

**UNAUDITED RESULTS FOR THIRD QUARTER ENDED 30 SEPTEMBER 2018**
**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**
**1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Note	Group					
		Third Quarter Ended			Nine Months Ended		
		30.9.2018	30.9.2017	+ / (-)	30.9.2018	30.9.2017	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>		2,355	3,101	(24.1)	7,853	9,060	(13.3)
Cost of sales	1	(878)	(1,104)	(20.5)	(2,834)	(3,197)	(11.4)
Changes in fair value of investment securities	2	343	-	n.m.	(1,529)	-	n.m.
<b>Gross profit</b>		1,820	1,997	(8.9)	3,490	5,863	(40.5)
Other income	3	(58)	3,001	n.m.	8,372	8,444	(0.9)
General and administrative costs	4	(1,494)	(1,772)	(15.7)	(6,076)	(4,739)	28.2
Other operating costs	5	-	(1,132)	n.m.	-	(1,844)	n.m.
Finance costs		(222)	(324)	(31.5)	(815)	(1,011)	(19.4)
Share of after tax results of associates and joint ventures	6	268	36	n.m.	737	37	n.m.
Profit before taxation		314	1,806	(82.6)	5,708	6,750	(15.4)
Taxation	7	(178)	(537)	(66.9)	(708)	(885)	(20.0)
<b>Net profit after taxation</b>		136	1,269	(89.3)	5,000	5,865	(14.7)
<b>Attributable to:</b>							
<b>Owners of the Company</b>		136	1,269	(89.3)	5,000	5,865	(14.7)
<b>Profit for the year attributable to owners of the Company</b>		136	1,269		5,000	5,865	

n.m. denotes not meaningful.

**Notes to Group Profit and Loss Statement**

- Cost of sales decreased by \$0.4 million year-on-year (“yoy”) and \$0.2 million quarter-on-quarter (“qoq”) mainly due to the one-off agency fees incurred on the 20 Midtown property as the property was being leased out last year.
- Changes in fair value of investment securities of \$1.5 million yoy were due to net decreases in fair values for fair value through profit and loss (“FVTPL”) investment securities arising from unfavourable market conditions (refer to 4 and 5 on pages 14 and 15 for more information) on the investment securities that were being held by the Group. The STI Index decreased from 3,402.92 as at 31 December 2017 to 3,257.05 as at 30 Sept 2018 and KOSPI Index decreased from 2,467.49 as at 31 December 2017 to 2,343.07 as at 30 Sept 2018. Changes in fair value of investment securities of \$0.3 million qoq were due to favourable market conditions for that quarter.

3. Other income comprised the following:

	3Q2018	3Q2017	+ / (-)	FY2018	FY2017	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	1	-	n.m.	18	1	n.m.
Gain on disposal of non-current investments	-	-	-	-	220	n.m.
Gain on disposal of investment properties	-	3,902	n.m.	1,572	7,858	(80.0)
Gain on disposal of property, plant and equipment	30	-	n.m.	30	-	n.m.
Other investment income	-	19	n.m.	-	136	n.m.
Foreign exchange (loss)/gain	(110)	(984)	(88.8)	59	-	n.m.
Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages ("remeasurement gain")	(30)	-	n.m.	5,449	-	n.m.
Gain on disposal of a subsidiary and its related joint operation	-	-	-	1,037	-	n.m.
Sundry	51	64	(20.3)	207	229	(9.6)
	<u>(58)</u>	<u>3,001</u>		<u>8,372</u>	<u>8,444</u>	

- Remeasurement gain arose from the acquisition of 30% remaining interests in Capital Eagle Limited ("CEL") in 2Q2018. The Group recorded a gain as a result of remeasuring its existing 70% interest in CEL held before the business combination to fair value upon completion of the acquisition pursuant to SFRS(I) 3.
- Gain on disposal of a subsidiary and its related joint operation refers to the disposal of the Group's interests in Capital Herbal Limited in 2Q2018.
- The strengthening of the Sterling Pound against Singapore Dollars in FY2017 resulted in unrealised translation loss of \$1.0 million (reflected under 3Q2017 "Other income") and \$0.3 million (reflected under 3Q2017 "General and administrative costs – see Note 4 below).

4. General and administrative costs increased by \$1.3 million yoy mainly due to-

- \$1.6 million yoy transaction costs arising from the acquisition of 30% interest in CEL;
- offset by \$0.3 million yoy on exchange loss recorded in general and administrative cost in FY2017.

General and administrative costs decreased by \$0.3 million qoq mainly due to foreign exchange loss of \$0.3 million classified within general and administrative costs in 3Q2017.

5. Other operating costs comprised the following:

	3Q2018	3Q2017	+/(-) %	FY2018	FY2017	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Allowance made for impairment on						
- current investments	-	31	n.m.	-	73	n.m.
- non-current investments	-	302	n.m.	-	972	n.m.
- investment property	-	799	n.m.	-	799	n.m.
	<u>-</u>	<u>1,132</u>		<u>-</u>	<u>1,844</u>	

Allowance for impairment loss on current and non-current investment securities relate to investment securities that had suffered a significant or prolonged decline in the market value below the acquisition cost of those investments. Arising from the adoption of new accounting standard SFRS(I) 9, the Group no longer needs to perform assessment for impairment (please refer to 4 and 5 on pages 14 and 15 for more information).

6. Share of after tax results of associates and joint ventures increased by \$0.7 million yoy and \$0.2 million qoq mainly due lower share of loss of \$0.6 million yoy and \$0.1 million qoq from an associated company, Clan Kilmuir (Jersey) Limited.
7. Effective tax rate for FY2018 was 12.4% (FY2017: 13.1%) and 56.7% (3Q2017: 29.7%) for 3Q2018. The taxation charge for the Group for FY2018 was lower than that arrived at by applying the statutory tax rate of 17% to the profit before taxation mainly due to certain gains being capital in nature, offset by certain non-deductible expenses and losses incurred by foreign subsidiaries which are not available for set off against profits of local subsidiaries. The taxation charge for 3Q2018 was higher than the statutory tax rate of 17% mainly due to certain non-deductible expenses. Utilisation of losses incurred by a local subsidiary under group relief is only considered as at year-end.

Profit before taxation included the following:

	Note	Third Quarter Ended			Nine Months Ended		
		30.9.2018 \$'000	30.9.2017 \$'000	+/(-) %	30.9.2018 \$'000	30.9.2017 \$'000	+/(-) %
Investment income		222	242	(8.3)	892	855	4.3
Interest income (included in revenue)		168	146	15.1	467	752	(37.9)
Interest on borrowings		(222)	(324)	(31.5)	(815)	(1,011)	(19.4)
Depreciation on property, plant and equipment and investment properties		(520)	(518)	0.4	(1,644)	(1,586)	3.7
Allowance made for impairment loss on							
- quoted current investments	5	-	(31)	n.m.	-	(73)	n.m.
- unquoted non-current investments	5	-	(302)	n.m.	-	(972)	n.m.
- investment properties	5	-	(799)	n.m.	-	(799)	n.m.
Fair value changes in investment securities		343	-	n.m.	(1,529)	-	n.m.
(Under)/overprovision of taxation in prior years		-	-	-	-	-	-
Foreign exchange (loss)/gain		(110)	(1,320)	n.m.	59	(336)	n.m.
Gain on disposal of investments (included in revenue)		-	680	n.m.	-	1,543	n.m.
Other income:							
- Gain on disposal of non-current investments	3	-	-	-	-	220	n.m.
- Gain on disposal of investment properties	3	-	3,902	n.m.	1,572	7,858	n.m.
- Gain on disposal of property, plant and equipment	3	30	-	n.m.	30	-	n.m.
- Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages	3	(30)	-	n.m.	5,449	-	n.m.
- Gain on disposal of a subsidiary and its related joint operation	3	-	-	-	1,037	-	n.m.

## Statement of Comprehensive Income

	Note	Group					
		Third Quarter Ended			Nine Months Ended		
		30.9.2018 \$'000	30.9.2017 \$'000	+/(-) %	30.9.2018 \$'000	30.9.2017 \$'000	+/(-) %
<b>Net profit after taxation</b>		136	1,269	(89.3)	5,000	5,865	(14.7)
<u>Other comprehensive gain/(loss):</u>							
<i>Items that will not be reclassified to profit or loss</i>							
Net gain/(loss) on investment securities	1	248	-	n.m.	(1,380)	-	n.m.
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Net (loss)/gain on available-for-sale investments (net of tax)	1	-	(185)	n.m.	-	1,798	n.m.
Exchange difference arising from							
- consolidation	2	302	1,052	n.m.	(369)	283	n.m.
- revaluation of net investment in foreign operation	2	217	1,350	(83.9)	(430)	126	n.m.
- reclassification of foreign currency translation on disposal of a joint operation	3	-	-	n.m.	1,463	-	n.m.
Revaluation gain realised by an associate to income statement		-	(201)	n.m.	(110)	(201)	(45.3)
Other comprehensive gain/(loss), net of tax		<u>767</u>	<u>2,016</u>		<u>(826)</u>	<u>2,006</u>	
<b>Total comprehensive gain for the period</b>		<b><u>903</u></b>	<b><u>3,285</u></b>		<b><u>4,174</u></b>	<b><u>7,871</u></b>	
Total comprehensive gain for the period attributable to:							
Owners of the Company		903	3,285	(72.5)	4,174	7,871	(47.0)
Non-controlling interests		-	-		-	-	
		<u>903</u>	<u>3,285</u>		<u>4,174</u>	<u>7,871</u>	

## **Notes to Statement of Comprehensive Income**

- 1) Arising from the adoption of SFRS(I) 9, available-for-sale investments are either classified under fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVTOCI”). Net loss on FVTOCI investment securities of \$1.4 million yoy was mainly due to decrease in fair values arising from unfavourable market conditions. Net gain on FVTOCI investment securities of \$0.2 million qoq was mainly due to increase in fair values arising from favourable market conditions.
- 2) Exchange differences arising from consolidation of \$0.4 million and revaluation of net investment in foreign operation of \$0.4 million in FY2018 were mainly due to unfavourable foreign exchange impact arising from the translation of Sterling Pound against Singapore Dollars for those UK net investments and assets. The weakening of the Sterling Pound against Singapore Dollar resulted in overall net foreign exchange loss of approximately \$0.7 million for FY2018. This is made up of \$0.4 million and \$0.4 million in Other Comprehensive Income, which is partially offset by a translation gain in the profit and loss of \$0.1 million. For 3Q2018, arising from a favourable foreign exchange impact, the overall net foreign exchange gain was \$0.4 million made up of \$0.3 million and \$0.2 million in Other Comprehensive Income, partially offset by a translation loss of \$0.1 million in the profit and loss.
- 3) The currency translation reserve of Capital Herbal Limited was reclassified arising from the disposal of this entity in 2Q 2018.

**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	
		30.9.2018 \$'000	31.12.2017 \$'000	30.9.2018 \$'000	31.12.2017 \$'000
<b>Non-current assets</b>					
Property, plant and equipment		4,510	4,452	-	-
Investment properties	1	110,857	112,040	-	-
Properties under development	2	14,209	-	-	-
Investment in subsidiaries		-	-	170,464	170,464
Investment in joint ventures		3,167	3,106	-	-
Investment in associates	3	25,592	27,812	746	746
Investment securities	4	31,283	23,212	-	-
Other receivables	5	14,043	5,582	-	-
		<u>203,661</u>	<u>176,204</u>	<u>171,210</u>	<u>171,210</u>
<b>Current assets</b>					
Tax recoverable		2	2	-	-
Trade receivables	6	1,782	494	-	-
Prepayments and deposits		244	225	58	53
Other receivables	7	3,891	3,228	-	6
Amounts due from subsidiaries	8	-	-	2,224	6,694
Amounts due from associates		6,442	6,465	-	-
Investment securities	9	16,980	24,773	-	-
Cash and bank balances	10	31,382	50,683	937	3,959
		<u>60,723</u>	<u>85,870</u>	<u>3,219</u>	<u>10,712</u>
<b>Current liabilities</b>					
Bank overdrafts (secured)		(71)	-	-	-
Trade payables		(526)	(424)	-	-
Other payables	11	(3,271)	(2,192)	(365)	(369)
Accrued operating expenses		(2,063)	(2,224)	(214)	(248)
Amounts due to associates	12	(1,990)	(542)	(368)	(361)
Bank loans (secured)	13	(55,016)	(53,177)	-	-
Tax payable		(1,900)	(2,012)	-	-
		<u>(64,837)</u>	<u>(60,571)</u>	<u>(947)</u>	<u>(978)</u>
<b>Net current (liabilities)/assets</b>		(4,114)	25,299	2,272	9,734
<b>Non-current liabilities</b>					
Deferred tax liabilities	14	(5,033)	(3,970)	-	-
Other payables		(477)	(392)	-	-
		<u>(5,510)</u>	<u>(4,362)</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>		<u>194,037</u>	<u>197,141</u>	<u>173,482</u>	<u>180,944</u>

	<b>Group</b>		<b>Company</b>	
	<b>30.9.2018</b>	<b>31.12.2017</b>	<b>30.9.2018</b>	<b>31.12.2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Equity attributable to Owners of the Company</b>				
Share capital	172,154	172,154	172,154	172,154
Treasury shares	(260)	(165)	(260)	(165)
Capital reserve	891	1,001	-	-
Revenue reserve	43,019	38,467	1,588	8,955
Fair value reserve	(557)	7,558	-	-
Currency translation reserve	(21,210)	(21,874)	-	-
	<u>194,037</u>	<u>197,141</u>	<u>173,482</u>	<u>180,944</u>
Non-controlling interests	-	-	-	-
<b>Share capital and reserves</b>	<u>194,037</u>	<u>197,141</u>	<u>173,482</u>	<u>180,944</u>

### **Notes to Statement of Financial Position:**

1. Investment properties decreased by \$1.2 million mainly due to:
  - a. translation loss arising from the UK properties as Sterling Pound had weakened against Singapore Dollar;
  - b. disposal of a residential property in Singapore;
  - c. de-consolidation of an commercial investment property in UK arising from the disposal of a subsidiary and its related joint operation;
  - d. depreciation of the investment properties in this period; offset by
  - e. increase in 20 Midtown property arising from the acquisition of additional equity interests in CEL (refer to announcement on 24 April 2018 for more detailed information).
  
2. Properties under development refer to the purchase of 2 commercial freehold sites at Jalan Besar (refer to announcements on 4 September 2018 and 26 June 2018 for more detailed information).
  
3. Investment in associates decreased by \$2.2 million mainly due to distribution of dividends from an associate of \$2.8 million partially offset by share of results of \$0.6 million during the period.
  
4. Non-current investment securities increased by \$8.1 million mainly due to additional \$3.8 million investment made during the period and reclassification of \$6.3 million from current investment securities to non-current due to SFRS(I) 9 adoption, offset by a fair value loss of \$1.4 million in FVTOCI investments and a return of capital of \$0.6 million in an investment fund.
  
5. Non-current other receivables increased by \$8.5 million mainly due to increase in deferred rental income of \$1.0 million from 20 Midtown property in UK and amount due from a joint venture of \$7.4 million.
  
6. Trade receivables increased by \$1.3 million mainly due to higher receivables of \$0.3 million due from tenants and \$1.0 million being GST refundable arising from the purchase of the freehold land (see note 2 above).
  
7. Current other receivables increased by \$0.7 million mainly due to increases in amounts due from estate agents.

8. Amount due from subsidiaries reduced by \$4.5 million mainly due to receipts from subsidiaries and these were utilised for dividend payments.
9. Current investment securities decreased by \$7.8 million mainly due to \$6.3 million reclassification to non-current investment securities arising from SFRS(l) 9 adoption and \$1.5 million of fair value losses during the period.
10. Decrease in Group's cash at bank balances of \$19.3 million was mainly due to purchases made on non-current investments, investment property in 46 Loman Street, payment of dividends, offset by proceeds from disposal of a residential property in Singapore. Decrease in Company's cash at bank balances of \$3.0 million was mainly due to payment of dividends to shareholders.
11. Other payables increased by \$1.1 million mainly due to an advance rental of \$0.6 million billed to tenants and \$0.7 million transaction costs payable mainly in relation to the acquisition of the remaining 30% interest in CEL.
12. Amounts due to associates increased by \$1.4 million mainly due to holding of funds in trust for an associate.
13. Current bank loans increased by \$1.8 million mainly due to increase in bank loan of \$18.6 million, partially offset by:
  - a. de-consolidation of bank loan of \$14.5 million arising from disposal of Capital Herbal Limited;
  - b. loan repayment of \$1.8 million; and
  - c. translation gain of \$0.5 million as Sterling Pound had weakened against Singapore Dollar.
14. Deferred tax liabilities increased by \$1.1 million mainly due to \$0.2 million provision of deferred tax on unremitted interest income, \$1.4 million from provision of deferred tax on the re-measurement gain and partially offset by a reclassification of \$0.5 million from deferred tax liabilities to tax payable arising from the income tax treatment upon adoption of SFRS(l) 9.

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

### Amount repayable in one year or less, or on demand

	30.9.2018		31.12.2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bank overdrafts	71	-	-	-
Short term bank loans	55,016	-	53,177	-
	<u>55,087</u>	<u>-</u>	<u>53,177</u>	<u>-</u>

### Amount repayable after one year

	30.9.2018		31.12.2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Long term bank loans	-	-	-	-

The Group has sufficient resources to repay the bank overdrafts and short-term bank loans.

### Details of any collateral

Short term bank loans comprised:

- An amount of \$24.0 million (2017: \$18.2 million) secured by a pledge of \$15 million (2017: \$15 million) on a subsidiary's fixed deposits and a corporate guarantee from the Company.
- An amount of \$14.9 million (2017: \$15.1 million) secured by a legal charge over a subsidiary's investment property and assignment of tenancy agreement in respect of the property.
- An amount of \$3.6 million (2017: \$3.6 million) secured by a pledge of \$4 million (2017: \$4 million) on a subsidiary's fixed deposits.
- An amount of \$ Nil (2017: \$1.8 million) secured by a deed of guarantee and indemnity of \$4 million (2017: \$4 million) from a subsidiary.
- An amount of \$ Nil (2017: \$14.5 million) secured by a legal charge over a subsidiary's investment property.
- An amount of \$12.5 million (2017: Nil) secured by a legal charge over a subsidiary's investment properties, assignment of tenancy agreement in respect of the property and a corporate guarantee from another subsidiary company of the Group.

Bank overdraft is secured by a legal charge over a subsidiary's property and assignment of tenancy agreement in respect of the property.

**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			
	Third Quarter Ended	30.9.2017	Nine Months Ended	30.9.2017
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
Profit before taxation	314	1,806	5,708	6,750
Adjustments for:				
Interest income	(169)	(146)	(485)	(753)
Interest expense	222	324	815	1,011
Fair value changes in investment securities	(343)	-	1,529	-
Dividend income from investment securities	(222)	(242)	(892)	(855)
Depreciation of property, plant and equipment and investment properties	520	518	1,644	1,586
Share of results of associates and joint ventures	(268)	(36)	(737)	(37)
Allowance made for impairment loss on				
- current investment securities	-	31	-	73
- non-current investment securities	-	302	-	972
- investment properties	-	799	-	799
Gain on disposal of property, plant and equipment	(30)	-	(30)	-
Gain on disposal of investment properties	-	(3,902)	(1,572)	(7,858)
Gain on disposal of a subsidiary and its related joint operation	-	-	(1,037)	-
Gain on remeasurement of investment in joint operation to fair value upon business combination achieved in stages	30	-	(5,449)	-
Gain on disposal of non-current investment securities	-	-	-	(220)
Unrealised exchange differences	150	1,689	(301)	408
	(110)	(663)	(6,515)	(4,874)
<b>Operating cash flows before changes in working capital</b>	204	1,143	(807)	1,876
Decrease/(increase) in receivables and current investments	658	(3,334)	(2,619)	(3,032)
Increase/(decrease) in payables	315	(716)	1,081	262
	973	(4,050)	(1,538)	(2,770)
<b>Cash flows from/(used in) operations</b>	1,177	(2,907)	(2,345)	(894)
Interest received	121	132	343	569
Interest paid	(222)	(289)	(815)	(976)
Dividend income from investment securities	222	242	892	855
Income taxes paid	(462)	(86)	(1,111)	(165)
	(341)	(1)	(691)	283
<b>Net cash flows from/(used in) operating activities</b>	836	(2,908)	(3,036)	(611)
<b>Cash flows from investing activities:</b>				
(Decrease)/increase in other investments	576	-	(3,219)	(2,650)
Decrease in other receivables	-	4,200	-	9,528
Decrease in investment in joint venture	-	-	-	287
Increase in amount due from joint ventures	(7,368)	-	(7,368)	-
Decrease in amounts due from associates	120	141	120	234
(Decrease)/increase in amounts due to associates	(2)	-	1,444	-
Dividend income from associates	-	-	2,750	-
Net cash inflows on disposal of subsidiary and its related joint operation	-	-	11,754	-
Net cash outflows on acquisition of a subsidiary	-	-	(19,006)	-
Proceeds from disposal of other investments	-	-	19	470
Proceeds from disposal of property, plant and equipment	30	-	30	137
Proceeds from disposal of investment properties	-	5,953	2,468	14,295
Additions to investment properties	14,577	(113)	(359)	(853)
Purchase of freehold land for properties under development	(14,209)	-	(14,209)	-
Purchase of property, plant and equipment	(286)	1	(286)	(206)
<b>Net cash flows (used in)/from investing activities</b>	(6,562)	10,182	(25,862)	21,242
<b>Net cash flows (used in)/from operating and investing activities carried forward</b>	(5,726)	7,274	(28,898)	20,631

	Group			
	Third Quarter Ended		Nine Months Ended	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	\$'000	\$'000	\$'000	\$'000
<b>Net cash flows (used in)/from operating and investing activities brought forward</b>	(5,726)	7,274	(28,898)	20,631
<b>Cash flows from financing activities:</b>				
Proceeds from bank loans	5,040	3,149	18,646	3,149
Repayment of bank loans	-	(15,474)	(1,800)	(16,928)
Purchase of treasury shares	(95)	-	(95)	(67)
Dividends paid	-	-	(7,183)	(6,532)
<b>Net cash flows from/(used in) financing activities</b>	4,945	(12,325)	9,568	(20,378)
Net (decrease)/increase in cash and cash equivalents	(781)	(5,051)	(19,330)	253
Cash and cash equivalents at beginning of the period	13,071	23,112	31,683	17,866
Effects of exchange rate changes on cash and cash equivalents	21	73	(42)	15
<b>Cash and cash equivalents at end of the period</b>	<b>12,311</b>	<b>18,134</b>	<b>12,311</b>	<b>18,134</b>

For the purpose of presenting consolidating cash flow statements, the consolidated cash and cash equivalents comprise the following:-

	Group		Group	
	30.9.2018	30.9.2017	30.9.2018	30.9.2017
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	31,382	37,134	31,382	37,134
Less: cash and bank balances pledged	(19,000)	(19,000)	(19,000)	(19,000)
Less: bank overdrafts secured	(71)	-	(71)	-
Cash and cash equivalents at end of the period	<b>12,311</b>	<b>18,134</b>	<b>12,311</b>	<b>18,134</b>



	Share capital \$'000	Treasury shares \$'000	Revenue reserve \$'000	Total equity \$'000
<b>Company</b>				
Balance at 1.1.2018	172,154	(165)	8,955	180,944
Total comprehensive loss for the period	-	-	(241)	(241)
Balance at 31.3.2018	172,154	(165)	8,714	180,703
Total comprehensive loss for the period	-	-	(287)	(287)
Dividends paid	-	-	(7,183)	(7,183)
Balance at 30.6.2018	172,154	(165)	1,244	173,233
Purchase of treasury shares	-	(95)	-	(95)
Total comprehensive gain for the period	-	-	344	344
Balance at 30.9.2018	172,154	(260)	1,588	173,482
Balance at 1.1.2017	172,154	(98)	7,555	179,611
Total comprehensive loss for the period	-	-	(206)	(206)
Balance at 31.3.2017	172,154	(98)	7,349	179,405
Purchase of treasury shares	-	(67)	-	(67)
Total comprehensive loss for the period	-	-	(301)	(301)
Dividends paid	-	-	(6,532)	(6,532)
Balance at 30.6.2017	172,154	(165)	516	172,505
Total comprehensive gain for the period	-	-	2,880	2,880
Balance at 30.9.2017	172,154	(165)	3,396	175,385

**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.**

(a) No option has been granted under the Hwa Hong Corporation Limited (2001) Share Option Scheme since its adoption on 29 May 2001. At the 58<sup>th</sup> Annual General Meeting held on 27 April 2011, the shareholders of the Company approved the extension of the scheme for another ten years from 29 May 2011 to 28 May 2021.

(b)

	30/9/2018	30/9/2017
	\$'000	\$'000
Share capital	172,154	172,154
	30/9/2018	30/9/2017
	'000	'000
Total number of issued shares	653,504	653,504
Total number of treasury shares	(843)	(546)
Total number of subsidiary holdings	-	-
Total number of issued shares excluding treasury shares and subsidiary holdings	652,661	652,958

**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.**

	30/9/2018	31/12/2017
	'000	'000
Total number of issued shares	653,504	653,504
Total number of treasury shares	(843)	(546)
Total number of issued shares excluding treasury shares	<u>652,661</u>	<u>652,958</u>

As at 30 September 2018 and 31 December 2017, there were no outstanding convertibles.

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

There were 296,900 ordinary shares buy-backs at a cost of \$95,141 and held as treasury shares during the current quarter.

**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 have not been audited nor reviewed by the auditors.

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

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Accounting Standards Council has issued a new financial reporting framework – Singapore Financial Reporting Standards (International) (“SFRS(I)”), which is to be adopted by Singapore incorporated companies listed on the Singapore Exchange, for annual period beginning on or after 1 January 2018. As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at the end of the first SFRS(I) reporting period (31 December 2017), except for areas of exceptions and optional exemptions set out in SFRS(I) 1.

The Group has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there are no changes to the Group's and the Company's current accounting policies under the Financial Reporting Standards in Singapore or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited consolidated financial statements for the financial year ended 31 December 2017 except for the adoption of SFRS(I) 9 Financial Instruments.

The effect of the adoption was discussed in item 5 below.

**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 and the Company have adopted the following new SFRS(I)s, amendments to and interpretations of SFRS(I) that are effective for the financial periods beginning on 1 January 2018:-

Description	Effective for annual periods beginning on or after
SFRS(I) 15 Revenue from Contracts with Customers	1 January 2018
SFRS(I) 9 Financial Instruments	1 January 2018
Amendments to SFRS(I)15: Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 January 2018
Amendments to SFRS(I) 2: Classification and Measurement of Share based Payment Transaction	1 January 2018
Amendments to SFRS(I) 1-28 Investments in Associates and Joint Ventures	1 January 2018
SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

The adoption of the revised SFRS(I)s did not have any material financial impact on the financial statements of the Group and the Company for the quarter ended 30 September 2018 except for SFRS(I) 9 (previously FRS 109).

The changes in accounting policies have been applied retrospectively and the Group has elected to apply the limited exemption in SFRS(I) 9 and has not restated comparative periods in the year of initial application. Any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application are recognised in the opening retained earnings.

For equity securities, the Group measures its currently available-for-sale quoted equity securities of \$18.4 million held as at 1 January 2018 at fair value through profit or loss (FVTPL). The fair value reserve of \$1.8m previously recognised in other comprehensive income was adjusted against retained earnings on initial application. The Group measures the remaining available-for-sale equity securities amounting to \$6.3 million as at 1 January 2018 at fair value through other comprehensive income (FVTOCI). The impairment loss of \$5 million previously recognised in profit or loss was adjusted against revenue reserve on date of initial application.

The impacts arising from SFRS(I) 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

The effects to opening retained earnings and opening fair value reserves on the financial statements are shown under 1(d)(i).

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.

	<b>GROUP</b>			
	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30.9.2018</b>	<b>30.9.2017</b>	<b>30.9.2018</b>	<b>30.9.2017</b>
Earnings per ordinary share after deducting any provision for preference dividends:				
(i) Based on the weighted average number of ordinary shares in issue (cents)	0.02	0.19	0.77	0.90
(ii) On a fully diluted basis (cents)	0.02	0.19	0.77	0.90

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.

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30.9.2018</b>	<b>31.12.2017</b>	<b>30.9.2018</b>	<b>31.12.2017</b>
Net asset value per ordinary share (cents)	29.73	30.19	26.58	27.71

Note: dividend of 1.1 cent was paid in 2Q2018.

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**Revenue** (excluding all inter-segment transactions)

	3Q2018 \$'000	3Q2017 \$'000	+ /(-) %	FY2018 \$'000	FY2017 \$'000	+ /(-) %
Rental	1,965	2,034	(3.4)	6,494	5,911	9.9
Investments	390	1,067	(63.4)	1,359	3,149	(56.8)
Corporate and Others	-	-	n.m.	-	-	n.m.
	<u>2,355</u>	<u>3,101</u>		<u>7,853</u>	<u>9,060</u>	

Increase in revenue for rental segment by \$0.6 million yoy was mainly due to:

- increase in rental income from 20 Midtown (formerly known as Eagle House) by \$1.2 million yoy arising from the increase in shareholding from a joint operation to 100% wholly-owned subsidiary; offset by
- decrease in rental income from Herbal Hill by \$0.5 million yoy subsequent to the disposal of joint operation in 2Q 2018.

Decrease in revenue for investments segment by \$1.8 million yoy and \$0.7 million qoq takes into account:-

- absence of net gain on disposal of investment securities of \$1.5 million yoy and \$0.7 million qoq subsequent to SFRS(I) 9 adoption;
- decrease in interest income by \$0.3 million yoy mainly due to absence of interest from DR Trust subsequent to the receipt of loan in 2Q2017.

**Profit before taxation** (excluding all inter-segment transactions)

	3Q2018 \$'000	3Q2017 \$'000	+ /(-) %	FY2018 \$'000	FY2017 \$'000	+ /(-) %
Rental	459	3,574	(87.2)	7,439	8,321	(10.6)
Investments	702	425	65.2	602	1,358	(55.7)
Corporate and Others	(504)	(500)	0.8	(1,605)	(1,548)	3.7
	<u>657</u>	<u>3,499</u>		<u>6,436</u>	<u>8,131</u>	
Unallocated items	(343)	(1,693)	(79.7)	(728)	(1,381)	(47.3)
	<u>314</u>	<u>1,806</u>		<u>5,708</u>	<u>6,750</u>	

Rental segment refers to rental of residential, commercial properties and warehouse. Decrease in profit before taxation for Rental segment by \$0.9 million yoy and \$3.1 million qoq takes into account:-

- re-measurement gain of \$5.5 million yoy;
- increase in rental revenue by \$0.6 million yoy (refer to explanation on page 17);
- absence of impairment of investment properties of \$0.8 million yoy and qoq;
- decrease in gain from disposal of investment properties by \$6.3 million yoy and \$3.9 million qoq;
- decrease in recognition of other investment income of \$0.1 million yoy. The other investment income came from the development of Sheffield post office site;
- transaction costs of \$1.6 million incurred yoy mainly arising from the acquisition of 30% interest in Capital Eagle Limited.

Investment segment refers to investment holding. Decrease in profit before taxation for Investment segment by \$0.8 million yoy and increase in \$0.3 million qoq takes into account:-

- loss in fair value changes in FVTPL of \$1.5 million yoy and gain in fair value changes in FVTPL of \$0.3 million qoq;
- absence of net gain on disposal of current and non-current investment securities of \$1.8 million yoy and \$0.7 million qoq;
- decrease in interest income of \$0.3 million yoy;
- absence of allowance for impairment loss on investment securities of \$1.0 million yoy and \$0.3 million qoq as the Group no longer needs to assess for impairment arising from SFRS(I) 9;
- increase in share of associates and joint venture by \$0.7 million yoy and \$0.2 million qoq;
- gain on disposal of a subsidiary and its related joint operation of \$1.0 million yoy.

Corporate segment refers to the provision of management, administrative and support services to related companies and investment holding.

Unallocated items refer to items such as finance costs and certain foreign exchange differences which are managed on a Group basis and were not allocated to the segments. The losses yoy and qoq were mainly due to finance costs incurred on bank borrowings.

**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.**

Cooling measures introduced in July have dampened buying sentiments in the Singapore residential market, resulting in fewer sales and softer prices. The market for commercial and industrial properties remains relatively stable.

With uncertainties in the negotiations on Brexit, the Group faces challenges in marketing the remaining units of the refurbished apartments in Hornton Street. The UK market for commercial properties remains stable notwithstanding Brexit.

All our residential, industrial and commercial units in UK and Singapore are fully let.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on? No

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

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(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.

**13. INTERESTED PERSON TRANSACTIONS**

<b>Name of interested person</b>	<b>Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
Hong Leong Investment Holdings Pte. Ltd. Group – Purchase of 2 commercial freehold lands from City Developments Limited for nine months ended 30 September 2018	\$13,800,000	Nil <sup>^</sup>

<sup>^</sup> There is no subsisting shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

**14. CONFIRMATION BY THE BOARD**

The Board of Directors of Hwa Hong Corporation Limited confirms that to the best of its knowledge, nothing has come to its attention which may render the interim financial results to be false or misleading in any material respect.

**15. UNDERTAKINGS CONFIRMATION**

The Company hereby confirms that the undertakings as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual has been procured from all its Directors and Executive Officers.

**SUBMITTED BY**

Lee Soo Wei  
Chief Financial Officer  
25 October 2018