

**UNAUDITED SECOND QUARTER FINANCIAL STATEMENT**

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

1(a)(i) 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	The Group					
		Second Quarter Ended 30 June			Six Months Ended 30 June		
		2017	2016	+ / (-)	2017	2016	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	A	399,094	363,551	10	749,775	693,668	8
Cost of sales		(267,149)	(238,224)	12	(502,071)	(454,334)	11
Gross profit		131,945	125,327	5	247,704	239,334	3
Other income							
- Finance income	B	1,318	1,280	3	4,165	4,390	(5)
- Miscellaneous income		3,940	3,862	2	8,517	9,191	(7)
Expenses							
- Marketing and distribution		(16,042)	(16,390)	(2)	(31,191)	(32,460)	(4)
- Administrative	C	(19,711)	(18,817)	5	(39,142)	(37,757)	4
- Finance	D	(9,280)	(7,591)	22	(16,883)	(15,530)	9
- Other operating	E	(18,737)	(19,973)	(6)	(37,496)	(39,995)	(6)
Share of profit of associated companies excluding fair value losses of associated companies' investment properties		42,013	33,025	27	74,140	64,552	15
Share of profit of joint venture companies excluding fair value gains of a joint venture company's investment property		3,339	5,048	(34)	5,653	7,606	(26)
Profit before fair value and other gains/(losses) and income tax		118,785	105,771	12	215,467	199,331	8
Other gains/(losses)	F	1,494	(6,880)	122	2,409	(6,711)	136
Fair value (losses)/gains on associated and joint venture companies' investment properties		(1,094)	9,112	(112)	(1,094)	9,112	(112)
Fair value gains/(losses) on the Group's investment properties		13,249	(28,687)	146	13,249	(28,687)	146
Profit before income tax	G	132,434	79,316	67	230,031	173,045	33
Income tax expense	H	(10,598)	(10,702)	(1)	(21,877)	(23,070)	(5)
Net profit		121,836	68,614	78	208,154	149,975	39
<u>Attributable to:</u>							
Equity holders of the Company		109,414	68,806	59	189,694	145,881	30
Non-controlling interests		12,422	(192)	6,570	18,460	4,094	351
		121,836	68,614	78	208,154	149,975	39
The above net profit attributable to equity holders of the Company can be analysed as follows:							
Attributable profit before fair value and other gains/(losses)		100,204	90,277	11	179,569	167,183	7
Other gains/(losses)		1,494	(6,880)	122	2,409	(6,711)	136
Fair value gains/(losses) on investment properties including those of associated and joint venture companies		7,716	(14,591)	153	7,716	(14,591)	153
Net attributable profit		109,414	68,806	59	189,694	145,881	30

1(a)(ii) Explanatory Notes to the Consolidated Income Statement

	The Group					
	Second Quarter Ended 30 June			Six Months Ended 30 June		
	2017	2016	+ / (-)	2017	2016	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>A Revenue</b>						
Revenue from property development	221,234	185,480	19	404,498	349,822	16
Revenue from property investments	56,385	55,144	2	112,927	110,647	2
Gross revenue from hotel ownership and operations	100,144	101,113	(1)	204,727	205,984	(1)
Revenue from hotel and other management services	5,504	5,042	9	11,796	10,443	13
Dividend income from available-for-sale financial assets	15,827	16,772	(6)	15,827	16,772	(6)
	399,094	363,551	10	749,775	693,668	8
<b>B Finance income</b>						
Interest income	1,318	945	39	2,588	2,067	25
Currency exchange gains (net)	-	335	(100)	1,577	2,323	(32)
	1,318	1,280	3	4,165	4,390	(5)
<b>C Administrative expenses</b>						
Administrative payroll and related expenses	13,550	13,288	2	26,924	26,433	2
Corporate expenses	3,099	2,470	25	6,035	5,269	15
Credit card commissions	1,379	1,549	(11)	2,900	3,070	(6)
Information technology related expenses	1,191	1,050	13	2,307	2,064	12
Others	492	460	7	976	921	6
	19,711	18,817	5	39,142	37,757	4
<b>D Finance expense</b>						
Bank facility fees	790	859	(8)	1,770	1,813	(2)
Interest expense	12,467	13,939	(11)	24,619	29,289	(16)
Less: borrowing costs capitalised	(4,383)	(7,207)	(39)	(9,506)	(15,572)	(39)
Currency exchange losses (net)	406	-	-	-	-	-
	9,280	7,591	22	16,883	15,530	9
<b>E Other operating expense</b>						
Property taxes	6,739	6,795	(1)	13,273	13,678	(3)
Repairs, maintenance and security	2,824	3,393	(17)	5,672	6,402	(11)
Heat, light and power	4,516	4,746	(5)	9,127	9,593	(5)
Others	4,658	5,039	(8)	9,424	10,322	(9)
	18,737	19,973	(6)	37,496	39,995	(6)
<b>F Other gains/(losses)</b>						
Negative goodwill on acquisition of interests in an associated company	1,898	203	835	2,813	372	656
Acquisition of 110 High Holborn						
- Gain on purchase (See footnote 1 below)	-	3,709	(100)	-	3,709	(100)
- Business acquisition costs (See footnote 1 below)	-	(10,792)	(100)	-	(10,792)	(100)
Acquisition of Hilton Melbourne South Wharf						
- Business acquisition costs (See footnote 2 below)	(404)	-	-	(404)	-	-
	1,494	(6,880)	122	2,409	(6,711)	136

<sup>1</sup> The gain on purchase for 110 High Holborn in the second quarter of 2016 represents the provisional amount recognised upon the acquisition of the investment property in London by a wholly owned subsidiary. The transaction was deemed a business combination under Financial Reporting Standards 103 Business Combinations ("FRS103") and the gain resulted as the consideration for the acquisition was lower than the fair value of the net identifiable assets acquired. Business acquisition costs, comprising mainly stamp duty and professional fees incurred for the acquisition, were recognised in the income statement in accordance with FRS 103.

<sup>2</sup> Business acquisition costs for Hilton Melbourne South Wharf relates mainly to professional fees incurred as of 30 June 2017 for the Group's acquisition of the hotel. The acquisition was completed on 28 July 2017.

1(a)(ii) Explanatory Notes to the Consolidated Income Statement (cont'd)

	The Group					
	Second Quarter Ended 30 June			Six Months Ended 30 June		
	2017	2016	+ / (-)	2017	2016	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>G</b> <u>Profit before income tax</u>						
Profit before income tax is stated after charging:						
Depreciation and amortisation	16,829	16,285	3	33,902	32,811	3
<b>H</b> <u>Income tax expense</u>						
Tax expense attributable to profit is made up of:						
- Profit for the financial year:						
Current income tax						
- Singapore	7,217	7,348	(2)	14,147	14,928	(5)
- Foreign	1,233	1,067	16	2,974	3,503	(15)
- Withholding tax paid	108	141	(23)	231	274	(16)
Deferred income tax						
- fair value loss of investment properties	(601)	(225)	167	(601)	(225)	167
- others	2,613	2,371	10	6,206	4,604	35
	10,570	10,702	(1)	22,957	23,084	(1)
- (Over)/under provision in prior financial years:						
Current income tax						
- Singapore	(11)	-	-	(1,119)	-	-
- Foreign	39	-	-	39	(14)	379
	10,598	10,702	(1)	21,877	23,070	(5)

1(a)(iii) Consolidated Statement of Comprehensive Income

	Note	The Group					
		Second Quarter Ended 30 June			Six Months Ended 30 June		
		2017	2016	+ / (-)	2017	2016	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Net profit		121,836	68,614	78	208,154	149,975	39
Other comprehensive income/(loss):							
Fair value gains/(losses) on available-for-sale financial assets	A	44,603	(14,847)	400	112,930	(42,799)	364
Cash flow hedges		421	(1,702)	125	507	(4,923)	110
Currency translation differences arising from consolidation of foreign operations	B	552	(12,963)	104	(9,629)	(19,947)	52
Share of other comprehensive income/(loss) of an associated company		227	(2,690)	108	(2,089)	(6,781)	69
Other comprehensive income/(loss), net of tax		45,803	(32,202)	242	101,719	(74,450)	237
Total comprehensive income		167,639	36,412	(360)	309,873	75,525	310
<u>Attributable to:</u>							
Equity holders of the Company		155,157	36,626	324	291,262	71,514	307
Non-controlling interests		12,482	(214)	5,933	18,611	4,011	364
		167,639	36,412	360	309,873	75,525	310

1(a)(iv) Explanatory Notes to the Consolidated Statement of Comprehensive Income

A Fair value gains/(losses) on available-for-sale financial assets

The quoted available-for-sale financial assets are stated at their fair values based on the quoted closing bid prices as at the reporting date. The increase in value for the second quarter ended 30 June 2017 was due to the increase in the closing bid prices of the relevant quoted equity shares from the previous quarter.

B Currency translation differences arising from consolidation of foreign operations

The currency translation differences arose mainly from the translation of the net assets of the Group's foreign subsidiaries which are denominated in RMB, GBP, AUD, MYR, VND, and USD.

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	The Group		The Company	
		30.06.17 \$'000	31.12.16 \$'000	30.06.17 \$'000	31.12.16 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		268,719	301,512	1,917	1,680
Trade and other receivables	A	184,753	99,597	2,482	1,579
Developed properties held for sale		37,183	31,878	-	-
Development properties	B	1,017,636	1,142,342	-	-
Inventories		547	651	-	-
Other assets	C	40,597	16,993	993	242
Current income tax assets		186	157	-	-
		1,549,621	1,593,130	5,392	3,501
<b>Non-current assets</b>					
Trade and other receivables	D	195,142	128,780	801,358	783,355
Derivative financial instrument		196	207	-	-
Available-for-sale financial assets	E	981,384	855,051	753,920	658,110
Investments in associated companies	F	3,493,571	3,409,827	164,424	163,725
Investments in joint venture companies		66,678	77,747	-	-
Investments in subsidiaries		-	-	1,781,176	1,779,176
Investment properties	G	4,310,196	4,299,597	423,300	421,500
Property, plant and equipment		1,143,297	1,165,536	903	1,009
Intangibles		24,158	24,361	319	-
Deferred income tax assets		3,720	3,904	-	-
		10,218,342	9,965,010	3,925,400	3,806,875
<b>Total assets</b>		<b>11,767,963</b>	<b>11,558,140</b>	<b>3,930,792</b>	<b>3,810,376</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		192,432	203,125	703,790	564,319
Current income tax liabilities		45,315	50,699	1,845	1,838
3.043% unsecured fixed rate notes due 2017	H	-	74,974	-	74,974
Bank loans	I	844,764	653,429	165,489	140,559
Finance lease liabilities		274	272	-	-
Derivative financial instrument		917	-	-	-
		1,083,702	982,499	871,124	781,690
<b>Non-current liabilities</b>					
Trade and other payables		158,113	157,013	3,935	4,491
Finance lease liabilities		3,661	3,634	-	-
Bank loans	I	1,063,027	1,200,202	175,619	176,417
2.5% unsecured fixed rate notes due 2020		239,240	239,120	-	-
2.5% unsecured fixed rate notes due 2018		174,882	174,803	-	-
Derivative financial instrument		2,727	4,272	2,607	3,596
Loan from non-controlling shareholder of a subsidiary		63,009	63,009	-	-
Provision for retirement benefits		5,221	4,927	-	-
Deferred income tax liabilities		98,759	93,297	3,103	2,960
		1,808,639	1,940,277	185,264	187,464
<b>Total liabilities</b>		<b>2,892,341</b>	<b>2,922,776</b>	<b>1,056,388</b>	<b>969,154</b>
<b>NET ASSETS</b>		<b>8,875,622</b>	<b>8,635,364</b>	<b>2,874,404</b>	<b>2,841,222</b>
<b>Capital &amp; reserves attributable to equity holders of the Company</b>					
Share capital		1,322,352	1,269,853	1,322,352	1,269,853
Reserves		1,014,318	912,147	590,302	503,144
Retained earnings		6,014,131	5,945,154	961,750	1,068,225
		8,350,801	8,127,154	2,874,404	2,841,222
<b>Non-controlling interests</b>		524,821	508,210	-	-
<b>TOTAL EQUITY</b>		<b>8,875,622</b>	<b>8,635,364</b>	<b>2,874,404</b>	<b>2,841,222</b>

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. (cont'd)

Explanatory Notes to the Statement of Financial Position

A Current trade and other receivables

Current trade and other receivables have increased due mainly to the recognition of receivables for the balance of payments for Riverbank@Fernvale upon receipt of temporary occupation permit on 23 March 2017.

B Development properties

The decrease in development properties was due mainly to the completion of Riverbank@Fernvale and progressive billings for on-going development projects.

C Other assets

Included in other assets as at 30 June 2017 was a deposit of A\$17.25 million (S\$18.12 million) for the acquisition of the 396-room Hilton Melbourne South Wharf by a wholly owned subsidiary.

D Non-current trade and other receivables

Non-current trade and other receivables have increased with additional shareholder's loans granted to 1) a joint venture company, UVD (Projects) Pte. Ltd., for the en-bloc purchase of a leasehold property at Potong Pasir Avenue 1; and 2) an associated company, City Square Hotel Co Ltd, for the construction of the Pan Pacific Yangon in Myanmar.

E Available-for-sale financial assets

The increase in available-for-sale financial assets arose from (i) recognition of \$112.9 million of fair value gains; and (ii) election to receive dividends from United Overseas Bank Limited in scrip amounting to \$13.4 million.

F Investments in associated companies

Investments in associated companies increased due mainly to 1) acquisition of an additional 20% shareholding interest in City Square Hotel Co. Ltd which owns the proposed 348-room Pan Pacific Yangon, for an aggregate cash consideration of US\$9.0 million (S\$12.7 million); 2) acquisition of shares in United Industrial Corporation Limited ("UIC"); 3) the election to receive dividends in scrip from UIC; and 4) the Group's share of profit of associated companies during the first half of 2017.

G Investment properties

Investment properties are stated at valuation as determined by independent professional valuers. It is the practice of the Group to revalue its investment properties half yearly.

H 3.043% unsecured fixed rate notes due 2017

The 3.043% unsecured fixed rate notes due 2017 was redeemed on 8 May 2017.

I Current and non-current bank loans

The net increase in current and non-current bank loans of \$54.2 million arose mainly from loans drawn for the redemption of the unsecured fixed rate notes due on 8 May 2017.

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

	As at 30.06.17		As at 31.12.16	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	124,171	721,130	112,167	616,659
Amount repayable after one year	460,755	1,083,768	568,702	1,113,791

Details of any collaterals

The borrowings are secured by bank deposits, mortgages on the borrowing subsidiaries' investment properties, hotel properties, development properties, and/or assignment of all rights and benefits with respect to the properties and/or corporate guarantees from the Company or other Group subsidiaries.

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.

Consolidated Statement of Cash Flows for the second quarter ended 30 June

	Note	The Group	
		2nd Qtr	2nd Qtr
		2017	2016
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Net profit		121,836	68,614
Adjustments for:			
Income tax expense		10,598	10,702
Non-cash items		(27,110)	(46,077)
Dividend and interest income		(17,145)	(17,717)
Interest expense		8,874	7,591
Fair value (gains)/losses on the Group's investment properties		(13,249)	28,687
Negative goodwill on acquisition of interests in an associated company		(1,898)	(203)
Gain on purchase of a business		-	(3,709)
		<u>81,906</u>	<u>47,888</u>
Change in working capital			
Receivables		243	(22,294)
Development properties		28,634	24,759
Inventories		25	(4)
Payables		8,631	16,965
		<u>37,533</u>	<u>19,426</u>
Cash generated from operations		119,439	67,314
Income tax paid		(20,363)	(12,846)
Retirement benefits paid		-	(3)
<b>Net cash from operating activities</b>		<u>99,076</u>	<u>54,465</u>
<b>Cash flows from investing activities</b>			
Proceeds from liquidation of associated companies		235	1,100
Payments for interest in an associated company		(7,234)	(334)
Payments for interests in a joint venture company		-	(2,000)
Loans to an associated company and a joint venture company	i	(46,085)	(6,350)
Net proceeds from disposal of property, plant and equipment		25	-
Purchase of property, plant and equipment and investment properties	ii	(8,731)	(195,018)
Interest received		1,318	945
Dividends received		29,040	28,355
<b>Net cash used in investing activities</b>		<u>(31,432)</u>	<u>(173,302)</u>
<b>Cash flows from financing activities</b>			
Proceeds from shares issued		3,235	-
Repayment of 3.043% unsecured fixed rate notes due 2017		(75,000)	-
Proceeds from borrowings	iii	257,835	261,108
Repayment of borrowings	iii	(146,622)	(54,466)
Expenditure relating to bank borrowings		(890)	(134)
Interest paid		(13,024)	(15,457)
Payment of finance lease liabilities		(68)	(44)
Dividends paid to equity holders of the Company		(71,948)	(64,278)
Dividends paid to non-controlling interests		(2,000)	(2,000)
<b>Net cash (used in)/from financing activities</b>		<u>(48,482)</u>	<u>124,729</u>
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the financial period		19,162	5,892
Effects of currency translation on cash and cash equivalents		248,826	268,811
		531	(2,536)
<b>Cash and cash equivalents at the end of the financial period</b>	v	<u>268,519</u>	<u>272,167</u>

- 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. (cont'd)

Explanatory Notes to the Consolidated Statement of Cash Flows

i. Loans to an associated company and a joint venture company

Additional loans were made out to 1) City Square Hotel Co. Ltd for the development of Pan Pacific Yangon; and 2) UVD (Projects) Pte. Ltd. for the en-bloc purchase of Raintree Gardens at Potong Pasir which was completed in May 2017.

ii. Purchase of property, plant and equipment and investment properties

Purchases of property, plant and equipment and investment properties arose mainly from expenditure for the on-going improvements to the Group's hotels, and in particular, refurbishment works at PARKROYAL Penang. The amount for the second quarter of 2016 relates mainly to the acquisition of 110 High Holborn, London in June 2016.

iii. Proceeds from borrowings/Repayment of borrowings

Net borrowings in the second quarter of 2017 were due mainly to bank loans drawn for the repayment of the \$75 million unsecured fixed rate note which matured in May 2017 and for additional loans made to associated and joint venture companies.

iv. Cash and cash equivalents

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

	<u>The Group</u>	
	<u>30.06.17</u>	<u>30.06.16</u>
	\$'000	\$'000
Fixed deposits with financial institutions	191,354	184,459
Cash at bank and on hand	<u>77,365</u>	<u>87,908</u>
Cash and bank balances per Statement of Financial Position	268,719	272,367
Less: Bank deposits pledged as security	(200)	(200)
Cash and cash equivalents per Consolidated Statement of Cash Flows	<u><u>268,519</u></u>	<u><u>272,167</u></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.

Consolidated Statement of Changes in Equity for the second quarter ended 30 June

	<u>Share capital</u> \$'000	<u>Reserves</u> \$'000	<u>Retained earnings</u> \$'000	<u>Non-controlling interests</u> \$'000	<u>Total equity</u> \$'000
<b>The Group</b>					
<b>2017</b>					
Balance at 1 April 2017	1,270,348	968,189	6,025,434	514,339	8,778,310
Profit for the period	-	-	109,414	12,422	121,836
Other comprehensive income for the period	-	45,743	-	60	45,803
Total comprehensive income for the period	-	45,743	109,414	12,482	167,639
Employee share option scheme					
- value of employee services	-	386	-	-	386
- proceeds from shares issued	3,235	-	-	-	3,235
Dividends	-	-	(120,717)	(2,000)	(122,717)
Issue of shares under scrip dividend scheme	48,769	-	-	-	48,769
Total transactions with owners, recognised directly in equity	52,004	386	(120,717)	(2,000)	(70,327)
Balance at 30 June 2017	1,322,352	1,014,318	6,014,131	524,821	8,875,622
<b>2016</b>					
Balance at 1 April 2016	1,216,099	847,975	5,860,991	496,159	8,421,224
Profit/(loss) for the period	-	-	68,806	(192)	68,614
Other comprehensive loss for the period	-	(32,180)	-	(22)	(32,202)
Total comprehensive (loss)/income for the period	-	(32,180)	68,806	(214)	36,412
Employee share option scheme					
- value of employee services	-	269	-	-	269
Dividends	-	-	(119,416)	(2,000)	(121,416)
Issue of shares under scrip dividend scheme	55,138	-	-	-	55,138
Total transactions with owners, recognised directly in equity	55,138	269	(119,416)	(2,000)	(66,009)
Balance at 30 June 2016	1,271,237	816,064	5,810,381	493,945	8,391,627

- 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. (cont'd)

Statement of Changes in Equity for the second quarter ended 30 June

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>The Company</b>				
<b>2017</b>				
Balance at 1 April 2017	1,270,348	555,486	1,065,976	2,891,810
Profit for the period	-	-	16,491	16,491
Other comprehensive income for the period	-	34,430	-	34,430
Total comprehensive income for the period	-	34,430	16,491	50,921
Employee share option scheme				
- value of employee services	-	386	-	386
- proceeds from shares issued	3,235	-	-	3,235
Dividends	-	-	(120,717)	(120,717)
Issue of shares under scrip dividend scheme	48,769	-	-	48,769
Total transactions with owners, recognised directly in equity	52,004	386	(120,717)	(68,327)
Balance at 30 June 2017	1,322,352	590,302	961,750	2,874,404
<b>2016</b>				
Balance at 1 April 2016	1,216,099	452,656	1,191,727	2,860,482
Profit for the period	-	-	11,835	11,835
Other comprehensive loss for the period	-	(11,762)	-	(11,762)
Total comprehensive (loss)/income for the period	-	(11,762)	11,835	73
Employee share option scheme				
- value of employee services	-	269	-	269
Dividends	-	-	(119,416)	(119,416)
Issue of shares under scrip dividend scheme	55,138	-	-	55,138
Total transactions with owners, recognised directly in equity	55,138	269	(119,416)	(64,009)
Balance at 30 June 2016	1,271,237	441,163	1,084,146	2,796,546

- 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.

During the quarter ended 30 June 2017, the changes in the issued share capital of the Company were as follows:

	Number of Ordinary Shares
Issued share capital as at 1 April 2017	804,700,403
Issue of ordinary shares arising from the exercise of:	
2008 Options at exercise price of S\$3.68 per share	12,000
2009 Options at exercise price of S\$1.65 per share	52,000
2010 Options at exercise price of S\$3.95 per share	88,000
2011 Options at exercise price of S\$4.62 per share	88,000
2012 Options at exercise price of S\$5.40 per share	167,000
2014 Options at exercise price of S\$6.10 per share	42,000
2016 Options at exercise price of S\$5.87 per share	192,000
Ordinary shares issued upon exercise of options	651,000
Issue of shares under scrip dividend scheme	7,526,102
Issued share capital as at 30 June 2017	<u>812,877,505</u>

As at 30 June 2017, there were 5,747,000 (30.6.2016: 5,670,000) ordinary shares which may be issued upon the exercise of options under the UOL 2000 Share Option Scheme and UOL 2012 Share Option Scheme.

The Company did not hold any treasury shares as of 30 June 2017 and 30 June 2016.

- 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.

	The Company	
	30.06.17	31.12.16
Total number of issued shares, excluding treasury shares	812,877,505	804,611,403

- 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 standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

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

- 3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of 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.

Except as stated in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2016.

- 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.

On 1 January 2017, the Group adopted the new or amended Financial Reporting Standards ("FRS") that are mandatory for application from that date. The following are the new or amended FRS that are relevant to the Group:

- Amendments to FRS 7: Statement of Cash Flows - Disclosure Initiative
- Amendments to FRS 12: Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

- 6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	2nd Qtr 2017	2nd Qtr 2016
Earnings per ordinary share for the period		
(i) Based on weighted average number of ordinary shares in issue	cents 13.59	cents 8.64
(ii) On a fully diluted basis	cents 13.58	cents 8.64

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

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 market value.

- 7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	30.06.17	31.12.16	30.06.17	31.12.16
Net asset value per ordinary share	\$10.27	\$10.10	\$3.54	\$3.53
Net tangible asset backing per ordinary share	\$10.24	\$10.07	\$3.54	\$3.53

- 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 or 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.

#### **Revenue**

Group revenue in the second quarter of 2017 increased by \$35.5 million or 10% to \$399.1 million from \$363.6 million in the second quarter of 2016 due mainly to higher progressive recognition of revenue from development project, Principal Garden. Revenue from property investments also increased with contribution from 110 High Holborn which was acquired in June 2016. Dividend income was lower due to the absence of special dividend received in 2016 and lower dividend rates in 2017 for certain of its investments.

#### **Gross profit margin**

Gross profit margin for the second quarter of 2017 was marginally lower at 33% compared to 34% for the second quarter of 2016 due mainly to higher revenue from property development which has a higher cost ratio.

#### **Expenses**

Interest expenses in the second quarter of 2016 were mainly on borrowings for development properties of the Group where interest expenses were capitalised. For the second quarter of 2017, a larger proportion of the borrowings were to fund the acquisition of an investment property and loans to associated and joint venture companies, where borrowing costs were not capitalised resulting in the increase in finance expenses.

- 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) seasonable or 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. (cont'd)

#### **Associated companies**

The higher share of profit of associated companies in the second quarter of 2017 was mainly from United Industrial Corporation Limited which had higher profit recognition from its development properties.

#### **Joint venture companies**

The decrease in share of profit from joint venture companies was due mainly to absence of contribution from the Thomson Three development which was completed in May 2016. The decrease was offset partially by contributions from The Clement Canopy development which was launched in end February 2017 and Holborn Island, London which was acquired in November 2016.

#### **Profit & Loss**

##### **Second quarter ended 30 June 2017/2016**

The pre-tax profit before fair value and other gains/(losses) for the second quarter of 2017 was \$118.8 million, an increase of 12% compared to the profit of \$105.8 million for the second quarter of 2016. The increase was due mainly to higher profit from property development and property investments as well as higher contributions from associated companies.

The Group recorded a pre-tax profit of \$132.4 million, an increase of 67% from the profit of \$79.3 million in the second quarter of 2016 as there were fair value gains from investment properties of the Group compared to fair value losses in 2016. Profit after tax and non-controlling interest was \$109.4 million, an increase of 59% from the profit of \$68.8 million in the corresponding quarter of 2016.

##### **Six Months Ended 30 June 2017/2016**

The pre-tax profit before fair value and other gains/(losses) was \$215.5 million, an increase of 8% from the profit of \$199.3 million in 2016. The increase was attributed similarly to higher profit from property development and property investments and higher contribution from associated companies.

With higher attributable fair value and other gains of \$10.1 million recognised for the six months ended 30 June 2017 compared to fair value and other losses of \$21.3 million in the previous corresponding period, profit after tax and non-controlling interest was \$189.7 million or a 30% increase from the profit of \$145.9 million in 2016.

#### **Net tangible asset and gearing**

The Group's shareholders' funds increased from \$8.13 billion as at 31 December 2016 to \$8.35 billion as at 30 June 2017 due mainly to profits recognised in the first half of 2017 and fair value gains on available-for-sale financial assets. Consequently the net tangible asset per ordinary share of the Group increased to \$10.24 as at 30 June 2017 from \$10.07 as at 31 December 2016.

The Group's gearing ratio of 0.24 remained unchanged at 30 June 2017 from 31 December 2016.

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

Nil.

- 10 A commentary at the date of this announcement of the 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.

Based on advance estimates, Singapore's GDP grew by 2.5% in the second quarter of 2017 on a year-on-year basis, same as that in the previous quarter. Sentiments in the private residential market in Singapore have shown some improvement, with significantly more private homes being sold in the first half of 2017 than in first half 2016. The pressure on office rents is expected to ease with lower supply pipeline. Competition from new supply and e-commerce will continue to weigh on retail rents.

Notwithstanding the uncertainties over Brexit, the performance of the Group's properties in Midtown, London is expected to be stable.

Trading conditions in the Asia Pacific hospitality sector are expected to remain competitive amidst an uncertain economic outlook for the region.

On 22 June 2017, the Company entered into a conditional Option Agreement whereby Company has the right to acquire from Haw Par Corporation Limited ("Haw Par") and Haw Par has the right to sell to the Company 60,000,000 shares in the capital of United Industrial Corporation Limited ("UIC") in consideration which the Company will allot and issue 27,272,727 new issued and fully paid shares to Haw Par. If the Company acquires the 60,000,000 shares in the capital of UIC, the Group's interest in UIC will increase to about 48.96% of UIC's issued share capital. The proforma financial effects of this proposed transaction will be set out in the Circular to be despatched to Shareholders shortly.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend	:	N.A.
Dividend Type	:	N.A.
Dividend Rate	:	NIL
Tax Rate	:	N.A.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of dividend	:	N.A.
Dividend Type	:	N.A.
Dividend Rate	:	NIL
Tax Rate	:	N.A.

(c) Date payable : N.A.

(d) Books closure date : N.A.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the second quarter ended 30 June 2017.

13 If the Group has obtained a general mandate from shareholders for 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 Company has not obtained a general mandate from shareholders for Interested Person Transactions.

**CONFIRMATION BY DIRECTORS**

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results for the six months / second quarter ended 30 June 2017 to be false or misleading.

**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 its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Foo Thiam Fong Wellington  
Company Secretary  
4 August 2017