



METRO HOLDINGS LIMITED

The Board of Directors of Metro Holdings Limited is pleased to announce the following:-

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2019

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

	Group		
	1st Qtr ended 30-Jun-2019 \$'000	1st Qtr ended 30-Jun-2018 \$'000	% Change
Revenue	55,925	30,167	85.38
Cost of revenue	(51,728)	(29,629)	74.59
Gross profit	4,197	538	680.11
Other net income	8,447	11,329	(25.44)
General and administrative expenses	(4,273)	(5,128)	(16.67)
Finance costs	(4,549)	(650)	599.85
Share of associates' results, net of tax	1,167	(625)	n.m.
Share of joint ventures' results, net of tax	7,276	16,265	(55.27)
Profit from operations before taxation	12,265	21,729	(43.55)
Taxation	(1,277)	(1,473)	(13.31)
Profit net of taxation	10,988	20,256	(45.75)
Attributable to:			
Owners of the Company	10,628	20,227	(47.46)
Non-controlling interests	360	29	n.m.
	10,988	20,256	(45.75)

n.m. - not meaningful

Statement of Comprehensive Income

	Group		
	1st Qtr ended 30-Jun-2019 \$'000	1st Qtr ended 30-Jun-2018 \$'000	% Change
Profit net of taxation	10,988	20,256	(45.75)
Other comprehensive income/(expense):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation adjustments on foreign subsidiaries, associates and joint ventures (Note 1)	(11,496)	12,049	n.m.
Share of other comprehensive income of associates and joint ventures (Note 2)	6,374	4,978	28.04
Other comprehensive (expense)/income, net of tax	(5,122)	17,027	n.m.
Total comprehensive income for the period	<u>5,866</u>	<u>37,283</u>	(84.27)
Total comprehensive income/(expense) attributable to:			
Owners of the Company	5,384	38,682	(86.08)
Non-controlling interests	482	(1,399)	n.m.
	<u>5,866</u>	<u>37,283</u>	(84.27)

n.m. - not meaningful

Note:

- (1) Currency translation adjustments on foreign subsidiaries, associates and joint ventures are mainly a result of the Group's exposure to the effects of fluctuations in foreign currency exchange rates in relation to Chinese Renminbi ("RMB") for the Group's interests in investment properties and development projects situated in the People's Republic of China ("PRC"). There is also exposure to British pounds and Indonesian rupiah in respect of the projects in the United Kingdom ("UK") and Indonesia. Whenever possible, the Group seeks to maintain a natural hedge through the matching of liabilities, including borrowings, against assets in the same currency.
- (2) The share of other comprehensive income of associates and joint ventures relates mainly to the share of foreign currency translation reserve. 1QFY2020's share of exchange difference arose mainly due to an associate which is exposed to foreign currency translation from the exposure of RMB to HKD as a result of its investment in the PRC.

1(a) (ii) Profit from operations before taxation is arrived at after accounting for:-

	30-Jun-2019 \$'000	30-Jun-2018 \$'000	Change
Cost of revenue and general and administrative expenses includes:-			
Depreciation of plant and equipment	(347)	(609)	(43.02)
Depreciation of right-of-use assets (Note)	(2,834)	-	n.m.
Cost of properties rights sold	(24,400)	-	n.m.
Inventories recognised as an expense	(16,233)	(18,153)	(10.58)
Allowance for obsolete inventories	(9)	(9)	-
Inventories written down	(241)	(315)	(23.49)
Rental expense (Note)	(2,799)	(5,920)	(52.72)
Other net income/(loss) includes:-			
Interest income	6,191	3,773	64.09
Dividends from			
- Long term investments	401	334	20.06
- Short term investments	779	788	(1.14)
Net change in fair value of investments at fair value through profit and loss	1,664	6,707	(75.19)
- Long term investments	1,229	8,495	(85.53)
- Short term investments	435	(1,788)	n.m.
Management fee income from associates	101	115	(12.17)
Foreign exchange loss	(1,133)	(553)	104.88

n.m. - not meaningful

Note:

Depreciation of right-of-use assets arise from the Group's adoption of SFRS(I) 16 Leases with effect from 1 April 2019 (see Para 5 on page 14). Prior to the adoption of SFRS(I) 16, the Group recognised operating lease expense as rental expense on a straight-line basis over the term of the leases.

1(a) (iii) Share of Associates' results (net of tax)

	Group 1st Quarter ended		%
	30-Jun-2019	30-Jun-2018	Change
	\$'000	\$'000	
The Group's share of associates' results consists of:-			
- Operating results	479	(1,546)	n.m.
- Fair value gain on investment properties	1,918	1,156	65.92
- Taxation	(952)	(658)	44.68
- Others	(278)	423	n.m.
	<u>1,167</u>	<u>(625)</u>	n.m.

n.m. - not meaningful

Note:

The Group, in 1QFY2020, has applied the equity method for the operating results of Top Spring International Holdings Limited ("Top Spring") using financial statements that are prepared as of a different reporting date from that of the Company, after adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company.

Top Spring releases its results on a half-year basis, with the last financial statements as at 31 December 2018, in accordance with the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited. The Group has equity accounted 1QFY2020 for Top Spring using its estimated results for the 3 months to 31 March 2019 and adjusted for the effects of significant transactions or events that occurred between 1 April 2019 and 30 June 2019.

1(a) (iv) Share of Joint Ventures' results (net of tax)

	Group 1st Quarter ended		%
	30-Jun-2019	30-Jun-2018	Change
	\$'000	\$'000	
The Group's share of joint ventures' results consists of:-			
- Operating results	11,620	18,958	(38.71)
- Fair value (loss)/gain on investment properties	(1,682)	778	n.m.
- Taxation	(2,662)	(3,471)	(23.31)
	<u>7,276</u>	<u>16,265</u>	(55.27)

n.m. - not meaningful

1(a) (v) Taxation

	Group 1st Quarter ended		%
	30-Jun-2019	30-Jun-2018	Change
	\$'000	\$'000	
Current Year Tax	2,412	1,939	24.39
Overprovision in respect of prior year	-	(15)	n.m.
Deferred Tax	(1,135)	(451)	151.66
	<u>1,277</u>	<u>1,473</u>	(13.31)

n.m. - not meaningful

The tax charge of the Group for the first quarter period ended 30 June 2019, excluding share of results of associates and joint ventures which is already stated net of tax, is higher than that derived by applying the Singapore statutory income tax rate of 17% applicable to company profits, mainly due to deferred tax expense being withholding tax provided on undistributed profits of joint ventures and expenditure not deductible for tax purposes.

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

Balance Sheets as at	Group		Company	
	30-Jun-2019 \$'000	31-Mar-2019 \$'000	30-Jun-2019 \$'000	31-Mar-2019 \$'000
Non-current assets				
Plant and equipment	1,916	2,128	23	30
Right-of-use assets	43,375	-	4,252	-
Investment property	109,256	112,029	-	-
Subsidiaries	-	-	17,790	17,790
Amounts due from subsidiaries	-	-	478,506	474,675
Associates	761,475	758,058	500	500
Joint ventures	295,393	237,685	-	-
Long term investments				
- Fair value through profit or loss	98,463	101,196	-	-
	<u>1,309,878</u>	<u>1,211,096</u>	<u>501,071</u>	<u>492,995</u>
Current assets				
Development properties	188,696	167,787	-	-
Inventories	15,789	13,695	-	-
Prepayments	1,505	707	-	-
Accounts and other receivables	70,010	53,520	214	2,273
Amounts due from subsidiaries	-	-	371,992	259,196
Amounts due from associates	1,974	1,976	-	-
Amounts due from joint ventures	223,869	191,849	4,201	4,169
Short term investments	31,836	31,400	-	-
Pledged fixed bank deposits	15,000	37,242	-	-
Cash and cash equivalents	286,215	195,316	51,286	33,743
	<u>834,894</u>	<u>693,492</u>	<u>427,693</u>	<u>299,381</u>
Current liabilities				
Borrowings	56,475	80,484	-	-
Accounts and other payables	67,429	60,881	7,824	6,407
Amounts due to subsidiaries	-	-	200,492	274,465
Amount due to a joint venture	-	22,357	-	-
Lease liabilities	11,260	-	512	-
Provision for taxation	3,039	2,654	26	26
	<u>138,203</u>	<u>166,376</u>	<u>208,854</u>	<u>280,898</u>
Net current assets	696,691	527,116	218,839	18,483
Non-current liabilities				
Borrowings	347,906	149,187	347,906	149,187
Amounts due to joint ventures	53,624	20,210	-	-
Lease liabilities	33,544	-	3,876	-
Deferred income	7,243	7,436	-	-
Deferred taxation	20,673	22,321	27	26
	<u>(462,990)</u>	<u>(199,154)</u>	<u>(351,809)</u>	<u>(149,213)</u>
Net assets	<u>1,543,579</u>	<u>1,539,058</u>	<u>368,101</u>	<u>362,265</u>
Equity attributable to owners of the Company				
Share capital	169,717	169,717	169,717	169,717
Treasury shares	(1,768)	(1,768)	(1,768)	(1,768)
Reserves	1,351,292	1,347,253	200,152	194,316
	<u>1,519,241</u>	<u>1,515,202</u>	<u>368,101</u>	<u>362,265</u>
Non-controlling interests	24,338	23,856	-	-
Total equity	<u>1,543,579</u>	<u>1,539,058</u>	<u>368,101</u>	<u>362,265</u>

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

Amount repayable in one year or less, or on demand

As at 30-Jun-2019		As at 31-Mar-2019	
Secured	Unsecured	Secured	Unsecured
25,128,000	31,347,000	57,084,000	23,400,000

Amount repayable after one year

As at 30-Jun-2019		As at 31-Mar-2019	
Secured	Unsecured	Secured	Unsecured
-	347,906,000	-	149,187,000

Borrowings repayable after one year (unsecured) relates to the \$150 million 4% Notes due 2021 issued on 25 October 2018 and the \$200 million 4.3% Notes due 2024 issued on 2 April 2019 by the Company pursuant to its \$1 billion Multicurrency Debt Issuance Programme.

Details of any collateral for banking facilities

Subsidiaries:

Total loans drawn on banking facilities as at 30 June 2019 amounted to S\$25.1 million (equivalent to GBP14.7 million) (31 March 2019: S\$57.1 million (equivalent to GBP32.4 million)). Fixed deposits totaling S\$15 million (31 March 2019: S\$37.2 million) have been pledged to the banks for such facilities.

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 period ended

	Group	
	1st Qtr ended 30-Jun-2019 \$'000	1st Qtr ended 30-Jun-2018 \$'000
Cash flows from operating activities		
Operating gain/(loss) before reinvestment in working capital	4,560	(2,657)
Increase in development properties	(18,729)	(29,324)
(Increase)/decrease in inventories	(2,344)	768
(Increase)/decrease in accounts and other receivables	(17,043)	122,171
Increase/(decrease) in accounts and other payables	1,146	(4,212)
Cash flows (used in)/from operations	(32,410)	86,746
Interest expense paid	(3,435)	(650)
Interest income received	11,058	3,352
Income taxes paid	(2,017)	(1,861)
Net cash flows (used in)/from operating activities	(26,804)	87,587
Cash flows from investing activities		
Purchase of plant & equipment	(135)	(276)
Decrease in long term investments	3,156	66
Purchase of short term investments	-	(967)
Investment in associates	(4,207)	(6,919)
Investment in joint ventures	(39,400)	-
Increase in amounts due from associates	(6,457)	(72,482)
Increase in amounts due to joint ventures	12,420	43,407
(Increase)/decrease in amounts due from joint ventures	(51,462)	31,859
Dividends received from long term investments	401	334
Dividends received from short term investments	779	788
Dividends received from associates	4,773	13,489
Dividend received from a joint venture	-	2,318
Changes in pledged fixed bank deposits	22,242	32,943
Net cash flows (used in)/generated from investing activities	(57,890)	44,560
Cash flows from financing activities		
Drawdown of borrowings	198,571	-
Repayment of borrowings	(23,400)	(29,954)
Payment of lease liabilities (Note on page 9)	(3,094)	-
Advances from non-controlling interests	4,777	-
Contributions from non-controlling interests	-	4,044
Net cash flows from/(used in) financing activities	176,854	(25,910)
Net increase in cash and cash equivalents	92,160	106,237
Effect of exchange rate changes in cash and cash equivalents	(1,261)	2,786
Cash & cash equivalents at beginning of financial period	195,316	159,364
Cash & cash equivalents at end of financial period	286,215	268,387

Consolidated Statement of Cash Flows for the period ended (Cont'd)

	Group	
	1st Qtr ended 30-Jun-2019 \$'000	1st Qtr ended 30-Jun-2018 \$'000
Reconciliation between profit before taxation and operating cash flows before changes in working capital:		
Profit from operations before taxation	12,265	21,729
Adjustments for:		
Interest expense	4,549	650
Depreciation of plant and equipment	347	609
Depreciation of right-of-use assets (Note)	2,834	-
Share of associates' results, net of tax	(1,167)	625
Share of joint ventures' results, net of tax	(7,276)	(16,265)
Interest and investment income	(7,371)	(4,895)
Inventories written down	241	315
Plant and equipment written off	-	43
Allowance for obsolete inventories	9	9
Net change in fair value of investments at fair value through profit and loss	(1,664)	(6,707)
Foreign exchange adjustments	1,793	1,230
Operating profit/(loss) before reinvestment in working capital	<u>4,560</u>	<u>(2,657)</u>

Note:

Payment on lease liabilities and depreciation of right-of-use assets arise from the Group's adoption of SFRS(I) 16 Leases with effect from 1 April 2019 (see Para 5 on page 14).

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

Statement of Changes in Shareholders' Equity

	Share Capital \$'000	Treasury Shares \$'000	Foreign Currency Translation Reserve \$'000	Statutory reserve \$'000	Other Reserve \$'000	Revenue Reserve \$'000	Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
Group									
At 1 April 2019 (as previously stated)	169,717	(1,768)	(7,007)	4,321	1,006	1,348,933	1,515,202	23,856	1,539,058
Effects of adoption of SFRS(I) 16 (Refer Para 5 on page 14)	-	-	-	-	-	(1,345)	(1,345)	-	(1,345)
At 1 April 2019 (as adjusted)	169,717	(1,768)	(7,007)	4,321	1,006	1,347,588	1,513,857	23,856	1,537,713
Profit for the period	-	-	-	-	-	10,628	10,628	360	10,988
<u>Other comprehensive income/(expense)</u>									
Currency translation adjustments on foreign subsidiaries, associates and joint ventures	-	-	(11,618)	-	-	-	(11,618)	122	(11,496)
Share of other comprehensive income/(expense) of associates and joint ventures	-	-	6,866	-	(492)	-	6,374	-	6,374
Other comprehensive (expense)/income for the financial period, net of tax	-	-	(4,752)	-	(492)	-	(5,244)	122	(5,122)
Total comprehensive (expense)/income for the financial period	-	-	(4,752)	-	(492)	10,628	5,384	482	5,866
<u>Others</u>									
Transfer to statutory reserve fund	-	-	-	90	-	(90)	-	-	-
At 30 June 2019	169,717	(1,768)	(11,759)	4,411	514	1,358,126	1,519,241	24,338	1,543,579

Statement of Changes in Shareholders' Equity (Cont'd)

	Share Capital \$'000	Treasury Shares \$'000	Foreign Currency Translation Reserve \$'000	Statutory reserve \$'000	Other Reserve \$'000	Revenue Reserve \$'000	Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
Group									
At 1 April 2018	169,717	(1,768)	5,237	4,081	1,811	1,294,479	1,473,557	8,585	1,482,142
Profit for the period	-	-	-	-	-	20,227	20,227	29	20,256
<u>Other comprehensive income/(expense)</u>									
Currency translation adjustments on foreign subsidiaries, associates and joint ventures	-	-	13,477	-	-	-	13,477	(1,428)	12,049
Share of other comprehensive income/(expense) of associates and joint ventures	-	-	5,602	-	(624)	-	4,978	-	4,978
Other comprehensive income/(expense) for the financial period, net of tax	-	-	19,079	-	(624)	-	18,455	(1,428)	17,027
Total comprehensive income/(expense) for the financial period	-	-	19,079	-	(624)	20,227	38,682	(1,399)	37,283
<u>Changes in ownership interests in a subsidiary</u>									
Interest in a subsidiary	-	-	-	-	-	-	-	4,044	4,044
Total changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	4,044	4,044
<u>Others</u>									
Transfer to statutory reserve fund	-	-	-	57	-	(57)	-	-	-
At 30 June 2018	169,717	(1,768)	24,316	4,138	1,187	1,314,649	1,512,239	11,230	1,523,469

Statement of Changes in Shareholders' Equity (Cont'd)

<u>Company</u>	Share Capital \$'000	Treasury Shares \$'000	Revenue Reserve \$'000	Total Equity \$'000
At 1 April 2019	169,717	(1,768)	194,316	362,265
Profit for the period, representing total comprehensive income for the financial period	-	-	5,836	5,836
At 30 June 2019	169,717	(1,768)	200,152	368,101
At 1 April 2018	169,717	(1,768)	132,438	300,387
Profit for the period, representing total comprehensive income for the financial period	-	-	8,977	8,977
At 30 June 2018	169,717	(1,768)	141,415	309,364

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

Changes in the Company's share capital and treasury shares are as follows:

As at 30 June 2019, there were 3,512,800 treasury shares (as at 30 June 2018: 3,512,800).

The Company did not issue any shares during the 3 months ended 30 June 2019.

There were no convertible instruments outstanding as at 30 June 2019 (30 June 2018: Nil).

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

	As at 30 June 2019 (end of current financial period)	As at 31 March 2019 (end of immediately preceding year)
Total number of issued shares (excluding treasury shares)	828,035,874	828,035,874

1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

The Company did not sell, transfer, cancel or use any treasury shares in the 1st Quarter period ended 30 June 2019.

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

The Company did not have any subsidiary holdings in the 1st Quarter period ended 30 June 2019.

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

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 March 2019.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 March 2019, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 April 2019 as follows:

SFRS(I) 16: Leases

SFRS(I) INT 23: Uncertainty over Income Tax Treatments

Amendments to SFRS(I) 9: Financial Instruments - Prepayment Features with Negative Compensation

Amendments to SFRS(I) 1-28: Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures

Amendments to SFRS(I) 1-19: Employee Benefits - Plan Amendment, Curtailment or Settlement

Annual Improvements to SFRS(I)s 2015-2017

The adoption of the above SFRS(I) did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements except for the following:

Adoption of SFRS(I) 16

SFRS(I) 16 is effective for financial years beginning on or after 1 April 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

The Group applied SFRS(I) 16 on 1 April 2019. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 April 2019.

The Group measure, on a lease-by-lease basis, the right-of-use asset at its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the Group's incremental borrowing rate as of 1 April 2019.

The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. At commencement date of a lease, a lessee will recognise an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset) and a liability to make a lease payment (i.e. the lease liability). Lessees will be required to recognise separately the depreciation expense on the right-of-use asset and the interest expense on the lease liability.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The Group has recognised right-of-use assets of S\$46,209,000 and lease liabilities of \$47,554,000, with a corresponding decrease in retained earnings of \$1,345,000 as at 1 April 2019.

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

Earnings Per Share

	Group Figures	
	Latest Period	Previous corresponding period
Earnings per ordinary share based on net profit attributable to shareholders and after deducting any provision for preference dividends		
(a) Based on existing issued share capital	1.3 cents	2.4 cents
(b) On a fully diluted basis	1.3 cents	2.4 cents

Earnings per share is calculated on the Group's profit attributable to owners of the Company of \$10,628,000 (period ended 30 June 2018: \$20,227,000) divided by the weighted average number of ordinary shares of 828,035,874 for the period ended 30 June 2019 (period ended 30 June 2018: 828,035,874).

Diluted earnings per ordinary share is computed based on the same basis as earnings per share by applying the weighted average number of ordinary shares in issuance during the periods under review and adjusted to include all potential dilutive ordinary shares up to 30 June 2019.

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

Net Asset Value

	Group	Company
Net asset value per ordinary share based on issued share capital at end of the period reported on		
(a) Current Period - 30 June 2019	\$1.83	\$0.44
(b) 31 March 2019	\$1.83	\$0.44

Net asset value per ordinary share for the Group is calculated on the equity attributable to owners of the Company as at 30 June 2019 of \$1,519,241,000 (31 March 2019: \$1,515,202,000) divided by the total number of issued shares excluding treasury shares as at 30 June 2019 of 828,035,874 (31 March 2019: 828,035,874).

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

8(a) Review of Group Results for 1st Quarter ended 30 June 2019 against 1st Quarter ended 30 June 2018

The Group's revenue of \$55.9 million for the first financial quarter to 30 June 2019 ("1QFY2020") increased by 85.4% over 1QFY2019's \$30.2 million as the property division recognised revenue of \$27.2 million from the sale of property rights of the residential development properties in Bekasi and Bintaro, Jakarta. The retail division reported lower sales. Gross profit increased to \$4.2 million in 1QFY2020 from \$0.5 million in 1QFY2019 mainly due to gross profit from the sale of property rights of the residential units, partially offset by gross loss from the retail division.

Other net income was lower by \$2.9 million from \$11.3 million in 1QFY2019 to \$8.4 million in 1QFY2020 mainly due to lower unrealised net fair value gains on short term and long term investments by \$5.0 million from \$6.7 million in 1QFY2019 to \$1.7 million in 1QFY2020. This was partially offset by higher interest income of \$2.4 million from \$3.8 million in 1QFY2019 to \$6.2 million in 1QFY2020.

Share of results of associates recorded a gain of \$1.2 million in 1QFY2020 as compared to a loss of \$0.6 million in 1QFY2019 mainly due to higher contributions from the associates.

Share of results of joint ventures decreased to \$7.3 million in 1QFY2020 from \$16.3 million in 1QFY2019 mainly due to losses incurred from The Crest, Singapore, and absence of \$2.3 million gain from the sale of Acero Works, an office building in Sheffield, United Kingdom, recognised in the prior 1QFY2019. There was a fair value loss (net of tax) on investment properties of \$1.3 million in 1QFY2020 as compared to a fair value gain (net of tax) of \$0.6 million in 1QFY2019.

Finance costs increased to \$4.5 million in 1QFY2020 from \$0.7 million in 1QFY2019 mainly due to interest expense of \$3.8 million on the Notes issued by the Company pursuant to its \$1 billion Multicurrency Debt Issuance Programme and interest expense of \$0.3 million recognised on the lease liabilities arising from the adoption of SFRS(I) 16 Leases (see Para 5 on page 14).

As a result of the foregoing, profit before taxation decreased to \$12.3 million in 1QFY2020 from \$21.7 million in 1QFY2019.

Segmental Results for 1st Quarter ended 30 June

Business segment

2019

	Property \$'000	Retail \$'000	Group \$'000
Segment revenue			
- Sale of goods and net commission from concessionaires	-	26,977	26,977
- Sale of property rights	27,228	-	27,228
- Rental income	1,720	-	1,720
	<u>28,948</u>	<u>26,977</u>	<u>55,925</u>
Segment results	9,451	(1,080)	8,371
Finance costs	(4,239)	(310)	(4,549)
Share of associates' results, net of tax	393	774	1,167
Share of joint ventures' results, net of tax (Note)	7,276	-	7,276
Profit/(loss) from operations before taxation	<u>12,881</u>	<u>(616)</u>	<u>12,265</u>
Taxation			<u>(1,277)</u>
Profit net of taxation			<u>10,988</u>
Attributable to:			
Owners of the Company			10,628
Non-controlling interests			<u>360</u>
			<u>10,988</u>

Note:

Share of joint ventures' results, net of tax

	\$'000
Segment revenue	<u>22,225</u>
Segment results	12,435
Fair value loss on investment properties	(1,682)
Finance costs	<u>(815)</u>
Profit from operations before taxation	9,938
Taxation	<u>(2,662)</u>
Profit net of taxation	<u>7,276</u>

Segmental Results for 1st Quarter ended 30 June (Cont'd)

Business segment

2018

	Property \$'000	Retail \$'000	Group \$'000
Segment revenue			
- Sale of goods and net commission from concessionaires	-	28,463	28,463
- Rental income	1,704	-	1,704
	<u>1,704</u>	<u>28,463</u>	<u>30,167</u>
Segment results	9,573	(2,834)	6,739
Finance costs	(650)	-	(650)
Share of associates' results, net of tax	(1,486)	861	(625)
Share of joint ventures' results, net of tax (Note)	16,265	-	16,265
Profit/(loss) from operations before taxation	<u>23,702</u>	<u>(1,973)</u>	<u>21,729</u>
Taxation			<u>(1,473)</u>
Profit net of taxation			<u>20,256</u>
Attributable to:			
Owners of the Company			20,227
Non-controlling interests			<u>29</u>
			<u>20,256</u>

Note:

Share of joint ventures' results, net of tax

	\$'000
Segment revenue	<u>33,755</u>
Segment results	19,822
Fair value gain on investment properties	778
Finance costs	<u>(864)</u>
Profit from operations before taxation	<u>19,736</u>
Taxation	<u>(3,471)</u>
Profit net of taxation	<u>16,265</u>

Geographical Segments

	Asean \$'000	People's Republic of China \$'000	Group \$'000
Segment revenue			
2019	<u>54,205</u>	<u>1,720</u>	<u>55,925</u>
2018	<u>28,463</u>	<u>1,704</u>	<u>30,167</u>

Segmental Results - Property Division

Revenue from the property division for 1QFY2019 increased to \$28.9 million from 1QFY2019's \$1.7 million mainly due to recognition of \$27.2 million from the sale of property rights of the residential development properties in Bekasi and Bintaro, Jakarta. Revenue from GIE Tower, Guangzhou, remains comparable.

Segment results of the property division, excluding associates and joint ventures, reported a gain of \$9.5 million in 1QFY2020 which was comparable to \$9.6 million in 1QFY2019.

Share of results of associates reported a gain of \$0.4 million in FY2020 as compared to a loss of \$1.5 million in 1QFY2019 mainly due to higher contribution from the associates.

At joint venture level, Metro City, Shanghai, reported a fair value loss of \$1.1 million on investment property as compared to a fair value gain of \$0.6 million 1QFY2019. The Group recognised losses from The Crest, Singapore. In the prior 1QFY2019, there was a gain of \$2.3 million from the sale of Acero Works, Sheffield, United Kingdom.

The average occupancy of the Group's five investment properties held by a subsidiary and joint ventures as at 30 June 2019 was 96.0%.

The portfolio summary of the Group's Investment Properties as at 30 June 2019 was as follows:

	<i>Percentage Owned</i>	<i>Tenure</i>	<i>No. of Tenants</i>	<i>Occupancy Rate (%)</i>
<u><i>Owned by a Subsidiary</i></u>				
GIE Tower, Guangzhou	100%	50 year term from 1994	36	93.4%
<u><i>Owned by Joint Ventures</i></u>				
Metro City, Shanghai	60%	36 year term from 1993	183	99.6%
Metro Tower, Shanghai	60%	50 year term from 1993	33	96.6%
5 Chancery Lane, London	50%	Freehold	1	100.0%
7 & 9 Tampines Grande	50%	99 year term from 2007	19	90.6%

Segmental Results - Retail Division

Revenue from the Singapore operations of the retail division for 1QFY2020 decreased to \$27.0 million from 1QFY2019's \$28.5 million. However, operating loss decreased to \$1.1 million in 1QFY2020 from \$2.8 million in 1QFY2019 mainly due to lower operating expenses. Pressure on margins amidst a highly competitive trading environment affected the results.

The retail division's associate company in Indonesia reported strong competition. Overall profit declined marginally by \$0.1 million from \$0.9 million in 1QFY2019 to \$0.8 million in 1QFY2020.

8(b) Cash Flow, Working Capital, Assets and Liabilities of the group during the current financial period reported on

Right-of-use assets (Non-current assets) of S\$43.4 million and lease liabilities (Current and Non-current liabilities) of \$44.8 million as at 30 June 2019 arose from the Group's adoption of SFRS(I) 16 Leases with effect from 1 April 2019 (see Para 5 on page 14).

Associates (Non-current assets) and Amounts due from associates (Current assets) increased marginally from \$760.0 million as at 31 March 2019 to \$763.4 million as at 30 June 2019 mainly due to additional funding of \$14.1 million in an associate, Shanghai Yi Zhou Property Management Co., Ltd, partially offset by repayment of \$3.5 million loan from an associate in the United Kingdom and dividend distribution from associates of \$4.8 million.

Joint ventures (Non-current assets) and Amounts due from joint ventures (Current assets) increased from \$429.5 million as at 31 March 2019 to \$519.3 million as at 30 June 2019 mainly due to an investment in a joint venture, Xiamen CICC Qihang Equity Investment Partnership (Limited Partnership) of \$39.4 million (RMB200 million) for the 25% equity stake in a mall, which is part of a landmark mixed-use development, The Atrium, PRC and \$51.5 million extended to the newly incorporated joint venture, Ascend TGrande Pte Ltd, for the acquisition of 7 & 9 Tampines Grande, a premium Grade-A office property in Singapore.

Development properties (Current assets) increased to \$188.7 million as at 30 June 2019 from \$167.8 million as at 31 March 2019. This relates to the residential development properties in Jakarta, Indonesia, held for sales.

Accounts and other receivables (Current assets) increased to \$70.0 million as at 30 June 2019 from \$53.5 million as at 31 March 2019 mainly due to receivables relating to the residential development properties in Jakarta, Indonesia, held for sales.

Pledged fixed bank deposits (Current assets) decreased from \$37.2 million from 31 March 2019 to \$15.0 million as at 30 June 2019.

Borrowings (Non-current liabilities) increased from \$149.2 million as at 31 March 2019 to \$347.9 million as at 30 June 2019 due to the \$200 million 4.3% Notes due 2024 issued on 2 April 2019 by the Company pursuant to its \$1 billion Multicurrency Debt Issuance Programme.

Amounts due to joint ventures (Current and Non-current liabilities) increased to \$53.6 million as at 30 June 2019 from \$42.6 million as at 31 March 2019 mainly due to funding for the Group's investments in the PRC.

Consequently, Cash and cash equivalents increased from \$195.3 million as at 31 March 2019 to \$286.2 million as at 30 June 2019 after taking into account the above mentioned funds flow.

There were no other material factors that affected the cash flow, working capital, assets and liabilities of the Group during the current financial quarter reported on.

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

There has been no material variances with prospect statements issued for the period being reported.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

China

China registered GDP growth of 6.6% in 2018, as economic headwinds strengthened over the course of 2018 amid deleveraging, supply-side reform and the ongoing US-China trade conflict¹.

Our properties, Metro City, Metro Tower and GIE Tower, maintain a high average occupancy rate. Leasing activities for the three office buildings in Bay Valley and Shanghai Plaza, in Shanghai are underway, while asset enhancement works for Shanghai Plaza are progressing on schedule.

Singapore

Singapore's Ministry of Trade and Industry ("MTI") expects GDP growth for 2019 to be between 0.0% to 1.0%². Sales of the residential project, The Crest at Prince Charles Crescent, will be subject to the impact of cooling measures announced in July 2018 in the Singapore property market. While our recent acquired premium Grade-A office towers at Tampines Regional Centre's occupancy rate remains high at 90.6%.

Indonesia

Indonesia has maintained a stable GDP growth of 5.2% in 2018, a level that has historically signalled healthy office demand and boosted sentiment amongst residential market buyers³. Construction work and presales of the residential projects in Bekasi and Bintaro, Jakarta, Indonesia, which commenced in late 2017 and March 2018 respectively, are ongoing.

United Kingdom

Central London office was somewhat subdued in Q1 2019 in the midst of the Brexit uncertainty⁴. Our office property at 5 Chancery Lane continues to be fully leased through 2023.

Residential prices in Manchester are expected to grow around 3% over the next five years, while rental growth is forecast to average 3.1% per annum⁵. Units sold for the Middlewood Locks Phase 1 571 completed apartment units are being handover in stages. Construction work for 546 Phase 2 apartment units is ongoing. 277 units from Phase 1 and all units from Phase 2 have been sold to Get Living, a UK private rented sector venture.

General

The Group's portfolio of investments, held at fair value through profit or loss, will continue to be subject to fluctuations in their fair value.

The Group will continue to be subject to significant currency translation adjustments on foreign operations which will affect the results and other comprehensive income and the balance sheet, as a major portion of its net assets which mainly represent investment properties and projects situated in the People's Republic of China, are denominated in the Chinese Renminbi and Hong Kong dollar. Some of the Group's net assets are also denominated in British pounds and Indonesian rupiah.

The retail division continues to operate amidst difficult trading conditions.

¹ CBRE, *Greater China Real Estate Market Outlook 2019*

² Ministry of Trade and Industry Singapore, *MTI Expects GDP Growth to be "0.0 to 1.0 Per Cent" in 2019, 13 August 2019*

³ JLL, *Jakarta Property Market Review Q4 2018*

⁴ Knight Frank, *Central London Quarterly Offices Q1 2019*

⁵ JLL, *Northern England Residential Forecasts 2019*

11. If a decision regarding dividend has been made:-

- (a) Whether an final ordinary dividend has been declared (recommended);

None

- (b) (i) Amount per share (cents) – None

(ii) Previous corresponding period (cents) – None

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. If the dividend is not taxable in the hands of shareholders, this must be stated.

Not applicable

- (d) The date the dividend is payable.

Not applicable

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

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

No interim dividend has been declared for the quarter ended 30 June 2019. The Company usually declares dividend at financial year end.

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 did not seek and does not have a shareholders' general mandate pursuant to Rule 920 of the Listing Manual.

14. Negative confirmation pursuant to Rule 705(5)

The Board of Directors confirms that to the best of their knowledge, nothing has come to their attention which may render the first quarter financial results to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Tan Ching Chek and Eve Chan Bee Leng

Joint Company Secretaries

Date: 13 August 2019