

First quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 2017
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		+/(-)
		31.3.17	31.3.16	
		\$'000	\$'000	%
Revenue	1	264,516	201,277	31
Cost of sales	2	(166,421)	(121,204)	37
Gross profit		98,095	80,073	23
Investment income	3	843	938	(10)
Other gains		1,225	550	123
Other losses	4	(14,855)	(34)	n.m.
Selling and distribution costs		(7,094)	(4,439)	60
Administrative expenses		(5,747)	(5,268)	9
Finance expenses		(1,934)	(2,770)	(30)
Profit before share of results of associated companies and joint ventures		70,533	69,050	2
Share of results of associated companies		6,738	7,192	(6)
Share of results of joint ventures		2,403	2,591	(7)
Profit before income tax	5	79,674	78,833	1
Income tax expense		(11,747)	(11,999)	(2)
Net profit		67,927	66,834	2
Profit attributable to:				
Equity holders of the Company		59,817	59,669	0
Non-controlling interests		8,110	7,165	13
		67,927	66,834	2

n.m. - not meaningful

Consolidated Statement of Comprehensive Income

	3 months ended	
	31.3.17	31.3.16
	\$'000	\$'000
Net profit	67,927	66,834
Other comprehensive expense items that may be reclassified subsequently to income statement:		
Net currency translation differences of financial statements of foreign entities	(5,739)	(10,445)
Total comprehensive income	62,188	56,389
Total comprehensive income attributable to:		
Equity holders of the Company	54,632	50,318
Non-controlling interests	7,556	6,071
	62,188	56,389

The net currency translation loss of \$5.7 million (3 months ended 31 March 2016: \$10.4 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	
	31.3.17	31.3.16
	\$'000	\$'000
1. Revenue		
Gross rental income	69,009	68,675
Gross revenue from hotel operations	37,291	36,120
Sale of properties held for sale	127,322	70,364
Gross revenue from information technology operations	27,580	23,510
Car parking income, property services fees and other income	3,314	2,608
	264,516	201,277
2. Cost of sales		
Property operating expenses	18,356	18,217
Cost of sales from hotel operations	25,786	26,345
Cost of properties held for sale sold	96,965	55,276
Cost of sales from information technology operations	25,314	21,366
	166,421	121,204
3. Investment income		
Interest income	843	938
4. Other losses		
Additional Buyer's Stamp Duty ("ABSD") costs	(14,841)	-
Others	(14)	(34)
	(14,855)	(34)
5. Profit before income tax		
Profit before income tax is stated after charging:		
Depreciation	5,624	5,994

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		Note	Company	
		31.3.17	31.12.16		31.3.17	31.12.16
		\$'000	\$'000		\$'000	\$'000
ASSETS						
Non-current assets						
Other receivables		121,902	109,745		-	-
Financial assets, available-for-sale		9,295	9,295		-	-
Investments in associated companies		550,807	547,461		-	-
Investments in joint ventures		79,771	77,749		-	-
Investments in subsidiary companies		-	-		1,228,307	1,228,307
Investment properties	1	6,179,133	6,175,900		-	-
Property, plant and equipment		463,276	469,861		317	332
		<u>7,404,184</u>	<u>7,390,011</u>		<u>1,228,624</u>	<u>1,228,639</u>
Current assets						
Cash and cash equivalents		96,632	86,508		567	866
Properties held for sale		1,086,813	1,069,731		-	-
Trade and other receivables		54,050	73,287		1,842,821	1,833,440
Inventories		2,446	2,266		-	-
		<u>1,239,941</u>	<u>1,231,792</u>		<u>1,843,388</u>	<u>1,834,306</u>
Total assets		8,644,125	8,621,803		3,072,012	3,062,945
LIABILITIES						
Current liabilities						
Trade and other payables		158,846	187,712	2	121,293	210,507
Current income tax liabilities		49,938	46,345		-	-
Borrowings	3	1,214,311	1,229,148	4	1,013,004	913,526
		<u>1,423,095</u>	<u>1,463,205</u>		<u>1,134,297</u>	<u>1,124,033</u>
Non-current liabilities						
Trade and other payables		56,942	56,781		1,624	1,624
Borrowings		11,977	12,480		-	-
Deferred income tax liabilities		54,629	54,275		-	-
		<u>123,548</u>	<u>123,536</u>		<u>1,624</u>	<u>1,624</u>
Total liabilities		1,546,643	1,586,741		1,135,921	1,125,657
NET ASSETS		<u>7,097,482</u>	<u>7,035,062</u>		<u>1,936,091</u>	<u>1,937,288</u>
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital		1,525,551	1,525,315		1,525,551	1,525,315
Reserves		4,761,260	4,706,632		410,540	411,973
		<u>6,286,811</u>	<u>6,231,947</u>		<u>1,936,091</u>	<u>1,937,288</u>
Non-controlling interests		810,671	803,115		-	-
TOTAL EQUITY		<u>7,097,482</u>	<u>7,035,062</u>		<u>1,936,091</u>	<u>1,937,288</u>

Notes to the statement of financial position

- Investment properties are stated at 31 December 2016 valuations by independent professional valuers, with \$3.2 million redevelopment and upgrading costs incurred during the first quarter of 2017. Valuations are carried out half yearly in June and December.
- The Company's current trade and other payables, comprising mainly amounts due to subsidiary companies, decreased due to intercompany funding.
- As at 31 March 2017, total current liabilities exceeds total current assets due mainly to borrowings due within the next 12 months. Out of the \$1.2 billion current borrowings, \$0.6 billion term loan is maturing in November 2017 and \$0.6 billion is drawn under various short-term revolving credit facilities with banks. The Group intends to refinance the term loan and rollover the loans drawn under the revolving credit facilities upon maturity.
- The Company's borrowings increased due to bank loans obtained on behalf of subsidiary companies.

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

Amount repayable in one year or less, or on demand

At 31.3.17		At 31.12.16	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
508	1,213,803	135,622	1,093,526

Amount repayable after one year

At 31.3.17		At 31.12.16	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
11,977	-	12,480	-

Details of any collaterals

The \$12.5 million loans are secured by way of mortgage over the Westin Tianjin hotel.

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	
	31.3.17	31.3.16
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	79,674	78,833
Adjustments to profits	(2,184)	(2,944)
Working capital changes	(24,965)	(24,904)
Interest paid	(4,253)	(6,403)
Income tax paid	(7,729)	(7,699)
Net cash provided by operating activities	40,543	36,883
Cash flows from investing activities		
Purchase of property, plant and equipment	(775)	(1,060)
Upgrading of investment properties	(1,286)	(1,167)
Redevelopment of an investment property	(988)	(13,013)
Loans to joint ventures	(12,055)	(41,970)
Repayment of loan by a joint venture	-	15,544
Interest received	183	531
Net cash used in investing activities	(14,921)	(41,135)
Cash flows from financing activities		
Repayment of borrowings	(15,734)	(1,256)
Decrease in bank deposits pledged as security	-	2,820
Proceeds from issuance of shares	236	60
Acquisition of shares from non-controlling shareholders	-	(455)
Net cash (used in)/provided by financing activities	(15,498)	1,169
Net increase/(decrease) in cash and cash equivalents	10,124	(3,083)
Cash and cash equivalents at 1 January	86,508	72,234
Cash and cash equivalents at 31 March	96,632	69,151

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

	31.3.17	31.3.16
	\$'000	\$'000
Cash and cash equivalents (per Statement of Financial Position)	96,632	76,151
Less: Bank deposits pledged as security	-	(7,000)
Cash and cash equivalents (per Statement of Cash Flows)	96,632	69,151

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					Non-controlling interests	Total equity
	Share capital	Retained earnings	Asset revaluation reserve	Other reserves	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000		
2017							
Balance at 1 January 2017	1,525,315	4,648,900	40,441	17,291	6,231,947	803,115	7,035,062
Net profit	-	59,817	-	-	59,817	8,110	67,927
Other comprehensive expense	-	-	-	(5,185)	(5,185)	(554)	(5,739)
Total comprehensive income/(expense)	-	59,817	-	(5,185)	54,632	7,556	62,188
Employee share option scheme							
- value of employee services	-	-	-	(4)	(4)	-	(4)
- proceeds from shares issued	236	-	-	-	236	-	236
Total transactions with owners, recognised directly in equity	236	-	-	(4)	232	-	232
Balance at 31 March 2017	1,525,551	4,708,717	40,441	12,102	6,286,811	810,671	7,097,482
2016							
Balance at 1 January 2016	1,486,638	4,404,763	40,437	27,629	5,959,467	821,552	6,781,019
Net profit	-	59,669	-	-	59,669	7,165	66,834
Other comprehensive expense	-	-	-	(9,351)	(9,351)	(1,094)	(10,445)
Total comprehensive income/(expense)	-	59,669	-	(9,351)	50,318	6,071	56,389
Employee share option scheme							
- value of employee services	-	-	-	114	114	-	114
- proceeds from shares issued	60	-	-	-	60	-	60
Effect of acquisition of shares from non-controlling shareholders	-	248	-	-	248	(703)	(455)
Total transactions with owners, recognised directly in equity	60	248	-	114	422	(703)	(281)
Balance at 31 March 2016	1,486,698	4,464,680	40,437	18,392	6,010,207	826,920	6,837,127
	Share capital	Retained earnings	Share option reserve	Total equity			
Company	\$'000	\$'000	\$'000	\$'000			
2017							
Balance at 1 January 2017	1,525,315	405,804	6,169	1,937,288			
Net loss and total comprehensive expense	-	(1,429)	-	(1,429)			
Employee share option scheme							
- value of employee services	-	-	(4)	(4)			
- proceeds from shares issued	236	-	-	236			
Balance at 31 March 2017	1,525,551	404,375	6,165	1,936,091			
2016							
Balance at 1 January 2016	1,486,638	403,173	5,745	1,895,556			
Net loss and total comprehensive expense	-	(1,613)	-	(1,613)			
Employee share option scheme							
- value of employee services	-	-	114	114			
- proceeds from shares issued	60	-	-	60			
Balance at 31 March 2016	1,486,698	401,560	5,859	1,894,117			

- 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 2017 were as follows:

	Number of ordinary shares '000
Issued share capital as at 1 January 2017	1,419,089
Issue of ordinary shares arising from the exercise of UIC share options	92
Issued share capital as at 31 March 2017	<u>1,419,181</u>

As at 31 March 2017, there were 3,768,000 (31 March 2016: 3,706,000) 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.**

	31.3.17 '000	31.12.16 '000
Total number of issued shares	<u>1,419,181</u>	<u>1,419,089</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 in the 2016 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	Previous quarter
	31.3.17	31.3.16
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue	4.2 cents	4.2 cents
(b) <u>On a fully diluted basis</u> 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.

	31.3.17	31.12.16
Net asset value per ordinary share		
Group	\$4.43	\$4.39
Company	\$1.36	\$1.37

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.

For the 1Q 2017, the Group achieved revenue of \$264.5 million, which was higher than the same period last year by \$63.2 million (31%) mainly due to higher sales recognition from trading properties.

Revenue recognised from the sales of trading properties at \$127.3 million was higher by \$57.0 million (81%), mainly due to higher progressive revenue recognition for the Group's residential projects, particularly from V on Shenton and Alex Residences.

Revenue from information technology operations increased by \$4.1 million (17%) to \$27.6 million (1Q 2016: \$23.5 million) whilst revenue from hotel operations increased by \$1.2 million (3%) to \$37.3 million (1Q 2016: \$36.1 million). Gross rental income from investment properties remained stable at \$69.0 million (1Q 2016: \$68.7 million).

Profit before share of results of associated companies and joint ventures recorded \$70.5 million, which was higher than last year by \$1.5 million (2%). The increase in profitability is achieved despite the Additional Buyer Stamp Duty payment on Mon Jervois of \$14.8 million in February 2017.

Non-controlling interests' share of operating results at \$8.1 million was higher by \$0.9 million (13%) mainly due to the higher net profit contributed by 53% held subsidiary, Marina Centre Holdings, which owns the retail mall and the 3 hotels in Marina Square.

Accordingly, net attributable profit recorded \$59.8 million, which was about the same as the corresponding quarter last year.

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.

The steady take-up rate of office and retail spaces has trimmed oversupply and would ease pressure on rentals.

The improving sentiments and increased number of high bidders for recent residential land sale are expected to raise buying interest and confidence in this sector.

The hotel sector will remain competitive with increased new hotel room supply.

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/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded for the quarter ended 31 March 2017.

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 2017 to be false or misleading in any material respect.

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 of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD

Susie Koh
Company Secretary
28 April 2017