

**THRIVEN GLOBAL BERHAD**

(Incorporated in Malaysia - 198901005042 (182350-H))

**Quarterly report on consolidated results for the financial period ended 30 September 2021****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(The figures have not been audited)

	NOTE	Current Quarter Ended 30.09.21 RM'000	Comparative Quarter Ended 30.09.20 RM'000 Restated	9 Months Cumulative To 30.09.21 RM'000	9 Months Cumulative To 30.09.20 RM'000 Restated
Revenue		10,011	49,244	75,857	112,256
Cost of sales		<u>(6,541)</u>	<u>(31,695)</u>	<u>(55,681)</u>	<u>(87,563)</u>
Gross profit		3,470	17,549	20,176	24,693
Other expenses		(4,308)	(6,338)	(14,973)	(14,605)
Other income		<u>409</u>	<u>457</u>	<u>941</u>	<u>962</u>
Profit from operations		(429)	11,668	6,144	11,050
Finance costs		<u>(1,612)</u>	<u>(2,895)</u>	<u>(5,079)</u>	<u>(11,298)</u>
(Loss)/Profit before taxation		(2,041)	8,773	1,065	(248)
Tax expense	20	<u>360</u>	<u>(1,186)</u>	<u>(1,627)</u>	<u>(2,604)</u>
(Loss)/Profit for the period		(1,681)	7,587	(562)	(2,852)
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the period		<u>(1,681)</u>	<u>7,587</u>	<u>(562)</u>	<u>(2,852)</u>
<b>(Loss)/Profit for the period, total comprehensive (loss)/income for the period attributable to:</b>					
Owners of the Parent		(1,951)	7,133	(2,743)	(3,077)
Non-controlling interests		<u>270</u>	<u>454</u>	<u>2,181</u>	<u>225</u>
		<u>(1,681)</u>	<u>7,587</u>	<u>(562)</u>	<u>(2,852)</u>
<b>(Loss)/Earnings per ordinary share (sen)</b>					
Basic / Diluted	25	<u>(0.36)</u>	<u>1.30</u>	<u>(0.50)</u>	<u>(0.56)</u>

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)**

**THRIVEN GLOBAL BERHAD**

(Incorporated in Malaysia - 198901005042 (182350-H))

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(The figures have not been audited)

	NOTE	As At 30.09.2021 RM '000	As At 31.12.2020 RM '000 Restated	As At 01.01.2020 RM '000 Restated
<b>Assets</b>				
<i>Non-Current Assets</i>				
Property, plant and equipment		4,990	4,587	7,777
Investment properties		28,890	30,684	26,263
Inventories		29,879	30,343	30,398
Goodwill		5,314	5,314	5,314
Deferred tax assets		2,262	1,424	1,024
		<u>71,335</u>	<u>72,352</u>	<u>70,776</u>
<i>Current Assets</i>				
Inventories		184,858	183,866	192,899
Trade and other receivables		16,358	31,371	16,291
Contract assets		92,204	67,125	124,381
Current tax assets		485	101	622
Cash and bank balances		7,122	14,480	16,701
		<u>301,027</u>	<u>296,943</u>	<u>350,894</u>
<b>Total Assets</b>		<u>372,362</u>	<u>369,295</u>	<u>421,670</u>
<b>Equity and Liabilities</b>				
<i>Equity attributable to owners of the Parent</i>				
Share capital		59,587	59,587	59,586
Warrant reserve		-	-	14,126
Capital reserve		77,986	77,986	89,559
Retained earnings		41,137	43,880	38,807
		<u>178,710</u>	<u>181,453</u>	<u>202,078</u>
Non-controlling interests		3,910	1,729	312
<b>Total Equity</b>		<u>182,620</u>	<u>183,182</u>	<u>202,390</u>
<i>Non-Current Liabilities</i>				
Borrowings	22	3,600	8,634	8,304
Lease liabilities		576	4,420	1,197
Redeemable preference shares		2,493	2,493	2,493
		<u>6,669</u>	<u>15,547</u>	<u>11,994</u>
<i>Current Liabilities</i>				
Borrowings	22	98,227	96,189	100,787
Trade and other payables		72,944	63,697	99,220
Lease liabilities		5,941	6,166	1,368
Contract liabilities		2,951	2,059	3,419
Current tax liabilities		3,010	2,455	2,492
		<u>183,073</u>	<u>170,566</u>	<u>207,286</u>
<b>Total Liabilities</b>		<u>189,742</u>	<u>186,113</u>	<u>219,280</u>
<b>Total Equity and Liabilities</b>		<u>372,362</u>	<u>369,295</u>	<u>421,670</u>
Net assets per share attributable to owners of the Parent (RM)		<u>0.33</u>	<u>0.33</u>	<u>0.37</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(The figures have not been audited)

	<----- Attributable to Owners of the Parent ----->						
	<----- Non-distributable ----->			<- Distributable ->			
	Share capital	Warrant reserve	Capital reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>At 1 January 2021</b>	59,587	-	77,986	48,410	185,983	2,303	188,286
Effects on adoption of IFRIC Agenda Decision	-	-	-	(4,530)	(4,530)	(574)	(5,104)
<b>At 1 January 2021, restated</b>	59,587	-	77,986	43,880	181,453	1,729	183,182
Total comprehensive (loss)/income for the period	-	-	-	(2,743)	(2,743)	2,181	(562)
<b>At 30 September 2021</b>	59,587	-	77,986	41,137	178,710	3,910	182,620
<b>At 1 January 2020</b>	59,586	14,126	89,559	40,572	203,843	585	204,428
Effects on adoption of IFRIC Agenda Decision	-	-	-	(1,765)	(1,765)	(273)	(2,038)
<b>At 1 January 2020, restated</b>	59,586	14,126	89,559	38,807	202,078	312	202,390
Total comprehensive (loss)/income for the period	-	-	-	(3,077)	(3,077)	225	(2,852)
Redemption of redeemable preference shares (Note 1)	-	-	(11,573)	-	(11,573)	-	(11,573)
<b>At 30 September 2020</b>	59,586	14,126	77,986	35,730	187,428	537	187,965

*Note 1: Redeemable preference shares issued by a wholly owned subsidiary to previous minority shareholder of the said subsidiary which were fully redeemed during period ended 30 September 2020.*

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)**

**THRIVEN GLOBAL BERHAD**

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(The figures have not been audited)

	<-----9 Months Ended----->	
	30.09.2021	30.09.2020
	RM '000	RM '000
		Restated
<b>Cash Flows from Operating Activities</b>		
Profit/(Loss) before taxation	1,065	(248)
Adjustments for :-		
Depreciation of property, plant and equipment	1,301	2,366
Depreciation of investment properties	3,065	524
Property, plant and equipment written off	-	590
Reversal of impairment losses on contract assets	(418)	(213)
Impairment losses on trade and other receivables	630	848
Finance costs	5,079	11,298
Interest income	(221)	(397)
	<u>10,083</u>	<u>14,768</u>
Operating profit before changes in working capital		
Changes in working capital:		
Inventories	(528)	22,276
Receivables	(9,860)	28,456
Payables	10,139	(29,462)
	<u>9,834</u>	<u>36,038</u>
Cash generated from operating activities		
Interest paid	(4,714)	(11,257)
Tax paid	(2,294)	(2,250)
Tax refund	-	663
	<u>2,826</u>	<u>23,194</u>
Net cash generated from operating activities		
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(1,024)	(673)
Additions to investment properties	(1,271)	(5,190)
Interest received	221	397
	<u>(2,074)</u>	<u>(5,466)</u>
Net cash used in investing activities		
<b>Cash Flows from Financing Activities</b>		
Repayment of borrowings	(3,012)	(16,614)
Withdraw/(Placement) of pledged deposits	3,638	(309)
Repayment of lease liabilities	(5,114)	(1,740)
	<u>(4,488)</u>	<u>(18,663)</u>
Net cash used in financing activities		
Net decrease in Cash & Cash Equivalents	(3,736)	(935)
Cash & Cash Equivalents at beginning of financial year	5,603	12,226
Cash & Cash Equivalents at end of financial period	<u>1,867</u>	<u>11,291</u>

**Note A :**

Included in cash and cash equivalents as at 30 September are the following:

- Cash and deposits with licensed banks	7,122	15,230
- Bank overdrafts	(3,688)	(2,750)
- Deposits pledged	(1,567)	(1,189)
	<u>1,867</u>	<u>11,291</u>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)**

**FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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**NOTES TO THE QUARTERLY FINANCIAL STATEMENTS**

**Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting**

**1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2020.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation applied in the condensed consolidated interim financial statements are consistent with those adopted in the most recent annual audited consolidated financial statements for the financial year ended 31 December 2020 except for the adoption of the following:-

Amendments to MFRS 4	<i>Interest Rate Benchmark Reform - Phase 2</i>
Amendments to MFRS 7	<i>Interest Rate Benchmark Reform - Phase 2</i>
Amendments to MFRS 9	<i>Interest Rate Benchmark Reform - Phase 2</i>
Amendments to MFRS 16	<i>Interest Rate Benchmark Reform - Phase 2</i>
Amendments to MFRS 139	<i>Interest Rate Benchmark Reform - Phase 2</i>

The adoption of the above has no material impact on the financial statements of the Group.

**IFRIC Agenda Decision on MFRS 123 Borrowing Costs**

The IFRS Interpretations Committee ('IFRIC') received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 Borrowing Costs and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

- i. Any receivable and contract asset that the entity recognises is not a qualifying asset.
- ii. Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The MASB announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group has adopted the IFRIC Agenda Decision retrospectively in its financial position as at 1 January 2020 and throughout all comparative interim periods presented, as if these policies had always been in effect. Comparative information in this interim financial statements have been restated to give effect to the above changes.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

As a result, the following comparatives in the interim financial report have been restated.

a) Impact on condensed consolidated statements of financial position as at 1 January 2020 (date of transition):

	As previously reported 31.12.2019 RM'000	Effects on adoption of IFRIC Agenda Decision RM'000	Restated as at 1.1.2020 RM'000
<b>Non-Current Asset</b>			
Deferred tax assets	490	534	1,024
<b>Current Asset</b>			
Inventories	195,471	(2,572)	192,899
<b>Equity</b>			
Retained earnings	(40,572)	1,765	(38,807)
Non-controlling interests	(585)	273	(312)

b) Impact on condensed consolidated statements of financial position as at 31 December 2020:

	As previously reported 31.12.2020 RM'000	Effects on adoption of IFRIC Agenda Decision RM'000	Restated as at 31.12.2020 RM'000
<b>Non-Current Asset</b>			
Investment properties	30,729	(45)	30,684
Deferred tax assets	34	1,390	1,424
<b>Current Asset</b>			
Inventories	190,315	(6,449)	183,866
<b>Equity</b>			
Retained earnings	(48,410)	4,530	(43,880)
Non-controlling interests	(2,303)	574	(1,729)

c) Impact on condensed consolidated statements of comprehensive income for the 9 months period ended 30 September 2020:

	As previously reported 30.09.2020 RM'000	Reclassification (* ) RM'000	Effects on adoption of IFRIC Agenda Decision RM'000	Restated as at 30.09.2020 RM'000
Cost of sales	(90,127)	-	2,564	(87,563)
Finance costs	(4,015)	(434)	(6,849)	(11,298)
Other expenses	(15,039)	434	-	(14,605)
Tax expense	(3,223)	-	619	(2,604)
<b>(Loss)/Profit for the period, total comprehensive (loss)/income for the period attributable to:</b>				
Owners of the Parent	249	-	(3,326)	(3,077)
Non-controlling interests	565	-	(340)	225

\* Certain comparative figures have been reclassified where necessary to conform with the current period presentation.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Impact on condensed consolidated statements of cash flows for the 9 months period ended 30 September 2020:

	As previously reported 30.09.2020 RM'000	Reclassification (* ) RM'000	Effects on adoption of IFRIC Agenda Decision RM'000	Restated as at 30.09.2020 RM'000
<b><i>Cash Flows from Operating Activities</i></b>				
Adjustments for :-				
Finance costs	4,015	434	6,849	11,298
Changes in working capital:				
Inventories	17,991	-	4,285	22,276
Interest paid	(4,015)	(434)	(6,808)	(11,257)
<b><i>Cash Flows from Financing Activities</i></b>				
Repayment of lease liabilities	(1,699)	-	(41)	(1,740)

\* Certain comparative figures have been reclassified where necessary to conform with the current period presentation.

e) Impact on net assets per share attributable to owners of the Parent as at 1 January 2020 (date of transition) and 31 December 2020:

There is no material impact on net assets per share attributable to owners of the Parent as at 1 January 2020 (date of transition) and the impact as at 31 December 2020 is as follows:

	As previously reported 31.12.2020 RM'000	Effects on adoption of IFRIC Agenda Decision RM'000	Restated as at 31.12.2020 RM'000
Net assets per share attributable to owners of the Parent (RM)	0.34	(0.01)	0.33

f) Impact on basic earnings per ordinary share for the 9 months period ended 30 September 2020:

	As previously reported 30.09.2020 RM'000	Effects on adoption of IFRIC Agenda Decision RM'000	Restated as at 30.09.2020 RM'000
Loss per ordinary share attributable to owners of the Parent: - Basic (sen)	0.05	(0.61)	(0.56)

## 3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding year annual financial statements was not qualified.

## 4. SEASONAL OR CYCLICAL FACTORS

The business of the Group is generally not subject to seasonal changes.

## 5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial period ended 30 September 2021.

## 6. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the results for the current financial period ended 30 September 2021.

## 7. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuance or repayment of debt and equity securities, share buy-backs and share cancellations during the current financial period ended 30 September 2021.

## 8. PAYMENT OF DIVIDEND

No dividend was paid during the current financial period ended 30 September 2021.

## 9. SEGMENTAL REPORTING

### a) Segment revenue and results

	<b>Property Development RM'000</b>	<b>Investment Holding / Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>9 months ended 30 September 2021</b>				
Total Revenue				
External Revenue	74,460	1,397	-	75,857
Inter-segment revenue	-	4,230	(4,230)	-
	74,460	5,627	(4,230)	75,857
Profit from operations	4,677	2,472	(1,005)	6,144
<b>9 months ended 30 September 2020 (Restated)</b>				
Total Revenue				
External Revenue	112,030	226	-	112,256
Inter-segment revenue	-	4,729	(4,729)	-
	112,030	4,955	(4,729)	112,256
Profit from operations	11,903	4,859	(5,712)	11,050



**9. SEGMENTAL REPORTING (CONTINUED)**

**b) Segment assets and liabilities**

	<b>Property Development RM'000</b>	<b>Investment Holding / Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>As at 30 September 2021</b>				
Segment assets	416,718	335,009	(379,365)	372,362
Segment liabilities	342,196	116,356	(268,810)	189,742
<b>As at 31 December 2020 (Restated)</b>				
Segment assets	378,525	358,503	(367,733)	369,295
Segment liabilities	305,415	135,246	(254,548)	186,113

Segmental information relating to geographical areas of operations is not presented as the Group operates only in Malaysia.

**10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The carrying amount of property, plant and equipment is at cost less accumulated depreciation and impairment losses.

**11. MATERIAL SUBSEQUENT EVENTS**

There were no material events subsequent to the financial period ended 30 September 2021.

**12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the financial period ended 30 September 2021.

**13. CHANGES IN CONTINGENT LIABILITIES / CAPITAL COMMITMENTS**

There were no material changes in contingent liabilities and capital commitments as at the date of this report.

**14. RELATED PARTY TRANSACTIONS**

	<b>3rd Quarter Ended</b>		<b>9 months Ended</b>	
	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Directors</b>				
-Revenues recognised from the sale of properties under construction	53	387	528	1,079
-Office rental paid / payable	(14)	-	(18)	-

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### Explanatory Notes Pursuant to paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad

#### 15. REVIEW OF PERFORMANCE

	9 Months Ended		(Decrease) / Increase %
	30.09.2021 RM'000	30.09.2020 RM'000 Restated	
Revenue	75,857	112,256	(32)
Profit/(Loss) before taxation	1,065	(248)	529

The Group recorded revenues of RM75.86 million, which was 32% lower than the corresponding period's figure of RM112.26 million. The tighter Movement Control Order ("MCO") imposed on 1 June 2021 caused lower sales and slower construction progress which resulted in lower revenues for the period ended 30 September 2021.

Despite the drop in revenues, the Group still managed to report a higher pre-tax profit of RM1.07 million as compared to the corresponding period's pre-tax loss of RM248k. This was mainly due to the higher gross profits from our Residensi Enesta Kepong project which arose because of project final account cost savings, and the restatement of higher finance costs for the corresponding period ended 30 September 2020 in compliance with the adoption of IFRIC Agenda Decision on MFRS123.

#### 16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	3Q 2021	2Q 2021	(Decrease)
	RM'000	RM'000	%
Revenue	10,011	22,836	(56)
Loss before taxation	(2,041)	(365)	(459)

The Group recorded lower revenues of RM10.01 million as compared to the preceding quarter's revenues of RM22.84 million. The decrease of approximately 56% was principally due to the tighter MCO imposed on 1 June 2021, which stopped our construction activities, and lower sales during the current quarter. Our construction activities only resumed in September 2021.

As a result of lower revenue obtained, the Group reported a pre-tax loss of RM2.04 million in comparison to the preceding quarter's pre-tax loss of RM365k.

#### 17. PROSPECTS

##### Lumi Tropicana

Our Lumi Tropicana project has achieved an overall average take up rate of 76% for all the units launched with Phase 1 completed and notice of vacant possession issued to buyers on 29 June 2020. Physical construction works of Phase 2 (Towers 3 and 4) has been completed, with both towers anticipated to be handed over to buyers sometime in the fourth quarter of 2021. We are now aggressively selling the remaining Phase 1 units and intend to actively market our unsold Phase 2 units both for long term rental and sale in view of its impending completion and handover.

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### **17. PROSPECTS (CONTINUED)**

#### Kepong

In Kepong, both projects (Residensi ENESTA Kepong and Suite eNESTa Kepong) had been launched and received very encouraging responses from purchasers, with an average take-up rate of approximately 90% (Residensi ENESTA Kepong: 100%; Suite eNESTa Kepong: 80%). Residensi ENESTA Kepong was completed with the notice of vacant possession to buyers issued on 15 October 2020. The external building works for Suite eNESTa Kepong has been completed and vacant possession handover is expected by the first quarter of 2022. Similarly, we are commencing on a marketing program to sell our remaining unsold Suite eNESTa Kepong units over the next 6 to 12 months.

#### Northern Region

We have successfully completed and achieved strong sales for our single storey semi-detached houses (Indahyu) and fully sold the low medium cost apartments (Residensi eNESTa Desa Aman), continuing the positive trend from prior years. Completion and notice of vacant possession has been issued to the buyers of Residensi ENESTA Desa Aman on 23 June 2021. Based on these encouraging sales responses, the Group is planning to launch a series of affordable housing projects, including a new phase of affordable single storey terrace and semi-detached houses (under the name Enesta Avenue) to meet the local market demand. So far, buyer interest in Enesta Avenue has been strong, and we believe that this trend will continue once the project is launched by the first quarter of 2022.

#### Lumi Market Place and Lumi Hospitality

One of the Group core businesses is lifestyle retail. Lumi Market Place ("LMP") is our first foray into this business and the original idea was to earn income from renting out retail spaces in LMP to strong and prominent operators. However, the Covid 19 pandemic disrupted our plans, and with potential tenants backing out, we decided to revise the business model and to operate most of the spaces ourselves.

LMP is a dedicated food and beverage ("F&B") space located within Lumi Tropicana, and there is 30,000 sq ft plus of garden space fronting LMP, suitable for events. It is proposed that LMP should have a strong design element/coherent concept to focus on F&B outlets as well as curated weekend food market/events to create interest in the space/reason for people to visit. We expect LMP operations to commence in the second quarter of 2022.

The Group has commenced its hospitality business since the last quarter of 2020 via short stay and rent-to-own scheme on our Guaranteed Rental Return ("GRR") Units. However, operations during the various forms of MCO imposed during the Covid-19 pandemic has been very challenging. In particular, restrictions on inter-state travel had severely impacted our GRR occupancy rates, removing leisure travelers and many business clients as customers. During the past one year, we managed to report occupancy rates averaging about 23% with a peak of 45% in January 2021 on our short stay units. With the lifting of inter-state travel restrictions since 11 October 2021, we expect occupancy rates to improve by the end of this year and early next year, in line with the school holidays and festive season demand. We believe that by the second half of 2022, our hospitality operations will further improve its occupancy and room rates to meet the expected need for short stay and longer-term units in strategic and convenient locations.

#### Covid-19 Impact Assessment

The Group has taken steps to alleviate and minimise the impact of the pandemic on our operations, which involve among others, prudent financial management and adapting our business plans to the prevailing market.

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### 17. PROSPECTS (CONTINUED)

#### Covid-19 Impact Assessment (continued)

We do not have any major loan principal obligations due, other than an almost fully repaid bridging loan which is secured by redemptions from existing sales. Most of our debt are revolving in nature which we have been servicing promptly. Hence, we do not anticipate any difficulty in meeting our debt obligations in the foreseeable future. So far, in the past 18 months, we have successfully raised or received offer letters amounting to approximately RM73.5 million in new facilities and other funds from our bankers. To further improve liquidity, we engage our bankers and look at various fund raising avenues, including attractive sales packages and credit facilities to meet the Group's working capital requirements.

In June 2021, the Group managed to deliver vacant possession of Residensi eNESTa Desa Aman which had produced approximately RM10.7 million in handover proceeds. We expect to deliver vacant possession for our Lumi Tropicana Phase 2 and Suite eNESTa Kepong projects in the next 6 months, generating another RM75.0 million in proceeds.

The Group intends to deploy more resources to further develop our activities in the affordable housing sector as our future growth driver, particularly in Desa Aman, which continues to see resilient demand. We have already embraced the 'new normal', by better utilising our existing information technology resources and introducing new procedures to reduce health risks and increase our operating efficiencies, including moving into new office space within Lumi Tropicana to save costs.

#### Overall

For the financial period ending 30 September 2021, the Group's revenues will continue to be supported by the unbilled sales of more than RM95 million from our on-going developments, to be delivered in the coming financial period.

We are of the view that the local property market will remain challenging for the rest of 2021 and into the first half of 2022, as sales continue to be affected by the economic downturn caused by the COVID-19 outbreak and the continued overhang in unsold property stock. With the earlier lifting of restrictions under the Recovery MCO, we were able to re-commence our business activities, however the subsequent imposition of the more restrictive MCO in June 2021 had further dampened interest in property sales. As mentioned above, the Group will deliver vacant possession of further phases for its Klang Valley (Lumi Tropicana Phase 2 and Suite eNesta Kepong) in the next 6 months, and consolidating its property development activities in the affordable housing segment going forward. The hand over proceeds from these projects will enable us to ride out the difficult business environment. We are still confident that our strategies are sufficiently flexible to overcome the challenges encountered in this current business environment.

We are hopeful that the many economic stimulus packages and accommodative monetary policies announced by the Government in the past 18 months can resuscitate the economy. In particular, the Government's efforts under the PENJANA economic package to stimulate the property sector by re-introducing the Home Ownership Campaign, and exemption of stamp duty for residential transactions, had provided some impetus to the local property market. The accumulative cuts in the overnight policy rate of 125 basis points since January 2020 by Bank Negara Malaysia are helping to lower borrowing costs for property buyers, potentially further improving demand. We expect the abolition of real property gain tax as announced in Budget 2022 to further boost property sales in the next 12 months. Therefore, we are still cautiously optimistic that the local property market will remain relatively stable, especially in the affordable housing sub-sector, where we are planning the next phase of our Desa Aman development (i.e. Enesta Avenue).

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**17. PROSPECTS (CONTINUED)**Overall (continued)

While sales in general may take some time to fully recover, we believe that demand in prime areas (our Lumi Tropicana and eNESTa Kepong developments are strategically located in mature and prime residential areas within the Klang Valley), will continue to be supported by scarcity values and better sentiment arising from the improvement in the local pandemic situation in late 2021 and beyond.

**18. VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable as there was no profit forecast or profit guarantee issued.

**19. (LOSS)/PROFIT BEFORE TAXATION**

	3rd Quarter Ended		9 Months Ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Profit before tax is arrived at after charging/(crediting) the following:-				
Depreciation of property, plant and equipment	294	777	1,301	2,366
Depreciation of investment properties	411	524	3,065	524
(Reversal)/Impairment losses on:				
- trade and other receivables	(5)	209	630	848
- contract assets	(345)	(210)	(418)	(213)
Property, plant and equipment written off	-	218	-	590
Finance costs:				
- bank borrowings	797	2,181	2,588	3,475
- other non-financial institution borrowings (arising from sale and leaseback arrangement)	608	608	1,823	1,823
- lease liabilities	103	11	365	41
- others	104	95	303	5,959
Interest income	(59)	(119)	(221)	(397)

**20. TAX EXPENSE**

	3rd Quarter Ended		9 Months Ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
<b>Tax expense</b>				
Income tax	(69)	1,295	2,465	3,438
Deferred tax	(291)	(109)	(838)	(834)
Total tax expense charged in current period	(360)	1,186	1,627	2,604

The effective tax rates of the Group was higher than the statutory tax rate of 24%, principally due to losses from other subsidiaries which reduced the profit before tax of the Group and non-deductibility of certain expenses including depreciation and amortisation on properties, plant and equipment and investment properties.

**21. CORPORATE PROPOSALS**

There were no corporate proposals announced but not completed during the financial period ended 30 September 2021.

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**22. BORROWINGS**

The details of the Group's borrowings are as follows:-

	<b>30.09.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Borrowings denominated in Ringgit Malaysia:		
Long Term - Secured	3,600	8,634
Short Term - Secured	98,227	96,189
	<u>101,827</u>	<u>104,823</u>

Short term borrowings include other borrowing from a non-financial institution which represents proceeds received from a sale and leaseback arrangement that is accounted for as a financial liability.

**23. CHANGES IN MATERIAL LITIGATION**

Neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration, either as plaintiff or defendant as at date of this report, which would have a material effect on the financial position of the Group.

**24. DIVIDENDS**

The Directors do not recommend any dividend for the financial period ended 30 September 2021.

**25. (LOSS)/EARNINGS PER ORDINARY SHARE**

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:-

	<b>3rd Quarter Ended</b>		<b>9 Months Ended</b>	
	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		<b>Restated</b>
(Loss)/Profit for the period	(1,681)	7,587	(562)	(2,852)
Add: Non-controlling interests	(270)	(454)	(2,181)	(225)
(Loss)/Profit attributable to the owners of the Parent	<u>(1,951)</u>	<u>7,133</u>	<u>(2,743)</u>	<u>(3,077)</u>
Weighted average number of ordinary shares in issue ('000) ("WAVOS")	<u>546,944</u>	<u>546,943</u>	<u>546,944</u>	<u>546,943</u>
Basic earnings per ordinary share (sen) ("EPS")	<u>(0.36)</u>	<u>1.30</u>	<u>(0.50)</u>	<u>(0.56)</u>

There are no dilution effects for the bonus issue of warrants on the ordinary shares due to the warrants' adjusted exercise price of 48 sen being out-of-the-money since their listing on 13 October 2015. Accordingly, the diluted earnings per ordinary share for the reporting quarter and financial year are equal to the basic earnings per ordinary share.

Please note that upon their expiry, the warrants have since been de-listed from the Official List of Bursa Malaysia Securities Berhad on 6 October 2020.