

STRACO CORPORATION LIMITED
Company Registration No.: 200203482R
(Incorporated in Singapore)

SECOND QUARTER ENDED 30 JUNE 2018 UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

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.

INCOME STATEMENT

	2Q ended			6 Months ended		
	30/06/2018	30/06/2017	Change	30/06/2018	30/06/2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	28,270	30,205	(6.4)	47,065	57,743	(18.5)
Other income	1,592	1,573	1.2	3,296	3,090	6.7
Less:						
Depreciation and amortisation expense	(2,259)	(3,202)	(29.5)	(5,121)	(6,405)	(20.0)
Changes in inventories and purchases of goods	(710)	(830)	(14.5)	(1,240)	(1,658)	(25.2)
Consultancy expense	(138)	(194)	(28.9)	(286)	(287)	(0.3)
Sales and marketing expenses	(598)	(468)	27.8	(1,245)	(845)	47.3
Exchange (losses)/ gains	-	(72)	(100.0)	178	(470)	n.m.
Loss on disposal of property, plant and equipment	(8)	(13)	(38.5)	(20)	(14)	42.9
Operating lease expense	(1,629)	(1,741)	(6.4)	(3,102)	(3,260)	(4.8)
Property and other taxes	(450)	(433)	3.9	(879)	(892)	(1.5)
Repair and maintenance expenses	(1,241)	(1,079)	15.0	(2,355)	(2,188)	7.6
Staff cost	(5,595)	(5,123)	9.2	(11,020)	(11,032)	(0.1)
Utilities expense	(632)	(670)	(5.7)	(1,281)	(1,300)	(1.5)
Other operating expenses	(398)	(512)	(22.3)	(723)	(1,042)	(30.6)
Other administrative expenses	(594)	(532)	11.7	(1,059)	(1,001)	5.8
Operating profit	15,610	16,909	(7.7)	22,208	30,439	(27.0)
Finance costs	(282)	(287)	(1.7)	(551)	(583)	(5.5)
Profit before income tax	15,328	16,622	(7.8)	21,657	29,856	(27.5)
Tax expense	(3,881)	(4,533)	(14.4)	(6,698)	(8,288)	(19.2)
Profit for the period	11,447	12,089	(5.3)	14,959	21,568	(30.6)
Profit attributable to:						
Owners of the Company	10,825	11,412	(5.1)	14,379	20,325	(29.3)
Non-controlling interests	622	677	(8.1)	580	1,243	(53.3)
Profit for the period	11,447	12,089	(5.3)	14,959	21,568	(30.6)

STATEMENT OF COMPREHENSIVE INCOME

	2Q ended			6 Months ended		
	30/06/2018	30/06/2017	Change	30/06/2018	30/06/2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	11,447	12,089	(5.3)	14,959	21,568	(30.6)
Other comprehensive income/ (loss) for the period, net of tax						
Translation differences relating to financial statements of foreign subsidiaries	(1,948)	352	n.m.	1,255	(3,721)	n.m.
Other comprehensive income/ (loss) for the period, net of tax	(1,948)	352	n.m.	1,255	(3,721)	n.m.
Total comprehensive income for the period	9,499	12,441	(23.6)	16,214	17,847	(9.1)
Total comprehensive income attributable to:						
Owners of the Company	8,951	11,753	(23.8)	15,599	16,737	(6.8)
Non-controlling interests	548	688	(20.3)	615	1,110	(44.6)
Total comprehensive income for the period	9,499	12,441	(23.6)	16,214	17,847	(9.1)

n.m. – not meaningful

The profit before tax was arrived at after charging or (crediting) the following:-

	2Q ended		6 Months ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,745	2,688	4,094	5,378
Depreciation of investment property	361	361	722	722
Amortisation of intangible assets	153	153	305	305
Interest income	(1,119)	(1,012)	(2,157)	(2,050)
Interest expense	282	287	551	583
Foreign exchange (gains)/ losses	-	72	(178)	470
Loss on disposal of property, plant and equipment	8	13	20	14
Government grant	(17)	(119)	(136)	(137)

Notes:

1. Interest income is mainly from fixed deposits placed with financial institutions.
2. Interest expense is mainly attributable to the long-term bank borrowing for the purpose of acquiring the assets of Singapore Flyer.
3. Foreign exchange (gains)/ losses arise mainly due to the movement of Renminbi against Singapore Dollars.

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		Company	
	As at 30/06/2018 S\$'000	As at 31/12/2017 S\$'000	As at 30/06/2018 S\$'000	As at 31/12/2017 S\$'000
Non-current assets				
Property, plant and equipment	115,806	118,229	2,059	2,086
Investment property	46,204	46,926	-	-
Investments in subsidiaries	-	-	103,130	103,130
Intangible assets	2,283	2,588	-	-
	164,293	167,743	105,189	105,216
Current assets				
Inventories	2,206	2,096	-	-
Trade and other receivables	5,305	5,108	-	164
Loans and receivables from subsidiaries	-	-	31,402	418
Other current assets	1,148	939	37	29
Fixed deposits pledged	1,000	1,000	-	-
Cash and cash equivalents	180,447	190,414	16,829	24,340
	190,106	199,557	48,268	24,951
Total assets	354,399	367,300	153,457	130,167
Equity attributable to owners of the Company				
Share capital	76,985	76,985	76,985	76,985
Reserves	19,038	17,458	3,160	2,908
Retained earnings	165,176	172,461	72,418	48,655
	261,199	266,904	152,563	128,548
Non-controlling interests	10,314	11,489	-	-
Total equity	271,513	278,393	152,563	128,548
Non-current liabilities				
Borrowings	31,900	37,900	-	-
Deferred income	156	184	-	-
Deferred tax liabilities	19,310	20,942	-	-
Provision for reinstatement cost	4,223	4,223	-	-
	55,589	63,249	-	-
Current liabilities				
Trade and other payables	11,875	11,205	369	1,022
Amounts due to subsidiaries	-	-	525	520
Current tax liabilities	3,422	2,453	-	77
Current borrowings	12,000	12,000	-	-
	27,297	25,658	894	1,619
Total liabilities	82,886	88,907	894	1,619
Total equity and liabilities	354,399	367,300	153,457	130,167

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

	As at 30/06/2018		As at 31/12/2017	
	<u>Secured</u> S\$'000	<u>Unsecured</u> S\$'000	<u>Secured</u> S\$'000	<u>Unsecured</u> S\$'000
Amount payable in one year or less, or on demand	12,000	-	12,000	-
Amount payable after one year	29,000	2,900	35,000	2,900

Details of any collateral

The borrowings are secured by fixed and floating charges over certain assets of a subsidiary as well as corporate guarantee from the Company.

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				Q2 ended 30/6/2018	Q2 ended 30/6/2017
				S\$'000	S\$'000
Cash flows from operating activities					
Profit before income tax				15,328	16,622
Adjustments for:					
Amortisation of intangible assets				153	153
Depreciation of property, plant and equipment				1,745	2,688
Depreciation of investment property				361	361
Equity-settled share-based payment transactions				185	251
Loss on disposal of property, plant and equipment				8	13
Government grant utilised				(15)	(17)
Interest income				(1,119)	(1,012)
Interest expense				282	287
Exchange (gains)/ losses				(8)	38
Operating profit before working capital changes				16,920	19,384
Changes in working capital:					
Trade and other receivables				(288)	252
Inventories				(137)	3
Trade and other payables				1,381	(158)
Cash generated from operating activities				17,876	19,481
Income taxes paid				(4,891)	(2,844)
Net cash from operating activities				12,985	16,637
Cash flows from investing activities					
Purchase of property, plant and equipment				(698)	(197)
Proceeds from disposal of property, plant and equipment				1	-
Interest received				1,744	1,187
Net cash from investing activities				1,047	990
Cash flows from financing activities					
Dividend paid to owners of company				(21,555)	(21,509)
Dividend paid to non-controlling interests				-	(1,688)
Repurchase of own shares				(653)	-
Proceeds from exercise of share options				528	276
Repayment of borrowings				(3,000)	(3,000)
Interest paid				(292)	(291)
Net cash used in financing activities				(24,972)	(26,212)
Net decrease in cash and cash equivalents				(10,940)	(8,585)
Cash and cash equivalents at beginning of the period				192,951	167,854
Effects of exchange rate fluctuations				(1,564)	234
Cash and cash equivalents at end of the period				180,447	159,503

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.

(a) Group

(i)

	Share capital	Treasury shares	Capital reserve	Share option reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total attributable to owners of the Company	Non-controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2018	76,985	(4,195)	(982)	8,085	16,304	(1,754)	172,460	266,903	11,489	278,392
Changes in equity for the period:										
Share-based payment transactions	-	-	-	192	-	-	-	192	-	192
Transfer to general reserve fund	-	-	-	-	77	-	(77)	-	-	-
Dividend to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	(73)	(73)
Total comprehensive income for the period	-	-	-	-	-	3,094	3,554	6,648	67	6,715
At 31 March 2018	76,985	(4,195)	(982)	8,277	16,381	1,340	175,937	273,743	11,483	285,226
Changes in equity for the period:										
Purchase of own shares	-	(653)	-	-	-	-	-	(653)	-	(653)
Share-based payment transactions	-	-	-	185	-	-	-	185	-	185
Treasury shares reissued	-	923	(395)	-	-	-	-	528	-	528
Transfer to general reserve fund	-	-	-	-	31	-	(31)	-	-	-
Dividend paid of 2.50 cents per share	-	-	-	-	-	-	(21,555)	(21,555)	-	(21,555)
Dividend to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	(1,717)	(1,717)
Total comprehensive income for the period	-	-	-	-	-	(1,874)	10,825	8,951	548	9,499
At 30 June 2018	76,985	(3,925)	(1,377)	8,462	16,412	(534)	165,176	261,199	10,314	271,513

(ii)

	Share capital	Treasury shares	Capital reserve	Share option reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total attributable to owners of the Company	Non-controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2017	76,985	(4,546)	(696)	7,081	16,236	780	146,298	242,138	10,462	252,600
Changes in equity for the period:										
Share-based payment transactions	-	-	-	369	-	-	-	369	-	369
Transfer to general reserve fund	-	-	-	-	68	-	(68)	-	-	-
Dividend to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	(1,752)	(1,752)
Total comprehensive income for the period	-	-	-	-	-	(3,929)	8,913	4,984	422	5,406
At 31 March 2017	76,985	(4,546)	(696)	7,450	16,304	(3,149)	155,143	247,491	9,132	256,623
Changes in equity for the period:										
Share-based payment transactions	-	-	-	251	-	-	-	251	-	251
Treasury shares reissued	-	619	(343)	-	-	-	-	276	-	276
Dividend paid of 2.50 cents per share	-	-	-	-	-	-	(21,509)	(21,509)	-	(21,509)
Total comprehensive income for the period	-	-	-	-	-	341	11,412	11,753	688	12,441
At 30 June 2017	76,985	(3,927)	(1,039)	7,701	16,304	(2,808)	145,046	238,262	9,820	248,082

(b) Company

(i)

	Share capital	Treasury shares	Capital reserve	Share option reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2018	76,985	(4,195)	(982)	8,085	48,655	128,548
Share-based payment transactions	-	-	-	192	-	192
Total comprehensive income/ (loss) for the period	-	-	-	-	771	771
At 31 March 2018	76,985	(4,195)	(982)	8,277	49,426	129,511
Purchase of own shares	-	(653)	-	-	-	(653)
Share-based payment transactions	-	-	-	185	-	185
Treasury shares reissued	-	923	(395)	-	-	528
Dividend paid of 2.50 cents per share	-	-	-	-	(21,555)	(21,555)
Total comprehensive income/ (loss) for the period	-	-	-	-	44,547	44,547
At 30 June 2018	76,985	(3,925)	(1,377)	8,462	72,418	152,563

(ii)

	Share capital	Treasury shares	Capital reserve	Share option reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2017	76,985	(4,546)	(696)	7,081	41,932	120,756
Share-based payment transactions	-	-	-	369	-	369
Total comprehensive income/ (loss) for the period	-	-	-	-	30,477	30,477
At 31 March 2017	76,985	(4,546)	(696)	7,450	72,409	151,602
Purchase of own shares	-	-	-	-	-	-
Share-based payment transactions	-	-	-	251	-	251
Treasury shares reissued	-	619	(343)	-	-	276
Dividend paid of 2.50 cents per share	-	-	-	-	(21,509)	(21,509)
Total comprehensive income/ (loss) for the period	-	-	-	-	(708)	(708)
At 30 June 2017	76,985	(3,927)	(1,039)	7,701	50,192	129,912

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

Pursuant to the Share Buy-back Mandate approved by shareholders, the Company purchased a total of 844,500 shares by way of on-market purchases for a total consideration of \$653,000 (including transaction costs) in 2Q2018. These shares purchased were made out of the Company's capital and held as treasury shares.

During the second quarter ended 30 June 2018, 1,840,000 share options were exercised from the options that were granted in 2012 and 2013; resulting in 1,840,000 treasury shares being reissued.

The Company's issued and fully paid up shares as at 30 June 2018 comprised 861,492,380 (30 June 2017: 860,357,980) ordinary shares and 7,437,200 (30 June 2017: 8,571,600) treasury shares.

During the second quarter ended 30 June 2018, the Company issued 5,090,000 share options to the directors and employees of the Group pursuant to the acceptances of share options granted on 21 May 2018. As at 30 June 2018, options to subscribe for 26,242,000 (30 June 2017: 24,056,000) ordinary shares remain outstanding.

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.

	As at 30/06/2018	As at 31/12/2017
Total number of issued shares	868,929,580	868,929,580
Less: Treasury shares	(7,437,200)	(8,432,700)
Total number of issued shares excluding treasury shares	861,492,380	860,496,880

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.

Treasury shares	No. of shares	S\$'000
Balance as at 31/03/2018	8,432,700	4,195
No. of shares purchased	844,500	653
No. of shares transferred on exercise of share option	(1,840,000)	(923)
Balance as at 30/06/2018	7,437,200	3,925

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

The financial statements have not been audited nor reviewed by the Company's 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 Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Singapore Accounting Standards Council which is identical to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

Other than the adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from the current financial year, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared with the audited financial statements for the financial year ended 31 December 2017.

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.

In adopting the new SFRS(I), the Group is required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

In addition, the Group have adopted the following new SFRS(I)s from the financial year beginning 1 January 2018:

- SFRS(I) 9 *Financial Instruments*
- SFRS (I) 15 *Revenue from Contracts with Customers*

The adoption of the above new SFRS(I)s is assessed to have no material impact on the Group's 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.

Earnings per share	Q2 ended		6 Months ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
(a) Based on the number of ordinary shares in issue (cents)	1.26	1.33	1.67	2.36
(b) On fully diluted basis (cents)	1.25	1.32	1.67	2.35

The calculation of basic earnings per share for 2Q and 6 months ended 30 June 2018 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2018 divided by the weighted average number of ordinary shares outstanding of 861,422,737 and 860,962,366 respectively.

The calculation of basic earnings per share for 2Q and 6 months ended 30 June 2017 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2017 divided by the weighted average number of ordinary shares outstanding of 860,163,804 and 859,589,085 respectively.

The calculation of diluted earnings per share for 2Q and 6 months ended 30 June 2018 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2018 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 863,403,593 and 863,328,170 respectively.

The calculation of diluted earnings per share for 2Q and 6 months ended 30 June 2017 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2017 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 863,699,958 and 863,392,465 respectively.

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	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Net asset value per ordinary share (cents) based on number of issued shares excluding treasury shares at the end of:	30.32	31.02	17.71	14.94

Net asset value per ordinary share was calculated based on 861,492,380 ordinary shares issued (excluding treasury shares) as at 30 June 2018 and 860,496,880 ordinary shares issued (excluding treasury shares) as at 31 December 2017.

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

In the second quarter of FY2018, the Group achieved sales of \$28.27 million, 6.4% lower than the corresponding period in 2Q2017, mainly due to lower revenue achieved by our Singapore Flyer on lower visitor numbers, as well as lower revenue at Shanghai Ocean Aquarium ("SOA") as value-added tax on ticket revenue were being accounted for this year by SOA, as the tax waiver on ticket revenue for Shanghai educational bases for this year has not been issued yet.

Cumulatively, overall revenue for the first half of FY2018 amounted to \$47.07 million, 18.5% lower than the corresponding period in 2H2017, mainly attributable to the more than two months suspension of rides on our Singapore Flyer during the first quarter due to a technical issue.

Overall visitation to all our attractions was 1.22 million visitors for the quarter, 1.2% lower than the corresponding period in 2Q2017.

Operational Results

Total Expenses (excluding finance cost) for 2Q2018 was 14.25 million, a decrease of \$0.62 million, or 4.1% from 2Q2017. Depreciation and amortization expense was lower than corresponding period, mainly due to certain assets being fully depreciated assets at Singapore Flyer and Underwater World Xiamen ("UWX"). Cost of sales for 2Q2018 was lower than corresponding period, due to lower retail and F&B sales. Sales and marketing expenses for the quarter increased, mainly due to higher sales and operation taxes incurred this quarter as SOA accounted for the surtax on value-added tax payable on ticket revenue, as required by the Shanghai Municipal Tax bureau, while pending for the tax waiver on ticket revenue for this year to be issued. Repair and maintenance expenses for 2Q2018 increased, mainly due to higher expenses incurred for the general maintenance of the Giant Observation Wheel, while SOA, UWX and Lixing Cable Car also incurred slightly higher maintenance expenses.

Profit before tax was \$15.33 million for the current quarter, 7.8% lower than the profit before tax of \$16.62 million for 2Q2017.

Balance Sheet items

Intangible assets decreased 11.8% from \$2.59 million at 31 December 2017 to \$2.28 million at 30 June 2018, due to the amortization of intangible assets for the period.

Other current assets increased 22.3% from \$0.94 million at 31 December 2017 to \$1.15 million at 30 June 2018, mainly due to increase in prepayments.

Deferred income decreased 15.2% from \$0.18 million at 31 December 2017 to \$0.16 million at 30 June 2018, mainly due to the periodic recognition of deferred income to profit & loss in the current period.

Current tax liabilities increased 39.5% from \$2.45 million at 31 December 2017 to \$3.42 million at 30 June 2018, mainly due to the provision of income taxes for 2Q2018 profits at our China subsidiaries, partially offset by the payments of 4Q2017 income taxes of China subsidiaries and 2017 (YA2018) income taxes of Singapore entities in the current period.

Cash flow Statement

The Group generated net cash from operating activities amounting to \$12.99 million for 2Q2018. During the quarter, the Company paid out dividends of \$21.56 million for the financial year ended 31 December 2017, used \$0.65 million for share buyback from the open market and received \$0.53 million from the exercises of share options. As at 30 June 2018, the Group's cash and cash equivalent balance amounted to \$180.45 million.

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

The Group did not previously disclose to shareholders any forecast or prospect statement with regard to the current quarter under review.

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 National Bureau of Statistics of China reported that China's gross domestic product ("GDP") grew 6.7% in the second quarter of 2018, down from the first quarter's 6.8% growth, amid the escalating trade tension with the United States. For the first half of 2018, GDP expanded 6.8% to about 41.9 trillion yuan, with consumption contributing to 78.5% of economic growth. Average disposable income in 1H2018 also up 6.6% to 14,063 yuan year-on-year.

On the tourism sector, data from China's National Tourism Administration ("CNTA") showed that China's domestic tourism industry earned 4.57 trillion yuan with 5 billion domestic trips made in 2017, up 15.9% and 12.8% respectively. The country has set the target of earning 5.98 trillion yuan in its tourism industry in 2018.

In Singapore, the economy grew 3.8% year-on-year in 2Q2018, based on advance estimates from the Ministry of Trade and Industry. On the tourism sector, Singapore Tourism Board ("STB") statistics showed that overall visitor arrivals for January to May period increased 6.9% year-on-year to 7.65 million. Tourism receipts are forecasted to be in the range of \$27.1 billion to \$27.6 billion (up 1-3%) and international visitor arrivals in the range of 17.6 million to 18.1 million (up 1-4%) this year.

11. Dividend**(a) Current Financial Period Reported On**

Any interim (final) dividend declared (recommended) 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/ recommended for the current financial period.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).

To the best of our knowledge and belief, nothing has come to the attention of the Directors which may render the 2Q2018 financial results to be false or misleading in any material aspect.

On behalf of the Board

Wu Hsioh Kwang
Chairman

Lim Song Joo
Director

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 16. 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.**

Not applicable.

- 17. 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.

- 18. A breakdown of sales.**

Not applicable.

- 19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

- 20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable.

BY ORDER OF THE BOARD,

Lotus Isabella Lim Mei Hua
Company Secretary
14 August 2018