

Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 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			9 months ended		
		30.9.17 \$'000	30.9.16 \$'000	+ / (-) %	30.9.17 \$'000	30.9.16 \$'000	+ / (-) %
Revenue	1	405,465	262,029	55	1,031,884	699,763	47
Cost of sales	2	(281,036)	(169,106)	66	(701,880)	(447,438)	57
Gross profit		124,429	92,923	34	330,004	252,325	31
Investment income	3	1,107	833	33	2,922	2,779	5
Other gains		466	497	(6)	2,029	1,574	29
Other losses	4	(242)	(17)	n.m.	(15,213)	(547)	n.m.
Selling and distribution costs		(11,720)	(7,040)	66	(29,759)	(16,875)	76
Administrative expenses		(6,048)	(5,735)	5	(17,662)	(16,280)	8
Finance expenses		(3,088)	(1,911)	62	(8,167)	(6,965)	17
Profit before share of results of associated companies and joint ventures		104,904	79,550	32	264,154	216,011	22
Share of results of associated companies	5	7,043	7,041	0	21,633	16,919	28
Share of results of joint ventures	6	6,737	(3,934)	n.m.	17,184	3,706	364
Fair value (loss)/gain on investment properties	7	-	-	-	(20,011)	25,370	n.m.
Profit before income tax	8	118,684	82,657	44	282,960	262,006	8
Income tax expense		(15,086)	(12,374)	22	(39,643)	(36,329)	9
Net profit		103,598	70,283	47	243,317	225,677	8
Profit/(Loss) attributable to:							
Equity holders of the Company		95,535	64,017	49	230,043	235,609	(2)
Non-controlling interests	9	8,063	6,266	29	13,274	(9,932)	n.m.
		103,598	70,283	47	243,317	225,677	8

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

Net profit from operations		95,535	64,017	49	233,044	184,123	27
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.
- Share of results of associated companies		-	-	-	2,520	(2,400)	n.m.
- Share of results of joint ventures		-	-	-	5,079	-	n.m.
- Non-controlling interests (share of fair value loss)		-	-	-	9,411	28,516	(67)
		-	-	-	(3,001)	51,486	n.m.
Net attributable profit		95,535	64,017	49	230,043	235,609	(2)

n.m. - not meaningful

Consolidated Statement of Comprehensive Income

	3 months ended		9 months ended	
	30.9.17	30.9.16	30.9.17	30.9.16
	\$'000	\$'000	\$'000	\$'000
Net profit	103,598	70,283	243,317	225,677
Other comprehensive income/(expense) items that may be reclassified subsequently to income statement:				
Net currency translation differences of financial statements of foreign entities	1,198	2,192	(4,114)	(15,130)
Total comprehensive income	<u>104,796</u>	<u>72,475</u>	<u>239,203</u>	<u>210,547</u>
Total comprehensive income/(expense) attributable to:				
Equity holders of the Company	96,628	65,981	226,380	222,050
Non-controlling interests	8,168	6,494	12,823	(11,503)
	<u>104,796</u>	<u>72,475</u>	<u>239,203</u>	<u>210,547</u>

Notes to the income statement

	3 months ended		9 months ended	
	30.9.17	30.9.16	30.9.17	30.9.16
	\$'000	\$'000	\$'000	\$'000
<u>1. Revenue</u>				
Revenue from property investments	68,757	70,062	210,687	211,505
Revenue from property trading	277,771	137,577	636,567	311,963
Revenue from hotel operations	37,423	36,627	109,075	107,627
Revenue from technology operations	20,955	17,568	73,649	68,190
Others	559	195	1,906	478
	<u>405,465</u>	<u>262,029</u>	<u>1,031,884</u>	<u>699,763</u>
<u>2. Cost of sales</u>				
Cost of sales from property investments	20,927	18,746	58,876	56,385
Cost of sales from property trading	214,573	107,274	498,038	248,385
Cost of sales from hotel operations	26,440	27,615	77,338	80,413
Cost of sales from technology operations	19,016	15,431	67,388	62,135
Others	80	40	240	120
	<u>281,036</u>	<u>169,106</u>	<u>701,880</u>	<u>447,438</u>
<u>3. Investment income</u>				
Interest income	<u>1,107</u>	<u>833</u>	<u>2,922</u>	<u>2,779</u>
<u>4. Other losses</u>				
Additional Buyer's Stamp Duty ("ABSD") costs	-	-	(14,841)	-
Others	(242)	(17)	(372)	(547)
	<u>(242)</u>	<u>(17)</u>	<u>(15,213)</u>	<u>(547)</u>
<u>5. Share of results of associated companies</u>				
Share of results of associated companies comprise:				
- share of operating profits	7,043	7,041	19,113	19,319
- share of fair value gain/(loss) on an investment property	-	-	2,520	(2,400)
	<u>7,043</u>	<u>7,041</u>	<u>21,633</u>	<u>16,919</u>

Notes to the income statement

	3 months ended		9 months ended	
	30.9.17	30.9.16	30.9.17	30.9.16
	\$'000	\$'000	\$'000	\$'000
6. Share of results of joint ventures				
Share of results of joint ventures comprise:				
- share of operating profits	6,737	(3,934)	12,105	3,706
- share of fair value gain on an investment property	-	-	5,079	-
	<u>6,737</u>	<u>(3,934)</u>	<u>17,184</u>	<u>3,706</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>5,508</u>	<u>5,967</u>	<u>16,666</u>	<u>17,930</u>
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9. Non-controlling interests

Non-controlling interests comprise:

- share of operating profits	8,063	6,266	22,685	18,584
- share of fair value loss on investment properties	-	-	(9,411)	(28,516)
	<u>8,063</u>	<u>6,266</u>	<u>13,274</u>	<u>(9,932)</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		Note	Company	
		30.9.17 \$'000	31.12.16 \$'000		30.9.17 \$'000	31.12.16 \$'000
ASSETS						
Non-current assets						
Other receivables		166,078	109,745		-	-
Financial assets, available-for-sale		6,365	9,295		-	-
Investments in associated companies		563,602	547,461		-	-
Investments in joint ventures		50,160	77,749		-	-
Investments in subsidiary companies		-	-		1,227,957	1,228,307
Investment properties		6,165,152	6,175,900		-	-
Property, plant and equipment		455,093	469,861		295	332
		<u>7,406,450</u>	<u>7,390,011</u>		<u>1,228,252</u>	<u>1,228,639</u>
Current assets						
Cash and cash equivalents		121,413	86,508		555	866
Properties held for sale	1	724,082	1,069,731		-	-
Trade and other receivables	2	274,738	73,287		1,820,109	1,833,440
Inventories		3,366	2,266		-	-
		<u>1,123,599</u>	<u>1,231,792</u>		<u>1,820,664</u>	<u>1,834,306</u>
Total assets		8,530,049	8,621,803		3,048,916	3,062,945
LIABILITIES						
Current liabilities						
Trade and other payables		196,491	187,712	3	318,264	210,507
Current income tax liabilities		47,876	46,345		-	-
Borrowings	4	899,764	1,229,148	5	799,050	913,526
		<u>1,144,131</u>	<u>1,463,205</u>		<u>1,117,314</u>	<u>1,124,033</u>
Non-current liabilities						
Trade and other payables		55,944	56,781		1,624	1,624
Borrowings		11,628	12,480		-	-
Deferred income tax liabilities		56,650	54,275		-	-
		<u>124,222</u>	<u>123,536</u>		<u>1,624</u>	<u>1,624</u>
Total liabilities		1,268,353	1,586,741		1,118,938	1,125,657
NET ASSETS		<u>7,261,696</u>	<u>7,035,062</u>		<u>1,929,978</u>	<u>1,937,288</u>
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital		1,563,846	1,525,315		1,563,846	1,525,315
Reserves		4,890,595	4,706,632		366,132	411,973
		<u>6,454,441</u>	<u>6,231,947</u>		<u>1,929,978</u>	<u>1,937,288</u>
Non-controlling interests		807,255	803,115		-	-
TOTAL EQUITY		<u>7,261,696</u>	<u>7,035,062</u>		<u>1,929,978</u>	<u>1,937,288</u>

Notes to the statement of financial position

- The Group's properties held for sale decreased mainly due to higher progress billings and sales of residential units.
- The increase in trade and other receivables was mainly due to accrued receivables for the balance of sales consideration to be billed for the residential project, Alex Residences, which obtained TOP in September 2017.
- The Company's current trade and other payables, comprising mainly amounts due to subsidiary companies, increased due to intercompany funding.
- As at 30 September 2017, total current liabilities exceeds total current assets due mainly to borrowings due within the next 12 months. Out of the \$0.9 billion current borrowings, \$0.6 billion term loan is maturing in November 2017 and \$0.3 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 decreased due to due to repayment of borrowings via intercompany funding from 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 30.9.17		At 31.12.16	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
714	899,050	135,622	1,093,526

Amount repayable after one year

At 30.9.17		At 31.12.16	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
11,628	-	12,480	-

Details of any collaterals

The \$12.3 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	
	30.9.17	30.9.16
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	118,684	82,657
Adjustments for:		
Depreciation of property, plant and equipment	5,508	5,967
Writeback of allowance for foreseeable losses on properties held for sale	(13,202)	-
Employee share option expense	84	103
Loss on disposal of property, plant and equipment	160	-
Share of results of associated companies	(7,043)	(7,041)
Share of results of joint ventures	(6,737)	3,934
Investment income	(1,107)	(833)
Interest expense	3,088	1,911
Unrealised currency translation differences	233	146
	<u>99,668</u>	<u>86,844</u>
Change in working capital:		
Properties held for sale	107,777	(11,505)
Inventories	(1,243)	238
Trade and other receivables	4,769	10,944
Trade and other payables	8,197	(7,977)
Cash generated from operations	<u>219,168</u>	<u>78,544</u>
Interest paid	(3,949)	(4,837)
Income tax paid	(13,479)	(13,147)
Net cash provided by operating activities	<u>201,740</u>	<u>60,560</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,136)	(2,535)
Upgrading of investment properties	(2,252)	(4,585)
Redevelopment of an investment property	-	(19,570)
Loans to joint ventures	(900)	(22,965)
Repayment of loan by a joint venture	-	55,450
Dividends received from an unquoted equity investment	2,930	2,475
Dividend received from a joint venture	24,000	-
Interest received	211	5,714
Net cash provided by investing activities	<u>21,853</u>	<u>13,984</u>
Cash flows from financing activities		
Repayment of borrowings	(217,464)	(70,008)
Proceeds from issuance of shares	276	-
Dividends paid to non-controlling interests	(4,224)	(4,486)
Net cash used in financing activities	<u>(221,412)</u>	<u>(74,494)</u>
Net increase in cash and cash equivalents	2,181	50
Cash and cash equivalents at 1 July	<u>119,232</u>	<u>83,953</u>
Cash and cash equivalents at 30 September	<u>121,413</u>	<u>84,003</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.

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Retained earnings	Asset revaluation reserve	Other reserves	Total		
<u>Group</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2017							
Balance at 1 July 2017	1,563,570	4,740,832	40,441	12,610	6,357,453	803,311	7,160,764
Net profit	-	95,535	-	-	95,535	8,063	103,598
Other comprehensive income	-	-	-	1,093	1,093	105	1,198
Total comprehensive income	-	95,535	-	1,093	96,628	8,168	104,796
Employee share option scheme							
- value of employee services	-	-	-	84	84	-	84
- proceeds from shares issued	276	-	-	-	276	-	276
Dividends paid in cash	-	-	-	-	-	(4,224)	(4,224)
Total transactions with owners, recognised directly in equity	276	-	-	84	360	(4,224)	(3,864)
Balance at 30 September 2017	1,563,846	4,836,367	40,441	13,787	6,454,441	807,255	7,261,696
2016							
Balance at 1 July 2016	1,525,315	4,534,452	40,437	12,324	6,112,528	798,628	6,911,156
Net profit	-	64,017	-	-	64,017	6,266	70,283
Other comprehensive income	-	-	-	1,964	1,964	228	2,192
Total comprehensive income	-	64,017	-	1,964	65,981	6,494	72,475
Employee share option scheme							
- value of employee services	-	-	-	103	103	-	103
Dividends paid in cash	-	-	-	-	-	(4,486)	(4,486)
Total transactions with owners, recognised directly in equity	-	-	-	103	103	(4,486)	(4,383)
Balance at 30 September 2016	1,525,315	4,598,469	40,437	14,391	6,178,612	800,636	6,979,248
	Share capital	Retained earnings	Share option reserve	Total equity			
<u>Company</u>	\$'000	\$'000	\$'000	\$'000	\$'000		
2017							
Balance at 1 July 2017	1,563,570	359,822	6,244	1,929,636			
Net loss and total comprehensive expense	-	(18)	-	(18)			
Employee share option scheme							
- value of employee services	-	-	84	84			
- proceeds from shares issued	276	-	-	276			
Balance at 30 September 2017	1,563,846	359,804	6,328	1,929,978			
2016							
Balance at 1 July 2016	1,525,315	357,544	5,963	1,888,822			
Net loss and total comprehensive expense	-	(1,777)	-	(1,777)			
Employee share option scheme							
- value of employee services	-	-	103	103			
Balance at 30 September 2016	1,525,315	355,767	6,066	1,887,148			

- 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 September 2017 were as follows:

	Number of ordinary shares '000
Issued share capital as at 1 July 2017	1,431,907
Issue of ordinary shares arising from the exercise of UIC share options	98
Issued share capital as at 30 September 2017	<u>1,432,005</u>

As at 30 September 2017, there were 3,405,000 (30 September 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.**

	30.9.17 '000	31.12.16 '000
Total number of issued shares	<u>1,432,005</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 30.9.17	Previous quarter 30.9.16
Earnings per ordinary share		
(a) Based on the weighted average number of ordinary shares on issue	6.7 cents	4.5 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.

	30.9.17	31.12.16
Net asset value per ordinary share		
Group	\$4.51	\$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 3rd quarter 2017 results with 2016

For the third quarter of 2017, the Group achieved revenue of \$405.5 million, which was higher than the same period last year by \$143.4 million (55%) mainly due to higher sales recognition from trading properties.

Revenue recognised from the sales of trading properties recorded at \$277.8 million, which was \$140.2 million (102%) higher, primarily due to higher sales in Alex Residences and Pollen & Bleu.

Revenue from property investments decrease slightly by \$1.3 million (2%) to \$68.8 million whilst revenue from information technology and hotel operations increased by \$3.4 million (19%) and \$0.8 million (2%) respectively, compared to the corresponding period last year.

Share of joint ventures' results increased by \$10.7 million to \$6.7 million mainly due to new contribution from The Clement Canopy residential project launched for sale in February 2017 and from the UK Holborn property which was acquired in November 2016.

Overall, net profit from operations for the quarter recorded \$95.5 million, an increase of \$31.5 million (49%) against third quarter 2016.

Comparison of 9 months ended 30 September 2017 results with 2016

For the 9 months ended 30 September 2017, the Group achieved revenue of \$1.0 billion, which was higher than the same period last year by \$332.1 million (47%), mainly due to higher sales recognition from trading properties.

In line with higher revenue, net profit from operations increased by \$48.9 million (27%) to \$233.0 million. After including the fair value loss (net of non-controlling interests) of \$3.0 million (YTD September 2016: \$51.5 million fair value gain), the Group recorded a net attributable profit of \$230.0 million, a slight decrease of \$5.6 million (2%) over the same period 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.

With improving business sentiments and steady take-up of new office space, rental rates are expected to rise.

Outlook of rental for retail premises remains challenging amid increasing trends towards online transactions and other environmental changes.

The residential market is expected to continue to improve given the better demand seen in recent months. The numerous successful conclusions of en-bloc sales reflect the optimistic sentiments amongst developers and the continued rising trend in land prices.

In view of new hotel room supply, hotel occupancy and room rates will continue to stay under pressure.

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 September 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 third quarter ended 30 September 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
3 November 2017