

**UNAUDITED SECOND QUARTER AND HALF-YEAR FINANCIAL STATEMENTS
ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019**

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**").

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ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019**

**PART 1 - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR
AND FULL YEAR ANNOUNCEMENTS**

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.

	----- Group -----					
	Second quarter ended			Half year ended		
	30.11.2019	30.11.2018	Increase / (Decrease)	30.11.2019	30.11.2018	Increase / (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	12,147	7,814	55.5	19,838	31,914	(37.8)
Cost of sales	(7,151)	(5,105)	40.1	(11,659)	(22,243)	(47.6)
Gross profit	4,996	2,709	84.4	8,179	9,671	(15.4)
Other operating income	1,934	690	180.3	3,567	855	317.2
Sales and marketing expenses	(584)	(407)	43.5	(947)	(2,443)	(61.2)
Administrative expenses	(1,014)	(663)	52.9	(1,819)	(1,944)	(6.4)
Other operating expenses	(68)	(279)	(75.6)	(357)	(540)	(33.9)
Finance costs	(1,027)	(537)	91.3	(2,094)	(1,345)	55.7
Share of results of joint ventures and associates	(277)	(1,787)	(84.5)	(592)	(5,860)	(89.9)
Profit/(loss) before taxation	3,960	(274)	n.m.	5,937	(1,606)	n.m.
Taxation	(728)	(179)	306.7	(1,262)	(961)	31.3
Profit/(loss) for the period, net of taxation	3,232	(453)	n.m.	4,675	(2,567)	n.m.
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation loss	(84)	(156)	46.2	(259)	(607)	(57.3)
Fair value loss on equity security at fair value through other comprehensive income	-	-	-	(113)	-	100.0
Other comprehensive income for the period, net of tax	(84)	(156)	46.2	(372)	(607)	(38.7)
Total comprehensive income for the period	3,148	(609)	n.m.	4,303	(3,174)	n.m.
Profit/(loss) attributable to:						
Owners of the Company	3,631	(726)	n.m.	5,495	(4,823)	n.m.
Non-controlling interests	(399)	273	n.m.	(820)	2,256	n.m.
	3,232	(453)	n.m.	4,675	(2,567)	n.m.
Total comprehensive income attributable to:						
Owners of the Company	3,547	(882)	n.m.	5,123	(5,430)	n.m.
Non-controlling interests	(399)	273	n.m.	(820)	2,256	n.m.
	3,148	(609)	n.m.	4,303	(3,174)	n.m.

n.m. means not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

	Second quarter ended			Half year ended		
	30.11.2019	30.11.2018	Increase / (Decrease)	30.11.2019	30.11.2018	Increase / (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	1,151	630	82.7	1,964	635	209.3
Gain on disposal of a subsidiary	640	-	100.0	640	-	100.0
Gain on disposal of plant and equipment	-	38	(100.0)	-	38	(100.0)
Distribution income from other investment	79	-	100.0	173	-	100.0
Income from forfeited sales from purchasers	-	-	-	614	-	100.0
Fair value gain on derivative financial liability	-	-	-	-	91	(100.0)
Amortisation of capitalised contract costs	(527)	(374)	40.9	(823)	(1,963)	(58.1)
Depreciation of plant and equipment	(73)	(34)	114.7	(134)	(53)	152.8
Interest expense	(1,027)	(537)	91.3	(2,094)	(1,345)	55.7
Foreign exchange gain/(loss)	53	(60)	n.m.	(60)	(227)	(73.6)

n.m. means 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	As at	As at
	30.11.2019	31.05.2019	30.11.2019	31.05.2019
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Plant and equipment	765	529	750	523
Other investment	7,426	4,088	-	-
Investment in subsidiaries	-	-	9,511	12,139
Investment in joint ventures and associates	1,718	3,176	1,829	3,258
	9,909	7,793	12,090	15,920
<u>Current assets</u>				
Development properties	84,951	105,464	-	-
Contract assets	31,986	43,105	-	-
Trade receivables	1,237	4,315	-	-
Other receivables and deposits	341	178	8	-
Prepayments	99	193	11	3
Capitalised contract costs	2,001	1,462	-	-
Amounts due from joint ventures and associates	127,845	121,915	52,621	51,909
Amounts due from subsidiaries	-	-	102,590	96,781
Amounts due from non-controlling interests	262	262	-	-
Cash and cash equivalents	46,552	36,294	22,261	20,979
	295,274	313,188	177,491	169,672
<u>Current liabilities</u>				
Trade and other payables	790	2,289	-	-
Accruals	4,060	2,954	808	809
Amounts due to related companies	4,214	4,092	11	8
Amounts due to joint ventures and associates	774	2,524	700	2,150
Amounts due to subsidiaries	-	-	487	487
Amounts due to holding company	282	276	282	276
Amounts due to non-controlling interests	14,079	13,770	-	-
Finance lease obligations	48	47	48	47
Bank loans	-	9,440	-	-
Provision for taxation	4,147	1,995	-	-
	28,394	37,387	2,336	3,777
Net current assets	266,880	275,801	175,155	165,895
<u>Non-current liabilities</u>				
Investment in associates	10,870	9,373	-	-
Amounts due to holding company	33,783	33,783	33,783	33,783
Finance lease obligations	147	171	147	171
Bank loans	74,687	78,187	-	-
Deferred tax liabilities	1,850	3,746	-	-
	121,337	125,260	33,930	33,954
Net assets	155,452	158,334	153,315	147,861

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.

<i>Cont'd</i>	Group		Company	
	As at 30.11.2019	As at 31.05.2019	As at 30.11.2019	As at 31.05.2019
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Equity attributable to owners of the Company</u>				
Share capital	146,216	146,216	146,216	146,216
Merger reserve	(30,288)	(30,288)	-	-
Foreign currency translation reserve	(686)	(427)	-	-
Fair value reserve	(113)	-	-	-
Retained earnings	37,818	33,236	7,099	1,645
	152,947	148,737	153,315	147,861
Non-controlling interests	2,505	9,597	-	-
Total equity	155,452	158,334	153,315	147,861

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

Amount repayable in one year or less, or on demand

As at 30.11.2019		As at 31.05.2019	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
48	-	9,487	-

Amount repayable after one year

As at 30.11.2019		As at 31.05.2019	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
74,834	-	78,358	-

Details of any collateral

As at 30 November 2019,

- (i) the Group's bank borrowings of S\$74.7 million (31 May 2019: S\$87.6 million) are secured by (i) the Group's development properties; (ii) corporate guarantees from the Company and the holding company in the ratio of the shareholdings held by the Group in the respective subsidiaries; and (iii) the assignment of rights, titles and benefits with respect to the development properties;
- (ii) the Company's and the Group's finance lease obligations of S\$0.2 million (31 May 2019: S\$0.2 million) are secured by the Company's motor vehicle.

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.

	Group			
	Second quarter ended		Half year ended	
	30.11.2019 S\$'000	30.11.2018 S\$'000	30.11.2019 S\$'000	30.11.2018 S\$'000
<u>Cash flows from operating activities</u>				
Profit/(loss) before taxation	3,960	(274)	5,937	(1,606)
<u>Adjustments for:-</u>				
Depreciation of plant and equipment	73	34	134	53
Amortisation of capitalised contract cost	527	374	823	1,963
Foreign exchange (gain)/loss	(53)	60	60	227
Fair value gain on derivative financial liability	-	-	-	(91)
Gain on disposal of plant and equipment	-	(38)	-	(38)
Gain on disposal of a subsidiary	(640)	-	(640)	-
Interest income	(1,151)	(630)	(1,964)	(635)
Interest expense	1,027	537	2,094	1,345
Share of results of joint ventures and associates	277	1,787	592	5,860
Operating cash flows before changes in working capital	4,020	1,850	7,036	7,078
<u>Changes in working capital:-</u>				
Development properties	4,770	(69,391)	7,761	(35,907)
Contract assets	(7,681)	2,817	11,119	52,210
Trade receivables	(372)	(40)	3,078	9,164
Other receivables and deposits	(148)	3,817	(163)	(7)
Prepayments	60	73	94	(59)
Capitalised contract costs	(788)	(380)	(1,362)	(2,769)
Trade payables, other payables and accruals	(471)	(11,656)	(217)	(5,645)
Balances with related companies	115	(943)	122	(3,700)
	(4,515)	(75,703)	20,432	13,287
Cash flows (used in)/from operations	(495)	(73,853)	27,468	20,365
Income tax paid	(1,006)	(2)	(1,006)	(2)
Interest paid and capitalised in development properties	(38)	(34)	(112)	(211)
Net cash flows (used in)/from operating activities	(1,539)	(73,889)	26,350	20,152
<u>Cash flows from investing activities</u>				
Interest received	120	63	186	68
Dividend income from associates	354	8,440	654	8,440
Dividend income from joint ventures	1,450	4,500	1,450	6,500
Purchase of plant and equipment	(236)	(167)	(257)	(237)
Sale proceed from disposal of a subsidiary	13,500	-	13,500	-
Sale proceed from disposal of plant and equipment	-	168	-	168
(Loan to)/repayment of loans by associates	(893)	370	(4,533)	(660)
Other investments	(3,451)	-	(3,451)	-
Net cash flows from investing activities	10,844	13,374	7,549	14,279

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. (Cont'd)

	Group			
	Second quarter ended		Half year ended	
	30.11.2019 S\$'000	30.11.2018 S\$'000	30.11.2019 S\$'000	30.11.2018 S\$'000
Cash flows from financing activities				
Interest paid	(1,039)	(534)	(2,091)	(1,203)
Proceeds from bank loans	-	57,187	-	57,187
Repayment of bank loans	(10,940)	-	(12,940)	(81,838)
Repayment of finance lease obligations	(12)	(7)	(23)	(7)
Dividend paid on ordinary shares	(913)	-	(913)	-
Dividend paid to non-controlling interests of subsidiaries	(392)	-	(6,272)	(560)
Repayment of loans due to non-controlling interests of a subsidiary	-	(1,960)	-	(9,310)
Loans from non-controlling interests of a subsidiary	154	8,051	309	9,922
Repayment of loan due from non-controlling interests of a subsidiary	-	1,868	-	-
Repayment of loans due to associates	-	(7,960)	(300)	(7,960)
Repayment of loans due to joint ventures	(1,450)	(4,500)	(1,450)	(3,350)
Net cash flows (used in)/from financing activities	(14,592)	52,145	(23,680)	(37,119)
Net (decrease)/increase in cash and cash equivalents at beginning of the period	(5,287)	(8,370)	10,219	(2,688)
Effect of exchange rate changes on cash and cash equivalents	51,797	56,784	36,294	51,102
	42	3	39	3
Cash and cash equivalents at end of the period	46,552	48,417	46,552	48,417
Breakdown of cash and cash equivalents at end of the period:				
Cash at bank and on hand	38,552	19,397	38,552	19,397
Fixed deposits	8,000	29,020	8,000	29,020
Total	46,552	48,417	46,552	48,417

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

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Merger reserve	Foreign currency translation reserves	Fair value reserve	Retained earnings		
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
GROUP							
Balance at 31 May 2019	146,216	(30,288)	(427)	-	33,236	9,597	158,334
Profit/(loss) for the period, net of taxation	-	-	-	-	1,864	(421)	1,443
<u>Other comprehensive income</u>							
Foreign currency translation loss	-	-	(175)	-	-	-	(175)
Fair value loss on equity security at fair value through other comprehensive income	-	-	-	(113)	-	-	(113)
Other comprehensive income for the period, net of taxation	-	-	(175)	(113)	-	-	(288)
Total comprehensive income for the period	-	-	(175)	(113)	1,864	(421)	1,155
<u>Contribution by and distribution to owners</u>							
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(5,880)	(5,880)
Total transactions with owners in their capacity as owners	-	-	-	-	-	(5,880)	(5,880)
Balance at 31 August 2019	146,216	(30,288)	(602)	(113)	35,100	3,296	153,609
Profit/(loss) for the period, net of taxation	-	-	-	-	3,631	(399)	3,232
<u>Other comprehensive income</u>							
Foreign currency translation loss	-	-	(84)	-	-	-	(84)
Other comprehensive income for the period, net of taxation	-	-	(84)	-	-	-	(84)
Total comprehensive income for the period	-	-	(84)	-	3,631	(399)	3,148
<u>Contribution by and distribution to owners</u>							
Dividend paid on ordinary shares	-	-	-	-	(913)	-	(913)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(392)	(392)
Total transactions with owners in their capacity as owners	-	-	-	-	(913)	(392)	(1,305)
Balance at 30 November 2019	146,216	(30,288)	(686)	(113)	37,818	2,505	155,452

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Merger reserve	Foreign currency translation reserves	Fair value reserve	Retained earnings		
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
GROUP							
Balance at 31 May 2018	146,216	(30,288)	118	-	38,269	11,685	166,000
(Loss)/profit for the period, net of taxation	-	-	-	-	(4,097)	1,983	(2,114)
<u>Other comprehensive income</u>							
Foreign currency translation loss	-	-	(451)	-	-	-	(451)
Other comprehensive income for the period, net of taxation	-	-	(451)	-	-	-	(451)
Total comprehensive income for the period	-	-	(451)	-	(4,097)	1,983	(2,565)
<u>Contribution by and distribution to owners</u>							
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	(560)	(560)
Total transactions with owners in their capacity as owners	-	-	-	-	-	(560)	(560)
Balance at 31 August 2018	146,216	(30,288)	(333)	-	34,172	13,108	162,875
(Loss)/profit for the period, net of taxation	-	-	-	-	(726)	273	(453)
<u>Other comprehensive income</u>							
Foreign currency translation loss	-	-	(156)	-	-	-	(156)
Other comprehensive income for the period, net of taxation	-	-	(156)	-	-	-	(156)
Total comprehensive income for the period	-	-	(156)	-	(726)	273	(609)
Balance at 30 November 2018	146,216	(30,288)	(489)	-	33,446	13,381	162,266

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

	Share capital	Retained earnings	Total equity
Company	S\$ '000	S\$ '000	S\$ '000
Balance at 31 May 2019	146,216	1,645	147,861
Profit for the period, net of taxation	-	6,107	6,107
Other comprehensive income for the period, net of taxation	-	-	-
Total comprehensive income for the period	-	6,107	6,107
Balance at 31 August 2019	146,216	7,752	153,968
Profit for the period, net of taxation	-	260	260
Other comprehensive income for the period, net of taxation	-	-	-
Total comprehensive income for the period	-	260	260
<u>Contribution by and distribution to owners</u>			
Dividend paid on ordinary shares	-	(913)	(913)
Total transactions with owners in their capacity as owners	-	(913)	(913)
Balance at 30 November 2019	146,216	7,099	153,315

	Share capital	Accumulated losses	Total equity
Company	S\$ '000	S\$ '000	S\$ '000
Balance at 31 May 2018	146,216	(2,209)	144,007
Profit for the period, net of taxation	-	2,008	2,008
Other comprehensive income for the period, net of taxation	-	-	-
Total comprehensive income for the period	-	2,008	2,008
Balance at 31 August 2018	146,216	(201)	146,015
Profit for the period, net of taxation	-	10,620	10,620
Other comprehensive income for the period, net of taxation	-	-	-
Total comprehensive income for the period	-	10,620	10,620
Balance at 30 November 2018	146,216	10,419	156,635

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued and fully paid ordinary shares as at 30 November 2019 and 31 May 2019

	Number of Shares	S\$'000
	913,000,000	146,216

There are no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 November 2019 and 30 November 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.

	As at 30.11.2019	As at 31.05.2019
Total number of issued shares	913,000,000	913,000,000

There are no treasury shares held by the Company as at 30 November 2019 and 31 May 2019.

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

Not applicable as there are no treasury shares held by the Company as at 30 November 2019.

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

Not applicable as there are no subsidiary holdings held by the Company as at 30 November 2019.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted in the most recently audited financial statements for the financial year ended 31 May 2019.

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

The Group has adopted SFRS(I) 16 with effect from 1 June 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the FY2019 reporting period as permitted under the specific transition provisions in the standard. On adoption of SFRS(I) 16 Leases, the Group has recognised right-of-use assets of S\$0.2 million and lease liabilities of S\$0.2 million on 1 June 2019.

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

	Group		Group	
	2nd quarter ended		Half year ended	
	30.11.2019	30.11.2018	30.11.2019	30.11.2018
Earnings per ordinary share ("EPS") attributable to equity holders of the Group				
(a) Based on the weighted average number of ordinary shares in issue (cents)	0.40	(0.08)	0.60	(0.53)
(b) On a fully diluted basis (cents)	0.40	(0.08)	0.60	(0.53)
Group's profit/(loss) for the period attributable to Owners of the Company used in the computation of basic and diluted EPS	S\$'000	S\$'000	S\$'000	S\$'000
	3,631	(726)	5,495	(4,823)
	('000)	('000)	('000)	('000)
Weighted average number of ordinary shares excluding treasury shares for computing basic and diluted EPS	913,000	913,000	913,000	913,000

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

	Group		Company	
	30.11.2019	31.05.2019	30.11.2019	31.05.2019
Net asset value per ordinary share (cents)	16.75	16.29	16.79	16.20
Number of issued shares excluding treasury shares ('000)	913,000	913,000	913,000	913,000

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

A. Comprehensive Income Statements

2Q2020 vs 2Q2019

The Group reported S\$12.1 million revenue for the second quarter ended 30 November 2019 ("**2Q2020**"), an increase of S\$4.3 million or 55.5% as compared to S\$7.8 million registered in the corresponding period ended 30 November 2018 ("**2Q2019**"). The increase in revenue was mainly due to an increase in revenue contribution from Mactaggart Foodlink, offset by the absence of revenue recognised from T-Space @ Tampines in 2Q2020 as the project was substantially completed in June 2018.

The Group's cost of sales increased by S\$2.1 million or 40.1% from S\$5.1 million in 2Q2019 to S\$7.2 million in 2Q2020. The increase in cost of sales was mainly due to an increase in development costs recognised for Mactaggart Foodlink.

The Group's gross profit increased by S\$2.3 million or 84.4% from S\$2.7 million in 2Q2019 to S\$5.0 million in 2Q2020 mainly due to higher revenue recognised from Mactaggart Foodlink in 2Q2020. An increase in gross profit margin was also contributed by Mactaggart Foodlink.

Other operating income increased by S\$1.2 million or 180.3% from S\$0.7 million in 2Q2019 to S\$1.9 million in 2Q2020 mainly due to an increase in interest income from loans to associates of S\$0.5 million and a S\$0.6 million gain on disposal of a subsidiary, Wellprime Pte. Ltd. as announced by the Company on 25 September 2019.

Sales and marketing expenses increased by S\$0.2 million or 43.5% from S\$0.4 million in 2Q2019 to S\$0.6 million in 2Q2020 mainly due to higher sales commission amortised to profit or loss in relation to Mactaggart Foodlink.

Administrative expenses increased by S\$0.3 million or 52.9% from approximately S\$0.7 million in 2Q2019 to S\$1.0 million in 2Q2020 mainly due to an increase in professional fees incurred as the Group undertook corporate actions during the period.

Other operating expenses decreased by approximately S\$0.2 million or 75.6% from S\$0.3 million in 2Q2019 to S\$0.1 million in 2Q2020 mainly due to a decrease in foreign exchange loss.

Finance costs increased by S\$0.5 million or 91.3% from S\$0.5 million in 2Q2019 to S\$1.0 million in 2Q2020 due to an increase in interest expenses on bank loans in 2Q2020.

Share of losses of joint ventures and associates decreased by S\$1.5 million or 84.5% from S\$1.8 million in 2Q2019 to S\$0.3 million in 2Q2020 mainly due to an increase in development profits recognised from Riverfront Residences and Affinity @ Serangoon as the project progress.

The Group's tax expense increased by S\$0.5 million or 306.7% from S\$0.2 million in 2Q2019 to S\$0.7 million in 2Q2020. The increase in income tax expense was mainly due to an increase in development profits recognised in 2Q2020 from Mactaggart Foodlink.

As a result of the above, the Group registered a net profit attributable to owners of the Company of S\$3.6 million in 2Q2020 compared to a net loss of S\$0.7 million in 2Q2019.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

A. Comprehensive Income Statements (cont'd)

1H2020 vs 1H2019

The Group reported S\$19.8 million revenue for the half year ended 30 November 2019 ("**1H2020**"), a decrease of S\$12.1 million or 37.8% compared to S\$31.9 million registered in the corresponding period ended 30 November 2018 ("**1H2019**"). The decrease in revenue was mainly due to an absence of revenue contribution from T-Space @ Tampines in 1H2020 as the project was completed in June 2018. The development project which contributed to the revenue in 1H2020 is Mactaggart Foodlink.

The Group's cost of sales decreased by S\$10.5 million or 47.6% from S\$22.2 million in 1H2019 to S\$11.7 million in 1H2020. The cost of sales was primarily associated with the development costs recognised for T-Space @ Tampines in 1H2019 and Mactaggart Foodlink in 1H2020. The decrease was mainly due to a substantial completion of T-Space @ Tampines in June 2018.

The Group's gross profit decreased by S\$1.5 million or 15.4% from S\$9.7 million in 1H2019 to S\$8.2 million in 1H2020 mainly due to lower revenue recognised in 1H2020. The higher gross profit margin in 1H2020 was contributed by Mactaggart Foodlink.

Other operating income increased by S\$2.7 million or 317.2% from S\$0.9 million in 1H2019 to S\$3.6 million in 1H2020 mainly due to an increase in interest income from loans to associates of S\$1.3 million and a S\$0.6 million gain on disposal of subsidiary, Wellprime Pte. Ltd. as announced by the Company on 25 September 2019.

Sales and marketing expenses decreased by S\$1.5 million or 61.2% from S\$2.4 million in 1H2019 to S\$0.9 million in 1H2020 mainly due to the lower sales commission amortised to profit or loss in 1H2020 as T-Space @ Tampines was substantially completed in June 2018.

Finance costs increased by S\$0.8 million or 55.7% from S\$1.3 million in 1H2019 to S\$2.1 million in 1H2020 due to an increase in interest expenses on bank loans and loans from non-controlling interests of a subsidiary in 1H2020.

Share of losses of joint ventures and associates decreased by S\$5.3 million or 89.9% from S\$5.9 million in 1H2019 to S\$0.6 million in 1H2020. The share of losses in 1H2019 was mainly due to marketing and showflat costs incurred for Affinity @ Serangoon and Riverfront Residences launched in 1H2019 while revenue has yet to be recognised. Additionally, there was an effect of expensing borrowing costs for both projects as the units were ready for their intended sale. The lower share of losses in 1H2020 were mainly due to an increase in development profits recognised from Affinity @ Serangoon and Riverfront Residences as a result of further units sales and progressive work done for these projects.

The Group's tax expense increased by S\$0.3 million or 31.3% from S\$1.0 million in 1H2019 to S\$1.3 million in 1H2020. The increase in income tax expense was mainly due to an increase in profits recognised in 1H2020 from Mactaggart Foodlink.

As a result of the above, the Group registered a net profit attributable to owners of the Company of S\$5.5 million in 1H2020 compared to a net loss of S\$4.8 million in 1H2019.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

B. Financial Position Statements

Non-current assets

Plant and equipment increased by S\$0.3 million or 44.6% from S\$0.5 million as at 31 May 2019 to S\$0.8 million as at 30 November 2019 mainly due to additions to plant and equipment in 1H2020 and recognition of right-of-use assets of the Group's lease commitments arising from the adoption of SFRS(I) 16 *Leases* which took effect from 1 June 2019.

Other investment increased by S\$3.3 million or 81.7% from S\$4.1 million as at 31 May 2019 to S\$7.4 million as at 30 November 2019 mainly due to the Group's investment in a UK Residential Fund of S\$3.4 million in 1H2020, offset by a fair value loss on the Group's other investment.

Investment in joint ventures and associates decreased by S\$3.0 million or 47.7% from net liabilities of S\$6.2 million as at 31 May 2019 (resulting from S\$3.2 million as presented under non-current assets less S\$9.4 million as presented under non-current liabilities) to net liabilities of S\$9.2 million as at 30 November 2019 (resulting from S\$1.7 million as presented under non-current assets less S\$10.9 million as presented under non-current liabilities) mainly due to dividend income received from the joint venture and associates of S\$2.1 million and share of losses of joint ventures and associates of S\$0.6 million in 1H2020.

Current assets

Development properties decreased by S\$20.5 million or 19.5% from S\$105.5 million as at 31 May 2019 to S\$85.0 million as at 30 November 2019 mainly due to disposal of the development site at 50 Lorong 21 Geylang via disposal of the subsidiary that owns the said development site and sale of development units of the Group's on-going projects, Mactaggart Foodlink and INSPACE.

Contract assets decreased by S\$11.1 million or 25.8% from S\$43.1 million as at 31 May 2019 to S\$32.0 million as at 30 November 2019 mainly due to decrease in contract assets from T-Space @ Tampines of S\$18.5 million, offset by an increase in contract assets from Mactaggart Foodlink and INSPACE.

Trade receivables decreased by S\$3.1 million or 71.3% from S\$4.3 million as at 31 May 2019 to S\$1.2 million as at 30 November 2019 mainly due to a decrease in GST receivable of S\$4.0 million, offset by increases in trade receivables of S\$0.9 million from Mactaggart Foodlink.

Capitalised contract costs increased by S\$0.5 million or 36.9% from S\$1.5 million as at 31 May 2019 to S\$2.0 million as at 30 November 2019 mainly due to increase in sales commission paid and capitalised for the sale of development units at Mactaggart Foodlink and INSPACE.

Amounts due from joint ventures and associates increased by S\$5.9 million or 4.9% from S\$121.9 million as at 31 May 2019 to S\$127.8 million as at 30 November 2019 mainly due to additional loans to associates of S\$4.5 million in 1H2020 and increase in interest receivables from loans to associates of S\$1.4 million.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

B. Financial Position Statements (Cont'd)

Current liabilities

Amounts due to joint ventures and associates decreased by S\$1.7 million or 69.3% from S\$2.5 million as at 31 May 2019 to S\$0.8 million as at 30 November 2019 mainly due to repayment of loans due to joint ventures and associates in 1H2020.

Amounts due to non-controlling interests increased by S\$0.3 million or 2.2% from S\$13.8 million as at 31 May 2019 to S\$14.1 million as at 30 November 2019 mainly due to an increase in loan from non-controlling interests of S\$0.3 million in 1H2020.

Provision for taxation increased by S\$2.2 million or 107.9% as at 30 November 2019 as compared to 31 May 2019 mainly due to reclassification of deferred taxation recognised on development profits from T-Space @ Tampines as at 31 May 2019 upon progressive billings of revenue in 1H2020.

Non-current liabilities

Non-current bank loans decreased by S\$3.5 million or 4.5% from S\$78.2 million as at 31 May 2019 to S\$74.7 million as at 30 November 2019 mainly due to repayment of bank loans relating to Mactaggart Foodlink.

C. Cash Flow Statements

Overall, cash and cash equivalents increased by S\$10.3 million from S\$36.3 million as at 31 May 2019 to S\$46.6 million as at 30 November 2019, due to net cash flows from operating activities of S\$26.4 million and investing activities of S\$7.5 million; offset by net cash flow used in financing activities of S\$23.7 million.

Net cash flows from operating activities of S\$26.3 million in 1H2020 was mainly due to operating cash flows before changes in working capital of S\$7.0 million, net working capital inflows of S\$20.4 million and income tax and interest paid of S\$1.1 million.

Net cash flows from investing activities of S\$7.5 million in 1H2020 was mainly due to sales proceeds of S\$13.5 million received from the disposal of Wellprime Pte. Ltd. and dividend received from associates and joint ventures of S\$2.1 million in 1H2020; partially offset by loans to associates of S\$4.5 million and other investments of S\$3.5 million.

Net cash used in financing activities of S\$23.7 million in 1H2020 was mainly due to (i) partial repayment of bank loan of S\$3.5 million for Mactaggart Foodlink and full repayment of bank loan of S\$9.4 million for the development site at 50 Lorong 21 Geylang via the disposal of the subsidiary that owns the said development site; (ii) repayment of loans due to associates and joint ventures of S\$1.8 million; (iii) interest paid of S\$2.1 million and (iv) dividend paid on ordinary shares of S\$0.9 million and non-controlling interests of S\$6.3 million.

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

No forecast or prospect statement has previously been disclosed.

10. A commentary at the date of the announcement of the 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.

According to forecasts by the Ministry of Trade and Industry Singapore on 21 November 2019, Singapore's GDP is expected to grow by "0.5 to 1.0 per cent" in 2019 and "0.5 to 2.5 per cent" in 2020. The Singapore's economy grew by 0.5 per cent on a year-on-year basis in the third quarter, slightly higher than the 0.2 per cent growth in the previous quarter.

On the property front, the Urban Redevelopment Authority announced the first half 2020 Government Land Sales Programme on 3 December 2019, comprising three Confirmed List sites and eight Reserve List sites, yield about 6,490 private residential units, 114,000 sqm gross floor area of commercial space and 1070 hotel rooms.

Meanwhile, the Group's property development projects launched in FY2019 were well-received by the market, namely Mactaggart Foodlink, INSPACE, Riverfront Residences, Affinity @ Serangoon and Rezi 24, and have been recording incremental sales. On 16 October 2019, the Group has completed the disposal of its wholly-owned subsidiary, Wellprime Pte. Ltd., that owns the development site at 50 Lorong 21 Geylang site for S\$13.5 million. The disposal has contributed positively to the Group's performance in 1H2020.

Further to the Group's initial £2.0 million investment into a UK residential fund, Pinnacle Residential Fund, the Group has also entered into a joint venture with 32 Holdings Pte Ltd on 12 December 2019 thereby commencing its fund management business. Helmed by industry veteran, 32 Real Estate Pte Ltd, the joint venture company, will actively pursue investment opportunities in real estate funds and various segments of the real estate value chain including land acquisition, planning, design, construction and investment into technologically innovative products or new business models for the real estate markets.

Alongside its partners, the Group will continue to monitor the property market closely and take appropriate action when necessary. The Group is cautious when seeking opportunities to replenish its land bank and will continue to explore business opportunities in the region through acquisition, joint ventures and/or strategic alliances that will complement its property development business. It will also prudently seek suitable opportunities to diversify its income streams further for sustainable future growth.

11. Dividend

a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

b. Corresponding Period of the Immediately Preceding Financial Year.

No.

c. Date payable.

Not Applicable.

d. Books closure date.

Not Applicable.

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

No dividend has been declared or recommended for the financial period ended 30 November 2019 as to retain funds for working capital and investments.

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

The Group had sought renewal of the general mandate from shareholders for the Interested Person Transactions ("IPTs") in the Annual General Meeting held on 26 September 2019.

The aggregate value of all interested person transactions during the 1H2020 were as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	Total value of the transaction	Based on issuer's effective interest pursuant to Catalist Rule 909(1)	Total value of the transaction	Based on issuer's effective interest pursuant to Catalist Rule 909(1)
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Construction services by related companies</i>				
L.S. Construction Pte Ltd ⁽¹⁾	-	-	19,116	3,823
<i>Interest expenses to holding company</i>				
Lian Beng Group Ltd	570	570	-	-

Notes: L.S. Construction Pte Ltd is a wholly-owned subsidiary of the Company's controlling shareholder, Lian Beng Group Ltd.

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

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

15. Use of Proceeds

The Company raised gross proceeds from the Invitation of approximately S\$54.7 million (the "Gross Proceeds"). As at the date of this announcement, the Gross Proceeds have been utilised as follows:

Purpose of the IPO Proceeds	Revised allocation of IPO Net Proceeds ⁽²⁾ S\$'000	Amount utilised as at the date of this announcement S\$'000	Balance as at the date of this announcement S\$'000
Acquisition of new land sites and buildings for development, redevelopment and overseas expansion of its business	13,125	13,125 ⁽¹⁾	-
Funding of existing property development projects in the pipeline and other general working capital	23,252	20,609	2,643
Repayment of bridging loan	15,000	15,000	-
Payment of listing expenses	3,363	3,363	-
Total	54,740	52,097	2,643

Notes:

(1) The amount utilised is to fund the acquisition of the Pei-Fu Industrial Building which was announced by the Company on 24 April 2018

(2) Refer to Company's announcement dated 6 August 2019

The above utilisation of Gross Proceeds is in line with the intended use of proceeds as set out in the Offer Document dated 11 April 2018.

16. Confirmation pursuant to Rule 705(5) of the Catalist Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, do 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 consolidated financial statements of the Group and the Company for the half year ended 30 November 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ong Eng Keong
Executive Director and Chief Executive Officer
13 January 2020