

**11. If a decision regarding dividend has been made:**

**(a) Whether an interim (final) dividend has been declared (recommended); and**

No.

**(b) Amount of dividend per share of the current reporting financial period and of the previous corresponding period.**

Nil (31 December 2018: Nil).

**(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 shareholders, this must be stated.)**

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

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

Not applicable.

**12. 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 for 4Q2019, as the Group recorded a net loss for the period.

**13. If the Group has obtained a general mandate from shareholders for interested person transactions (“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.**



No general mandate for IPTs has been obtained from shareholders of the Company.

**14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group operates principally in a single business segment which is property development and property investment. As such, no segmental information is presented.

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to section 8 for further details.

**16. A breakdown of sales.**

	FY2019 S\$'000	FY2018 S\$'000	% increase/ (decrease)
(a) Sales reported for first half year	-	-	-
(b) Operating loss after tax before deducting minority interests reported for first half year	(172)	(182)	NM
(c) Sales reported for second half year	-	-	-
(d) Operating loss after tax before deducting minority interests reported for second half year	(1,126)	(137)	NM

*NM = Not meaningful*

No revenue was recorded in FY2019 and FY2018.

**17. A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full year and its previous full year.**

Not applicable. No dividend was declared and paid for FY2019 and FY2018.

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

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

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

**20. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use in the offer document or the announcement of the issuer.**

(A) Convertible loan dated 13 December 2019

Intended uses	Amount allocated (S\$'000)	Amount utilised as at 7 January 2020 (S\$'000)	Amount utilised as at 27 February 2020 (S\$'000)	Balance (S\$'000)
Business and investments opportunities <sup>(1)</sup>	1,600	1,600	-	-
General working capital <sup>(2)</sup>	138	-	128	10
Total	1,738	1,600	128	10

(B) Convertible loan dated 3 January 2020

Intended uses	Amount allocated (S\$'000)	Amount utilised as at 7 January 2020 (S\$'000)	Amount utilised on 27 February 2020 (S\$'000)	Balance (S\$'000)
Business and investments opportunities <sup>(1)</sup>	788	596	-	192
Total	788	596	-	192

Notes:-

- (1) *Business and investment opportunities include the final instalment of the Purchase Price and expected expenses to be incurred in connection with the Joint Venture with APEX and opportunities in other property development projects as and when they arise.*
- (2) *General working capital includes day-to-day operating expenses for the Group such as professional fees, listing fees, staff cost and office expenses.*

The use of the net proceeds from the abovementioned convertible loans are in accordance with the intended use as previously disclosed in the Company's announcements dated 15 December 2019 and 3 January 2020 in relation to the respective convertible loans. The Company will make periodic announcements as and when the balance of the net proceeds are materially disbursed.

**BY ORDER OF THE BOARD**

**Chang Wei Lu**  
**Executive Chairman and Chief Executive Officer**  
**28 February 2020**