

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR
THE FINANCIAL PERIOD ENDED 31 AUGUST 2019**

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

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Ms Tay Sim Yee, at 1 Robinson Road #21-00, AIA Tower, Singapore 048542, telephone (65) 6232-3210.

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 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.

	First quarter ended		
	31.8.2019	31.8.2018	Increase / (Decrease)
	S\$'000	S\$'000	%
Revenue	7,691	24,100	(68.1)
Cost of sales	(4,508)	(17,138)	(73.7)
Gross profit	3,183	6,962	(54.3)
Other operating income	1,633	165	>100.0
Sales and marketing expenses	(363)	(2,036)	(82.2)
Administrative expenses	(805)	(1,281)	(37.2)
Other operating expenses	(289)	(261)	10.7
Finance costs	(1,067)	(808)	32.1
Share of results of joint ventures and associates	(315)	(4,073)	(92.3)
Profit/(loss) before taxation	1,977	(1,332)	n.m.
Taxation	(534)	(782)	(31.7)
Profit/(loss) for the period, net of taxation	1,443	(2,114)	n.m.
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation loss	(175)	(451)	(61.2)
Fair value loss on equity security at fair value through other comprehensive income	(113)	-	n.m.
Other comprehensive income for the period, net of tax	(288)	(451)	(36.1)
Total comprehensive income for the period	1,155	(2,565)	n.m.
Profit/(loss) attributable to:			
Owners of the Company	1,864	(4,097)	n.m.
Non-controlling interests	(421)	1,983	n.m.
	1,443	(2,114)	n.m.
Total comprehensive income attributable to:			
Owners of the Company	1,576	(4,548)	n.m.
Non-controlling interests	(421)	1,983	n.m.
	1,155	(2,565)	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.

	First quarter ended		
	31.8.2019	31.8.2018	Increase / (Decrease)
	S\$'000	S\$'000	%
Interest income	813	5	>100.0
Rental income	-	22	n.m.
Distribution income from other investment	94	-	n.m.
Income from forfeited sales from purchasers	614	-	n.m.
Amortisation of capitalised contract costs	(296)	(1,589)	(81.4)
Depreciation of plant and equipment	(61)	(19)	94.7
Fair value gain on derivative financial liability	-	91	n.m.
Interest expense	(1,067)	(808)	32.1
Foreign exchange loss	(113)	(167)	(32.3)

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
	31.8.2019	31.5.2019	31.8.2019	31.5.2019
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Plant and equipment	650	529	507	523
Other investment	3,975	4,088	-	-
Investment in subsidiaries	-	-	12,139	12,139
Investment in joint ventures and associates	3,203	3,176	3,258	3,258
	7,828	7,793	15,904	15,920
<u>Current assets</u>				
Development properties	102,547	105,464	-	-
Contract assets	24,305	43,105	-	-
Trade receivables	865	4,315	-	-
Other receivables and deposits	193	178	-	-
Prepayments	159	193	19	3
Capitalised contract costs	1,740	1,462	-	-
Amounts due from joint ventures and associates	126,192	121,915	52,267	51,909
Amounts due from subsidiaries	-	-	100,659	96,781
Amounts due from non-controlling interests	262	262	-	-
Cash and cash equivalents	51,797	36,294	22,960	20,979
	308,060	313,188	175,905	169,672
<u>Current liabilities</u>				
Trade and other payables	2,531	2,289	135	-
Accruals	3,130	2,954	778	809
Amounts due to related companies	4,099	4,092	13	8
Amounts due to joint ventures and associates	2,224	2,524	2,150	2,150
Amounts due to subsidiaries	-	-	487	487
Amounts due to holding company	288	276	288	276
Amounts due to non-controlling interests	13,925	13,770	-	-
Finance lease obligations	48	47	48	47
Bank loans	9,440	9,440	-	-
Provision for taxation	5,149	1,995	-	-
	40,834	37,387	3,899	3,777
Net current assets	267,226	275,801	172,006	165,895
<u>Non-current liabilities</u>				
Investment in associates	10,190	9,373	-	-
Amounts due to holding company	33,783	33,783	33,783	33,783
Finance lease obligations	159	171	159	171
Bank loans	76,187	78,187	-	-
Deferred tax liabilities	1,126	3,746	-	-
	121,445	125,260	33,942	33,954
Net assets	153,609	158,334	153,968	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.

	Group		Company	
	As at	As at	As at	As at
	31.8.2019	31.05.2019	31.8.2019	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	(602)	(427)	-	-
Fair value reserve	(113)	-	-	-
Retained earnings	35,100	33,236	7,752	1,645
	150,313	148,737	153,968	147,861
Non-controlling interests	3,296	9,597	-	-
Total equity	153,609	158,334	153,968	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 31.8.2019		As at 31.05.2019	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
9,488	-	9,487	-

Amount repayable after one year

As at 31.8.2019		As at 31.05.2019	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
76,346	-	78,358	-

Details of any collateral

As at 31 August 2019,

- (i) the Group's bank borrowings of S\$85.6 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	
	First quarter ended	
	31.8.2019	31.8.2018
	S\$'000	S\$'000
<u>Cash flows from operating activities</u>		
Profit/(loss) before taxation	1,977	(1,332)
<u>Adjustments for:-</u>		
Amortisation of capitalised contract cost	296	1,589
Depreciation of plant and equipment	61	19
Foreign exchange loss	113	167
Fair value gain on derivative financial liability	-	(91)
Interest income	(813)	(5)
Interest expense	1,067	808
Share of results of joint ventures and associates	315	4,073
Operating cash flows before changes in working capital	3,016	5,228
<u>Changes in working capital:-</u>		
Development properties	2,991	33,484
Contract assets	18,800	49,393
Trade receivables	3,450	9,204
Other receivables and deposits	(15)	(3,824)
Prepayments	34	(132)
Capitalised contract costs	(574)	(2,389)
Trade payables, other payables and accruals	254	6,011
Balances with related companies	7	(2,757)
	24,947	88,990
Cash flows from operations	27,963	94,218
Interest paid and capitalised in development properties	(74)	(177)
Net cash flows from operating activities	27,889	94,041
<u>Cash flows from investing activities</u>		
Interest received	66	5
Dividend income from associates	300	-
Dividend income from joint ventures	-	2,000
Purchase of plant and equipment	(21)	(70)
Loans to associates	(3,640)	(1,030)
Net cash flows (used in)/from investing activities	(3,295)	905

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	
	First quarter ended	
	31.8.2019	31.8.2018
	S\$'000	S\$'000
<u>Cash flows from financing activities</u>		
Interest paid	(1,052)	(669)
Repayment of bank loans	(2,000)	(81,838)
Repayment of finance lease obligations	(11)	-
Dividend paid to non-controlling interests of subsidiaries	(5,880)	(560)
Loan from/(repayment of loans due to) non-controlling interests of a subsidiary	155	(5,479)
Loan to non-controlling interests of a subsidiary	-	(1,868)
Repayment of loans due to associates	(300)	-
Loan from joint ventures	-	1,150
Net cash flows used in financing activities	(9,088)	(89,264)
Net increase in cash and cash equivalents	15,506	5,681
Cash and cash equivalents at beginning of the period	36,294	51,102
Effect of exchange rate changes on cash and cash equivalents	(3)	-
Cash and cash equivalents at end of the period	51,797	56,783
Breakdown of cash and cash equivalents at end of the period:		
Cash at bank and on hand	51,797	37,783
Fixed deposits	-	19,000
Total	51,797	56,783

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	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

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Merger reserve	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

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

	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	2,208
Other comprehensive income for the period, net of taxation	-	-	-
Total comprehensive income for the period	-	2,008	2,208
Balance at 31 August 2018	146,216	(201)	146,015

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.

	Number of Shares	S\$'000
Issued and fully paid ordinary shares as at 31 August 2019 and 31 May 2019	913,000,000	146,216

There are no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 31 August 2019 and 31 August 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 31.8.2019	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 31 August 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 31 August 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 31 August 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	
	First quarter ended	
	31.8.2019	31.8.2018
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)	0.20	(0.45)
(b) On a fully diluted basis (cents)	0.20	(0.45)
	S\$'000	S\$'000
Group's profit/(loss) for the period attributable to owners of the Company used in the computation of basic and diluted EPS	1,864	(4,097)
	('000)	('000)
Weighted average number of ordinary shares excluding treasury shares for computing basic and diluted EPS	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	
	31.8.2019	31.05.2019	31.8.2019	31.05.2019
Net asset value per ordinary share (cents)	16.46	16.29	16.86	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

1Q2020 vs 1Q2019

The Group reported S\$7.7 million revenue for first quarter ended 31 August 2019 ("**1Q2020**"), a decrease of S\$16.4 million or 68.1% compared to S\$24.1 million registered in the corresponding period ended 31 August 2018 ("**1Q2019**"). The decrease in revenue was mainly due to absence of revenue contribution from our industrial property development project, T-Space @ Tampines in 1Q2020 as the project was substantially completed in June 2018. The development project that had contributed to the Group's revenue this quarter is Mactaggart Foodlink.

The Group's cost of sales decreased by S\$12.6 million or 73.7% from S\$17.1 million in 1Q2019 to S\$4.5 million in 1Q2020. The cost of sales was primarily associated with the development costs recognised for the industrial property development projects, namely T-Space @ Tampines for 1Q2019 and Mactaggart Foodlink for 1Q2020. The decrease was mainly due to substantial completion of T-Space @Tampines in June 2018.

The Group's gross profits decreased by S\$3.8 million or 54.3% from S\$7.0 million in 1Q2019 to S\$3.2 million in 1Q2020 mainly due to lower revenue recognised in 1Q2020. An increase in gross profit margin was contributed mainly by Mactaggart Foodlink.

Other operating income increased by S\$1.4 million in 1Q2020 from S\$0.2 million in 1Q2019 to S\$1.6 million in 1Q2020 mainly due to interest income from loans to associates of S\$0.7 million in 1Q2020.

Sales and marketing expenses decreased by S\$1.6 million or 82.2% from S\$2.0 million in 1Q2019 to S\$0.4 million in 1Q2020 mainly due to lower sales commission amortised to profit or loss in 1Q2020 as T-Space @ Tampines was substantially completed in June 2018.

Administrative expenses decreased by S\$0.5 million or 37.2% from S\$1.3 million in 1Q2019 to S\$0.8 million in 1Q2020 mainly due to lower staff costs and donations in 1Q2020.

Finance costs increased by S\$0.3 million or 32.1% from S\$0.8 million in 1Q2019 to S\$1.1 million in 1Q2020 due to increases in interest expenses on bank loans and loans from non-controlling interests of a subsidiary in 1Q2020.

Share of losses of joint ventures and associates decreased by S\$3.8 million or 92.3% from share of losses of approximately S\$4.1 million in 1Q2019 to S\$0.3 million in 1Q2020. The share of losses of associates of S\$4.0 million in 1Q2019 was mainly due to marketing and showflat costs incurred for Affinity @ Serangoon and Riverfront Residences launched in 1Q2019 while revenue has yet to be recognised and the effect of expensing borrowing costs for both projects as the units were ready for their intended sale. The lower share of losses of associates in 1Q2020 mainly due to increase in development profits recognised from Affinity @ Serangoon and Riverfront Residences as a result of progressive work for these projects.

The Group's tax expense decreased by S\$0.3 million or 31.8% from S\$0.8 million in 1Q2019 to S\$0.5 million in 1Q2020. The decrease in income tax expense was mainly due to lower profits recognised in 1Q2020 from Mactaggart Foodlink as compared to profits recognised from T-Space @ Tampines in 1Q2019.

As a result of the above, the Group registered a net profit attributable to owners of the Company of S\$1.9 million in 1Q2020 compared to net loss of S\$4.1 million in 1Q2019.

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\$0.2 million from S\$0.5 million as at 31 May 2019 to S\$0.7 million as at 31 August 2019 mainly due to 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.

Investment in joint ventures and associates decreased by S\$0.8 million 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\$7.0 million as at 31 August 2019 (resulting from S\$3.2 million as presented under non-current assets less S\$10.2 million as presented under non-current liabilities) mainly due to dividend income received from the associates of S\$0.3 million and share of losses of joint ventures and associates of S\$0.3 million in 1Q2020.

Current assets

Development properties decreased by S\$3.0 million or 2.8% from S\$105.5 million as at 31 May 2019 to S\$102.5 million as at 31 August 2019 mainly due to decrease in development properties for Mactaggart Foodlink and INSPACE (previously known as Pei Fu Industrial Building at 24 New Industrial Road) as a result of the sale of development units at these developments.

Contract assets decreased by S\$18.8 million or 43.6% from S\$43.1 million as at 31 May 2019 to S\$24.3 million as at 31 August 2019 mainly due to decrease in contract assets from T-Space @ Tampines of S\$18.5 million and Mactaggart Foodlink of S\$1.5 million as a result of progressive billings to purchasers, offset by increase in contract assets from INSPACE of S\$1.2 million as a result of units being sold during the period.

Trade receivables decreased by S\$3.4 million or 80.0% from S\$4.3 million as at 31 May 2019 to S\$0.9 million as at 31 August 2019 mainly due to decrease in GST receivable of S\$4.0 million, offset by increases in trade receivables of S\$0.8 million from Mandai Foodlink.

Capitalised contract costs increased by S\$0.2 million or 19.0% from S\$1.5 million as at 31 May 2019 to S\$1.7 million as at 31 August 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\$4.3 million or 3.5% from S\$121.9 million as at 31 May 2019 to S\$126.2 million as at 31 August 2019 mainly due to additional loans to associates of S\$3.6 million in 1Q2020 and increase in interest receivables from loans to associates of S\$0.7 million.

Current liabilities

Amounts due to joint ventures and associates decreased by S\$0.3 million or 11.9% from S\$2.5 million as at 31 May 2019 to S\$2.2 million as at 31 August 2019 mainly due to repayment of loans due to joint ventures and associates in 1Q2020.

Amounts due to non-controlling interests increased by S\$0.1 million or 1.1% from S\$13.8 million as at 31 May 2019 to S\$13.9 million as at 31 August 2019 mainly due to increase in loan from non-controlling interests of S\$0.1 million in 1Q2020.

Provision for taxation increased by S\$3.2 million as at 31 August 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 1Q2020.

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)

Non-current liabilities

Non-current bank loans decreased by S\$2.0 million from S\$78.2 million as at 31 May 2019 to S\$76.2 million as at 31 August 2019 mainly due to repayment of bank loans relating to Mactaggart Foodlink.

C. Cash Flow Statements

Overall, cash and cash equivalents increased by S\$15.5 million from S\$36.3 million as at 31 May 2019 to S\$51.8 million as at 31 August 2019, due to net cash flows from operating activities of S\$27.9 million; offset by net cash used in investing activities of S\$3.3 million and financing activities of S\$9.1 million.

Net cash flows from operating activities of S\$27.9 million in 1Q2020 was mainly due to operating cash flows before changes in working capital of S\$3.0 million and net working capital inflows of S\$24.9 million.

Net cash used in investing activities of S\$3.3 million in 1Q2020 was mainly due to loans to associates of S\$3.6 million; partially offset by dividend received from associates of S\$0.3 million in 1Q2020.

Net cash used in financing activities of S\$9.1 million in 1Q2020 was mainly due to (i) repayment of bank loans of S\$2.0 million for Mactaggart Foodlink; (ii) repayment of loans due to associates of S\$0.3 million; (iii) interest paid of S\$1.1 million and (iv) dividend paid to non-controlling interests of S\$5.9 million, partially offset by loan from non-controlling interests of S\$0.1 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 latest press release from the Ministry of Trade and Industry Singapore on 13 August 2019, the GDP growth forecast for 2019 has been downgraded to “0.0 to 1.0 per cent”. The Singapore’s economy grew marginally by 0.1 per cent on a year-on-year basis in the second quarter, moderating from the 1.1 per cent growth in the previous quarter.

Following approval obtained from shareholders at an extraordinary general meeting held on 26 September 2019 to diversify its business into fund management, the Group made its first £2.0 million investment into a UK residential fund, Pinnacle Residential Fund (the “**Fund**”), managed by Pinnacle Investment Management Limited (“**PIML**”), a fund management subsidiary of UK-based Pinnacle Group Limited. The Fund will focus on the Private Rented Sector (“**PRS**”) across the UK.

This initial investment also gives the Group an option to subscribe for a 20% equity stake in PIML, which will be building a series of funds in “Living Sectors” – properties that provide people with homes of different types and tenures for various needs and stages of life – supported by key macro-economic, demographic and political themes and data analytics. The option expires on 31 December 2019.

In Singapore, on the property front, 3Q2019 flash estimates from the Urban Redevelopment Authority showed a 0.9% growth in the private residential property index, a second consecutive quarterly increase from the 1.5% rise in the previous quarter¹.

Meanwhile, the Group continues to push sales for its ongoing projects and have been recording incremental sales. It had also announced on 25 September 2019 a 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 is expected to contribute positively to the Group’s performance in 2Q2020.

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.

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

No.

c. Date payable.

Not applicable.

d. Books closure date.

Not applicable.

¹ Urban Redevelopment Authority, October 1, 2019 – URA releases flash estimate of 3rd Quarter 2019 private residential price index

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 the financial period ended 31 August 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 first quarter ended 31 August 2019 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⁾	-	-	11,363	2,273
<i>Interest expenses to holding company</i>				
Lian Beng Group Ltd	288	288	-	-

Notes:

- (1) L.S. Construction Pte Ltd is 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 7H) 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	19,709	3,543
Repayment of bridging loan	15,000	15,000	-
Payment of listing expenses	3,363	3,363	-
Total	54,740	51,197	3,543

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 first quarter period ended 31 August 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ong Eng Keong
Executive Director and Chief Executive Officer
14 October 2019