
Unaudited Financial Statement and Dividend Announcement
For the second quarter and the half year ended 30 June 2019

Aspen (Group) Holdings Limited (the “**Company**”) was incorporated in the Republic of Singapore on 22 December 2016 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company and its subsidiaries (the “**Group**”) were formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) prior to the initial public offering and its listing on the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 28 July 2017. The Restructuring Exercise was completed on 21 June 2017. Please refer to the Company’s Offer Document dated 19 July 2017 (the “**Offer Document**”) for further details on the Restructuring Exercise.

Aspen (Group) Holdings Limited is a Malaysia-based property group developing affordable residential and mixed development properties at strategic locations with good infrastructure and amenities for middle-income mass market purchasers. The Group’s flagship project, Aspen Vision City, a 245-acres freehold mixed development project well-located in Bandar Cassia, Batu Kawan – Penang’s third satellite city, is a joint partnership with IKEA Southeast Asia. The Group also has several on-going developments in Penang Island and Selangor.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3) AND HALF-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

	Note	Group 3 Months Ended		% Change	Group Half Year Ended		% Change
		30.06.19 Unaudited RM'000	30.06.18 Unaudited RM'000		30.06.19 Unaudited RM'000	30.06.18 Unaudited RM'000	
Revenue	8a(i)	92,748	131,770	(30)	173,638	234,474	(26)
Cost of sales	8a(ii)	(66,804)	(86,653)	(23)	(119,665)	(155,011)	(23)
Gross profit		25,944	45,117	(43)	53,973	79,463	(32)
Other income	8a(iii)	467	571	(18)	1,191	1,388	(14)
Administrative expenses		(9,182)	(9,344)	(2)	(19,446)	(19,957)	N.M.
Selling and distribution expenses	8a(iv)	(3,246)	(1,762)	84	(6,639)	(5,334)	24
Other expenses	8a(v)	498	171	191	(85)	(61)	39
Results from operating activities		14,481	34,753	(58)	28,994	55,499	(48)
Finance income	8a(vi)	513	607	(15)	1,038	1,212	(14)
Finance costs	8a(vii)	(1,020)	(2,342)	(56)	(3,437)	(6,289)	(45)
Net finance income/(cost)		(507)	(1,735)	(71)	(2,399)	(5,077)	(53)
Share of profit of associates, net of tax	8a(viii)	(287)	34	(944)	(501)	540	(193)
Profit before tax		13,687	33,052	(59)	26,094	50,962	(49)
Tax expense	8a(ix)	(5,617)	(10,773)	(48)	(10,766)	(17,169)	(37)
Profit for the period representing total comprehensive income for the period		8,070	22,279	(64)	15,328	33,793	(55)
Profit /total comprehensive income attributable to:							
Equity holders of the Company		5,172	18,184	(72)	9,987	26,764	(63)
Non-controlling interest		2,898	4,095	(29)	5,341	7,029	(24)
		8,070	22,279	(64)	15,328	33,793	(55)

N.M. – Not meaningful

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

	Note	Group 3 Months Ended		% Change	Group Half Year Ended		% Change
		30.06.19 Unaudited RM'000	30.06.18 Unaudited RM'000		30.06.19 Unaudited RM'000	30.06.18 Unaudited RM'000	
Profit before tax is arrived at:							
After crediting:							
Interest income	8a(vi)	513	607	(15)	1,038	1,212	(14)
Gain on disposal of property, plant and equipment		-	-		-	2	(100)
Amortisation of deferred income	8a(x)	-	8,434	(100)	-	14,809	(100)
Write off of property, plant and equipment		-	9	(100)	-	9	(100)
And after charging:							
Depreciation of property, plant and equipment	8a(x)	1,738	1,280	36	4,165	2,778	50
Interest expense	8a(vii)	1,020	2,342	(56)	3,437	6,289	(45)
Payroll expense		3,963	3,263	21	8,017	5,720	40
Unrealised loss from downstream income from Associate		-	-		-	12	(100)

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

	Note	Group		Company	
		30.06.19 Unaudited RM'000	31.12.18 Audited RM'000	30.06.19 Unaudited RM'000	31.12.18 Audited RM'000
Non-current assets					
Property, plant and equipment		96,091	86,809	-	-
Investment property		9,424	-	-	-
Land rights		19,334	22,875	-	-
Investment in subsidiaries		-	-	213,141	213,141
Investment in associates		74,808	69,969	-	-
Deferred tax assets		7,594	8,546	-	-
	8b(i)	<u>207,251</u>	<u>188,199</u>	<u>213,141</u>	<u>213,141</u>
Current assets					
Development properties		479,749	346,009	-	-
Contract costs		27,267	2,986	-	-
Contract assets		17,916	33,350	-	-
Inventories		17,603	17,603	-	-
Trade and other receivables		181,830	190,448	37,958	9,198
Cash and cash equivalents		122,494	163,035	18,991	50,278
	8b(ii)	<u>846,859</u>	<u>753,431</u>	<u>56,949</u>	<u>59,476</u>
Total assets		<u><u>1,054,110</u></u>	<u><u>941,630</u></u>	<u><u>270,090</u></u>	<u><u>272,617</u></u>
Current liabilities					
Loans and borrowings		54,595	42,628	-	-
Lease liabilities		814	-	-	-
Trade and other payables		292,213	311,561	685	983
Contract liabilities		7,285	45,782	-	-
Current tax liabilities		158	245	-	-
	8b(iii)	<u>355,065</u>	<u>400,216</u>	<u>685</u>	<u>983</u>
Non-current liabilities					
Loans and borrowings		225,565	116,150	45,738	45,738
Lease liabilities		5,951	-	-	-
Deferred tax liabilities		10,378	10,506	-	-
	8b(iv)	<u>241,894</u>	<u>126,656</u>	<u>45,738</u>	<u>45,738</u>
Total liabilities		<u>596,959</u>	<u>526,872</u>	<u>46,423</u>	<u>46,721</u>
Equity					
Share capital		237,241	237,241	237,241	237,241
Treasury shares		(60)	-	(60)	-
Reserves		163,947	153,825	(13,514)	(11,345)
Equity attributable to owners of the Company		<u>401,128</u>	<u>391,066</u>	<u>223,667</u>	<u>225,896</u>
Non-controlling interests		56,023	23,692	-	-
Total equity		<u>457,151</u>	<u>414,758</u>	<u>223,667</u>	<u>225,896</u>
Total equity and liabilities		<u><u>1,054,110</u></u>	<u><u>941,630</u></u>	<u><u>270,090</u></u>	<u><u>272,617</u></u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 30.06.19 Unaudited		As at 31.12.18 Audited	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
54,595	-	42,628	-

Amount repayable after one year

As at 30.06.19 Unaudited		As at 31.12.18 Audited	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
216,165	9,400	106,750	9,400

Details of any collateral

The loans and borrowings are secured by the freehold land, fixed and floating charges over certain subsidiaries' present and future assets and undertakings, fixed deposits placed by the subsidiaries, corporate guarantees by subsidiaries, pledge of shares held by the holding company, deed of assignment of benefits of certain contract proceeds, and joint and several guarantee by certain directors of the subsidiaries.

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.

Consolidated Statement of Cash Flows

	Group 3 Months Ended		Group Half Year Ended	
	30.06.19 Unaudited RM'000	30.06.18 Unaudited RM'000	30.06.19 Unaudited RM'000	30.06.18 Unaudited RM'000
Cash flows from operating activities				
Profit before tax	13,687	33,052	26,094	50,962
Adjustments for:				
Depreciation of property, plant and equipment	1,738	1,280	4,165	2,778
Gain on disposal of property, plant and equipment	-	-	-	(2)
Amortisation of deferred income	-	(8,434)	-	(14,809)
Interest expense	4,989	2,438	7,394	7,897
Interest income	(513)	(607)	(1,038)	(1,212)
Share of results of equity-accounted investees	287	(34)	501	(540)
Unrealised loss from downstream income from associate	-	-	-	12
Write off of property, plant and equipment	-	9	-	9
	<u>20,188</u>	<u>27,704</u>	<u>37,116</u>	<u>45,095</u>
Changes in development properties	(38,465)	(19,541)	(38,048)	(23,874)
Changes in contract costs	1,815	-	(24,281)	-
Changes in contract assets	29,680	(13,872)	15,434	(1,465)
Changes in trade and other receivables	(21,563)	9,180	(73,833)	2,541
Changes in trade and other payables	10,252	(2,283)	(20,800)	(26,366)
Changes in lease liabilities	(392)	-	(420)	-
Changes in contract liabilities	(26,890)	(8,049)	(38,497)	18,826
Cash generated (used in)/from operations	<u>(25,375)</u>	<u>(6,861)</u>	<u>(143,329)</u>	<u>14,757</u>
Tax paid	(3,323)	(7,911)	(19,729)	(21,449)
Net cash used in operating activities	<u>(28,698)</u>	<u>(14,772)</u>	<u>(163,058)</u>	<u>(6,692)</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment	(5,460)	(5,285)	(6,143)	(7,250)
Acquisition of investment property	(5,924)	-	(9,424)	-
Proceeds from disposal of property, plant and equipment	-	1	-	4
Interest received	513	607	1,038	1,212
Capital injection from non-controlling interests	27,000	-	27,000	-
Additions of investment in associates	(3,000)	(18,660)	(5,340)	(19,560)
Net cash from/(used in) investing activities	<u>13,129</u>	<u>(23,337)</u>	<u>7,131</u>	<u>(25,594)</u>

Cash flows from financing activities

Proceeds from issuance of shares through private placement	-	68,895	-	68,895
Purchase of treasury shares	(50)	-	(60)	-
Changes in fixed deposit pledged	(44)	(200)	(80)	(223)
Proceeds from drawdown of loans and borrowings	10,000	23	128,926	23
Repayment of loans and borrowings	(10,704)	(8,804)	(7,084)	(21,157)
Repayment of finance lease liabilities	(239)	(192)	(460)	(380)
Interest paid	(3,537)	(264)	(5,942)	(1,705)
Net cash (used in)/from financing activities	(4,574)	59,458	115,300	45,453
Net (decrease)/increase in cash and cash equivalents	(20,143)	21,349	(40,627)	13,167
Effect of exchange rate changes on cash and cash equivalents	-	-	6	-
Cash and cash equivalents at the beginning of financial period	133,754	126,080	154,232	134,262
Cash and cash equivalents at end of the financial period	113,611	147,429	113,611	147,429

Cash and cash equivalents included in the consolidated statement of cash flows comprises the followings:

	Group	
	30.06.19	30.06.18
	Unaudited	Unaudited
	RM'000	RM'000
Cash and cash equivalents	122,494	153,378
Less: Fixed deposits pledged to financial institutions	(8,883)	(5,949)
	<u>113,611</u>	<u>147,429</u>

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 immediately preceding financial year

Consolidated Statement of Changes in Equity

Group	Share capital RM'000	Treasury Shares RM'000	Merger reserves RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2019	237,241	(10)	37,442	-	120,563	395,236	26,135	421,371
Purchase of treasury shares	-	(50)	-	-	-	(50)	-	(50)
Impact of adopting SFRS 16	-	-	-	-	754	754	-	754
Non-controlling interests on acquisition of subsidiary	-	-	-	-	10	10	(10)	-
Transactions with non-controlling interests	-	-	-	-	-	-	27,000	27,000
Profit for the period representing total comprehensive income for the period	-	-	-	-	5,172	5,172	2,898	8,070
Translation gain	-	-	-	6	-	6	-	6
At 30 June 2019	237,241	(60)	37,442	6	126,499	401,128	56,023	457,151

Group	Share capital RM'000	Merger reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2018	168,346	37,442	93,642	299,430	19,306	318,736
Issuance of ordinary shares through private placement	68,895	-	-	68,895	-	68,895
Profit for the period representing total comprehensive income for the period	-	-	18,184	18,184	4,095	22,279
At 30 June 2018	237,241	37,442	111,826	386,509	23,401	409,910

Statement of Changes in Equity

Company	Share capital RM'000	Treasury shares RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 April 2019	237,241	(10)	(13,104)	224,127
Purchase of treasury shares	-	(50)	-	(50)
Loss for the period representing total comprehensive income for the period	-		(410)	(410)
At 30 June 2019	237,241	(60)	(13,514)	223,667

Company	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 April 2018	168,346	(9,564)	158,782
Issuance of ordinary shares through private placement	68,895	-	68,895
Loss for the period representing total comprehensive income for the period	-	(792)	(792)
At 30 June 2018	237,241	(10,356)	226,885

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.

Share Capital – Ordinary Shares

	No. of issued shares	Issued and paid-up capital RM
Balance as at 31 March 2019	963,595,300	237,231,102
Less: Treasury shares	(110,000)	(49,853)
Balance as at 30 June 2019	<u>963,485,300</u>	<u>237,181,249</u>

Treasury Shares

During 2Q FY2019, the Company bought back 110,000 shares by way of market acquisition and all shares acquired are held as treasury shares. Following the purchase, the Company has 132,600 treasury shares as at 30 June 2019 (30 June 2018: Nil). The treasury shares held constitute 0.014% of the total number of ordinary shares outstanding as at 30 June 2019.

Outstanding Convertibles

As at 30 June 2019, the Company has a convertible loan due of an aggregate amount of USD11,000,000 ("**Convertible Loan**"), of which 50% of the Convertible Loan may be converted to approximately 21,094,857 new fully paid ordinary shares of the Company based on a fixed conversion price of S\$0.35 per share (assuming an exchange rate of US\$1: S\$1.3424). Further details on this Convertible Loan can be found in the Company's SGXNET announcement dated 20 May 2018. Save for the Convertible Loan, the Company did not have any other outstanding options and convertibles as at 30 June 2019. The Company did not have any outstanding options and convertibles as at 30 June 2018.

There were no subsidiary holdings as at 30 June 2019 and 30 June 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

	30.06.19	31.12.18
Total number of issued shares (excluding treasury shares)	<u>963,485,300</u>	<u>963,617,900</u>

There were no treasury shares as at 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.

There were no sales, transfers, cancellation or use of 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. There were no subsidiary holdings 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 auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements 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 has adopted the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from 1 January 2019:

- SFRS(I) 16 *Leases* which includes the amendments to IFRS 4 *Insurance Contracts* – Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)

The Group does not expect the application of the above standards and interpretations to have a significant impact on the consolidated financial statements for the current financial period reported on and prior years.

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	
	3 Months Ended		Half Year Ended	
	30.06.19	30.06.18	30.06.19	30.06.18
Profit attributable to equity holders of the Company (RM'000)	5,172	18,184	9,987	26,764
Weighted average number of ordinary shares ('000) ⁽¹⁾	963,520	926,147	963,520	926,147
Basic and diluted earnings per share ("EPS") (RM cents) ^{(2) (3)}	0.54	1.96	1.04	2.89

Notes:

- 1) EPS have been computed based on share capital of 963,520,124 shares and 926,146,667 shares for the respective financial periods ended 30 June 2019 and 30 June 2018.
- 2) The diluted earnings per share for the 3 months and half year periods ended 30 June 2019 is the same as the basic earnings per share assuming that no potential ordinary shares are to be issued under the Convertible Loan as the conversion price is higher than the prevailing market price as at 30 June 2019.
- 3) The basic and diluted EPS for the 3 months and half year periods ended 30 June 2018 are the same as the Company did not have any potentially dilutive instruments as at 30 June 2018.

**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	
	30.06.19	31.12.18	30.06.19	31.12.18
Net asset value (RM'000)	401,128	391,066	223,667	225,896
Number of ordinary shares in issue ('000)	963,485	963,618	963,485	963,618
Net asset value per ordinary share (RM cents)	41.63	40.58	23.21	23.44

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:-

- (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**

Review for the performance of the Group for the 3 months ended 30 June 2019 ("2Q FY2019) as compared to the previous corresponding quarter ended 30 June 2018 ("2Q FY2018").

**Consolidated Statement of Comprehensive Income
2Q FY2019 compared to 2Q FY2018**

- (i) Revenue
The Group recorded revenue of RM92.7 million for 2Q FY2019, a decrease of 30% as compared to 2Q FY2018 due to the completion of construction at TRI PINNACLE and Vervea by 1Q FY2019. Contributions to 2Q FY2019 revenue came from progressive construction at Vertu Resort and Beacon Suites, as well as incremental new sales at TRI PINNACLE and Vervea.
- (ii) Cost of sales
Cost of sales decreased by 23% to RM66.8 million for 2Q FY2019, in tandem with the completion of TRI PINNACLE and Vervea.
- (iii) Other income
Other income decreased slightly to RM0.47 million for 2Q FY2019. The decrease is due to a drop in insurance claims; the main source of other income.
- (iv) Selling and distribution expenses
Selling and distribution expenses increased by 84% to RM3.25 million in 2Q FY2019 mainly due to the launch of the Vivo project at Aspen Vision City during the quarter.
- (v) Other expenses
Other expenses increased to RM0.5 million in 2Q FY2019 due to the unrealised foreign exchange translation loss from foreign currency accounts.
- (vi) Finance income
Finance income decreased by 15% to RM0.51 million in 2Q FY2019 due to the decrease in bank balances that yielded interest income.
- (vii) Finance costs
Finance costs decreased by 56% to RM1.02 million in 2Q FY2019 due to the additional interest charged out in 2Q FY2018 in compliance with the change in accounting treatment of interest capitalisation.
- (viii) Share of Profit of Associates
There was a decrease in the share of profit of associates as the share of loss in one associate increased due to the additional interest and property tax expense incurred.
- (ix) Tax expense
In 2Q FY2019, a lower tax expense is accounted as the Group recorded lower taxable profits.

- (x) Depreciation and amortisation
Depreciation has increased by RM0.46 million in 2Q FY2019, which is in line with the increase in property, plant and equipment during the quarter – refer to note 8b(i). Amortisation of deferred income pertains to the housing quota of TRI PINNACLE. As the project has been completed in 4Q FY2019, there is no amortisation of deferred income in the current financial period.
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Consolidated Statement of Financial Position

- (i) Non-current assets
The Group's non-current assets increased by RM19.05 million from RM188.2 million as at 31 December 2018 to RM207.25 million as at 30 June 2019, primarily due to the following:-
- additional capital injection of RM3.00 million into associate, Bandar Cassia Properties (SC) Sdn. Bhd.; and
 - increase in investment property due to purchase of properties worth RM9.42 million for investment purposes; and
 - increase in property, plant and equipment of RM9.28 million mainly due to the recognition of RM8.06 million right of use assets upon the adoption of SFRS 16, additional RM5.39 million capital investment attributable to the construction of a carpark and purchase of office equipment, offset against a depreciation charge of RM4.17 million; and the above increases are offset against
 - decrease in land rights of RM3.54 million due to the utilisation of rights to acquire the freehold land situated in Batu Kawan from Penang Development Corporation; and
 - decrease in deferred tax assets of RM0.95 million from the reversal of deferred tax assets recognised on unrealised profits.
- (ii) Current assets
The Group's current assets increased by RM93.43 million from RM753.43 million as at 31 December 2018 to RM846.86 million as at 30 June 2019, primarily due to the following:
- increase in development properties and contract costs of RM158.02 million from development costs incurred for the on-going projects; offset against
 - decrease in trade and other receivables of RM8.62 million mainly from the reclassification of cost to development properties; and
 - decrease in cash and cash equivalents of RM40.54 million due to repayment of borrowings and creditors and for the purchase of development lands; and
 - decrease in contract assets amounting to RM15.43 million from the increase in progress billing for Vertu Resort project which exceeded the increase in cost incurred and profits recognised.
- (iii) Current liabilities
The Group's current liabilities decreased by RM45.15 million from RM400.22 million as at 31 December 2018 to RM355.07 million as at 30 June 2019, primarily due to the following:
- decrease in trade and other payables of RM19.35 million due to repayment made to contractors for on-going development projects; and
 - decrease in contract liabilities for Beacon Suites and Vervea projects amounting to RM38.5 million. Contract liabilities represent the progress billings in excess of the cost incurred and profits recognised; and

- decrease in current tax liabilities of RM0.087 million from payment of tax instalments; offset against
- increase in lease liabilities of RM0.81 million being liabilities incurred on operating lease recognised upon the adoption of SFRS 16; and
- increase in loans and borrowings of RM11.97 million being the drawdown of loans and borrowings for current project development purposes.

(iv) Non-current liabilities

The Group's non-current liabilities increased by RM115.24 million from RM126.66 million as at 31 December 2018 to RM241.89 million as at 30 June 2019, primarily due to the increase in loans and borrowings due to the drawdown of loans for the purchase of Batu Kawan land and the increase in lease liabilities of RM5.95 million being operating lease recognised upon the adoption of SFRS 16.

The Group has a positive working capital of RM491.79 million as at 30 June 2019.

Consolidated Statement of Cash Flows

The Group recorded net cash used in operating activities of RM28.7 million in 2Q FY2019, which comprised operating cash outflows after working capital changes of RM25.4 million and tax payments of RM3.32 million. The net cash outflow from operations was mainly due to the increase in development properties, trade and other receivables, decrease in the contract liabilities as well as the deposit paid for the purchase of Batu Kawan land.

Net cash generated from investing activities amounted to RM13.13 million mainly from the capital injection of RM27 million from non-controlling interests for the Paya Terubong project in Aspen Park Hills via Aspen Vision Homes, and interest received of RM0.5 million, offset against the acquisition of property, plant and equipment of RM5.46 million, the acquisition of investment property of RM5.92 million and the additional investment in associate of RM3 million.

Net cash used in financing activities amounted to RM4.57 million mainly from the total interest paid of RM3.54 million, the drawdown of loans and borrowings of RM10 million offset by the repayment of loans and lease liabilities amounting to RM10.94 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. No forecast or prospect statement has been previously disclosed to shareholders.

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.

Despite the perceived situation of a property surplus in the Malaysian property market, the recently released Property Market Report 2018⁽¹⁾ (the "Report") by the National Property Information Centre indicated a 3.1% increase in the overall Malaysian House Price Index in 2018, with the average home in Malaysia costing RM416,993 in 2018 as compared with RM404,643 a year ago. The Report urged Malaysian property developers to focus on building homes that are affordable in strategic locations. The Group is well positioned to cope with subdued conditions in the property market due to its focus

on developing affordable residential and mixed development properties at strategic locations with good infrastructure and amenities for middle-income mass market purchasers.

The Group's flagship project Aspen Vision City ("AVC"), a co-development with IKEA Southeast Asia is well located at Batu Kawan linked to Penang Island via the Penang Second Bridge. Well connected by infrastructure, AVC serves as the affordable residential and commercial suburb to Penang CBD. Following the opening of the IKEA Store at AVC in March 2019, visitors from all over the Northern Regions of Malaysia have been able to visit the IKEA Store via the North South Highway and the Penang Second Bridge. The IKEA Store will be further supported by the opening of the Vervea Trade and Exhibition Centre (VTEC), The Upper House Boutique Hotel at Vervea and the first phase of the integrated shopping centre (adjacent to the IKEA Store) from 4Q 2019. These attractions will anchor the building of a vibrant community at AVC and fulfil the Penang state's masterplan of developing Batu Kawan into a successful third satellite city of Penang.

Of the four residential projects launched by the Group, TRI PINNACLE and Vervea have been completed and recorded new sales. Construction is progressing well at majority presold Vertu Resort and Beacon Suites. The Group is capitalising on the success of AVC as a community well supported by infrastructure and commercial amenities by bringing three new projects at AVC to the market: Vivo Executive Apartment, Viluxe and Vogue Lifestyle Residence. These new projects have been well received by purchasers and the Group is targeting the commencement of construction of Vivo and Viluxe in 4Q FY2019. These new projects will expand the revenue base of the Group from 4Q FY2019.

In an effort to strategically expand on Penang Island, the Group has recently teamed up with Singapore SGX listed property group Oxley Holdings Limited to acquire a 29 acre piece of land located at Air Itam, Penang for mixed development called Aspen Park Hills (the "APH Development"). Targeted to launch in Q2 2020, the APH Development, located in a mature residential enclave well supported by good road infrastructure and commercial amenities is expected to have more than 3,000 residential units and 200,000 square feet of commercial space with an estimated GDV of RM1.5 billion. As the controlling shareholder of Aspen Park Hills Sdn Bhd, the Group will be leading the APH Development. This additional prime landbank is expected to contribute significantly to the Group's top and bottom line from year 2021 onwards. The two residential developments in Selangor is also targeted for launch in 2020.

The Group will continue to use its financial strength and strong liquidity position to explore various investment opportunities for growth as well as review fund raising options to finance its strategic plans to the benefit of the Group.

[1] <https://www.thestar.com.my/business/business-news/2019/05/11/malaysian-property-market-wake-up-and-smell-the-coffee/>

11. Dividend

(a) Current Financial Period Reported On:

Any dividend declared for the current financial period reported on?

No dividend was declared for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year:

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

No dividend was declared for the corresponding period of the immediately preceding financial year.

(c) Whether the dividend is before tax, net of tax or tax exempt.

Not applicable. No dividend has been declared or recommended for the current financial period reported on and the corresponding period of the immediately preceding financial year.

(d) Date payable:

Not applicable.

(e) Books closure date:

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 the second quarter ended 30 June 2019 as the management plans to conserve cash to take advantage of opportunities in the soft property market to acquire prime land banks as well as explore joint ventures with landowners. The Board may declare the payment of dividends when the property market conditions improve and are more favourable.

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.

The Group does not have an existing general mandate from shareholders for IPT.

As announced on 22 June 2019, a subsidiary of the Group, Aspen Vision Homes Sdn. Bhd. ("AVH") has issued shares to Oxley Holdings (Malaysia) Sdn. Bhd. ("Oxley Holdings Malaysia"), resulting in Oxley Holdings Malaysia holding 40% shareholding interest in AVH. Oxley Holdings Malaysia is an indirect wholly owned subsidiary of Oxley Holdings Limited. Mr. Ching Chiat Kwong, a Non-Independent Non-Executive Director of the Company is interested in 42% of the total number of ordinary voting shares of Oxley Holdings Limited, thereby making Oxley Holdings Malaysia an associate of Mr. Ching Chiat Kwong, who is an interested person.

Other than the interested person transaction as disclosed above, there are no IPTs exceeding S\$100,000 and above during the financial period under review.

14. Use of proceeds from Private Placement

The Company refers to the net proceeds amounting to S\$23.25 million (excluding placement expenses of approximately S\$0.04 million) raised from the private placement which completion was announced on 21 May 2018.

As at the date of this announcement, the status on the use of the proceeds from the private placement is as follows:

	Amount allocated	Amount utilised	Balance
Use of Net Proceeds from Private Placement			

	S\$'000	S\$'000	S\$'000
Acquisition of land banks and future developments	16,271	(16,271) ⁽¹⁾	-
Working capital requirements	6,974	(6,974) ⁽²⁾	-
Total	23,245	(23,245)	-

Notes:

- (1) S\$5.90 million utilised for late payment interest incurred and balance payment for purchase of the freehold land located in Semenyih by a subsidiary, Aspen Vision Development (Central) Sdn Bhd as announced on 28 September 2017, S\$5.30 million utilised for payment for common infrastructure at Aspen Vision City, S\$1.91 million utilised for initial payment to the Selangor Agricultural Development Corporation for the redevelopment of a piece of leasehold commercial land as announced on 10 April 2019, S\$1.83 million utilised for payment of planning stage expenses for Beacon and HH Residence projects, S\$0.54 million utilised for payment for Tri Pinnacle authority contribution and S\$0.79 million utilised for the development project at Paya Terubong by Aspen Park Hills Sdn Bhd as announced on 22 June 2019. The exchange rate as at 6 June 2018 of RM2.9770: S\$1.00 is used for the above compilation.
- (2) S\$6.97 million utilised for working capital consist of payment for renovation of the Experience Centre ("EC") of S\$0.98 million, payroll payment of S\$1.96 million, repayment of interest from borrowings and hire purchase instalments amounting to S\$1.23 million, tax payment of S\$0.09 million and S\$2.71 million for general operational and administrative expenses. The exchange rate as at 6 June 2018 of RM2.9770: S\$1.00 is used for the above compilation.

The above utilisations are in accordance with the intended use of the proceeds from the private placement and percentage allocated, as stated in the announcement dated 30 April 2018.

15. Use of disbursement from Convertible Loan

The Company refers to the disbursement amounting to USD\$10.89 million (excluding arranger fee of USD\$0.11 million) from the acceptance of Convertible Loan from Haitong International Financial Products (Singapore) Pte. Ltd. as announced on 20 May 2018 and 19 October 2018.

As at the date of this announcement, the status on the use of disbursements from the Convertible Loan is as follows:

Use of Net Disbursement from Convertible Loan	Amount allocated USD\$'000	Amount utilised USD\$'000	Balance USD\$'000
Investment in Global Vision Logistics Sdn. Bhd.	5,445	(511) ⁽¹⁾	4,934
Construction of Central Park	3,267	(3,267) ⁽²⁾	-
Investment in Bandar Cassia Properties (SC) Sdn. Bhd.	2,178	(730) ⁽³⁾	1,448
Total	10,890	(4,508)	6,382

Notes:

- (1) USD\$0.51 million utilised for investment in Global Vision Logistics Sdn. Bhd. which intends to develop a sustainable integrated logistics and warehousing hub as announced on 13 June 2018.
- (2) USD\$3.27 million utilised for the construction of Central Park located in Aspen Vision City.
- (3) USD\$0.73 million utilised for investment in Bandar Cassia Properties (SC) Sdn. Bhd. which intends to construct the Regional Integrated Shopping Centre.
- (4) The exchange rate as at 28 January 2019 of RM4.1080: USD\$1.00 is used for the above compilation.

The above utilisations are in accordance with the intended use of the proceeds from the Convertible Loan and percentage allocated, as stated in the announcement dated 20 May 2018.

The Board will continue to update in periodic announcements on the utilisation of the proceeds from the Convertible Loan as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its quarterly and full year financial results announcements.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers pursuant to Rule 720(1).

17. Negative confirmation by the Board pursuant to Rule 705(5)

To the best of the Board of Directors' knowledge, nothing has come to their attention which may render the unaudited financial results for the quarter and 6 months financial periods ended 30 June 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dato' Murly Manokharan

President & Group Chief Executive Officer

13 August 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) 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. 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. Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).