

Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 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			6 months ended		
		30.6.17 \$'000	30.6.16 \$'000	+ /(-) %	30.6.17 \$'000	30.6.16 \$'000	+ /(-) %
Revenue	1	361,903	236,457	53	626,419	437,734	43
Cost of sales	2	(254,423)	(157,128)	62	(420,844)	(278,332)	51
Gross profit		107,480	79,329	35	205,575	159,402	29
Investment income	3	972	1,008	(4)	1,815	1,946	(7)
Other gains		338	527	(36)	1,563	1,077	45
Other losses	4	(116)	(496)	(77)	(14,971)	(530)	n.m.
Selling and distribution costs		(10,945)	(5,396)	103	(18,039)	(9,835)	83
Administrative expenses		(5,867)	(5,277)	11	(11,614)	(10,545)	10
Finance expenses		(3,145)	(2,284)	38	(5,079)	(5,054)	0
Profit before share of results of associated companies and joint ventures		88,717	67,411	32	159,250	136,461	17
Share of results of associated companies	5	7,852	2,686	192	14,590	9,878	48
Share of results of joint ventures	6	8,044	5,049	59	10,447	7,640	37
Fair value (loss)/gain on investment properties	7	(20,011)	25,370	n.m.	(20,011)	25,370	n.m.
Profit before income tax	8	84,602	100,516	(16)	164,276	179,349	(8)
Income tax expense		(12,810)	(11,956)	7	(24,557)	(23,955)	3
Net profit		71,792	88,560	(19)	139,719	155,394	(10)
Profit/(Loss) attributable to:							
Equity holders of the Company		74,691	111,923	(33)	134,508	171,592	(22)
Non-controlling interests	9	(2,899)	(23,363)	(88)	5,211	(16,198)	n.m.
		71,792	88,560	(19)	139,719	155,394	(10)

The above net profit attributable to equity holders of the Company can be analysed as follows:

Net profit from operations	77,692	60,437	29	137,509	120,106	14
Fair value (loss)/gain on investment properties held by subsidiaries, associated company and joint venture, net of non-controlling interests included in:						
- Fair value (loss)/gain on investment properties	(20,011)	25,370	n.m.	(20,011)	25,370	n.m.
- Share of results of associated companies	2,520	(2,400)	n.m.	2,520	(2,400)	n.m.
- Share of results of joint ventures	5,079	-	n.m.	5,079	-	n.m.
- Non-controlling interests (share of fair value loss)	9,411	28,516	(67)	9,411	28,516	(67)
	(3,001)	51,486	n.m.	(3,001)	51,486	n.m.
Net attributable profit	74,691	111,923	(33)	134,508	171,592	(22)

n.m. - not meaningful

Consolidated Statement of Comprehensive Income

	3 months ended		6 months ended	
	30.6.17	30.6.16	30.6.17	30.6.16
	\$'000	\$'000	\$'000	\$'000
Net profit	71,792	88,560	139,719	155,394
Other comprehensive income/(expense) items that may be reclassified subsequently to income statement:				
Net currency translation differences of financial statements of foreign entities	427	(6,877)	(5,312)	(17,322)
Total comprehensive income	<u>72,219</u>	<u>81,683</u>	<u>134,407</u>	<u>138,072</u>
Total comprehensive income/(expense) attributable to:				
Equity holders of the Company	75,120	105,751	129,752	156,069
Non-controlling interests	(2,901)	(24,068)	4,655	(17,997)
	<u>72,219</u>	<u>81,683</u>	<u>134,407</u>	<u>138,072</u>

Notes to the income statement

	3 months ended		6 months ended	
	30.6.17	30.6.16	30.6.17	30.6.16
	\$'000	\$'000	\$'000	\$'000
<u>1. Revenue</u>				
Gross rental income	67,885	67,829	136,894	136,504
Gross revenue from hotel operations	34,361	34,880	71,652	71,000
Sale of properties held for sale	231,474	104,022	358,796	174,386
Gross revenue from information technology operations	25,114	27,112	52,694	50,622
Car parking income, property services fees and other income	3,069	2,614	6,383	5,222
	<u>361,903</u>	<u>236,457</u>	<u>626,419</u>	<u>437,734</u>
<u>2. Cost of sales</u>				
Property operating expenses	19,753	19,502	38,109	37,719
Cost of sales from hotel operations	25,112	26,453	50,898	52,798
Cost of properties held for sale sold	186,500	85,835	283,465	141,111
Cost of sales from information technology operations	23,058	25,338	48,372	46,704
	<u>254,423</u>	<u>157,128</u>	<u>420,844</u>	<u>278,332</u>
<u>3. Investment income</u>				
Interest income	972	1,008	1,815	1,946
<u>4. Other losses</u>				
Additional Buyer's Stamp Duty ("ABSD") costs	-	-	(14,841)	-
Others	(116)	(496)	(130)	(530)
	<u>(116)</u>	<u>(496)</u>	<u>(14,971)</u>	<u>(530)</u>
<u>5. Share of results of associated companies</u>				
Share of results of associated companies comprise:				
- share of operating profits	5,332	5,086	12,070	12,278
- share of fair value gain/(loss) on an investment property	2,520	(2,400)	2,520	(2,400)
	<u>7,852</u>	<u>2,686</u>	<u>14,590</u>	<u>9,878</u>

Notes to the income statement

	3 months ended		6 months ended	
	30.6.17	30.6.16	30.6.17	30.6.16
	\$'000	\$'000	\$'000	\$'000
6. Share of results of joint ventures				
Share of results of joint ventures comprise:				
- share of operating profits	2,965	5,049	5,368	7,640
- share of fair value gain on an investment property	5,079	-	5,079	-
	<u>8,044</u>	<u>5,049</u>	<u>10,447</u>	<u>7,640</u>
7. Fair value (loss)/gain on investment properties held by subsidiary companies				
This relates to the valuation by independent professional valuers of investment properties held by subsidiary companies as at 30 June.				
8. Profit before income tax				
Profit before income tax is stated after charging:				
Depreciation	<u>5,534</u>	<u>5,969</u>	<u>11,158</u>	<u>11,963</u>
9. Non-controlling interests				
Non-controlling interests comprise:				
- share of operating profits	6,512	5,153	14,622	12,318
- share of fair value loss on investment properties	(9,411)	(28,516)	(9,411)	(28,516)
	<u>(2,899)</u>	<u>(23,363)</u>	<u>5,211</u>	<u>(16,198)</u>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30.6.17	31.12.16	30.6.17	31.12.16
Note	\$'000	\$'000	Note	\$'000
ASSETS				
Non-current assets				
Other receivables	163,805	109,745	-	-
Financial assets, available-for-sale	9,295	9,295	-	-
Investments in associated companies	555,880	547,461	-	-
Investments in joint ventures	66,937	77,749	-	-
Investments in subsidiary companies	-	-	1,227,957	1,228,307
Investment properties	1	6,162,900	-	-
Property, plant and equipment	458,457	469,861	307	332
	<u>7,417,274</u>	<u>7,390,011</u>	<u>1,228,264</u>	<u>1,228,639</u>
Current assets				
Cash and cash equivalents	119,232	86,508	553	866
Properties held for sale	1,045,099	1,069,731	-	-
Trade and other receivables	51,910	73,287	1,845,450	1,833,440
Inventories	2,123	2,266	-	-
	<u>1,218,364</u>	<u>1,231,792</u>	<u>1,846,003</u>	<u>1,834,306</u>
Total assets	8,635,638	8,621,803	3,074,267	3,062,945
LIABILITIES				
Current liabilities				
Trade and other payables	189,130	187,712	193,653	210,507
Current income tax liabilities	46,536	46,345	-	-
Borrowings	2	1,115,963	3	949,354
	<u>1,351,629</u>	<u>1,463,205</u>	<u>1,143,007</u>	<u>1,124,033</u>
Non-current liabilities				
Trade and other payables	55,102	56,781	1,624	1,624
Borrowings	11,774	12,480	-	-
Deferred income tax liabilities	56,369	54,275	-	-
	<u>123,245</u>	<u>123,536</u>	<u>1,624</u>	<u>1,624</u>
Total liabilities	1,474,874	1,586,741	1,144,631	1,125,657
NET ASSETS	<u>7,160,764</u>	<u>7,035,062</u>	<u>1,929,636</u>	<u>1,937,288</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	1,563,570	1,525,315	1,563,570	1,525,315
Reserves	4,793,883	4,706,632	366,066	411,973
	<u>6,357,453</u>	<u>6,231,947</u>	<u>1,929,636</u>	<u>1,937,288</u>
Non-controlling interests	803,311	803,115	-	-
TOTAL EQUITY	<u>7,160,764</u>	<u>7,035,062</u>	<u>1,929,636</u>	<u>1,937,288</u>

Notes to the statement of financial position

- The decrease in investment properties was due to \$20.0 million fair value loss on the Group's investment properties [see Section 1(a) note 7], partially offset by \$7.0 million redevelopment and upgrading costs incurred during the first half of 2017.
- As at 30 June 2017, total current liabilities exceeds total current assets due mainly to borrowings due within the next 12 months. Out of the \$1.1 billion current borrowings, \$0.6 billion term loan is maturing in November 2017 and \$0.5 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 30.6.17		At 31.12.16	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
609	1,115,354	135,622	1,093,526

Amount repayable after one year

At 30.6.17		At 31.12.16	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
11,774	-	12,480	-

Details of any collaterals

The \$12.4 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	
	30.6.17	30.6.16
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	84,602	100,516
Adjustments for:		
Depreciation of property, plant and equipment	5,534	5,969
Writeback of allowance for foreseeable losses on properties held for sale	(9,454)	-
Employee share option expense	79	104
Loss on disposal of property, plant and equipment	67	-
Share of results of associated companies	(7,852)	(2,686)
Share of results of joint ventures	(8,044)	(5,049)
Fair value loss/(gain) on investment properties	20,011	(25,370)
Investment income	(972)	(1,008)
Interest expense	3,145	2,284
Unrealised currency translation differences	(829)	(701)
	<u>86,287</u>	<u>74,059</u>
Change in working capital:		
Properties held for sale	52,435	38,419
Inventories	323	(6)
Trade and other receivables	2,146	(49,464)
Trade and other payables	28,541	20,629
Cash generated from operations	<u>169,732</u>	<u>83,637</u>
Interest paid	(4,309)	(6,808)
Income tax paid	(14,473)	(13,879)
Net cash provided by operating activities	<u>150,950</u>	<u>62,950</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(955)	(796)
Upgrading of investment properties	(1,850)	(3,057)
Redevelopment of an investment property	(1,827)	(23,759)
Proceeds from liquidation of an associated company	-	1,252
Final distribution to non-controlling shareholders upon liquidation of a subsidiary company	(235)	-
Loans to joint ventures	(40,300)	(6,350)
Investments in joint ventures	(2,000)	(2,000)
Dividends received from associated companies	2,775	5,010
Dividend received from a joint venture	23,500	8,000
Interest received	174	171
Net cash used in investing activities	<u>(20,718)</u>	<u>(21,529)</u>
Cash flows from financing activities		
Repayment of borrowings	(98,851)	(25,861)
Decrease in bank deposits pledged as security	-	7,000
Proceeds from issuance of shares	635	-
Dividends paid to equity holders of the Company	(5,192)	(3,534)
Dividends paid to non-controlling interests	(4,224)	(4,224)
Net cash used in financing activities	<u>(107,632)</u>	<u>(26,619)</u>
Net increase in cash and cash equivalents	22,600	14,802
Cash and cash equivalents at 1 April	96,632	69,151
Cash and cash equivalents at 30 June	<u>119,232</u>	<u>83,953</u>

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 revaluation reserve \$'000	Other reserves \$'000	Total \$'000	Non-controlling interests \$'000	
2017							
Balance at 1 April 2017	1,525,551	4,708,717	40,441	12,102	6,286,811	810,671	7,097,482
Net profit/(loss)	-	74,691	-	-	74,691	(2,899)	71,792
Other comprehensive income/(expense)	-	-	-	429	429	(2)	427
Total comprehensive income/(expense)	-	74,691	-	429	75,120	(2,901)	72,219
Employee share option scheme							
- value of employee services	-	-	-	79	79	-	79
- proceeds from shares issued	635	-	-	-	635	-	635
Issue of shares pursuant to scrip dividend scheme	37,384	-	-	-	37,384	-	37,384
Dividends paid							
- in cash	-	(5,192)	-	-	(5,192)	(4,224)	(9,416)
- in scrip	-	(37,384)	-	-	(37,384)	-	(37,384)
Liquidation of a subsidiary company	-	-	-	-	-	(235)	(235)
Total transactions with owners, recognised directly in equity	38,019	(42,576)	-	79	(4,478)	(4,459)	(8,937)
Balance at 30 June 2017	1,563,570	4,740,832	40,441	12,610	6,357,453	803,311	7,160,764
2016							
Balance at 1 April 2016	1,486,698	4,464,680	40,437	18,392	6,010,207	826,920	6,837,127
Net profit/(loss)	-	111,923	-	-	111,923	(23,363)	88,560
Other comprehensive expense	-	-	-	(6,172)	(6,172)	(705)	(6,877)
Total comprehensive income/(expense)	-	111,923	-	(6,172)	105,751	(24,068)	81,683
Employee share option scheme							
- value of employee services	-	-	-	104	104	-	104
Issue of shares pursuant to scrip dividend scheme	38,617	-	-	-	38,617	-	38,617
Dividends paid							
- in cash	-	(3,534)	-	-	(3,534)	(4,224)	(7,758)
- in scrip	-	(38,617)	-	-	(38,617)	-	(38,617)
Total transactions with owners, recognised directly in equity	38,617	(42,151)	-	104	(3,430)	(4,224)	(7,654)
Balance at 30 June 2016	1,525,315	4,534,452	40,437	12,324	6,112,528	798,628	6,911,156

<u>Company</u>	<u>Share capital</u> \$'000	<u>Retained earnings</u> \$'000	<u>Share option reserve</u> \$'000	<u>Total equity</u> \$'000
2017				
Balance at 1 April 2017	1,525,551	404,375	6,165	1,936,091
Net loss and total comprehensive expense	-	(1,977)	-	(1,977)
Employee share option scheme				
- value of employee services	-	-	79	79
- proceeds from shares issued	635	-	-	635
Issue of shares pursuant to scrip dividend scheme	37,384	-	-	37,384
Dividends paid				
- in cash	-	(5,192)	-	(5,192)
- in scrip	-	(37,384)	-	(37,384)
Balance at 30 June 2017	<u>1,563,570</u>	<u>359,822</u>	<u>6,244</u>	<u>1,929,636</u>
2016				
Balance at 1 April 2016	1,486,698	401,560	5,859	1,894,117
Net loss and total comprehensive expense	-	(1,865)	-	(1,865)
Employee share option scheme				
- value of employee services	-	-	104	104
Issue of shares pursuant to scrip dividend scheme	38,617	-	-	38,617
Dividends paid				
- in cash	-	(3,534)	-	(3,534)
- in scrip	-	(38,617)	-	(38,617)
Balance at 30 June 2016	<u>1,525,315</u>	<u>357,544</u>	<u>5,963</u>	<u>1,888,822</u>

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 30 June 2017 were as follows:

	Number of ordinary shares '000
Issued share capital as at 1 April 2017	1,419,181
Issue of ordinary shares arising from the exercise of UIC share options	223
Issue of ordinary shares pursuant to scrip dividend scheme	12,503
Issued share capital as at 30 June 2017	<u>1,431,907</u>

As at 30 June 2017, there were 3,503,000 (30 June 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.

	30.6.17	31.12.16
	'000	'000
Total number of issued shares	1,431,907	1,419,089

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
	30.6.17	30.6.16
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue		
- excluding fair value (loss)/gain on investment properties	5.5 cents	4.3 cents
- including fair value (loss)/gain on investment properties	5.2 cents	7.9 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.

	30.6.17	31.12.16
Net asset value per ordinary share		
Group	\$4.44	\$4.39
Company	\$1.35	\$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.

Comparison of 2nd quarter 2017 results with 2016

For the 2Q 2017, the Group achieved revenue of \$361.9 million, which was higher than the same period last year by \$125.4 million (53%) mainly due to higher sales recognition from trading properties.

Revenue recognised from the sales of trading properties at \$231.5 million was higher by \$127.5 million (123%), primarily due to higher sales in Pollen & Bleu and progressive sales recognition for V on Shenton.

Gross rental income from investment properties remained stable at \$67.9 million (2Q 2016: \$67.8 million) whilst revenue from information technology and hotel operations decreased slightly by \$2.0 million (7%) and \$0.5 million (1%) respectively, compared to the corresponding period last year.

Selling and distribution costs increased by \$5.5 million (103%) to \$10.9 million (2Q 2016: \$5.4 million) in line with higher sales from residential projects.

Based on valuation by professional valuers as at 30 June 2017 on the investment properties held by the Group's subsidiaries, associated company and joint venture, fair value loss (net of non-controlling interests) of \$3.0 million (2Q 2016: fair value gain of \$51.5 million) was recognised in the income statement.

Net profit from operations increased by \$17.3 million (29%) to \$77.7 million. Including the fair value loss (net of non-controlling interests) of \$3.0 million (2Q 2016: fair value gain of \$51.5 million), the Group's net attributable profit for the 2nd quarter 2017 recorded \$74.7 million (2Q 2016: \$111.9 million).

Comparison of 6 months ended 30 June 2017 results with 2016

For the 1H 2017, the Group achieved revenue of \$626.4 million, which was higher than the same period last year by \$188.7 million (43%) mainly due to higher sales recognition from trading properties.

In line with higher revenue, net profit from operations increased by \$17.4 million (14%) to \$137.5 million. After including the fair value loss (net of non-controlling interests) of \$3.0 million (1H 2016: \$51.5 million fair value gain), the Group recorded a net attributable profit of \$134.5 million (1H 2016: \$171.6 million) for the 6 months ended 30 June 2017.

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 rental market is expected to improve with the continued steady take-up of office and retail space.

With the steady response from sales launches and the aggressive land bids by developers, the improving sentiments in the residential market are expected to continue.

The hotel sector will remain competitive but positive, despite new hotel room supply coming on stream.

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 30 June 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 second quarter ended 30 June 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 July 2017