

WHEELOCK

PROPERTIES

Co. Reg. No. 197201797H
(Incorporated in the Republic of Singapore)

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014

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WHEELOCK PROPERTIES (SINGAPORE) LIMITED
(Incorporated in the Republic of Singapore)

1(a)(i) CONSOLIDATED INCOME STATEMENT

	Quarter ended			Period ended		
	30 Jun 2014	30 Jun 2013	Change	30 Jun 2014	30 Jun 2013	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	24,075	33,493	(28.1)	49,357	60,522	(18.4)
Cost of sales	(7,359)	(7,241)	1.6	(14,400)	(13,012)	10.7
Gross profit	16,716	26,252	(36.3)	34,957	47,510	(26.4)
Other income						
- Gain on disposal of investments	468	678	(31.0)	519	94,489	(99.5)
- Others	1,459	793	84.0	3,143	2,101	49.6
	1,927	1,471	31.0	3,662	96,590	(96.2)
Selling and marketing expenses	(783)	(713)	9.8	(1,431)	(1,420)	0.8
Administrative and corporate expenses	(2,649)	(2,379)	11.3	(4,652)	(4,636)	0.3
Other operating expenses	(750)	(7,616)	(90.2)	(843)	(12,651)	(93.3)
Share of results of associates, net of tax (Ref: 8)						
- Share of profit	366	0	NA	366	0	NA
- Negative goodwill	109,044	0	NA	109,044	0	NA
	109,410	0	NA	109,410	0	NA
Profit before taxation	123,871	17,015	628.0	141,103	125,393	12.5
Income tax expense	(2,868)	(2,787)	2.9	(5,840)	(5,887)	(0.8)
Profit for the period	121,003	14,228	750.5	135,263	119,506	13.2

1(a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended			Period ended		
	30 Jun 2014	30 Jun 2013	Change	30 Jun 2014	30 Jun 2013	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	121,003	14,228	750.5	135,263	119,506	13.2
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets						
- net change in fair value *	140,699	(34,093)	512.7	107,055	(25,041)	527.5
- transfer to profit or loss on disposal	(30)	(108)	(72.2)	(164)	(95,663)	(99.8)
Exchange differences arising on consolidation of foreign subsidiaries	(3,297)	6,848	(148.1)	(7,578)	15,095	(150.2)
Share of other comprehensive income of associates, net of tax	(391)	0	NA	(391)	0	NA
Other comprehensive income for the period, net of income tax	136,981	(27,353)	600.8	98,922	(105,609)	193.7
Total comprehensive income for the period	257,984	(13,125)	NM	234,185	13,897	NM

* Mainly due to the increase in value of Hotel Properties Limited shares of \$113 million (from \$2.95 per share to \$4.05 per share) and \$97 million (from \$3.11 per share to \$4.05 per share) for the quarter and period ended 30 June 2014 respectively.

1(a)(iii) NOTES TO THE CONSOLIDATED INCOME STATEMENT

The following items have been charged or (credited) in arriving at profit for the period:

	Quarter ended			Period ended		
	30 Jun 2014	30 Jun 2013	Change	30 Jun 2014	30 Jun 2013	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Exchange gain (net)						
- net change in fair value of forward exchange contracts	1,650	0	NA	(8,200)	0	NA
- others	(2,226)	0	NA	6,759	0	NA
	(576)	0	NA	(1,441)	0	NA
Interest income	(476)	(588)	(19.0)	(949)	(1,352)	(29.8)
Others	(407)	(205)	98.5	(753)	(749)	0.5
Other income - others	(1,459)	(793)	84.0	(3,143)	(2,101)	49.6
Exchange loss (net)						
- net change in fair value of forward exchange contracts	0	2,840	(100.0)	0	5,029	(100.0)
- others	0	4,807	(100.0)	0	7,624	(100.0)
	0	7,647	(100.0)	0	12,653	(100.0)
Allowance for impairment loss on trade receivables	506	0	NA	548	0	NA
Changes in fair value on investment properties	239	(38)	728.9	288	(50)	676.0
Loss on disposal of property, plant and equipment	0	1	(100.0)	0	30	(100.0)
Others	5	6	(16.7)	7	18	(61.1)
Other operating expenses	750	7,616	(90.2)	843	12,651	(93.3)
Depreciation of property, plant and equipment	84	71	18.3	167	142	17.6
Dividend income from investments	(3,064)	(10,317)	(70.3)	(6,303)	(11,880)	(46.9)
Interest income from investments	(3,088)	(3,468)	(11.0)	(6,877)	(6,558)	4.9
Over provision of tax in prior years	(1)	0	NA	(1)	(233)	(99.6)

NA: Not Applicable

NM: Not Meaningful

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	1,700	1,636	1,353	1,363
Investment properties	1,227,046	1,227,000	312,000	312,000
Amounts due from subsidiaries	0	0	1,215,513	1,249,794
Interests in subsidiaries	0	0	252,328	252,139
Interests in associates (Ref: 8)	526,065	7	0	0
Investments	532,158	871,322	0	0
Deferred tax assets	1,406	1,427	0	0
Other non-current assets	540	540	540	540
	2,288,915	2,101,932	1,781,734	1,815,836
Current assets				
Development properties	1,212,190	1,224,592	67,793	67,703
Trade and accrued receivables	13,819	1,371	588	912
Amounts due from subsidiaries	0	0	210	202
Amounts due from related corporations	18	25	18	25
Other receivables	7,822	8,427	1,656	1,507
Cash and cash equivalents	410,029	457,289	379,901	420,812
	1,643,878	1,691,704	450,166	491,161
Total assets	3,932,793	3,793,636	2,231,900	2,306,997
Equity attributable to owners of the Company				
Share capital	1,055,901	1,055,901	1,055,901	1,055,901
Reserves	2,108,980	1,946,589	889,653	961,120
Total equity	3,164,881	3,002,490	1,945,554	2,017,021
Non-current liabilities				
Interest-bearing liabilities (Ref: 1(b)(ii))	457,436	631,872	0	0
Deferred tax liabilities	14,847	14,149	1,832	1,557
	472,283	646,021	1,832	1,557
Current liabilities				
Trade payables	56,122	71,024	25,776	26,246
Other payables	33,166	38,960	9,573	18,503
Amounts due to subsidiaries	0	0	235,694	217,505
Interest-bearing liability (Ref: 1(b)(ii))	184,457	0	0	0
Current tax payable	21,884	35,141	13,471	26,165
	295,629	145,125	284,514	288,419
Total liabilities	767,912	791,146	286,346	289,976
Total equity and liabilities	3,932,793	3,793,636	2,231,900	2,306,997

REVIEW OF FINANCIAL POSITION

Group

Increase in interests in associates and decrease in investments was mainly due to the Group's disposal of its investment in Hotel Properties Limited to its 40% associated company, 68 Holdings Pte. Ltd ("68 Holdings"). The investment in 68 Holdings gave rise to a provisional negative goodwill of \$109 million. (Refer to Section 8)

Increase in trade and accrued receivables of \$12 million was mainly due to the 15% progress billings on The Panorama. These billings were not due as at 30 June 2014.

Decrease in cash and cash equivalents of \$47 million was mainly due to the payment of dividends and income tax. This was partially offset by the proceeds from the sale of quoted securities and The Panorama.

Increase in reserves of \$162 million was mainly attributed to the negative goodwill from the investment in 68 Holdings, increase in fair value reserve relating to the recognition of market value for the Group's investment in quoted securities and profit for the current period, partially offset by the payment of dividends.

Decrease in trade payables of \$15 million was mainly due to lower construction costs billed according to the construction progress of Ardmore Three and the Fuyang project.

Decrease in current tax payable of \$13 million was mainly due to the payment of income tax for year of assessment 2014. This was partially offset by provision of tax in respect of profit recognised in the current financial period.

Company

Decrease in cash and cash equivalents of \$41 million was mainly due to the payment of dividends and income tax. This was partially offset by the transfer of surplus funds from subsidiaries.

Decrease in reserves of \$71 million was mainly due to the payment of dividends.

Decrease in current tax payable of \$13 million was mainly due to the payment of income tax for year of assessment 2014. This was partially offset by provision of tax in respect of profit recognised in the current financial period.

1(b)(ii) BORROWINGS

	Group	
	30 Jun 2014	31 Dec 2013
	\$'000	\$'000
Repayable within 1 year: Interest-bearing liability (secured)	184,457	0
Repayable after 1 year but within 5 years: Interest-bearing liabilities (secured)	308,359	480,984
Interest-bearing liability (unsecured)	149,077	150,888
	457,436	631,872

The secured bank loans are generally secured by mortgages over the Group's development properties, legal assignment of all rights, titles, interests and benefits under contracts in respect of the properties. Corporate guarantees are issued by the Company for the secured and unsecured bank loans and the repayment in respect of the amounts due to the Company by certain subsidiaries are subordinated to the bank loans.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	Quarter ended		Period ended	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit for the period	121,003	14,228	135,263	119,506
Adjustments for:				
Income tax expense	2,868	2,787	5,840	5,887
Depreciation of property, plant and equipment	84	71	167	142
Net change in fair value of forward exchange contracts	1,650	2,840	(8,200)	5,029
Exchange loss/(gain) (net)	2,025	(120)	2,719	(147)
Loss on disposal of property, plant and equipment	0	1	0	30
Interest income	(476)	(588)	(949)	(1,352)
Interest income from investments	(3,088)	(3,468)	(6,877)	(6,558)
Changes in fair value on investment properties	239	(38)	288	(50)
Gain on disposal of investments	(468)	(678)	(519)	(94,489)
Dividend income from investments	(3,064)	(10,317)	(6,303)	(11,880)
Share of profit of associates, net of tax	(366)	0	(366)	0
Negative goodwill arising from investment in associate (Ref: 8)	(109,044)	0	(109,044)	0
Operating profit before working capital changes	11,363	4,718	12,019	16,118
Changes in working capital:				
Development properties	4,295	(581,824)	9,131	(586,849)
Trade and accrued receivables	(12,376)	1,348	(12,448)	149,949
Amounts due from related corporations	(1)	34	7	6
Other receivables	1,378	160,053	(122)	3,679
Trade payables	3,252	7,227	(14,771)	3,588
Other payables	4,097	(6,676)	2,371	289
Cash generated from/ (utilised in) operations	12,008	(415,120)	(3,813)	(413,220)
Interest received	484	674	976	1,472
Income tax paid	(11,518)	(4,921)	(18,399)	(8,481)
Dividends paid	(71,794)	(71,794)	(71,794)	(71,794)
Cash flows from operating activities	(70,820)	(491,161)	(93,030)	(492,023)

	Quarter ended		Period ended	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
	\$'000	\$'000	\$'000	\$'000
Investing activities				
Proceeds from sale of investments	30,104	9,443	31,442	166,493
Purchase of property, plant and equipment	(190)	(87)	(252)	(166)
Expenditure on investment properties	(239)	(228)	(334)	(354)
Acquisition of investments	(5,719)	(35,031)	(6,439)	(196,035)
Dividends received	5,577	11,880	6,303	11,880
Interest received	2,109	2,063	7,549	4,886
Cash flows from investing activities	31,642	(11,960)	38,269	(13,296)
Financing activities				
Drawdown of bank loans	0	288,700	11,662	291,143
Finance costs	(1,968)	(4,661)	(3,869)	(5,599)
Cash flows from financing activities	(1,968)	284,039	7,793	285,544
Net decrease in cash and cash equivalents	(41,146)	(219,082)	(46,968)	(219,775)
Cash and cash equivalents at beginning of the period	451,289	720,175	457,289	720,649
Effect of exchange rate changes on balances held in foreign currencies	(114)	114	(292)	333
Cash and cash equivalents at the end of the period	410,029	501,207	410,029	501,207

Significant non-cash transactions

During the period, the Group disposed its investment in Hotel Properties Limited at a consideration of \$360 million to its associated company, 68 Holdings Pte. Ltd. The proceeds were reinvested as shareholder's loan in the associated company. (Refer to Section 8)

1(d)(i) STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Other Reserves	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
Group				
At 1 April 2014	1,055,901	233,807	1,688,983	2,978,691
Total comprehensive income for the period				
Profit for the period	0	0	121,003	121,003
Other comprehensive income				
Available-for-sale financial assets				
- net change in fair value	0	140,699	0	140,699
- transfer to profit or loss on disposal	0	(30)	0	(30)
Exchange differences arising on consolidation of foreign subsidiaries	0	(3,297)	0	(3,297)
Share of other comprehensive income of associates, net of tax	0	(391)	0	(391)
Total other comprehensive income	0	136,981	0	136,981
Total comprehensive income for the period	0	136,981	121,003	257,984
Transfer				
Transfer of reserve to retained earnings (Ref: 8)	0	(318,209)	318,209	0
Transaction with owners of the Company, recorded directly in equity				
Distribution to owners				
Dividends to owners	0	0	(71,794)	(71,794)
Total transaction with owners	0	0	(71,794)	(71,794)
At 30 June 2014	1,055,901	52,579	2,056,401	3,164,881

	Share Capital	Other Reserves	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
Group				
At 1 April 2013	1,055,901	287,713	1,811,755	3,155,369
Total comprehensive income for the period				
Profit for the period	0	0	14,228	14,228
Other comprehensive income				
Available-for-sale financial assets				
- net change in fair value	0	(34,093)	0	(34,093)
- transfer to profit or loss on disposal	0	(108)	0	(108)
Exchange differences arising on consolidation of foreign subsidiaries	0	6,848	0	6,848
Total other comprehensive income	0	(27,353)	0	(27,353)
Total comprehensive income for the period	0	(27,353)	14,228	(13,125)
Transaction with owners of the Company, recorded directly in equity				
Distribution to owners				
Dividends to owners	0	0	(71,794)	(71,794)
Total transaction with owners	0	0	(71,794)	(71,794)
At 30 June 2013	1,055,901	260,360	1,754,189	3,070,450

	Share Capital	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000
Company			
At 1 April 2014	1,055,901	963,236	2,019,137
Total comprehensive income for the period			
Loss for the period	0	(1,789)	(1,789)
Transaction with owners of the Company, recorded directly in equity			
Distribution to owners			
Dividends to owners	0	(71,794)	(71,794)
Total transaction with owners	0	(71,794)	(71,794)
At 30 June 2014	1,055,901	889,653	1,945,554

	Share Capital	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000
Company			
At 1 April 2013	1,055,901	1,133,435	2,189,336
Total comprehensive income for the period			
Profit for the period	0	5,279	5,279
Transaction with owners of the Company, recorded directly in equity			
Distribution to owners			
Dividends to owners	0	(71,794)	(71,794)
Total transaction with owners	0	(71,794)	(71,794)
At 30 June 2013	1,055,901	1,066,920	2,122,821

1(d)(ii) SHARE CAPITAL

Since the last financial year ended 31 December 2013, there has been no change in the issued and paid-up share capital of the Company (1,196,559,876 shares).

As at 30 June 2014, there were no unissued shares of the Company or its subsidiaries under option (30 June 2013: nil).

2. AUDIT OR REVIEW OF RESULTS BY AUDITORS

The figures have neither been audited nor reviewed by our auditors.

3. AUDITORS' REPORT

Not applicable.

4. BASIS OF PREPARATION

The Group has adopted the same accounting policies and methods of computation in the financial statements for the period ended 30 June 2014, as compared with the Group's audited financial statements for the year ended 31 December 2013, except as explained in Section 5 below.

5. EFFECT OF CHANGES IN ACCOUNTING POLICIES AND METHODS

On 1 January 2014, the Group has adopted hedge accounting and designated the derivative financial instruments held by the Group as hedging instruments for its foreign currency exposures arising from the available-for-sale equity instruments. As a result, the foreign currency differences on the available-for-sale equity instruments which are designated as the hedged item, are recognised in profit or loss.

6. EARNINGS PER SHARE

	Quarter ended		Period ended	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
Basic earnings per share	10.11 cents	1.19 cents	11.30 cents	9.99 cents
Diluted earnings per share	10.11 cents	1.19 cents	11.30 cents	9.99 cents

Basic and diluted earnings per share are calculated based on the Group's profit attributable to Shareholders and on the weighted average number of shares of the Company in issue for the 2nd quarter and period ended 30 June 2014 of 1,196,559,876 (2013: 1,196,559,876).

7. NET ASSET VALUE PER SHARE

Group		Company	
30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
\$2.64	\$2.51	\$1.63	\$1.69

8. REVIEW OF PERFORMANCE

Revenue and Profit

The Group achieved revenue of \$24 million and profit after tax of \$121 million for the 2nd quarter ended 30 June 2014, a decrease of 28% and an increase of 751% (mainly due to the negative goodwill of \$109 million, refer to the accounting impact below) when compared to the same period last year.

The Group achieved revenue of \$49 million and profit after tax of \$135 million for the 6-month ended 30 June 2014, a decrease of 18% and an increase of 13% when compared to the same period last year.

Revenue for the 2nd quarter and 6-month ended 30 June 2014 decreased as the Group received lower dividend income from its investments following the disposal of its investment in Hotel Properties Limited (“HPL”) to its associated company in the current period and lower revenue recognised from Ardmore Three based on the progress of construction works.

The decrease in gain on disposal of investments for the 6-month ended 30 June 2014 was mainly due to the accounting gain on disposal of SC Global Developments Ltd shares of \$93 million in the same period last year.

The decrease in other operating expenses for the 2nd quarter and 6-month ended 30 June 2014 was mainly due to exchange loss arising from hedging of available-for-sale financial assets and translation of bank loan denominated in foreign currency recognised in the same period last year.

Accounting impact of the investment in associated company, 68 Holdings Pte. Ltd. (“68 Holdings”)

On 14 April 2014, the Group and Cuscaden Partners Pte. Ltd. (“CPPL”) formed a consortium in connection with the mandatory conditional cash offer (the “Offer”) for HPL shares, through the subscription by the Group and CPPL of 40% and 60% interest respectively in the offeror, 68 Holdings.

On the same date, the Group and CPPL disposed their investments in HPL to 68 Holdings which then made an offer for all the HPL shares it did not own in exchange for shareholder loan receivable from 68 Holdings of \$360 million and \$540 million respectively.

The disposal of HPL shares by the Group and CPPL to 68 Holdings was conditional to 68 Holdings obtaining control of HPL. Prior to 68 Holdings obtaining control of HPL, the Group continued to account its investment in HPL as available-for-sale financial assets.

On 30 May 2014, the Offer became unconditional as 68 Holdings obtained control of HPL. As a result, the Group’s investment in HPL, which was previously recorded as available-for-sale financial assets, is now recorded as an interest in an associate of \$417 million based on the market price of HPL’s share as at 30 May 2014. Accordingly, the Group transferred \$318 million of fair value reserve relating to HPL shares, held as available-for-sale financial assets to retained earnings in accordance with the cost approach to account for the step acquisition of HPL from available-for-sale financial assets to interest in an associate.

The Group performed a provisional purchase price allocation exercise on 30 May 2014 for the investment in its associate, 68 Holdings. As the allocation of the purchase price to the identifiable assets and liabilities in HPL by 68 Holdings is currently being determined and has not been completed at the reporting date, the Group’s share of the net assets of 68 Holdings was based on the estimated fair values of the identifiable assets and liabilities of HPL as at 30 May 2014. The purchase price allocation is provisional and the Group expects to complete the purchase price allocation exercise during the second half of 2014.

Subsequent to 30 May 2014, 68 Holdings continued to acquire more HPL shares until the close of the offer on 26 June 2014. As at 26 June 2014, 68 Holdings held 56.52% of HPL shares.

The following table summarises the consideration transferred and the estimated proportionate share of the fair value of net assets of 68 Holdings (including HPL) as at the close of the offer:

	\$'000
Total consideration transferred	416,939
Proportionate share of fair value of net assets	<u>(525,983)</u>
Negative goodwill	<u>(109,044)</u>

The provisional negative goodwill was included in the Group's share of results of associates for the period ended 30 June 2014. Excluding the effect of the negative goodwill, basic and diluted earnings per share would have been 1.0 cent and 2.19 cents for the quarter and period ended 30 June 2014 respectively.

The fair value reserve of \$318 million and the negative goodwill of \$109 million are unrealised revaluation gains from the investment in 68 Holdings. The Board of Directors is on grounds of financial prudence, of the view that these gains should not be considered as available for distribution.

Nature of business and profit recognition

Profits on pre-sale of development properties in Singapore are recognised using the percentage of completion method. The percentage of completion is measured by reference to the percentage of construction costs incurred at the reporting date to the estimated total construction costs for each project. Revenue and profits are only recognised in respect of finalised sales agreements and to the extent that such revenue and profits relate to the progress of the construction work.

For the Group's project in the People's Republic of China ("PRC"), profit on the sale of the development property is recognised on completion of the project.

This basis of revenue and profit recognition together with the nature of our business in Singapore and PRC may lead to volatility of earnings between comparable periods.

Assets

The Group's total assets as at 30 June 2014 were higher at \$3.9 billion compared to \$3.8 billion as at 31 December 2013.

Shareholders' Equity

The shareholders' equity as at 30 June 2014 was higher at \$3.2 billion compared to \$3.0 billion as at 31 December 2013.

Borrowings

The Group's borrowings as at 30 June 2014 were \$642 million compared to \$632 million as at 31 December 2013. The higher borrowings were mainly due to the drawdown of bank loan to finance the payment of construction costs for Ardmore Three.

Net Cash Flow

Net cash flow utilised in operating activities for the 6-month ended 30 June 2014 was \$93 million, mainly due to the payment of dividends and income tax. For financing activities, the loan drawn down was \$12 million.

Property Review

Development Properties

Scotts Square

Scotts Square, comprising 2 luxury residential towers above the boutique Scotts Square mall, obtained its Temporary Occupation Permit on 22 August 2011. On 8 and 10 January 2013, the development obtained its Certificate of Statutory Completion and Subsidiary Strata Certificates of Title respectively.

As at 30 June 2014, 79% (268 units) of the 338 units were sold, representing 85% of the net saleable area at an average price of \$4,004 psf.

With the weakening demand for sales in the luxury sector, our current focus is on leasing. For the same period, 32 units were leased out with average rental achieved close to \$5,300 per month. Another 7 units are being fitted-out for leasing.

Ardmore Three

Ardmore Three is a luxurious 36-storey development along Ardmore Park. It comprises 84 well-appointed three-bedroom apartments each about 1,800 sq. ft.

The Panorama

This 698-unit development, sited over 198,942 sq. ft. is located in the established Upper Thomson/Ang Mo Kio neighbourhood.

Phase 2 launch of the development started on 23 May 2014 and as at 30 June 2014, a total of 203 units or 83% of the 246 units launched was sold at an average price of \$1,287 psf.

雍景山

This residential site situated at Fuyang City, 22 km away from Hangzhou, China, comprises 3.2 million sq. ft. of villas, townhouses, duplexes and apartments.

Construction of Phase 1 is in progress.

Investment Properties

Wheelock Place

As at 30 June 2014, the overall occupancy rate was 100% and the blended monthly rental achieved was above \$13 psf.

Retail

The occupancy rate and average monthly rental was 99% and close to \$16 psf respectively. There are 21 leases expiring in 2014. As at 30 June 2014, 15 tenants have renewed their leases and 3 new leases were secured. The renewed tenancies translate to approximately 76% retention rate.

The Group will continue to retain good covenants and introduce new and desirable brands to complement and improve the trade and tenant mix of each floor. The strong tenant mix will generate higher footfall and maintain good rental yield for the mall.

Office

As at 30 June 2014, the occupancy rate was 100% and the average rental achieved was more than \$11 psf per month. Lease expires in 2nd half of 2014 has also been pre-committed at higher rent.

Scotts Square Retail

As at 30 June 2014, the overall occupancy rate was about 93% and the average monthly rental achieved was above \$22 psf.

The exercise to rejuvenate the mall with stronger international luxury labels and F&B concepts is on-going. We are also actively prospecting appropriate fashion and lifestyle pop up stores to maintain trading activities in the mall.

9. FORECAST STATEMENT

The Group's performance for the period under review is broadly in line with the prospect statement made when the 1st quarter of 2014 financial results were announced, except for the accounting impact of the investment in associated company, 68 Holdings Pte. Ltd. (Refer to Section 8)

10. CURRENT YEAR'S PROSPECTS

Construction for Ardmore Three is in progress and completion is targeted by end of the year.

Construction for The Panorama is in progress and is expected to be completed in 2017. Sale of the development is still on-going.

Phase 1 construction for the Fuyang project is expected to be completed in 2016.

Rental income from Wheelock Place and Scotts Square Retail, as well as the dividend and interest income from investments, will continue to contribute to the Group's recurring income.

11. DIVIDEND

The Directors do not recommend any interim dividend for the 2nd quarter ended 30 June 2014 (30 June 2013: nil)

ADDITIONAL INFORMATION

12. SEGMENTAL INFORMATION

The Group has three reportable segments as described below:

Property development: The development, construction and sale of development properties.

Property investment: The holding and management of investment properties.

Investments: The holding of investments in quoted securities.

Other operations include investment holding company and provision of management services.

	Property Development	Property Investment	Investments	Other Operations	Inter- segment Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Quarter ended 30 Jun 2014						
Total revenue from external customers	84	17,839	6,152	0	0	24,075
Inter-segment revenue	0	509	0	1,129	(1,638)	0
Reportable segment (loss)/ profit before taxation	(3,367)	12,620	6,243	1,013	(2,048)	14,461
Share of results of associates, net of tax						366
- Share of profit						
- Negative goodwill						109,044
Profit before taxation						123,871

	Property Development	Property Investment	Investments	Other Operations	Inter- segment Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Quarter ended 30 Jun 2013						
Total revenue from external customers	2,077	17,631	13,785	0	0	33,493
Inter-segment revenue	0	509	0	1,216	(1,725)	0
Reportable segment (loss)/ profit before taxation	(1,485)	12,897	11,109	(3,389)	(2,117)	17,015

	Property Development	Property Investment	Investments	Other Operations	Inter- segment Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Period ended 30 Jun 2014						
Total revenue from external customers	539	35,638	13,180	0	0	49,357
Inter-segment revenue	0	1,019	0	2,169	(3,188)	0
Reportable segment (loss)/ profit before taxation	(6,148)	25,955	13,546	3,119	(4,779)	31,693
Share of results of associates, net of tax						366
- Share of profit						
- Negative goodwill						109,044
Profit before taxation						141,103

	Property Development	Property Investment	Investments	Other Operations	Inter- segment Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Period ended 30 Jun 2013						
Total revenue from external customers	6,783	35,301	18,438	0	0	60,522
Inter-segment revenue	0	1,060	0	1,937	(2,997)	0
Reportable segment profit/ (loss) before taxation	1,503	26,195	104,886	(3,417)	(3,774)	125,393

13. COMMENTS ON SEGMENT RESULTS

The revenue for property development for the 2nd quarter and 6-month ended 30 June 2014 decreased as the revenue recognised from Ardmore Three based on the progress of construction works was much lower than the revenue recognised in the same period last year.

The loss incurred for property development for the 2nd quarter and 6-month ended 30 June 2014 was mainly attributed to marketing expenses.

The decrease in revenue for investments for 2nd quarter and 6-month ended 30 June 2014 was mainly due to the disposal of the Group's investment in Hotel Properties Limited. The decrease in profit for investments for the period ended 30 June 2014 was mainly due to the gain on disposal of SC Global Developments Ltd shares recognised in the same period last year.

The increase in profit for other operations for the 2nd quarter and 6-month ended 30 June 2014 was mainly due to the exchange gain arising from the hedging of available-for-sale financial assets and translation of bank loan denominated in foreign currency.

14. INTERESTED PERSON TRANSACTIONS

The Company has not obtained a general mandate from shareholders for interested person transactions.

15. CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Board of Directors of the Company confirms that to the best of its knowledge, nothing has come to the attention of the Board which may render the financial statements for the 2nd quarter ended 30 June 2014 to be false or misleading in any material respects.

By Order of the Board

Pearly Oon
Company Secretary
8 August 2014