

**ASPEN (GROUP) HOLDINGS LIMITED**

(Company Registration No. 201634750K)

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**Unaudited Financial Statement and Dividend Announcement**  
**For the third quarter and nine months ended 30 September 2019**

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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 NINE MONTHS 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**

		Group 3 Months Ended		%	Group 9 Months Ended		%
	Note	30.09.19 Unaudited RM'000	30.09.18 Unaudited RM'000	Change	30.09.19 Unaudited RM'000	30.09.18 Unaudited RM'000	Change
Revenue	8a(i)	54,498	144,313	(62)	228,136	378,787	(40)
Cost of sales	8a(ii)	(35,643)	(109,382)	(67)	(155,308)	(264,392)	(41)
<b>Gross profit</b>		<u>18,855</u>	<u>34,931</u>	<u>(46)</u>	<u>72,828</u>	<u>114,395</u>	<u>(36)</u>
Other income	8a(iii)	473	3,128	(85)	1,664	4,464	(63)
Administrative expenses	8a(iv)	(9,193)	(9,082)	N.M.	(28,639)	(29,039)	N.M.
Selling and distribution expenses	8a(v)	(3,315)	(1,559)	113	(9,954)	(6,893)	44
Other expenses	8a(vi)	(206)	(2)	10,200	(291)	(11)	2,545
<b>Results from operating activities</b>		<u>6,614</u>	<u>27,416</u>	<u>(76)</u>	<u>35,608</u>	<u>82,916</u>	<u>(57)</u>
Finance income	8a(vii)	479	644	(26)	1,517	1,856	(18)
Finance costs	8a(viii)	(1,330)	(853)	56	(4,767)	(7,143)	(33)
<b>Net finance costs</b>		<u>(851)</u>	<u>(209)</u>	<u>307</u>	<u>(3,250)</u>	<u>(5,287)</u>	<u>(39)</u>
Share of (loss)/profit of associates, net of tax	8a(ix)	(816)	(477)	71	(1,317)	63	(2,190)
<b>Profit before tax</b>		<u>4,947</u>	<u>26,730</u>	<u>(81)</u>	<u>31,041</u>	<u>77,692</u>	<u>(60)</u>
Tax expense	8a(x)	1,095	(7,573)	(114)	(9,671)	(24,743)	(61)
<b>Profit for the period representing total comprehensive income for the period</b>		<u>6,042</u>	<u>19,157</u>	<u>(68)</u>	<u>21,370</u>	<u>52,949</u>	<u>(60)</u>
<b>Profit /total comprehensive income attributable to:</b>							
Equity holders of the Company		3,048	16,381	(81)	13,035	43,019	(70)
Non-controlling interest		2,994	2,776	8	8,335	9,930	(16)
		<u>6,042</u>	<u>19,157</u>	<u>(68)</u>	<u>21,370</u>	<u>52,949</u>	<u>(60)</u>

N.M. – Not meaningful

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

		Group			Group		
	Note	3 Months Ended	3 Months Ended	%	9 Months Ended	9 Months Ended	%
		30.09.19	30.09.18	Change	30.09.19	30.09.18	Change
		Unaudited	Unaudited		Unaudited	Unaudited	
		RM'000	RM'000		RM'000	RM'000	
<b>Profit before tax is arrived at:</b>							
<b>After crediting:</b>							
Interest income	8a(vii)	479	644	(26)	1,517	1,856	(18)
Gain on disposal of property, plant and equipment		-	-		-	2	(100)
Amortisation of deferred income	8a(xi)	-	6,396	(100)	-	21,205	(100)
<b>And after charging:</b>							
Depreciation of property, plant and equipment	8a(xi)	2,168	1,401	55	6,333	4,179	52
Interest expense	8a(viii)	1,330	853	56	4,767	7,143	(33)
Payroll expense		3,603	3,804	N.M.	11,620	9,524	22
Unrealised loss from downstream income from Associate		-	-		-	12	(100)
Write off of property, plant and equipment		-	-		-	9	(100)

N.M. – 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**

	Note	Group		Company	
		30.09.19 Unaudited RM'000	31.12.18 Audited RM'000	30.09.19 Unaudited RM'000	31.12.18 Audited RM'000
<b>Non-current assets</b>					
Property, plant and equipment		127,075	86,809	-	-
Investment property		9,774	-	-	-
Land rights		19,405	22,875	-	-
Investment in subsidiaries		-	-	214,045	213,141
Investment in associates		75,994	69,969	-	-
Deferred tax assets		14,078	8,546	-	-
	8b(i)	246,326	188,199	214,045	213,141
<b>Current assets</b>					
Development properties		460,237	346,009	-	-
Contract costs		34,766	2,986	-	-
Contract assets		14,012	33,350	-	-
Inventories		115,561	17,603	-	-
Trade and other receivables		334,542	190,448	50,953	9,198
Cash and cash equivalents		115,284	163,035	4,842	50,278
	8b(ii)	1,074,402	753,431	55,795	59,476
<b>Total assets</b>		<u>1,320,728</u>	<u>941,630</u>	<u>269,840</u>	<u>272,617</u>
<b>Current liabilities</b>					
Loans and borrowings		84,529	42,628	2,062	-
Lease liabilities		804	-	-	-
Trade and other payables		412,402	311,561	-	983
Contract liabilities		11,471	45,782	-	-
Current tax liabilities		57	245	-	-
	8b(iii)	509,263	400,216	2,062	983
<b>Non-current liabilities</b>					
Loans and borrowings		332,568	116,150	45,735	45,738
Lease liabilities		5,754	-	-	-
Deferred tax liabilities		10,453	10,506	-	-
	8b(iv)	348,775	126,656	45,738	45,738
<b>Total liabilities</b>		858,038	526,872	47,800	46,721
<b>Equity</b>					
Share capital		237,241	237,241	237,241	237,241
Treasury shares		(60)	-	(60)	-
Reserves		166,493	153,825	(15,141)	(11,345)
<b>Equity attributable to owners of the Company</b>		403,674	391,066	222,040	225,896
Non-controlling interests		59,016	23,692	-	-
<b>Total equity</b>		462,690	414,758	222,040	225,896
<b>Total equity and liabilities</b>		<u>1,320,728</u>	<u>941,630</u>	<u>269,840</u>	<u>272,617</u>

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

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

<b>As at 30.09.19 Unaudited</b>		<b>As at 31.12.18 Audited</b>	
<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>
84,529	-	42,628	-

**Amount repayable after one year**

<b>As at 30.09.19 Unaudited</b>		<b>As at 31.12.18 Audited</b>	
<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>
323,168	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 9 Months Ended	
	30.09.19	30.09.18	30.09.19	30.09.18
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	4,947	26,730	31,041	77,692
Adjustments for:				
Depreciation of property, plant and equipment	2,168	1,401	6,333	4,179
Gain on disposal of property, plant and equipment	-	-	-	(2)
Amortisation of deferred income	-	(6,396)	-	(21,205)
Interest expense	1,429	853	8,823	7,143
Interest income	(479)	(644)	(1,517)	(1,856)
Loss on disposal of property, plant and equipment	-	2	-	2
Share of results of equity-accounted investees	816	477	1,317	(63)
Unrealised loss from downstream income from associate	-	-	-	12
Write off of property, plant and equipment	-	-	-	9
	8,881	22,423	45,997	65,911
Changes in development properties	(72,710)	(23,123)	(110,758)	(45,390)
Changes in contract costs	(7,500)	-	(31,781)	-
Changes in contract assets	3,904	(17,886)	19,338	(19,351)
Changes in inventories	(97,959)	-	(97,959)	-
Changes in trade and other receivables	(60,899)	8,931	(134,732)	11,472
Changes in trade and other payables	119,436	65,207	98,636	38,841
Changes in lease liabilities	(207)	-	(627)	-
Changes in contract liabilities	4,185	(29,743)	(34,312)	(10,917)
<b>Cash (used in)/generated from operations</b>	<b>(102,869)</b>	<b>25,809</b>	<b>(246,198)</b>	<b>40,566</b>
Tax paid	(5,076)	(4,821)	(24,805)	(26,270)
<b>Net cash (used in)/from operating activities</b>	<b>(107,945)</b>	<b>20,988</b>	<b>(271,003)</b>	<b>14,296</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(33,154)	(3,805)	(39,294)	(11,055)
Acquisition of investment property	(350)	-	(9,774)	-
Proceeds from disposal of property, plant and equipment	-	4	-	8
Interest received	479	644	1,517	1,856
Capital injection from non-controlling interests	-	-	27,000	-
Additions of investment in associates	(2,500)	(300)	(7,840)	(19,860)
<b>Net cash used in investing activities</b>	<b>(35,525)</b>	<b>(3,457)</b>	<b>(28,391)</b>	<b>(29,051)</b>

	Group 3 Months Ended		Group 9 Months Ended	
	30.09.19	30.09.18	30.09.19	30.09.18
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares	-	-	-	-
Proceeds from issuance of shares through private placement	-	-	-	68,895
Purchase of treasury shares	-	-	(60)	-
Changes in fixed deposit pledged	541	(1,036)	461	(1,259)
Proceeds from drawdown of loans and borrowings	146,032	3,448	274,958	3,471
Repayment of loans and borrowings	(8,852)	(1,627)	(15,936)	(22,784)
Repayment of finance lease liabilities	(242)	(184)	(702)	(564)
Interest paid	(678)	(422)	(6,617)	(2,127)
<b>Net cash from financing activities</b>	<b>136,801</b>	<b>179</b>	<b>252,104</b>	<b>45,632</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,669)</b>	<b>17,710</b>	<b>(47,290)</b>	<b>30,877</b>
Cash and cash equivalents at the beginning of financial period	113,611	147,429	154,232	134,262
<b>Cash and cash equivalents at end of the financial period</b>	<b>106,942</b>	<b>165,139</b>	<b>106,942</b>	<b>165,139</b>

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

	Group	
	30.09.19	30.09.18
	Unaudited	Unaudited
	RM'000	RM'000
Cash and cash equivalents	115,284	172,124
Less: Fixed deposits pledged to financial institutions	(8,342)	(6,985)
	<u>106,942</u>	<u>165,139</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**

<b>Group</b>	<b>Share capital RM'000</b>	<b>Treasury shares RM'000</b>	<b>Merger reserves RM'000</b>	<b>Translation reserves RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total RM'000</b>	<b>Non-controlling interests RM'000</b>	<b>Total equity RM'000</b>
<b>At 1 July 2019</b>	237,241	(60)	37,442	6	126,499	401,128	56,023	457,151
Translation difference	-	-	-	(4)	-	(4)	-	(4)
Changes in equity-accounted investees					(498)	(498)	-	(498)
Profit for the period representing total comprehensive income for the period	-	-	-	-	3,048	3,048	2,993	6,041
<b>At 30 September 2019</b>	<u>237,241</u>	<u>(60)</u>	<u>37,442</u>	<u>2</u>	<u>129,049</u>	<u>403,674</u>	<u>59,016</u>	<u>462,690</u>

<b>Group</b>	<b>Share capital RM'000</b>	<b>Merger reserves RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total RM'000</b>	<b>Non-controlling interests RM'000</b>	<b>Total equity RM'000</b>
<b>At 1 July 2018</b>	237,241	37,442	113,799	388,482	23,420	411,902
Profit for the period representing total comprehensive income for the period	-	-	16,381	16,381	2,776	19,157
<b>At 30 September 2018</b>	<u>237,241</u>	<u>37,442</u>	<u>130,180</u>	<u>404,863</u>	<u>26,196</u>	<u>431,059</u>



## Statement of Changes in Equity

Company	Share capital RM'000	Treasury shares RM'000	Accumulated losses RM'000	Total equity RM'000
<b>At 1 July 2019</b>	237,241	(60)	(13,514)	223,667
Loss for the period representing total comprehensive loss for the period	-	-	(1,627)	(1,627)
<b>At 30 September 2019</b>	237,241	(60)	(15,141)	222,040

Company	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
<b>At 1 July 2018</b>	237,241	(10,356)	226,885
Profit for the period representing total comprehensive income for the period	-	670	670
<b>At 30 September 2018</b>	237,241	(9,686)	227,555

- 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 30 June 2019	963,485,300	237,181,249
Less: Treasury shares	-	-
Balance as at 30 September 2019	<u>963,485,300</u>	<u>237,181,249</u>

#### Treasury Shares

During 3Q FY2019, the Company did not buy back any shares. The Company has 132,600 treasury shares as at 30 September 2019 (30 September 2018: Nil). The treasury shares held constitute 0.014% of the total number of ordinary shares outstanding as at 30 September 2019.

#### Outstanding Convertibles

As at 30 September 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 September 2019. The Company did not have any outstanding options and convertibles as at 30 September 2018.

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

	30.09.19	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 during and as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed by the 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**

	<b>Group</b>		<b>Group</b>	
	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>30.09.19</b>	<b>30.09.18</b>	<b>30.09.19</b>	<b>30.09.18</b>
Profit attributable to equity holders of the Company (RM'000)	3,048	16,381	13,035	43,019
Number of ordinary shares ('000) <sup>(1)(2)</sup>	963,485	926,147	963,520	926,147
Basic and diluted earnings per share ("EPS") (RM cents) <sup>(3)(4)</sup>	0.32	1.77	1.35	4.64

**Notes:**

- 1) EPS have been computed based on the share capital of 963,485,300 shares and weighted average share capital of 926,146,667 shares for the 3 months ended 30 September 2019 and 30 September 2018 respectively.
- 2) EPS have been computed based on the weighted average share capital of 963,520,124 shares and 926,146,667 shares for the 9 months ended 30 September 2019 and 30 September 2018 respectively.
- 3) The diluted earnings per share for the 3 months and 9 months ended 30 September 2019 are 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 September 2019.
- 4) The basic and diluted EPS for the 3 months and 9 months ended 30 September 2018 are the same as the Company did not have any potentially dilutive instruments as at 30 September 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**

	<b>Group</b>		<b>Company</b>	
	<b>30.09.19</b>	<b>31.12.18</b>	<b>30.09.19</b>	<b>31.12.18</b>
Net asset value (RM'000)	403,674	391,066	222,040	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)	41.90	40.58	23.05	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 September 2019 ("3Q FY2019) as compared to the previous corresponding quarter ended 30 September 2018 ("3Q FY2018").**

**Consolidated Statement of Comprehensive Income  
3Q FY2019 compared to 3Q FY2018**

- (i) **Revenue**  
The Group recorded revenue of RM54.5 million for 3Q FY2019, a decrease of 62% as compared to 3Q FY2018. In 3Q FY2019, the progressive construction of Vertu Resort and Beacon Suites, as well as new sales at both developments during the quarter, contributed to group revenue whereas in 3Q FY2018, revenue contribution came from four projects under construction; Vervea, Tri Pinnacle, Vertu Resort and Beacon Suites. Vervea and Tri Pinnacle were completed by early 2019.
- (ii) **Cost of sales**  
Cost of sales decreased by 67% to RM35.6 million for 3Q FY2019 due to fewer projects under construction in line with the decrease in revenue.
- (iii) **Other income**  
Other income decreased by 85% to RM0.47 million for 3Q FY2019. In 3Q FY2018, the main contributions were unrealised foreign exchange gain and penalty charged to contractors for liquidated damage, which is non-recurring in nature, totalling to approximately RM2 million.
- (iv) **Administrative expenses**  
Administrative expenses in 3Q FY2019 did not fluctuate much from 3Q FY2018.
- (v) **Selling and distribution expenses**  
Selling and distribution expenses increased by 113% to RM3.3 million in 3Q FY2019 and are mainly attributable to the increased advertisement and promotional activities for the Group's existing and upcoming projects such as signage at bus stops throughout Penang as well as the show house expenses.
- (vi) **Other expenses**  
Other expenses increased in 3Q FY2019 due to the unrealised foreign exchange difference recorded.
- (vii) **Finance income**  
Finance income decreased by 26% to RM0.48 million in 3Q FY2019 mainly due to the reduction in interest generated from project operating account, in conjunction with project completion.
- (viii) **Finance costs**  
Finance costs increased by 56% to RM1.33 million in 3Q FY2019 due to the interest expense attributable to the convertible loan from Hai Tong.

- (ix) **Share of loss of associates**  
The share of loss of associates increased to RM0.81 million in 3Q FY2019 mainly due to higher losses in an associate company as the company has yet to commence operation.
- (x) **Tax expense**  
In 3Q FY2019, a deferred tax asset of RM6.58mil was recorded arising from tax losses carried forward as allowed by Malaysia Inland Revenue Board in the current tax filing period. The lower tax expenses were in line with lower taxable profits of the Group.
- (xi) **Depreciation and amortisation**  
Depreciation has increased by 55% in 3Q FY2019 which is in line with the increase in property, plant and equipment during the year. Amortisation of deferred income pertains to the housing quota of TRI PINNACLE having ceased in the current financial period as the project had been completed in early 2019.
- (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 RM58.13 million from RM188.20 million as at 31 December 2018 to RM246.33 million as at 30 September 2019, primarily due to the following:-
- additional capital injection of RM3 million into associate, Bandar Cassia Properties (SC) Sdn. Bhd. and RM2.5 million into associate, Deliverat Sdn. Bhd.;
  - increase in investment properties of RM9.77 million for investment purposes;
  - increase in property, plant and equipment of RM40.27 million mainly due to an additional of approximately RM40 million capital investment attributable to the construction of exhibition hall, carpark and customer experience centre being reclassified from development properties, RM 8.06 million right of use assets upon the adoption of SFRS 16, offset against depreciation charge of RM6.33 million; and
  - increase in deferred tax assets of RM5.53 million from the deferred tax assets recognised for the business losses carried forward; offset against
  - decrease in land rights of RM3.5 million due to the utilisation of rights to acquire the freehold land situated in Batu Kawan from Penang Development Corporation.
- (ii) **Current assets**  
The Group's current assets increased by RM320.97 million from RM753.43 million as at 31 December 2018 to RM1,074.4 million as at 30 September 2019, primarily due to the following:
- increase in development properties and contract costs of RM146.01 million from the development costs incurred for the on-going projects;
  - increase in inventories of RM97.96 million from the reclassification of a completed project; and
  - increase in trade and other receivables of RM144.09 million contributed mainly by the deposit paid by the Group for the purchase of development lands; offset against
  - decrease in contract assets amounting to RM19.34 million from the increase in progress billing for Vertu Resort project which exceeded the increase in cost incurred and profits recognised; and

- decrease in cash and cash equivalents of RM47.75 million due to repayment of borrowings and for purchase of development lands.

(iii) Current liabilities

The Group's current liabilities increased by RM109.05 million from RM400.22 million as at 31 December 2018 to RM509.26 million as at 30 September 2019, primarily due to the following:

- Increase in trade and other payables of RM100.84 million of which approximately RM60 million arose from the accruals of development costs and retention sum for the project Vervea;
- Increase in lease liability of RM0.8 million being liabilities incurred on operating lease recognised upon the adoption of SFRS 16; and
- increase in loans and borrowings of RM41.70 million due to the reclassification of a long term convertible loan; offset against
- decrease in contract liabilities for Beacon and Vervéa projects amounting to RM34.31 million. Contract liabilities represent the progress billings in excess of the cost incurred and profits recognised; and
- decrease in current tax liabilities of RM0.19 million from payment of tax instalments and the lower provision for current year tax expense due to the lower taxable profits.

(iv) Non-current liabilities

The Group's non-current liabilities increased by RM222.12 million from RM126.66 million as at 31 December 2018 to RM348.78 million as at 30 September 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 RM5.75 million being operating lease recognised upon the adoption of SFRS 16.

The Group has a positive working capital of RM565.14 million as at 30 September 2019.

### **Consolidated Statement of Cash Flows**

The Group recorded net cash used in operating activities of RM107.95 million in 3Q FY2019, which comprised operating cash outflows after working capital changes of RM102.87 million, net finance expense of RM0.95 million and tax payments of RM5.08 million. The new cash outflow from operations was mainly due to the deposit paid for the purchase of Batu Kawan land.

Net cash used in investing activities amounted to RM35.53 million mainly from the acquisition of property, plant and equipment of RM33.15 million, additions in investment properties of RM0.35 million and the additional investment in associate, Deliverat Sdn. Bhd. of RM2.5 million, offset against interest received of RM0.48 million.

Net cash inflow from financing activities amounted to RM136.8 million being drawdown of loan of RM146.03 million which was utilised for property development activities, offset against the repayment of loans and borrowings and finance lease liabilities of RM9.09 million, interest paid on loans and borrowings of RM0.68 million and additional fixed deposit pledged to financial institutions of RM0.54 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.**

In the recently announced Malaysia's 2020 Budget<sup>(1)</sup>, various schemes have been introduced to assist property buyers in securing a bank loan to enhance demand under the current soft property market. In addition, the foreign threshold limit for condominiums and apartments in urban areas will be reduced from RM1,000,000 to RM600,000 in 2020. These various government led house ownership measures that have been put in place shall sustain the sales momentum in the near term.

In view of the soft property market in Malaysia, the Group has expanded its customer base to Hong Kong this year. Weekly sales campaign has been conducted in Hong Kong since September 2019 to capture new sales and introduce Aspen Brand at the same time. Vervéa and Vertu Resort were offered to the Hong Kong market, and the response is promising. In future, new projects such as Beacon Executive Suites, Vogue Lifestyle Residence and Viluxe will be further offered to the Hong Kong market as well.

Well supported by superb infrastructure, the success of IKEA Batu Kawan brings all focus to Aspen Vision City ("AVC"). The first phase of the integrated shopping centre, linked directly to the IKEA Store with total leasable area of more than 80,000 sf, is currently 95% leased. This new shopping destination is targeted to open on 12 December 2019.

Apart from the new integrated shopping centre, Vervea Trade and Exhibition Centre ("VTEC") and The Upper House Hotel located at Vervea commercial precinct are targeted to open at the end of 2019. VTEC is a 38,000 sf exhibition centre comprising versatile event halls, function rooms, food preparation and service areas that able to cater large scale trade fairs and events. Supporting VTEC and the nearby high-tech industrial park is the 89-guestroom hotel targeting business and leisure travellers. With other tenants at Vervea expecting to open for business over the next few months, AVC will be the destination of choice for working residents and visiting shoppers in the whole of Penang.

The Group is expecting to complete its existing two projects, Beacon Executive Suites and Vertu Resort by the end of 2020 and three new projects at AVC, namely Vivo Executive Apartment, Viluxe and Vogue Lifestyle Residence are expected to begin construction in early 2020. Based on the existing planned schedule of sales and construction, the Group's revenue base will expand from two projects currently to five projects from 1H FY2020. The key focus of these three new residential projects at AVC is affordability, where the properties are designed at price points ranging from an average RM400,000, appealing to broader segment of the populations. To date, the response from purchasers has been encouraging.

Furthermore, the Group is preparing to launch Viio at AVC and Aspen Park Hills at Ayer Itam in early FY2020, both are medium cost apartments. Aspen Park Hills located at Ayer Itam, Penang Island are expected to appeal to residents living in older apartments in the vicinity as well as first time buyers.



In addition, the recent investments in the food and beverage segment is expected to contribute to the top and bottom line in the medium to long term. On top of the contribution to the top and bottom line for the Group, this is also part of the Group's effort in contributing and supporting the eco-system for existing and future commercial precinct, by creating more value other than just constructing buildings.

With its healthy balance sheet and financial strength, the Group is in a good position to explore new investment opportunities. Barring any unforeseen circumstances, the Group expects its operations to remain stable for the current financial year.

<sup>(1)</sup> <http://www.bnm.gov.my/documents/budget/bs2020.pdf>

## 11. Dividend

### (a) Current Financial Period Reported On:

**Any dividend declared for the current financial period reported on?**

Name of dividend	Interim dividend
Type of dividend	To be announced later
Dividend rate	S\$0.00342 per share
Tax rate	Tax exempted

### (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.

Please refer to 11(a).

### (d) Date payable:

To be announced later.

### (e) Books closure date:

To be announced later.

## 12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

Not applicable.

- 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.

There are no IPTs exceeding S\$100,000 and above during the financial period under review.

**14. 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 a 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:

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

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\$2.18 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.

**15. 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).

**16. 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 nine-month financial periods ended 30 September 2019 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Dato' Murly Manokharan

President & Group Chief Executive Officer

14 November 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 Catalyst.*

*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](mailto:sponsorship@ppcf.com.sg)).*