

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

THIRD QUARTER ENDED 30 SEPTEMBER 2019 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

	3Q ended			9 Months ended		
	30/09/2019	30/09/2018	Change	30/09/2019	30/09/2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	43,103	48,489	(11.1)	94,110	95,554	(1.5)
Other income	2,020	1,907	5.9	5,679	5,203	9.1
Less:						
Depreciation and amortisation expense	(2,729)	(2,157)	26.5	(8,269)	(7,278)	13.6
Changes in inventories and purchases of goods	(1,056)	(1,096)	(3.6)	(2,522)	(2,336)	8.0
Consultancy expense	(298)	(208)	43.3	(754)	(494)	52.6
Sales and marketing expenses	(230)	(466)	(50.6)	(1,253)	(1,711)	(26.8)
Exchange losses	(765)	(1,279)	(40.2)	(689)	(1,101)	(37.4)
Loss on disposal of property, plant and equipment	(4)	(644)	(99.4)	(25)	(664)	(96.2)
Operating lease expense	(1,632)	(2,662)	(38.7)	(3,294)	(5,764)	(42.9)
Property and other taxes	(413)	(460)	(10.2)	(1,234)	(1,339)	(7.8)
Repair and maintenance expenses	(1,421)	(1,546)	(8.1)	(3,421)	(3,901)	(12.3)
Staff cost	(6,155)	(6,041)	1.9	(17,734)	(17,061)	3.9
Utilities expense	(744)	(804)	(7.5)	(2,101)	(2,085)	0.8
Other operating expenses	(558)	(634)	(12.0)	(1,554)	(1,357)	14.5
Other administrative expenses	(552)	(567)	(2.6)	(1,611)	(1,626)	(0.9)
Operating profit	28,566	31,832	(10.3)	55,328	54,040	2.4
Finance costs	(468)	(279)	67.7	(1,485)	(830)	78.9
Profit before income tax	28,098	31,553	(10.9)	53,843	53,210	1.2
Tax expense	(8,136)	(8,849)	(8.1)	(15,308)	(15,547)	(1.5)
Profit for the period	19,962	22,704	(12.1)	38,535	37,663	2.3
Profit attributable to:						
Owners of the Company	18,834	21,417	(12.1)	36,346	35,796	1.5
Non-controlling interests	1,128	1,287	(12.4)	2,189	1,867	17.2
Profit for the period	19,962	22,704	(12.1)	38,535	37,663	2.3

STATEMENT OF COMPREHENSIVE INCOME

	3Q ended			9 Months ended		
	30/09/2019	30/09/2018	Change	30/09/2019	30/09/2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	19,962	22,704	(12.1)	38,535	37,663	2.3
Other comprehensive income for the period, net of tax						
Translation differences relating to financial statements of foreign subsidiaries	(2,197)	(5,439)	(59.6)	(3,921)	(4,184)	(6.3)
Other comprehensive income for the period, net of tax	(2,197)	(5,439)	(59.6)	(3,921)	(4,184)	(6.3)
Total comprehensive income for the period	17,765	17,265	2.9	34,614	33,479	3.4
Total comprehensive income attributable to:						
Owners of the Company	16,710	16,170	3.3	32,560	31,769	2.5
Non-controlling interests	1,055	1,095	(3.7)	2,054	1,710	20.1
Total comprehensive income for the period	17,765	17,265	2.9	34,614	33,479	3.4

n.m. – not meaningful

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

	3Q ended		9 Months ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,696	1,644	5,165	5,738
Depreciation of right-of-use asset	517	-	1,557	-
Depreciation of investment property	363	361	1,089	1,083
Amortisation of intangible assets	153	152	458	457
Interest income	(1,267)	(1,196)	(3,956)	(3,353)
Interest expense	468	279	1,485	830
Foreign exchange losses	765	1,279	689	1,101
Loss on disposal of property, plant and equipment	4	644	25	664
Government grant	(19)	(12)	(112)	(148)

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, as well as the interest on finance lease arising from the adoption of SFRS(I) 16 with effect from 1 January 2019.
3. Foreign exchange 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	As at	As at	As at
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	110,545	113,540	1,983	2,024
Right-of-use assets	31,907	-	-	-
Investment property	44,672	45,761	-	-
Investments in subsidiaries	-	-	76,071	76,071
Loans and advances to subsidiaries	-	-	26,750	26,750
Intangible assets	1,598	1,978	-	-
	188,722	161,279	104,804	104,845
Current assets				
Inventories	2,294	2,196	-	-
Trade and other receivables	5,953	5,824	350	40
Loans and receivables from subsidiaries	-	-	417	488
Other current assets	1,199	988	44	27
Fixed deposits pledged	1,000	1,000	-	-
Cash and cash equivalents	209,580	201,695	50,099	46,075
	220,026	211,703	50,910	46,630
Total assets	408,748	372,982	155,714	151,475
Equity attributable to owners of the Company				
Share capital	76,985	76,985	76,985	76,985
Reserves	12,579	13,827	5,331	2,901
Retained earnings	198,626	192,632	72,253	70,039
	288,190	283,444	154,569	149,925
Non-controlling interests	11,986	11,856	-	-
Total equity	300,176	295,300	154,569	149,925
Non-current liabilities				
Borrowings	16,900	25,900	-	-
Finance lease liabilities	31,029	-	-	-
Deferred income	171	188	-	-
Deferred tax liabilities	23,293	21,456	-	-
Provision for reinstatement cost	5,184	5,184	-	-
	76,577	52,728	-	-
Current liabilities				
Trade and other payables	12,134	10,729	649	958
Amounts due to subsidiaries	-	-	496	507
Current tax liabilities	6,302	2,225	-	85
Finance lease liabilities	1,559	-	-	-
Current borrowings	12,000	12,000	-	-
	31,995	24,954	1,145	1,550
Total liabilities	108,572	77,682	1,145	1,550
Total equity and liabilities	408,748	372,982	155,714	151,475

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

	As at 30/09/2019		As at 31/12/2018	
	<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	14,000	2,900	23,000	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				
	Q3 ended 30/09/2019	Q3 ended 30/09/2018	9 Months ended 30/09/2019	9 Months ended 30/09/2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before income tax	28,098	31,553	53,843	53,210
Adjustments for:				
Amortisation of intangible assets	153	152	458	457
Depreciation of property, plant and equipment	1,696	1,644	5,165	5,738
Depreciation of right-of-use asset	517	-	1,557	-
Depreciation of investment property	363	361	1,089	1,083
Equity-settled share-based payment transactions	160	182	456	559
Loss on disposal of property, plant and equipment	4	644	25	664
Government grant utilised	(19)	(13)	(52)	(43)
Interest income	(1,267)	(1,196)	(3,956)	(3,353)
Interest expense	468	279	1,485	830
Exchange losses	707	1,324	630	1,136
Operating profit before working capital changes	30,880	34,930	60,700	60,281
Changes in working capital:				
Trade and other receivables	502	(1,729)	(75)	(1,928)
Inventories	(200)	2	(129)	(101)
Trade and other payables	2,627	2,653	1,865	1,567
Cash generated from operating activities	33,809	35,856	62,361	59,819
Interest paid on lease liability	(248)	-	(757)	-
Income taxes paid	(4,753)	(3,314)	(9,239)	(10,681)
Net cash from operating activities	28,808	32,542	52,365	49,138
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,036)	(645)	(2,920)	(2,073)
Payment for intangible assets	(80)	-	(80)	-
Government grant received	39	-	39	-
Proceeds from disposal of property, plant and equipment	-	-	1	1
Interest received	1,548	2,068	3,568	4,043
Net cash from investing activities	471	1,423	608	1,971
Cash flows from financing activities				
Dividend paid to owners of company	-	-	(30,244)	(21,555)
Dividend paid to non-controlling interests	(1,797)	(1,717)	(1,899)	(1,790)
Repurchase of own shares	(77)	(464)	(77)	(1,117)
Proceeds from exercise of share options	-	-	2,050	528
Repayment of borrowings	(3,000)	(3,000)	(9,000)	(9,000)
Repayment of lease liability	(385)	-	(1,150)	-
Interest paid	(221)	(268)	(744)	(818)
Net cash used in financing activities	(5,480)	(5,449)	(41,064)	(33,752)
Net increase in cash and cash equivalents	23,799	28,516	11,909	17,357
Cash and cash equivalents at beginning of the period	188,434	180,447	201,695	190,414
Effects of exchange rate fluctuations	(2,653)	(5,814)	(4,024)	(4,622)
Cash and cash equivalents at end of the period	209,580	203,149	209,580	203,149

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 2019	76,985	(4,547)	(1,377)	8,825	16,412	(5,486)	192,632	283,444	11,856	295,300
Changes in equity for the period:										
Share-based payment transactions	-	-	-	182	-	-	-	182	-	182
Total comprehensive income for the period	-	-	-	-	-	2,098	8,506	10,604	581	11,185
At 31 March 2019	76,985	(4,547)	(1,377)	9,007	16,412	(3,388)	201,138	294,230	12,437	306,667
Changes in equity for the period:										
Share-based payment transactions	-	-	-	114	-	-	-	114	-	114
Treasury shares reissued	-	1,901	149	-	-	-	-	2,050	-	2,050
Transfer to general reserve fund	-	-	-	-	108	-	(108)	-	-	-
Dividend paid of 3.50 cents per share	-	-	-	-	-	-	(30,244)	(30,244)	-	(30,244)
Dividend to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	(102)	(102)
Total comprehensive income for the period	-	-	-	-	-	(3,760)	9,006	5,246	418	5,664
At 30 June 2019	76,985	(2,646)	(1,228)	9,121	16,520	(7,148)	179,792	271,396	12,753	284,149
Changes in equity for the period:										
Purchase of own shares	-	(77)	-	-	-	-	-	(77)	-	(77)
Share-based payment transactions	-	-	-	161	-	-	-	161	-	161
Dividend to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	(1,822)	(1,822)
Total comprehensive income for the period	-	-	-	-	-	(2,124)	18,834	16,710	1,055	17,765
At 30 September 2019	76,985	(2,723)	(1,228)	9,282	16,520	(9,272)	198,626	288,190	11,986	300,176

(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 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
Changes in equity for the period:										
Purchase of own shares	-	(464)	-	-	-	-	-	(464)	-	(464)
Share-based payment transactions	-	-	-	182	-	-	-	182	-	182
Total comprehensive income for the period	-	-	-	-	-	(5,247)	21,417	16,170	1,095	17,265
At 30 September 2018	76,985	(4,389)	(1,377)	8,644	16,412	(5,781)	186,593	277,087	11,409	288,496

(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 2019	76,985	(4,547)	(1,377)	8,825	70,039	149,925
Share-based payment transactions	-	-	-	182	-	182
Total comprehensive income/ (loss) for the period	-	-	-	-	(30)	(30)
At 31 March 2019	76,985	(4,547)	(1,377)	9,007	70,009	150,077
Share-based payment transactions	-	-	-	114	-	114
Treasury shares reissued	-	1,901	149	-	-	2,050
Dividend paid of 3.50 cents per share	-	-	-	-	(30,244)	(30,244)
Total comprehensive income/ (loss) for the period	-	-	-	-	1,064	1,064
At 30 June 2019	76,985	(2,646)	(1,228)	9,121	40,829	123,061
Purchase of own shares	-	(77)	-	-	-	(77)
Share-based payment transactions	-	-	-	161	-	161
Total comprehensive income/ (loss) for the period	-	-	-	-	31,424	31,424
At 30 September 2019	76,985	(2,723)	(1,228)	9,282	72,253	154,569

(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 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
Purchase of own shares	-	(464)	-	-	-	(464)
Share-based payment transactions	-	-	-	182	-	182
Total comprehensive income/ (loss) for the period	-	-	-	-	(1,751)	(1,751)
At 30 September 2018	76,985	(4,389)	(1,377)	8,644	70,667	150,530

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 100,800 shares by way of on-market purchases for a total consideration of \$77,000 (including transaction costs) in 3Q2019. These shares purchased were made out of the Company's capital and held as treasury shares.

The Company's issued and fully paid up shares as at 30 September 2019 comprised 864,013,480 (30 September 2018: 860,876,880) ordinary shares and 4,916,100 (30 September 2018: 8,052,700) treasury shares.

No share options were exercised in 3Q2019. As at 30 September 2019, options to subscribe for 25,690,000 (30 September 2018: 25,978,000) 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 30/09/2019	As at 31/12/2018
Total number of issued shares	868,929,580	868,929,580
Less: Treasury shares	(4,916,100)	(8,275,300)
Total number of issued shares excluding treasury shares	864,013,480	860,654,280

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 30/06/2019	4,815,300	2,646
No. of shares purchased	100,800	77
Balance as at 30/09/2019	4,916,100	2,723

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 accounting policies and methods of computation in the preparation of the financial statements for the current reporting period are consistent with those of the audited financial statements for the financial year ended 31 December 2018, except as disclosed in paragraph 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 have adopted the following new SFRS(I)s from the financial year beginning 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS (I) INT 23 *Uncertainty over Income Tax Treatments*

In adopting SFRS(I) 16, the Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, except for short-term leases and leases of low value assets.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

	1 January 2019 S\$'000	Group 31 December 2018 S\$'000
Increase/ (Decrease) in:		
<u>Statement of Financial Position</u>		
Right-of-use asset	33,655	-
Finance lease liabilities	33,940	-

The adoption of SFRS(I) INT 23 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	Q3 ended		9 Months ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
(a) Based on the number of ordinary shares in issue (cents)	2.18	2.49	4.21	4.16
(b) On fully diluted basis (cents)	2.18	2.48	4.21	4.15

The calculation of basic earnings per share for 3Q and 9 months ended 30 September 2019 are based on the net profits attributable to shareholders for the 3Q and 9 months ended 30 September 2019 divided by the weighted average number of ordinary shares outstanding of 864,044,719 and 862,844,281 respectively.

The calculation of basic earnings per share for 3Q and 9 months ended 30 September 2018 are based on the net profits attributable to shareholders for the 3Q and 9 months ended 30 September 2018 divided by the weighted average number of ordinary shares outstanding of 861,161,312 and 861,029,410 respectively.

The calculation of diluted earnings per share for 3Q and 9 months ended 30 September 2019 are based on the net profits attributable to shareholders for the 3Q and 9 months ended 30 September 2019 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 864,738,265 and 863,846,858 respectively.

The calculation of diluted earnings per share for 3Q and 9 months ended 30 September 2018 are based on the net profits attributable to shareholders for the 3Q and 9 months ended 30

September 2018 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 862,599,402 and 863,108,021 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	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
Net asset value per ordinary share (cents) based on number of issued shares excluding treasury shares at the end of:	33.35	32.93	17.89	17.42

Net asset value per ordinary share was calculated based on 864,013,480 ordinary shares issued (excluding treasury shares) as at 30 September 2019 and 860,654,280 ordinary shares issued (excluding treasury shares) as 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.

Revenue

In the third quarter of FY2019, the Group achieved sales of \$43.10 million, 11.1% lower than the corresponding period in 3Q2018, mainly attributable to lower revenue generated by Shanghai Ocean Aquarium ("SOA") as visitor numbers declined, slightly offset by higher revenue generated by Lixing Cable Car which increased 20% on increased ridership; while revenues from Underwater World Xiamen ("UWX") and Singapore Flyer increased marginally this quarter compared to 3Q2018. The weaker Chinese Yuan this year also impacted on our Group's revenue when translated to Singapore Dollars.

Overall visitation to all our attractions was 1.845 million visitors for the quarter, 8.2% lower than the corresponding period in 3Q2018, attributable to decreased visitor arrivals to our two aquariums.

Cumulatively, overall revenue for the first nine months of FY2019 amounted to \$94.11 million, 1.5% lower than corresponding period in FY2018.

Operational Results

Total Expenses (excluding finance cost) for 3Q2019 was 16.56 million, 10.8% lower than 3Q2018. Depreciation and amortization expense increased, mainly attributable to the depreciation of the right-of-use assets for the land leased by Singapore Flyer and Underwater World Xiamen ("UWX") arising from the adoption of the new SFRS(I) 16 Leases starting this year; correspondingly, operating lease expense decreased. Consultancy expenses increased, mainly attributable to the legal and professional fees incurred by Singapore Flyer for the

mediation and arbitration process relating to the disputes by insurer for our claims in relation to the rides suspension in 1Q2018. Sales and marketing expenses decreased, mainly due to lower advertising and promotion expenses, partially offset by higher sales and operation-related taxes at SOA as 3Q2018 sales and operation-related taxes of SOA was negative due to the reversal of the related value-added-taxes on 1H2018 ticket revenue upon tax waiver notice being issued then. Exchange loss of \$0.77 million was recorded this quarter, as Renminbi currency weakened further against Singapore dollar. Loss on disposal of property, plant and equipment decreased substantially, as 3Q2018 amount was mainly the construction-in-progress relating to the intended phase 2 developments of SOA and UWX being written-off. Other operating expenses increased, mainly due to higher insurance premium and packaging expenses incurred by Singapore Flyer.

Finance cost for 3Q2019 increased substantially over corresponding period, mainly due to the interest expense on finance lease recognised following the adoption of SFRS(I) 16 starting 1 January 2019, partly offset by lower loan interest incurred by Singapore Flyer on lower principal amount outstanding.

Profit before tax was \$28.10 million for the current quarter, 10.9% lower than the profit before tax of \$31.55 million for 3Q2018, mainly due to the lower profit reported by SOA in the current quarter.

Balance Sheet items

Intangible assets decreased 19.2% from \$1.98 million at 31 December 2018 to \$1.60 million at 30 September 2019, mainly due to the amortization of intangible assets for the period.

Other current assets increased 21.4% from \$0.99 million at 31 December 2018 to \$1.20 million at 30 September 2019, mainly due to increase in prepayments at Lixing Cable Car and Singapore Flyer.

Trade and other payables increased 13.1% from \$10.73 million at 31 December 2018 to \$12.13 million at 30 September 2019, mainly due to increase in trade and other payables at SOA and Singapore Flyer.

Current tax liabilities increased 183.2% from \$2.23 million at 31 December 2018 to \$6.30 million at 30 September 2019, mainly due to the provision of income taxes for 3Q2019 profits at our China subsidiaries, partially offset by the payments of 4Q2018 income taxes of China subsidiaries and 2018 (YA2019) income taxes of Singapore entities in the current period.

Cash flow Statement

The Group generated net cash from operating activities amounting to \$28.81 million for 3Q2019. During the quarter, dividend amounting to \$1.80 million was paid to the non-controlling shareholder for dividend declared by SOA. As at 30 September 2019, the Group's cash and cash equivalent balance amounted to \$209.58 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 6.0% year-on-year in the third quarter of 2019, dragged mainly by the manufacturing sector and weak domestic demand. For the year-to-date, the economy grew 6.2% year-on-year. Despite the economic slowdown, domestic tourism remains resilient. According to a report released by China Tourism Academy, domestic visitor arrivals are expected to grow 8.8% to reach 3.08 billion in the first half of 2019.

In Singapore, the economy expanded by 0.1% year-on-year in 3Q2019, based on advance estimates from the Ministry of Trade and Industry, as the manufacturing sector contracted 3.5% while construction and services-producing industries expanded 2.7% and 0.9% respectively. For the tourism sector, visitor arrival numbers to Singapore have been encouraging, as Singapore Tourism Board ("STB") statistics showed that overall visitor arrivals for January to August period increased 1.94% year-on-year to 12.86 million.

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 3Q2019 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 November 2019