

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::THIRD QUARTER RESULTS

Issuer & Securities

Issuer/ Manager

HL GLOBAL ENTERPRISES LIMITED

Securities

HL GLOBAL ENTERPRISES LIMITED - SG1AI6000003 - AVX

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Announcement Details

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Foo Yang Hym

Designation

Chief Financial Officer

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Please refer to the attachment.

Additional Details

For Financial Period Ended

30/09/2019

Attachments

[HLGE_3Q2019results.pdf](#)

Total size =385K MB

HL GLOBAL ENTERPRISES LIMITED

Company Registration No.: 196100131N

Unaudited Third Quarter and Nine Months Financial Statement Announcement for the period ended 30 September 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.

| | | Group | | | | | |
|---|------|-------------------|-------------------|-------------|--------------------------|--------------------------|-------------|
| | Note | 3Q 2019 \$'000 | 3Q 2018 \$'000 | Change % | YTD 3Q 2019 \$'000 | YTD 3Q 2018 \$'000 | Change % |
| Revenue | (1) | 1,925 | 2,152 | (10.5) | 5,028 | 8,920 | (43.6) |
| Cost of sales | | (961) | (1,025) | (6.2) | (2,531) | (4,435) | (42.9) |
| Gross profit | (1) | 964 | 1,127 | (14.5) | 2,497 | 4,485 | (44.3) |
| Other income | (2) | 328 | 482 | (32.0) | 1,005 | 1,245 | (19.3) |
| Selling and marketing expenses | | (58) | (52) | 11.5 | (167) | (165) | 1.2 |
| Administrative expenses | (3) | (99) | (88) | 12.5 | (309) | (417) | (25.9) |
| Finance costs | (4) | (2) | (16) | (87.5) | (6) | (73) | (91.8) |
| Other expenses | (5) | (734) | (2,381) | (69.2) | (2,214) | (4,072) | (45.6) |
| Share of results of joint ventures (net of tax) | | 42 | 39 | 7.7 | 123 | 117 | 5.1 |
| Profit/(loss) before tax | | 441 | (889) | NM | 929 | 1,120 | (17.1) |
| Income tax expense | (6) | (68) | (15) | 353.3 | (182) | (48) | 279.2 |
| Profit/(loss) for the period attributable to owners of the Company | | 373 | (904) | NM | 747 | 1,072 | (30.3) |

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

(1) Revenue and gross profit

Compared to 3Q 2018, the decline in revenue and gross profit in 3Q 2019 was due to the decrease in revenue contribution from the Group's hospitality segment.

(2) Other income

| | | Group | | | | | |
|----------------------------|--|-------------------|-------------------|-------------|--------------------------|--------------------------|-------------|
| | | 3Q 2019 \$'000 | 3Q 2018 \$'000 | Change % | YTD 3Q 2019 \$'000 | YTD 3Q 2018 \$'000 | Change % |
| Interest income | | 264 | 236 | 11.9 | 752 | 608 | 23.7 |
| Licence fee | | 61 | 95 | (35.8) | 241 | 299 | (19.4) |
| Currency exchange gain-net | | - | 146 | NM | - | 325 | NM |
| Sundry income | | 3 | 5 | (40.0) | 12 | 13 | (7.7) |
| | | 328 | 482 | (32.0) | 1,005 | 1,245 | (19.3) |

The increase in interest income was partly due to higher interest rates on fixed deposit placements for 3Q 2019 compared to 3Q 2018. The decrease in licence fee for 3Q 2019 compared to 3Q 2018 was mainly due to lower revenue recorded by Hotel Equatorial Shanghai ("HES") as licence fee is charged as a percentage of the revenue of HES.

(3) Administrative expenses

Compared to YTD 3Q 2018, the reduction in administrative expenses in YTD 3Q 2019 was mainly due to the absence of corporate exercise.

(4) Finance costs

| | | Group | | | | | |
|---|--|-------------------|-------------------|-------------|--------------------------|--------------------------|-------------|
| | | 3Q 2019 \$'000 | 3Q 2018 \$'000 | Change % | YTD 3Q 2019 \$'000 | YTD 3Q 2018 \$'000 | Change % |
| Interest expense | | - | (16) | NM | - | (73) | NM |
| Interest expense relates to lease liabilities | | (2) | - | NM | (6) | - | NM |
| | | (2) | (16) | (87.5) | (6) | (73) | (91.8) |

NM: Not meaningful

(5) Other expenses

| | Group | | | | | |
|--|--------------|----------------|---------------|----------------|----------------|---------------|
| | 3Q 2019 | 3Q 2018 | Change | YTD | YTD | Change |
| | \$'000 | \$'000 | | 3Q 2019 | 3Q 2018 | |
| Depreciation of investment property, property, plant and equipment | (242) | (231) | 4.8 | (723) | (744) | (2.8) |
| Depreciation of right-of-use assets | (34) | - | NM | (104) | - | NM |
| Staff costs/directors' fee | (348) | (366) | (4.9) | (1,041) | (1,146) | (9.2) |
| Additional withholding tax and relevant expenses on disposal of LKN Investment International Pte Ltd | - | (1,600) | NM | - | (1,600) | NM |
| Other operating expenses | (110) | (184) | (40.2) | (346) | (582) | (40.5) |
| | <u>(734)</u> | <u>(2,381)</u> | <u>(69.2)</u> | <u>(2,214)</u> | <u>(4,072)</u> | <u>(45.6)</u> |

The decrease in other operating expenses was mainly due to:

- 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.
- 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 YTD 3Q 2019.

(YTD 3Q 2018: There was no over or under provision of taxation in respect of prior years). Compared to YTD 3Q 2018, the higher income tax expense for YTD 3Q 2019 was mainly due to interest income and the utilisation of deferred tax asset of \$86,000 for the taxable profit of an overseas subsidiary.

(7) Consolidated statement of comprehensive income

| | Group | | | | | |
|---|------------|----------------|-----------|------------|--------------|---------------|
| | 3Q 2019 | 3Q 2018 | Change | YTD | YTD | Change |
| | \$'000 | \$'000 | | 3Q 2019 | 3Q 2018 | |
| Profit/(loss) for the period | 373 | (904) | NM | 747 | 1,072 | (30.3) |
| Other comprehensive income/(loss) | | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | | |
| Foreign currency translation differences for foreign operations | 165 | (456) | NM | (23) | (6) | 283.3 |
| Total comprehensive income/(loss) for the period attributable to owners of the Company | <u>538</u> | <u>(1,360)</u> | <u>NM</u> | <u>724</u> | <u>1,066</u> | <u>(32.1)</u> |

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 | Group | Company | Company |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 30/09/2019 | 31/12/2018 | 30/09/2019 | 31/12/2018 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 16,802 | 17,314 | 3 | 5 |
| Investment property | 1,950 | 2,011 | - | - |
| Subsidiaries | - | - | 39,397 | 39,397 |
| Associate | 58 | 58 | - | - |
| Joint ventures | 1 | 474 | 524 | - |
| Right-of-use assets | 2 | 235 | - | 204 |
| Deferred tax asset | | 114 | 199 | - |
| | <u>19,633</u> | <u>20,106</u> | <u>39,604</u> | <u>39,402</u> |
| Current assets | | | | |
| Inventories | 96 | 105 | - | - |
| Development properties | 4,033 | 4,025 | - | - |
| Trade and other receivables | 3 | 850 | 1,233 | 308 |
| Prepayment | 4 | 84 | 59 | 25 |
| Cash and bank balances | 5 | 56,292 | 62,730 | 37,961 |
| | <u>61,355</u> | <u>68,152</u> | <u>38,294</u> | <u>48,454</u> |
| Total assets | <u>80,988</u> | <u>88,258</u> | <u>77,898</u> | <u>87,856</u> |

| | | Group | Group | Company | Company |
|---|---|-------------------|-------------------|-------------------|-------------------|
| | | 30/09/2019 | 31/12/2018 | 30/09/2019 | 31/12/2018 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Equity | | | | | |
| Share capital | | 129,793 | 129,793 | 129,793 | 129,793 |
| Equity capital contributed by parent | | 3,980 | 3,980 | 3,980 | 3,980 |
| Reserves | | (55,794) | (56,518) | (57,971) | (57,806) |
| Total equity attributable to owners of the Company | | 77,979 | 77,255 | 75,802 | 75,967 |
| Non-current liabilities | | | | | |
| Other payables | | - | - | 957 | 3,022 |
| Lease liabilities | 2 | 113 | - | 104 | - |
| Deferred tax liabilities | | 28 | 28 | - | - |
| | | 141 | 28 | 1,061 | 3,022 |
| Current liabilities | | | | | |
| Trade and other payables | 5 | 2,680 | 10,915 | 868 | 8,806 |
| Lease liabilities | 2 | 125 | - | 103 | - |
| Current tax payable | | 63 | 60 | 64 | 61 |
| | | 2,868 | 10,975 | 1,035 | 8,867 |
| Total liabilities | | 3,009 | 11,003 | 2,096 | 11,889 |
| Total equity and liabilities | | 80,988 | 88,258 | 77,898 | 87,856 |

Notes:

- 1 The decrease mainly arose from the share of profit of a joint venture less dividend received from the 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 and maintenance fee on hotel front office system.
- 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) the amount repayable in one year or less, or on demand;

| | Group | |
|-----------|-------------------|-------------------|
| | 30/09/2019 | 31/12/2018 |
| | \$'000 | \$'000 |
| Unsecured | 125 | - |

(b) the amount repayable after one year;

| | Group | |
|-----------|-------------------|-------------------|
| | 30/09/2019 | 31/12/2018 |
| | \$'000 | \$'000 |
| Unsecured | 113 | - |

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.**

| | Group | | | |
|---|-------------------|-------------------|--------------------------|--------------------------|
| | 3Q 2019 \$'000 | 3Q 2018 \$'000 | YTD 3Q 2019 \$'000 | YTD 3Q 2018 \$'000 |
| Operating activities | | | | |
| Profit/(loss) before tax | 441 | (889) | 929 | 1,120 |
| Adjustments for: | | | | |
| Depreciation of investment property | 18 | 18 | 56 | 57 |
| Depreciation of property, plant and equipment | 224 | 213 | 667 | 687 |
| Depreciation of right-of-use assets | 34 | - | 104 | - |
| Interest expense | - | 16 | - | 73 |
| Interest expense relates to lease liabilities | 2 | - | 6 | - |
| Interest income | (264) | (236) | (752) | (608) |
| Write-back of other payables | - | - | (133) | - |
| Share of results of joint ventures (net of tax) | (42) | (39) | (123) | (117) |
| Unrealised foreign exchange (gain)/loss-net | (19) | (149) | 37 | (188) |
| Operating cash flows before changes in working capital | 394 | (1,066) | 791 | 1,024 |
| Development properties | (12) | (4) | (12) | 856 |
| Inventories | 7 | 14 | 9 | 10 |
| Trade and other payables | 12 | 1,413 | (313) | (711) |
| Trade and other receivables and prepayment | (52) | (71) | 471 | (334) |
| Cash from operating activities | 349 | 286 | 946 | 845 |
| Income tax paid | (13) | (16) | (93) | (48) |
| Interest paid | - | (16) | - | (73) |
| Interest received | 143 | 227 | 643 | 515 |
| Net cash from operating activities | 479 | 481 | 1,496 | 1,239 |
| Investing activities | | | | |
| (Placement of fixed deposits with tenure more than 3 months and restricted cash at bank)/withdrawal of fixed deposits matured | (13,354) | 5,187 | 6,834 | (39,450) |
| Dividend received from a joint venture | - | - | 162 | 167 |
| Proceeds from disposal of property, plant and equipment | - | - | - | 2 |
| Purchase of property, plant and equipment | (63) | (46) | (156) | (430) |
| Retention money from the disposal of a subsidiary | - | - | - | 5,902 |
| Tax and relevant expenses in relation to the disposal of LKNII | - | - | (7,789) | - |
| Net cash (used in)/from investing activities | (13,417) | 5,141 | (949) | (33,809) |
| Financing activities | | | | |
| Dividend paid to ordinary shareholders and holders of non-redeemable convertible cumulative preference shares ("NCCPS") | - | - | - | (2,893) |
| Repayment of borrowings | - | - | - | (1,354) |
| Repayment of finance lease liabilities | - | (1) | - | (4) |
| Repayment of lease liabilities | (37) | - | (107) | - |
| Net cash used in financing activities | (37) | (1) | (107) | (4,251) |
| Net (decrease)/increase in cash and cash equivalents | (12,975) | 5,621 | 440 | (36,821) |
| Cash and cash equivalents at beginning of the period | 18,832 | 5,798 | 5,495 | 48,297 |
| Effect of exchange rate changes on balances held in foreign currencies | 34 | 288 | (44) | 231 |
| Cash and cash equivalents at end of the period | 5,891 | 11,707 | 5,891 | 11,707 |
| Fixed deposits with tenure more than 3 months and restricted cash at bank | 50,401 | 51,606 | 50,401 | 51,606 |
| Cash and bank balances | 56,292 | 63,313 | 56,292 | 63,313 |

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 |
|---|-------------------------|--|--------------------------------|---------------------------|---|--|---------------------------------|---------------------------|
| At 1 January 2019 | 129,793 | 3,980 | - | 8,529 | (192) | 382 | (65,237) | 77,255 |
| Profit for the period | - | - | - | - | - | - | 374 | 374 |
| <u>Other comprehensive income, net of tax</u> | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | (188) | - | (188) |
| Total comprehensive (loss)/ income for the period | - | - | - | - | - | (188) | 374 | 186 |
| At 30 June 2019 and 1 July 2019 | 129,793 | 3,980 | - | 8,529 | (192) | 194 | (64,863) | 77,441 |
| Profit for the period | - | - | - | - | - | - | 373 | 373 |
| <u>Other comprehensive income, net of tax</u> | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | 165 | - | 165 |
| Total comprehensive income for the period | - | - | - | - | - | 165 | 373 | 538 |
| At 30 September 2019 | 129,793 | 3,980 | - | 8,529 | (192) | 359 | (64,490) | 77,979 |
| 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 |
| At 1 January 2018 (as previously stated) | 129,790 | 3,980 | 3 | 8,529 | (192) | (2,024) | (61,482) | 78,604 |
| Cumulative effects of adopting SFRS(I) | | | | | | | | |
| Transfer from translation reserve to accumulated losses | - | - | - | - | - | 2,454 | (2,454) | - |
| Depreciation of investment property | - | - | - | - | - | (3) | (73) | (76) |
| At 1 January 2018 | 129,790 | 3,980 | 3 | 8,529 | (192) | 427 | (64,009) | 78,528 |
| Profit for the period | - | - | - | - | - | - | 1,976 | 1,976 |
| <u>Other comprehensive income, net of tax</u> | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | 450 | - | 450 |
| Total comprehensive income for the period | - | - | - | - | - | 450 | 1,976 | 2,426 |
| Contributions by owners | | | | | | | | |
| Conversion of non-redeemable convertible cumulative preference shares ("NCCPS") | 3 | - | (3) | - | - | - | - | - |
| Others | | | | | | | | |
| Dividend paid to ordinary shareholders and holders of NCCPS | - | - | - | - | - | - | (2,893) | (2,893) |
| At 30 June 2018 | 129,793 | 3,980 | - | 8,529 | (192) | 877 | (64,926) | 78,061 |

| 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 |
|---|-------------------------|--|--------------------------------|---------------------------|---|--|---------------------------------|---------------------------|
| At 1 July 2018 | 129,793 | 3,980 | - | 8,529 | (192) | 877 | (64,926) | 78,061 |
| Loss for the period | - | - | - | - | - | - | (904) | (904) |
| <u>Other comprehensive loss, net of tax</u> | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | (456) | - | (456) |
| Total comprehensive loss for the period | - | - | - | - | - | (456) | (904) | (1,360) |
| At 30 September 2018 | 129,793 | 3,980 | - | 8,529 | (192) | 421 | (65,830) | 76,701 |

| Company | Share capital \$'000 | Equity capital contributed by parent \$'000 | Preference shares \$'000 | Special reserve \$'000 | Accumulated losses \$'000 | Total \$'000 |
|--|-------------------------|--|--------------------------------|---------------------------|---------------------------------|-----------------|
| At 1 January 2019 | 129,793 | 3,980 | - | 12,471 | (70,277) | 75,967 |
| Loss for the period, representing total comprehensive loss for the period | - | - | - | - | (71) | (71) |
| At 30 June 2019 and 1 July 2019 | 129,793 | 3,980 | - | 12,471 | (70,348) | 75,896 |
| Loss for the period, representing total comprehensive loss for the period | - | - | - | - | (94) | (94) |
| At 30 September 2019 | 129,793 | 3,980 | - | 12,471 | (70,442) | 75,802 |

| Company | Share capital \$'000 | Equity capital contributed by parent \$'000 | Preference shares \$'000 | Special reserve \$'000 | Accumulated losses \$'000 | Total \$'000 |
|--|-------------------------|--|--------------------------------|---------------------------|---------------------------------|-----------------|
| At 1 January 2018 | 129,790 | 3,980 | 3 | 12,471 | (70,725) | 75,519 |
| Loss for the period, representing total comprehensive loss for the period | - | - | - | - | (128) | (128) |
| Contributions by owners | | | | | | |
| Conversion of NCCPS | 3 | - | (3) | - | - | - |
| Others | | | | | | |
| Dividend paid to ordinary shareholders/ holders of NCCPS | - | - | - | - | (2,893) | (2,893) |
| At 30 June 2018 and 1 July 2018 | 129,793 | 3,980 | - | 12,471 | (73,746) | 72,498 |
| Loss for the period, representing total comprehensive loss for the period | - | - | - | - | (1,405) | (1,405) |
| At 30 September 2018 | 129,793 | 3,980 | - | 12,471 | (75,151) | 71,093 |

- 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 three months ended 30 September 2019, there was no change in the Company's issued ordinary share capital.

| | Number of shares | Share Capital \$'000 |
|--|---------------------|----------------------------|
| <u>Ordinary shares</u> | | |
| At 1 July 2019 and 30 September 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 July 2019 and 30 September 2019 | <u>93,915,337</u> | <u>129,793</u> |

As at 30 September 2019 and 30 September 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.**

| | Total number of issued shares | |
|-----------------|--------------------------------------|-------------------|
| | <u>30/9/2019</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 September 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 September 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 a 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 | | | |
|--|---------|---------|----------------|----------------|
| | 3Q 2019 | 3Q 2018 | YTD 3Q 2019 | YTD 3Q 2018 |
| | ¢ | ¢ | ¢ | ¢ |
| Earnings/(loss) per share | | | | |
| (Based on the weighted average number of ordinary shares in issue) | | | | |
| - Basic | 0.40 | (0.96) | 0.80 | 1.14 |
| (3Q 2019 and YTD 3Q 2019: 93,915,337) | | | | |
| (3Q 2018: 93,915,337; YTD 3Q 2018: 93,909,651) | | | | |
| - Diluted | NA | NA | NA | 1.14 |
| (3Q 2018 and YTD 3Q 2018: 93,915,337) | | | | |

NA: Not applicable

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 |
|--|------------|------------|------------|------------|
| | 30/09/2019 | 31/12/2018 | 30/09/2019 | 31/12/2018 |
| | \$ | \$ | \$ | \$ |
| Net asset value per issued share, excluding Trust Shares | 0.83 | 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 September 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.

Results for 3 months ended 30 September ("3Q") 2019

The Group reported revenue of \$1.9 million for 3Q 2019, decreased by \$0.2 million compared to 3Q 2018. The decline was mainly attributed to the weaker consumer spending in Malaysia which resulted in a drop in local travellers to Copthorne Hotel Cameron Highlands ("CHCH"). The average occupancy rate for CHCH for 3Q 2019 declined by 2.6 percentage points to 67.7% and average room rate decreased by RM13 to RM212 against 3Q 2018.

Consequently, the hospitality segment reported a lower operating profit of \$0.4 million for 3Q 2019 compared to an operating profit of \$0.6 million for the same quarter in 2018. There was no sale of apartment unit at Cameron Highlands in both 3Q 2019 and 3Q 2018 and expenses incurred by the property development segment were \$23,000 and \$67,000 respectively. After taking into account the loss reported by the investment segment (comprising investment property operation and corporate overhead costs), the Group recorded an operating profit of \$73,000 for 3Q 2019 before the share of results of joint ventures, other income and finance costs as compared to an operating profit of \$0.2 million for 3Q 2018.

The Group's joint ventures contributed \$42,000 to its profitability for 3Q 2019, increased by \$3,000 against 3Q 2018. Other income included mainly interest income and licence fee of \$264,000 and \$61,000 respectively.

The net profit attributable to shareholders of the Company was \$0.4 million for 3Q 2019 *vis-à-vis* a net loss of \$0.9 million for 3Q 2018. The net loss for 3Q 2018 was largely due to the provision for additional withholding tax and relevant expenses amounting to \$1.6 million in relation to the disposal of the subsidiary LKN Investment International Pte Ltd in November 2017.

Results for 9 months ended 30 September ("YTD 3Q") 2019

In the absence of revenue contribution from the sale of development property coupled with the decline in the local travellers to CHCH, the Group's revenue decreased from \$9 million for YTD 3Q 2018 to \$5 million for YTD 3Q 2019.

For the period under review, operating profit for the hospitality segment was \$0.7 million against \$1 million for YTD 3Q 2018. The property development segment incurred an operating loss of \$17,000 for YTD 3Q 2019 versus an operating profit of \$1.5 million (mainly contributed from the sale of two plots of land at Punggol 17th Avenue, Singapore) for the same period a year ago. After taking into account the loss incurred by investment segment, the Group's saw an operating loss of \$0.2 million before the share of results of joint ventures, other income and finance costs against an operating profit of \$1.4 million for the same period in 2018.

Other income comprised mainly interest income and licence fee of \$0.8 million and \$0.2 million respectively. The Group's share of net profit from joint ventures for YTD 3Q 2019 amounted to \$123,000.

The net profit attributable to shareholders of the Company for YTD 3Q 2019 was \$0.7 million compared to \$1.1 million recorded for YTD 3Q 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 second quarter and half year ended 30 June 2019 which was released on 2 August 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 highly competitive hospitality market in Cameron Highlands continues to be a challenge to CHCH's operation.

The Group is still 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.

As the Group's assets are substantially located in Malaysia, it will also continue to be exposed to currency fluctuation risks. The Company will continue to source for sustainable and viable business opportunities.

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 |
|---|-------------------------------------|---|-----------------------------------|-----------------|
| 9 months ended 30 September 2019 | | | | |
| Revenue | | | | |
| - external revenue | 55 | 4,973 | - | 5,028 |
| - inter-segment revenue | - | - | 31 | 31 |
| | 55 | 4,973 | 31 | 5,059 |
| Elimination | | | | (31) |
| | | | | 5,028 |
| Reportable segment results | (915) | 739 | (17) | (193) |
| Other income (excluding interest income) | 253 | - | - | 253 |
| Interest income | 514 | 53 | 185 | 752 |
| Interest expense relates to lease liabilities | (6) | - | - | (6) |
| Share of results of joint ventures | - | 124 | (1) | 123 |
| (Loss)/profit before tax | (154) | 916 | 167 | 929 |
| Income tax expense | | | | (182) |
| Profit for the period | | | | 747 |

| 9 months ended 30 September 2018 | Investments and others \$'000 | Hospitality and restaurant \$'000 | Property development \$'000 | Total \$'000 |
|--|-------------------------------------|---|-----------------------------------|-----------------|
| Revenue | | | | |
| - external revenue | 74 | 5,546 | 3,300 | 8,920 |
| - inter-segment revenue | - | - | 32 | 32 |
| | <u>74</u> | <u>5,546</u> | <u>3,332</u> | <u>8,952</u> |
| Elimination | | | | <u>(32)</u> |
| | | | | <u>8,920</u> |
| Reportable segment results | (1,064) | 972 | 1,523 | 1,431 |
| Other income (excluding interest income) | 634 | - | 3 | 637 |
| Interest income | 456 | 66 | 86 | 608 |
| Interest expense | - | (73) | - | (73) |
| Non-operating expenses | (1,600) | - | - | (1,600) |
| Share of results of joint ventures | - | 118 | (1) | 117 |
| (Loss)/profit before tax | <u>(1,574)</u> | <u>1,083</u> | <u>1,611</u> | <u>1,120</u> |
| Income tax expense | | | | <u>(48)</u> |
| Profit for the period | | | | <u>1,072</u> |

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
8 November 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 third quarter and nine months ended 30 September 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
8 November 2019