

**HL GLOBAL ENTERPRISES LIMITED**

Company Registration No.: 196100131N

**Unaudited Second Quarter and Half Year Financial Statement Announcement for the period ended 30 June 2019****PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR****ANNOUNCEMENTS**

- 1(a)(i) **An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Note	Group					
		2Q 2019 \$'000	2Q 2018 \$'000	Change %	1H 2019 \$'000	1H 2018 \$'000	Change %
Revenue	(1)	1,455	4,939	(70.5)	3,103	6,768	(54.2)
Cost of sales		(700)	(2,454)	(71.5)	(1,570)	(3,410)	(54.0)
<b>Gross profit</b>	(1)	755	2,485	(69.6)	1,533	3,358	(54.3)
Other income	(2)	352	713	(50.6)	677	763	(11.3)
Selling and marketing expenses		(58)	(53)	9.4	(109)	(113)	(3.5)
Administrative expenses	(3)	(124)	(200)	(38.0)	(210)	(329)	(36.2)
Finance costs	(4)	(31)	(28)	10.7	(36)	(57)	(36.8)
Other expenses	(5)	(711)	(812)	(12.4)	(1,448)	(1,691)	(14.4)
Share of results of joint ventures (net of tax)		52	47	10.6	81	78	3.8
<b>Profit before tax</b>		235	2,152	(89.1)	488	2,009	(75.7)
Income tax expense	(6)	(106)	(21)	404.8	(114)	(33)	245.5
<b>Profit for the period attributable to owners of the Company</b>		129	2,131	(93.9)	374	1,976	(81.1)

- 1(a)(ii) **Notes to the income statement**

**(1) Revenue and gross profit**

Compared to 2Q 2018, the decrease in revenue and gross profit in 2Q 2019 was due to the absence of revenue contribution from the property development segment.

**(2) Other income**

	Group					
	2Q 2019 \$'000	2Q 2018 \$'000	Change %	1H 2019 \$'000	1H 2018 \$'000	Change %
Interest income	253	196	29.1	488	372	31.2
Sundry income	5	4	25.0	9	8	12.5
Licence fee	94	106	(11.3)	180	204	(11.8)
Currency exchange gain-net	-	407	NM	-	179	NM
	352	713	(50.6)	677	763	(11.3)

The increase in interest income was partly due to higher interest rates on fixed deposit placements for 2Q 2019 compared to 2Q 2018.

**(3) Administrative expenses**

Compared to 1H 2018, the reduction in administrative expenses in 1H 2019 was mainly due to the absence of corporate exercise.

**(4) Finance costs**

	Group					
	2Q 2019 \$'000	2Q 2018 \$'000	Change %	1H 2019 \$'000	1H 2018 \$'000	Change %
Interest expense	-	(28)	NM	-	(57)	NM
Interest expense relates to lease liabilities	(2)	-	NM	(4)	-	NM
Currency exchange loss-net	(29)	-	NM	(32)	-	NM
	(31)	(28)	10.7	(36)	(57)	(36.8)

Currency exchange loss of \$29,000 in 2Q 2019 was largely due to the revaluation of foreign currency monetary assets and liabilities, arising from the weakening of the Malaysian Ringgit against the Singapore Dollar.

**(5) Other expenses**

	Group					
	2Q 2019 \$'000	2Q 2018 \$'000	Change %	1H 2019 \$'000	1H 2018 \$'000	Change %
Depreciation of investment property, property, plant and equipment	(241)	(248)	(2.8)	(481)	(513)	(6.2)
Depreciation of right-of-use assets	(36)	-	NM	(70)	-	NM
Staff costs/directors' fee	(344)	(369)	(6.8)	(693)	(780)	(11.2)
Other operating expenses	(90)	(195)	(53.8)	(204)	(398)	(48.7)
	(711)	(812)	(12.4)	(1,448)	(1,691)	(14.4)

NM: Not meaningful

The decrease in other operating expenses was mainly due to:

- a) lower office rental expense and reclassification of office and warehouse rental expenses under depreciation of right-of-use assets in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 - Leases.
- b) decrease in repair and maintenance expenses for property, plant and equipment.

#### (6) Income tax expense

There was over provision of tax amounting to \$4,000 in respect of prior years for 1H 2019.

(1H 2018: There was no over or under provision of taxation in respect of prior years). Compared to 2Q 2018, the higher income tax expense for 2Q 2019 was mainly due to the utilisation of deferred tax asset of \$85,000 for the taxable profit of an overseas subsidiary.

#### (7) Consolidated statement of comprehensive income

	Group					
	2Q 2019 \$'000	2Q 2018 \$'000	Change %	1H 2019 \$'000	1H 2018 \$'000	Change %
Profit for the period	129	2,131	(93.9)	374	1,976	(81.1)
<b>Other comprehensive (loss)/income</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign currency translation differences for foreign operations	(340)	(65)	423.1	(188)	450	NM
<b>Total comprehensive (loss)/income for the period attributable to owners of the Company</b>	<b>(211)</b>	<b>2,066</b>	<b>NM</b>	<b>186</b>	<b>2,426</b>	<b>(92.3)</b>

#### 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.

		Group 30/06/2019 \$'000	Group 31/12/2018 \$'000	Company 30/06/2019 \$'000	Company 31/12/2018 \$'000
<b>Non-current assets</b>					
Property, plant and equipment		16,858	17,314	4	5
Investment property		1,954	2,011	-	-
Subsidiaries		-	-	39,397	39,397
Associate		58	58	-	-
Joint ventures	1	439	524	-	-
Right-of-use assets	2	269	-	231	-
Deferred tax asset		112	199	-	-
		<u>19,690</u>	<u>20,106</u>	<u>39,632</u>	<u>39,402</u>
<b>Current assets</b>					
Inventories		103	105	-	-
Development properties		3,988	4,025	-	-
Trade and other receivables	3	683	1,233	217	312
Prepayment	4	74	59	17	22
Cash and bank balances	5	55,879	62,730	38,141	48,120
		<u>60,727</u>	<u>68,152</u>	<u>38,375</u>	<u>48,454</u>
<b>Total assets</b>		<u>80,417</u>	<u>88,258</u>	<u>78,007</u>	<u>87,856</u>
<b>Equity</b>					
Share capital		129,793	129,793	129,793	129,793
Equity capital contributed by parent		3,980	3,980	3,980	3,980
Reserves		(56,332)	(56,518)	(57,877)	(57,806)
<b>Total equity attributable to owners of the Company</b>		<u>77,441</u>	<u>77,255</u>	<u>75,896</u>	<u>75,967</u>
<b>Non-current liabilities</b>					
Other payables		-	-	968	3,022
Lease liabilities	2	140	-	127	-
Deferred tax liabilities		27	28	-	-
		<u>167</u>	<u>28</u>	<u>1,095</u>	<u>3,022</u>
<b>Current liabilities</b>					
Trade and other payables	5	2,668	10,915	900	8,806
Lease liabilities	2	132	-	106	-
Current tax payable		9	60	10	61
		<u>2,809</u>	<u>10,975</u>	<u>1,016</u>	<u>8,867</u>
<b>Total liabilities</b>		<u>2,976</u>	<u>11,003</u>	<u>2,111</u>	<u>11,889</u>
<b>Total equity and liabilities</b>		<u>80,417</u>	<u>88,258</u>	<u>78,007</u>	<u>87,856</u>

## Notes:

- 1 The decrease was mainly due to dividend received from a joint venture.
- 2 Please refer to item 5 SFRS (I) 16 Leases.
- 3 The decrease was largely due to the collection of final settlement from the sale of the land at Punggol 17th Avenue, Singapore.
- 4 The increase was due to prepayment made for insurance premium.
- 5 The decrease in cash and bank balances and trade and other payables was mainly due to the payment of tax and relevant expenses in January 2019 in relation to the disposal of the entire equity interest in the Company's wholly-owned subsidiary LKN Investment International Pte Ltd ("LKNII") in 2017.

**1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-**

- (a) the amount repayable in one year or less, or on demand;
- (b) the amount repayable after one year;
- (c) whether the amounts are secured or unsecured; and
- (d) details of any collaterals.

**(a) Amount repayable in one year or less, or on demand**

	<b>Group</b>	
	<b>30/06/2019</b>	<b>31/12/2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Unsecured	132	-

**(b) Amount repayable after one year**

	<b>Group</b>	
	<b>30/06/2019</b>	<b>31/12/2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Unsecured	140	-

These are lease liabilities relating to rental of office premises and apartments for staff accommodation.

**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.**

	<b>Group</b>			
	<b>2Q 2019</b>	<b>2Q 2018</b>	<b>1H 2019</b>	<b>1H 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>				
Profit before tax	235	2,152	488	2,009
Adjustments for:				
Depreciation of investment property	19	20	38	39
Depreciation of property, plant and equipment	222	228	443	474
Depreciation of right-of-use assets	36	-	70	-
Interest expense	-	28	-	57
Interest expense relates to lease liabilities	2	-	4	-
Interest income	(253)	(196)	(488)	(372)
Write-back of other payables	(133)	-	(133)	-
Share of results of joint ventures (net of tax)	(52)	(47)	(81)	(78)
Unrealised foreign exchange loss/(gain)-net	31	(268)	56	(39)
<b>Operating cash flows before changes in working capital</b>	<b>107</b>	<b>1,917</b>	<b>397</b>	<b>2,090</b>
Development properties	-	860	-	860
Inventories	1	8	2	(4)
Trade and other payables	(161)	(2,327)	(325)	(2,124)
Trade and other receivables and prepayment	455	(351)	523	(263)
<b>Cash from operating activities</b>	<b>402</b>	<b>107</b>	<b>597</b>	<b>559</b>
Income tax paid	(70)	(20)	(80)	(32)
Interest paid	-	(28)	-	(57)
Interest received	388	225	500	288
<b>Net cash from operating activities</b>	<b>720</b>	<b>284</b>	<b>1,017</b>	<b>758</b>
<b>Investing activities</b>				
Withdrawal of fixed deposits matured/(placement of fixed deposits with tenure more than 3 months and restricted cash at bank)	8,995	(7,958)	20,188	(44,637)
Dividend received from a joint venture	162	167	162	167
Proceeds from disposal of property, plant and equipment	-	2	-	2
Purchase of property, plant and equipment	(47)	(223)	(93)	(384)
Retention money from the disposal of a subsidiary	-	5,902	-	5,902
Tax and relevant expenses in relation to the disposal of LKNII	-	-	(7,789)	-
<b>Net cash from/(used in) investing activities</b>	<b>9,110</b>	<b>(2,110)</b>	<b>12,468</b>	<b>(38,950)</b>
<b>Financing activities</b>				
Dividend paid to shareholders/holders of non-redeemable convertible cumulative preference shares ("NCCPS")	-	(2,890)	-	(2,893)
Repayment of borrowings	-	(675)	-	(1,354)
Repayment of finance lease liabilities	-	(1)	-	(3)
Repayment of lease liabilities	(35)	-	(70)	-
<b>Net cash used in financing activities</b>	<b>(35)</b>	<b>(3,566)</b>	<b>(70)</b>	<b>(4,250)</b>

	Group			
	2Q 2019 \$'000	2Q 2018 \$'000	1H 2019 \$'000	1H 2018 \$'000
<b>Net increase/(decrease) in cash and cash equivalents</b>	9,795	(5,392)	13,415	(42,442)
Cash and cash equivalents at beginning of the period	9,097	11,117	5,495	48,297
Effect of exchange rate changes on balances held in foreign currencies	(60)	73	(78)	(57)
<b>Cash and cash equivalents at end of the period</b>	<b>18,832</b>	<b>5,798</b>	<b>18,832</b>	<b>5,798</b>
Fixed deposits with tenure more than 3 months and restricted cash at bank	37,047	56,976	37,047	56,976
<b>Cash and bank balances</b>	<b>55,879</b>	<b>62,774</b>	<b>55,879</b>	<b>62,774</b>

**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.**

Group	Share capital \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Premium paid on acquisition of non-controlling interests \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>At 1 January 2019</b>	129,793	3,980	-	8,529	(192)	382	(65,237)	77,255
Profit for the period	-	-	-	-	-	-	245	245
<u>Other comprehensive income, net of tax</u>								
Foreign currency translation differences for foreign operations	-	-	-	-	-	152	-	152
<b>Total comprehensive income for the period</b>	-	-	-	-	-	152	245	397
<b>At 31 March 2019 and 1 April 2019</b>	129,793	3,980	-	8,529	(192)	534	(64,992)	77,652
Profit for the period	-	-	-	-	-	-	129	129
<u>Other comprehensive loss, net of tax</u>								
Foreign currency translation differences for foreign operations	-	-	-	-	-	(340)	-	(340)
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	-	-	(340)	129	(211)
<b>At 30 June 2019</b>	129,793	3,980	-	8,529	(192)	194	(64,863)	77,441

  

Group	Share capital \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Premium paid on acquisition of non-controlling interests \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>At 1 January 2018 (as previously stated)</b>	129,790	3,980	3	8,529	(192)	(2,024)	(61,482)	78,604
<b>Cumulative effects of adopting SFRS(I)</b>								
Transfer from translation reserve to accumulated losses	-	-	-	-	-	2,454	(2,454)	-
Depreciation of investment property	-	-	-	-	-	(3)	(73)	(76)
<b>At 1 January 2018</b>	129,790	3,980	3	8,529	(192)	427	(64,009)	78,528
Loss for the period	-	-	-	-	-	-	(155)	(155)
<u>Other comprehensive income, net of tax</u>								
Foreign currency translation differences for foreign operations	-	-	-	-	-	515	-	515
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	-	515	(155)	360

Group	Share capital \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Premium paid on acquisition of non-controlling interests \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Others</b>								
Dividend paid to holders of NCCPS	-	-	-	-	-	-	(3)	(3)
<b>At 31 March 2018 and 1 April 2018</b>	129,790	3,980	3	8,529	(192)	942	(64,167)	78,885
Profit for the period	-	-	-	-	-	-	2,131	2,131
<b>Other comprehensive loss, net of tax</b>								
Foreign currency translation differences for foreign operations	-	-	-	-	-	(65)	-	(65)
<b>Total comprehensive (loss)/ income for the period</b>	-	-	-	-	-	(65)	2,131	2,066
<b>Contributions by owners</b>								
Conversion of NCCPS	3	-	(3)	-	-	-	-	-
<b>Others</b>								
Dividend paid to ordinary shareholders	-	-	-	-	-	-	(2,890)	(2,890)
<b>At 30 June 2018</b>	129,793	3,980	-	8,529	(192)	877	(64,926)	78,061
Company	Share capital \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000		
<b>At 1 January 2019</b>	129,793	3,980	-	12,471	(70,277)	75,967		
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(27)	(27)		
<b>At 31 March 2019 and 1 April 2019</b>	129,793	3,980	-	12,471	(70,304)	75,940		
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(44)	(44)		
<b>At 30 June 2019</b>	129,793	3,980	-	12,471	(70,348)	75,896		
Company	Share capital \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000		
<b>At 1 January 2018</b>	129,790	3,980	3	12,471	(70,725)	75,519		
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(389)	(389)		
<b>Others</b>								
Dividend paid to holders of NCCPS	-	-	-	-	(3)	(3)		
<b>At 31 March 2018 and 1 April 2018</b>	129,790	3,980	3	12,471	(71,117)	75,127		
Profit for the period, representing total comprehensive income for the period	-	-	-	-	261	261		
<b>Contributions by owners</b>								
Conversion of NCCPS	3	-	(3)	-	-	-		
<b>Others</b>								
Dividend paid to ordinary shareholders	-	-	-	-	(2,890)	(2,890)		
<b>At 30 June 2018</b>	129,793	3,980	-	12,471	(73,746)	72,498		

- 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.**

**Movements in the Share Capital**

During the period ended 30 June 2019, there was no change in the Company's issued ordinary share capital.

	Number of shares	Share Capital \$'000
<b><u>Ordinary shares</u></b>		
At 1 April 2019 and 30 June 2019		
(As per Accounting and Corporate Regulatory Authority's records)	96,334,254	133,773
Less: Trust Shares	(2,418,917)	(3,980)
At 1 April 2019 and 30 June 2019	<u>93,915,337</u>	<u>129,793</u>

As at 30 June 2019 and 30 June 2018, there were no ordinary shares held as treasury shares or as subsidiary holdings in the Company.

- 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.**

	<b>Total number of issued shares</b>	
	<u>30/6/2019</u>	<u>31/12/2018</u>
Ordinary Shares	96,334,254	96,334,254

The Company did not hold any treasury shares as at 30 June 2019 and 31 December 2018.

The ordinary shares issued includes 2,418,917 ordinary shares held as Trust Shares by Amicorp Trustees (Singapore) Limited as trustee of the Trust established by the Company to facilitate the implementation of the HL Global Enterprises Share Option Scheme 2006 (the "Share Option Scheme").

Pursuant to the terms of the Trust Deed, the Trustee will, *inter alia*, acquire and hold existing shares in the capital of the Company (collectively, the "Trust Shares") for the benefit of participants who are employees of the Company and/or its subsidiaries and who have been granted share options under the Share Option Scheme (the "Beneficiaries") and transfer such Trust Shares to the Beneficiaries upon the exercise of their share options under the Share Option Scheme.

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

There were no sales, transfers, cancellation and/or use of treasury shares/subsidiary holdings during the three months ended 30 June 2019.

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

The figures have not been audited or reviewed by the auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

The figures have not been audited or reviewed by the auditors.

- 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 item 5 below, the Group has applied the same accounting policies and methods of computation as in the Group's most recently audited annual 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.**

#### **SFRS(I) 16 Leases**

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

On the adoption of SFRS(I) 16, the Group measured lease liability based on remaining lease payments discounted using the incremental borrowing rate at the date of initial application, 1 January 2019. Right-of-use asset was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

On the adoption of SFRS(I) 16, the Group recognised right-of-use assets of \$338,590 and lease liabilities of \$338,590 for its leases previously classified as operating leases as of 1 January 2019.

- 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.**

	Group			
	2Q 2019	2Q 2018	1H 2019	1H 2018
	¢	¢	¢	¢
Earnings per share				
(Based on the weighted average number of ordinary shares in issue)				
- Basic	0.14	2.27	0.40	2.10
(2Q 2019 and 1H 2019: 93,915,337)				
(2Q 2018: 93,911,072; 1H 2018: 93,906,761)				
- Diluted	NA	2.27	NA	2.10
(2Q 2018 and 1H 2018: 93,915,337)				

- 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	Group	Company	Company
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
	\$	\$	\$	\$
Net asset value per issued share, excluding Trust Shares	0.82	0.82	0.81	0.81

The net asset value per issued share, excluding Trust Shares is computed based on 93,915,337 issued ordinary shares as at 30 June 2019 and at 31 December 2018.

**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.**

**3 months ended 30 June ("2Q") 2019**

In the absence of revenue contribution from the sale of development property, the Group's revenue declined from \$4.9 million for 2Q 2018 to \$1.5 million for 2Q 2019. Arising from the drop in the number of local travellers to Cameron Highlands and influx of hotel rooms and apartments in the vicinity of Copthorne Hotel Cameron Highlands ("CHCH"), CHCH also saw lower revenue of \$1.4 million in 2Q 2019 compared to \$1.6 million for the same corresponding period in 2018.

For the quarter under review, the property development segment wrote back a provision of maintenance fee of \$133,000 and reported an operating profit of \$84,000 for 2Q 2019 versus an operating profit of \$1.7 million for 2Q 2018. The average occupancy rate in CHCH for 2Q 2019 was 54%, which was comparable to 2Q 2018, whereas the average room rate ("ARR") declined from RM215 in 2Q 2018 to RM198 in 2Q 2019. Resulting from lower ARR, the operating profit for the hospitality segment decreased by \$50,000 to \$103,000 in 2Q 2019. After taking into account the loss reported by the investment segment (comprising investment property operation and corporate overhead costs), the Group registered an operating loss of \$138,000 for 2Q 2019 before the share of results of joint ventures, other income and finance costs as compared to an operating profit of \$1.4 million for 2Q 2018.

The Group's share of profit after tax from joint ventures improved marginally to \$52,000 in 2Q 2019 from \$47,000 in 2Q 2018. Other income of \$352,000 included mainly interest income and licence fee.

The net profit attributable to shareholders of the Company was \$129,000 for 2Q 2019 against a net profit of \$2.1 million for 2Q 2018.

**6 months ended 30 June ("1H") 2019**

Revenue of the Group decreased from \$6.8 million for 1H 2018 to \$3.1 million for 1H 2019. The decrease was primarily attributed to the absence of revenue contribution from the property development segment coupled with over supply of hotel rooms and serviced apartments in the vicinity of CHCH.

As a result, the Group reported an operating loss of \$0.2 million before the share of results of joint ventures, other income and finance costs for 1H 2019 against an operating profit of \$1.2 million for the same period in 2018. For the period under review, the property development segment registered an operating profit of \$23,000 against an operating profit of \$1.6 million in 1H 2018. The hospitality segment's operating profit decreased from \$408,000 to \$347,000 in 1H 2019. The investment segment reported a loss of \$604,000 mainly consisted of corporate overhead costs.

The Group recorded a net profit after tax of \$81,000 from joint ventures for 1H 2019 compared to \$78,000 in 1H 2018. Other income amounting to \$677,000 comprised mainly interest income and licence fee.

The net profit attributable to shareholders of the Company was \$0.4 million for 1H 2019 compared to \$2 million for 1H 2018.

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

The Group's performance for the period under review is in line with its expectations as disclosed in the Company's announcement of its results for the first quarter ended 31 March 2019 which was released on 24 April 2019.

**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.**

The Group's hospitality operations in Cameron Highlands, Malaysia continues to operate under pressure from oversupply of hotel rooms and surging supply of Airbnb apartments.

The Group is in the midst of reviewing the proposed layout plans for the development of the 40-unit high-rise apartment building and the refurbishment of the commercial complex into hotel rooms and meeting facilities in Cameron Highlands. The Company will continue its efforts to source for sustainable and viable business opportunities.

As the Group's assets are substantially located in Malaysia, it will continue to be exposed to currency fluctuation risks.



**11 If a decision regarding dividend has been made:-****(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No.

**(b)(i) Amount per share ..... cents****(ii) Previous corresponding period ..... cents**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

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

No dividend is declared (recommended) for the period under review. The Company will review it at the end of the financial year.

**13 Interested persons transactions**

The Company has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of SGX-ST ("Listing Manual").

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT****(This part is not applicable to Q1, Q2, Q3 or Half Year Results)****14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Investments and others \$'000	Hospitality and restaurant \$'000	Property development \$'000	Total \$'000
<b>6 months ended 30 June 2019</b>				
Revenue				
- external revenue	37	3,066	-	3,103
- inter-segment revenue	-	-	21	21
	<u>37</u>	<u>3,066</u>	<u>21</u>	<u>3,124</u>
Elimination				(21)
				<u>3,103</u>
Reportable segment results	(604)	347	23	(234)
Other income (excluding interest income)	189	-	-	189
Interest income	336	37	115	488
Interest expense relates to lease liabilities	(4)	-	-	(4)
Currency exchange (loss)/gain	(16)	1	(17)	(32)
Share of results of joint ventures	-	81	-	81
(Loss)/profit before tax	<u>(99)</u>	<u>466</u>	<u>121</u>	<u>488</u>
Income tax expense				(114)
<b>Profit for the period</b>				<u><u>374</u></u>

	Investments and others \$'000	Hospitality and restaurant \$'000	Property development \$'000	Total \$'000
<b>6 months ended 30 June 2018</b>				
Revenue				
- external revenue	51	3,417	3,300	6,768
- inter-segment revenue	-	-	22	22
	51	3,417	3,322	6,790
Elimination				(22)
				6,768
Reportable segment results	(773)	408	1,590	1,225
Other income (excluding interest income)	348	3	40	391
Interest income	268	45	59	372
Interest expense	-	(57)	-	(57)
Share of results of joint ventures	-	79	(1)	78
(Loss)/profit before tax	(157)	478	1,688	2,009
Income tax expense				(33)
<b>Profit for the period</b>				<b>1,976</b>

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current financial period.

**15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

**16 A breakdown of sales as follows:**

Not applicable.

**17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

- (a) Ordinary  
(b) Preference  
(c) Total

Not applicable.

**18 Confirmation pursuant to Rule 720(1) of the Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the Listing Manual and according to the format set out in Appendix 7.7 of the Listing Manual.

**BY ORDER OF THE BOARD**

Foo Yang Hym  
Chief Financial Officer

Singapore  
2 August 2019

**Confirmation by the Board of Directors (the "Board") pursuant to Rule 705(5) of the Listing Manual**

The Board hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the Group's unaudited interim financial results for the second quarter and half year ended 30 June 2019 to be false or misleading in any material aspect.

On behalf of the Board

Dato' Gan Khai Choon  
Chairman

Tan Eng Kwee  
Director

Singapore  
2 August 2019