



PERENNIAL REAL ESTATE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200210338M)

**UNAUDITED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018**

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Introduction

Perennial Real Estate Holdings Limited ("Perennial or the Group") is an integrated real estate and healthcare company headquartered and listed in Singapore. As a real estate owner, developer and manager, Perennial focuses strategically on large-scale mixed-use developments and has a presence in China, Singapore, Malaysia, Indonesia and Ghana with a combined portfolio spanning over 58 million square feet in gross floor area.

Perennial is also a healthcare services owner, operator and provider focused predominantly on China. Perennial's healthcare business services include hospitals and medical centres, eldercare and senior housing, and supporting specialties in genomics and diagnostic imaging, plastic surgery and aesthetics as well as maternal and child health management.

In China, Perennial is a dominant commercial developer with sizeable mixed-use integrated developments. Three of Perennial's developments, Chengdu East High Speed Railway ("HSR") Integrated Development, Xi'an North HSR Integrated Development and Tianjin South HSR Integrated Development, are regional healthcare and commercial hubs which are situated adjacent to three of the country's key interchange HSR stations and incorporate medical, healthcare and eldercare facilities. Other landmark projects in Perennial's portfolio include Beijing Tongzhou Integrated Development, Shenyang Longemont Integrated Development and Zhuhai Hengqin Integrated Development.

In Singapore, Perennial has invested in and manages prime iconic properties located in the Civic District, Central Business District and Orchard Road precinct, such as CHIJMES, Capitol Singapore, AXA Tower, TripleOne Somerset, House of Tan Yeok Nee and Chinatown Point.

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1 (a)(i) Consolidated Income Statement

	Note	3 months	3 months	Change	6 months	6 months	Change
		ended 30.06.2018	ended 30.06.2017		ended 30.06.2018	ended 30.06.2017	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	1	18,130	17,852	1.6	33,075	38,081	(13.1)
Cost of sales	2	(9,483)	(4,923)	(92.6)	(15,710)	(12,937)	(21.4)
Gross Profit		8,647	12,929	(33.1)	17,365	25,144	(30.9)
Other income	3	39,365	46,545	(15.4)	40,364	103,211	(60.9)
Administrative expenses	4	(11,431)	(6,218)	(83.8)	(18,294)	(12,745)	(43.5)
Other operating expenses	5	358	(621)	157.6	(820)	(2,225)	(63.1)
Results from operating activities		36,939	52,635	(29.8)	38,615	113,385	(65.9)
Finance income	6	2,336	4,498	(48.1)	6,762	8,367	(19.2)
Finance costs	7	(20,662)	(14,542)	(42.1)	(38,115)	(34,386)	(10.8)
Net finance costs		(18,326)	(10,044)	(82.5)	(31,353)	(26,019)	(20.5)
Share of results of associates and joint ventures, net of tax		5,002	4,429	12.9	27,769	5,127	441.6
Profit before tax		23,615	47,020	(49.8)	35,031	92,493	(62.1)
Tax expense	8	(8,668)	(12,551)	30.9	(9,478)	(18,714)	49.4
Profit for the period		14,947	34,469	(56.6)	25,553	73,779	(65.4)
Profit for the period attributable to:-							
Owners of the Company		8,648	17,124	(49.5)	13,792	55,786	(75.3)
Non-controlling interests		6,299	17,345	(63.7)	11,761	17,993	(34.6)
		14,947	34,469	(56.6)	25,553	73,779	(65.4)

Nm: denotes not meaningful

1 (a)(i) Consolidated Income Statement (cont'd)

Explanatory Notes to the Consolidated Income Statement 2Q 2018 versus 2Q 2017

(1) Revenue

Revenue for 2Q 2018 increased by 1.6%, mainly attributable to revenue from Capitol which was consolidated with effect from May 2018, improved performance from Perennial Qingyang Mall, Chengdu and Perennial Jihua Mall, Foshan and new revenue stream from Perennial International Health and Medical Hub (“PIHMH”) which commenced operations in June 2018. The increase was partially offset by the absence of one-off divestment fee earned in 2Q 2017.

(2) Cost of sales

Cost of sales for the quarter was higher as it included the property maintenance expenses of Capitol as well as the opening expenditure and property maintenance expenses of PIHMH.

(3) Other income

The decrease in other income in 2Q 2018 was due to lower fair value gain. Fair value gain for PIHMH in 2Q 2018 was lower than that for Xi’an North High Speed Railway Integrated Development Plot 4 (“Xi’an Plot 4”) in 2Q 2017.

(4) Administrative expenses

The significant increase in administrative expenses was mainly due to a S\$3 million payment to Patina in relation to the acquisition of the remaining 50% stake in Capitol.

(5) Other operating expenses

The other operating expenses in 2Q 2018 was arising from unrealised foreign exchange gain whilst that in 2Q 2017 was due to foreign exchange losses.

(6) Finance income

The decrease in finance income in 2Q 2018 was due to lower interest income from a joint venture as the loan to the joint venture was repaid since May 2018.

(7) Finance costs

Finance costs comprised mainly interest on bank facilities, medium term notes and retail bonds. The increase was due to the consolidation of Capitol’s debt and additional loans taken to fund new investments.

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1 (a)(i) Consolidated Income Statement (cont'd)

(8) Tax expense

Tax expenses include tax provision in respect of fair value gain. The decrease in tax expenses in 2Q 2018 was mainly due to lower fair value gain.

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

	Note	3 months 30.06.2018 S\$'000	3 months 30.06.2017 S\$'000	Change %	6 months 30.06.2018 S\$'000	6 months 30.06.2017 S\$'000	Change %
Profit for the period		14,947	34,469	(56.6)	25,553	73,779	(65.4)
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss							
Net change in fair value of available-for-sale financial assets	1	-	3,308	Nm	-	9,137	Nm
Foreign currency translation gains/(losses) relating to foreign operations, net of tax	2	12,787	(35,581)	135.9	59,547	(101,221)	158.8
Foreign currency translation losses on monetary items forming part of net investments in foreign operations, net of tax		(818)	(10)	Nm	(197)	(530)	62.8
Share of other comprehensive income of associate	2	17,775	42,560	(58.2)	39,416	-	Nm
		29,744	10,277	189.4	98,766	(92,614)	206.6
Items that will not be reclassified subsequently to profit or loss							
Net change in fair value of financial assets, at FVOCI	1	(6,419)	-	Nm	(16,857)	-	Nm
Other comprehensive income for the period, net of tax		23,325	10,277	127.0	81,909	(92,614)	188.4
Total comprehensive income for the period		38,272	44,746	(14.5)	107,462	(18,835)	Nm
Total comprehensive income attributable to:							
Owners of the Company		24,868	25,971	(4.2)	71,968	(10,252)	Nm
Non-controlling interests		13,404	18,775	(28.6)	35,494	(8,583)	Nm
Total comprehensive income for the period		38,272	44,746	(14.5)	107,462	(18,835)	Nm

Nm: denotes not meaningful

Note:

- (1) The movement was due to the changes in the price of the quoted equity securities. The change of classification is due to adoption of SFRS(I) 9. Please refer to item 4 for more details.
- (2) The movement during this quarter was in respect of the Group's net assets which were denominated in RMB, whereby RMB has appreciated against SGD by approximately 2.3% during the quarter.

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1 (b)(i) Consolidated Statement of Financial Position for the Group and the Company

	Note	Group				Company		
		30.06.2018 S\$'000	31.12.2017 S\$'000 (Restated)	01.01.2017 S\$'000 (Restated)	Change % %	30.06.2018 S\$'000	31.12.2017 S\$'000	Change % %
Non-current assets								
Plant and equipment	1	6,114	1,657	1,624	269.0	324	186	Nm
Investment properties	2	2,566,979	1,659,723	1,371,972	54.7	-	-	-
Subsidiaries		-	-	-	-	2,771,080	2,692,753	2.9
Associates and joint ventures		2,455,663	2,471,443	1,993,529	(0.6)	-	-	-
Intangible assets		83,694	80,949	83,553	3.4	-	-	-
Other financial assets		70,473	87,583	67,214	(19.5)	70,473	87,583	(19.5)
Other receivables		2,826	14,568	15,786	(80.6)	-	-	-
		5,185,749	4,315,923	3,533,678	20.2	2,841,877	2,780,522	2.2
Current assets								
Development properties	2	2,034,533	1,704,465	2,757,943	19.4	-	-	-
Inventories		26	-	-	Nm	-	-	-
Trade and other receivables	2	240,864	572,668	528,493	(57.9)	126,566	102,267	23.8
Cash and cash equivalents		154,675	111,678	226,243	38.5	4,575	6,080	(24.8)
		2,430,098	2,388,811	3,512,679	1.7	131,141	108,347	21.0
Total assets		7,615,847	6,704,734	7,046,357	13.6	2,973,018	2,888,869	2.9
Non-current liabilities								
Loans and borrowings	2	2,027,119	1,369,767	1,892,456	48.0	399,248	279,317	42.9
Junior bonds		30,000	30,000	143,977	-	-	-	-
Redeemable preference shares		-	-	47,613	Nm	-	-	-
Trade and other payables		35,894	31,773	33,932	13.0	-	-	-
Deferred tax liabilities		90,502	81,373	61,375	11.2	-	-	-
		2,183,515	1,512,913	2,179,353	44.3	399,248	279,317	42.9
Current liabilities								
Loans and borrowings		1,072,369	974,994	823,062	10.0	336,883	337,251	(0.1)
Trade and other payables		348,921	290,961	257,111	19.9	10,199	9,341	9.2
Current tax liabilities		11,702	9,988	4,915	17.2	598	740	(19.2)
		1,432,992	1,275,943	1,085,088	12.3	347,680	347,332	0.1
Total liabilities		3,616,507	2,788,856	3,264,441	29.7	746,928	626,649	19.2
Net assets		3,999,340	3,915,878	3,781,916	2.1	2,226,090	2,262,220	(1.6)
Equity								
Share capital		2,208,267	2,208,267	2,208,267	-	2,208,267	2,208,267	-
Other reserves		455,183	463,554	439,756	(1.8)	12,655	30,513	(58.5)
Foreign currency translation reserve	3	8,286	(66,309)	-	112.5	-	-	-
Retained earnings	3	159,367	161,777	68,578	(1.5)	5,168	23,440	(78.0)
Equity attributable to owners of the Company		2,831,103	2,767,289	2,716,601	2.3	2,226,090	2,262,220	(1.6)
Non-controlling interests		1,168,237	1,148,589	1,065,315	1.7	-	-	-
Total equity		3,999,340	3,915,878	3,781,916	2.1	2,226,090	2,262,220	(1.6)

Nm: denotes not meaningful

1 (b)(i) Consolidated Statement of Financial Position for the Group and the Company (cont'd)

Explanatory Notes to the Consolidated Statement of Financial Position

(1) Plant and equipment

The increase was due to renovations, fittings and equipment for the new Perennial International Specialist Medical Centre.

(2) Investment properties / Development properties / Trade and other receivables / Long-term loans and borrowings

The increase in investment properties, development properties and long-term loans and borrowings were a result of the consolidation of the Capitol entities following the completion of the acquisition of the remaining 50% stake. Consequently, the shareholder's loan extended to Capitol was also repaid, hence resulting in the decrease in trade and other receivables.

(3) Restatement of comparatives

The foreign currency translation reserve and retained earnings as at 1 January 2017 had been restated with the adoption of SFRS(I) 1. Please refer to item 4 for more details.

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1 (b)(ii) Aggregate Amount of Borrowings for the Group

	Group		
	As at 30.06.2018 S\$'000	As at 31.12.2017 S\$'000	Change %
<u>Amount repayable in one year or less, or on demand:</u>			
Secured	169,229	325,996	(48.1)
Unsecured ⁽¹⁾	903,140	648,998	39.2
	1,072,369	974,994	10.0
<u>Amount repayable after one year:</u>			
Secured	1,504,498	792,352	89.9
Unsecured ⁽¹⁾	522,621	577,415	(9.5)
	2,027,119	1,369,767	48.0
Total borrowings ⁽²⁾	3,099,488	2,344,761	32.2

Notes:

- (1) Unsecured borrowings include unsecured bank facilities as well as notes issued under the multicurrency debt programme and retail bonds.

In January 2018, medium term notes of S\$120 million, at 3.90% p.a. due 2021 were issued by the Company, the proceeds of which had been utilised to redeem the S\$100 million 4.25% notes due in March 2018. To date, a total of S\$445 million of fixed rate notes had been issued, under the S\$2 billion multicurrency debt issuance programme ("MTN Programme") established on 22 January 2015, which is unconditionally and irrevocably guaranteed by the Company.

- (2) The above borrowings were stated net of unamortised financing related transaction costs.

Details of collaterals for secured borrowings

Secured bank borrowings are generally secured by mortgages on the borrowing subsidiaries' properties and assignment of all rights and benefits with respect to the properties mortgaged.

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1 (c) Consolidated Statement of Cash Flows

	3 months 30.06.2018 S\$'000	3 months 30.06.2017 S\$'000	6 months 30.06.2018 S\$'000	6 months 30.06.2017 S\$'000
Cash flows from operating activities				
Profit for the period	14,947	34,469	25,553	73,779
Adjustments for:				
Depreciation of plant and equipment	190	134	348	286
Amortisation of intangible assets	651	651	1,302	1,302
Foreign currency exchange (gain)/loss (net)	(891)	616	281	2,214
Change in fair value of investment properties	(28,715)	(45,466)	(28,715)	(45,466)
Net finance costs	18,326	10,044	31,353	26,019
Share of results of associates and joint ventures, net of tax	(5,002)	(4,429)	(27,769)	(5,127)
Gain on disposal of partial interest in a subsidiary	-	-	-	(35,519)
Re-measurement to fair value of existing/remaining equity interest in a former joint venture/subsidiary	(9,065)	-	(9,065)	(20,151)
Equity-settled share-based payment transactions	445	379	891	664
Tax expense	8,668	12,551	9,478	18,714
	(446)	8,949	3,657	16,715
Changes in:				
- Inventories	(26)	-	(26)	-
- Development properties	(13,048)	(58,187)	(17,231)	(81,366)
- Trade and other receivables	17,281	28,994	1,537	28,475
- Trade and other payables	365	(26,270)	(7,616)	(24,753)
Cash used in operations	4,126	(46,514)	(19,679)	(60,929)
Taxes paid	(1,930)	(2,228)	(2,378)	(2,832)
Net cash from/(used in) operating activities	2,196	(48,742)	(22,057)	(63,761)
Cash flows from investing activities				
Interest received	2,594	2,166	2,921	2,452
Acquisition of subsidiaries, net of cash acquired of	(95,052)	-	(95,052)	-
Proceeds from partial disposal of interests in subsidiary, net of cash disposed of	-	95,104	-	73,118
Acquisition of plant and equipment	(4,555)	(380)	(4,749)	(413)
Development expenditure - investment properties	(54,260)	(2,121)	(56,802)	(6,687)
Loans to associates and joint ventures	(29,230)	(3,909)	(35,312)	(11,424)
Investment in associates and joint ventures	(20,135)	(30,928)	(32,638)	(80,290)
Dividends from an associate	2,021	4,492	2,021	4,492
Dividends from other investments	991	987	2,052	2,045
Net cash (used in)/from investing activities	(197,626)	65,411	(217,559)	(16,707)

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1 (c) Consolidated Statement of Cash Flows (cont'd)

	3 months 30.06.2018 S\$'000	3 months 30.06.2017 S\$'000	6 months 30.06.2018 S\$'000	6 months 30.06.2017 S\$'000
Cash flows from financing activities				
Dividends paid to owners of the Company	(16,618)	(6,661)	(16,618)	(6,661)
Purchase of treasury shares	(1,540)	-	(1,892)	-
Proceeds from loans and borrowings	1,102,389	105,929	1,542,218	157,639
Payment of upfront debt arrangement costs	(4,170)	(1,121)	(4,197)	(1,130)
Repayments of loans and borrowings	(806,815)	(65,739)	(1,190,684)	(66,146)
Loans from joint venture and non-controlling interests	9,961	-	9,961	5,739
Capital injection by non-controlling interests	6,238	-	8,274	5,472
Acquisition of non-controlling interests	(18,781)	-	(18,781)	-
Interest paid	(26,864)	(24,490)	(44,034)	(48,768)
Net cash from financing activities	243,800	7,918	284,247	46,145
Net increase/(decrease) in cash and cash equivalents	48,370	24,587	44,631	(34,323)
Cash and cash equivalents at beginning of the period	108,868	165,013	111,678	226,243
Effect of exchange rate changes on cash balances held in foreign currencies	(2,563)	(162)	(1,634)	(2,482)
Cash and cash equivalents at end of the period	154,675	189,438	154,675	189,438

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1 (d)(i) Statement of Changes in Equity for the Group and the Company

Group	Share capital S\$'000	Other reserves ⁽¹⁾ S\$'000	Foreign currency translation reserve ⁽²⁾ S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 April 2018	2,208,267	453,244	(13,949)	166,921	2,814,483	1,172,715	3,987,198
Total comprehensive income for the period							
Profit for the period	-	-	-	8,648	8,648	6,299	14,947
<u>Other comprehensive income</u>							
Net change in fair value of financial assets, at FVOCI	-	(6,419)	-	-	(6,419)	-	(6,419)
Foreign currency translation gains relating to foreign operations, net of tax	-	-	5,885	-	5,885	6,902	12,787
Foreign currency translation losses on monetary items, net of tax	-	-	(424)	-	(424)	(394)	(818)
Share of other comprehensive income of associates and joint ventures	-	(12)	16,774	416	17,178	597	17,775
Total other comprehensive income	-	(6,431)	22,235	416	16,220	7,105	23,325
Total comprehensive income for the period	-	(6,431)	22,235	9,064	24,868	13,404	38,272
Transactions with owners, recorded directly in equity							
<u>Contributions by and distributions to owners</u>							
Share-based payment transactions	-	445	-	-	445	-	445
Dividends paid	-	-	-	(16,618)	(16,618)	-	(16,618)
Capital injection by non-controlling interests	-	-	-	-	-	6,238	6,238
Purchase of treasury shares	-	(1,540)	-	-	(1,540)	-	(1,540)
Total contributions in ownership interests in subsidiary	-	(1,095)	-	(16,618)	(17,713)	6,238	(11,475)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of non-controlling interests without a change in control	-	9,465	-	-	9,465	(28,246)	(18,781)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	4,126	4,126
Total other capital transactions	-	9,465	-	-	9,465	(24,120)	(14,655)
Total transactions with owners	-	8,370	-	(16,618)	(8,248)	(17,882)	(26,130)
At 30 June 2018	2,208,267	455,183	8,286	159,367	2,831,103	1,168,237	3,999,340

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1 (d)(i) Statement of Changes in Equity for the Group and the Company (cont'd)

Company	Share capital S\$'000	Other reserves⁽¹⁾ S\$'000	Retained earnings S\$'000	Total S\$'000
At 1 April 2018	2,208,267	20,169	22,317	2,250,753
Total comprehensive income for the period				
Profit for the period	-	-	(531)	(531)
<u>Other comprehensive income</u>				
Net change in fair value of financial assets, at FVOCI	-	(6,419)	-	(6,419)
Total other comprehensive income	-	(6,419)	-	(6,419)
Total comprehensive income for the period	-	(6,419)	(531)	(6,950)
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Share-based payment transactions	-	445	-	445
Dividends paid	-	-	(16,618)	(16,618)
Purchase of treasury shares	-	(1,540)	-	(1,540)
Total transactions with owners	-	(1,095)	(16,618)	(17,713)
At 30 June 2018	2,208,267	12,655	5,168	2,226,090

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1 (d)(i) Statement of Changes in Equity for the Group and the Company (cont'd)

Group	Share capital S\$'000	Other reserves⁽¹⁾ S\$'000	Foreign currency translation reserve⁽²⁾ S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 April 2017, as previously reported	2,208,267	445,894	(119,964)	146,495	2,680,692	1,040,781	3,721,473
Effect of change in accounting policy ⁽³⁾	-	-	39,255	(39,255)	-	-	-
At 1 April 2017, restated	2,208,267	445,894	(80,709)	107,240	2,680,692	1,040,781	3,721,473
Total comprehensive income for the period							
Profit for the period	-	-	-	17,124	17,124	17,345	34,469
<i>Other comprehensive income</i>							
Net change in fair value of available-for-sale financial assets	-	3,308	-	-	3,308	-	3,308
Foreign currency translation gains relating to foreign operations, net of tax	-	-	3,889	-	3,889	1,430	5,319
Foreign currency translation losses on monetary items, net of tax	-	-	(12)	-	(12)	-	(12)
Share of other comprehensive income of associates and joint ventures	-	-	1,658	-	1,658	-	1,658
Total other comprehensive income	-	3,308	5,535	-	8,843	1,430	10,273
Total comprehensive income for the period	-	3,308	5,535	17,124	25,967	18,775	44,742
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Share-based payment transactions	-	379	-	-	379	-	379
Dividends declared	-	-	-	(6,661)	(6,661)	-	(6,661)
Total transactions with owners	-	379	-	(6,661)	(6,282)	-	(6,282)
At 30 June 2017	2,208,267	449,581	(75,174)	117,703	2,700,377	1,059,556	3,759,933

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1 (d)(i) Statement of Changes in Equity for the Group and the Company (cont'd)

Company	Share capital S\$'000	Other reserves ⁽¹⁾ S\$'000	Retained earnings S\$'000	Total S\$'000
At 1 April 2017	2,208,267	13,881	18,920	2,241,068
Total comprehensive income for the period				
Profit for the period	-	-	(672)	(672)
<u>Other comprehensive income</u>				
Net change in fair value of available-for-sale financial assets	-	3,308	-	3,308
Total other comprehensive income	-	3,308	-	3,308
Total comprehensive income for the period	-	3,308	(672)	2,636
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Share-based payment transactions	-	379	-	379
Dividends paid	-	-	(6,661)	(6,661)
Total transactions with owners	-	379	(6,661)	(6,282)
At 30 June 2017	2,208,267	17,568	11,587	2,237,422

Notes:

- (1) Other reserves include capital reserve, fair value reserve, equity compensation reserve, reserve for own shares and statutory reserve
- (2) The foreign currency translation reserve comprised foreign exchange differences arising from the translation of the financial statements of foreign operations, associates and joint ventures, and foreign exchange differences arising from monetary items forming part of net investment in foreign operations.
- (3) Please see item 4 for details.

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1 (d)(ii) Details of any Changes in Share Capital

Issued Share Capital

As at 30 June 2018, the Company's issued and fully paid-up capital (excluding treasury shares) comprised 1,661,814,568 (31 December 2017: 1,663,975,068) ordinary shares.

Movements in the Company's issued and fully paid-up capital were as follows:

	No. of Shares ('000)
In issue at 01.04.2018	1,663,575
Issue of shares	-
Purchase of treasury shares	(1,761)
In issue at 30.06.2018	1,661,814

Outstanding Options under Perennial Employee Share Options Scheme 2014

	No. of Share Options ('000)
As at 01.04.2018	62,070
Granted	-
Exercised	-
Lapsed/Cancelled	(250)
As at 30.06.2018	61,820

On 22 March 2018, the Company granted 23,740,000 share options to certain directors and employees of the Group under the Employee Share Option Scheme 2014 ("ESOS"). The number of outstanding options represents 3.72% of the total number of shares issued as at 30 June 2018 (30 June 2017: 2.30% of issued shares of 1,665,144,368). The options have a validity of 5 years from the date of grant and are vested over a period of 4 years.

1 (d)(iii) A statement showing all sales, transfer, disposals, cancellations and/or use of treasury shares at the end of the current financial period reported on

Movements in the Company's treasury shares were as follows:

	No. of Shares ('000)
As at 01.04.2018	1,569
Purchase of treasury shares	1,761
As at 30.06.2018	3,330

As at 30 June 2018, the Company held 3,329,800 treasury shares (31 December 2017: 1,169,300) which represents 0.20% (31 December 2017: 0.07%) of the total number of issued shares (excluding treasury shares).

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 matter)

Not applicable.

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

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), with effect from 1 January 2018 and has prepared its first set of financial statements under SFRS(I)s for the half year ended 30 June 2018.

Under the transition requirements of SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, the date of transition is on 1 January 2017 and accordingly, the statement of financial position has been restated from 1 January 2017.

a) Application of SFRS(I) 1

The Group has elected for the optional exemption to reset the foreign currency translation reserves for all foreign operations to nil at the date of transition on 1 January 2017. As a result, the cumulative foreign currency translation reserves of S\$39.3 million was reclassified from foreign exchange translation reserves to retained earnings as at 1 January 2017.

In addition to the adoption of the new framework, the Group has also concurrently applied the following new SFRS(I), interpretations of the SFRS(I) and the requirements of SFRS(I) which are mandatorily effective from the same date:

- SFRS(I) 15 *Revenue from Contracts with Customers*;
- SFRS(I) 9 *Financial Instruments*;
- Requirements in SFRS(I) 2 *Share-based Payment*;
- Requirements in SFRS(I) 1-40 *Investment Property*;
- Requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters*;
- Requirements in SFRS(I) 1-28 *Investments in Associate or Joint Venture*; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

Adoption of SFRS(I) 9

The Group has assessed the business models for managing the financial assets and the contractual cash flow characteristics to determine the appropriate classification for each financial asset under SFRS(I) 9. The Group classified the equity securities as financial assets at fair value through OCI and presented the changes of fair value in OCI.

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- 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**

Please refer to item 4 above.

6 Earnings per Share

	Group			
	3 months 30.06.2018	3 months 30.06.2017	6 months 30.06.2018	6 months 30.06.2017
Profit for the period attributable to owners of the Company (S\$'000)	8,648	17,124	13,792	55,786
Weighted average number of shares for the period ('000)				
- Basic	1,663,020	1,665,144	1,662,824	1,665,144
- Diluted	1,663,020	1,665,144	1,662,824	1,665,144
EPS (cents)				
- Basic	0.52	1.03	0.83	3.35
- Diluted	0.52	1.03	0.83	3.35

7 Net Asset Value per Share

	Group		Company	
	30.06.2018 S\$/share	31.12.2017 S\$/share	30.06.2018 S\$/share	31.12.2017 S\$/share
Net assets value per share based on issued share capital at the end of the period	1.704	1.663	1.340	1.360

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8 Review of the Performance

	3 months ended 30.06.2018	3 months ended 30.06.2017	Change	6 months Ended 30.06.2018	6 months ended 30.06.2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	18,130	17,852	1.6	33,075	38,081	(13.1)
Share of results of associates and joint ventures, net of tax	5,002	4,429	12.9	27,769	5,127	441.6
Earnings before interest and tax ("EBIT")	41,941	57,064	(26.5)	66,384	118,512	(44.0)
Net finance costs	(18,326)	(10,044)	(82.5)	(31,353)	(26,019)	(20.5)
Profit before tax	23,615	47,020	(49.8)	35,031	92,493	(62.1)
Profit for the period attributable to the owners of the Company ("PATMI")	8,648	17,124	(49.5)	13,792	55,786	(75.3)

2Q 2018 vs 2Q 2017

The Group achieved a revenue of S\$18.1 million (2Q 2017: S\$17.9 million) and a PATMI of S\$8.6 million (2Q 2017: S\$17.1 million) for the quarter ended 30 June 2018.

Revenue

Revenue for 2Q 2018 increased by 1.6%, mainly attributable to revenue from Capitol which was consolidated with effect from May 2018, improved performance from Perennial Qingyang Mall, Chengdu and Perennial Jihua Mall, Foshan and new revenue stream from Perennial International Health and Medical Hub ("PIHMH") which commenced operations in June 2018. The increase was partially offset by the absence of one-off divestment fee earned in 2Q 2017.

Singapore assets contributed revenue of approximately S\$5.2 million, representing 28.5% (2Q 2017: S\$3.6 million, representing 19.9%) of the Group's revenue. In China, PIHMH commenced operations in June 2018 and this brings the total number of operational assets from 3 to 4. The operational assets in China contributed revenue of S\$9.4 million, which represented 52.0% (2Q 2017: S\$7.8 million, which represented 43.5%) of the Group's revenue. The remaining 19.5% (2Q 2017: 36.6%) of the Group's revenue came from the fee-based management businesses.

EBIT

The Group achieved S\$41.9 million of EBIT in 2Q 2018 (2Q 2017: S\$57.1 million). The decrease in EBIT was mainly because of lower fair value gain recognised. 2Q17 EBIT included a fair value gain of S\$45.5 million arising from the revaluation of Xi'an North High Speed Railway Integrated Development Plot 4 ("Xi'an Plot 4") whilst a fair value gain of S\$28.7 million was recognised in 2Q18 from the revaluation of PIHMH. Excluding the fair value gain, 2Q18 EBIT would be higher.

8 Review of the Performance (cont'd)

PATMI

The decrease in PATMI was mainly due to lower EBIT and higher net finance costs. Finance costs increased with the consolidation of Capitol's debt and new loans to fund new investments.

1H 2018 vs 1H 2017

The Group achieved a revenue of S\$33.1 million and a PATMI of S\$13.8 million for the half year ended 30 June 2018.

Revenue

Revenue for 1H 2018 was comparatively lower than 1H 2017 mainly due to the absence of revenue from TripleOne Somerset following the divestment of a partial 20.2% stake on 31 March 2017, partially offset by the inclusion of Capitol's revenue with effect from May 2018 and new revenue stream from PIHMH as the asset commenced operations in June 2018.

EBIT

For 1H 2018, the Group achieved S\$66.4 million of EBIT, which was 44.0% lower than 1H 2017. The decrease in EBIT was primarily due to the absence of a one-off gain from the sale of the 20.2% equity stake in TripleOne Somerset, totalling approximately S\$55.7 million in 1H 2017 and lower fair value gain in 1H 2018. Excluding the divestment and fair value gains, 1H 2018 EBIT would be higher and the increase was contributed by higher share of results from associates and joint ventures.

Net finance costs

Finance costs comprised mainly interest on bank borrowings and medium term notes, and amortisation of transaction costs incurred on financing facilities. The net finance costs for the period were slightly higher than last year same period due to the consolidation of Capitol's debt and additional loans to fund new investments. As at 30 June 2018, the Group's net debt-to-equity ratio stood at 0.74 times (31 Dec 2017: 0.57x). The increase in the debt-to-equity ratio is mainly attributable to the consolidation of Capitol's loan.

PATMI

Overall, the Group achieved a PATMI of S\$13.8 million for the half year ended 30 June 2018. The decrease in PATMI was due to the absence of the one-off gain from the divestment of the 20.2% equity stake in TripleOne Somerset, lower fair value gain and higher finance cost, partially mitigated by higher share of results from associates and joint ventures.

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

There is no material change from the previous prospect statement.

10 Commentary on 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

Singapore

Singapore's Q2 economic growth came in at 3.8%; below economists' expectations of 4.1% as well as lower than Q1's growth of 4.3%. Despite the dip, full-year growth forecast is still expected to be within the range of 3% to 3.5%.

The Group will continue with its strategy of strata sales and asset enhancement for AXA Tower and TripleOne Somerset. It is also actively seeking for opportunities to grow the Singapore portfolio through acquisitions or participation in land tenders.

Following the acquisition of the remaining 50% stake in Capitol, the Group now controls the Capitol Singapore and has appointed Kempinski Hotels S.A. to operate The Capitol Kempinski Hotel Singapore. Plans are also underway to rejuvenate the retail mall through the introduction of new tenants. The Group expects Capitol to contribute positively with the commencement of the Hotel operations and the renewed tenant mix in the retail mall.

China

China's Q2 GDP growth slowed to 6.7% in line with expectations. This is slightly lower than the 6.8% growth posted in Q1 2018.

The focus for the Group would be on the development of the existing projects which are predominantly in locations with good connectivity while continuing to source for projects with close proximity to transportation hubs such as HSR stations in tier one or tier two provincial capitals.

The Group recently increased its stake in Xi'an Perennial Cheng Tou East Real Estate Co., Ltd which owns an integrated development comprising mainly medical/healthcare, hotel and retail as well as medical-related amenities, from 51% to 65.7%.

On 1 June 2018, the Group's flagship one-stop medical, healthcare and retail integrated development in Chengdu, Perennial International Health and Medical Hub, commenced operations with committed occupancy of over 90%. The opening of PIHMH brings new stream of revenue for the group while expanding the Group's healthcare businesses.

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11 Dividends

(a) Current financial period

None

(b) Corresponding period of the immediately preceding financial year

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) Date Payable

Not applicable

(e) Books Closure Date

Not applicable

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

No dividend has been declared for the six months ended 30 June 2018.

13 If the Company has obtained a general mandate from shareholders for interested person transactions, the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no interested person transactions mandate has been obtained, a statement to that effect.

The Company did not obtain a general mandate from shareholders for interested person transactions.

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14 Segmental revenue and results for business or geographical segments of the Group with comparative information for the immediately preceding year.

	Revenue					
	3 months ended	3 months ended	Change	6 months ended	6 months ended	Change
	30.06.2018	30.06.2017		30.06.2018	30.06.2017	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Singapore	5,162	3,556	45.2	8,315	13,759	(39.6)
China Management Businesses	9,423	7,773	21.2	18,343	15,342	19.6
Corporate and Others	5,207	8,318	(37.4)	9,980	13,247	(24.7)
Eliminations	12	22	(45.5)	36	36	-
	(1,674)	(1,817)	(7.9)	(3,599)	(4,303)	(16.4)
	18,130	17,852	1.6	33,075	38,081	(13.1)

	EBIT					
	3 months ended	3 months ended	Change	6 months ended	6 months ended	Change
	30.06.2018	30.06.2017		30.06.2018	30.06.2017	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Singapore	8,837	2,015	338.6	30,797	63,831	(51.8)
China Management Businesses	35,106	52,780	(33.5)	39,422	57,805	(31.8)
Corporate and Others	1,424	5,822	(75.5)	3,338	6,595	(49.4)
Eliminations	(3,187)	(3,315)	(3.9)	(6,696)	(9,136)	(26.7)
	(239)	(238)	0.4	(477)	(583)	(18.2)
	41,941	57,064	(26.5)	66,384	118,512	(44.0)

15 Confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and the Company (comprising the consolidated statement of financial statement, consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows, together with their accompanying notes) as at 30 June 2018 and for the six months ended on that date, to be false or misleading in any material aspect.

16 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 SGX-ST Listing Manual.

On behalf of the Board

Kuok Khoon Hong
Chairman

Pua Seck Guan
Chief Executive Officer

By Order of the Board

Sim Ai Hua
Company Secretary

3 August 2018