

AF GLOBAL LIMITED

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

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE PERIOD ENDED 31 MARCH 2019**

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

		Group		
		01.01.2019 to 31.03.2019 ("1Q19")	01.01.2018 to 31.03.2018 ("1Q18") (Restated)	Change
		S\$'000	S\$'000	%
	Note			
<u>Continuing operations</u>				
Revenue	1	9,615	12,015	(20)
Cost of sales	2	(3,856)	(4,817)	(20)
Gross profit		5,759	7,198	(20)
Other operating income	3a	33	151	(78)
Marketing expenses		(412)	(325)	27
Administrative expenses	4	(2,392)	(2,617)	(9)
Other operating expenses	5	(1,999)	(1,084)	84
Operating profit		989	3,323	(70)
Finance costs		(493)	(453)	9
Share of results of associated and joint venture companies	6	1,019	1,848	(45)
Profit before taxation from continuing operations		1,515	4,718	(68)
Taxation	7	(644)	(1,064)	(39)
Profit from continuing operations, net of tax		871	3,654	(76)
<u>Discontinued operation¹</u>				
Profit/(loss) from discontinued operation, net of tax	8	249	(508)	NM
Profit for the period		1,120	3,146	(64)
<u>Other comprehensive income :</u>				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation	9	5,450	7,234	(25)
Fair value gain/(loss) on investment securities		138	(22)	NM
Other comprehensive income for the period, net of tax		5,588	7,212	(23)
Total comprehensive income for the period		6,708	10,358	(35)
<u>Profit for the period attributable to :</u>				
Shareholders of the Company				
(Loss)/profit from continuing operations, net of tax		(214)	2,063	NM
Profit/(loss) from discontinued operation, net of tax		249	(508)	NM
		35	1,555	(98)
Non-controlling interests		1,085	1,591	(32)
		1,120	3,146	(64)
<u>Total comprehensive income for the period attributable to :</u>				
Shareholders of the Company				
Profit from continuing operations, net of tax		1,927	4,855	(60)
Profit from discontinued operation, net of tax		3,031	2,813	8
		4,958	7,668	(35)
Non-controlling interests		1,750	2,690	(35)
		6,708	10,358	(35)

¹ As announced on 17 December 2018, the wholly-owned subsidiary of the Company, L.C. Hotels Pte Ltd, had, on 14 December 2018, entered into a share sale and purchase agreement to sell the entire issued paid-up ordinary shares in the capital of L.C. (London) Ltd ("LCL"). Hence, LCL is classified as "Discontinued operation" and certain comparative figures were restated to conform with current period's presentation. The sale was completed on 11 April 2019.

'NM' : Not meaningful.

Notes to Statement of Comprehensive Income :

1. Included in revenue were :

	Group		
	1Q19	1Q18	Change
	S\$'000	S\$'000	%
Interest income from investment securities	89	54	65
Dividend income from investment securities	-	73	NM
	<u>89</u>	<u>127</u>	<u>(30)</u>

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

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

	Group		
	1Q19	1Q18	Change
	S\$'000	S\$'000	%
		(Restated)	
(a) Other operating income :			
Interest income from fixed deposits	29	15	93
Foreign currency gains (*)	-	124	NM
Others	4	12	(67)
	<u>33</u>	<u>151</u>	<u>(78)</u>
(b) Depreciation of property, plant and equipment	(928)	(1,056)	(12)
(c) Depreciation of right-of-use assets	(28)	-	NM
(d) Amortisation of club memberships	(1)	(1)	-
(e) Impairment loss on trade receivables	(12)	-	NM
(f) Loss on sale of investment securities	(3)	(17)	(82)
(g) Property, plant and equipment written off	-	(5)	NM
(h) Foreign currency losses (*)	(847)	-	NM

* Foreign currency gains in 1Q18 were mainly attributed to translation gains arising from translating Singapore Dollar denominated inter-company interest payable as Singapore Dollar had weakened against Thai Baht. Foreign currency losses in 1Q19 were mainly attributed to unfavourable change in fair value of the Group's foreign currency forward contract.

4. Administrative expenses comprised mainly payroll, expenses for the administration of the business including hotel management fee and statutory expenses. The lower administrative expenses was mainly attributed to lower hotel management fee and overheads.
5. The higher other operating expenses was mainly due to foreign currency losses as mentioned in Note 3 above. The breakdown of items under other operating expenses were as follows :

	Group		
	1Q19	1Q18	Change
	S\$'000	S\$'000	%
Foreign currency losses	(847)	-	NM
Utilities	(506)	(469)	8
Payroll and other indirect overheads	(447)	(429)	4
Others	(199)	(186)	7
	<u>(1,999)</u>	<u>(1,084)</u>	<u>84</u>

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

7. The major components of income tax expense were :

	Group		
	1Q19	1Q18	Change
	S\$'000	S\$'000	%
Current tax			
- Current year	629	854	(26)
- Benefits from previously unrecognised tax losses	-	(11)	NM
Deferred tax			
- Origination and reversal of temporary differences	45	221	(80)
- Over provision in respect of prior year	(30)	-	NM
	<u>644</u>	<u>1,064</u>	<u>(39)</u>

The lower current tax expense was mainly attributed to lower pre-tax profit of Holiday Inn Resort Phuket. The lower deferred tax provision was mainly attributed to lower undistributed earnings of an overseas company.

8. Statement of Comprehensive Income of Discontinued operation is as follows :

	1Q19	1Q18	Change
	S\$'000	S\$'000	%
Revenue	4,259	4,282	(1)
Cost of sales ¹	<u>(2,303)</u>	<u>(2,993)</u>	(23)
Gross profit	1,956	1,289	52
Other operating income	56	3	1,767
Marketing expenses	(264)	(285)	(7)
Administrative expenses	(627)	(620)	1
Other operating expenses ²	<u>(529)</u>	<u>(667)</u>	(21)
Operating profit/(loss)	592	(280)	NM
Finance costs ³	<u>(330)</u>	<u>(157)</u>	110
Profit/(loss) before taxation	262	(437)	NM
Taxation	<u>(13)</u>	<u>(71)</u>	(82)
Profit/(loss) for the period	<u>249</u>	<u>(508)</u>	NM

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

Other operating income :

Interest income from fixed deposits	6	3	100
Foreign currency gains	50	-	NM
	<u>56</u>	<u>3</u>	1,767
Depreciation of property, plant and equipment ¹	-	(689)	NM
Property, plant and equipment written off	(26)	-	NM
Foreign currency losses ²	<u>-</u>	<u>(317)</u>	NM

¹ The lower cost of sales was mainly because no depreciation charge was recorded in 1Q19. In accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 5 - *Non-current Assets Held for Sale and Discontinued Operations*, depreciation ceased when the assets are being classified as held for sale.

² The lower other operating expenses was mainly because included in 1Q18 were foreign currency losses arising from translating Singapore Dollar denominated inter-company loans as Singapore Dollar had weakened against Sterling Pound. The breakdown of items under other operating expenses were as follows :

	1Q19	1Q18	Change
	S\$'000	S\$'000	%
Foreign currency losses	-	(317)	NM
Utilities	(191)	(167)	14
Payroll and other indirect overheads	(267)	(160)	67
Others	<u>(71)</u>	<u>(23)</u>	209
	<u>(529)</u>	<u>(667)</u>	(21)

³ The higher finance cost was mainly because previously capitalised loan facility fees were expensed in 1Q19.

9. 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 translation gains for both 1Q19 and 1Q18 were mainly attributed to stronger Sterling Pound and Thai Baht.

'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.

	Note	Group		Company	
		31.03.2019 S\$'000	31.12.2018 S\$'000	31.03.2019 S\$'000	31.12.2018 S\$'000
Non-current assets					
Property, plant and equipment		227,912	226,402	-	-
Intangible assets		41	42	-	-
Right-of-use assets	1	1,086	-	-	-
Subsidiary companies		-	-	296,680	296,530
Associated company		1,570	1,600	-	-
Joint venture companies		86,254	84,295	-	-
Investment securities		3,991	3,991	-	-
Deferred tax assets		300	294	-	-
		<u>321,154</u>	<u>316,624</u>	<u>296,680</u>	<u>296,530</u>
Current assets					
Asset held for sale		5,910	5,910	-	-
Investment securities		6,144	6,281	-	-
Inventories		234	259	-	-
Trade receivables		550	709	-	-
Other receivables		586	541	150	100
Prepayments		329	320	17	7
Amounts due from subsidiary companies		-	-	2,730	2,375
Cash and short-term deposits		19,923	19,511	329	194
		<u>33,676</u>	<u>33,531</u>	<u>3,226</u>	<u>2,676</u>
Assets of disposal group classified as held for sale	2	143,276	140,247	-	-
		<u>176,952</u>	<u>173,778</u>	<u>3,226</u>	<u>2,676</u>
Current liabilities					
Trade payables		1,324	2,324	-	-
Other payables and accruals		7,137	7,676	1,348	1,186
Provision for taxation		1,185	757	5	5
Lease liabilities	1	69	-	-	-
Derivative liability	3	934	-	-	-
Amount due to immediate and ultimate holding company	4	507	-	507	-
Loans and borrowings		49,140	48,636	48,750	48,250
		<u>60,296</u>	<u>59,393</u>	<u>50,610</u>	<u>49,441</u>
Liabilities directly associated with disposal group classified as held for sale	2	45,458	44,718	-	-
		<u>105,754</u>	<u>104,111</u>	<u>50,610</u>	<u>49,441</u>
Net current assets/(liabilities)	5	71,198	69,667	(47,384)	(46,765)
Non-current liabilities					
Amount due to a subsidiary company		-	-	22,999	22,999
Lease liabilities	1	1,030	-	-	-
Deferred tax liabilities		27,002	26,723	-	-
		<u>28,032</u>	<u>26,723</u>	<u>22,999</u>	<u>22,999</u>
Net assets		<u>364,320</u>	<u>359,568</u>	<u>226,297</u>	<u>226,766</u>
Equity attributable to shareholders of the Company					
Share capital		209,518	209,518	209,518	209,518
Reserves		2,686	510	16,779	17,248
Reserves of disposal group classified as held for sale	2	87,279	84,497	-	-
		<u>299,483</u>	<u>294,525</u>	<u>226,297</u>	<u>226,766</u>
Non-controlling interests		64,837	65,043	-	-
Total equity		<u>364,320</u>	<u>359,568</u>	<u>226,297</u>	<u>226,766</u>

Notes to Statement of Financial Position :

1. The Group adopted SFRS(I) 16 - *Leases* on 1 January 2019. At the date of initial application, the Group recognised rights to use the leased assets as right-of-use assets and their associated obligations as lease liabilities.
2. In accordance with SFRS(I) 5 - *Non-current Assets Held for Sale and Discontinued Operations*, the assets, liabilities and reserves of Discontinued operation have been presented separately as follows :

	31.03.2019	31.12.2018
	S\$'000	(Restated) S\$'000
Assets of disposal group classified as held for sale		
Property, plant and equipment	138,141	134,132
Inventories	73	62
Trade receivables	321	637
Other receivables	109	21
Prepayments	137	277
Cash and short-term deposits	4,495	5,118
	<u>143,276</u>	<u>140,247</u>
Liabilities directly associated with disposal group classified as held for sale		
Trade payables	1,058	819
Other payables and accruals	1,738	1,993
Provision for taxation	-	172
Loans and borrowings*	29,877	29,330
Deferred tax liabilities	12,785	12,404
	<u>45,458</u>	<u>44,718</u>
Reserves of disposal group classified as held for sale		
Foreign currency translation reserve	57	(2,725)
Asset revaluation reserve	87,222	87,222
	<u>87,279</u>	<u>84,497</u>

* Secured by a mortgage on the freehold land and building owned by Discontinued operation and a fixed and floating charge over all assets of Discontinued operation.

3. Derivative liability relates to unfavourable change in fair value of the Group's foreign currency forward contract.
4. Amount due to immediate and ultimate holding company was in respect of short-term advance for the working capital of the Company and its subsidiary companies.
5. The net current liabilities of the Company was mainly due to the payment of dividends to shareholders of the Company in the previous financial years.

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

Amount repayable in one year or less, or on demand

As at 31.03.2019		As at 31.12.2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
44,390	4,750	44,386	4,250

Amount repayable after one year

As at 31.03.2019		As at 31.12.2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of any collaterals

The Group's borrowings which are secured comprised :

1. A revolving credit facility of S\$34.0 million secured by :
 - a mortgage on the freehold land and building owned by Discontinued operation.
 - a fixed and floating charge over all assets of Discontinued operation.
2. A term loan of S\$0.4 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\$10.0 million secured by :
 - a pledge of shares of a company in the Group.

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

	Group	
	1Q19	1Q18
	S\$'000	(Restated) S\$'000
Cash flows from operating activities :		
Profit before taxation from continuing operations	1,515	4,718
Profit/(loss) before taxation from discontinued operation	262	(437)
Profit before taxation, total	1,777	4,281
Adjustments for :		
Depreciation of property, plant and equipment	928	1,745
Depreciation of right-of-use assets	28	-
Property, plant and equipment written off	26	5
Loss on sale of investment securities	3	17
Share of results of associated and joint venture companies	(1,019)	(1,848)
Amortisation of club memberships	1	1
Dividend income from investment securities	-	(73)
Interest income	(124)	(72)
Finance costs	823	610
Fair value loss on foreign currency forward contract	934	-
Unrealised foreign exchange differences	(148)	167
Operating profit before reinvestment in working capital	3,229	4,833
Decrease/(increase) in inventories	17	(21)
Decrease/(increase) in receivables and prepayments	487	(301)
Decrease in payables	(1,619)	(196)
Cash flows generated from operations	2,114	4,315
Interest received	21	63
Interest paid	(620)	(594)
Income taxes paid	(486)	(501)
Net cash flows from operating activities	1,029	3,283
Cash flows from investing activities :		
Dividend received	-	73
Purchase of property, plant and equipment	(307)	(1,111)
Proceeds from sale of investment securities	249	3,734
Net cash flows (used in)/from investing activities	(58)	2,696
Cash flows from financing activities :		
Proceeds from bank loans	500	5,900
Repayment of bank loans	(445)	(713)
Advance from immediate and ultimate holding company	2,000	-
Repayment of advance from immediate and ultimate holding company	(1,500)	-
Repayment of advances by an associated company	29	62
Repayment of lease liabilities	(15)	-
Repayment to hire purchase creditors	-	(4)
Dividend paid by the Company	-	(10,556)
Dividends paid to a non-controlling interest	(1,956)	-
Net cash flows used in financing activities	(1,387)	(5,311)
Net (decrease)/increase in cash and cash equivalents	(416)	668
Effects of exchange rate changes on cash and cash equivalents	203	143
Cash and cash equivalents at beginning of period	24,580	24,379
Cash and cash equivalents at end of period	24,367	25,190
Note to Statement of Cash Flows :		
Cash and cash equivalents comprised the following amounts :		
Continuing operations		
Fixed deposits	12,336	13,721
Cash and bank balances	7,587	7,610
Cash and short-term deposits per Consolidated Statement of Financial Position	19,923	21,331
Discontinued operation		
Cash and short-term deposits	4,495	3,909
	24,418	25,240
Less : Fixed deposit pledged	(51)	(50)
Cash and cash equivalents per Consolidated Statement of Cash Flows	24,367	25,190

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 FOR THE PERIOD ENDED 31 MARCH 2019

	-----Attributable to shareholders of the Company-----						Non-controlling interests	Total equity			
	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	Accumulated losses S\$'000	Reserves of disposal group classified as held for sale S\$'000	Total reserves S\$'000	S\$'000	S\$'000
2019											
As at 1 January 2019	209,518	48,813	30	232	49,575	(1,024)	(48,303)	84,497	85,007	65,043	359,568
Profit for the period	-	-	-	-	-	-	35	-	35	1,085	1,120
Other comprehensive income for the period, net of tax	-	2,141	-	2,003	-	138	-	2,782	4,923	665	5,588
Total comprehensive income for the period	-	2,141	-	2,003	-	138	35	2,782	4,958	1,750	6,708
<u>Others</u>											
Dividends paid to a non-controlling interest	-	-	-	-	-	-	-	-	-	(1,956)	(1,956)
Total others	-	-	-	-	-	-	-	-	-	(1,956)	(1,956)
As at 31 March 2019	209,518	50,954	30	2,235	49,575	(886)	(48,268)	87,279	89,965	64,837	364,320
2018											
As at 1 January 2018											
- as previously reported	209,518	106,685	30	(28,644)	135,219	80	(20,598)	-	86,087	62,742	358,347
- Effect of adopting SFRS(I) 1	-	28,922	-	28,922	-	-	(28,922)	-	-	-	-
- Effect of adopting SFRS(I) 9	-	-	-	-	-	-	175	-	175	-	175
- as restated	209,518	135,607	30	278	135,219	80	(49,345)	-	86,262	62,742	358,522
Profit for the period	-	-	-	-	-	-	1,555	-	1,555	1,591	3,146
Other comprehensive income for the period, net of tax	-	6,113	-	6,135	-	(22)	-	-	6,113	1,099	7,212
Total comprehensive income for the period	-	6,113	-	6,135	-	(22)	1,555	-	7,668	2,690	10,358
As at 31 March 2018	209,518	141,720	30	6,413	135,219	58	(47,790)	-	93,930	65,432	368,880

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2019

	Share capital S\$'000	Revenue reserve S\$'000	Total equity S\$'000
2019			
As at 1 January 2019	209,518	17,248	226,766
Loss for the period, representing total comprehensive income for the period	-	(469)	(469)
As at 31 March 2019	209,518	16,779	226,297
2018			
As at 1 January 2018	209,518	13,944	223,462
Loss for the period, representing total comprehensive income for the period	-	(550)	(550)
As at 31 March 2018	209,518	13,394	222,912

- 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.**

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 31 March 2019 comprised 1,055,639,464 (31 March 2018 : 1,055,639,464) ordinary shares with voting rights.

The Company has no treasury shares, subsidiary holdings or outstanding convertibles as at 31 March 2019 and 31 March 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.**

	31.03.2019	31.12.2018
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, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 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.

- 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 auditor.

- 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 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 2018.

The adoption of other SFRS(I) and Interpretations of SFRS(I) relevant to the Group's operations which are effective for annual periods beginning on 1 January 2019 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.

The Group adopted SFRS(I) 16 - *Leases* on 1 January 2019. This standard requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding depreciation charges and interest expense.

The Group applied this standard using the modified retrospective approach and recognised right-of-use assets of S\$1,119,000 with equal amount recognised as lease liabilities at the date of initial application. The Group also elected the practical expedients where applicable.

The adoption of SFRS(I) 16 does not have a material impact on the financial statements.

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.

(Loss)/earnings per ordinary share of the Group after deducting any provision for preference dividends :-	Group Quarter Ended	
	31.03.2019	31.03.2018 (Restated)
<u>Continuing operations</u>		
(a) Based on weighted average number of ordinary shares in issue	(0.02) cent	0.20 cent
(b) On a fully diluted basis	(0.02) cent	0.20 cent
<u>Discontinued operation</u>		
(a) Based on weighted average number of ordinary shares in issue	0.02 cent	(0.05) cent
(b) On a fully diluted basis	0.02 cent	(0.05) 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 (31 March 2018 : 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 31 March 2019 and 31 March 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 financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Net asset ⁽¹⁾ value per ordinary share ⁽²⁾ attributable to shareholders of the Company	S\$0.28	S\$0.28	S\$0.21	S\$0.21

(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.**

Continuing operations

Revenue

Revenue of the Group for 1Q19 of S\$9.6 million was S\$2.4 million lower than 1Q18.

Hotel and Serviced Residence

Revenue of S\$9.5 million was S\$1.8 million lower than 1Q18.

The lower revenue of Holiday Inn Resort Phuket ("HIRP") was mainly because of lower occupancy and average room rates as well as lower revenue from food and beverage.

The revenues of both Somerset Vientiane ("SV") and Cityview Apartments and Commercial Centre ("CV") were comparable with 1Q18.

Leisure and Others

Revenue of S\$0.1 million was S\$0.6 million lower than 1Q18. It was mainly because of revenue from the Group's family entertainment business recorded in 1Q18. ZONE X Leisure Pte Ltd which owned and operated the family entertainment business had been disposed in June 2018.

Property

No revenue was recorded for both 1Q19 and 1Q18.

Profit Before Tax

The Group's pre-tax profit of S\$1.5 million was S\$3.2 million lower than 1Q18.

Hotel and Serviced Residence

This sector's pre-tax profit of S\$1.3 million was S\$2.3 million lower than 1Q18. It was mainly attributed to lower pre-tax profit of HIRP owing to lower revenue and exchange loss arising from unfavourable change in fair value of the Group's foreign currency forward contract.

The pre-tax profits of both SV and CV were comparable with 1Q18.

Leisure and Others

Corporate office's pre-tax loss of S\$0.7 million was comparable with 1Q18.

Property

This sector's pre-tax profit of S\$0.9 million was S\$0.9 million lower than 1Q18. Our share of profits from both the joint venture company in Xuzhou, PRC, and Knight Frank group of companies in Singapore were lower. The residential project in Xuzhou is at its tail end and nearly all revenues had been recognised in the previous financial years. Our share of profit from Knight Frank group of companies was also lower mainly because of lower commission and fee income.

Discontinued operation

Hotel and Serviced Residence

The revenue of Crowne Plaza London Kensington for 1Q19 of S\$4.3 million was comparable with 1Q18. It recorded a pre-tax profit of S\$0.3 million in 1Q19 compared to pre-tax loss of S\$0.4 million in 1Q18. No depreciation was recorded in 1Q19 as opposed to S\$0.7 million in 1Q18. Assets that meet the criteria to be classified as held for sale are not depreciated in accordance with SFRS(I) 5 - *Non-current Assets Held for Sale and Discontinued Operations*.

- 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.

Although the global economic outlook in 2019 remains uncertain, our hotels and serviced residence assets are expected to contribute positively to the Group. We will continue to seek asset enhancement opportunities, potential acquisitions and divestments for our portfolio of assets.

In China, the dispute with the Xuzhou joint venture partner is under court proceedings. We will provide the necessary update when there is any further material development.

In Phuket, Thailand, passenger arrivals at the International Airport rose 1%¹ year-on-year in January 2019 but declined 6%¹ in February 2019. This led to a softening in hotel demand and market occupancy declined by 4%² in March 2019. Overall, we expect tourism in Phuket to remain fairly stable in 2019. The Busakorn wing of Holiday Inn Resort Phuket would undergo refurbishment works in 2nd quarter 2019.

In Singapore, the outlook for office market remains promising due to limited supply and the release of the draft URA master plan 2019 offers opportunities for landlords and investors for redevelopment. The Knight Frank agency business is expected to be stable.

The sale of Crowne Plaza London Kensington was completed on 11 April 2019 and would contribute an estimated gain of approximately S\$18 million and a positive cashflow of S\$83 million to the Group. In this respect, we wish to announce a special one-off interim dividend of 5.50 cents per ordinary share.

¹ Phuket Airport Passenger Arrival Drop dated 28 April 2019, C9 Hotelworks Market Research.

² Phuket Hotel Market Update March 2019, C9 Hotelworks Market Research.

11 Dividend.

(a) Current Financial Period Reported On.

Any dividend declared for the current financial period reported on?

Name of Dividend	:	Special
Dividend Type	:	Cash
Dividend per share	:	5.50 cents per ordinary share
Tax Rate	:	Tax exempt (one-tier)

(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.

To be announced at a later date.

(d) Books closure date.

To be announced at a later date.

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

Not applicable.

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 First Quarter ended 31 March 2019 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

7 May 2019