

AF Global Limited

Company Registration No.197301118N
(Incorporated in the Republic of Singapore)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2017
INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		01.04.2017 to 30.06.2017 ("2Q17") S\$'000	01.04.2016 to 30.06.2016 ("2Q16") S\$'000	Change %	01.01.2017 to 30.06.2017 ("6M17") S\$'000	01.01.2016 to 30.06.2016 ("6M16") S\$'000	Change %
Revenue	1	12,942	12,343	5	27,652	27,021	2
Cost of sales	2	(6,968)	(6,804)	2	(14,130)	(13,960)	1
Gross profit		5,974	5,539	8	13,522	13,061	4
Other operating income	3a	23	1,487	(98)	69	3,205	(98)
Marketing expenses		(553)	(520)	6	(1,105)	(1,039)	6
Administrative expenses	4	(2,843)	(2,548)	12	(5,738)	(5,797)	(1)
Other operating expenses		(1,438)	(1,370)	5	(2,645)	(2,729)	(3)
Operating profit		1,163	2,588	(55)	4,103	6,701	(39)
Finance costs		(547)	(592)	(8)	(1,087)	(1,204)	(10)
Share of results of associated and joint venture companies	5	1,783	909	96	4,354	2,035	114
Profit before taxation	3	2,399	2,905	(17)	7,370	7,532	(2)
Taxation	6	(533)	(363)	47	(1,395)	(1,254)	11
Profit for the period		1,866	2,542	(27)	5,975	6,278	(5)
Other comprehensive income/(loss) :							
<u>Items that may be reclassified subsequently to profit or loss</u>							
Foreign currency translation	7	3,565	(7,224)	NM	(943)	(19,047)	(95)
Transfer from foreign currency translation reserve to profit or loss upon deregistration of a foreign subsidiary company		(225)	-	NM	(225)	-	NM
Fair value (loss)/gain on investment securities		(146)	16	NM	52	125	(58)
Other comprehensive income/(loss) for the period, net of tax		3,194	(7,208)	NM	(1,116)	(18,922)	(94)
Total comprehensive income/(loss) for the period		5,060	(4,666)	NM	4,859	(12,644)	NM
Profit for the period attributable to :							
Shareholders of the Company		1,531	2,298	(33)	4,373	4,797	(9)
Non-controlling interests		335	244	37	1,602	1,481	8
		1,866	2,542	(27)	5,975	6,278	(5)
Total comprehensive income/(loss) for the period attributable to :							
Shareholders of the Company		4,537	(4,931)	NM	3,271	(12,822)	NM
Non-controlling interests		523	265	97	1,588	178	792
		5,060	(4,666)	NM	4,859	(12,644)	NM

'NM' : Not meaningful.

Notes to Statement of Comprehensive Income :

1. Included in revenue were :

	Group			Group		
	2Q17	2Q16	Change	6M17	6M16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from :						
- investment securities	79	69	14	119	104	14
- advances to an associated company	1	1	-	1	1	-
	<u>80</u>	<u>70</u>	14	<u>120</u>	<u>105</u>	14
Dividend income from investment securities	-	127	NM	82	127	(35)

2. Cost of sales comprised mainly direct costs and overheads in respect of the Group's hospitality and leisure businesses.

3. Profit before taxation is stated after crediting/(charging) :

	Group			Group		
	2Q17	2Q16	Change	6M17	6M16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(a) Other operating income :						
Interest income from fixed deposits	20	25	(20)	41	40	3
Gain on sale of property, plant and equipment, net	-	9	NM	-	11	NM
Gain on sale of investment securities	-	-	-	25	-	NM
Foreign currency gains (*)	-	1,448	NM	-	3,085	NM
Rental income from investment property	-	5	NM	-	60	NM
Others	3	-	NM	3	9	(67)
	<u>23</u>	<u>1,487</u>	(98)	<u>69</u>	<u>3,205</u>	(98)
(b) Depreciation of property, plant and equipment (^)	(1,700)	(1,806)	(6)	(3,394)	(3,665)	(7)
(c) Depreciation of investment property	-	(47)	NM	-	(93)	NM
(d) Amortisation of club memberships	-	-	-	(1)	(1)	-
(e) Loss on sale of investment securities	-	-	-	-	(15)	NM
(f) Property, plant and equipment written off	-	-	-	(5)	(2)	150
(g) Foreign currency losses	(106)	-	NM	(23)	-	NM

* The foreign currency gains in both 2Q16 and 6M16 was mainly attributed to the translation gain in respect of Sterling Pound denominated inter-company loans as this currency had weakened against Singapore Dollar.

^ The lower depreciation charge for both 2Q17 and 6M17 was mainly attributed to weaker Sterling Pound and some of the Group's fixed assets had been fully depreciated.

4. The higher administrative expenses in 2Q17 was mainly due to higher overheads.

5. This constitutes mainly our share of profits from joint venture companies in Xuzhou, PRC and Knight Frank group of companies in Singapore.

6. The major components of income tax expense were :

	Group			Group		
	2Q17	2Q16	Change	6M17	6M16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
- Current year	544	421	29	1,324	1,180	12
- Benefits from previously unrecognised tax losses	7	(55)	NM	(31)	(108)	(71)
- Under provision in respect of prior years	-	13	NM	5	13	(62)
Deferred tax						
- Origination and reversal of temporary differences	(18)	(16)	13	97	169	(43)
	<u>533</u>	<u>363</u>	47	<u>1,395</u>	<u>1,254</u>	11

The higher current tax expense in both 2Q17 and 6M17 was mainly because of higher pre-tax profits of Crowne Plaza London Kensington and Holiday Inn Resort Phuket, and withholding tax on dividend receivable from a joint venture company.

7. Foreign currency translation comprised exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency (Singapore Dollar); and the realisation of such exchange differences to profit or loss. The foreign currency translation gain in 2Q17 was mainly attributed to stronger Sterling Pound and Thai Baht while Sterling Pound and Renminbi had weakened in 2Q16. The loss in 6M17 was mainly attributed to weaker Renminbi. All the currencies of countries in which the Group has operations had weakened against Singapore Dollar in 6M16.

'NM' : 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.

STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30.06.2017 S\$'000	31.12.2016 S\$'000	30.06.2017 S\$'000	31.12.2016 S\$'000
Non-current assets					
Property, plant and equipment		311,107	312,925	-	-
Intangible assets		47	50	-	-
Subsidiary companies	1	-	-	299,808	292,583
Associated company		1,571	1,574	-	-
Joint venture companies	2	82,240	86,005	-	-
Investment securities		5,061	5,061	-	-
Deferred tax assets		306	288	-	-
		<u>400,332</u>	<u>405,903</u>	<u>299,808</u>	<u>292,583</u>
Current assets					
Asset held for sale		7,532	7,532	-	-
Investment securities	3	7,063	4,248	-	-
Inventories		414	476	-	-
Trade receivables		860	1,461	-	-
Other receivables	4	1,722	1,079	77	78
Prepayments		685	654	4	7
Cash and short-term deposits		20,251	20,398	192	1,038
		<u>38,527</u>	<u>35,848</u>	<u>273</u>	<u>1,123</u>
Current liabilities					
Provision		47	22	-	-
Trade payables		2,278	3,244	-	-
Other payables and accruals	5	6,099	7,660	2,028	1,950
Amounts due to subsidiary companies	1	-	-	12,477	2,991
Provision for taxation		930	564	2	4
Hire purchase creditors		19	19	-	-
Term loans	6	13,373	15,897	10,000	12,550
		<u>22,746</u>	<u>27,406</u>	<u>24,507</u>	<u>17,495</u>
Net current assets/(liabilities)	7	15,781	8,442	(24,234)	(16,372)
Non-current liabilities					
Provision		22	47	-	-
Amount due to a subsidiary company		-	-	42,341	42,341
Hire purchase creditors		57	65	-	-
Term loans		66,573	67,978	-	-
Deferred tax liabilities		30,427	30,215	-	-
		<u>97,079</u>	<u>98,305</u>	<u>42,341</u>	<u>42,341</u>
Net assets		<u>319,034</u>	<u>316,040</u>	<u>233,233</u>	<u>233,870</u>
Equity attributable to shareholders of the Company					
Share capital		209,518	209,518	209,518	209,518
Reserves		54,654	51,383	23,715	24,352
		<u>264,172</u>	<u>260,901</u>	<u>233,233</u>	<u>233,870</u>
Non-controlling interests		54,862	55,139	-	-
Total equity		<u>319,034</u>	<u>316,040</u>	<u>233,233</u>	<u>233,870</u>

Notes to Statement of Financial Position :

- The increase in both subsidiary companies and amounts due to subsidiary companies was mainly attributed to net advances between the Company and its subsidiary companies arising from the Group's restructuring its equity interests in Rawai project amongst the subsidiary companies. The Group had completed the restructuring process in line with the directive of a Thai authority.
- The decrease in joint venture companies was mainly attributed to capital reduction of a joint venture company.
- The increase in investment securities was mainly due to the purchase of quoted debt securities in 2Q17.
- The increase in other receivables was mainly attributed to dividend receivable from a joint venture company.

Notes to Statement of Financial Position (cont'd) :

5. The decrease in other payables and accruals was mainly due to payment of expenses accrued at the end of the last financial year.
6. The decrease in term loans under current liabilities was mainly due to partial repayment of revolving credit facilities by the Company.
7. The increase in net current liabilities was mainly due to restructuring of equity interests in Rawai project.

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

As at 30.06.2017		As at 31.12.2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
12,392	1,000	13,116	2,800

Amount repayable after one year

As at 30.06.2017		As at 31.12.2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
66,630	-	68,043	-

Details of any collaterals

The Group's borrowings which are secured comprised :

1. A term loan of S\$32.9 million and a revolving credit facility of S\$34.0 million secured by :
 - a mortgage on the freehold land and building owned by a company in the Group.
 - a fixed and floating charge over all assets of a company in the Group.
 - a corporate guarantee by the Company.
2. A term loan of S\$3.0 million secured by :
 - a mortgage on the freehold land and buildings owned by a company in the Group.
3. A revolving credit facility of S\$9.0 million secured by :
 - a pledge of shares of a company in the Group.
4. Finance leases of motor vehicle and office equipment for S\$0.1 million.

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		Group	
	2Q17 S\$'000	2Q16 S\$'000	6M17 S\$'000	6M16 S\$'000
Cash flows from operating activities :				
Profit before taxation	2,399	2,905	7,370	7,532
Adjustments for :				
Depreciation of property, plant and equipment	1,700	1,806	3,394	3,665
Depreciation of investment property	-	47	-	93
Gain on sale of property, plant and equipment	-	(9)	-	(11)
Property, plant and equipment written off	-	-	5	2
(Gain)/loss on sale of investment securities	-	-	(25)	15
Share of results of associated and joint venture companies	(1,783)	(909)	(4,354)	(2,035)
Amortisation of club memberships	-	-	1	1
Dividend income from investment securities	-	(127)	(82)	(127)
Interest income	(100)	(95)	(161)	(145)
Finance costs	547	592	1,087	1,204
Transfer from foreign currency translation reserve to profit or loss upon deregistration of a foreign subsidiary company	(225)	-	(225)	-
Unrealised foreign exchange differences	(177)	(1,455)	(236)	(3,132)
Operating profit before reinvestment in working capital	2,361	2,755	6,774	7,062
(Increase)/decrease in inventories	(5)	(26)	61	(10)
Decrease in receivables and prepayments	979	230	990	470
Decrease in payables	(1,051)	(72)	(2,037)	(1,264)
Cash flows generated from operations	2,284	2,887	5,788	6,258
Interest received	103	121	128	156
Interest paid	(550)	(678)	(1,080)	(1,360)
Income taxes paid	(551)	(792)	(884)	(1,029)
Net cash flows from operating activities	1,286	1,538	3,952	4,025
Cash flows from investing activities :				
Dividends received	-	127	82	127
Proceeds from sale of property, plant and equipment	-	24	-	26
Purchase of property, plant and equipment	(594)	(232)	(821)	(456)
Purchase of investment securities	(4,000)	-	(4,000)	(3,480)
Proceeds from sale of investment securities	-	-	1,467	985
Proceeds from capital reduction of a joint venture company	5,531	-	5,531	-
Net cash flows generated from/(used in) investing activities	937	(81)	2,259	(2,798)
Cash flows from financing activities :				
Proceeds from bank loans	750	-	3,650	3,225
Repayment of bank loans	(3,007)	(3,343)	(7,894)	(5,137)
Fixed deposit discharged by a bank	94	-	94	-
Fixed deposit pledged with a bank	(49)	-	(49)	-
Repayment to hire purchase creditors	(4)	(1)	(8)	(5)
Dividends paid to a non-controlling interest	-	(1,377)	(1,865)	(1,377)
Net cash flows used in financing activities	(2,216)	(4,721)	(6,072)	(3,294)
Net increase/(decrease) in cash and cash equivalents	7	(3,264)	139	(2,067)
Effects of exchange rate changes on cash and cash equivalents	89	(173)	(241)	(877)
Cash and cash equivalents at beginning of period	20,106	18,967	20,304	18,474
Cash and cash equivalents at end of period	20,202	15,530	20,202	15,530

Note to Statement of Cash Flows :

Cash and cash equivalents comprised the following amounts :

	Group	
	6M17 S\$'000	6M16 S\$'000
Fixed deposits	10,044	6,160
Cash and bank balances	10,207	9,460
Cash and short-term deposits per Consolidated Statement of Financial Position	20,251	15,620
Less: Fixed deposit pledged	(49)	(90)
Cash and cash equivalents per Consolidated Statement of Cash Flows	20,202	15,530

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 OF THE GROUP

	-----Attributable to shareholders of the Company-----						Revenue reserve S\$'000	Total reserves S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Capital and other reserves S\$'000	Legal reserve S\$'000	Foreign currency translation reserve S\$'000	Asset revaluation reserve S\$'000	Other reserves S\$'000				
2017										
As at 1 April 2017	209,518	65,836	30	(33,228)	98,782	252	(15,719)	50,117	54,339	313,974
Profit for the period	-	-	-	-	-	-	1,531	1,531	335	1,866
Other comprehensive income/(loss) for the period, net of tax	-	3,006	-	3,152	-	(146)	-	3,006	188	3,194
Total comprehensive income/(loss) for the period	-	3,006	-	3,152	-	(146)	1,531	4,537	523	5,060
As at 30 June 2017	209,518	68,842	30	(30,076)	98,782	106	(14,188)	54,654	54,862	319,034
2016										
As at 1 April 2016	209,518	67,389	30	(25,923)	92,995	287	2,711	70,100	52,287	331,905
Profit for the period	-	-	-	-	-	-	2,298	2,298	244	2,542
Other comprehensive (loss)/income for the period, net of tax	-	(7,229)	-	(7,245)	-	16	-	(7,229)	21	(7,208)
Total comprehensive (loss)/income for the period	-	(7,229)	-	(7,245)	-	16	2,298	(4,931)	265	(4,666)
Others										
Dividends paid to a non-controlling interest	-	-	-	-	-	-	-	-	(1,377)	(1,377)
Total others	-	-	-	-	-	-	-	-	(1,377)	(1,377)
As at 30 June 2016	209,518	60,160	30	(33,168)	92,995	303	5,009	65,169	51,175	325,862
6M17										
As at 1 January 2017	209,518	69,944	30	(28,922)	98,782	54	(18,561)	51,383	55,139	316,040
Profit for the period	-	-	-	-	-	-	4,373	4,373	1,602	5,975
Other comprehensive (loss)/income for the period, net of tax	-	(1,102)	-	(1,154)	-	52	-	(1,102)	(14)	(1,116)
Total comprehensive (loss)/income for the period	-	(1,102)	-	(1,154)	-	52	4,373	3,271	1,588	4,859
Others										
Dividends paid to a non-controlling interest	-	-	-	-	-	-	-	-	(1,865)	(1,865)
Total others	-	-	-	-	-	-	-	-	(1,865)	(1,865)
As at 30 June 2017	209,518	68,842	30	(30,076)	98,782	106	(14,188)	54,654	54,862	319,034
6M16										
As at 1 January 2016	209,518	77,779	30	(15,424)	92,995	178	207	77,986	52,374	339,878
Profit for the period	-	-	-	-	-	-	4,797	4,797	1,481	6,278
Other comprehensive (loss)/income for the period, net of tax	-	(17,619)	-	(17,744)	-	125	-	(17,619)	(1,303)	(18,922)
Total comprehensive (loss)/income for the period	-	(17,619)	-	(17,744)	-	125	4,797	(12,822)	178	(12,644)
Others										
Dividends paid to a non-controlling interest	-	-	-	-	-	-	-	-	(1,377)	(1,377)
Share of reserve of a joint venture company	-	-	-	-	-	-	5	5	-	5
Total others	-	-	-	-	-	-	5	5	(1,377)	(1,372)
As at 30 June 2016	209,518	60,160	30	(33,168)	92,995	303	5,009	65,169	51,175	325,862

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share capital S\$'000	Revenue reserve S\$'000	Total equity S\$'000
2Q17			
As at 1 April 2017	209,518	24,023	233,541
Total comprehensive loss for the period	-	(308)	(308)
As at 30 June 2017	209,518	23,715	233,233
2Q16			
As at 1 April 2016	209,518	47,270	256,788
Total comprehensive income for the period	-	1,624	1,624
As at 30 June 2016	209,518	48,894	258,412
6M17			
As at 1 January 2017	209,518	24,352	233,870
Total comprehensive loss for the period	-	(637)	(637)
As at 30 June 2017	209,518	23,715	233,233
6M16			
As at 1 January 2016	209,518	45,582	255,100
Total comprehensive income for the period	-	3,312	3,312
As at 30 June 2016	209,518	48,894	258,412

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

There was no change in the Company's share capital since the end of the previous period reported on up to the end of the current financial period. The Company's issued and fully paid-up shares as at 30 June 2017 comprised 1,055,639,464 (30 June 2016 : 1,055,639,464) ordinary shares with voting rights.

The Company has no treasury shares or outstanding convertibles as at 30 June 2017 and 30 June 2016.

- 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.**

	30.06.2017	31.12.2016
Total number of ordinary shares excluding treasury shares	1,055,639,464	1,055,639,464

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

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

The figures in this announcement have not been audited or reviewed by the Company's auditors.

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.

The financial statements have been prepared based on the accounting policies and methods of computation consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2016.

The adoption of the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS relevant to the Group's operations which are effective for annual periods beginning on 1 January 2017 does not have a material impact on the financial statements.

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.

Not applicable.

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

Earnings per ordinary share of the Group after deducting any provision for preference dividends :-	Group Quarter Ended	
	30.06.2017	30.06.2016
(a) Based on weighted average number of ordinary shares in issue	0.15 cent	0.22 cent
(b) On a fully diluted basis	0.15 cent	0.22 cent

Basic earnings per ordinary share is computed based on the weighted average number of ordinary shares (excluding treasury shares which have no voting rights) in issue during the quarter under review of 1,055,639,464 shares (30 June 2016 : 1,055,639,464 shares).

Fully diluted earnings per ordinary share is computed based on the weighted average number of ordinary shares in issue after adjusting for the dilutive effect on the exercise of all outstanding convertibles. There were no outstanding convertibles as at 30 June 2017 and 30 June 2016.

**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 financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Net asset ⁽¹⁾ value per ordinary share ⁽²⁾ attributable to shareholders of the Company	S\$0.25	S\$0.25	S\$0.22	S\$0.22

⁽¹⁾ Net asset is defined as total equity less non-controlling interests and intangible assets.

⁽²⁾ Based on total number of shares (excluding treasury shares which have no voting rights) as at the end of the financial period.

8

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-

- (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**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Revenue

Revenue of the Group for 2Q17 of S\$12.9 million was S\$0.6 million higher than 2Q16. For 6M17, the revenue of S\$27.6 million was S\$0.6 million higher than 6M16.

Hotel and Serviced Residence

Revenue of S\$12.1 million for 2Q17 was S\$0.7 million higher than 2Q16. For 6M17, the revenue of S\$26.0 million was S\$0.6 million higher than 6M16.

The higher revenue of Crowne Plaza London Kensington ("CPLK") for both 2Q17 and 6M17 was mainly attributed to higher average room rate and revenue from food and beverage. However, the higher revenue was partially offset by weaker Sterling Pound.

Revenue of Holiday Inn Resort Phuket ("HIRP") for both 2Q17 and 6M17 were higher than 2Q16 and 6M16 mainly because of stronger Thai Baht. Room revenue and revenue from food and beverage had also contributed to the increase.

The lower revenue of Somerset Vientiane ("SV") for both 2Q17 and 6M17 was mainly because of lower occupancies. The revenue of Cityview Apartments and Commercial Centre ("CV") were comparable with 2Q16 and 6M16.

Leisure and Others

Revenue of S\$0.8 million for 2Q17 and S\$1.5 million for 6M17 were comparable with 2Q16 and 6M16 respectively.

Property

No revenue was recorded in 2Q17 compared to S\$0.1 million of dividend income from investment securities received in 2Q16. For 6M17, the revenue of S\$0.1 million was comparable with 6M16.

Profit Before Tax

The Group's pre-tax profit of S\$2.4 million in 2Q17 was S\$0.5 million lower than 2Q16. The pre-tax profit of S\$7.4 million in 6M17 was S\$0.1 million lower than 6M16.

Hotel and Serviced Residence

This sector's pre-tax profits of S\$1.1 million in 2Q17 and S\$3.8 million in 6M17 were S\$0.7 million and S\$1.2 million higher than 2Q16 and 6M16 respectively.

CPLK's pre-tax profits for both 2Q17 and 6M17 were higher than 2Q16 and 6M16 mainly because of higher revenue. However, the higher pre-tax profit in 2Q17 was partially offset by translation loss arising from Singapore Dollar denominated inter-company loans as the currency had weakened against Sterling Pound. The higher pre-tax profits of HIRP for both 2Q17 and 6M17 were mainly attributed to higher revenue and lower depreciation charge as some of the fixed assets had been fully depreciated.

The lower pre-tax profits of SV for both 2Q17 and 6M17 was mainly because of lower revenue and higher overheads. CV's pre-tax profits were comparable with 2Q16 and 6M16.

Leisure and Others

Excluding corporate office, this sector's pre-tax profits of S\$0.1 million in 2Q17 and S\$0.2 million in 6M17 were comparable with 2Q16 and 6M16 respectively.

Corporate office incurred pre-tax losses of S\$0.6 million in 2Q17 and S\$1.0 million in 6M17 compared to pre-tax profits of S\$1.4 million in 2Q16 and S\$2.7 million in 6M16. It was mainly because of translation gains in respect of Sterling Pound denominated inter-company loans due to weaker Sterling Pound recorded in both 2Q16 and 6M16. These Sterling Pound denominated inter-company loans had been settled in 4Q16.

Property

This sector's pre-tax profits of S\$1.8 million in 2Q17 and S\$4.4 million in 6M17 were S\$0.8 million and S\$2.4 million higher than 2Q16 and 6M16 respectively. It was mainly attributed to our share of higher profits recognised by the joint venture company in Xuzhou, PRC for larger apartment units and villas handed over to buyers. Our share of profits of Knight Frank group of companies for both 2Q17 and 6M17 remain comparable with 2Q16 and 6M16.

9

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

Not applicable.

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.

Our hospitality assets are expected to contribute positively to the Group. We will continue to focus on improving our business operations and explore strategies to enhance the value of our hospitality assets.

In China, our Xuzhou Gulou Square project has achieved sales of 1,193 units or 98.9% of the total 1,206 units residential apartments. The Group remains cautiously optimistic of the Xuzhou real estate market and plans to launch the sale of the office tower in the coming quarter.

In Thailand, the overseas passenger arrivals at Phuket International airport increased by 9%¹ year-on-year during the first 5 months of 2017. The Group had completed the dissolution of the Phuket Island Property Fund (PIPF), which was a special purpose closed-end property fund used to hold its Rawai assets. A new Board of Investment company has been incorporated to hold the assets and implement the Rawai project.

In Singapore, the en-bloc sale market is seeing more sites being released for collective sales in the second half of the year. The Knight Frank Singapore business is likely to benefit from such increases in en-bloc sale activities.

¹ *Phuket Hotel Market Update July 2017, C9 Hotelworks Market Research.*

11 Dividend.

(a) Current Financial Period Reported On.

Any dividend declared for the current financial period reported on?

None.

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

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

None.

(c) Date payable.

Not applicable.

(d) Books closure date.

Not applicable.

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

No dividend has been declared or recommended for the current financial period reported on.

13 Confirmation pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

The Company does not have a general mandate from shareholders for interested person transactions.

14 Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual.

The Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors which may render the Unaudited Financial Statements for the Second Quarter ended 30 June 2017 to be false or misleading in any material respect.

On behalf of the Board of Directors

Koh Wee Seng
Chairman

Chay Yue Kai
Director

15 Confirmation pursuant to Rule 720(1) of the Listing Manual.

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD
Lim Swee Ann
Company Secretary

4 August 2017