

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 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

	Note	Group			Group		
		01.04.2019 to 30.06.2019 ("2Q19") S\$'000	01.04.2018 to 30.06.2018 ("2Q18") (Restated) S\$'000	Change %	01.01.2019 to 30.06.2019 ("6M19") S\$'000	01.01.2018 to 30.06.2018 ("6M18") (Restated) S\$'000	Change %
Continuing operations							
Revenue	1	5,669	7,347	(23)	15,284	19,362	(21)
Cost of sales	2	(3,335)	(4,151)	(20)	(7,191)	(8,968)	(20)
Gross profit		2,334	3,196	(27)	8,093	10,394	(22)
Other operating income	3a	1,138	484	135	324	519	(38)
Marketing expenses		(314)	(264)	19	(726)	(589)	23
Administrative expenses		(2,127)	(2,202)	(3)	(4,519)	(4,819)	(6)
Other operating expenses	4	(2,219)	(1,398)	59	(3,371)	(2,366)	42
Operating (loss)/profit		(1,188)	(184)	546	(199)	3,139	NM
Finance costs	5	(239)	(473)	(49)	(732)	(926)	(21)
Share of results of associated and joint venture companies	6	1,123	1,792	(37)	2,142	3,640	(41)
(Loss)/profit before taxation from continuing operations		(304)	1,135	NM	1,211	5,853	(79)
Taxation	7	(143)	(113)	27	(787)	(1,177)	(33)
(Loss)/profit for continuing operations, net of tax		(447)	1,022	NM	424	4,676	(91)
Discontinued operation (Note)							
Profit from discontinued operation, net of tax	8	20,149	996	1,923	20,398	488	4,080
Profit for the period		19,702	2,018	876	20,822	5,164	303
Other comprehensive income :							
<u>Items that may be reclassified subsequently to profit or loss</u>							
Foreign currency translation	9	4,623	(5,572)	NM	10,073	1,662	506
Fair value loss on investment securities		(287)	(102)	181	(149)	(124)	20
Other comprehensive income for the period, net of tax		4,336	(5,674)	NM	9,924	1,538	545
Total comprehensive income for the period		24,038	(3,656)	NM	30,746	6,702	359
Profit for the period attributable to :							
Shareholders of the Company							
(Loss)/profit from continuing operations, net of tax		(444)	760	NM	(658)	2,823	NM
Profit from discontinued operation, net of tax		20,149	996	1,923	20,398	488	4,080
		19,705	1,756	1,022	19,740	3,311	496
Non-controlling interests		(3)	262	NM	1,082	1,853	(42)
		19,702	2,018	876	20,822	5,164	303
Total comprehensive income for the period attributable to :							
Shareholders of the Company							
Profit/(loss) from continuing operations, net of tax		1,914	(479)	NM	3,841	4,376	(12)
Profit/(loss) from discontinued operation, net of tax		20,092	(2,985)	NM	23,123	(172)	NM
		22,006	(3,464)	NM	26,964	4,204	541
Non-controlling interests		2,032	(192)	NM	3,782	2,498	51
		24,038	(3,656)	NM	30,746	6,702	359

Note : On 14 December 2018, the wholly-owned subsidiary of the Company, L.C. Hotels Pte Ltd, entered into a share sale and purchase agreement to sell its 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			Group		
	2Q19	2Q18	Change	6M19	6M18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from :						
- investment securities	83	50	66	172	104	65
- advances to an associated company	1	1	-	1	1	-
	<u>84</u>	<u>51</u>	65	<u>173</u>	<u>105</u>	65
Dividend income from investment securities	-	-	-	-	73	NM

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

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

	Group			Group		
	2Q19	2Q18	Change	6M19	6M18	Change
	S\$'000	(Restated) S\$'000	%	S\$'000	(Restated) S\$'000	%
(a) Other operating income :						
Interest income from fixed deposits	52	26	100	81	41	98
Gain on sale of property, plant and equipment	15	-	NM	15	-	NM
Gain on sale of interest in a subsidiary company (^)	-	454	NM	-	454	NM
Gain on disposal of an associated company (#)	32	-	NM	32	-	NM
Foreign currency gains (*)	1,002	-	NM	155	8	1,838
Others	37	4	825	41	16	156
	<u>1,138</u>	<u>484</u>	135	<u>324</u>	<u>519</u>	(38)
(b) Depreciation of property, plant and equipment	(932)	(1,058)	(12)	(1,860)	(2,114)	(12)
(c) Depreciation of right-of-use assets	(29)	-	NM	(57)	-	NM
(d) Amortisation of club memberships	-	-	-	(1)	(1)	-
(e) Loss on sale of investment securities	(3)	-	NM	(6)	(17)	(65)
(f) Writeback of impairment/(impairment) loss on trade receivables	8	(9)	NM	(4)	(9)	(56)
(g) Property, plant and equipment written off	(29)	-	NM	(29)	(5)	480
(h) Foreign currency losses	-	(116)	NM	-	-	-
(i) Impairment loss on asset held for sale (+)	(750)	-	NM	(750)	-	NM

'NM' : Not meaningful.

^ This was in respect of the sale of 100% equity interest in ZONE X Leisure Pte Ltd, which owned and operated family entertainment business, in June 2018.

This was in respect of the sale of 49% equity interest in Lum Chang (Suzhou) Investments Pte Ltd in June 2019.

* The foreign currency gains in 2Q19 were mainly attributed to gains from the sale of Sterling Pound and translation gain arising from translating Singapore Dollar denominated inter-company interest payable as Singapore Dollar had weakened against Thai Baht. However, the gains were partially offset by translation loss on bank deposits in Sterling Pound owing to unfavourable exchange rate movement.

+ Impairment loss on asset held for sale was in respect of the Group's apartment unit in London as a result of a decrease in fair value.

4. The higher other operating expenses for both 2Q19 and 6M19 was mainly attributed to impairment loss on the Group's apartment unit in London. The breakdown of items under other operating expenses were as follows :

	Group			Group		
	2Q19	2Q18 (Restated)	Change	6M19	6M18 (Restated)	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Utilities	(422)	(434)	(3)	(928)	(903)	3
Payroll and other indirect overheads	(401)	(400)	-	(848)	(829)	2
Impairment loss on asset held for sale	(750)	-	NM	(750)	-	NM
Legal and professional fees	(524)	(352)	49	(647)	(443)	46
Foreign currency losses	-	(116)	NM	-	-	-
Others	(122)	(96)	27	(198)	(191)	4
	<u>(2,219)</u>	<u>(1,398)</u>	59	<u>(3,371)</u>	<u>(2,366)</u>	42

5. The lower finance costs for both 2Q19 and 6M19 was mainly attributed to repayment of a bank loan.
6. This constitutes mainly our share of profits from joint venture companies in Xuzhou, PRC and Knight Frank group of companies in Singapore.
7. The major components of income tax expense were :

	Group			Group		
	2Q19	2Q18 (Restated)	Change	6M19	6M18 (Restated)	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
- Current year	52	205	(75)	681	1,059	(36)
- Benefits from previously unrecognised tax losses	-	-	-	-	(11)	NM
- Over provision in respect of prior year	-	(4)	NM	-	(4)	NM
Deferred tax						
- Origination and reversal of temporary differences	91	(88)	NM	136	133	2
- Over provision in respect of prior year	-	-	-	(30)	-	NM
	<u>143</u>	<u>113</u>	27	<u>787</u>	<u>1,177</u>	(33)

The lower current tax expense for both 2Q19 and 6M19 was mainly because of lower pre-tax profit of Holiday Inn Resort Phuket.

'NM' : Not meaningful.

8. The financial results of Discontinued operation and the effects on disposal were as follows :

	Group			Group		
	2Q19	2Q18	Change	6M19	6M18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	-	5,420	NM	4,259	9,702	(56)
Cost of sales	-	(3,100)	NM	(2,303)	(6,093)	(62)
Gross profit	-	2,320	NM	1,956	3,609	(46)
Other operating income	-	398	NM	56	84	(33)
Marketing expenses	-	(298)	NM	(264)	(583)	(55)
Administrative expenses	-	(725)	NM	(627)	(1,345)	(53)
Other operating expenses ¹	-	(325)	NM	(529)	(675)	(22)
Operating profit	-	1,370	NM	592	1,090	(46)
Finance costs	-	(167)	NM	(330)	(324)	2
Gain on sale of Discontinued operation	20,149	-	NM	20,149	-	NM
Profit before taxation	20,149	1,203	1,575	20,411	766	2,565
Taxation	-	(207)	NM	(13)	(278)	(95)
Profit for the period	20,149	996	1,923	20,398	488	4,080

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

Other operating income :

Interest income from fixed deposits	-	4	NM	6	7	(14)
Foreign currency gains	-	394	NM	50	77	(35)
	-	398	NM	56	84	(33)

Depreciation of property, plant and equipment ²

Property, plant and equipment written off	-	(663)	NM	-	(1,352)	NM
	-	-	-	(26)	-	NM

¹ The breakdown of items under other operating expenses were as follows :

Utilities	-	(160)	NM	(191)	(327)	(42)
Payroll and other indirect overheads	-	(137)	NM	(267)	(297)	(10)
Others	-	(28)	NM	(71)	(51)	39
	-	(325)	NM	(529)	(675)	(22)

² In accordance with Singapore Financial Reporting Standards (International) ("SFRS(1)") 5 - *Non-current Assets Held for Sale and Discontinued Operations*, depreciation ceased when the assets are being classified as held for sale.

Effects on disposal

	2Q19
	S\$'000
Property, plant and equipment	138,141
Inventories	73
Trade receivables	321
Other receivables	109
Prepayments	137
Cash and short-term deposits	4,495
Trade payables	(1,058)
Other payables and accruals	(1,738)
Loans and borrowings	(29,877)
Deferred tax liabilities	(12,785)
Net assets derecognised	97,818
Realisation of foreign currency translation reserve to profit or loss	(57)
Gain on sale of interest in a subsidiary company (Note)	20,149
Consideration, net of transactions costs	117,910
Transaction costs accrued	287
Cash and short-term deposits disposed of	(4,495)
Net cash inflow from the sale of interest in a subsidiary company	113,702

Note

Consideration	119,310
Transaction costs	(1,400)
Realisation of foreign currency translation reserve to profit or loss	57
Net consideration	117,967
Net assets derecognised	(97,818)
Gain on sale of interest in a subsidiary company	20,149

'NM' : Not meaningful.

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 gain in 2Q19 was mainly attributed to stronger Thai Baht partially offset by weaker Renminbi. The loss in 2Q18 was mainly due to weaker Sterling Pound and Thai Baht. The gain in both 6M19 and 6M18 was mainly attributed to stronger Thai Baht.

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	
		30.06.2019 S\$'000	31.12.2018 S\$'000	30.06.2019 S\$'000	31.12.2018 S\$'000
Non-current assets					
Property, plant and equipment		235,009	226,402	-	-
Intangible assets		40	42	-	-
Right-of-use assets	1	1,062	-	-	-
Subsidiary companies		-	-	296,113	296,530
Associated company	2	-	1,600	-	-
Joint venture companies		86,183	84,295	-	-
Investment securities		3,991	3,991	-	-
Deferred tax assets		372	294	-	-
		326,657	316,624	296,113	296,530
Current assets					
Asset held for sale	3	5,160	5,910	-	-
Investment securities	4	5,474	6,281	-	-
Inventories		209	259	-	-
Trade receivables		242	709	-	-
Other receivables		613	541	117	100
Prepayments		469	320	3	7
Amounts due from subsidiary companies	5	-	-	-	2,375
Cash and short-term deposits		41,295	19,511	1,904	194
		53,462	33,531	2,024	2,676
Assets of disposal group classified as held for sale		-	140,247	-	-
		53,462	173,778	2,024	2,676
Current liabilities					
Trade payables		1,541	2,324	-	-
Other payables and accruals	6	6,066	7,676	469	1,186
Provision for taxation		662	757	2	5
Lease liabilities	1	72	-	-	-
Amount due to a subsidiary company	5	-	-	9,388	-
Loans and borrowings	7	25,630	48,636	13,750	48,250
		33,971	59,393	23,609	49,441
Liabilities directly associated with disposal group classified as held for sale		-	44,718	-	-
		33,971	104,111	23,609	49,441
Net current assets/(liabilities)	8	19,491	69,667	(21,585)	(46,765)
Non-current liabilities					
Amount due to a subsidiary company		-	-	22,999	22,999
Lease liabilities	1	1,014	-	-	-
Loans and borrowings	7	131	-	-	-
Deferred tax liabilities		27,898	26,723	-	-
		29,043	26,723	22,999	22,999
Net assets		317,105	359,568	251,529	226,766
Equity attributable to shareholders of the Company					
Share capital		209,518	209,518	209,518	209,518
Reserves		40,718	510	42,011	17,248
Reserves of disposal group classified as held for sale		-	84,497	-	-
		250,236	294,525	251,529	226,766
Non-controlling interests		66,869	65,043	-	-
Total equity		317,105	359,568	251,529	226,766

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. As announced on 27 June 2019, the Group disposed of its 49% equity interest in Lum Chang (Suzhou) Investments Pte Ltd ("LCSZ"). Hence, LCSZ ceased to be an associated company of the Group.
3. The decrease in asset held for sale was attributed to impairment loss arising from a decrease in fair value of the Group's apartment unit in London.
4. The decrease in investment securities (current) was mainly due to the sale of quoted debt securities.
5. The movements were mainly due to advances from a subsidiary company to the Company.
6. The decrease in other payables and accruals was mainly attributed to payment of expenses accrued as at the end of the last financial year.
7. The decrease in loans and borrowings of the Group and the Company was mainly due to repayment of a bank loan (secured by collaterals provided by Discontinued operation) by the Company. A subsidiary company had simultaneously drawn down a new revolving credit facility to finance the inter-company advances as mentioned in Note 5 above. This new revolving credit facility is secured by a pledge of a fixed deposit of the said subsidiary company and a corporate guarantee by the Company.
8. The decrease in net current assets of the Group was mainly due to the effects of the sale of Discontinued operation. The decrease in net current liabilities of the Company was mainly due to repayment of a bank loan secured by collaterals provided by Discontinued operation as mentioned in Note 7 above.

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

As at 30.06.2019		As at 31.12.2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
21,880	3,750	44,386	4,250

Amount repayable after one year

As at 30.06.2019		As at 31.12.2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
131	-	-	-

Details of any collaterals

The Group's borrowings which are secured comprised :

1. A new revolving credit facility of S\$11.0 million secured by :
 - a pledge of fixed deposit of a company in the Group and a corporate guarantee by the Company.
2. A revolving credit facility of S\$10.0 million secured by :
 - a pledge of shares of a company in the Group.
3. A new term loan of S\$1.0 million secured by :
 - a mortgage on the freehold land and buildings owned by 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	2Q19 S\$'000	2Q18 S\$'000	6M19 S\$'000	6M18 S\$'000
Cash flows from operating activities :				
(Loss)/profit before taxation from continuing operations	(304)	1,135	1,211	5,853
Profit before taxation from discontinued operation	20,149	1,203	20,411	766
Profit before taxation, total	19,845	2,338	21,622	6,619
Adjustments for :				
Depreciation of property, plant and equipment	932	1,721	1,860	3,466
Depreciation of right-of-use assets	29	-	57	-
Gain on sale of property, plant and equipment	(15)	-	(15)	-
Property, plant and equipment written off	29	-	55	5
Loss on sale of investment securities	3	-	6	17
Gain on sale of interests in subsidiary companies	(20,149)	(454)	(20,149)	(454)
Gain on disposal of an associated company	(32)	-	(32)	-
Share of results of associated and joint venture companies	(1,123)	(1,792)	(2,142)	(3,640)
Amortisation of club memberships	-	-	1	1
Dividend income from investment securities	-	-	-	(73)
Interest income	(136)	(81)	(260)	(153)
Finance costs	239	640	1,062	1,250
Impairment loss on asset held for sale	750	-	750	-
Foreign currency forward contract	(934)	-	-	-
Unrealised foreign exchange differences	159	(222)	11	(55)
Operating (loss)/profit before reinvestment in working capital	(403)	2,150	2,826	6,983
Decrease/(increase) in inventories	31	(18)	48	(39)
Decrease in receivables and prepayments	216	618	703	317
Decrease in payables	(1,258)	(883)	(2,877)	(1,079)
Cash flows (used in)/generated from operations	(1,414)	1,867	700	6,182
Interest received	313	173	334	236
Interest paid	(318)	(674)	(938)	(1,268)
Income taxes paid	(588)	(615)	(1,074)	(1,116)
Net cash flows (used in)/from operating activities	(2,007)	751	(978)	4,034
Cash flows from investing activities :				
Dividend received	-	-	-	73
Proceeds from sale of property, plant and equipment	19	-	19	-
Purchase of property, plant and equipment	(1,091)	(1,164)	(1,398)	(2,275)
Proceeds from sale of investment securities	249	-	498	3,734
Net cash inflow from the sale of interests in subsidiary companies	113,702	728	113,702	728
Proceeds from disposal of an associated company	1,389	-	1,389	-
Net cash flows generated from/(used in) investing activities	114,268	(436)	114,210	2,260
Cash flows from financing activities :				
Proceeds from bank loans	11,991	250	12,491	6,150
Repayment of bank loans	(35,390)	(1,286)	(35,835)	(1,999)
Advance from immediate and ultimate holding company	-	-	2,000	-
Repayment of advance from immediate and ultimate holding company	(500)	-	(2,000)	-
Repayment of advances by an associated company	211	-	240	62
Repayment of lease liabilities	(109)	-	(124)	-
Fixed deposit pledged with a bank	(11,845)	-	(11,845)	-
Repayment to hire purchase creditors	-	(6)	-	(10)
Dividends paid by the Company	(71,256)	-	(71,256)	(10,556)
Dividends paid to a non-controlling interest	-	(1,949)	(1,956)	(1,949)
Net cash flows used in financing activities	(106,898)	(2,991)	(108,285)	(8,302)
Net increase/(decrease) in cash and cash equivalents	5,363	(2,676)	4,947	(2,008)
Effects of exchange rate changes on cash and cash equivalents	(329)	41	(126)	184
Cash and cash equivalents at beginning of period	24,367	25,190	24,580	24,379
Cash and cash equivalents at end of period	29,401	22,555	29,401	22,555

Note to Statement of Cash Flows :

Cash and cash equivalents comprised the following amounts :

Continuing operations

Fixed deposits	24,812	10,293
Cash and bank balances	16,483	8,085
Cash and short-term deposits per Consolidated Statement of Financial Position	41,295	18,378

Discontinued operation

Cash and short-term deposits	-	4,226
	41,295	22,604
Less: Fixed deposits pledged	(11,894)	(49)

Cash and cash equivalents per Consolidated Statement of Cash Flows

	29,401	22,555
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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	Reserves of disposal group classified as held for sale 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					
2Q19											
As at 1 April 2019	209,518	50,954	30	2,235	49,575	(886)	(48,268)	87,279	89,965	64,837	364,320
Profit/(loss) for the period	-	-	-	-	-	-	19,705	-	19,705	(3)	19,702
Other comprehensive income for the period, net of tax	-	2,358	-	2,645	-	(287)	-	(57)	2,301	2,035	4,336
Total comprehensive income for the period	-	2,358	-	2,645	-	(287)	19,705	(57)	22,006	2,032	24,038
<u>Contributions by and distributions to shareholders of the Company</u>											
Dividends paid by the Company	-	-	-	-	-	-	(71,256)	-	(71,256)	-	(71,256)
Total contributions by and distributions to shareholders of the Company	-	-	-	-	-	-	(71,256)	-	(71,256)	-	(71,256)
<u>Others</u>											
Sale of interest in a subsidiary company	-	-	-	-	-	-	87,222	(87,222)	-	-	-
Share of reserve of a joint venture company	-	3	-	-	-	3	-	-	3	-	3
Total others	-	3	-	-	-	3	87,222	(87,222)	3	-	3
As at 30 June 2019	209,518	53,315	30	4,880	49,575	(1,170)	(12,597)	-	40,718	66,869	317,105
2Q18											
As at 1 April 2018											
- as previously reported	209,518	141,720	30	6,413	135,219	58	(47,790)	-	93,930	65,432	368,880
- Effect of adopting SFRS(I) 1	-	379	-	379	-	-	(379)	-	-	-	-
- as restated	209,518	142,099	30	6,792	135,219	58	(48,169)	-	93,930	65,432	368,880
Profit for the period	-	-	-	-	-	-	1,756	-	1,756	262	2,018
Other comprehensive income for the period, net of tax	-	(5,220)	-	(5,118)	-	(102)	-	-	(5,220)	(454)	(5,674)
Total comprehensive income for the period	-	(5,220)	-	(5,118)	-	(102)	1,756	-	(3,464)	(192)	(3,656)
<u>Others</u>											
Dividends paid to a non-controlling interest	-	-	-	-	-	-	-	-	-	(1,949)	(1,949)
Total others	-	-	-	-	-	-	-	-	-	(1,949)	(1,949)
As at 30 June 2018	209,518	136,879	30	1,674	135,219	(44)	(46,413)	-	90,466	63,291	363,275

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE GROUP (CONTINUED)

	-----Attributable to shareholders of the Company-----						Revenue reserve S\$'000	Reserves of disposal group classified as held for sale S\$'000	Total reserves S\$'000	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				S\$'000	S\$'000
6M19											
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	-	-	-	-	-	-	19,740	-	19,740	1,082	20,822
Other comprehensive income for the period, net of tax	-	4,499	-	4,648	-	(149)	-	2,725	7,224	2,700	9,924
Total comprehensive income for the period	-	4,499	-	4,648	-	(149)	19,740	2,725	26,964	3,782	30,746
<u>Contributions by and distributions to shareholders of the Company</u>											
Dividends paid by the Company	-	-	-	-	-	-	(71,256)	-	(71,256)	-	(71,256)
Total contributions by and distributions to shareholders of the Company	-	-	-	-	-	-	(71,256)	-	(71,256)	-	(71,256)
<u>Others</u>											
Dividends paid to a non-controlling interest	-	-	-	-	-	-	-	-	-	(1,956)	(1,956)
Sale of interest in a subsidiary company	-	-	-	-	-	-	87,222	(87,222)	-	-	-
Share of reserve of a joint venture company	-	3	-	-	-	3	-	-	3	-	3
Total others	-	3	-	-	-	3	87,222	(87,222)	3	(1,956)	(1,953)
As at 30 June 2019	209,518	53,315	30	4,880	49,575	(1,170)	(12,597)	-	40,718	66,869	317,105
6M18											
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	-	29,301	-	29,301	-	-	(29,301)	-	-	-	-
- Effect of adopting SFRS(I) 9	-	-	-	-	-	-	175	-	175	-	175
- as restated	209,518	135,986	30	657	135,219	80	(49,724)	-	86,262	62,742	358,522
Profit for the period	-	-	-	-	-	-	3,311	-	3,311	1,853	5,164
Other comprehensive income for the period, net of tax	-	893	-	1,017	-	(124)	-	-	893	645	1,538
Total comprehensive income for the period	-	893	-	1,017	-	(124)	3,311	-	4,204	2,498	6,702
<u>Others</u>											
Dividends paid to a non-controlling interest	-	-	-	-	-	-	-	-	-	(1,949)	(1,949)
Total others	-	-	-	-	-	-	-	-	-	(1,949)	(1,949)
As at 30 June 2018	209,518	136,879	30	1,674	135,219	(44)	(46,413)	-	90,466	63,291	363,275

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share capital S\$'000	Revenue reserve S\$'000	Total equity S\$'000
2Q19			
As at 1 April 2019	209,518	16,779	226,297
Profit for the period, representing total comprehensive income for the period	-	96,488	96,488
<u>Contributions by and distributions to shareholders of the Company</u>			
Dividends paid by the Company	-	(71,256)	(71,256)
Total contributions by and distributions to shareholders of the Company	-	(71,256)	(71,256)
As at 30 June 2019	209,518	42,011	251,529
2Q18			
As at 1 April 2018	209,518	13,394	222,912
Profit for the period, representing total comprehensive income for the period	-	316	316
As at 30 June 2018	209,518	13,710	223,228
6M19			
As at 1 January 2019	209,518	17,248	226,766
Profit for the period, representing total comprehensive income for the period	-	96,019	96,019
<u>Contributions by and distributions to shareholders of the Company</u>			
Dividends paid by the Company	-	(71,256)	(71,256)
Total contributions by and distributions to shareholders of the Company	-	(71,256)	(71,256)
As at 30 June 2019	209,518	42,011	251,529
6M18			
As at 1 January 2018	209,518	13,944	223,462
Loss for the period, representing total comprehensive income for the period	-	(234)	(234)
As at 30 June 2018	209,518	13,710	223,228

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 30 June 2019 comprised 1,055,639,464 (30 June 2018 : 1,055,639,464) ordinary shares with voting rights.

The Company has no treasury shares, subsidiary holdings or outstanding convertibles as at 30 June 2019 and 30 June 2018.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	30.06.2019	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	
	30.06.2019	30.06.2018 (Restated)
<u>Continuing operations</u>		
(a) Based on weighted average number of ordinary shares in issue	(0.04) cent	0.07 cent
(b) On a fully diluted basis	(0.04) cent	0.07 cent
<u>Discontinued operation</u>		
(a) Based on weighted average number of ordinary shares in issue	1.91 cents	0.10 cent
(b) On a fully diluted basis	1.91 cents	0.10 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 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 30 June 2019 and 30 June 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	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Net asset ⁽¹⁾ value per ordinary share ⁽²⁾ attributable to shareholders of the Company	S\$0.24	S\$0.28	S\$0.24	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 2Q19 of S\$5.7 million was S\$1.7 million lower than 2Q18. For 6M19, the revenue of S\$15.3 million was S\$4.1 million lower than 6M18.

Hotel and Serviced Residence

Revenue of S\$5.6 million for 2Q19 was S\$1.1 million lower than 2Q18. For 6M19, the revenue of S\$15.1 million was S\$2.9 million lower than 6M18.

The lower revenue of Holiday Inn Resort Phuket ("HIRP") for 2Q19 was mainly attributed to closure of rooms at Busakorn Wing and a restaurant for refurbishment in May 2019. The lower revenue was also due to lower average room rate in 2Q19. For 6M19, the lower revenue was mainly due to lower occupancies and average room rate as well as lower revenue from food and beverage.

The revenues of both Somerset Vientiane ("SV") and Cityview Apartments and Commercial Centre ("CV") for both 2Q19 and 6M19 were comparable with 2Q18 and 6M18.

Leisure and Others

Revenue of S\$0.1 million for 2Q19 and S\$0.2 million for 6M19 were S\$0.6 million and S\$1.2 million lower than 2Q18 and 6M18 respectively mainly because of revenues from the Group's family entertainment business recorded in 2Q18 and 6M18. ZONE X Leisure Pte Ltd which owned and operated the family entertainment business had been disposed in June 2018.

Property

No revenue was recorded in both 2Q19 and 6M19 and the corresponding periods last year.

Profit Before Tax

The Group incurred a pre-tax loss of S\$0.3 million in 2Q19 compared to pre-tax profit of S\$1.1 million in 2Q18. The pre-tax profit of S\$1.2 million in 6M19 was S\$4.6 million lower than 6M18.

Hotel and Serviced Residence

This sector made a pre-tax profit of S\$0.3 million in 2Q19 compared to pre-tax loss of S\$0.1 million in 2Q18. Excluding foreign currency gains as mentioned in Note 3 to Statement of Comprehensive Income, this sector's pre-tax loss of S\$0.7 million was S\$0.6 million higher than 2Q18. HIRP incurred a pre-tax loss in 2Q19 owing to its lower revenue whilst it was pre-tax profit in 2Q18. This sector's pre-tax profit of S\$1.6 million in 6M19 was S\$1.9 million lower than 6M18. It was mainly attributed to lower revenue of HIRP.

The pre-tax profits of both SV and CV for both 2Q19 and 6M19 were comparable with 2Q18 and 6M18.

Leisure and Others

Corporate office's pre-tax losses of S\$0.4 million in 2Q19 and S\$1.2 million in 6M19 were both S\$0.1 million higher than 2Q18 and 6M18. Despite a lower interest expense incurred due to lower borrowings in 2Q19, there was also an one-off gain on sale of interest in a subsidiary company recorded in 2Q18.

Property

This sector incurred a pre-tax loss of S\$0.2 million in 2Q19 compared to a pre-tax profit of S\$1.5 million in 2Q18. For 6M19, the pre-tax profit of S\$0.8 million was S\$2.6 million lower than 6M18. These were mainly due to impairment loss in respect of the Group's apartment unit in London recorded in 2Q19 and our share of lower profits from both the joint venture company in Xuzhou, PRC, and Knight Frank group of companies in Singapore. The residential project in Xuzhou is at its tail end and nearly all its revenue had been recognised in the previous financial years. Our share of lower profit from Knight Frank group of companies was mainly attributed to its lower commission and fee income.

Discontinued operation

Hotel and Serviced Residence

The Group had completed the sale of L.C. (London) Ltd which owned Crowne Plaza London Kensington ("CPLK") in April 2019 and had recognised the gain on sale of S\$20.1 million in 2Q19. Hence, CPLK had ceased to contribute to the Group's revenue and pre-tax profit for 2Q19. The revenue and pre-tax profit of the Group for 6M19 had decreased accordingly as a result of the sale.

Cash Flow

The deficit in cash flows from operations for 2Q19 was mainly attributed to payment of expenses accrued as at the end of the last financial year and lower revenue of HIRP arising from closure of rooms for refurbishment in May 2019.

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.

Geopolitical tension continues to weigh on global economic growth, and the Ministry of Trade and Industry of Singapore shaved the economic growth projection of Singapore to 1.5% -2.5%, compared to the 1.5% - 3.5% forecast made at the beginning of the year. Our hospitality assets are expected to provide stable income to the Group. We are dedicated to managing and enhancing our existing assets to stay competitive through assets enhancement initiatives. We will continue to seek potential acquisitions opportunities and divestments for our portfolio of assets.

In China, the dispute with the Xuzhou joint venture partner is still under court proceedings and we will update when there is any material development.

In Thailand, the Phuket domestic and international passenger arrivals declined by 6% and 3% respectively year-to-date as of April 2019. Declining tourism demand resulted in an occupancy drop of more than 6%¹ for January to May 2019. Market wide RevPar decreased by 12%¹ compared to the same period last year. The refurbishment of the Busakorn Wing of our Holiday Inn Resort Phuket ("HIRP") has commenced in May 2019. The temporary closure of rooms to facilitate the refurbishment works has affected room availability and thus room revenue. HIRP is expected to operate with full room capacity and contribute to the Group's bottom line with the completion of the refurbishment works at the end of the year.

In Singapore, the uncertain external environment has also affected office rent, as the increase in rent in Q2 has slowed down. Additionally, firms that are located in the prime office buildings in CBD that are due for renewal are seeking offices at the fringe areas, given the higher asking rents demanded by CBD landlords. Notwithstanding the above, the office market in the CBD remains tight, and the limited pipeline supply will support a moderate increase in rent. The Knight Frank agency business is expected to be slow and stable.

¹ Phuket Hotel Market Update Mid-Year Edition July 2019, 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. The Company had paid a Special Dividend of 5.5 Singapore cents per ordinary share for the financial year ending 31 December 2019 on 28 May 2019.

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 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

6 August 2019