

**UNITED INDUSTRIAL CORPORATION LIMITED**

Company Registration Number: 196300181E

UNAUDITED FINANCIAL STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2020**PART I – INFORMATION REQUIRED FOR 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.

(i) Consolidated Income Statement

	Notes	6 Months Ended		Change %
		2020 S\$'000	2019 S\$'000	
Revenue	1	335,380	404,043	(17)
Cost of sales	2	(227,275)	(243,252)	7
Gross Profit		108,105	160,791	(33)
Miscellaneous income	3	13,331	1,679	694
Other operating expenses		(1,365)	(236)	(478)
Selling and distribution expenses	4	(11,841)	(14,712)	20
Administrative expenses	5	(14,838)	(16,485)	10
Profit from Operations		93,392	131,037	(29)
Interest income	6	5,409	7,931	(32)
Finance expenses	7	(6,110)	(8,544)	28
Share of results of associates, excluding fair value gain/(loss)	8	15,207	35,397	(57)
Share of results of joint ventures, excluding fair value gain/(loss)	9	5,381	7,911	(32)
Profit before Fair Value and Other Gains/(Losses)		113,279	173,732	(35)
Other gains/(losses):				
- Derecognition of an associate	10	-	272,763	n.m.
- Reversal of impairment loss/(Impairment loss) on financial assets		29	(20)	n.m.
Fair value (loss)/gain on:				
- subsidiaries' investment properties		(125,016)	134,962	n.m.
- associates' investment properties		(4,414)	6,200	n.m.
- joint ventures' investment properties		(11,048)	3,079	n.m.
(Loss)/Profit before Income Tax	11	(27,170)	590,716	n.m.
Income tax expense		(17,658)	(23,886)	26
Net (loss)/profit		(44,828)	566,830	n.m.
Attributable to:				
Equity holders of the Company ("PATMI")		(34,262)	490,407	n.m.
Non-controlling interests ("NCI")	12	(10,566)	76,423	n.m.
		(44,828)	566,830	n.m.

n.m.: not meaningful

Net (loss)/profit attributable to equity holders of the Company ("PATMI") can be analysed as follows:

	6 Months Ended		
	2020	2019	Change
	S\$'000	S\$'000	%
PATMI before fair value and other gains/(losses)	99,008	136,253	(27)
Other gains/(losses)	29	210,253	(100)
Fair value (loss)/gain on investment properties, net of NCI	(133,299)	143,901	n.m.
PATMI	(34,262)	490,407	n.m.

Notes to Consolidated Income Statement

1. Revenue

	6 Months Ended		
	2020	2019	Change
	S\$'000	S\$'000	%
Property investments	134,470	148,246	(9)
Property trading	36,031	80,071	(55)
Hotel operations	45,638	89,454	(49)
Technology operations	118,281	85,223	39
Provision of property management & related services	960	1,049	(8)
	335,380	404,043	(17)

Revenue from property investments and hotel operations decreased by \$13.8 million (9%) and \$43.8 million (49%) respectively mainly due to the impact from the current Coronavirus Disease 2019 ("Covid-19") pandemic.

Revenue from property trading is lower by \$44.0 million (55%) mainly due to the lower sales from the Pollen & Bleu and Mon Jervis residential projects, which were substantially sold in 2019.

Revenue from technology operations increased by \$33.1 million (39%) due to higher software licenses and hardware sales to financial institutions and government agencies.

2. Cost of Sales

	6 Months Ended		
	2020	2019	Change
	S\$'000	S\$'000	%
Property investments	36,547	37,759	3
Property trading	19,488	62,676	69
Hotel operations	60,629	63,558	5
Technology operations	110,611	79,259	(40)
	227,275	243,252	7

The increase/decrease in cost of sales for the various divisions is in line with their respective increase/decrease in revenue.

3. Miscellaneous income

The Group receives government grant for Job Support Scheme and property tax rebate as part of the Covid-19 relief measures.

4. Selling and distribution expenses

	6 Months Ended		
	2020 S\$'000	2019 S\$'000	Change %
Payroll and related expense	4,211	4,231	0
Advertising and promotion expense	2,151	3,230	33
Sales commission	2,353	4,558	48
Showflat expense	1,741	1,034	(68)
Others	1,385	1,659	17
	11,841	14,712	20

Selling and distribution expenses have decreased by \$2.9 million (20%) mainly due to lower sales commission (which is in line with the lower property trading sales this year) and lower advertising and promotion expenses incurred (which is in line with lower promotional activities and efforts by the Group to reduce cost during this global pandemic period). This is partly offset by higher showflat expenses (incurred for V on Shenton residential project).

5. Administrative expenses

	6 Months Ended		
	2020 S\$'000	2019 S\$'000	Change %
Payroll and related expense	9,339	9,515	2
Information technology and related	1,233	1,093	(13)
Credit card commission	493	1,348	63
Legal and professional fees	339	741	54
Others	3,434	3,788	9
	14,838	16,485	10

Administrative expenses have decreased by \$1.6 million (10%) mainly due to lower credit card commission incurred by the hotel division, which is in line with the drop in revenue.

6. Interest income

The lower interest income by \$2.5 million (32%) is mainly due to lower outstanding shareholder's loan granted to joint ventures and an associate for development projects.

7. Finance expenses

Finance expense decreased by \$2.4 million (28%) mainly due to lower borrowings and lower average interest rates compared to the last corresponding period.

8. Share of results of associates

The lower share of operating profits by \$20.2 million (57%) is mainly due to lower contribution from Park Eleven (Shanghai project) arising from fewer handover of units this year, poorer performance by the hotels due to the current Covid-19 situation and the absence of share of profits from Aquamarina Hotel Private Limited (“AHPL”), which is consolidated into the income statement of the Group after 17 April 2019.

9. Share of results of joint ventures

The lower share of operating profits by \$2.5 million (32%) is mainly due to the absence of contribution from The Clement Canopy residential sales as the project was fully sold by April 2019.

10. Other gain – Derecognition of an associate

The gain in 2019 arose from Marina Centre Holdings Private Limited’s (“MCH”) acquisition of an additional 25% interest in its 50%-held associate, AHPL.

11. (Loss)/Profit before income tax

The following items have been included in arriving at (loss)/profit before income tax:

	6 Months Ended		
	2020 S\$'000	2019 S\$'000	Change %
(Loss)/Profit before income tax is stated after charging:			
- Depreciation	28,922	14,951	(93)
- Loss on disposal of property, plant and equipment	582	143	(307)
- (Write-back of) allowance for foreseeable losses on properties held for sale	-	(206)	n.m.
- Employee share option expense	134	84	(60)

Arising from the acquisition of AHPL in April 2019, a fair value uplift of \$582.4 million attributable to the Group has been recorded on property, plant and equipment which has resulted in a higher depreciation charge over the useful lives of the property, plant and equipment.

12. Non-controlling interests (“NCI”)

	6 Months Ended		
	2020 S\$'000	2019 S\$'000	Change %
Comprise of:			
- Share of operating (loss)/profit	(3,387)	76,083	n.m.
- Share of fair value (loss)/gain on investment properties	(7,179)	340	n.m.
	(10,566)	76,423	n.m.

Included in the NCI’s share of operating profit in 2019 is an amount of \$62.5 million relating to the gain on derecognition of an associate arising from the acquisition of additional interest in AHPL.

(ii) **Consolidated Statement of Comprehensive Income**

		6 Months Ended		
		2020	2019	Change
Notes		S\$'000	S\$'000	%
	Net (loss)/profit	(44,828)	566,830	n.m.
	Other comprehensive income/(loss):			
	Items that may be reclassified subsequently to income statement:			
		401	(2,991)	n.m.
	- Currency translation differences arising from consolidation of foreign operations	1 2,520	(1,900)	n.m.
	- Share of other comprehensive (loss)/income of joint venture	(29)	(310)	91
	- Cash flow hedges	(2,090)	(781)	(168)
	Items that will not be reclassified subsequently to income statement:			
		303	5,009	(94)
	- Financial assets at fair value through other comprehensive income ("FVOCI") - Fair value gains	2 -	5,110	n.m.
	- Currency translation differences arising from consolidation of foreign operations	1 303	(101)	n.m.
	Total other comprehensive income/(loss), net of tax	704	2,018	(65)
	Total comprehensive (loss)/income	(44,124)	568,848	n.m.
	Attributable to:			
	Equity holders of the Company	(33,861)	492,511	n.m.
	Non-controlling interests	(10,263)	76,337	n.m.
		(44,124)	568,848	n.m.

Notes to Consolidated Statement of Comprehensive Income

1. Currency translation differences arose mainly from the translation of the net assets of the Group's foreign operations which are denominated in RMB and GBP.
2. The fair value gains on financial assets at FVOCI in 2019 mainly arose from the upward revision of fair value estimates based on adjusted net asset method as the valuation technique to measure the fair value of the financial assets.

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

	Notes	Group		Note	Company	
		30 Jun 2020	31 Dec 2019		30 Jun 2020	31 Dec 2019
		S\$'000	S\$'000		S\$'000	S\$'000
ASSETS						
Non-current assets						
Other receivables	1	418,746	371,240		-	-
Financial assets at fair value through other comprehensive income		35,730	35,730		-	-
Investment in associates		539,243	525,157		-	-
Investment in joint ventures		120,731	127,519		-	-
Investment in subsidiaries		-	-		1,226,906	1,226,906
Investment properties	2	6,226,954	6,349,796		-	-
Property, plant and equipment		1,116,414	1,137,193		1,008	1,612
Goodwill on consolidation		46,587	46,587		-	-
Deferred income tax assets		839	839		-	-
		<u>8,505,244</u>	<u>8,594,061</u>		<u>1,227,914</u>	<u>1,228,518</u>
Current assets						
Cash and cash equivalents		167,646	181,606		1,269	2,394
Properties held for sale		157,971	177,353		-	-
Derivative financial instrument		44	-		-	-
Trade and other receivables		94,722	67,863		1,723,902	1,707,604
Inventories		4,415	3,745		-	-
		<u>424,798</u>	<u>430,567</u>		<u>1,725,171</u>	<u>1,709,998</u>
Total assets		<u>8,930,042</u>	<u>9,024,628</u>		<u>2,953,085</u>	<u>2,938,516</u>
LIABILITIES						
Current liabilities						
Trade and other payables		232,221	191,148	3	598,094	478,354
Derivative financial instrument		362	419		243	254
Current income tax liabilities		76,264	65,740		-	-
Finance lease liabilities		6,794	3,838		589	1,179
Bank borrowings	4	323,767	417,375	4	231,645	326,600
		<u>639,408</u>	<u>678,520</u>		<u>830,571</u>	<u>806,387</u>
Non-current liabilities						
Trade and other payables		51,807	56,846		1,624	1,624
Finance lease liabilities		9,570	6,588		-	-
Bank borrowings	4	212,349	162,063	4	199,250	148,950
Derivative financial instrument		3,516	1,416		3,516	1,416
Deferred income tax liabilities		145,741	146,371		-	-
		<u>422,983</u>	<u>373,284</u>		<u>204,390</u>	<u>151,990</u>
Total liabilities		<u>1,062,391</u>	<u>1,051,804</u>		<u>1,034,961</u>	<u>958,377</u>
NET ASSETS		<u>7,867,651</u>	<u>7,972,824</u>		<u>1,918,124</u>	<u>1,980,139</u>
Capital & reserves attributable to equity holders of the Company						
Share capital		1,565,688	1,565,485		1,565,688	1,565,485
Reserves	5	5,643,230	5,734,264		352,436	414,654
		<u>7,208,918</u>	<u>7,299,749</u>		<u>1,918,124</u>	<u>1,980,139</u>
Non-controlling interests		658,733	673,075		-	-
TOTAL EQUITY		<u>7,867,651</u>	<u>7,972,824</u>		<u>1,918,124</u>	<u>1,980,139</u>

Note to Statement of Financial Position

1. Other receivables (Non-current)

The increase in the Group's other receivables is mainly attributed to shareholder's loan extended to an associate for the newly acquired site at Canberra Drive.

2. Investment properties

Investment properties are stated at valuation as determined by independent professional valuers. The decrease in the Group's investment properties was due to net fair value loss recorded for the first half ended 30 June 2020.

3. Trade and other payables

The Company's current trade and other payables comprises mainly of amounts due to subsidiaries. The increase is mainly due to funding by intercompanies. The increase is also partly due to dividend payable in respect of the previous financial year.

4. Bank borrowings

The decrease in Group and Company's total bank borrowings was due to repayment of loans through proceeds generated from operations.

5. Reserves comprise of the following:

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2020</u>	<u>31 Dec 2019</u>	<u>30 Jun 2020</u>	<u>31 Dec 2019</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Asset revaluation reserve	58,933	58,933	-	-
Fair value reserve	32,243	32,243	-	-
Share option reserve	6,963	6,829	6,963	6,829
Hedging reserve	(3,760)	(1,640)	(3,760)	(1,670)
Currency translation reserve	(12,217)	(14,738)	-	-
Retained earnings	5,561,068	5,652,637	349,233	409,495
	<u>5,643,230</u>	<u>5,734,264</u>	<u>352,436</u>	<u>414,654</u>

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

	<u>As at 30 Jun 2020</u>		<u>As at 31 Dec 2019</u>	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Repayable within one year or less, or on demand	787	322,980	775	416,600
Repayable after one year	13,099	199,250	13,113	148,950
	<u>13,886</u>	<u>522,230</u>	<u>13,888</u>	<u>565,550</u>

Details of collateral

The secured borrowings are collateralised by way of mortgage over a subsidiary's hotel property.

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.

	6 Months Ended	
	2020	2019
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss)/Profit before income tax	(27,170)	590,716
Adjustments for:		
Depreciation of property, plant and equipment	28,922	14,951
(Write-back of) allowance for foreseeable losses on properties held for sale	-	(206)
(Reversal of impairment losses)/Impairment losses on financial assets	(29)	20
Employee share option expense	134	84
Loss on disposal of property, plant and equipment	582	143
Share of results of associates	(10,793)	(41,597)
Share of results of joint ventures	5,667	(10,990)
Fair value loss/(gain) on investment properties	125,016	(134,962)
Fair value gain on derivative financial instruments	(424)	-
Gain on derecognition of an associate	-	(272,763)
Interest income	(5,409)	(7,931)
Interest expense	6,110	8,544
Unrealised currency translation difference	2,308	742
	<u>124,914</u>	<u>146,751</u>
Change in working capital:		
Properties held for sale	19,382	62,931
Derivative financial instruments	335	-
Inventories	(670)	807
Trade and other receivables	(30,315)	(17,917)
Trade and other payables	(21,106)	(4,171)
Cash generated from operations	<u>92,540</u>	<u>188,401</u>
Interest paid	(5,978)	(8,461)
Income tax paid	(7,779)	(26,157)
Net cash from operating activities	<u>78,783</u>	<u>153,783</u>
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired	-	(100,321)
Purchase of property, plant and equipment	(7,892)	(5,020)
Upgrading of investment properties	(2,173)	(3,538)
Loans to associates	(36,536)	(6,180)
Loans to a joint venture	(3,800)	-
Repayment of loans by a joint venture	-	55,441
Investment in an associate	(800)	-
Dividends received from associates	-	3,638
Interest received	1,174	7,773
Net cash used in investing activities	<u>(50,027)</u>	<u>(48,207)</u>
Cash flows from financing activities		
(Repayment of)/Proceeds from borrowings	(38,575)	478,284
Principal payment of lease liabilities	(265)	-
Decrease in bank deposits pledged as security	-	319
Proceeds from issuance of shares	203	105
Acquisition of shares from non-controlling shareholders	-	(486,304)
Dividends paid to equity holders of the Company	-	(50,140)
Dividends paid to non-controlling interests	(4,079)	(1,878)
Net cash used in financing activities	<u>(42,716)</u>	<u>(59,614)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(13,960)</u>	<u>45,962</u>
Cash and cash equivalents at beginning of the financial period	<u>178,606</u>	<u>244,137</u>
Cash and cash equivalents at end of the financial period	<u>164,646</u>	<u>290,099</u>
Cash and cash equivalents comprise:		
Cash and cash equivalents as shown in the statement of financial position	167,646	293,534
Less: Bank deposits pledged as security	(3,000)	(3,435)
	<u>164,646</u>	<u>290,099</u>

1(d)(i) A statement (for 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.

The Group

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Retained earnings	Asset revaluation reserve	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2020							
Balance at 1 January 2020	1,565,485	5,652,637	58,933	22,694	7,299,749	673,075	7,972,824
Net loss	-	(34,262)	-	-	(34,262)	(10,566)	(44,828)
Other comprehensive income	-	-	-	401	401	303	704
Total comprehensive income/(loss)	-	(34,262)	-	401	(33,861)	(10,263)	(44,124)
Employee share option scheme							
- value of employee services	-	-	-	134	134	-	134
- proceeds from shares issued	203	-	-	-	203	-	203
Dividends payable/paid	-	(57,307)	-	-	(57,307)	(4,079)	(61,386)
Total transactions with owners, recognised directly in equity	203	(57,307)	-	134	(56,970)	(4,079)	(61,049)
Balance at 30 June 2020	1,565,688	5,561,068	58,933	23,229	7,208,918	658,733	7,867,651
2019							
Balance at 1 January 2019							
- as previously reported	1,565,380	5,191,318	40,441	(3,776)	6,793,363	840,042	7,633,405
- effect of change in accounting policy on capitalisation of borrowing costs	-	(4,969)	-	-	(4,969)	2	(4,967)
Balance at 1 January 2019, as restated	1,565,380	5,186,349	40,441	(3,776)	6,788,394	840,044	7,628,438
Net profit	-	490,407	-	-	490,407	76,423	566,830
Other comprehensive income/(loss)	-	-	-	2,104	2,104	(86)	2,018
Total comprehensive income	-	490,407	-	2,104	492,511	76,337	568,848
Employee share option scheme							
- value of employee services	-	-	-	84	84	-	84
- proceeds from shares issued	105	-	-	-	105	-	105
Effect of acquisition of shares from non-controlling shareholders	-	(88,699)	18,492	-	(70,207)	(416,097)	(486,304)
Dividends paid in cash	-	(50,140)	-	-	(50,140)	(1,878)	(52,018)
Acquisition of a subsidiary	-	-	-	-	-	174,471	174,471
Total transactions with owners, recognised directly in equity	105	(138,839)	18,492	84	(120,158)	(243,504)	(363,662)
Balance at 30 June 2019	1,565,485	5,537,917	58,933	(1,588)	7,160,747	672,877	7,833,624

The Company

	Share capital S\$'000	Retained earnings S\$'000	Share option reserve S\$'000	Hedging reserve S\$'000	Total equity S\$'000
2020					
Balance at 1 January 2020	1,565,485	409,495	6,829	(1,670)	1,980,139
Net loss	-	(2,955)	-	-	(2,955)
Other comprehensive loss	-	-	-	(2,090)	(2,090)
Total comprehensive loss	-	(2,955)	-	(2,090)	(5,045)
Employee share option scheme					
- value of employee services	-	-	134	-	134
- proceeds from shares issued	203	-	-	-	203
Dividends payable/paid	-	(57,307)	-	-	(57,307)
Total transactions with owners, recognised directly in equity	203	(57,307)	134	-	(56,970)
Balance at 30 June 2020	1,565,688	349,233	6,963	(3,760)	1,918,124
2019					
Balance at 1 January 2019	1,565,380	406,273	6,620	(276)	1,977,997
Net loss	-	(2,704)	-	-	(2,704)
Other comprehensive loss	-	-	-	(781)	(781)
Total comprehensive loss	-	(2,704)	-	(781)	(3,485)
Employee share option scheme					
- value of employee services	-	-	84	-	84
- proceeds from shares issued	105	-	-	-	105
Dividends paid in cash	-	(50,140)	-	-	(50,140)
Total transactions with owners, recognised directly in equity	105	(50,140)	84	-	(49,951)
Balance at 30 June 2019	1,565,485	353,429	6,704	(1,057)	1,924,561

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous financial period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the immediately preceding financial year.

	Number of ordinary shares '000
Issued share capital as at 1 January 2020	1,432,567
Issue of ordinary shares arising from the exercise of UIC share options	100
Issued share capital as at 30 June 2020	<u>1,432,667</u>

As at 30 June 2020, there were 3,398,000 (31 December 2019: 2,810,000) 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.

Total number of issued shares, excluding treasury shares, as at 30 June 2020 is 1,432,667,362 (31 December 2019: 1,432,567,362).

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.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There is no sales, transfers, disposal, cancellation and/or use of subsidiary holdings during the financial period ended 30 June 2020.

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

The figures have neither been audited nor reviewed by the Company's auditors.

3 Whether 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 most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 December 2019.

5 If there are any changes in 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 has adopted several new standards, amendments and interpretations to existing standards for the financial period beginning 1 January 2020. There is no significant impact to the financial statements of the Group.

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 is calculated by reference to the weighted average number of shares in issue during the financial period.

	6 Months Ended	
	2020	2019
Basic / Diluted earnings per share:		
- excluding fair value gain/(loss) on investment properties	6.9 cents	24.2 cents
- including fair value gain/(loss) on investment properties	-2.4 cents	34.2 cents

For the purpose 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 first half of the year. 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.**

	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Net asset value per ordinary share	S\$5.03	S\$5.10	S\$1.34	S\$1.38

The net asset value per ordinary shares as at 30 June 2020 and 31 December 2019 is based on 1,432,667,362 and 1,432,567,362 shares in issue respectively.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

GROUP PERFORMANCE

For the first half of 2020 ("1H2020"), net profit attributable to equity holders ("PATMI") before fair value and other gains/(losses) recorded \$99.0 million, a decrease of \$37.2 million (27%) compared to the previous corresponding period. This was mainly due to lower contribution from the hotel and property investment divisions as a result of the impact from the Covid-19. In addition, the decrease in profitability also arose from the lower contribution from The Clement Canopy residential project (which was fully sold in April 2019) and Park Eleven Shanghai project. The decrease was partially offset by higher miscellaneous income from government assistance.

The Group recorded a fair value loss on investment properties (net of non-controlling interests), amounting to \$133.3 million (1H2019: fair value gain \$143.9 million). In addition, 1H2019 results also included the one-off gain arising from the acquisition of additional interest in AHPL amounting to \$210.3 million (net of non-controlling interest).

Accordingly, the Group recorded an accounting net loss attributable to equity holders of \$34.3 million, compared to a profit of \$490.4 million in the last corresponding period.

NET CURRENT LIABILITIES

As at 30 June 2020, total current liabilities exceed current assets due mainly to bank borrowings amounting to \$323.8 million due within the next 12 months. These borrowings are drawn under various short-term revolving credit facilities with banks, which the Group intends to rollover the loans upon maturity.

NET ASSET VALUE ("NAV") AND GEARING

Due to the accounting loss recorded for the first half ended 30 June 2020, the Group shareholder's fund reduced marginally by 1.2% to \$7.2 billion. Accordingly, NAV per ordinary share of the Group decreased slightly from \$5.10 as at 31 December 2019 to \$5.03 as at 30 June 2020.

The Group's gearing ratio (net of cash) decreased from 5.0% as at 31 December 2019 to 4.7% as at 30 June 2020 due to repayment of borrowings made in the first six months of the year.

As at 30 June 2020, the Group has sufficient liquidity with unutilised credit facilities exceeding \$1.5 billion in aggregate.

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 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 global economy has been significantly dampened by worsening geopolitical and economic uncertainties, compounded by the Covid-19 pandemic, and our businesses will continue to be adversely affected should the Covid-19 pandemic be prolonged.

The hospitality sector has been adversely affected in the first half of the year due to a sharp drop in tourist arrivals arising from travel restrictions and community lockdowns, and will continue to face challenges from the fluid situation and uncertainty in demand.

The retail sector, affected by lower footfall and recession worries, is also expected to suffer, with consequential impact on retail rents and occupancy levels given the increasing shift to e-commerce.

While the office sector has remained relatively resilient, the current situation continues to present unprecedented challenges to the business community. Its impact is yet to be fully determined but remote working and weak business sentiments may put downward pressure on rents and office space demand.

Residential sales market is expected to remain subdued, as the economic impacts on the property market remain uncertain.

11 Dividend

11(a) Current Financial Period Reported On

Any dividend declared/proposed for the current financial period reported on? No

11(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

11(c) Date Payable.

Not applicable.

11(d) Book Closure Date

Not applicable.

12 If no dividend has been declared/recommend, a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommended for the half year ended 30 June 2020 as it is not the usual practice of the Group to declare interim dividends.

- 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.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

- 14** 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). If there is no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Eu Zai Jie Jonathan	38	Grandson of Dr. Wee Cho Yaw, the Chairman and a substantial shareholder of ultimate holding company, UOL Group Limited (“UOL”). Nephew of Mr. Wee Ee Lim, director of the Company, UOL, and substantial shareholder of UOL.	Chief Operating Officer of the Group since 1 January 2020. Oversees commercial operations with a key focus on developing the Group’s business growth and expansion strategy.	Nil

- 15** Confirmation pursuant to Rule 705(5)

The directors hereby confirm 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 half year ended 30 June 2020 to be false or misleading in any material respect.

- 16** Confirmation pursuant to Rule 720(1) of the Listing Manual (in the format set out in Appendix 7.7)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 in accordance with Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Teo Hwee Ping
Company Secretary

7 August 2020