

First Quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 2014

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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.

Consolidated Income Statement

	Note	3 months ended		+ / (-) %
		31.3.14 \$'000	31.3.13 \$'000	
Revenue	1	148,065	150,080	(1)
Cost of sales	2	(79,229)	(84,503)	(6)
Gross profit		68,836	65,577	5
Investment income		872	837	4
Other gains/(losses) - net		623	364	71
Selling and distribution costs		(6,481)	(5,535)	17
Administrative expenses		(5,757)	(4,882)	18
Finance expenses		(616)	(702)	(12)
Share of results of associated companies		7,433	7,401	0
Share of results of joint ventures		8,721	3,958	120
Profit before income tax	3	73,631	67,018	10
Income tax expense		(10,701)	(10,501)	2
Net profit		62,930	56,517	11
Profit attributable to:				
Equity holders of the Company		43,657	39,844	10
Non-controlling interests		19,273	16,673	16
		62,930	56,517	11

Consolidated Statement of Comprehensive Income

	3 months ended	
	31.3.14	31.3.13
	\$'000	\$'000
Net profit	62,930	56,517
Other comprehensive (expense)/income items that may be reclassified subsequently to income statement:		
Net exchange differences on translation of financial statements of foreign entities	(7,279)	5,011
Total comprehensive income	<u>55,651</u>	<u>61,528</u>
Total comprehensive income attributable to:		
Equity holders of the Company	38,315	43,477
Non-controlling interests	17,336	18,051
	<u>55,651</u>	<u>61,528</u>

The net currency translation loss of \$7.3 million for the 3 months ended 31 March 2014 (3 months ended 31 March 2013: net currency translation gain of \$5.0 million) was attributable mainly to the Rmb financial statements of associated company, Shanghai Jin Peng Realty Co Ltd.

Notes to the income statement

	3 months ended	
	31.3.14	31.3.13
	\$'000	\$'000
<u>1. Revenue</u>		
Gross rental income	68,570	66,428
Gross revenue from hotel operations	35,495	29,757
Sale of properties held for sale	18,437	29,615
Gross revenue from information technology operations	23,537	22,307
Car parking income and property services fees	2,026	1,973
	<u>148,065</u>	<u>150,080</u>
<u>2. Cost of sales</u>		
Property operating expenses	17,588	17,374
Cost of sales from hotel operations	26,233	24,845
Cost of properties held for sale sold	14,001	22,057
Cost of sales from information technology operations	21,407	20,227
	<u>79,229</u>	<u>84,503</u>
<u>3. Profit before income tax</u>		
Profit before income tax is stated after charging:		
Depreciation	6,018	5,908
	<u>6,018</u>	<u>5,908</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.

	Note	Group		Company	
		31.3.14 \$'000	31.12.13 \$'000	31.3.14 \$'000	31.12.13 \$'000
ASSETS					
Non-current assets					
Other receivables	1	167,588	166,834	1,156,935	1,135,730
Financial assets, available-for-sale		12,045	12,045	-	-
Investments in associated companies		493,380	490,052	-	-
Investments in joint ventures		28,732	20,011	-	-
Investments in subsidiary companies		-	-	1,226,361	1,226,361
Investment properties	2	5,746,592	5,738,500	-	-
Property, plant and equipment		520,249	527,812	568	589
		<u>6,968,586</u>	<u>6,955,254</u>	<u>2,383,864</u>	<u>2,362,680</u>
Current assets					
Cash and cash equivalents		160,813	112,032	650	1,329
Properties held for sale		1,016,522	1,023,032	-	-
Trade and other receivables		51,795	89,492	1,182	1,131
Inventories		2,865	2,652	-	-
		<u>1,231,995</u>	<u>1,227,208</u>	<u>1,832</u>	<u>2,460</u>
Total assets		8,200,581	8,182,462	2,385,696	2,365,140
LIABILITIES					
Current liabilities					
Trade and other payables		147,219	149,149	2,751	3,121
Current income tax liabilities		66,664	65,023	-	-
Borrowings		589,172	593,866	447,466	427,260
		<u>803,055</u>	<u>808,038</u>	<u>450,217</u>	<u>430,381</u>
Non-current liabilities					
Trade and other payables		55,370	53,713	130,708	129,840
Borrowings		467,586	477,509	-	-
Deferred income tax liabilities		48,097	48,088	-	-
		<u>571,053</u>	<u>579,310</u>	<u>130,708</u>	<u>129,840</u>
Total liabilities		1,374,108	1,387,348	580,925	560,221
NET ASSETS		6,826,473	6,795,114	1,804,771	1,804,919
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		1,405,591	1,403,772	1,405,591	1,403,772
Reserves		3,627,756	3,578,639	399,180	401,147
		<u>5,033,347</u>	<u>4,982,411</u>	<u>1,804,771</u>	<u>1,804,919</u>
Non-controlling interests		1,793,126	1,812,703	-	-
TOTAL EQUITY		6,826,473	6,795,114	1,804,771	1,804,919

Notes to the statement of financial position

1. The Company's 'Other receivables', comprising mainly amounts due from subsidiary companies, increased due to intercompany funding.
2. Investment properties are stated at 31 December 2013 valuations by independent professional valuers, with \$8.1 million redevelopment and upgrading costs incurred during the first quarter of 2014. Valuations are carried out half yearly in June and December.

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

Amount repayable in one year or less, or on demand

At 31.3.14		At 31.12.13	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
406	588,766	1,756	592,110

Amount repayable after one year

At 31.3.14		At 31.12.13	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
467,586	-	477,509	-

Details of any collateral

The \$468.0 million loans are secured by way of mortgages over Pan Pacific Singapore hotel, Westin Tianjin hotel, certain property development projects and bank deposits pledged.

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.

	3 months ended	
	31.3.14	31.3.13
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	73,631	67,018
Adjustments to profits	(11,191)	(4,699)
Working capital changes	46,546	(334,734)
Interest paid	(3,948)	(3,088)
Income tax paid	(8,607)	(9,090)
Net cash provided by/(used in) operating activities	96,431	(284,593)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,076)	(593)
Upgrading of investment properties	(721)	(7,622)
Redevelopment of investment properties	(6,870)	(394)
Loans to joint ventures	-	(2,550)
Investment in a joint venture	-	(500)
Interest received	124	150
Net cash used in investing activities	(8,543)	(11,509)
Cash flows from financing activities		
(Repayment of)/Proceeds from borrowings	(14,617)	307,938
Bank deposits pledged as security	(15,954)	-
Proceeds from issue of shares	1,819	379
Acquisition of shares from non-controlling shareholders	(26,309)	(4,787)
Net cash (used in)/provided by financing activities	(55,061)	303,530
Net increase in cash and cash equivalents	32,827	7,428
Cash and cash equivalents at 1 January	82,679	102,903
Cash and cash equivalents at 31 March	115,506	110,331

For the purposes of the Statement of Cash Flows, the cash and cash equivalents comprise the following:

	31.3.14	31.3.13
	\$'000	\$'000
Cash and cash equivalents (per Statement of Financial Position)	160,813	115,901
Less: Bank deposits pledged as security	(45,307)	(5,570)
Cash and cash equivalents (per Statement of Cash Flows)	115,506	110,331

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	Attributable to equity holders of the Company						Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Asset		Total \$'000	Non-controlling interests \$'000	
			revaluation reserve \$'000	Other reserves \$'000			
2014							
Balance at 1 January 2014	1,403,772	3,534,330	29,382	14,927	4,982,411	1,812,703	6,795,114
Total comprehensive income/(expense)	-	43,657	-	(5,342)	38,315	17,336	55,651
Employee share option scheme							
- value of employee services	-	-	-	198	198	-	198
- proceeds from shares issued	1,819	-	-	-	1,819	-	1,819
Effect of acquisition of shares from non-controlling shareholders	-	10,604	-	-	10,604	(36,913)	(26,309)
Balance at 31 March 2014	1,405,591	3,588,591	29,382	9,783	5,033,347	1,793,126	6,826,473
2013							
Balance at 1 January 2013	1,401,892	3,250,356	29,382	2,286	4,683,916	1,704,727	6,388,643
Total comprehensive income	-	39,844	-	3,633	43,477	18,051	61,528
Employee share option scheme							
- value of employee services	-	-	-	198	198	-	198
- proceeds from shares issued	379	-	-	-	379	-	379
Effect of acquisition of shares from non-controlling shareholders	-	2,985	-	-	2,985	(7,772)	(4,787)
Balance at 31 March 2013	1,402,271	3,293,185	29,382	6,117	4,730,955	1,715,006	6,445,961
Company							
	Share capital \$'000	Retained earnings \$'000	Share option reserve \$'000	Total equity \$'000			
2014							
Balance at 1 January 2014	1,403,772	396,446	4,701	1,804,919			
Total comprehensive expense	-	(2,165)	-	(2,165)			
Employee share option scheme							
- value of employee services	-	-	198	198			
- proceeds from shares issued	1,819	-	-	1,819			
Balance at 31 March 2014	1,405,591	394,281	4,899	1,804,771			
2013							
Balance at 1 January 2013	1,401,892	393,744	3,908	1,799,544			
Total comprehensive expense	-	(1,715)	-	(1,715)			
Employee share option scheme							
- value of employee services	-	-	198	198			
- proceeds from shares issued	379	-	-	379			
Balance at 31 March 2013	1,402,271	392,029	4,106	1,798,406			

- 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.

The changes in the Company's issued share capital for the 3 months ended 31 March 2014 were as follows:

	Number of ordinary shares '000
Issued share capital as at 1 January 2014	1,378,924
Issue of ordinary shares arising from the exercise of UIC share options	694
Issued share capital as at 31 March 2014	<u>1,379,618</u>

As at 31 March 2014, there were 4,723,000 (31 March 2013: 5,411,000) ordinary shares which may be issued upon the exercise of the subscription rights in full by holders of options granted to executives of the Group under the UIC Share Option Scheme.

- 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.

	31.3.14 '000	31.12.13 '000
Total number of issued shares	<u>1,379,618</u>	<u>1,378,924</u>

- 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.

Not applicable.

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

The figures have not been audited or 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 same accounting policies and methods of computation as in the 2013 audited annual financial statements have been applied for the current reporting period.

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.

Nil.

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.

	Latest quarter 31.3.14	Previous quarter 31.3.13
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue	3.2 cents	2.9 cents
(b) On a fully diluted basis		
For the purposes of calculating diluted earnings per share, the weighted average number of shares in issue is adjusted to take into account the dilutive effect arising from the outstanding options granted to employees, where such shares would have been issued at a price lower than the average market price in the current quarter. As the impact of the dilution is insignificant, diluted earnings per share is the same as basic earnings per share.		

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.

	31.3.14	31.12.13
Net asset value per ordinary share		
Group	\$3.65	\$3.61
Company	\$1.31	\$1.31

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 at \$148.1 million decreased marginally by \$2.0 million (1%) due mainly to lower trading property sales, offset by higher revenue from Pan Pacific Singapore hotel and higher rental income.

Sales of trading properties at \$18.4 million was lower by \$11.2 million (38%) with lower contributions from The Trizon (fully sold in 1Q 2014) and The Excellency (Chengdu) residential property projects.

Revenue from hotel operations increased by \$5.7 million (19%) to \$35.5 million due mainly to higher room and occupancy rates and higher food and beverage revenue in Pan Pacific Singapore hotel. The hotel re-opened in September 2012 after major refurbishment.

Gross rental income from investment properties increased slightly by \$2.1 million (3%) to \$68.6 million.

Higher contribution from the Archipelago joint venture residential property project with progressive recognition of development profits, on percentage of completion basis, led to the increase in share of joint ventures' profit by \$4.8 million (120%) to \$8.7 million.

Overall, net attributable profit increased by \$3.8 million (10%) to \$43.7 million due mainly to higher contributions from Pan Pacific Singapore hotel and the Archipelago project.

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

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Leasing demand for office space is expected to improve slowly with some improvement in business sentiments.

The outlook for the retail rental market is stable with healthy demand for retail space on the back of growing supply.

The expected growth in visitor arrivals will help absorb the impending supply of hotel rooms.

The current property cooling measures and TDSR (total debt servicing ratio) ruling will keep the residential property market subdued.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend 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 quarter ended 31 March 2014.

13. **If the Group has obtained a general mandate from shareholders for Interested Person Transactions "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).**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the first quarter ended 31 March 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Susie Koh
Company Secretary
25 April 2014