

ANNUAL
REPORT
2019



V on Shenton • UIC Building

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Annual Report
2019

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Corporate Profile

United Industrial Corporation Limited ("**UIC**" or the "**Company**", and together with its group of companies, the "**Group**") is a leading real estate company listed since 1971. UIC's diversified portfolio comprises commercial investment properties, residential development properties, hotels and IT services.

UIC acquired Singapore Land Limited in 1990 and expanded its portfolio of prime commercial assets which currently includes 2.5 million square feet of office space and 1 million square feet of retail space in Singapore. The Company also owns several overseas investment assets in China and the United Kingdom.

As a 50% owned subsidiary of UOL Group Limited, UIC is committed to leveraging on its strength to drive sustainable growth for our shareholders and stakeholders.

*Avenue South Residence
Artist's Impression*

Corporate Information

Board of Directors	Board Appointment	Date of Initial Appointment	Date of Last Re-Election
Wee Cho Yaw	Non-Executive Chairman	26.06.92	28.04.17
Lim Hock San	President & Chief Executive Officer	01.04.92	23.04.19
James L. Go	Non-Executive Director	28.05.99	27.04.18
Lance Yu Gokongwei	Non-Executive Director	28.05.99	28.04.17
Wee Ee Lim	Non-Executive Director	28.05.99	27.04.18
Liam Wee Sin	Non-Executive Director	10.06.19	–
Alvin Yeo Khirn Hai	Non-Executive and Independent Director	11.09.02	28.04.17
Hwang Soo Jin	Non-Executive and Independent Director	31.01.03	23.04.19
Antonio L. Go	Non-Executive and Independent Director	25.04.07	23.04.19
Yang Soo Suan	Non-Executive and Independent Director	27.04.12	23.04.19
Francis Lee Seng Wee	Non-Executive and Independent Director	12.03.18	27.04.18
Chng Hwee Hong	Non-Executive and Independent Director	23.03.18	27.04.18
Tan Khiaw Ngoh	Non-Executive and Independent Director	27.02.20	–

Audit Committee

Yang Soo Suan	Chairman
James L. Go	Member
Alvin Yeo Khirn Hai	Member
Hwang Soo Jin ¹	Member
Tan Khiaw Ngoh ²	Member

Nominating Committee

Hwang Soo Jin	Chairman
Wee Cho Yaw	Member
James L. Go	Member
Yang Soo Suan	Member
Antonio L. Go	Member

Remuneration Committee

Alvin Yeo Khirn Hai	Chairman
Wee Cho Yaw	Member
James L. Go	Member
Hwang Soo Jin	Member
Antonio L. Go	Member

Company Secretary

Teo Hwee Ping

Auditor

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower, Level 12
Singapore 018936
Audit Partner: Lam Hock Choon³

Share Registrars

KCK CorpServe Pte Ltd
333 North Bridge Road #08-00
KH KEA Building
Singapore 188721
Telephone: 6837 2133
Facsimile: 6339 0218

Registered Office

24 Raffles Place #22-01/06
Clifford Centre
Singapore 048621
Telephone: 6220 1352
Facsimile: 6224 0278
Website: www.uic.com.sg

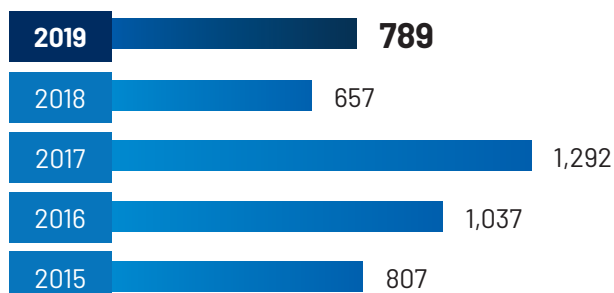
Company Registration Number

196300181E

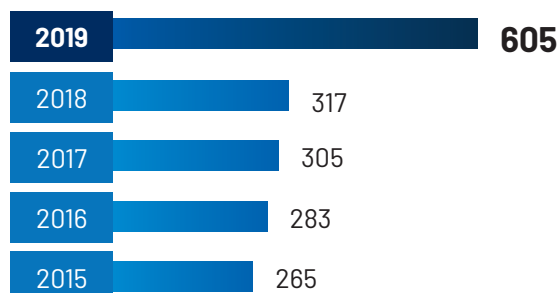
¹ Stepped down on 27.02.2020.
² Appointed on 27.02.2020.
³ Appointed since Financial Year 2018.

Group Financial Highlights

REVENUE (\$'million)



NET ATTRIBUTABLE PROFIT (\$'million)



TOTAL ASSETS (\$'million)



SHAREHOLDERS' EQUITY (\$'million)



(\$'million)	2015	2016	2017	2018	2019
Revenue	807	1,037	1,292	657	789
Net profit before fair value and other gains/(losses)	241	246	310	254	247
Other gains	-	-	-	-	210
Net fair value gain/(loss) on investment properties	24	37	(5)	63	148
Net attributable profit	265	283	305	317	605
Total assets	8,536	8,613	8,252	8,416	9,025
Shareholders' equity	5,959	6,225	6,521	6,788	7,300

Chairman's Statement



The key highlight of the year 2019 was the Group's acquisition of additional interests in Marina Centre Holdings Private Limited and AHPL in April.

Wee Cho Yaw
Chairman

2019 REVIEW

Year 2019 has been an eventful year with global geopolitical events, climate change and economic uncertainties contributing to growing unease about the future of the world. Against this backdrop, Singapore's GDP growth has slowed significantly amidst global trade tensions and an electronics downturn. Despite the slow growth, both commercial and residential property markets in Singapore remained steady in 2019, particularly in segments fuelled by injections of foreign capital seeking political stability, transparency and a resilient currency.

The residential property market was relatively stable during the year, with the Singapore Residential Property Price Index registering a cumulative 2.7% increase year on year. For commercial properties, Grade A Central Business District ("CBD") office and prime CBD fringe office space performed reasonably well, driven by strong demand from financial, co-working and technology sectors.

FINANCIAL PERFORMANCE

The Group's total revenue for the financial year ended 31 December 2019 was \$789.5 million, an increase of 20% from the previous year. The higher revenue was mainly due to the consolidation of Aquamarina Hotel Private Limited ("AHPL") as a subsidiary from April 2019. In addition, the Group also achieved higher sales from the Mon Jervois and Pollen & Bleu residential projects.

Supported by a stable commercial property market, the Group's office buildings generated rental income of \$206.1 million in 2019, 6% higher than \$194.0 million achieved in 2018.

Net profit before fair value and other gains/losses attributable to equity holders of the company declined marginally by 3% from \$253.9 million in 2018 to \$246.5 million in 2019, mainly due to lower contribution from the joint venture residential project, The Clement Canopy, which was fully sold in April this year.

After adding fair value gain of \$148.5 million and one-time gain of \$210.3 million (net of non-controlling interests) recorded on the derecognition of AHPL as an associate, the net profit attributable to equity holders in 2019 was \$605.1 million as compared with \$316.7 million the year before.

In view of the positive performance, the Board recommended a first and final tax exempt (one-tier) dividend of 4 cents for the financial year ended 31 December 2019, at a total dividend pay-out of \$57.3 million.

SINGAPORE OPERATIONS

The key highlight of the year 2019 was the Group's acquisition of additional interests in Marina Centre Holdings Private Limited and AHPL in April. Arising from this acquisition, Marina Mandarin Singapore, wholly owned by AHPL, has been re-branded as "PARKROYAL COLLECTION Marina Bay, Singapore" since January 2020.

The Group's existing office properties achieved an overall average occupancy rate of 95% in 2019 with UIC Building achieving full occupancy.

UIC's Singapore residential project sales were encouraging in 2019, with 92% of the units at V on Shenton, 94% at Mon Jervois and 89% at The Tre Ver sold.

Newly launched in September 2019, the Avenue South Residence ("ASR") at Silat Avenue is a joint development by UOL Group Limited ("UOL"), UIC and Kheng Leong Company (Private) Limited on a 50:30:20 basis. With its proximity to the future Greater Southern Waterfront, ASR has received promising market response. As at 31 December 2019, 42% of ASR's total 1,074 units have been sold.

On 9 July 2019, the Group was successful in its joint tender with UOL for a residential site adjacent to its recently completed The Clement Canopy at Clementi Avenue 1, for a consideration of \$491.3 million. The 20:80 joint venture between UIC and UOL will be developing this site into an estimated 640-unit condominium for sale, capitalising on the cluster of schools and institutes of higher education in the vicinity.

OVERSEAS INVESTMENTS

UIC has a 30% stake in Park Eleven, a mixed-use development in the area north of Hongqiao's CBD in Shanghai, China. More than 90% of the units launched under Phase I were sold in 2018. Phase II units were launched in October 2019.

In the UK, UIC has a 50% share of 120 Holborn, a mixed-use freehold development located in Midtown, Central London – a short walk from Chancery Lane and Farringdon Underground Stations. With close to full occupancy, 120 Holborn will continue to contribute to the Group's income.

2020 OUTLOOK

Singapore's GDP growth forecast for 2020 has been downgraded to between -0.5% and 1.5% against the backdrop of increasing geopolitical tensions and economic uncertainties, compounded by the global outbreak of the coronavirus disease 2019 ("COVID-19").

The actual impact of COVID-19 on the overall business landscape in Singapore remains uncertain as the situation is still evolving. Tourism related industries, such as the retail and hospitality sectors are already affected, leading to the Government's tax reliefs and support measures which have been implemented to help businesses mitigate the impact of an economic slowdown.

ACKNOWLEDGEMENT

It is with regret and sadness that the Board and the Company learnt of the passing of our former Deputy Chairman, Dr. John Gokongwei, Jr., on 9 November 2019. He had given dedicated and invaluable service to the Company from the time he joined the Board in 1999 till he retired in 2018.

I would like to take this opportunity to express my appreciation to my fellow Directors for their commitment and wise counsel. On behalf of the Board, I would also like to thank the Management and staff for their hard work and dedication, and above all, to our partners, customers and stakeholders for their steadfast support.

Wee Cho Yaw

Chairman
February 2020

Board of Directors

Wee Cho Yaw
Chairman
Non-Executive and
Non-Independent



Dr Wee Cho Yaw first appointed on 26 June 1992, was last re-elected as Director on 28 April 2017.

A distinguished banker with more than 60 years' experience and a veteran in the banking, insurance, real estate and hospitality industries, Dr Wee has received national and regional awards and industry accolades for his business achievements and support of education, community welfare and the business community.

UIC Board Committee(s)

- Remuneration Committee (Member)
- Nominating Committee (Member)

Present Directorship(s) and Other Principal Commitment(s)

- United Overseas Insurance Limited* (Chairman)
- UOL Group Limited* (Chairman)
- Haw Par Corporation Limited* (Chairman)
- United Overseas Bank Limited* (Chairman Emeritus and Honorary Adviser)
- Pan Pacific Hotels Group Limited (Chairman)
- Marina Centre Holdings Private Limited (Chairman)
- Nanyang Technological University (Pro-Chancellor)
- Singapore Chinese Chamber of Commerce and Industry (Honorary President)
- Singapore Federation of Chinese Clan Associations (Honorary President)
- Singapore Hokkien Huay Kuan (Honorary President)
- Wee Foundation (Chairman)
- Chung Cheng High School (Chairman)

* Listed companies

Past Directorship(s) in Listed Companies and Principal Commitments held over the preceding five years

- Far Eastern Bank Limited (till May 2018)
- United Overseas Bank Limited (till April 2018)

Academic and Professional Qualification(s), Achievement(s) and Award(s)

- Chinese high school education
- ASEAN Business Advisory Council Legacy Award for Singapore (2017)
- Honorary Doctor of Letters, Nanyang Technological University, Singapore (2014)
- The Distinguished Service Order, Singapore National Day Award (2011)
- The Asian Banker Lifetime Achievement Award (2009)
- Honorary Doctor of Letters, National University of Singapore (2008)
- Credit Suisse-Ernst & Young Lifetime Achievement Award (2006)
- Businessman of the Year, Singapore Business Awards (2001 and 1990)



Lim Hock San

President and CEO
Executive and
Non-Independent

Mr Lim Hock San first appointed on 1 April 1992, was last re-elected as Director on 23 April 2019. Mr Lim is a Justice of the Peace.

UIC Board Committee(s)

- Nil

Present Directorship(s) and Other Principal Commitment(s)

- Gallant Venture Ltd (Bintan)* (Director)
- Indofood Agri Resources Ltd.* (Director)
- Interra Resources Limited* (Director)
- Ascendas Funds Management (S) Limited (Chairman)
- China-Singapore Suzhou Industrial Park Development Group Co Ltd* (Director)

* Listed companies

Past Directorship(s) in Listed Companies and Principal Commitments held over the preceding five years

- Nil

Professional Qualification(s), Achievement(s) and Award(s)

- Bachelor of Accountancy, University of Singapore
- Master of Science in Management, Massachusetts Institute of Technology
- Fellow of the Chartered Institute of Management Accountants (UK)
- Former President of the Institute of Certified Public Accountants

- Senior Executive Programme, London Business School
- Advanced Management Programme, Harvard Business School
- 50th Anniversary Medal of Honour, International Civil Aviation Organization (ICAO)
- Friend of Labour; Meritorious Service Awards NTUC
- Former Chairman and Honorary Member, Airports Council International World
- Honorary Fellow, Singapore Institute of Aerospace Engineers
- Public Administration Medal (Gold), Public Service Medal and The Meritorious Service Medal from the Singapore Government in 1982, 2001 and 2006 respectively

Board of Directors

James L. Go
Non-Executive and
Non-Independent



Mr James L. Go first appointed on 28 May 1999, was last re-elected as Director on 27 April 2018.

UIC Board Committee(s)

- Audit Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Present Directorship(s) and Other Principal Commitment(s)

- JG Summit Holdings, Inc.* (Chairman)
- Oriental Petroleum and Minerals Corporation* (Chairman and Chief Executive Officer)
- Universal Robina Corporation* (Chairman Emeritus)
- Robinsons Land Corporation* (Chairman Emeritus)
- JG Summit Petrochemical Corporation (Chairman Emeritus)
- JG Summit Olefins Corporation (Chairman Emeritus)
- Robinsons Retail Holdings, Inc.* (Vice Chairman)
- PLDT Inc.* (Director, Advisor of Audit Committee and Member of Technology Strategy Committee and Risk Committee)
- Cebu Air, Inc.* (Chairman)
- Manila Electric Company* (Director)
- Marina Centre Holdings Private Limited (Director)
- Hotel Marina City Private Limited (Director)
- Gokongwei Brothers Foundation, Inc. (President and Trustee)

* Listed companies

Past Directorship(s) in Listed Companies and Principal Commitments held over the preceding five years

- Nil

Professional Qualification(s), Achievement(s) and Award(s)

- Bachelor of Science, Massachusetts Institute of Technology, USA
- Master of Science in Chemical Engineering, Massachusetts Institute of Technology, USA

**Wee Ee Lim**

Non-Executive and
Non-Independent

Mr Wee Ee Lim first appointed on 28 May 1999,
was last re-elected as Director on 27 April 2018.

UIC Board Committee(s)

- Nil

**Present Directorship(s) and Other
Principal Commitment(s)**

- UOL Group Limited* (Deputy Chairman)
- Haw Par Corporation Limited*
(Director, President and Chief Executive Officer)
- Wee Foundation (Director)
- United Overseas Bank Limited* (Director)

* Listed companies

**Past Directorship(s) in Listed Companies
and Principal Commitments held over the
preceding five years**

- Hua Han Health Industry Holdings Limited (listed on
the Hong Kong Stock Exchange) (till July 2015)

**Professional Qualification(s),
Achievement(s) and Award(s)**

- Bachelor of Arts (Economics),
Clark University, USA

**Lance Yu Gokongwei**

Non-Executive and
Non-Independent

Mr Lance Yu Gokongwei first appointed on
28 May 1999, was last re-elected as Director
on 28 April 2017.

UIC Board Committee(s)

- Nil

**Present Directorship(s) and Other
Principal Commitment(s)**

- JG Summit Holdings, Inc.*
(President and Chief Executive Officer)
- Cebu Air, Inc.* (Director, President and Chief Executive Officer)
- Universal Robina Corporation* (Chairman)
- Robinsons Land Corporation* (Chairman)
- Robinsons Bank Corporation (Chairman)
- JG Summit Petrochemical Corporation (Chairman)
- JG Summit Olefins Corporation (Chairman)
- Robinsons Retail Holdings, Inc.* (Chairman)
- Manila Electric Company* (Vice Chairman)
- Oriental Petroleum and Minerals Corporation* (Director)
- Gokongwei Brothers Foundation, Inc. (Chairman and Trustee)

* Listed companies

**Past Directorship(s) in Listed Companies
and Principal Commitments held over the
preceding five years**

Nil

**Professional Qualification(s),
Achievement(s) and Award(s)**

- Bachelor of Science (Applied Science), Pennsylvania
Engineering School, USA
- Bachelor of Science (Finance), Wharton School, USA
- Management and Technology Programme,
University of Pennsylvania, USA

Board of Directors



Liam Wee Sin

Non-Executive and
Non-Independent

Mr Liam Wee Sin was recently appointed on 10 June 2019, and will be offering himself for re-election at the Company's Annual General Meeting on 24 April 2020.

An advocate of good design and green architecture, Mr Liam is a member of the URA Architecture and Urban Design Excellence Committee. He had previously served as a member of the URA Design Advisory Committee, Preservation of Monuments Board and National Crime Prevention Council. Mr Liam was also the first vice president of the Real Estate Developers' Association of Singapore (REDAS) from 2017 to 2018.

UIC Board Committee(s)

- Nil

Present Directorship(s) and Other Principal Commitment(s)

- UOL Group Limited*
(Director and Group Chief Executive)
- Director of various UOL subsidiaries

* Listed company

Past Directorship(s) in Listed Companies and Principal Commitments held over the preceding five years

- Nil

Professional Qualification(s), Achievement(s) and Award(s)

- Bachelor of Architecture, University of Singapore
- Personality of the Year, Singapore Excellence Awards (2019)



Hwang Soo Jin

Non-Executive and
Independent

Mr Hwang Soo Jin first appointed on 31 January 2003, was last re-elected as Director on 23 April 2019. He is a chartered insurer with more than 50 years' experience. He is an honorary fellow of the Singapore Insurance Institute and a Justice of the Peace.

UIC Board Committee(s)

- Nominating Committee (Chairman)
- Remuneration Committee (Member)

Present Directorship(s) and Other Principal Commitment(s)

- Singapore Reinsurance Corporation Ltd*
(Chairman Emeritus and Senior Advisor)
- United Overseas Insurance Limited*
(Director, Chairman of Nominating Committee and Member of Remuneration Committee)
- Haw Par Corporation Ltd*
(Director and Member of Remuneration Committee)
- Advisorship and directorships at various companies

* Listed companies

Past Directorship(s) in Listed Companies and Principal Commitments held over the preceding five years

- Singapore Reinsurance Corporation Ltd (till 17 April 2019)

Professional Qualification(s), Achievement(s) and Award(s)

- Chartered Insurer and Associate of the Chartered Insurance Institute, UK
- Singapore Insurance Institute (Honorary Fellow)
- Asian Industry Awards Lifetime Achievement Award (2013)



Yang Soo Suan

Non-Executive and Independent

Mr Yang Soo Suan first appointed on 27 April 2012, was last re-elected as Director on 23 April 2019.

An architect by training with close to 50 years of professional practice experience, Mr Yang is a life fellow member of the Singapore Institute of Architects and a fellow member of the Singapore Society of Project Managers.

UIC Board Committee(s)

- Audit Committee (Chairman)
- Nominating Committee (Member)

Present Directorship(s) and Other Principal Commitment(s)

- United Overseas Insurance Limited* (Director, Chairman of Audit Committee, Member of Nominating Committee and Remuneration Committee)

* Listed company

Past Directorship(s) in Listed Companies and Principal Commitments held over the preceding five years

- United International Securities Ltd (till December 2015)

Professional Qualification(s), Achievement(s) and Award(s)

- Bachelor of Architecture (Honours) Melbourne University, Australia
- Bintang Bakti Masyarakat (Public Service Star, Singapore) in 1996



Alvin Yeo Khirn Hai

Non-Executive and Independent

Mr Alvin Yeo first appointed on 11 September 2002, was last re-elected as Director on 28 April 2017.

Mr Alvin Yeo, a lawyer by profession, was appointed Senior Counsel of the Supreme Court of Singapore in January 2000. He is a former Member of Parliament, having served for two terms from 2006 to 2015.

UIC Board Committee(s)

- Remuneration Committee (Chairman)
- Audit Committee (Member)

Present Directorship(s) and Other Principal Commitment(s)

- Keppel Corporation Limited* (Director)
- United Overseas Bank Limited* (Director)
- WongPartnership LLP (Chairman and Senior Partner)

* Listed companies

Past Directorship(s) in Listed Companies and Principal Commitments held over the preceding five years

- Jubilant Pharma Limited (till September 2018)
- Neptune Orient Lines (till May 2016)

Professional Qualification(s), Achievement(s) and Award(s)

- Bachelor of Laws (Honours), King's College, University of London
- Barrister-at-Law (Gray's Inn)

Board of Directors

Antonio L. Go Non-Executive and Independent

Mr Antonio L. Go first appointed on 25 April 2007, was last re-elected as Director on 23 April 2019.



UIC Board Committee(s)

- Nominating Committee (Member)
- Remuneration Committee (Member)

Present Directorship(s) and Other Principal Commitment(s)

- Equicom Savings Bank (Chairman)
- ALGO Leasing and Finance, Inc. (Chairman)
- Equitable Computer Services, Inc. (Director and President)
- Maxicare Healthcare Corporation (Director)
- Equicom Information Technology, Inc. (Director)
- Equicom Inc. (Director)
- Pin-An Holdings, Inc. (Director)
- Go Kim Pah Foundation (Trustee)
- Equicom Manila Holdings, Inc. (Director)
- Equitable Foundation, Inc. (Trustee)
- Equitable Development Corporation (Director)
- Equity Development Corporation (Director)
- K & L Holdings, Inc. (Director)
- Medilink Network, Inc. (Director)
- Klara Holdings, Inc. (Director)
- Motan Corporation (Director)
- Cebu Air, Inc.* (Director)

- Oriental Petroleum and Minerals Corporation* (Director)
- Robinson Retail Holdings, Inc.* (Director)
- Gokongwei Brothers Foundation, Inc. (Trustee)
- SteelAsia Manufacturing Corporation (Director)
- JG Summit Holdings, Inc.* (Director)
- Dito Telecommunity Corporation (Director)

* Listed companies

Past Directorship(s) in Listed Companies and Principal Commitments held over the preceding five years

- Nil

Professional Qualification(s), Achievement(s) and Award(s)

- Bachelor of Business Administration, Youngstown University, USA
- International Advanced Management Programme, International Management Institute, Geneva, Switzerland
- ABA National School of Bankcard Management, Northwestern University, USA



Francis Lee Seng Wee
Non-Executive and
Independent

Mr Francis Lee Seng Wee first appointed on 12 March 2018, was last re-elected as Director on 27 April 2018.

UIC Board Committee(s)

- Nil

Present Directorship(s) and Other Principal Commitment(s)

- DP Architects Pte. Ltd. and DP Group of Companies (Chairman)
- Growth Mindset Pte Ltd (Chairman)
- 1828 Pte Ltd (Director)
- Archdiocesan Land and Properties Singapore (ALPS) (Vice Chairman)

Past Directorship(s) in Listed Companies and Principal Commitments held over the preceding five years

- Nil

Professional Qualification(s), Achievement(s) and Award(s)

- Bachelor of Science in Architecture (Honours), University of Aston, United Kingdom
- Diploma in Architecture, Birmingham Polytechnic, United Kingdom
- Member of the Board of Architects, Singapore

Chng Hwee Hong
Non-Executive and
Independent



Mr Chng Hwee Hong first appointed on 23 March 2018, was last re-elected as Director on 27 April 2018. Mr Chng was an Executive Director of Haw Par Corporation Ltd prior to his retirement in 2012. He was a member of the Sub-Committee on Maximising Value from Land as a Scarce Resource of the Economic Strategies Committee of Singapore and a member of the Singapore-Sichuan Trade & Investment Committee. Mr Chng is also actively involved in community and social work and serves in a number of community and not-for-profit organisations.

UIC Board Committee(s)

- Nil

Present Directorship(s) and Other Principal Commitment(s)

- United Overseas Insurance Limited* (Director and Member of Audit Committee)
- Singapore Corporation of Rehabilitative Enterprises (Chairman)
- Industrial & Services Co-operative Society Ltd (Chairman of the Board of Trustees)
- National Council Against Drug Abuse (Member)

* Listed company

Past Directorship(s) in Listed Companies and Principal Commitments held over the preceding five years

- Yuhua Citizens' Consultative Committee (Chairman)(till March 2017)
- Kong Meng San Phor Kark See Monastery (co-opted Audit Committee Chairman) (till February 2016)

Professional Qualification(s), Achievement(s) and Award(s)

- Bachelor of Science (Honours) in Applied Chemistry, University of Singapore
- Diploma in Business Administration, University of Singapore
- Diploma in Management Studies, jointly awarded by University of Chicago and Singapore National Productivity Board

- Stanford-NUS Executive Programme, jointly organised by the Graduate School of Business, Stanford University and the School of Management, National University of Singapore.
- Graduate Certificate in International Arbitration, National University of Singapore
- Fellow, Singapore Institute of Arbitrators
- Pingat Bakti Masyarakat (Public Service Medal) in 2014 from the President of the Republic of Singapore for his involvement in social and charitable works



Tan Khiaw Ngoh
Non-Executive and
Independent

UIC Board Committee(s)

- Audit Committee (Member)

**Present Directorship(s) and Other
Principal Commitment(s)**

- Singapore Children's Society (Member of Executive Committee, Chairperson of Audit & Risk Committee and of the Social Work Services Standing Committee)
- National Council of Social Service (Honorary Treasurer)
- Thye Hwa Kuan Nursing Home (Member of Finance Committee)
- Khoo Teck Puat Hospital (Member of Medifund Committee)
- Kong Meng San Phor Kark See Monastery (Member of Audit Committee)

**Past Directorship(s) in Listed Companies
and Principal Commitments held over the
preceding five years**

- Partner, PricewaterhouseCoopers (retired on 30 June 2017)

**Professional Qualification(s),
Achievement(s) and Award(s)**

- Bachelor of Commerce (Accountancy), Nanyang University

Ms Tan Khiaw Ngoh was recently appointed on 27 February 2020, and will be offering herself for re-election at the Company's Annual General Meeting on 24 April 2020. Ms Tan is a Justice of the Peace and a fellow Member of the Institute of Singapore Chartered Accountants.



Management Review

Singapore Commercial Office Properties

2019 OVERVIEW

Singapore's economy started with a positive outlook in 2019 but ended on a weaker note in view of global uncertainties arising from geopolitical and trade conflicts. Cautious business sentiments resulted in Grade A office rents registering a 6.9% growth for 2019 compared with the 14.9% growth achieved in the previous year.

Office leasing demand in 2019 was mainly supported by technology and co-working sectors with co-working operators expanding aggressively, taking up over 1.0 million square feet of office space. However, the pace of expansion relaxed when major players became cognizant of a weaker global economic outlook and adopted a more conservative approach. Notwithstanding, the office leasing market maintained stability due to a reduction in new office space supply during the year.

Singapore Commercial Office Properties



UIC Building

5 Shenton Way, Singapore 068808

Located within Singapore's CBD and next to Marina Bay Financial District, the 23-storey UIC Building is a landmark redevelopment designed by world renowned Dutch architect, Ben van Berkel of UNStudio. UIC Building achieved full occupancy during the year under review. The building attained its Certificate of Statutory Completion in the third quarter of 2019 and is BCA Green Mark Gold Plus certified.



Management Review

Singapore Commercial Office Properties

Singapore Land Tower

50 Raffles Place, Singapore 048623

Strategically located at the heart of Raffles Place, the 47-storey Singapore Land Tower maintained an average occupancy of 96% during the year under review. Rental revenue however declined slightly by 3% compared with the preceding year due to prevailing rents being lower than expiry rents.

In 2019, the building upgraded all common area lightings to sustainable energy-saving lightings as part of its qualifying initiatives for Green Mark Gold Plus award.



Clifford Centre

24 Raffles Place, Singapore 048621

Despite being the oldest building in the Group, the 29-storey Clifford Centre located at Raffles Place achieved higher average occupancy of 94% and 2% rental revenue growth in 2019, as compared with the preceding year.

Proper maintenance and continual upgrading works were carried out during the year to improve Clifford Centre's mechanical and electrical installations, air-conditioning system, car park and fire protection systems.



SGX Centre 2

4 Shenton Way, Singapore 068807

The Group owns 36,000 square feet and 240,000 square feet of lettable space in SGX Centre 1 and 2 respectively. Located at Shenton Way, the buildings continued to perform well in 2019 with average occupancy at 99% and improved rental income by 3%.

As the managing agent for SGX Centre, the Group continues its efforts to upkeep the buildings' facilities in good and serviceable condition. This includes replacing motion-sensor lights at stairways for sustainability and upgrading of washroom amenities.

The Gateway

Gateway West, 150 Beach Road, Singapore 189720

Gateway East, 152 Beach Road, Singapore 189721

Located at Beach Road, just outside the CBD, The Gateway comprises the iconic 37-storey twin towers designed by world renowned architect I. M. Pei in 1990. Compared with 2018, The Gateway achieved a higher average occupancy of 93%, with rental revenue also improved by 3% in 2019.

For further energy conservation, The Gateway's building automation system was upgraded in 2019, alongside replacements of fan coil units and cooling towers. Restoration works to refresh the buildings' facades commenced in 2019.



Management Review

Singapore Commercial Office Properties

Abacus Plaza

3 Tampines Central 1, Singapore 529540

Tampines Plaza

5 Tampines Central 1, Singapore 529541

The twin towers of 8-storeys are situated in the Tampines Regional Centre and within walking distance of Tampines MRT Station and surrounding retail malls.

In 2019, average occupancy was 83% at Abacus Plaza with lower rental income compared with the preceding year. Tampines Plaza's average occupancy improved to 93% in 2019, with rental income increased by 2% compared with the preceding year.

During the year, both buildings' washroom amenities and carpark lightings were upgraded and replaced for sustainability.



Stamford Court

61 Stamford Road, Singapore 178892

Stamford Court, a 4-storey neo-classical office cum retail building, located at the junction of Stamford Road and Hill Street, achieved average occupancy of 94% in 2019. Rental income declined by 4% compared with the preceding year.

Stamford Court was awarded the BCA Green Mark Platinum certification in 2019.

Singapore Commercial Retail Properties



West Mall

1 Bukit Batok Central Link, Singapore 658713

Strategically located next to the Bukit Batok MRT Station, West Mall is a popular 5-storey retail and entertainment complex for residents in the Bukit Batok, Jurong East, Hillview and Upper Bukit Timah precincts.

To boost shopper traffic, various events and promotional campaigns were held throughout the year, with the traditional Lion and Dragon Dance and cultural performances kicking off the Chinese New Year festivities. On Singapore's National Day, West Mall was the selected venue where Bukit Batok SMC Grassroots Adviser Mr Murali Pillai, joined local residents in the "Great Singapore Workout", followed by various celebratory programs.

West Mall celebrated the year end with shoppers grooving to lively Christmas tunes by a specially invited LED violinist, the NUS Vox choir and a South American

ensemble group. The world-class comedy variety entertainment by "Rob & Miss Jane" from New York City also had shoppers rolling with laughter in the month of December.

For the year under review, the mall continued to enjoy close to full occupancy although total revenue declined by 4% due to challenging retail conditions. A total of 12 new tenants have been added to enhance West Mall's tenant mix and to maintain its competitive edge in the retail sector in the vicinity.

With continual upgrading programs, West Mall was awarded the ISO 14001:2015 (Property and Facility Management for Shopping Mall) for its efforts in meeting the ISO standards for Environmental Management System, and re-certified the BCA Green Mark Award (Gold).



Novena Square

238/A/B Thomson Road, Singapore

Novena Square is a mixed-use development located above the Novena MRT Station. It consists of two blocks of 18 and 25-storey offices with a total lettable area of 41,627 sqm and Velocity@Novena Square, a three-storey retail mall with a total lettable area of 15,856 sqm. In 2019, the office towers achieved an average occupancy rate of 96% while the retail mall had an average occupancy rate of 95%.

During the year, Velocity@Novena Square completed an asset enhancement initiative to reconfigure part of the mall's level one retail space to a new food wing. Opened in December 2019, the food wing is fully leased and features eateries such as Tamago-EN, Huluruk and Aburi-EN. The sports themed mall also welcomed Fight Zone, a homegrown fitness brand, and Liv Activ, a multi-sport lifestyle retailer. Michelin's Bib Gourmand restaurant Song Fa Bak Kut Teh also opened at the mall.

Marina Square Shopping Mall

6 Raffles Boulevard, Singapore 039594



Located at the heart of the vibrant Marina Centre and surrounded by three luxury world class hotels, Marina Square Shopping Mall is one of Singapore's top shopping and entertainment hubs for both locals and tourists alike.

In line with the repositioning of Marina Square in 2018 as a family friendly mall which is fun filled and activity-based, further reconfiguration and amalgamation works were carried out in 2019, paving the way for educational and new experiential concepts. Launched progressively in 2019, new mega brands such as Kiztopia, Nerf Action Xperience, Haidilao Hot Pot and Mindchamps Global HQ & Enrichment Academy brought new excitements and crowds to Marina Square. Other additions in 2019 complementing the mall's "4E" emphasis on Education, Entertainment, Enrichment and Eating, include Danz People, Legacy Dance, De Kinder Club, Modern Fencing Academy, Youclass Learning Centre, Timezone, iClaw, Kei Kaisendon, The Rolling Rice and Encik Tan. The overall transformation spanned over almost 100,000 square feet,

achieving 95% committed occupancy for the mall as at 31 December 2019.

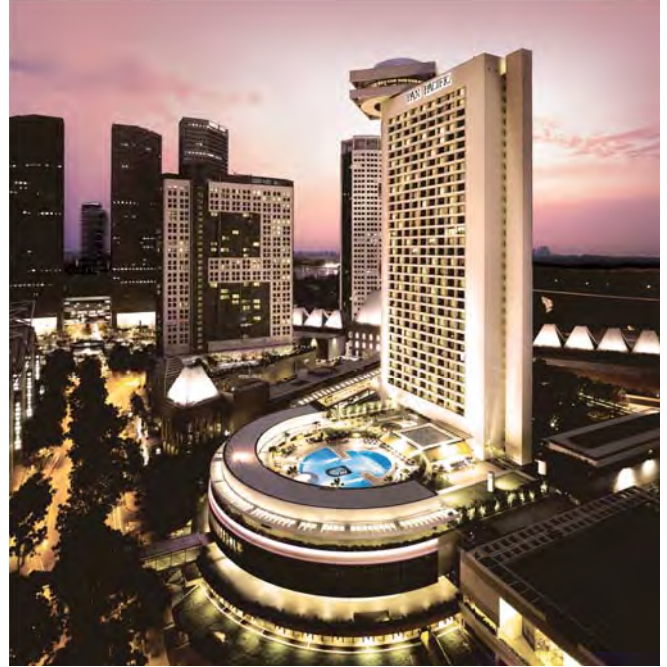
Marina Square hosted various advertising and promotional activities throughout the year. Besides the Lunar New Year promotions, Marina Square's "Extraterrestrial Exploration" themed balloon exhibition drew admiring crowds during the March 2019 school holidays. Other mall promotional activities during the year include Fave digital campaign, Home & Living promotion, Emoji themed promotion and Sesame Street themed Christmas campaign.

In December 2019, as part of the mall's corporate social responsibility program, Marina Square hosted 39 children from the Children's Wishing Well for a fun-filled day with lunch, presentation of Christmas gifts, a meet-and-greet session with characters from the mall's Sesame Street Christmas Live show, crafts activities and playtime at Kiztopia indoor playground.

Singapore Hotels

Performance in 2019

Despite increased visitor arrivals in Singapore, visitor spending registered a slight decline in 2019. Reduced spending as a result of global economic uncertainties moderated the performance of the three Marina Square hotels. With rising operating costs and a tight labour market, the hotels tapped on technology and automation to improve work-flow and productivity in maintaining operating margins.



Pan Pacific Singapore

7 Raffles Boulevard, Marina Square, Singapore 039595

The 790-room Pan Pacific Singapore is located at the Marina Bay area, in close proximity to the CBD and provides easy access to a wide array of retail and entertainment options. The hotel achieved an average occupancy of 83% in 2019.



PARKROYAL COLLECTION Marina Bay, Singapore

6 Raffles Boulevard, Singapore 039594

Formerly known as Marina Mandarin Singapore, the hotel was rebranded as "PARKROYAL COLLECTION Marina Bay, Singapore" with effect from 1 January 2020. The 575-room hotel at Marina Bay is linked to the Marina Square Shopping Mall, and attained 82% average occupancy in 2019.



Mandarin Oriental, Singapore

5 Raffles Avenue, Singapore 039797

Mandarin Oriental, Singapore offers 527 rooms and is situated at the Marina Bay area. The hotel's average occupancy in 2019 was 84%.

Singapore Residential Properties

2019 OVERVIEW

Singapore's private home prices rose 2.7% in 2019, with new home sales by developers rising 12.7% to 9,912 units on the back of a substantial decline in resale transactions. The total number of private residential units sold fell 13.5% to 19,150 units.

The Group managed to replenish its land bank with the acquisition of a land parcel at Clementi Avenue 1 in July, and successfully launched Avenue South Residence in September, both joint venture projects.



Singapore Residential Properties



V on Shenton

5A Shenton Way, Singapore 068814

Located at Shenton Way, the 510-unit V on Shenton is a 54-storey residential tower of a mixed-use development poised to benefit from the Central Business District Incentive Scheme and the completion of the new Shenton Way MRT Station in the near future.

Designed by Ben van Berkel of UNStudio, V on Shenton boasts vantage views of the sea, city and future transformation of the Greater Southern Waterfront. As at December 2019, 92% of the units were sold.



Mon Jervois

47 Jervois Rd, Singapore 247656

Located at Jervois Road, Mon Jervois is an exclusive 109-unit development of 5 low-rise blocks in Singapore's prime residential District 10. Nestled in the Good Class Bungalow neighbourhood of Jervois, Bishopsgate and Chatsworth, it is minutes' drive from the Singapore Botanic Gardens, Orchard

Road and the CBD. Designed by Singapore's award-winning architectural firm, Ong & Ong, this luxury development sits on a sizable land area of 96,424 square feet. As at December 2019, 94% of the units were sold.

Management Review

Singapore Residential Properties



Above illustrations are artist's impressions.

The Clement Canopy

16 Clementi Ave 1, Singapore 129960

Located at Clementi Avenue 1, The Clement Canopy is a 505-unit residential development comprising two soaring 40-storey towers in close proximity to Clementi Town Centre, National University of Singapore, Yale-NUS College and Science Park. Designed by Singapore's award-winning architectural firm, ADDP Architects, 44% of the units at The Clement Canopy offer breath-taking

views oriented towards the West Coast. It is currently the tallest completed building in the world using the Prefabricated Pre-finished Volumetric Construction (PPVC) method. A 50:50 joint venture development with UOL, The Clement Canopy was completed in 2019 and is 100% sold.



Above illustrations are artist's impressions.

The Tre Ver

111 Potong Pasir Ave 1, Singapore 350111

The Tre Ver is a 729-unit river-front residential development consisting of 9 mixed-storey blocks, designed by President's Design Award winner, WOHA Architects. Located at Potong Pasir Avenue 1, along the scenic Kallang River, its design was inspired by the majestic trees along the river and the river view. Conveniently situated within walking distance

of Potong Pasir MRT Station and a short drive to the City, The Tre Ver's surrounding amenities include St. Andrew's village, Stamford American International School and Bidadari Park. A 50:50 joint venture development with UOL, 89% of the units were sold as at December 2019.



Artist's Impression

Avenue South Residence

1 Silat Ave, Singapore 168872

Located at Silat Avenue, Avenue South Residence is a 1,074-unit residential development of two 56-storey towers and five 4-storey blocks with shops and a childcare centre. It was designed by Singapore's award-winning architectural firm, ADDP Architects. Situated in close proximity to the future Greater Southern Waterfront, it is poised to benefit from the expansion of the Outram Medical Campus, the development of the Rail Corridor and the redevelopment of Pulau Brani.

With excellent connectivity to many existing commercial hotspots, Avenue South Residence also offers unparalleled panoramic views of both the city and the sea. A 50:30:20 joint venture development by UOL, UIC and Kheng Leong Company (Private) Limited ("**Kheng Leong**"), the Avenue South Residence is 42% sold as at December 2019.

Clavon

Clementi Ave 1, Singapore 120406

The 99-year leasehold site located at Clementi Avenue 1 was purchased under the Government Land Sales programme in July 2019 on a 80:20 joint venture basis by UOL and UIC respectively.

Located near The Clement Canopy, another award-winning development by the Group, Clavon is also well-poised within the desirable educational cluster of National University of Singapore, NUS High School and Nan Hua High School. The Group targets to launch the project in 2020 with an estimated 640 residential units.



Artist's Impression

Overseas Investments



Overseas Investments



The Excellency (朗御)

3 Dacisi Road, Chengdu,
Sichuan, China 610056

Located within the city centre of Chengdu, the 51-storey twin-tower is a mixed-use development of 468 residential units and 7 retail units.

All residential and retail units at The Excellency have been sold.



Artist's Impression

Park Eleven (沁和园)

Lane 368, Danba Road,
Putuo District, Shanghai, China

Situated within the Changfeng Ecological Business Park and north of Hongqiao Central Business District, Park Eleven is a mixed-use development of 398 residential units and a retail mall. The development is a 40:30:30 joint venture by UOL, UIC and Kheng Leong respectively.

As at January 2020, close to 95% of the 164 residential units launched under Phase 1 were sold. 183 apartment units were also released in October 2019 under Phase 2, with 36% sold as at January 2020. Comprised of 51 townhouses, Phase 3 is scheduled for launch at a later date.

Management Review

Overseas Investments

The Westin Tianjin

(天津君隆威斯汀酒店)

101 Nanjing Road, Heping District,
Tianjin 300040, China

The Westin Tianjin is a 275-room contemporary hotel located within the Heping district, at the heart of Tianjin's CBD. Offering ease of access to both business and leisure travellers, the Company has a 51% interest in this 5-star hotel next to the historic concession precincts which are renowned for their unique architecture and charming streets.

For 2019, the Westin Tianjin's revenue per available room of RMB 511 was 5% higher than the year before, due to a 3% increase in average room rate and the average occupancy rate of 77%.





Tianjin Yanyuan International Hotel (天津燕园国际大酒店)

31 Zi Jin Shan Road, Hexi District,
Tianjin 300074, China

Located strategically within the Tianjin Hexi district, UIC has a 36% interest in the Tianjin Yanyuan International Hotel (formerly Sheraton Tianjin Hotel) which offers 240 guest rooms and 56 serviced apartments with convenient access to popular destinations in the city.

For 2019, Tianjin Yanyuan's revenue per available room at RMB 241, was 21% lower than previous year, accompanied by an average occupancy rate of 55%.

Holborn Island

120 Holborn, Midtown, London EC1N 2TD,
United Kingdom

A 9-storey freehold mixed-use development jointly acquired by UIC and UOL on a 50:50 basis in November 2016, the Holborn Island project is located within walking distance of Chancery Lane and Farringdon Underground Stations and the upcoming Crossrail Farringdon Station in Midtown, London.

Comprising a net lettable area of 32,431 square metres for both office and retail units, Holborn Island has been achieving close to full occupancy, providing a stream of recurring stable income for the Group.





UIC Technologies Pte Ltd

The core businesses of UIC Technologies Pte Ltd (“**UICT**”) include system integrations, general IT services, as well as payroll software and human resource outsourcing services.

For the year ended 31 December 2019, UICT’s revenue increased by 28%, from \$125.5 million in 2018 to \$160.1 million. Profit before tax was \$5.3 million in 2019, with a 21% Return on Total Equity, achieving a 37% increment from the \$3.9 million achieved in 2018.

With revenue and profit growth, UICT continues to be self-financing with a net dividend payout of \$1.0 million and a positive cash balance of \$10.5 million as at 31 December 2019.

Constantly evolving to meet the changing needs of customers and industry, UICT was awarded HP Enterprise Single Largest Compute in 2019.

Leveraging on its existing capabilities, alliances and accreditations such as Microsoft Cloud Platform (Azure) Gold partner, Microsoft Cloud Productivity (Office 365) Gold partner, HP Enterprise Platinum partner and Dell Platinum partner, UICT will continue to offer quality products and services to its customers from the education, financial services, healthcare, and public sectors in 2020.

Property Summary

As at 31 December 2019

	Tenure of Land	Site Area sq metres	Gross Floor Area sq metres	Approximate Net Floor Area sq metres	Car Parking Lots	Percentage of Shareholding	Capital Value \$'m
Investment properties held by subsidiaries							
Abacus Plaza and Tampines Plaza	99-year lease from 1996	2,614 2,613	10,970 10,965	8,397 8,397	87 79	100 ¹ 100 ¹	100 98
Clifford Centre	999-year lease from 1826	3,343	37,267	25,470	268	100 ¹	577
Singapore Land Tower	999-year lease from 1826	5,064	74,215	57,500	288	100 ¹	1,630
Stamford Court	99-year lease from 1994	2,072	7,264	5,990	36	100	98
The Gateway	99-year lease from 1982	21,961	97,430	69,803	689	100 ¹	1,150
UIC Building	99-year lease from 2011	6,778 ²	30,935	26,373	591	100	688
SGX Centre 2	99-year lease from 1995	2,970	36,590	25,800 ³	136	100 ¹	542
West Mall	99-year lease from 1995	9,890	26,300	17,042	314	100 ⁴	401
Marina Square	99-year lease from 1980	92,197 ⁵	314,923 ⁵	212,543 ⁵	1,990 ⁵	77	1,070 ⁶
Investment properties held by associates and joint ventures							
Novena Square	99-year lease from 1997	16,673	70,010	57,197	491	20	1,421
Holborn Island	Freehold	10,522	70,859	32,431	34	50	472

1 Effective interest is 99.7%.

2 Site area stated is the total area for the mixed development with UIC Building (office) and V on Shenton (residential).

3 Inclusive of 3,336 sqm in SGX Centre 1.

4 Effective interest is 99.8%.

5 Mixed development including Pan Pacific Singapore, PARKROYAL COLLECTION Marina Bay, Singapore and Mandarin Oriental, Singapore.

6 Value stated is for Marina Square Shopping Mall only.

Property Summary

As at 31 December 2019

	Tenure of Land	Site Area sq metres	Gross Floor Area sq metres	Actual/Expected Year of TOP	Percentage of Shareholding
Properties held for sale by subsidiaries, associates and joint ventures					
Completed					
Mon Jervois	99-year lease from 2012	8,958	13,796	2016	100 ⁷
V on Shenton	99-year lease from 2011	6,778 ⁸	55,846	2017	100
The Clement Canopy	99-year lease from 2016	13,038	50,196	2019	50
The Excellency, Chengdu	70-year lease from 2007	7,566	77,000	2012	100 ⁷
Park Eleven, Shanghai	70-year lease from 2011	39,540	85,800	2018	30
Under Development					
The Tre Ver	99-year lease from 2018	18,711	52,391	2021	50
Avenue South Residence	99-year lease from 2018	22,851	84,550	2023	30
Clavon	99-year lease from 2019	16,543	57,900	2023	20
	Tenure of Land	No. of guest rooms	Year of Completion	Percentage of Shareholding	
Hotels owned by subsidiaries and associates					
Pan Pacific Singapore	99-year lease from 1980	790	1986	77	
PARKROYAL COLLECTION Marina Bay, Singapore	99-year lease from 1980	575	1986	58	
Mandarin Oriental, Singapore	99-year lease from 1980	527	1986	39	
The Westin Tianjin	50-year lease from 2005	275	2010	51	
Tianjin Yanyuan International Hotel	48-year lease from 1985	296 ⁹	1988	36	

⁷ Effective interest is 99.7%.

⁸ Site area stated is the total area for the mixed development with UIC Building (office) and V on Shenton (residential).

⁹ Includes 56 serviced apartments.

Sustainability



UIC recognises that considerations for the ecological, social and economic environment when operating a business create long-term value for the Company. It is committed to incorporating sustainability in its business strategy and operations whilst it endeavours to uphold high standards of corporate governance.

SUSTAINABILITY GOVERNANCE

The Board considers sustainability issues as part of its strategic formulation, determines the material Environmental, Social, and Governance (“**ESG**”) factors, and oversees the management and monitoring of sustainability performance.

The Board has oversight of the sustainability issues through the Audit Committee.

The Audit Committee is assisted by the Risk Management Committee (“**RMC**”) in identifying and prioritising material ESG factors and for monitoring performance. The Sustainability Steering Committee (“**SSC**”), headed by the CEO, is responsible for implementing sustainability plans and strategies and reports to the RMC. Representatives from various business units and relevant functions are dedicated to collecting and validating data for sustainability reporting. The Company’s annual sustainability reports are approved by the Board.

The Company’s first sustainability report was published in 2018. External assurances have been sought for UIC’s second and subsequent reports.

Sustainability

MATERIALITY

Having considered megatrends in sustainability, emerging issues affecting the industry and reporting by peers, internal stakeholders participated in a materiality survey to evaluate and prioritise the following material ESG issues for UIC's sustainability reporting:

- Energy Consumption
- Climate Change
- Water Use
- Health and Safety
- Employee Turnover
- Employee Training
- Data Privacy
- Regulatory Compliance

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG)

As an integral part of the 2030 Agenda for Sustainable Development adopted by the United Nations Member States (UN) in 2015, the Sustainable Development Goals (“SDG”) provide a holistic approach to achieving sustainable development. The 17 Goals and 169 targets aim to address a range of global challenges.

As a responsible business organisation, UIC is committed to supporting sustainable development by aligning our material ESG factors with the following SDGs to monitor, mark and reflect our present and future contributions.



SUSTAINABILITY REPORT 2019

More details of UIC's sustainability efforts and performance will be detailed in its Sustainability Report 2019 (“SR2019”). Please visit our corporate website www.uic.com.sg to download SR2019 after May 2020.

For all feedback and suggestions, please contact us by writing to sustainability@uic.com.sg.



CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2019

UIC is committed to maintaining high standards of corporate governance and business conduct to enhance long-term value for shareholders and safeguard the interests of its stakeholders. This report sets out the Company's corporate governance processes and activities for the financial year with reference to the principles, provisions and guidelines in the Code of Corporate Governance 2018 ("Code"). Where there is any deviation, an explanation has been provided in this report.

BOARD MATTERS

Board's Conduct of Its Affairs

The Board of Directors ("Board" and individually "Director") oversees the business affairs of the Company and ensures the long-term success of the UIC group of companies ("Group"). The profiles of the Directors are set out on pages 6 to 15 of the Annual Report.

The Board's role is to:

- provide entrepreneurial leadership, set strategic objectives and commitments, review recommendations of the Nominating Committee ("NC"), Remuneration Committee ("RC") and Audit Committee ("AC") (collectively, the "Board Committees"), and ensure that necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;
- review the business results of the Group and monitor the performance of Management;
- identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;
- set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- consider sustainability issues as part of the Group's strategic formulation;
- assume responsibility for corporate governance; and
- act in good faith and in the best interests of the Group.

To assist the Board in the efficient discharge of its responsibilities and to provide independent oversight of Management, the Board has delegated specific functions to each of the Board Committees. Each committee has its own terms of reference to review specific issues and make recommendations to the Board. The Board decides whether to endorse the Board Committees' recommendations and is therefore responsible for all matters.

Minutes of Board Committee meetings are circulated to the Board to keep all Directors updated on each Board Committee's activities.

Changes to the Board Committees' composition and appointments to the Board Committees are approved by the Board. The membership of each Board Committee is set out on page 2 of the Annual Report entitled "Corporate Information".

Comprehensive financial authority limits and internal guidelines determine the matters which require the Board's approval. Under these guidelines, the Board's approval is required for material commitments and payment of operating and capital expenditures exceeding certain threshold limits. The Board delegates the authority to approve transactions of lower threshold limits to the President/Chief Executive Officer ("President/CEO").

Board Meetings and Attendance

The Board and the Board Committees meet regularly (based on schedules planned one year ahead to ensure maximum attendance by all participants) and as warranted by particular circumstances. On occasions when Director(s) are unable to attend meeting(s) in person, attendance through telephonic means is permitted under the Company's Constitution ("Constitution"). Directors who are unable to attend any Board or Board Committee meeting will nonetheless be sent the papers tabled for discussion and have the opportunity to convey their views, if any, to the Chairman of the Board and/or Board Committee for consideration or discussion with the other Directors. The Board and Board Committees may also make decisions by way of resolutions in writing.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2019

Each Director's attendance at Board and Board Committee meetings held in 2019 is set out below:

Name	Attendance at 4 Board Meetings	Attendance at 8 Audit Committee Meetings	Attendance at 1 Nominating Committee Meeting	Attendance at 3 Remuneration Committee Meetings	Annual General Meeting
Wee Cho Yaw	3	n/a	0	1	0
Lim Hock San	4	n/a	n/a	n/a	1
James L. Go	3	7	1	3	1
Lance Yu Gokongwei	4	n/a	n/a	n/a	1
Wee Ee Lim	4	n/a	n/a	n/a	1
Gwee Lian Kheng ¹	2	n/a	n/a	n/a	1
Alvin Yeo Khirn Hai	2	3	n/a	3	1
Hwang Soo Jin	4	8	1	3	1
Antonio L. Go	4	n/a	1	3	1
Yang Soo Suan	3	8	0	n/a	1
Francis Lee Seng Wee	4	n/a	n/a	n/a	1
Chng Hwee Hong	4	n/a	n/a	n/a	1
Liam Wee Sin ²	2	n/a	n/a	n/a	n/a

1 Mr Gwee Lian Kheng resigned as Director on 25 April 2019

2 Mr Liam Wee Sin was appointed as Director on 10 June 2019

All newly appointed Directors would receive a formal letter of appointment setting out their duties and responsibilities as a director of the Company and the policies and practices of the Group. In addition, they would also be provided with an information pack containing the Group's organisation structure, the Company's most recent annual report, the Constitution, the terms of reference of the respective Board Committees and the Group's policies. The Company familiarises all incoming Directors with the Group's management, business and corporate governance practices.

Recognising the importance of regular training and continual professional development, all Directors are encouraged to attend relevant seminars, courses and talks relating to the Company's business, Board matters, new laws, regulations and guidelines. The Company also ensures that Director(s) without prior experience as a director of a listed company undergoes training in the roles and responsibilities of a listed company director.

The Company Secretary also regularly updates the Board on changes to existing laws, regulations and guidelines. PricewaterhouseCoopers LLP, the independent auditor, briefs and updates the AC and Board on developments in accounting and governance standards and issues which may have a direct impact on the financial statements.

Board Composition

The current Board comprises 13 directors, seven of whom are independent. With the exception of the President/CEO, all Directors are non-executive.

The Directors bring a wealth of knowledge, expertise and experience and contribute valuable direction and insight to the Company, drawing from their vast experience and industry knowledge in business, accounting, finance, law, banking and management. As a group, the Board provides an appropriate balance and diversity of skills, experience, qualifications, core competencies and knowledge of the Company.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2019

Taking into account the nature and scope of the Group's operations, the Board, in consultation with the NC, is satisfied that the Board composition is appropriate for effective discussion and decision-making, and that neither an individual nor a small group of individuals dominate the Board's decision-making process. With majority of the Board members being non-executive and independent of character and judgement, objectivity on issues deliberated is assured. Where a Director has a conflict of interest in a particular matter, he or she will be required to recuse himself or herself from the Board's deliberations and will abstain from voting on that matter. Directors also submit annual declarations of conflict of interests.

Review of Directors' Independence

Having regard to the views of the NC, the Board determines annually and as and when circumstances require, the independence of each Director in accordance with the Code and the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual. An independent director ("Independent Director") is one who has no relationship with the Company, its related corporations, its substantial shareholders who each hold not less than 5% of the voting shares of the Company, or its officers which could interfere or be perceived to interfere with his or her independent judgement.

The NC assessed and is satisfied with the independence of character and judgement of each of the Independent Directors, as well as their openness and in-depth knowledge of the Group's business. The NC also noted that they have independent mindsets and have acted objectively at all times in the interests of the Group and its shareholders.

Based on their contributions to Board discussions, independent character and judgment, together with their declarations of independence as defined in the Code and the SGX-ST Listing Manual, the Board has determined that M/s Hwang Soo Jin, Antonio L. Go, Alvin Yeo Khirn Hai, Yang Soo Suan, Francis Lee Seng Wee and Chng Hwee Hong acted with independence and are considered independent during the financial year ended 2019. Ms Tan Khiaw Ngoh, who was appointed on 27 February 2020 is deemed independent under the provisions and rules of the Code and SGX-ST Listing Manual.

The NC further noted that Mr Alvin Yeo Khirn Hai has also declared that he is the Chairman and a Senior Partner of WongPartnership LLP, which has provided legal services to the Company and its subsidiaries in the immediate past financial year, for which fees of less than \$200,000 have been billed. However, he has not been involved in providing such legal services and was also not involved in the selection or appointment of legal counsel by the Company. He supports the use of market rates for remuneration of legal services.

The NC also noted that Mr Francis Lee Seng Wee is the Chairman and a director of DP Architects Pte. Ltd and DP Group of Companies, which have provided services to the Company and its subsidiaries in the immediate past financial year, for which fees of more than \$200,000 have been billed. However, he has not been involved in providing such professional services and was also not involved in the selection or appointment of architects by the Company. He supports the use of market rates for remuneration of professional services.

The independence of each of the Independent Directors who have served on the Board beyond nine years, namely, M/s Alvin Yeo Khirn Hai, Hwang Soo Jin and Antonio L. Go, was subject to scrutiny by the NC. Despite their long periods of service, the NC found and recommended to the Board that each Independent Director has exercised independent judgment and made decisions objectively in the best interests of the Company and its shareholders.

The Board, having considered the NC's recommendations and weighing the need for the Board's refreshment against tenure, deems M/s Alvin Yeo Khirn Hai, Antonio L. Go and Hwang Soo Jin as independent and agrees that their years of service have not compromised their independence and ability to discharge their duties as Board and Board Committee members.

The Board, in consultation with the NC, regularly reviews the Board composition and the need for a lead independent director. Notwithstanding that the Board does not have a lead independent director, the Board is of the view that there is a strong independent element within the Board. The Independent Directors who make up a majority of the Board, will ensure that matters affecting stakeholders and customers receive proper

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2019

consideration and are handled objectively in the best interest of the Company. Complaints may be lodged with any Director or relayed to the Company via established channels which can be found on its corporate website. In addition, the regular and active interactions amongst Directors at Board and Board Committee meetings provide sufficient opportunities for the Independent Directors to co-ordinate and work together as a group. Where necessary, the Independent Directors also have the discretion to meet without the presence of the other Directors and they are able to provide their feedback to the Chairman after such meetings. The Independent Directors chairing the AC, NC and RC have sufficient standing and authority to look into any matter which the Chairman and the President/CEO fail to resolve. Consequently, although the Chairman is non-independent, the Board does not consider it presently necessary to appoint a lead independent director amongst them.

Non-Executive Directors

In addition, the non-executive directors (“Non-Executive Directors”) effectively monitor Management by constructively challenging Management’s proposals, assisting in the strategic development of the Company’s business, reviewing the performance of Management in achieving agreed goals and objectives, and monitoring the reporting of such performance. Where necessary, the Non-Executive Directors are encouraged to meet without the presence of Management to facilitate a more effective check on Management.

Chairman and Chief Executive Officer

To ensure an appropriate balance of power, increased accountability and a greater capacity of the Board for independent decision-making, the Company has a clear division of responsibilities among its top management. Such division of responsibilities is established and agreed on by the Board.

The non-executive Chairman and the President/CEO are not related to each other. Their roles are kept separate to ensure a clear division of responsibilities. Whilst the President/CEO receives support and guidance from the Board, he has full executive responsibility for the management of the Group’s business operations and the effective implementation of the Group’s strategies and policies.

The Chairman’s responsibilities include:

- ensuring the Board’s effectiveness on all aspects of its role;
- setting the Board agenda and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues;
- promoting a culture of openness and debate within the Board;
- ensuring that the Directors receive complete, accurate and timely information;
- ensuring effective communication with shareholders;
- encouraging constructive relations within the Board and between the Board and Management;
- ensuring that the Board’s performance is regularly evaluated;
- facilitating effective contribution from Non-Executive Directors; and
- promoting high standards of corporate governance.

BOARD MEMBERSHIP

Nominating Committee

The NC comprises five Non-Executive Directors, namely, M/s Hwang Soo Jin (“NC Chairman”), Wee Cho Yaw, James L. Go, Antonio L. Go and Yang Soo Suan. Three of the NC members, including the NC Chairman, are Independent Directors. The NC Chairman is not directly associated with any of the Company’s substantial shareholders.

Through the NC, the Board reviews its composition and the composition of Board Committees annually. The NC seeks to ensure that the Board is composed of an appropriate balance and diversity of age, race, skills, experience and gender, and that the Directors as a group, have the necessary competence to manage the Group’s business.

The main Terms of Reference of the NC are:

- reviewing the succession plans for key management personnel and Directors, in particular, the Chairman and President/CEO;
- deciding how the performance of the Board, the Board Committees and Directors may be evaluated, and proposing objective performance criteria to assess the effectiveness of the Board and Board Committees as a whole and the contribution of each Director;

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- reviewing the training and professional development programmes for the Board and each Director;
- reviewing and recommending appointments and re-appointments of Directors to the Board, setting the criteria used to identify and evaluate potential new directors and determining the channels used in searching for appropriate candidates;
- reviewing the diversity, size and skills required by the Board, implementing steps towards achieving Board diversity and reviewing the progress made towards implementing the policy;
- reviewing the independence of each Director annually having regard to the criteria set out in the Code and the SGX-ST Listing Manual, the need for a lead independent director, and ensuring that majority of the board comprises Independent Directors;
- making a reasoned assessment whether a Director with multiple board representations is able to and has been adequately carrying out his or her duties as a Director; and
- carrying out annual assessment of the effectiveness of the Board, the Board Committees and individual Directors and the process and criteria for evaluation of the same.

The NC oversees, reviews and recommends the Directors' succession, induction, training and leadership development plans for the Board's approval.

During the process for nominating a new director, the NC identifies key attributes of a potential director based on the requirements of the Group, taking into account broader diversity considerations, and recommends the appointment to the Board. The NC conducts a yearly review of the retirement of Directors and their eligibility for re-election. The Constitution requires one-third of the Directors (selected based on length of service since their last re-election or appointment) to retire ("one-third rotation rule") at every annual general meeting ("AGM"). Retiring Directors may offer themselves for re-election by shareholders at the AGM. In addition, a newly appointed Director is required to submit himself or herself for re-election at the AGM immediately following his or her appointment. Thereafter, he or she will be subject to the one-third rotation rule.

In its deliberations on the re-election of Directors, the NC takes into consideration each Director's competencies, commitment, contributions and performance (including attendance, participation and candour) to meet the evolving needs of the Group. Relevant information on Directors seeking re-election at the AGM is provided in the Annual Report.

Where a Director holds multiple Board memberships, the NC regularly reviews whether or not that Director is able to and has adequately carried out his or her duties as a Director of the Company. The NC is satisfied that, notwithstanding the multiple listed board representations and principal commitments, each Director has been able to commit time and attention to the affairs of the Group, and has participated actively and robustly in Board discussions and related Board Committee meetings.

Based on the NC's analysis, the NC notes that, excluding directorships held in the same group of related companies, the Directors hold between one and ten listed board representations or principal commitments.

The Board is of the view that it is presently unnecessary to impose a cap on the maximum number of listed board representations as the commitment required of each Director varies, and each Director will be able to evaluate his or her ability to allocate sufficient time and attention to adequately carry out his or her duties as a Director of the Company. Where a Director faces any issue with competing time commitments, the Director may raise it with the NC Chairman. For 2019, the NC is satisfied that the Directors' other appointments and commitments have not impeded their ability to effectively discharge their duties as Directors of the Company. This assessment is conducted annually.

Information on the Directors, including the year of initial appointment, date of last re-election and membership on Board Committees, is set out in the section of this Annual Report entitled "Corporate Information" on page 2.

The Company does not have any alternate Directors on the Board.

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Diversity

In compliance with the Code, the Board has, on the NC's recommendation, adopted a Board diversity policy ("Diversity Policy"). The Board recognises that diversity enhances the decision-making process of the Board through the collective wisdom arising from varied perspectives of Directors derived from their skills, knowledge, practical experience, ethnicity, gender and age. The Board has also authorised the NC to lead the Company's board diversity agenda and set measurable objectives with the aim of improving diversity generally.

The main diversity agenda of the NC includes:

- reviewing the Board's composition and succession planning, having regard to all aspects of diversity, including diversity of skills, knowledge, experience, gender, age, ethnicity and other relevant factors;
- engaging external search consultants when necessary, for professional advice and/or to source for candidates in line with the Company's Diversity Policy; and
- making recommendations to the Board on all Board and Board Committee appointments and re-appointments based on merit, having regard to the diversity and independence of the Board or Board Committees as a whole.

To enhance the Board's diversity, the Board (on the NC's recommendation) has appointed Ms Tan Khiaw Ngoh as Independent Director and AC member. Ms Tan Khiaw Ngoh has more than 35 years' experience as an auditor with PricewaterhouseCoopers LLP and brings with her a wealth of financial and auditing expertise. As a board and committee member of various social services and charities, Ms Tan Khiaw Ngoh is also well placed to guide the Company's sustainability and corporate social responsibility initiatives.

Board Performance

With the Board's approval, the NC has adopted objective performance criteria for assessing the effectiveness of the Board as a whole, the Board Committees and individual Directors. In evaluating the Board's performance as a whole, the NC has considered the Group's financial performance against its budgets and prior year's results, as well as quantitative indicators which include return on equity, return on assets and total shareholder return.

These performance criteria are linked to long-term shareholder value and allow the NC to make comparisons with its industry peers. In addition, the NC also takes into consideration the qualitative criteria for the effectiveness of the Board in monitoring Management's performance and the success of Management in achieving strategic and budgetary objectives set by the Board.

As part of the yearly assessment of contributions from each Director to the effectiveness of the Board, the NC would assess whether each Director has contributed effectively and discharged his or her duties responsibly, taking into account the individual Director's industry knowledge and/or functional expertise, independence and integrity, attendance as well as the level of contribution and participation at the Board and Board Committee meetings. The Board would then be informed of the results of the performance evaluation and where appropriate, the Chairman would act on such results in consultation with the NC.

For the year 2019, the NC was satisfied with the effectiveness of the Board as a whole and its Board Committees. The NC also found that all Directors, including the Chairman, have discharged their duties responsibly and effectively.

Access to Information

The Company recognises the importance of providing Directors with complete, adequate and timely information on an ongoing basis to enable them to make informed decisions, discharge their duties and keep abreast of the Company's operational and financial performance, key issues, challenges and opportunities. The Directors also have independent and unrestricted access to the Company Secretary and Management, and are entitled to request for any additional material or information.

To allow Directors sufficient time to review Board papers and prepare for each Board and Board Committee meeting, Directors are provided with Board papers and related material one week in advance. Relevant management personnel attend the Board and Board Committee meetings to give their presentations to and answer any queries from Directors. Management also provides Directors with monthly management accounts.

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Subject to the approval of the Chairman, the Directors may seek and obtain separate and independent professional advice to assist them in their duties at the Company's expense.

Company Secretary

The Company Secretary assists the Chairman to ensure information flows efficiently and effectively within the Board and Board Committees, and between Management and Directors. The Company Secretary attends all Board and Board Committee meetings and advises the Board on all governance matters including, inter alia:

- all matters regarding the proper function of the Board;
- compliance with the Company's Constitution; and
- compliance with the Companies Act (Cap. 50), the Securities and Futures Act (Cap. 289), the Code, the SGX-ST Listing Manual and other applicable rules and regulations.

From time to time, the Company Secretary circulates to the Board articles and press releases relevant to the Directors or to the Group's businesses, and material announcements issued to or by SGX-ST and the Accounting & Corporate Regulatory Authority. The Company Secretary also keeps the Board updated on changes to relevant laws and regulations, industry issues, practices and trends pertaining to corporate governance matters which may affect the Company, the Board and Board Committees.

The Board as a whole decides on the appointment and the removal of the Company Secretary.

ANNUAL REMUNERATION REPORT

Remuneration Committee

The members of the RC are M/s Alvin Yeo Khirn Hai ("RC Chairman"), Wee Cho Yaw, James L. Go, Hwang Soo Jin and Antonio L. Go. The RC is made up of Non-Executive Directors, majority of whom, including the RC Chairman are independent.

The RC's main Terms of Reference are:

- reviewing the existing benefits and remuneration systems, including the Performance or Variable Bonus Schemes and the UIC Share Option Scheme

("ESOS") applicable to the Group and proposing any amendments/updates, where appropriate, to the Board for approval;

- approving the remuneration packages of the President/CEO and key management personnel of the Group;
- setting remuneration policies, level and mix of remuneration, the procedure for setting remuneration and determining the relationship between remuneration, performance and value creation;
- administering the allocation of the ESOS to qualifying executives, including the President/CEO of the Company;
- reviewing the performance of Directors, the President/CEO and key management personnel on an annual basis and recommending appropriate rewards and fees, taking into account their services and contributions to the various Board Committees or to the Company; and
- reviewing the Company's obligations arising in the event of termination of the President/CEO's or the key management personnel's contracts of service to ensure that contracts of service contain fair and reasonable termination clauses which are not overly generous.

Procedures for Developing Remuneration Policies

The Board, through the RC, oversees and sets an appropriate remuneration policy for the Group. The RC reviews and recommends for the Board's endorsement, a remuneration framework for Directors and key management personnel (including the President/CEO). The RC may seek professional advice from external consultants, when necessary. In its review, the RC examines the Group's performance targets via Key Performance Indicators ("KPIs") such as profits, return on equity, total shareholder return, leasing rates and residential properties sales, and will also benchmark the KPIs against the industry average of comparable companies. In addition, the RC will look at the individual's performance and consider market practices in compensation. In recommending a specific remuneration package for each Director and key management personnel for the Board's endorsement, the RC covers all aspects of remuneration, including but not limited to Directors' fees, and key management personnel's salaries, allowances, bonuses, share options and benefits in kind.

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No member of the RC or Director is involved in the deliberations in respect of his or her remuneration and compensation to be granted to him or her.

Level and Mix of Remuneration

In recommending to the Board a level and mix of remuneration for its Directors and key management personnel, the RC ensures that the Group's compensation strategies are flexible and in line with the Group's long term goals, and are compatible with the market so as to attract, motivate and retain key talents for the success and growth of the Group.

A portion of the President/CEO's and key management personnel's remuneration is linked to the performance of the Group. The Company ensures that such performance-related remuneration is aligned with the interests of the shareholders and promotes the long-term success of the Group. This remuneration consists of the following components:

- (a) fixed remuneration, which includes basic salary, the Company's Central Provident Fund ("CPF") contributions and annual wage supplement. To ensure that such remuneration is compatible with market practice, the RC considers the remuneration components of similar companies in the industry;
- (b) variable bonus based on the Group's and the individual's performance, as well as industry payment. The percentage of the variable component against the total compensation paid out to an individual would depend on that individual's level of seniority within the Group and that individual's contribution to the Group;
- (c) benefits provided including medical benefits, transport and telephone allowances. Eligibility is dependent on the individual's job requirement, salary, grade and length of service; and
- (d) share options granted under the ESOS (vested within a 4-year period from the date of grant according to a vesting schedule). The quantum of allocation is based on the individual's performance and contribution to the Group. Details of the ESOS are set out under "Share Options" on page 59 of the Annual Report and can also be found on the Company's website at www.uic.com.sg.

For the year 2019, the RC was satisfied that the performance targets relied on to determine the President/CEO's and key management personnel's entitlements were met.

Disclosure on Remuneration

Non-Executive Directors are paid basic Directors' fees and additional fees for their additional duties under the Board Committees. The Chairman of the Board, and the chairman of each Board Committee each receives a higher fee for his additional responsibilities. The RC ensures that the recommended compensation is commensurate with the effort, time spent and role of each Non-Executive Director. The RC recommends Directors' fees for the Board's endorsement and subsequent shareholders' approval at each AGM.

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Remuneration of Directors¹ for the Year Ended 31 December 2019 is as follows:

Name of Director	Base/ Fixed Salary %	Variable or Performance- Related Income/ Bonuses %	Directors' Fees ² %	Share Options Granted, Allowances and Other Benefits %	Total \$'000
Chief Executive Officer					
Lim Hock San	58	35	1	6	1,395
Non-Executive Directors					
Wee Cho Yaw	n/a	n/a	100	n/a	94
James L. Go	n/a	n/a	100	n/a	69
Lance Yu Gokongwei	n/a	n/a	100	n/a	27
Wee Ee Lim	n/a	n/a	100	n/a	27
Gwee Lian Kheng ³	n/a	n/a	100	n/a	29
Alvin Yeo Khirn Hai	n/a	n/a	100	n/a	54
Hwang Soo Jin	n/a	n/a	100	n/a	61
Antonio L. Go	n/a	n/a	100	n/a	41
Yang Soo Suan	n/a	n/a	100	n/a	54
Francis Lee Seng Wee	n/a	n/a	100	n/a	27
Chng Hwee Hong	n/a	n/a	100	n/a	27
Liam Wee Sin ⁴	n/a	n/a	100	n/a	25

1 To be approved by shareholders at the AGM

2 Include fees payable for directorships in subsidiary companies (if applicable)

3 Mr Gwee Lian Kheng resigned as Director on 25 April 2019

4 Mr Liam Wee Sin was appointed as Director on 10 June 2019

Remuneration of Key Management Personnel (who are not Directors) for the Year Ended 31 December 2019 is as follows:

Remuneration Band & Name of Key Executive	Base/ Fixed Salary %	Variable or Performance- Related Income/ Bonuses %	Share Options Granted, Allowances and Other Benefits %
\$250,000 - \$500,000			
Goh Poh Leng	61	21	18
Han Chan Juan	64	21	15
Kenneth Lee Ngai Hon	61	20	19
Koh Kim Meng	69	19	12
Chan Yien Mei	70	23	7

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The total aggregate remuneration paid to the above key management personnel (excluding the President/CEO) is \$2,131,159.

There were no post-employment benefits for the Directors, the President/CEO and the key management personnel (who are not Directors) for the financial year ended 2019.

Remuneration of Employees who are Immediate Family Members of a Director or the President/CEO

No employee of the Group whose remuneration exceeded \$100,000 during the financial year ended 31 December 2019 is an immediate family member of a Director or the President/CEO or a substantial shareholder of the Company.

Information on Key Executives

Goh Poh Leng

(Senior General Manager, Marketing)

Ms Goh Poh Leng graduated with a Bachelor of Science (Estate Management) (Honours) from the National University of Singapore in 1990 and subsequently obtained her Certified Diploma in Accounting and Finance conducted by The Association of Chartered Certified Accountants, UK. Prior to joining the Company, Ms Goh worked in an international property consultancy firm for two years. She joined in 1992 and held various positions until her appointment as Senior General Manager, Marketing in January 2010.

Han Chan Juan

(Senior General Manager, Asset Management)

Mr Han Chan Juan qualified as a chartered accountant in 1980, and is a member of the Institute of Chartered Accountants in England and Wales and the Institute of Singapore Chartered Accountants. Prior to joining the Group in 2009, he was Senior Vice President (Performance Management) of the Pan Pacific Hotels Group Limited. He has over 30 years of experience in financial and asset management of hotels.

Kenneth Lee Ngai Hon

(Senior General Manager, Finance)

Mr Kenneth Lee graduated from Nanyang Technological University with a Bachelor of Accountancy (Second Class Upper Honours) and is a fellow of the Institute of Singapore Chartered Accountants. He has more than 20 years of experience in financial management. He began his career as an auditor in an international accounting firm and subsequently took on financial management positions in the manufacturing, retail and hospitality industries.

Koh Kim Meng

(General Manager, Projects & Development)

Mr Koh Kim Meng has a Bachelor of Engineering (Honours) Degree from the University of Technology, Loughborough, United Kingdom, a Diploma in Structural Engineering from the Singapore Polytechnic, and a Certificate in Management Studies from the Singapore Institute of Management Studies. He brings with him a wealth of experience in real estate developments ranging from hotels, commercial and residential developments, retail malls, industrial buildings to golf courses. At various points in his career, he had led the project development, marketing and property management functions. He joined the Company in 2007 as General Manager to head the projects and development division.

Chan Yien Mei

(General Manager, Marina Centre Holdings Pte Ltd)

Ms Chan Yien Mei graduated from the National University of Singapore with a Bachelor of Arts (Economics) and holds a Master of Business Administration, University of Birmingham.

Ms Chan has more than 15 years' experience in retail malls covering retail planning, marketing, lease administration and operations. She joined the Group in 2009 as Assistant General Manager, Marketing and currently serves as General Manager of Marina Centre Holding Private Limited.

Prior to joining the Company, she held various positions in retail mall developments, including project manager/development manager. Earlier in her career, she was also involved in business development for hospitality, family entertainment and lifestyle businesses.

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ACCOUNTABILITY AND AUDIT

Accountability

The Board recognises the need to provide shareholders with a balanced and understandable assessment of the Group's performance and prospects.

The Board ensures that disclosure of material corporate developments and other ad-hoc announcements as required by the SGX-ST are released on a timely basis. For the financial year ended 31 December 2019, results for the first three quarters were released within 45 days from the end of the quarter and full year results were released within 60 days from the financial year-end. In line with the changes to the quarterly reporting framework in the SGX-ST Listing Manual which took effect from 7 February 2020, the Board has elected to release the Company's financial results on a half-yearly basis with effect from the financial year ending 31 December 2020.

The Company believes that prompt compliance with continuing disclosure obligations and statutory reporting requirements are imperative to maintaining shareholders' confidence and trust in the Company.

Directors are also provided monthly management accounts, which include:

- consolidated income statements;
- statements of financial position;
- performance statistics; and
- explanations for significant variances against budget and/or corresponding period of prior year.

In addition, Management also provides the Directors with other business reports on a quarterly basis and as and when the Board may require.

Risk Management and Internal Controls

The Board, with the assistance of the AC, ensures that the Group maintains a sound system of risk management and internal controls including proper accounting records and reliable financial information, to safeguard the interests of the Company and its shareholders.

The Group has put in place a risk management system to identify, evaluate, manage and report all material risks arising from the Group's business transactions and activities. This risk management system is steered

by the Risk Management Committee ("RMC"), which comprises the President/CEO, Chief Operating Officer and the respective Heads of Department of the Group. The RMC reports to the AC.

The RMC:

- oversees various aspects of control and risk management policies and processes of the Group;
- identifies, evaluates, manages and reports all material risks arising from the Group's business transactions and activities;
- performs ongoing reviews to monitor implementation and effectiveness of the risk management activities and make refinements as necessary;
- reviews and guides the Group in formulating its risk policies;
- reviews the Group's risk profile periodically and risk limits where applicable;
- reports to the AC and/or the Board on material matters, findings and recommendations; and
- performs such other functions as the Board may determine.

Risk registers which identify the material risks facing the Group's business, and the internal controls put in place to manage those risks, are reviewed quarterly by the respective business and operational units. The completed risk registers and a quarterly risk report are then reviewed and approved by the President/CEO.

The RMC meets quarterly to review and evaluate the risk registers and risk report to ensure all material risks including strategic, financial, operational, compliance (legislation and regulatory) and information technology risks are properly identified, and sufficient internal controls are in place to manage such risks. In addition, the RMC assesses the impact of new regulations and changes in the business environment on the Group's business, when necessary.

The results of the respective risk management exercises are submitted to the AC on a quarterly basis.

The AC reviews the Group's key risks and levels of risk tolerance, assesses the adequacy and effectiveness of the Group's risk management and internal control systems, and thereafter, reports the findings of its assessments and recommendations to the Board for consideration.

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The Board, with the assistance of the AC, has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance, and information technology controls.

The assessment took into consideration the findings and recommendations of the RMC, AC and Board during the year, together with any additional information necessary to ensure the Board has taken into account all significant aspects of material risks and internal controls for the Group for the financial year ended 31 December 2019.

In particular, the Board's assessment took into consideration (i) the changes since the last annual assessment in the nature and extent of material risks, and the Group's ability to respond to changes in its business and the external environment; (ii) the scope and quality of Management's ongoing monitoring of risks and of the systems of internal controls, and the reporting procedure of the results of such monitoring to the RMC and the AC; (iii) the scope and quality of the AC's monitoring of the internal and independent auditors, and other providers of assurance; and (iv) any incidence of material weaknesses that were identified during the financial year.

For the financial year ended 2019, the Board received assurances from:

- the President/CEO and Senior General Manager, Finance that the Group's financial records have been properly maintained, and the financial statements give a true and fair view, in all material aspects, of the Group's operations and finances; and
- the President/CEO and key management personnel that the risk management and internal control systems of the Group were adequate and effective in addressing the material risks in its current business environment.

Based on the risk management and internal control systems established and maintained by the Group, work performed by the internal and independent auditors, reviews by the RMC, the AC and the Board, and the

abovementioned assurances – the Board and the AC are of the view that the Group's risk management and internal control systems including financial, operational, compliance, and information technology controls are adequate and effective to address risks which the Group considers relevant and material to operations, and no material weaknesses were identified as at 31 December 2019.

The Board notes that although the risk management and internal control systems established by the Group provide reasonable assurance that the Group will not be materially affected by any event that can be reasonably foreseen, no system of risk management and internal controls can provide absolute assurance against the occurrence of material error, fraud, poor judgement in decision-making, human error, losses, or other irregularities, and other events arising from the business environment which the Group operates in.

Audit Committee

In the financial year ended 31 December 2019, the AC comprised four Non-Executive Directors, namely, M/s Yang Soo Suan ("AC Chairman"), James L. Go, Hwang Soo Jin and Alvin Yeo Khirn Hai, the majority of whom, including the AC Chairman, are independent. In February 2020, Mr Hwang Soo Jin stepped down from the AC and Ms Tan Khiaw Nghoh was appointed an AC member by the Board. The Board is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities, and that at least two AC members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

The AC carries out its duties in accordance with the Terms of Reference which include the following:

- reviews the scope and results of the audit report and its cost effectiveness with the independent auditor;
- reviews the significant financial reporting issues and judgements made and any announcements relating to the Group's financial performance;
- reviews and reports to the Board the adequacy and effectiveness of the Group's risk management and internal controls;

CORPORATE GOVERNANCE REPORT

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- reviews the adequacy, effectiveness, independence, scope and results of the internal audit department;
- reviews the assistance given by the Group's officers to the independent and internal auditors;
- commissions investigations and reviews findings likely to have a material impact on the Group's operating results or financial position;
- reviews significant interested person transactions;
- meets with the independent and internal auditors annually without the presence of Management; and
- reviews the independence of the independent auditor annually.

The AC has explicit authority to investigate any matter within its Terms of Reference, full access to and co-operation from Management, full discretion to invite any one or more of the Directors and/or the President/CEO to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

Management has put in place, with the AC's endorsement, channels through which staff of the Group and external parties may raise concerns about possible improprieties in matters of financial reporting or other matters in confidence.

A whistle-blowing policy, implemented since February 2004 and recently updated in November 2019, enables staff and external parties to raise concerns on impropriety including fraud, theft, corruption, workplace safety lapses and discrimination at work to their managers, the President/CEO, the Head of Internal Audit and/or the AC Chairman, as appropriate, for investigation. The policy provides reassurance to whistle-blowers that they will not be victimised. The Company will also consider, as far as is reasonably practicable, concerns that are raised anonymously.

Key Audit Matters

In their review of the financial statements, the AC notes with satisfaction the independent auditors' comments on the Group's management of the two key audit matters namely:

- (A) valuation of investment properties; and
- (B) assessment of allowance for foreseeable losses arising from development properties held for sale.

Mindful of the importance of these assessments which impact materially the statements of financial position, the AC will continue to exercise stringent oversight to ensure:

- Management is adequately equipped with requisite resources, particularly competent and qualified staff members;
- The methodologies utilised are in line with the market practice in general;
- The process of assessment is transparent and objective;
- Adequate system and procedure are in place for the objective selection of external professional valuers;
- The AC is kept engaged throughout the due process; and
- The accurate presentation of financial statements.

It is noteworthy that under both key audit matters and other audit and accounting matters, there are no material weaknesses noted in either the system or the procedure of controls in areas covered by the internal auditor and independent auditor in the audit for the financial year 2019.

During the financial year 2019, the AC held eight meetings. The announcements of quarterly and full year results, the financial statements of the Group, and the Auditor's Report for the full year were reviewed by the AC before the same were recommended for consideration and approval of the Board. The AC has met once with the internal and independent auditors, without the presence of Management during the financial year.

For the financial year 2019, the AC undertook a review of the fees and expenses of the audit and non-audit services provided by the independent auditor in accordance with Rule 1207(6) of SGX-ST Listing Manual. Details of the aggregate sum of fees paid to the independent auditor and the breakdown of fees payable in respect of audit and non-audit services can be found in Note 5 to the Financial Statements.

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The AC also assessed the nature and extent of the non-audit services and whether such services might prejudice the independence and objectivity of the independent auditor before confirming their re-appointment. The AC was satisfied that such services did not affect the independent auditor's independence. Having regard to the adequacy of resources, the experience of the firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group, and the number of supervisory and professional staff assigned to the audit, the AC was satisfied that the independent auditor is a suitable audit firm to meet the Group's audit obligations. The AC then recommended to the Board for shareholders' approval, the re-appointment of the auditor.

No member of the AC was appointed to the AC within a period of two years, commencing on the date of his or her ceasing to be a partner of the Company's existing audit firm.

The Company confirms that Rules 712 and 715 of the SGX-ST Listing Manual on the appointment of Auditors have been complied with. Please refer to Note 40 to the Financial Statements.

Internal Audit

The Group maintains accountability through an in-house internal audit department which comprises the Head of Internal Audit and a team of qualified personnel. The Head of Internal Audit reports directly to the AC and administratively to the President/CEO. The appointment, termination and remuneration of the Head of Internal Audit are under the purview of the AC. The internal audit department is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, and assists the AC in advocating robust internal controls, good corporate governance and effective risk management through reviews on the adequacy and effectiveness of the Group's risk management and internal control systems in respect of financial, operational, compliance and information technology controls.

The internal audit department has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Group.

The AC regularly reviews the adequacy, effectiveness, independence, scope and results of the internal audit department, and is of the view that the internal audit department is independent, effective and adequately resourced.

Shareholder Rights and Responsibilities

The Company adopts an open and non-discriminatory approach regarding its shareholders' rights.

The Company has an Investor Relations Policy (available online on UIC's website at www.uic.com.sg) which ensures that pertinent information conveyed to its shareholders is as descriptive and detailed as possible. The Board also provided shareholders with a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis via quarterly announcement of results for the financial year ended 31 December 2019 and other ad hoc announcements as required by SGX-ST. With effect from the financial year ending 31 December 2020, the Board has elected to release the Company's financial results on a half-yearly basis.

The Company continues to keep shareholders and analysts informed of its corporate activities on a timely, consistent and even-handed basis. The disclosures are made on an immediate basis as required under the SGX-ST Listing Manual or as soon as possible where immediate disclosure is not practicable. From time to time, Management meets with analysts upon their request.

The Company strives to provide consistent and sustainable annual returns to its shareholders through the payment of dividends, after taking into account the Company's financial performance, short and long term capital requirements, market conditions and opportunities for capital reinvestments, amongst other reasons. The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management. The Board will review the dividend policy from time to time and has the sole and absolute discretion to update, amend and/or modify the dividend policy at any time.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2019

As part of its sustainability agenda and in accordance with the SGX-ST Listing Manual, the Company has been issuing its annual reports in digital format since 2017. The digital annual reports are published on the Company's corporate website, www.uic.com.sg. All shareholders of the Company will receive together with the notice of AGM, a form to request for hard copies of the Annual Report, if they so desire.

Conduct of Shareholders Meeting

The Company disseminates information on general meetings through notices in its annual reports or circulars. These notices are also released via SGXNet, published in local newspapers and posted on the Company's corporate website ahead of the meetings to give shareholders ample time to review the documents.

The Chairman of the Board presides at each general meeting. After the independent auditor reports on the progress and performance of the Group, the Chairman of the Board invites all shareholders to raise queries, participate and vote. General meetings have been and are still the principal forums for dialogue between Directors and shareholders who are able to engage the Board and Management on the Group's business activities, financial performance, and other business-related matters. The independent auditor, Chairman of the Board and Chairman of each Board Committee are also present at the AGM to address shareholders' queries, if any.

The Constitution allows all shareholders the right to appoint up to two proxies to attend, speak and vote at general meetings on their behalf. Under the multiple proxy regime, "relevant intermediaries" such as banks, capital markets services licence holders (which provide custodial services for securities) and the CPF are allowed to appoint more than two proxies for the same purpose. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at general meetings.

To promote greater transparency in the voting process and effective participation at AGMs to-date, the Company conducts electronic poll voting for all resolutions proposed at the AGM. Except in cases where resolutions are interdependent and linked, there is a separate resolution on each separate issue. Through a service provider's poll voting system, the votes cast for and against and the respective percentages on each resolution would be tallied and instantaneously displayed live on-screen to shareholders at the AGM.

An independent scrutineer is engaged to review the electronic poll voting system and proxy verification process during the meetings to ensure that information is compiled adequately and procedures are carried out effectively. Voting results will also be announced after the meetings via SGXNET.

The Company Secretary records minutes from these general meetings which include relevant comments or queries from shareholders and responses from the Board and Management. The minutes of the 2019 AGM have been published on UIC's website at www.uic.com.sg.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2019

OTHER GOVERNANCE MATTERS

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with interested persons (as defined by Rule 904 of the SGX-ST Listing Manual).

In compliance with Rule 907 of the SGX-ST Listing Manual, the Company's disclosure of interested person transactions ("IPT") for the financial year ended 31 December 2019 is set out as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000) (S\$'million)
UOL Group Ltd and its associates:	Controlling shareholder and its associates	
– Provision of project management and marketing services to interested persons		2.1
– Provision of project management, corporate and marketing services by interested persons		1.6
– Shareholders' loans and equity contributed to joint ventures*		293.0
– Shareholders' loans and equity contributed by interested persons to joint ventures*		20.1
– Provision of hotel management services by interested person to joint venture		6.2
– Provision of software licenses, project implementation and support services by interested person		0.7

* The figure comprises the aggregate value of shareholders' loans extended and equity contributed by the Group or interested persons (as the case may be) to joint venture companies involving interested persons, and where applicable, interest accrued on shareholders' loans payable to the Group or interested persons (as the case may be), in FY2019, which fall within the exemption under Rule 916(2) and (3) of the SGX-ST Listing Manual (as the case may be).

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2019

OTHER GOVERNANCE MATTERS

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000) (S\$'million)
Kheng Leong Company (Private) Limited and its associates	Associates of the Company's directors	
– Shareholders' loans and equity contributed by interested person to joint venture*		2.8
– Provision of marketing services by interested person to joint venture		0.1
– Provision of shared payroll services by interested person to joint venture		0.5
Liam Yuexin, Jolene	Daughter of the Company's director	
– Sale of residential unit in Avenue South Residences to interested person		0.9

The above IPT were all conducted at arms' length commercial terms. Where the IPT was also a joint venture to which Rules 906 and 916(2) of the SGX-ST Listing Manual applied, the AC was of the view that the risks and rewards of each joint venture partner were in proportion to their respective equity, and that the terms of the joint ventures were not prejudicial to the interests of the Group and its minority shareholders. The Group does not have any shareholders' mandate under Rule 920 of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2019

Material Contracts

There are no other material contracts involving the interests of the President/CEO, any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into by the Company or its subsidiaries since the end of the previous financial year save as disclosed above and as follows:

- (a) Singland China Holdings Pte. Ltd. (a subsidiary of UIC), UOL Capital Investments Pte. Ltd. (a subsidiary of UOL Group Limited) and Peak Star Pte Ltd (a subsidiary of Kheng Leong Company (Private) Limited), have established a joint venture company, Shanghai Jin Peng Realty Co., Ltd on a 30:40:30 basis respectively to develop Park Eleven, Changfeng District, Shanghai, People's Republic of China, a mixed use development comprising residential units and a retail component. The purchase price of the land was RMB 2.06 billion.
- (b) S.L. Development Pte Limited (a subsidiary of UIC) and UOL Venture Investments Pte. Ltd. (a subsidiary of UOL Group Limited) have established a joint venture company, United Venture Development (Bedok) Pte. Ltd. on a 50:50 basis to develop Archipelago, a residential development at Bedok Reservoir Road. The purchase price of the land was S\$320 million.
- (c) Singland Homes Pte. Ltd. (a subsidiary of UIC) and UOL Venture Investments Pte. Ltd. (a subsidiary of UOL Group Limited) have established a joint venture company, United Venture Development (Thomson) Pte. Ltd. on a 50:50 basis to develop Thomson Three, a residential development at Bright Hill. The purchase price of the land was S\$292 million.
- (d) Singland Homes Pte. Ltd. (a subsidiary of UIC) and UOL Venture Investments Pte. Ltd. (a subsidiary of UOL Group Limited) have established a joint venture company known as United Venture Development (Clementi) Pte. Ltd. on a 50:50 basis to develop The Clement Canopy, a residential development at Clementi Avenue 1. The purchase price of the land was S\$302 million.
- (e) UIC Overseas Investments Pte. Ltd. (a subsidiary of UIC) and UOL Venture Investments Pte. Ltd. (a subsidiary of UOL Group Limited) have established a joint venture company known as United Venture Investments (HI) Pte. Ltd. on a 50:50 basis to acquire a freehold 9-storey mixed use building located at 120 Holborn, Midtown, London EC1 N2TD, United Kingdom. The acquisition price of the property was £222.6 million.
- (f) Singland Homes Pte. Ltd. (a subsidiary of UIC) and UOL Venture Investments Pte. Ltd. (a subsidiary of UOL Group Limited) have established a joint venture company known as UVD (Projects) Pte. Ltd. on a 50:50 basis for a collective purchase of all the units and the common property in the development known as "Raintree Gardens" located in Potong Pasir at a purchase price of S\$334.2 million and to redevelop the site to build The Tre Ver, a residential development.
- (g) UIC Homes Pte. Ltd. (a subsidiary of UIC), UOL Venture Investments Pte. Ltd. (a subsidiary of UOL Group Limited) and Kheng Leong Company (Private) Limited have established a joint venture company known as United Venture Development (Silat) Pte. Ltd. on a 30:50:20 basis to develop Avenue South Residence, a residential development (with commercial use on the first floor). The purchase price of the land at Silat Avenue was S\$1.035 billion.
- (h) UIC Homes Pte. Ltd. (a subsidiary of UIC) and UOL Venture Investments Pte. Ltd. (a subsidiary of UOL Group Limited) have established a joint venture company known as United Venture Development (Clementi 1) Pte. Ltd. on a 20:80 basis to develop Clavon, a residential development at Clementi Avenue 1. The purchase price of the land was S\$491.3 million.
- (i) Aquamarina Hotel Private Limited (a subsidiary of UIC) and Pan Pacific Hospitality Pte. Ltd. ("PPH") (a subsidiary of UOL Group Limited) have entered into an agreement for PPH to manage a project known as PARKROYAL COLLECTION Marina Bay, Singapore, at 6 Raffles Boulevard.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2019

- (j) Hotel Marina City Private Limited (a subsidiary of UIC) and Pan Pacific Hotels and Resorts Pte. Ltd. (“PPHR”) (a subsidiary of UOL Group Limited) have entered into an agreement for PPHR to manage a project known as Pan Pacific Singapore at 7 Raffles Boulevard.

All the aforesaid transactions were conducted at arm’s length on commercial terms and the risks and rewards of each joint venture are in proportion to the equity of each joint venture partner.

Dealings in Securities

The Company has adopted Rule 1207(19) of the SGX-ST Listing Manual which provides guidance on dealing in the Company’s shares. Circulars were issued to all Directors and employees of the Group to remind them of, inter alia, laws against insider trading and the importance of not dealing in the shares of the Company on short term consideration and during the “prohibitive periods” commencing two weeks before the announcement of quarterly financial results and one month before the announcement of half-yearly or full year financial results.

FINANCIAL REPORT

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

The directors present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 69 to 165 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Wee Cho Yaw	(Chairman)
Lim Hock San	(President and Chief Executive Officer)
James L. Go	
Lance Yu Gokongwei	
Wee Ee Lim	
Liam Wee Sin	(appointed on 10 June 2019)
Alvin Yeo Khirn Hai	
Hwang Soo Jin	
Antonio L. Go	
Yang Soo Suan	
Francis Lee Seng Wee	
Chng Hwee Hong	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2019	At 1.1.2019 or date of appointment, if later	At 31.12.2019	At 1.1.2019 or date of appointment, if later
United Industrial Corporation Limited ("UIC")				
<u>(No. of ordinary shares)</u>				
Wee Cho Yaw	-	-	718,230,418	717,644,450
Lim Hock San	275,863	275,863	-	-
UOL Group Limited ("UOL")				
<u>(No. of ordinary shares)</u>				
Wee Cho Yaw	3,661,566	3,661,566	307,235,597	305,715,597
Lim Hock San	205,115	205,115	-	-
Wee Ee Lim	260,975	260,975	119,755,315	118,235,315
Liam Wee Sin	288,877	288,877	-	-
Alvin Yeo Khirn Hai	-	-	515	515
<u>(No. of executive share options to subscribe for ordinary shares in UOL)</u>				
Liam Wee Sin	440,000	440,000	-	-

- (b) According to the register of directors' shareholdings, the following director holding office at the end of the financial year had an interest in options to subscribe for ordinary shares of the Company granted pursuant to the UIC Share Option Scheme:

	No. of unissued ordinary shares of the Company under option	
	At 31.12.2019	At 1.1.2019
Lim Hock San	1,020,000	920,000

- (c) There was no change in any of the above-mentioned directors' interests between the end of the financial year and 21 January 2020 except for Lim Hock San who exercised share options of 100,000 shares on 17 January 2020.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

SHARE OPTIONS

UIC SHARE OPTION SCHEME

- (a) The UIC Share Option Scheme ("ESOS") to subscribe for ordinary shares of the Company was approved by the shareholders of the Company on 18 May 2001. The extension of the duration of ESOS for a further period of 10 years to 17 May 2021 was approved by the shareholders at the annual general meeting held on 27 April 2011. Other than the aforesaid extension, there has been no change in any other rules of the ESOS. The ESOS is administered by the Remuneration Committee ("RC") comprising the following members:

Alvin Yeo Khirn Hai	Chairman	(Independent)
Wee Cho Yaw	Member	(Non-independent)
James L. Go	Member	(Non-independent)
Hwang Soo Jin	Member	(Independent)
Antonio L. Go	Member	(Independent)

Under the terms of the ESOS, the total number of shares granted shall not exceed 5% of the issued share capital of the Company on the day immediately preceding the offer date of the ESOS. The exercise price is equal to the average of the last done prices per share of the Company's ordinary shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") for five market days immediately preceding the date of the offer.

- (b) The aggregate number of options granted to Lim Hock San as executive director, and key executives of the Company and its subsidiaries since the initial grant of options on 5 March 2007 up to 31 December 2019 is 10,722,000.

Details of the options granted for financial years from 2007 up to 2018 have been set out in the Directors' Report/Statement for the respective financial years.

On 7 March 2019, the Company granted options to subscribe for 388,000 shares at an exercise price of \$2.93 per ordinary share ("2019 Options").

The details of the 2019 Options granted are as follows:

	Number of employees	At exercise price of \$2.93 per share
Executive Director, Lim Hock San	1	100,000
Key Executives	5	288,000
	6	388,000

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

SHARE OPTIONS (CONTINUED)

UIC SHARE OPTION SCHEME (continued)

(c) Principal terms of the ESOS are set out below:

- (i) only full time confirmed executives of the Company or any of its subsidiaries (including executive directors) are eligible for the grant of options;
- (ii) the ESOS shall be in force at the discretion of the RC subject to a maximum period of 10 years and may be extended with the approval of the shareholders;
- (iii) all options granted shall be exercisable, in whole or in part (only in respect of 1,000 shares or any multiple thereof), before the tenth anniversary of the Offer Date and in accordance with the following vesting schedule:

Vesting schedule	Percentage of shares over which options are exercisable
On or after the second anniversary of the Offer Date	50%
On or after the third anniversary of the Offer Date	25%
On or after the fourth anniversary of the Offer Date	25%

The vesting and exercising of vested or unexercised options are governed by conditions set out in the ESOS; and

- (iv) participants in the ESOS, shall not, except with the prior approval of the RC in its absolute discretion, be entitled to participate in any other share option schemes or share incentive schemes implemented by companies within or outside the Group. The settlement of options is subject to conditions as set out in the ESOS.
- (d) Other information required by SGX-ST:

- (i) The details of options granted to an executive director of the Company, Lim Hock San, under the ESOS are as follows:

Granted in the financial year ended 31.12.2019	Aggregate granted since commencement of ESOS to 31.12.2019	Aggregate exercised since commencement of ESOS to 31.12.2019	Aggregate expired since commencement of ESOS to 31.12.2019	Aggregate outstanding as at 31.12.2019
100,000	1,570,000	250,000	300,000	1,020,000

- (ii) No options have been granted to controlling shareholders or their associates and no participant has received 5% or more of the total options available under the ESOS. No options were granted at a discount during the financial year.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

SHARE OPTIONS (CONTINUED)

UIC SHARE OPTION SCHEME (continued)

(e) During the financial year, 36,000 shares of the Company were issued upon the exercise of options as follows:

By holders of	Number of shares	Exercise price per share
2013 Options	12,000	\$2.91
2017 Options	24,000	\$2.91
	36,000	

(f) As at the end of the financial year, the following options to acquire ordinary shares in the Company were outstanding:

Date of grant of options	Options outstanding at 1.1.2019	Options granted in 2019	Options exercised	Options cancelled	Options outstanding at 31.12.2019	Exercise price per share	Date of expiry
26.2.2010	100,000	-	-	-	100,000	\$2.03	25.2.2020
01.3.2011	208,000	-	-	-	208,000	\$2.78	28.2.2021
27.2.2012	184,000	-	-	-	184,000	\$2.73	26.2.2022
22.2.2013	284,000	-	(12,000)	-	272,000	\$2.91	21.2.2023
03.3.2014	332,000	-	-	(36,000)	296,000	\$3.15	02.3.2024
26.2.2015	356,000	-	-	(36,000)	320,000	\$3.54	25.2.2025
01.3.2016	396,000	-	-	(36,000)	360,000	\$2.92	28.2.2026
27.2.2017	406,000	-	(24,000)	(36,000)	346,000	\$2.91	26.2.2027
05.3.2018	372,000	-	-	(36,000)	336,000	\$3.33	04.3.2028
07.3.2019	-	388,000	-	-	388,000	\$2.93	06.3.2029
	2,638,000	388,000	(36,000)	(180,000)	2,810,000		

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Yang Soo Suan	Chairman	(Independent)
James L. Go	Member	(Non-independent)
Hwang Soo Jin	Member	(Independent)
Alvin Yeo Khirn Hai	Member	(Independent)

The Audit Committee comprises four non-executive directors, majority of whom including the Chairman, are independent directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. At a series of meetings convened during the twelve months prior to the date of this statement, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the announcements of quarterly and full year results, the financial statements of the Group and the Independent Auditor's Report thereon for the financial year ended 31 December 2019 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board of Directors that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

WEE CHO YAW
Director

LIM HOCK SAN
Director

25 February 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED INDUSTRIAL CORPORATION LIMITED

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of United Industrial Corporation Limited ("the Company") and its subsidiaries ("the Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the financial year ended 31 December 2019;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the statements of financial position of the Group and of the Company as at 31 December 2019;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED INDUSTRIAL CORPORATION LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How our audit addressed the Key Audit Matter

Valuation of investment properties

Refer to Note 3(a) (Critical accounting estimates, assumptions and judgements) and Note 15 (Investment properties) to the financial statements.

As at 31 December 2019, the carrying value of the Group's investment properties stated at fair value based on independent external valuation of \$6.3 billion accounted for 70% of the Group's total assets.

The valuation of the investment properties was significant to our audit due to the use of estimates in the valuation techniques and valuation is highly judgemental and is based on certain key assumptions. The key assumptions include adopted valuation per square feet, estimated rental rates and capitalisation rates and are dependent on the nature of each investment property and the prevailing market conditions.

Our audit procedures focused on the valuation process and included the following:

- assessed the competency and independence of the professional valuers engaged by the Group;
- discussed the key assumptions and critical judgemental areas with the professional valuers and understood the approaches taken by them in determining the valuation of each investment property;
- checked, on a sample basis, the accuracy of underlying lease and financial information provided to the valuers; and
- assessed the reasonableness of the adopted valuation per square feet and capitalisation rates by benchmarking the rates against specific property data, comparables and prior year's inputs.

We have also assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the professional valuers.

The external valuers are members of recognised professional bodies for valuers. We found that the valuation methodologies used were in line with generally accepted market practices and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED INDUSTRIAL CORPORATION LIMITED

Key Audit Matters (continued)

Key Audit Matter

How our audit addressed the Key Audit Matter

Assessment of allowance for foreseeable losses for properties held for sale

Refer to Note 3(d)(iii) (Critical accounting estimates, assumptions and judgements) and Note 21 (Properties held for sale) to the financial statements.

As at 31 December 2019, the carrying value of the Group's properties held for sale of \$177 million accounted for 2% of the Group's total assets. This included an allowance for foreseeable losses on properties held for sale of \$6.4 million as at 31 December 2019.

The determination of carrying value and whether to recognise any allowance for foreseeable losses for properties held for sale is highly dependent on the estimated development cost of each development project and the estimated selling prices.

Significant management's estimation uncertainty is involved in estimating the cost of each development. Management also utilised a number of different assumptions which were highly subjective to determine the estimated selling prices which were impacted by market demand for properties and local government policies. These estimation and assumptions impact the carrying value of properties held for sale.

In assessing the allowance for foreseeable losses for properties held for sale, we focused on development projects with slower than expected sales or low margins.

Our audit procedures to assess the adequacy of management's estimated development costs and the reasonableness of the assumptions used included the following:

- compared actual costs incurred against underlying contracts with vendors and supporting documents;
- assessed the reasonableness of cost by substantiating costs that have been committed to quotations from and contracts with suppliers;
- discussed with project managers the basis for the estimated costs and challenged the underlying assumptions by benchmarking against the Group's past projects; and
- evaluated the competency and capabilities of the quantity surveyor used by management for the certification of proportion of construction costs.

We also challenged management's key assumptions relating to the estimated selling prices by comparing against comparable market data and market price trends, taking into consideration the economic conditions in the respective countries where the Group has properties held for sale. We have evaluated the sensitivity of the margins to changes in sales prices.

The evidence we obtained from performing our procedures indicated that management's estimates and assumptions were reasonable.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED INDUSTRIAL CORPORATION LIMITED

Other Information

Management is responsible for the other information. The other information comprises the Corporate Information, Group Financial Highlights, Chairman's Statement, Board of Directors, Management Review, Corporate Governance Report, Directors' Statement and Five Year Summary (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Corporate Profile, Property Summary, Sustainability and Statistics of Shareholdings, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Corporate Profile, Property Summary, Sustainability and Statistics of Shareholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED INDUSTRIAL CORPORATION LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED INDUSTRIAL CORPORATION LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lam Hock Choon.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 25 February 2020

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2019

	Note	2019 \$'000	2018 \$'000 (Restated)
Revenue	4	789,451	656,967
Cost of sales		(457,686)	(347,508)
Gross profit		331,765	309,459
Other income			
– Interest income	4	14,857	10,829
– Miscellaneous income	4	5,470	3,180
Expenses			
– Selling and distribution		(29,516)	(25,216)
– Administrative		(35,720)	(29,778)
– Finance	7	(18,196)	(11,098)
– Other operating		(9,494)	(479)
Share of results of associates	12	53,986	41,834
Share of results of joint ventures	13	27,718	37,867
Other gains/(losses)			
– Derecognition of an associate	37	272,763	–
– (Impairment loss)/Reversal of impairment loss on financial assets		(111)	55
Net fair value gain on investment properties	15	123,264	47,613
Profit before income tax		736,786	384,266
Income tax expense	8	(47,439)	(41,409)
Net profit		689,347	342,857
Net profit attributable to:			
Equity holders of the Company	9	605,110	316,714
Non-controlling interests		84,237	26,143
		689,347	342,857
Basic/Diluted earnings per share attributable to equity holders of the Company	10	42.2 cents	22.1 cents

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	2019 \$'000	2018 \$'000 (Restated)
Net profit		689,347	342,857
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to income statement:			
Currency translation differences arising from consolidation of foreign operations		(4,143)	(7,740)
Share of other comprehensive (loss)/income of a joint venture		(445)	94
Cash flow hedges			
– Fair value losses		(1,586)	(283)
– Reclassification		192	7
		(5,982)	(7,922)
Items that will not be reclassified subsequently to income statement:			
Financial assets at fair value through other comprehensive income ("FVOCI")			
– Fair value gains	11	32,346	–
Currency translation differences arising from consolidation of foreign operations		(391)	(672)
Other comprehensive income/(loss), net of tax		25,973	(8,594)
Total comprehensive income		715,320	334,263
Total comprehensive income attributable to:			
Equity holders of the Company		631,371	308,792
Non-controlling interests		83,949	25,471
		715,320	334,263

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	The Group			The Company	
		31 December 2019 \$'000	31 December 2018 \$'000 (Restated)	1 January 2018 \$'000 (Restated)	31 December 2019 \$'000	31 December 2018 \$'000
ASSETS						
Non-current assets						
Trade and other receivables	23	371,240	375,284	187,054	-	-
Financial assets at fair value through other comprehensive income	11	35,730	3,384	6,365	-	-
Investments in associates	12	525,157	594,285	568,993	-	-
Investments in joint ventures	13	127,519	100,856	64,642	-	-
Investments in subsidiaries	14	-	-	-	1,226,906	1,226,859
Investment properties	15	6,349,796	6,215,000	6,160,900	-	-
Property, plant and equipment	16	1,137,193	434,546	453,559	1,612	42
Goodwill	19	46,587	-	-	-	-
Deferred income tax assets	26	839	-	-	-	-
		8,594,061	7,723,355	7,441,513	1,228,518	1,226,901
Current assets						
Cash and cash equivalents	20	181,606	247,891	177,381	2,394	1,723
Properties held for sale	21	177,353	263,403	330,186	-	-
Derivative financial instruments	22	-	52	-	-	52
Trade and other receivables	23	67,863	177,931	299,025	1,707,604	1,803,609
Inventories		3,745	3,220	3,730	-	-
		430,567	692,497	810,322	1,709,998	1,805,384
Total assets		9,024,628	8,415,852	8,251,835	2,938,516	3,032,285
LIABILITIES						
Current liabilities						
Trade and other payables	24	191,148	167,738	221,837	478,354	635,582
Derivative financial instruments	22	419	-	-	254	-
Current income tax liabilities	8	65,740	51,991	41,750	-	-
Borrowings	25	421,213	142,280	51,786	327,779	118,304
		678,520	362,009	315,373	806,387	753,886
Non-current liabilities						
Trade and other payables	24	56,846	60,372	54,832	1,624	1,624
Borrowings	25	168,651	307,162	479,130	148,950	298,450
Derivative financial instruments	22	1,416	328	-	1,416	328
Deferred income tax liabilities	26	146,371	57,543	64,189	-	-
		373,284	425,405	598,151	151,990	300,402
Total liabilities		1,051,804	787,414	913,524	958,377	1,054,288
NET ASSETS		7,972,824	7,628,438	7,338,311	1,980,139	1,977,997
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	27	1,565,485	1,565,380	1,564,282	1,565,485	1,565,380
Retained earnings	29	5,652,637	5,186,349	4,912,609	409,495	406,273
Reserves		81,627	36,665	44,335	5,159	6,344
		7,299,749	6,788,394	6,521,226	1,980,139	1,977,997
Non-controlling interests		673,075	840,044	817,085	-	-
TOTAL EQUITY		7,972,824	7,628,438	7,338,311	1,980,139	1,977,997

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Note	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Retained earnings	Asset revaluation reserve	Other reserves	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019							
As previously reported at 31 December 2018	1,565,380	5,191,318	40,441	(3,776)	6,793,363	840,042	7,633,405
Effect of change in accounting policy on capitalisation of borrowing costs	2.2	-	(4,969)	-	-	(4,969)	2
As restated at 31 December 2018	1,565,380	5,186,349	40,441	(3,776)	6,788,394	840,044	7,628,438
Adoption of SFRS(I) 16	2.2	-	17	-	-	17	-
As adjusted at 1 January 2019	1,565,380	5,186,366	40,441	(3,776)	6,788,411	840,044	7,628,455
Net profit		-	605,110	-	-	605,110	84,237
Other comprehensive income/(loss)		-	-	-	26,261	26,261	(288)
Total comprehensive income		-	605,110	-	26,261	631,371	83,949
Employee share option scheme		-	-	-	209	209	-
- value of employee services		-	-	-	209	209	-
- proceeds from shares issued		105	-	-	-	105	-
Acquisition of additional interests from non-controlling shareholders	14	-	(88,699)	18,492	-	(70,207)	(416,097)
Dividends paid in cash		-	(50,140)	-	-	(50,140)	(9,292)
Acquisition of a subsidiary	37	-	-	-	-	-	174,471
Total transactions with owners, recognised directly in equity		105	(138,839)	18,492	209	(120,033)	(250,918)
Balance at 31 December 2019		1,565,485	5,652,637	58,933	22,694	7,299,749	673,075
2018							
As previously reported at 1 January 2018		1,564,282	4,920,923	40,441	3,894	6,529,540	817,096
Effect of change in accounting policy on capitalisation of borrowing costs	2.2	-	(8,314)	-	-	(8,314)	(11)
As restated at 1 January 2018		1,564,282	4,912,609	40,441	3,894	6,521,226	817,085
Net profit		-	316,714	-	-	316,714	26,143
Other comprehensive loss		-	-	-	(7,922)	(7,922)	(672)
Total comprehensive income/(loss)		-	316,714	-	(7,922)	308,792	25,471
Employee share option scheme		-	-	-	252	252	-
- value of employee services		-	-	-	252	252	-
- proceeds from shares issued		1,098	-	-	-	1,098	-
Dividends paid in cash		-	(42,974)	-	-	(42,974)	(2,512)
Total transactions with owners, recognised directly in equity		1,098	(42,974)	-	252	(41,624)	(2,512)
Balance at 31 December 2018		1,565,380	5,186,349	40,441	(3,776)	6,788,394	840,044

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Note	2019 \$'000	2018 \$'000 (Restated)
Cash flows from operating activities			
Profit before income tax		736,786	384,266
Adjustments for:			
Depreciation of property, plant and equipment		34,569	23,095
(Write-back of allowance)/Allowance for foreseeable losses on properties held for sale		(1,088)	6,238
Impairment losses/(Reversal of impairment losses) on financial assets		111	(55)
Employee share option expense		209	252
(Gain)/Loss on disposal of property, plant and equipment		(1,418)	174
Share of results of associates		(53,986)	(41,834)
Share of results of joint ventures		(27,718)	(37,867)
Net fair value gain on investment properties		(123,264)	(47,613)
Fair value gain on derivative financial instruments		(137)	-
Gain on derecognition of an associate		(272,763)	-
Interest income		(14,857)	(10,829)
Dividend income		(134)	(200)
Interest expense		18,196	11,098
Unrealised currency translation differences		(2,339)	(966)
		<u>292,167</u>	<u>285,759</u>
Change in working capital:			
Properties held for sale		211,579	144,246
Derivative financial instruments		302	-
Inventories		(55)	510
Trade and other receivables		(15,618)	35,445
Trade and other payables		16,685	(48,492)
Cash generated from operations		<u>505,060</u>	<u>417,468</u>
Interest paid		(17,504)	(10,565)
Income tax paid		(53,305)	(37,762)
Net cash provided by operating activities		<u>434,251</u>	<u>369,141</u>
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired		(100,322)	-
Purchase of property, plant and equipment		(12,343)	(6,367)
Proceeds from disposal of property, plant and equipment		2,799	21
Upgrading of investment properties		(11,532)	(6,487)
Loans to associates		(52,271)	(152,342)
Loans to joint ventures		(4,400)	(26,366)
Repayment of loans by a joint venture		69,950	-
Investment in an associate		-	(1,200)
Dividends received from unquoted equity investments		134	3,181
Dividends received from associates		12,198	12,820
Dividends received from a joint venture		1,500	-
Interest received		10,640	2,168
Net cash used in investing activities		<u>(83,647)</u>	<u>(174,572)</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Note	2019 \$'000	2018 \$'000 (Restated)
Cash flows from financing activities			
Repayment of bank loans		(29,569)	(170,592)
Proceeds from bank loans		160,000	90,921
Principal payment of lease liabilities		(523)	-
Repayment of trade financing		(1,166)	-
Acquisition of shares from non-controlling shareholders		(486,304)	-
Decrease/(Increase) in bank deposits pledged as security		754	(754)
Proceeds from issuance of shares		105	1,098
Dividends paid to equity holders of the Company		(50,140)	(42,974)
Dividends paid to non-controlling interests		(9,292)	(2,512)
Net cash used in financing activities		(416,135)	(124,813)
Net (decrease)/increase in cash and cash equivalents		(65,531)	69,756
Cash and cash equivalents at beginning of financial year		244,137	174,381
Cash and cash equivalents at end of financial year	20	178,606	244,137

Reconciliation of liabilities arising from financing activities

	1 January 2019 \$'000	Proceeds and repayments \$'000	Non-cash changes				31 December 2019 \$'000	
			Adoption of SFRS(I) 16 \$'000	Additions during the year \$'000	Amortisation of front end fee \$'000	Interest expense \$'000		Foreign exchange movement \$'000
Bank loans	449,442	113,191	-	-	600	17,240	(1,035)	579,438
Lease liabilities	-	(591)	2,380	-	-	85	-	1,874
Trade financing	-	(1,231)	-	9,704	-	79	-	8,552

	1 January 2018 \$'000	Proceeds and repayments \$'000	Non-cash changes			31 December 2018 \$'000
			Amortisation of front end fee \$'000	Interest expense \$'000	Foreign exchange movement \$'000	
Bank loans	530,916	(90,162)	600	10,491	(2,403)	449,442

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

United Industrial Corporation Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 24 Raffles Place #22-01/06, Clifford Centre, Singapore 048621.

The principal activity of the Company is that of an investment holding company.

The principal activities of its subsidiaries consist of development of properties for investment and trading, investment holding, property management, investment in hotels and retail centres, trading in computers and related products, and provision of information technology services.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Interpretations and amendments to published standards effective in 2019 (continued)

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 *Leases*:

A. Adoption of SFRS(I) 16 *Leases*

(a) When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.17.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

- (i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and
- (ii) On a lease-by-lease basis, the Group has:
 - (a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
 - (b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
 - (c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
 - (d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
 - (e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Interpretations and amendments to published standards effective in 2019 (continued)

A. Adoption of SFRS(I) 16 *Leases* (continued)

(a) When the Group is the lessee (continued)

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

- (i) On a lease-by-lease basis, the Group chose to measure its ROU assets (except for ROU assets which meet the definition of investment property) at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition. For ROU assets which meet the definition of an investment property, the Group had measured the ROU assets at their fair values at 1 January 2019.
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
- (iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained profits. Comparative information is not restated.
- (iv) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 January 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

(b) When the Group is a lessor

There are no material changes to accounting by the Group as a lessor.

The effects of adoption of SFRS(I) 16 on the Group's and the Company's financial statements as at 1 January 2019 are as follows:

	The Group Increase \$'000	The Company Increase \$'000
Property, plant and equipment	2,397	2,358
Borrowings	2,380	2,358
Retained earnings	17	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Interpretations and amendments to published standards effective in 2019 (continued)

A. Adoption of SFRS(I) 16 *Leases* (continued)

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the statement of financial position as at 1 January 2019 are as follows:

	\$'000
Operating lease commitment disclosed as at 31 December 2018	1,193
Less: Short-term leases	(584)
Less: Discounting effect using weighted average incremental borrowing rate of 4%	(55)
Add: Extension options which are reasonably certain to be exercised	<u>1,826</u>
Lease liabilities recognised as at 1 January 2019	<u>2,380</u>

B. Change in accounting policy

Borrowing costs on development projects where revenue is recognised over time

In 2018, the International Financial Reporting Standards Interpretations Committee ("Interpretations Committee"), which works with the International Accounting Standards Board in supporting the application of IFRS Standards, received a submission on whether a real estate developer capitalises borrowing costs as part of the cost of units for a residential multi-unit real estate development, for which the developer recognises revenue over time for the sale of individual units in the development based on IFRS 15 *Revenue from Contracts with Customers*.

In November 2018, the Interpretations Committee issued a Tentative Agenda Decision containing explanatory material for the decision and how the applicable principles and requirements in IAS 23 *Borrowing Costs* apply to the facts pattern in the submission. The Interpretation Committee tentatively concluded that such an entity should not capitalise borrowing costs. This tentative agenda decision was finalised in its original form on 20 March 2019.

As SFRS(I) 23 *Borrowing Costs* and SFRS(I) 15 *Revenue from Contracts with Customers* are aligned to IAS 23 and IFRS 15 respectively, the above Agenda Decision has relevant impact to the Group's activities as a property developer. Following this Agenda Decision, borrowing costs which were previously capitalised for development projects over the period of development are now expensed as incurred to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Interpretations and amendments to published standards effective in 2019 (continued)

B. Change in accounting policy (continued)

The effects of the change in accounting policy on capitalisation of borrowing costs on the results and financial position of the Group are as follows:

	Previously reported \$'000	Effects of restatement \$'000	As restated \$'000
2018			
Consolidated income statement			
Cost of sales	(348,925)	1,417	(347,508)
Share of results of associates	42,996	(1,162)	41,834
Share of results of joint ventures	34,582	3,285	37,867
Income tax expense	(41,227)	(182)	(41,409)
Net profit	339,499	3,358	342,857
Net profit attributable to:			
Equity holders of the Company	313,369	3,345	316,714
Non-controlling interests	26,130	13	26,143
Statement of financial position			
Properties held for sale	268,337	(4,934)	263,403
Investment in associates	595,447	(1,162)	594,285
Investment in joint ventures	100,558	298	100,856
Current income tax liabilities	52,467	(476)	51,991
Deferred income tax liabilities	57,898	(355)	57,543
Retained earnings	5,191,318	(4,969)	5,186,349
Non-controlling interests	840,042	2	840,044
2017			
Statement of financial position			
Properties held for sale	336,537	(6,351)	330,186
Investment in joint ventures	67,629	(2,987)	64,642
Current income tax liabilities	42,355	(605)	41,750
Deferred income tax liabilities	64,597	(408)	64,189
Retained earnings	4,920,923	(8,314)	4,912,609
Non-controlling interests	817,096	(11)	817,085

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition

(a) Revenue from property investments

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Service charges and promotion funds are recognised over time in which the services are rendered as the customers simultaneously receive and consume the benefits.

Car parking revenue is recognised on a straight-line basis based on time proportion.

(b) Revenue from property trading - sale of properties held for sale

Revenue from sale of properties held for sale is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer at a point in time or over time.

For sales of uncompleted residential properties made with a progressive payment scheme in Singapore, the transfer of control occurs in the current state as construction progresses. Revenue is recognised by reference to the stage of completion using the percentage of completion method, measured by reference to the physical survey of construction work completed. The properties have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms.

For sales of overseas development properties, such transfer generally occurs when the property units are completed and delivered to the purchasers. Revenue is recognised upon completion of construction and when customers obtain control of the asset.

For development projects under deferred payment scheme in Singapore, the revenue will be recognised upon transfer of title to the purchasers. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

Incremental costs of obtaining a contract with a customer are capitalised if these costs are expected to be recovered. For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (e.g. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in the income statement to the extent that the carrying amount of capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relate less the costs that relate directly to providing the goods and that have not been recognised as expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition (continued)

- (b) Revenue from property trading - sale of properties held for sale (continued)

Estimates of revenues, cost or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the income statement in the period in which the circumstances that give rise to the revision became known by management.

- (c) Revenue from hotel operations

Revenue from the ownership and operation of hotels is recognised over the period in which the accommodation and related services are provided, except for revenue from the sale of food and beverages, which is recognised at a point in time when the food and beverages are delivered. For retail customers, payment is due immediately when the accommodation and related services are rendered. For corporate customers, invoices are issued within 30 days.

- (d) Revenue from technology operations

Revenue from the sale of computer hardware and software is recognised at a point in time when the computer hardware and software are delivered to the customer. Payment for the transaction price is due immediately when the customer purchases the goods. All goods sold are non-refundable and non-returnable unless faulty. The vendor will swap the goods with no additional cost to the Group.

Revenue from the rendering of information technology services, such as system migration, security and application services, is recognised based on the timing of satisfaction of a performance obligation in the period which the services are rendered. The Group also outsources manpower services to their customers. Customers are billed on a monthly basis based on the work performed and revenue is recognised over time as the service is being performed.

Revenue from computer hardware maintenance services is recognised over time on a straight-line basis over the period of the maintenance contract. Customers are invoiced in advance on a quarterly, half-yearly or yearly basis, in accordance with the sales contract.

- (e) Revenue from marketing and management services

Revenue from marketing and management services are recognised over time when the services are rendered.

- (f) Interest income

Interest income is recognised using the effective interest method.

- (g) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Goodwill" for the subsequent accounting policy on goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to income statement or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in income statement.

Please refer to the paragraph "Investments in subsidiaries, associates and joint ventures" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associates and joint ventures

Associates are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associates and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates and joint ventures represents the excess of the cost of acquisition of the associate or joint venture over the Group's share of the fair value of the identifiable net assets of the associate or joint venture and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(c) Associates and joint ventures (continued)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associates' or joint ventures' post-acquisition profits or losses of the investee in income statement and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associates or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associate or joint venture equals to or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. Where necessary, adjustments are made to the financial statements of associates or joint ventures to ensure consistency of accounting policies adopted by the Group.

(iii) Disposals

Investments in associates or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associate or joint venture is a financial asset, the retained equity interest is measured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in income statement.

Please refer to the paragraph "Investments in subsidiaries, associates and joint ventures" for the accounting policy on investments in associates and joint ventures in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Renovations in progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land and building	45 – 93 years
Plant and machinery	10 – 15 years
Furniture, fittings and office equipment	3 – 13 years
Motor vehicles	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in income statement when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in income statement when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in income statement within "Other losses". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (a) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, associates and joint ventures include the carrying amount of goodwill relating to the entity sold.

2.7 Borrowing costs

Borrowing costs are recognised in income statement using the effective interest method except for those costs that are directly attributable to the construction or development of properties for which revenue is recognised at a point in time. This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

2.8 Properties held for sale

Properties held for sale refer to properties developed for sale. Properties held for sale that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete the development and selling expenses.

2.9 Investment properties

Investment properties of the Group, principally comprising office buildings, and retail complex are held for long-term rental yields and capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in income statement.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised. The cost of maintenance, repairs and minor improvements is recognised in income statement when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in income statement.

2.10 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment

Right-of-use assets

Investments in subsidiaries, associates and joint ventures

Property, plant and equipment, right-of-use assets and investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in income statement

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in income statement.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in income statement when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement (continued)

(i) Debt instruments (continued)

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to income statement. Interest income from these financial assets is recognised using the effective interest rate method and presented in income statement.
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in income statement in the period in which it arises.

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in income statement in the period in which the changes arise and presented in "Other gains/losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented in Other Comprehensive Income. Dividends from equity investments are recognised in income statement.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in income statement. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to income statement.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in income statement if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.13 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in income statement when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The fair value of various derivative financial instruments used for hedging purposes are disclosed in Note 22. The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Derivative financial instruments and hedging activities (continued)

(a) Fair value hedge

The firm commitment of contracts entered into with various customers denominated in foreign currencies are designated as the hedged item. The Group uses foreign currency forwards to hedge its exposure to foreign currency risk arising from these contracts. Under the Group's policy, the critical terms of the forward exchange contracts must align with the hedged items. The Group designates the spot component of forward contracts as the hedging instrument.

The fair value changes on the hedged item resulting from currency risk are recognised in income statement. The fair value changes on the spot of the currency forwards designated as fair value hedges are recognised in income statement within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of currency forwards are recognised in income statement and presented separately in "Other gains/losses".

(b) Cash flow hedge

(i) Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to income statement when the hedged interest expense on the borrowings is recognised in income statement. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in income statement.

(ii) Currency forwards

The Group has entered into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income. Amounts accumulated in equity are reclassified in the periods when the hedged item affects income statement, as follows:

- The gain or loss relating to the effective portion of the spot component of forward contracts is treated as follows: Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory, property, plant and equipment), the deferred hedging gains and losses are included within the initial cost of the asset.
- The fair value changes on the ineffective portion of currency forwards are recognised immediately in income statement. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to income statement immediately.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Derivative financial instruments and hedging activities (continued)

(c) Net investment hedge

The Group has foreign currency borrowings that qualify as net investment hedges of foreign operations. These hedging instruments are accounted for similarly to cash flow hedges. The currency translation differences on the borrowings relating to the effective portion of the hedge are recognised in other comprehensive income in the consolidated financial statements, accumulated in the currency translation reserve and reclassified to income statement as part of the gain or loss on disposal of the foreign operation. The currency translation differences relating to the ineffective portion of the hedge are recognised immediately in income statement.

2.14 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.15 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in income statement over the period of the borrowings using the effective interest method.

2.16 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases

- (a) The accounting policy for leases before 1 January 2019 are as follows:

Operating leases – when the Group is the lessee

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in income statement on a straight-line basis over the period of the lease.

Operating leases – when the Group is the lessor

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in income statement on a straight-line basis over the lease term.

Contingent rents are recognised as income in income statement when earned.

- (b) The accounting policy for leases from 1 January 2019 are as follows:

- (i) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- *Right-of-use assets*

The Group recognises right-of-use assets and lease liabilities at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within “Property, plant and equipment”.

Right-of-use assets which meet the definition of an investment property is presented within “Investment properties” and accounted for in accordance with Note 2.9.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases (continued)

(b) The accounting policy for leases from 1 January 2019 are as follows: (continued)

(i) When the Group is the lessee: (continued)

- *Lease liabilities*

Lease liabilities are initially measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in income statement if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases (continued)

(b) The accounting policy for leases from 1 January 2019 are as follows: (continued)

(i) When the Group is the lessee: (continued)

- *Short term and low value leases*

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to income statement on a straight-line basis over the lease term.

(ii) When the Group is the lessor:

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16 except when the Group is an intermediate lessor.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in income statement. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in income statement within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contracts which contain lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in income statement, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in income statement as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in income statement when the changes arise.

2.21 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund. The Group has no further payment obligations once the contributions have been paid.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each statement of financial position date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in income statement, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) are credited to share capital account, when new ordinary shares are issued.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in income statement. Monetary items include primarily financial assets (other than equity investments) and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to income statement, as part of the gain or loss on disposal.

Foreign exchange gains or losses impacting profit or loss are presented in income statement within “Other operating expenses”.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities’ financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation (continued)

(c) Translation of Group entities' financial statements (continued)

- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to income statement on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management who are responsible for allocating resources and assessing performance of the operating segments.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.26 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group on its own or in reliance on third party experts, applies estimates and judgements in the following key areas:

(a) Fair values of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in the income statement. In determining fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, growth rate and discount rate. In relying on the valuation reports, management has assessed that the valuation methods and estimates are reflective of current market conditions. The carrying amount of investment properties and the key assumptions used to determine the fair value of the investment properties are disclosed in Note 15.

(b) Purchase price allocation

The initial accounting on acquisition of subsidiary in Note 37 involves identifying and determining the fair values to be assigned to the identifiable assets and liabilities of the acquired entity. The fair value of property, plant and equipment is determined by independent valuers by reference to market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amount of these assets acquired.

(c) Impairment testing

The Group performs an impairment review to ensure that the carrying amount of a CGU to which goodwill is allocated does not exceed the recoverable amount of the CGU. For purposes of impairment testing, the recoverable amount of the cash-generating-unit has been determined based on fair value less cost to sell. These calculations involved critical assumptions. Please refer to Note 19 for the critical assumptions made.

(d) Other estimates and judgements applied

The Group, on its own or in reliance on third party experts, also applies estimates, assumptions and judgements in the following areas:

- (i) the total development costs which affect total cost of sales recognised (Note 21);
- (ii) the assessment of allowance for foreseeable losses of properties held for sale (Note 21); and
- (iii) the determination of the fair values of unquoted financial assets, at FVOCI (Note 11).

These estimates, assumptions and judgements are however not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as disclosed in the notes to the financial statements within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. REVENUE, INTEREST INCOME AND MISCELLANEOUS INCOME

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major product lines.

	The Group	
	2019	2018
	\$'000	\$'000
<u>Revenue from contracts with customers under SFRS(I) 15</u>		
Revenue from property trading		
– recognised at a point in time	114,073	87,017
Revenue from hotel ownership and operations		
– recognised at a point in time	82,769	56,629
– recognised over time	132,935	98,705
Revenue from technology operations		
– recognised at a point in time	152,974	121,626
– recognised over time	7,125	3,858
Revenue from marketing and management services		
– recognised over time	2,581	1,561
	492,457	369,396
<u>Other revenue</u>		
Revenue from property investments	296,860	287,371
Dividend income from equity investments designated at FVOC	134	200
Total revenue	789,451	656,967
 Interest income		
Financial assets measured at amortised cost		
– Deposits with financial institutions	3,518	2,274
– Loans to associates	5,735	2,382
– Loans to joint ventures	5,343	5,860
– Others	261	313
	14,857	10,829
 Miscellaneous income		
	5,470	3,180
	809,778	670,976

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. REVENUE, INTEREST INCOME AND MISCELLANEOUS INCOME (CONTINUED)

(a) Contract assets and liabilities

	The Group	
	31 December	
	2019	2018
	\$'000	\$'000
<hr/>		
Contract assets		
– Unbilled revenue from property trading (Note 23)	–	124,442
– Unbilled revenue from technology operations (Note 23)	9,772	–
Contract liabilities		
– Advances from purchasers of property trading (Note 24)	28,088	16,301
– Deferred revenue from technology operations (Note 24)	4,348	4,758
– Customer deposits from hotel operations	8,112	6,065
	<hr/>	<hr/>

Unbilled revenue from property trading relate to the balance of sales consideration to be billed for properties held for sale that has obtained temporary occupation permit. Unbilled revenue is transferred to receivables when the rights to consideration become unconditional. Total unbilled revenue decreased as the Group has billed accordingly based on the agreed payment schedules.

Unbilled revenue from technology operations relate to the Group's right to consideration for work completed but not yet billed at reporting date. Unbilled revenue is transferred to receivables when the rights to consideration become unconditional. Total unbilled revenue from technology operations increased as the Group provided more products ahead of the agreed payment schedules.

Advances from purchasers of property trading relate to advance consideration received from customers for sale of development properties. Total advances increased as the Group received more advance payments from sales of residential units.

Deferred revenue for technology operations relate to consideration received from customers for the unsatisfied performance obligation in providing maintenance and warranty services. Total deferred revenue from technology operations decreased as the Group received consideration ahead from provision of services.

Customer deposits from hotel operations relate to contract liabilities relating to advance consideration received from customers for the unsatisfied performance obligation. Total customer deposits increased due to acquisition of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. REVENUE, INTEREST INCOME AND MISCELLANEOUS INCOME (CONTINUED)

(a) Contract assets and liabilities (continued)

(i) Revenue recognised in relation to contract liabilities

	The Group	
	2019	2018
	\$'000	\$'000
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period		
– Advances from purchasers of properties held for sale	12,737	24,140
– Deferred revenue from technology operations	3,028	1,887
– Customer deposits from hotel operations	5,844	4,918

(ii) Unsatisfied performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

	The Group			
	2019	2020	2021	Total
	\$'000	\$'000	\$'000	\$'000
Revenue from property trading				
31 December 2019	–	64,094	17,262	81,356
31 December 2018	57,109	9,323	–	66,432

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. REVENUE, INTEREST INCOME AND MISCELLANEOUS INCOME (CONTINUED)

(b) Assets recognised from costs to obtain contracts

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. The Group has applied the practical expedient and recognised the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

	The Group	
	31 December	
	2019	2018
	\$'000	\$'000
Assets recognised from costs to obtain contracts (Note 23)	447	2,378

	The Group	
	2019	2018
	\$'000	\$'000
Amortisation recognised to selling and distribution expense during the period	2,144	6,922

Assets recognised from costs to obtain contracts relates to costs incurred to obtaining residential sales contract which was subsequently amortised to income statement as selling and distribution expense on a basis consistent with the pattern of recognition of the associated revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. REVENUE, INTEREST INCOME AND MISCELLANEOUS INCOME (CONTINUED)

- (c) Assets recognised from costs to fulfil contracts

The Group has also recognised an asset in relation to costs to fulfil technology operations contracts. This is presented within trade and other receivables in Note 23.

	The Group	
	31 December	
	2019	2018
	\$'000	\$'000
Contract fulfilment costs	2,261	3,059

	The Group	
	2019	2018
	\$'000	\$'000
Amortisation recognised to cost of sales during the period	1,410	1,276

Contract fulfilment costs relates to costs incurred for software licenses, hardware maintenance cost and product warranty cost that are used to fulfil technology operations contracts. These costs are amortised to income statement as cost of sales. These costs are on a basis consistent with the pattern of recognition of the associated revenue.

- (d) Trade receivables from contracts with customers

	The Group		
	31 December		1 January
	2019	2018	2018
	\$'000	\$'000	\$'000
Current Assets			
Trade receivables from contracts with customers	37,955	25,961	68,622
Loss allowance	(14)	(123)	(56)
	37,941	25,838	68,566

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

5. EXPENSES BY NATURE

	The Group	
	2019 \$'000	2018 \$'000 (Restated)
Cost of inventories sold	245,452	170,108
Depreciation of property, plant and equipment (Note 16)	34,569	23,095
Property, plant and equipment written off and net loss on disposals	1,333	174
Auditors' remuneration paid/payable to:		
- Auditor of the Company	723	671
- Other auditors*	95	95
Other fees paid/payable to auditor of the Company	156	136
Employee compensation (Note 6)	86,562	71,536
Rent paid to other parties	310	872
Utilities	13,627	14,662
Property tax	30,441	29,141
Advertising and promotion	8,717	9,098
Management fees	8,701	5,533
Contributions to MCST	15,285	13,631
IT related expenses	2,225	1,568
Repairs and maintenance	8,577	9,690
Currency exchange loss - net	103	195
(Write-back of allowance)/Allowance for foreseeable losses on properties held for sale	(1,088)	6,238
Commission expense	14,662	11,147
Subcontractor costs	12,996	11,413
Other expenses	48,970	23,978
Total cost of sales, selling and distribution, administrative and other operating expenses	532,416	402,981

* Includes the network of member firms of PricewaterhouseCoopers International Limited.

6. EMPLOYEE COMPENSATION

	The Group	
	2019 \$'000	2018 \$'000
Wages, salaries and other payroll-related costs	77,997	64,074
Employer's contribution to defined contribution plans	8,356	7,210
Share option expense	209	252
	86,562	71,536

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

7. FINANCE EXPENSES

	The Group	
	2019 \$'000	2018 \$'000
Interest expense		
– Bank loans	17,240	10,491
– Lease liabilities	85	–
– Bank facility fees	600	600
– Trade financing	79	–
	18,004	11,091
Cash flow hedges, reclassified from hedging reserve (Note 31(d))	192	7
	18,196	11,098

8. INCOME TAXES

(a) Income tax expense

	The Group	
	2019 \$'000	2018 \$'000 (Restated)
Tax expense/(credit) attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax (Note (b))		
– Singapore	61,020	50,432
– Foreign	–	889
– Withholding tax paid	–	298
	61,020	51,619
Deferred income tax (Note 26)	(12,682)	(4,533)
	48,338	47,086
– Under/(Over)provision in prior financial years:		
Current income tax (Note (b))		
– Singapore	181	(3,596)
Deferred income tax (Note 26)	(1,080)	(2,081)
	(899)	(5,677)
	47,439	41,409

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

8. INCOME TAXES (CONTINUED)

(a) Income tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	The Group	
	2019 \$'000	2018 \$'000 (Restated)
Profit before income tax	736,786	384,266
Less:		
Share of results of associates, net of tax	(53,986)	(41,834)
Share of results of joint ventures, net of tax	(27,718)	(37,867)
	<u>655,082</u>	<u>304,565</u>
Tax calculated at tax rate of 17% (2018: 17%)	111,364	51,776
Effects of:		
– Different tax rates in other countries	(78)	(614)
– Singapore statutory tax exemption	(352)	(469)
– Tax incentives	–	(175)
– Expenses not deductible for tax purposes	6,724	6,953
– Income not subject to tax	(68,365)	(10,146)
– Utilisation of previously unrecognised deferred income tax assets	(1,552)	(1,244)
– Deferred income tax assets not recognised	597	1,005
– Under/(Over)provision of tax in prior financial years	(899)	(5,677)
Tax charge	<u>47,439</u>	<u>41,409</u>

(b) Movements in current income tax liabilities

	The Group	
	2019 \$'000	2018 \$'000 (Restated)
Beginning of financial year	51,991	41,750
Currency translation differences	(11)	(20)
Acquisition of a subsidiary (Note 37)	5,864	–
Income tax paid	(53,305)	(37,762)
Tax expense (Note (a))	61,020	51,619
Under/(Over)provision in prior financial years (Note (a))	181	(3,596)
End of financial year	<u>65,740</u>	<u>51,991</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. NET ATTRIBUTABLE PROFIT

The net profit attributable to equity holders of the Company ("net attributable profit") can be analysed as follows:

	The Group	
	2019	2018
	\$'000	\$'000
		(Restated)
Net profit before fair value and other gain/(losses)	246,484	253,911
Other gains (net of losses)	210,162	55
Net fair value gain on investment properties held by subsidiaries, associate and joint venture, net of non-controlling interests included in:		
– Net fair value gain on investment properties	123,264	47,613
– Share of results of associates	5,960	2,460
– Share of results of joint ventures	18,203	2,564
– Non-controlling interests	1,037	10,111
	148,464	62,748
Net attributable profit	605,110	316,714

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings per share, net profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are its share options.

The weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares was issued for no consideration. No adjustment is made to the net profit.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

10. EARNINGS PER SHARE (CONTINUED)

	The Group	
	2019	2018
	(Restated)	
Net profit attributable to equity holders of the Company (\$'000)	605,110	316,714
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,432,559	1,432,474
Adjustment for share options ('000)	52	125
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	1,432,611	1,432,599
Basic and diluted earnings per share		
– excluding fair value gain on investment properties held by subsidiaries, associate and joint venture	31.9 cents	17.7 cents
– including fair value gain on investment properties held by subsidiaries, associate and joint venture	42.2 cents	22.1 cents

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group	
	31 December	
	2019	2018
	\$'000	\$'000
Beginning of the financial year	3,384	6,365
Dividends from a financial asset, at FVOCI	–	(2,981)
Fair value gains recognised in other comprehensive income (Note 31(b))	32,346	–
End of the financial year	35,730	3,384

	The Group	
	31 December	
	2019	2018
	\$'000	\$'000
Unquoted equity securities	35,730	3,384

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12. INVESTMENTS IN ASSOCIATES

	The Group 31 December	
	2019 \$'000	2018 \$'000 (Restated)
Unquoted equity investments, at cost	288,742	302,327
Share of post-acquisition reserves	236,415	291,958
	<u>525,157</u>	<u>594,285</u>

Set out below is an associate that is material to the Group in 2019.

Name of entity	Proportion of ownership held by subsidiaries %
Shanghai Jin Peng Realty Co., Ltd	<u>30</u>

Set out below are the associates that were material to the Group in 2018.

Name of entities	Proportion of ownership held by subsidiaries %
Novena Square Investments Ltd	20
Aquamarina Hotel Private Limited	<u>50</u>

There are no contingent liabilities relating to the Group's interest in the associates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12. INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information for associates

The following table summarises the financial information of the material associates based on the amounts in the financial statements of the associates (and not the Group's share of those amounts) and reconciliation to the carrying amount of the investment in the consolidated financial statements. The table also analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial associates.

	Shanghai Jinpeng Realty Co., Ltd \$'000
2019	
Revenue	327,173
Profit before income tax	116,181
Net profit and total comprehensive income	<u>83,478</u>
Current assets*	605,771
Current liabilities	(103,226)
Non-current assets	52,341
Net assets	<u>554,886</u>

* Includes cash and cash equivalents of \$154,656,000.

	Shanghai Jinpeng Realty Co., Ltd \$'000	Immaterial associates \$'000 (Restated)	Total \$'000 (Restated)
Group's interest in net assets at beginning of the year	145,066	449,219	594,285
Group's share of:			
– Profit after income tax and total comprehensive income	25,043	28,943	53,986
Disposal during the year	–	(13,585)	(13,585)
Distribution upon liquidation of an associate	–	(93,652)	(93,652)
Dividends received during the year	–	(12,198)	(12,198)
Currency translation differences	(3,643)	(36)	(3,679)
Carrying amount of interest at end of the year	<u>166,466</u>	<u>358,691</u>	<u>525,157</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12. INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information for associates (continued)

	Novena Square Investments Ltd \$'000	Aquamarina Hotel Private Limited \$'000
2018		
Revenue	51,640	90,001
Profit before income tax	51,151	28,758
Net profit and total comprehensive income	44,133	23,475
Current assets	2,342	89,300
Current liabilities	(14,266)	(22,109)
Non-current assets	1,062,660	143,878
Non-current liabilities	(18,152)	(3,099)
Net assets	1,032,584	207,970

	Novena Square Investments Ltd \$'000	Aquamarina Hotel Private Limited \$'000	Immaterial associates \$'000 (Restated)	Total \$'000 (Restated)
Group's interest in net assets at beginning of the year	199,190	97,909	271,894	568,993
Group's share of:				
– Profit after income tax and total comprehensive income	8,827	11,738	21,269	41,834
Addition during the year	–	–	1,200	1,200
Dividends received during the year	(1,500)	(5,662)	(5,658)	(12,820)
Currency translation differences	–	–	(4,922)	(4,922)
Carrying amount of interest at end of the year	206,517	103,985	283,783	594,285

As at 31 December 2019, the total outstanding term loans drawn down by the associate is \$630,000,000 (2018: \$630,000,000).

Details of associates are included in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. INVESTMENTS IN JOINT VENTURES

	The Group		1 January 2018 \$'000 (Restated)
	31 December 2019 \$'000	2018 \$'000 (Restated)	
Unquoted equity investments, at cost	26,312	26,312	26,312
Share of post-acquisition reserves	101,207	74,544	38,330
	127,519	100,856	64,642

The joint ventures are, in the opinion of the directors, not material to the Group as at 31 December 2019.

Set out below is a joint venture that was material to the Group in 2018.

Name of entity	Proportion of ownership held by a subsidiary %
United Venture Development (Clementi) Pte. Ltd.	50

There are no contingent liabilities relating to the Group's interest in the joint ventures.

Summarised financial information for the joint ventures

The following table analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of the individually immaterial joint ventures.

	2019 \$'000
Group's interest in net assets at beginning of the year	100,856
Group's share of:	
– Profit after income tax	27,718
– Other comprehensive loss	(445)
Total comprehensive income	27,273
Dividends received during the year	(1,500)
Currency translation differences	890
Carrying amount of interest at end of the year	127,519

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. INVESTMENTS IN JOINT VENTURES (CONTINUED)

	United Venture Development (Clementi) Pte. Ltd. \$'000 (Restated)
2018	
Revenue	331,775
Interest income	718
Expenses:	
Includes: Interest expense	6,903
Profit before income tax	69,219
Income tax expense	(11,772)
Net profit and total comprehensive income	<u>57,447</u>
Current assets*	305,655
Current liabilities#	(40,022)
Non-current liabilities	<u>(175,483)</u>
Net assets	<u>90,150</u>

* Includes cash and cash equivalents of \$24,749,000.

Includes financial liabilities (excluding trade payables) of \$33,345,000.

	United Venture Development (Clementi) Pte. Ltd. \$'000 (Restated)	Immaterial joint ventures \$'000 (Restated)	Total \$'000 (Restated)
Group's interest in net assets at beginning of the year	16,536	48,106	64,642
Group's share of:			
– Profit after income tax	28,539	9,328	37,867
– Other comprehensive income	–	94	94
Total comprehensive income	28,539	9,422	37,961
Currency translation differences	–	(1,747)	(1,747)
Carrying amount of interest at end of the year	<u>45,075</u>	<u>55,781</u>	<u>100,856</u>

As at 31 December 2019, the total outstanding term loans drawn down by the joint ventures are \$233,500,000 (2018: \$329,000,000).

The Company has given a corporate guarantee of \$138,545,000 (2018: \$142,284,000) in respect of a banking facility granted to a joint venture.

Details of joint ventures are included in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. INVESTMENTS IN SUBSIDIARIES

	The Company	
	31 December	
	2019	2018
	\$'000	\$'000
Unquoted equity investments, at cost	1,228,862	1,228,862
Less accumulated impairment charge:		
Beginning of the financial year	(2,003)	(2,094)
Write-back of impairment charge for the financial year	47	91
End of the financial year	(1,956)	(2,003)
	1,226,906	1,226,859

(a) Impairment charge

Impairment charges and write-back of impairment charges were made to adjust the carrying values of certain of the Company's unquoted investments in subsidiaries to their recoverable amounts, taking into account the general economic and operating environments in which the relevant subsidiaries operate in.

The recoverable amount for the relevant subsidiaries was mainly estimated based on the fair value less cost to sell of the net assets as at the end of the reporting period. The carrying amounts of the net assets of the relevant subsidiaries approximate their fair values.

(b) Set out below are subsidiaries with non-controlling interests that are material to the Group.

	Proportion of ownership held by non-controlling interests		Carrying value of non-controlling interests	
	31 December		31 December	
	2019	2018	2019	2018
	%	%	\$'000	\$'000
Marina Centre Holdings Private Limited and its subsidiaries ("MCH Group")	23	47	630,406	797,083

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (b) Set out below are subsidiaries with non-controlling interests that are material to the Group (continued).

Summarised aggregate financial information of subsidiaries with material non-controlling interests

Set out below are the summarised aggregate financial information for the subsidiaries that have non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	MCH Group	
	31 December	
	2019	2018
	\$'000	\$'000
Current		
Assets	137,933	176,594
Liabilities	(74,870)	(52,043)
Total current net assets	63,063	124,551
Non-current		
Assets	2,275,386	1,620,554
Liabilities	(149,899)	(52,777)
Total non-current net assets	2,125,487	1,567,777
Net assets	2,188,550	1,692,328

Summarised income statement

	MCH Group	
	31 December	
	2019	2018
	\$'000	\$'000
Revenue	257,251	198,203
Net profit and total comprehensive income	334,122	55,464
Total comprehensive income allocated to non-controlling interests	81,497	26,122
Dividends paid to non-controlling interests	8,891	2,112

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (b) Set out below are subsidiaries with non-controlling interests that are material to the Group (continued).

Summarised cash flows

	MCH Group	
	31 December	
	2019	2018
	\$'000	\$'000
Net cash provided by operating activities	84,022	75,815
Net cash (used in)/provided by investing activities	(108,729)	2,837
Net cash used in financing activities	(13,880)	(4,500)

- (c) Carrying value of non-controlling interests

	31 December	
	2019	2018
	\$'000	\$'000
		(Restated)
MCH Group	630,406	797,083
Other subsidiaries with immaterial non-controlling interests	42,669	42,961

- (d) Acquisition of additional interest in a subsidiary

On 17 April 2019, the Group acquired an additional 24.27% interest of the equity share capital of Marina Centre Holdings Private Limited ("MCH"). The Group holds 77.09% of the equity share capital of MCH as at 31 December 2019.

The effect of changes in the ownership interest of MCH Group on the equity attributable to owners of the Company during the year is summarised as follows:

	2019
	\$'000
Carrying amount of non-controlling interests acquired	416,097
Consideration paid to non-controlling interests	(486,304)
Excess of carrying amount over consideration paid recognised in parent's equity	(70,207)

- (e) Details of subsidiaries are included in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

15. INVESTMENT PROPERTIES

	The Group	
	31 December	
	2019	2018
	\$'000	\$'000
Beginning of financial year	6,215,000	6,160,900
Additions	11,532	6,487
Net fair value gain	123,264	47,613
End of financial year	6,349,796	6,215,000

- (a) The effect of tenant incentives and rental escalation for the Group of \$3,704,000 has been recognised against net fair value gain on investment properties during the year. As at the reporting date, the carrying value of investment property is determined by adjusting the amount of unbilled rental recognised (Note 23) from the valuation obtained.
- (b) The following amounts are recognised in the income statements:

	The Group	
	2019	2018
	\$'000	\$'000
Rental income	285,528	276,142
Direct operating expenses arising from investment properties that generated rental income	77,112	78,923

- (c) Variable lease payment, representing income based on sales turnover achieved by tenants, amounting to \$2,756,000 for the year (2018: \$ 2,949,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

15. INVESTMENT PROPERTIES (CONTINUED)

(d) As at statement of financial position date, the details of the Group's investment properties are as follows:

Name of building/location	Description/existing use	Tenure of land	Unexpired term of lease
Stamford Court 61 Stamford Road Singapore 178892	4-storey office building with shops on a land area of 2,072 square metres.	99-year lease from 1994	74 years
West Mall 1 Bukit Batok Central Link Singapore 658713	Retail and family entertainment complex on a land area of 9,890 square metres.	99-year lease from 1995	75 years
Singapore Land Tower 50 Raffles Place Singapore 048623	47-storey office building on a land area of 5,064 square metres.	999-year lease from 1826	806 years
Clifford Centre 24 Raffles Place Singapore 048621	29-storey shopping cum office building on a land area of 3,343 square metres.	999-year lease from 1826	806 years
The Gateway 150/152 Beach Road Singapore 189720/1	Two 37-storey office buildings on a land area of 21,961 square metres.	99-year lease from 1982	62 years
SGX Centre 2 4 Shenton Way Singapore 068807	29-storey office building on a land area of 2,970 square metres.	99-year lease from 1995	75 years
ABACUS Plaza 3 Tampines Central 1 Singapore 529540	8-storey office building on a land area of 2,614 square metres.	99-year lease from 1996	76 years
Tampines Plaza 5 Tampines Central 1 Singapore 529541	8-storey office building on a land area of 2,613 square metres.	99-year lease from 1996	76 years
UIC Building 5 Shenton Way Singapore 068808	23-storey shopping cum office building on a land area of 6,778 square metres. This is part of a mixed development with the residential component, V on Shenton, classified under properties held for sale.	99-year lease from 2011	91 years
Marina Square Retail Mall 6 Raffles Boulevard Singapore 039594	4-storey retail mall with a retail underpass.	99-year lease from 1980	60 years

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

15. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value at 31 December 2019 (\$'000)	Valuation techniques	Significant unobservable inputs	Range of significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Investment properties	6,349,796 (2018: 6,215,000)	Capitalisation Method	Estimated rental rate (per square feet per month)	\$4 - \$13 (2018: \$5 - \$13)	The higher the rental value per square feet, the higher the fair value.
			Capitalisation rate	3.00% - 4.75% (2018: 3.25% - 4.90%)	The higher the capitalisation rate, the lower the fair value.
		Direct Comparison Method	Adopted valuation (per square feet)	\$1,400 - \$2,600 (2018: \$1,400 - \$2,700)	The higher the adopted valuation per square feet, the higher the fair value.

There were no significant inter-relationships between the significant unobservable inputs.

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties every half-yearly based on the properties' highest and best use. For each valuation, management:

- verifies all major inputs to the independent valuation reports;
- assesses property valuation movements when compared to the previous valuation reports;
- holds discussions with the independent valuers; and
- analyses the reasons for the fair value movements.

In the Capitalisation Method, gross rental income (net of GST) is estimated at a mature maintainable occupancy level from which total expenses have been deducted and net income capitalised at an appropriate rate.

The Direct Comparison Method involves analysis of recent transactions of comparable properties within the vicinity and elsewhere in Singapore. Necessary adjustments have been made for the differences in terms of sale, location, tenure, size, shape, design and layout, rental rates, age and condition of buildings, date of transactions and the prevailing market condition amongst other factors affecting their values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings \$'000	Plant and machinery \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Renovations in progress \$'000	Total \$'000
The Group						
2019						
<i>Cost</i>						
Beginning of financial year	393,631	56,195	190,107	1,166	367	641,466
Adoption of SFRS(I) 16	2,397	-	-	-	-	2,397
Currency translation differences	(738)	(646)	(1,083)	(9)	-	(2,476)
Acquisition of a subsidiary (Note 37)	704,426	9,245	10,655	30	644	725,000
Additions	147	1,097	5,282	89	5,728	12,343
Reclassification	2,282	16	3,175	-	(5,473)	-
Disposals	(951)	(339)	(4,123)	(270)	-	(5,683)
End of financial year	1,101,194	65,568	204,013	1,006	1,266	1,373,047
<i>Accumulated depreciation</i>						
Beginning of financial year	68,370	27,647	109,887	1,016	-	206,920
Currency translation differences	(158)	(353)	(814)	(8)	-	(1,333)
Depreciation charge	14,900	4,383	15,155	131	-	34,569
Disposals	(154)	(319)	(3,559)	(270)	-	(4,302)
End of financial year	82,958	31,358	120,669	869	-	235,854
Net book value						
End of financial year	1,018,236	34,210	83,344	137	1,266	1,137,193
2018						
<i>Cost</i>						
Beginning of financial year	394,838	56,314	187,818	1,340	482	640,792
Currency translation differences	(1,207)	(1,050)	(1,758)	(15)	-	(4,030)
Additions	-	670	4,123	3	1,571	6,367
Reclassification	-	261	1,425	-	(1,686)	-
Disposals	-	-	(1,501)	(162)	-	(1,663)
End of financial year	393,631	56,195	190,107	1,166	367	641,466
<i>Accumulated depreciation</i>						
Beginning of financial year	62,476	24,865	98,787	1,105	-	187,233
Currency translation differences	(228)	(509)	(1,189)	(14)	-	(1,940)
Depreciation charge	6,122	3,291	13,603	79	-	23,095
Disposals	-	-	(1,314)	(154)	-	(1,468)
End of financial year	68,370	27,647	109,887	1,016	-	206,920
Net book value						
End of financial year	325,261	28,548	80,220	150	367	434,546

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Lease asset – Office property right-of-use \$'000	Furniture, fittings and office equipment \$'000	Motor vehicle \$'000	Total \$'000
The Company				
2019				
<i>Cost</i>				
Beginning of financial year	–	713	237	950
Adoption of SFRS(I) 16	2,358	–	–	2,358
Additions	–	457	–	457
Disposals	–	(11)	(237)	(248)
End of financial year	2,358	1,159	–	3,517
<i>Accumulated depreciation</i>				
Beginning of financial year	–	671	237	908
Depreciation charge	1,179	66	–	1,245
Disposals	–	(11)	(237)	(248)
End of financial year	1,179	726	–	1,905
Net book value				
End of financial year	1,179	433	–	1,612
2018				
<i>Cost</i>				
Beginning of financial year	–	775	237	1,012
Additions	–	37	–	37
Disposals	–	(99)	–	(99)
End of financial year	–	713	237	950
<i>Accumulated depreciation</i>				
Beginning of financial year	–	496	237	733
Depreciation charge	–	273	–	273
Disposals	–	(98)	–	(98)
End of financial year	–	671	237	908
Net book value				
End of financial year	–	42	–	42

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

17. LEASES – THE GROUP AND THE COMPANY AS A LESSEE

Nature of the Group and the Company's leasing activities

Property

The Group leases office space from non-related parties for purpose of back office operations and sale of goods to customers. The Company leases office space from a subsidiary for purpose of back office operations.

Leasehold land

The Group has made upfront payment to secure the right-of-use of two 99-year leasehold land parcels, which is used in the Group's hotel operations. The leasehold land is recognised within property, plant and equipment (Note 16).

There is no externally imposed covenant on these lease arrangements.

(a) Carrying amounts

ROU assets classified within property, plant and equipment

	The Group		The Company	
	31 December 2019 \$'000	1 January 2019 \$'000	31 December 2019 \$'000	1 January 2019 \$'000
Leasehold land (Note 16)	783,999	184,955	-	-
Lease asset – office property right-of-use (Note 16)	-	-	1,179	2,358

(b) Depreciation charge during the year

	The Group 2019 \$'000	The Company 2019 \$'000
Leasehold land	10,654	-
Lease asset – office property right-of-use	-	1,179

(c) Interest expense

	The Group 2019 \$'000
Interest expense on lease liabilities	85

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

17. LEASES – THE GROUP AND THE COMPANY AS A LESSEE (CONTINUED)

(d) Lease expense not capitalised in lease liabilities

	The Group 2019 \$'000
Short-term leases	310

(e) Total cash outflow for all the leases excluding short-term leases in 2019 was \$591,000.

18. LEASES – THE GROUP AS A LESSOR

Nature of the Group leasing activities – Group as a lessor

The Group has leased out retail and office space to non-related parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain deposits or banker's guarantees amounting to three to five months of the monthly lease rental. These leases are classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 15.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	The Group	
	31 December 2019 \$'000	1 January 2019 \$'000
Less than one year	215,399	216,896
One to two years	166,507	160,177
Two to three years	96,578	134,538
Three to four years	47,618	58,306
Four to five years	18,391	34,419
Later than five years	15,202	24,399
Total undiscounted lease payment	559,695	628,735

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

19. GOODWILL

	The Group 2019 \$'000
<u>Cost</u>	
Beginning of financial year	-
Acquisition of a subsidiary (Note 37)	<u>46,587</u>
End of financial year	<u>46,587</u>

Impairment tests for goodwill

The goodwill of \$46,587,000 is allocated to the operation of Aquamarina Hotel Private Limited ("AHPL") as a cash-generating-unit ("CGU") arising from the acquisition of an additional 25% shareholding interest in AHPL during the year.

The recoverable amount of the CGU above was determined based on fair value less cost to sell calculations. The fair value less cost to sell reflects the best estimates of the amount obtainable from the sale of CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The fair value was based on the net assets of the CGU adjusted for the fair value of the hotel property as determined by an independent professional valuer using a discounted cash flows model. The key assumptions include the revenue growth rate of 2.5% to 3.5%, the discount rate of 6.5% and terminal growth rate of 4.25%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

20. CASH AND CASH EQUIVALENTS

	The Group 31 December		The Company 31 December	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash at bank and on hand	70,337	59,173	2,394	1,723
Fixed deposits with financial institutions	111,269	188,718	-	-
	181,606	247,891	2,394	1,723

As at 31 December 2018, included in cash and cash equivalents of the Group, were amounts of \$24,131,000 maintained in the Project Accounts. The funds in the Project Accounts can only be applied in accordance with Housing Developers (Project Account) Rules (1997 Ed.).

As at 31 December 2018, included in cash at bank of the Group were amounts of \$5,674,000 maintained in the maintenance fund accounts for completed properties.

The funds in the maintenance fund accounts can only be applied for the upkeep of the completed properties.

For the purposes of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	The Group	
	2019 \$'000	2018 \$'000
Cash and cash equivalents (as above)	181,606	247,891
Less: Bank deposits pledged	(3,000)	(3,754)
Cash and cash equivalents per consolidated statement of cash flows	178,606	244,137

Bank deposits are pledged in relation to a banking facility.

Cash and cash equivalents of the Group included amounts of \$35,165,000 (2018: \$31,727,000) are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

21. PROPERTIES HELD FOR SALE

	The Group	
	31 December 2019 \$'000	1 January 2018 \$'000
Completed properties	183,745	331,428
Allowance for foreseeable losses	(6,392)	(1,242)
	177,353	330,186

The Group made an allowance for foreseeable losses taking into account the estimated selling prices and estimated total development costs. The estimated selling prices are based on the recent selling prices for the development project or comparable properties and prevailing property market conditions. The estimated total development costs are based on the contracted amount and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. The allowance for foreseeable losses is included in 'cost of sales'. The allowance is progressively reversed for those residential units sold above their carrying amounts.

Movements in allowance for foreseeable losses in respect of properties held for sale were as follows:

	The Group	
	2019 \$'000	2018 \$'000
Beginning of financial year	7,480	1,242
Allowance during the year	-	6,752
Allowance written-back during the year	(1,088)	(514)
End of financial year	6,392	7,480

Details of the Group's completed properties held for sale are as follows:

Property	Title	Site area/Gross floor area (sqm)	Group's effective interest %
The Excellency (Chengdu)	70-year leasehold	7,566/77,000	99.7
Mon Jervois	99-year leasehold	8,958/13,796	99.7
Pollen & Bleu	99-year leasehold	6,268/11,033	99.7
V on Shenton	99-year leasehold	*55,846	100.0

* The residential component under this site, together with the commercial component (classified under investment properties), are situated on a site area of 6,778 square metres.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

22. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group			The Company		
	Contract notional amount \$'000	Fair value		Contract notional amount \$'000	Fair value	
		Asset \$'000	Liability \$'000		Asset \$'000	Liability \$'000
31 December 2019						
<i>Derivatives held for hedging:</i>						
Cash flow hedges						
- Interest rate swaps	200,100	-	(1,670)	200,100	-	(1,670)
Fair value hedge						
- Currency forwards	1,530	-	(19)	-	-	-
<i>Derivatives not held for hedging:</i>						
- Currency forwards	9,484	-	(146)	-	-	-
Total	211,114	-	(1,835)	200,100	-	(1,670)
Current	51,630	-	(419)	50,100	-	(254)
Non-current	159,484	-	(1,416)	150,000	-	(1,416)
Total	211,114	-	(1,835)	200,100	-	(1,670)
31 December 2018						
<i>Derivatives held for hedging:</i>						
Cash flow hedges						
- Interest rate swaps	150,100	52	(328)	150,100	52	(328)
Current						
	100,000	52	-	100,000	52	-
Non-current						
	50,100	-	(328)	50,100	-	(328)
	150,100	52	(328)	150,100	52	(328)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

22. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Hedging instruments used in the Group's hedging strategy in 2019:

	Carrying amount		Changes in fair value used in calculating hedge ineffectiveness		Hedge ineffectiveness recognised in income statement \$'000	Weighted average hedged rate	Maturity date
	Assets/ (Liabilities) \$'000	Financial statement line item	Hedging instrument \$'000	Hedged item \$'000			
The Group							
Cash flow hedge							
<i>Interest rate risk</i>							
- Interest rate swap to hedge floating rate borrowings	(1,670)	Derivative financial instruments	(1,670)	1,670	-	1.86%	2020 – 2021
Fair value hedge							
<i>Foreign exchange risk</i>							
- Forward contracts to firm commitments	(19)	Derivative financial instruments	1,500	1,500	-	USD1: \$1.36	2020
Net investment hedge							
<i>Foreign exchange risk</i>							
- Borrowings to hedge net investments in foreign operations	(21,112)	Borrowings	(324)	324	-	GBP1: \$1.74	2020
The Company							
Cash flow hedge							
<i>Interest rate risk</i>							
- Interest rate swap to hedge floating rate borrowings	(1,670)	Derivative financial instruments	(1,670)	1,670	-	1.86%	2020 – 2021

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

22. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Hedging instruments used in the Group's hedging strategy in 2018:

	Carrying amount		Changes in fair value used in calculating hedge ineffectiveness		Hedge ineffectiveness recognised in income statement \$'000	Weighted average hedged rate	Maturity date
	Assets/ (Liabilities) \$'000	Financial statement line item	Hedging instrument \$'000	Hedged item \$'000			
	The Group and the Company						
Cash flow hedge							
<i>Interest rate risk</i>							
- Interest rate swap to hedge floating rate borrowings	(276)	Derivative financial instruments	(276)	276	-	1.53%	2019 – 2020
The Group							
Net investment hedge							
<i>Foreign exchange risk</i>							
- Borrowings to hedge net investments in foreign operations	(20,784)	Borrowings	839	(839)	-	GBP1: \$1.80	2019

Fair value gains and losses on the interest rate swaps recognised in the hedging reserve are transferred to the income statement as part of interest expense over the period of the borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

23. TRADE AND OTHER RECEIVABLES

	The Group 31 December		The Company 31 December	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<i>Current</i>				
Trade receivables				
– non-related parties	45,014	33,623	-	-
– associates	700	-	-	-
– joint ventures	674	-	-	-
Less: Loss allowance	(321)	(528)	-	-
	46,067	33,095	-	-
Unbilled rental (Note 15)	3,704	3,934	-	-
Unbilled revenue (Note 4(a))	3,926	124,442	-	-
Deferred cost (Note 4(c))	1,632	1,410	-	-
Deposits	524	787	301	303
Prepaid taxes	299	791	-	-
Prepayments	2,618	2,650	44	21
Contract costs (Note 4(b))	447	2,378	-	-
Other receivables	8,646	8,444	-	-
Amounts due from subsidiaries (non-trade)	-	-	1,723,954	1,819,980
Less: Loss allowance	-	-	(16,695)	(16,695)
	-	-	1,707,259	1,803,285
	67,863	177,931	1,707,604	1,803,609

The non-trade amounts due from subsidiaries are unsecured, repayable on demand and are interest-bearing except for amounts totalling \$387,518,000 (2018: \$329,316,000) which are interest-free. Interest is charged on amounts due from certain subsidiaries and is based on interest incurred by the Company in respect of bank loans obtained on behalf of these subsidiaries.

	The Group 31 December	
	2019 \$'000	2018 \$'000
<i>Non-current</i>		
Loans to joint ventures	152,035	218,134
Loans to associates	212,730	154,724
Unbilled revenue (Note 4(a))	5,846	-
Deferred costs (Note 4(c))	629	1,649
Others	-	777
	371,240	375,284

Loans to joint ventures and associates are unsecured, not repayable within the next 12 months and are interest-bearing at floating rate.

At the statement of financial position date, the carrying amounts of loans to joint ventures and associates approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	31 December		31 December	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Trade payables				
– non-related parties	61,330	60,038	262	162
Rent received in advance	6,998	7,942	–	–
Deferred revenue	3,274	3,028	–	–
Other payables:				
– rental and other deposits	35,355	30,548	–	–
– accrued interest payable	375	284	243	252
– retention monies	8,813	11,526	–	–
– accrued costs for completed properties	5,927	11,217	–	–
– accrued operating expenses	30,021	25,434	1,572	1,606
– sundry creditors	967	1,420	121	137
– advances from purchasers of properties held for sale (Note 4(a))	28,088	16,301	–	–
Amounts due to a joint venture (non-trade)	10,000	–	–	–
Amounts due to subsidiaries (non-trade)	–	–	476,156	633,425
	191,148	167,738	478,354	635,582

The amounts due to a joint venture are unsecured, repayable on demand and are interest-free.

The amounts due to subsidiaries are unsecured, repayable on demand and are interest-bearing except for amounts totalling \$3,865,000 (2018: \$3,676,000) which are interest-free.

	The Group		The Company	
	31 December		31 December	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
<i>Non-current</i>				
Rental deposits	54,148	57,018	–	–
Deferred revenue	1,074	1,730	–	–
Amount due to an associate	1,624	1,624	1,624	1,624
	56,846	60,372	1,624	1,624

The amount due to an associate is unsecured, not repayable within the next 12 months and is interest-free. At the statement of financial position date, the carrying amounts of non-current trade and other payables approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

25. BORROWINGS

	Note	The Group 31 December		The Company 31 December	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<i>Current</i>					
Short-term bank loans (unsecured)	(i)	266,500	139,904	176,500	118,304
Revolving credit loans (unsecured)		150,100	-	150,100	-
Term loan (secured)	(iii)	775	2,376	-	-
Trade financing		3,302	-	-	-
Lease liabilities		536	-	1,179	-
		421,213	142,280	327,779	118,304
<i>Non-current</i>					
Revolving credit loans (unsecured)	(ii)	148,950	298,450	148,950	298,450
Term loan (secured)	(iii)	13,113	8,712	-	-
Trade financing		5,250	-	-	-
Lease liabilities		1,338	-	-	-
		168,651	307,162	148,950	298,450
Total borrowings		589,864	449,442	476,729	416,754

- (i) The unsecured short-term loans are drawn under various uncommitted floating rate revolving credit facilities.
- (ii) The unsecured revolving credit loans are drawn under various committed floating rate revolving credit facilities. The amounts advanced under the revolving credit facilities which are expiring in November 2021 and 2022 were included as non-current liabilities as the Group has the discretion to rollover the facilities for at least 12 months after the statement of financial position date. For the purposes of liquidity risk disclosure (Note 33(c)), the revolving credit facilities had been classified as current as the disclosure was based on actual contractual drawdowns to be repaid within a year.
- (iii) The term loan is secured by way of a legal mortgage over certain property, plant and equipment of a subsidiary with carrying amounts of \$51,664,000 (2018: \$58,503,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

25. BORROWINGS (CONTINUED)

Fair values of non-current borrowings

The fair values of non-current borrowings approximate their carrying values. The fair values are based on discounted cash flows using a discount rate of 2.2% (2018: 2.3%) based upon the prevailing market interest rates.

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the statement of financial position dates are as follows:

	The Group 31 December		The Company 31 December	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
6 months or less	429,338	399,342	325,450	366,654
1 to 2 years	150,100	50,100	150,100	50,100

26. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are shown on the statements of financial position as follows:

	The Group 31 December	
	2019 \$'000	2018 \$'000 (Restated)
Deferred income tax assets	839	-
Deferred income tax liabilities	(146,371)	(57,543)
Net deferred tax liabilities	(145,532)	(57,543)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

26. DEFERRED INCOME TAXES (CONTINUED)

Movements in the net deferred income tax account are as follows:

	The Group	
	31 December	
	2019	2018
	\$'000	\$'000
	(Restated)	
Beginning of financial year	57,543	64,189
Currency translation differences	(226)	(32)
Acquisition of a subsidiary (Note 37)	101,977	-
Credited to income statement (Note 8(a))	(12,682)	(4,533)
Overprovision in prior financial years (Note 8(a))	(1,080)	(2,081)
End of financial year	145,532	57,543

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$30,422,000 (2018: \$30,219,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to those subsidiaries meeting certain statutory requirements in their respective countries of incorporation. The tax losses have no expiry date.

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

Deferred income tax liabilities

	Deferred development profits \$'000	Fair value gain \$'000	Accelerated tax depreciation \$'000	Total \$'000
The Group				
2019				
Beginning of financial year	11,540	22,760	23,243	57,543
Currency translation differences	-	-	(226)	(226)
Acquisition of a subsidiary (Note 37)	-	99,012	2,965	101,977
(Credited)/Charged to income statement	(11,540)	(1,572)	430	(12,682)
Underprovision in prior financial years	-	-	626	626
End of financial year	-	120,200	27,038	147,238
2018				
Beginning of financial year	18,122	23,180	22,887	64,189
Currency translation differences	-	-	(32)	(32)
(Credited)/Charged to income statement	(4,385)	(420)	272	(4,533)
(Over)/Underprovision in prior financial years	(2,197)	-	116	(2,081)
End of financial year	11,540	22,760	23,243	57,543

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

26. DEFERRED INCOME TAXES (CONTINUED)

Deferred income tax assets

	Tax losses \$'000	Provisions \$'000	Total \$'000
The Group			
2019			
Beginning of the financial year	–	–	–
Underprovision in prior financial years	1,471	235	1,706
End of the financial year	<u>1,471</u>	<u>235</u>	<u>1,706</u>

27. SHARE CAPITAL

	The Group and the Company			
	2019		2018	
	No. of ordinary shares '000	Amount \$'000	No. of ordinary shares '000	Amount \$'000
Beginning of financial year	1,432,531	1,565,380	1,432,157	1,564,282
Shares issued pursuant to share option scheme	36	105	374	1,098
End of financial year	<u>1,432,567</u>	<u>1,565,485</u>	<u>1,432,531</u>	<u>1,565,380</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

During the year, the Company issued 36,000 (2018: 374,000) ordinary shares pursuant to the share option scheme. The newly issued shares rank pari passu in all respects with the previously issued shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

27. SHARE CAPITAL (CONTINUED)

The UIC Share Option Scheme (“ESOS”) to subscribe for ordinary shares of the Company was approved by the shareholders of the Company on 18 May 2001. The extension of the duration of ESOS for a further period of 10 years to 17 May 2021 was approved by the shareholders at the annual general meeting held on 27 April 2011. Other than the aforesaid extension, there has been no change in any other rules of the ESOS.

Under the terms of the ESOS, the total number of shares granted shall not exceed 5% of the issued share capital of the Company on the day immediately preceding the offer date of the ESOS. The exercise price is equal to the average of the last done prices per share of the Company’s ordinary shares on the Singapore Exchange Securities Trading Limited (“SGX-ST”) for five market days immediately preceding the date of the offer.

On 7 March 2019 (“Offer Date”), options were granted pursuant to the ESOS to the executives of the Company and its subsidiaries to subscribe for 388,000 ordinary shares in the Company at the exercise price of \$2.93 per ordinary share.

Principal terms of the ESOS are set out below:

- (i) only full time confirmed executives of the Company or any of its subsidiaries (including executive directors) are eligible for the grant of options;
- (ii) the ESOS shall be in force at the discretion of the Remuneration Committee (“RC”) subject to a maximum period of 10 years and may be extended with the approval of the shareholders;
- (iii) all options granted shall be exercisable, in whole or in part (only in respect of 1,000 shares or any multiple thereof), before the tenth anniversary of the Offer Date and in accordance with the following vesting schedule:

Vesting schedule	Percentage of shares over which options are exercisable
On or after the second anniversary of the Offer Date	50%
On or after the third anniversary of the Offer Date	25%
On or after the fourth anniversary of the Offer Date	25%

The vesting and exercising of vested or unexercised options are governed by conditions set out in the ESOS; and

- (iv) participants in the ESOS, shall not, except with the prior approval of the RC in its absolute discretion, be entitled to participate in any other share option schemes or share incentive schemes implemented by companies within or outside the Group. The settlement of options is subject to conditions as set out in the ESOS.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

27. SHARE CAPITAL (CONTINUED)

Movements in the number of unissued ordinary shares under option and their exercise prices are as follows:

	Beginning of financial year	Granted during financial year	Cancelled during financial year	Exercised during financial year	End of financial year	Exercise price per share	Date of expiry
The Group and the Company							
2019							
2019 Options	-	388,000	-	-	388,000	\$2.93	06.3.2029
2018 Options	372,000	-	(36,000)	-	336,000	\$3.33	04.3.2028
2017 Options	406,000	-	(36,000)	(24,000)	346,000	\$2.91	26.2.2027
2016 Options	396,000	-	(36,000)	-	360,000	\$2.92	28.2.2026
2015 Options	356,000	-	(36,000)	-	320,000	\$3.54	25.2.2025
2014 Options	332,000	-	(36,000)	-	296,000	\$3.15	02.3.2024
2013 Options	284,000	-	-	(12,000)	272,000	\$2.91	21.2.2023
2012 Options	184,000	-	-	-	184,000	\$2.73	26.2.2022
2011 Options	208,000	-	-	-	208,000	\$2.78	28.2.2021
2010 Options	100,000	-	-	-	100,000	\$2.03	25.2.2020
	2,638,000	388,000	(180,000)	(36,000)	2,810,000		
2018							
2018 Options	-	404,000	(32,000)	-	372,000	\$3.33	04.3.2028
2017 Options	466,000	-	(60,000)	-	406,000	\$2.91	26.2.2027
2016 Options	480,000	-	(30,000)	(54,000)	396,000	\$2.92	28.2.2026
2015 Options	416,000	-	(60,000)	-	356,000	\$3.54	25.2.2025
2014 Options	386,000	-	-	(54,000)	332,000	\$3.15	02.3.2024
2013 Options	375,000	-	-	(91,000)	284,000	\$2.91	21.2.2023
2012 Options	209,000	-	-	(25,000)	184,000	\$2.73	26.2.2022
2011 Options	208,000	-	-	-	208,000	\$2.78	28.2.2021
2010 Options	100,000	-	-	-	100,000	\$2.03	25.2.2020
2008 Options	150,000	-	-	(150,000)	-	\$2.91	09.3.2018
	2,790,000	404,000	(182,000)	(374,000)	2,638,000		

Out of the unexercised options for 2,810,000 (2018: 2,638,000) shares, options for 1,805,000 (2018: 1,561,000) shares are exercisable at the statement of financial position date.

The weighted average share price at the time of exercise was \$2.96 (2018: \$3.32) per share.

The fair value of options granted on 7 March 2019 (2018: 5 March 2018), determined using the Binomial Option Valuation Model, was \$251,000 (2018: \$304,400). The significant inputs into the model were share price of \$2.96 (2018: \$3.29) at the grant date, exercise price of \$2.93 (2018: \$3.33), expected dividend yield of 1.18% (2018: 0.91%), standard deviation of expected share price returns of 16% (2018: 15%), the option life shown above and annual risk-free interest rate of 2.3% (2018: 2.4%). The volatility measured as the standard deviation of expected share price returns was estimated based on statistical analysis of share prices over the last five years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

28. DIVIDENDS

	The Group and the Company	
	2019	2018
	\$'000	\$'000
Final tax-exempt (one-tier) cash dividend paid in respect of the previous financial year of 3.5 cents per share (2018: 3.0 cents per share) (Note 29)	50,140	42,974

At the Annual General Meeting to be held on 24 April 2020, a final tax-exempt (one-tier) cash dividend of 4.0 cents per share will be recommended. Based on the number of issued shares as at 31 December 2019, this will amount to \$57,303,000 which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

29. RETAINED EARNINGS

The movements in retained earnings for the Company are as follows:

	The Company	
	2019	2018
	\$'000	\$'000
Beginning of financial year	406,273	406,600
Net profit	53,362	42,647
Dividends paid (Note 28)	(50,140)	(42,974)
End of financial year	409,495	406,273

30. ASSET REVALUATION RESERVE

The asset revaluation reserve, which is non-distributable, arose from the acquisition of the remaining 50% of the issued share capital of Hotel Marina City Private Limited in 2007.

	The Group	
	2019	2018
	\$'000	\$'000
Beginning of financial year	40,441	40,441
Acquisition of additional interests from non-controlling shareholders	18,554	-
Less: Non-controlling interests	(62)	-
End of financial year	58,933	40,441

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31. OTHER RESERVES

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Composition:				
Share option reserve (Note (a))	6,829	6,620	6,829	6,620
Fair value reserve (Note (b))	32,243	-	-	-
Currency translation reserve (Note (c))	(14,738)	(10,595)	-	-
Hedging reserve (Note (d))	(1,640)	199	(1,670)	(276)
	22,694	(3,776)	5,159	6,344

Other reserves are non-distributable.

	The Group	
	2019	2018
	\$'000	\$'000
<i>(a) Share option reserve – Employee share option scheme</i>		
Beginning of financial year	6,620	6,368
Value of employee services	209	252
End of financial year	6,829	6,620

	The Group
	2019
	\$'000

<i>(b) Fair value reserve</i>	
Beginning of financial year	-
Fair value gains on financial assets, at FVOCI (Note 11)	32,346
Less: Non-controlling interests	(103)
End of financial year	32,243

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31. OTHER RESERVES (CONTINUED)

	The Group	
	2019 \$'000	2018 \$'000
<i>(c) Currency translation reserve</i>		
Beginning of financial year	(10,595)	(2,855)
Net currency translation differences of financial statements of foreign operations	(5,098)	(9,251)
Less: Non-controlling interests	391	672
	(4,707)	(8,579)
Net currency translation differences on borrowings designated as net investment hedge of foreign operations	564	839
End of financial year	(14,738)	(10,595)

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<i>(d) Hedging reserve – interest rate risk</i>				
Beginning of financial year	199	381	(276)	–
Share of a joint venture's hedging reserve, net of tax	(445)	94	–	–
Fair value losses	(1,586)	(283)	(1,586)	(283)
	(2,031)	(189)	(1,586)	(283)
Reclassification to income statement – Finance expenses (Note 7)	192	7	192	7
End of financial year	(1,640)	199	(1,670)	(276)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. COMMITMENTS

(a) Capital commitments

	The Group	
	2019	2018
	\$'000	\$'000
<hr/>		
Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements in respect of:		
– investment properties	5,990	2,373
– property, plant and equipment	8,574	7,479
	14,564	9,852

(b) Operating lease commitments – where the Group is a lessee

The Group leases certain office space under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

As at 31 December 2018, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	The Group
	2018
	\$'000
<hr/>	
Not later than 1 year	972
Between 1 and 5 years	221
	<u>1,193</u>

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 December 2019, except for short-term and low value leases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. COMMITMENTS (CONTINUED)

- (c) Operating lease commitments – where the Group is a lessor

The Group leases out office and retail space to non-related parties under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights.

As at 31 December 2018, the future minimum lease receivables under non-cancellable operating leases contracted for but not recognised as receivables, are as follows:

	The Group 2018 \$'000
Not later than 1 year	216,896
Between 1 and 5 years	387,440
Later than 5 years	24,399
	<u>628,735</u>

On 1 January 2019, the Group has adopted SFRS(I) 16 and the undiscounted lease payments from the operating leases to be received after 31 December 2019 is disclosed in Note 18.

33. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, equity price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. When necessary, the Group uses financial instruments such as currency forwards, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures.

Financial risk management is carried out in accordance with established policies and guidelines approved by the Board of Directors.

- (a) Market risk

- (i) Currency risk

The Group operates dominantly in Singapore, with some operations in the People's Republic of China and the United Kingdom. Entities in the Group transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. As the entities in the Group transact substantially in their respective functional currencies, the currency exposure at the Group is minimal.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

In addition, the Group is exposed to currency translation risk on its monetary assets and liabilities denominated in foreign currencies when they are translated at the statement of financial position date. As these assets and liabilities are substantially denominated in their respective functional currencies, the currency exposure is minimal, except for Great Britain Pound.

Currency exposure to the net assets of the Group's foreign operations in United Kingdom are managed primarily through borrowings denominated in Great Britain Pound.

There was no ineffectiveness in relation to the net investment hedge.

The Company's exposure to currency risk is minimal as revenue and expenses and assets and liabilities are substantially denominated in Singapore Dollars.

(ii) Equity price risk

The Group is exposed to equity price risk arising from unquoted equity investments held by the Group which are classified as financial assets, at FVOCI. If the adjusted net asset values of unquoted equity investments at FVOCI had changed by 10% (2018: 10%) with all other variables being held constant, the other comprehensive income of the Group would have been higher/lower by \$3,573,000 (2018: \$338,000) as a result of fair value gains/losses on the financial assets, at FVOCI.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest-bearing assets and liabilities mainly relate to amounts due from associates and joint ventures and borrowings respectively. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

The Company's interest-bearing assets mainly relate to amounts due from subsidiaries and interest-bearing liabilities relate to an amount due to a subsidiary and borrowings. The Company does not have any exposure to the interest rate risk as all its finance expenses are recharged to these subsidiaries.

The Group monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates. The Group also manages these cash flow interest rate risks using floating-to-fixed interest rate swaps.

The Group enters into interest rate swaps with the same critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding amount of the borrowings. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedging relationship, and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

There was no ineffectiveness in relation to the cash flow hedge.

The Group's variable-rate financial assets and liabilities for which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates increase/decrease by 25 basis points (2018: 25 basis points) with all other variables including tax rate being held constant, the profit after tax for the Group would have been lower/higher by \$203,000 (2018: \$382,000) as a result of higher/lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and the Company's major classes of financial assets subject to credit risks are loans and receivables which include cash and bank balances. For trade and other receivables, the Group adopts the policy of dealing only with customers and counterparties of appropriate credit history, and obtaining sufficient security such as deposits and bankers' guarantees where appropriate to mitigate credit risk. Bank deposits were mainly placed with financial institutions which have high credit ratings.

Credit exposure to individual customers or counterparties for the revenue streams mentioned above are also generally restricted by credit limits that are approved by the respective management at the entity level based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and by Group management.

For trade receivables and unbilled revenue from property trading, the Group has policies in place to ensure that sales are made to purchasers with appropriate financial strength and after obtaining sufficient security such as deposits. If a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may resume possession of the units, retain a portion of the purchaser's deposits from payments made to date, and resell the property. Unless the selling price falls by more than the portion of purchaser's deposits retained, which is remote, the Group would not be in a loss position in selling those properties.

For trade receivables from property investments, the Group typically collects deposits or banker's guarantees of at least three months of the monthly lease rental. All late payments are monitored closely and followed up with active chasing or legal action if necessary. The Group also regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's revenue from hotel ownership and operations do not give rise to significant trade receivables as the value of transactions are low and transactions are mainly settled through cash or credit card which have a short collection period. For all other trade receivables from hotel ownership and operations, management makes periodic collective assessments as well as individual assessment on the recoverability of trade receivables based on historical settlement records and past experience.

For trade receivables from marketing and management services and technology operations and unbilled revenue from technology operations, the Group has monitoring procedures in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

There are no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

As the Group and the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except for corporate guarantee provided by the Company in respect of a banking facility granted to a joint venture as disclosed in Note 13.

The movements in credit loss allowance are as follows:

	The Group	
	2019	2018
	\$'000	\$'000
Beginning of financial year	528	633
Loss allowance recognised in income statement during the year on:		
Assets acquired/originated	137	123
Reversal of unutilised amounts	(26)	(178)
	111	(55)
Receivables written off as uncollectible	(318)	(50)
End of financial year	321	528

(i) Trade receivables, unbilled rental and unbilled revenue

In measuring the expected lifetime credit losses, trade receivables, unbilled rental and unbilled revenue are grouped based on shared credit risk characteristics and days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the unbilled rental and unbilled revenue.

In calculating the expected credit loss rates, the Group considers historical loss rates for customers, including property trading, property investment, hotel ownership and operations and management services and technology operations, and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Management has considered, among other factors (including forward-looking information), the Group's and Company's historical loss pattern over the last three financial years, its ability to resume possession of units for the property trading business, the existence of deposits and banker's guarantees for the property investment business, as well as the relatively low value of transactions and manner in which these are settled i.e. by cash and credit card for the Group's hotel ownership and operation business. Based on the above, management concluded that the expected credit loss rate for trade receivables, unbilled rental and unbilled revenue are close to zero. The loss allowance provision for trade receivables, unbilled rental and unbilled revenue was assessed as not material.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Trade receivables, unbilled rental and unbilled revenue (continued)

Trade receivables, unbilled rental and unbilled revenue are written off when there is no reasonable expectation of recovery such as a debtor failing to engage in repayment plan with the Group. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in income statement.

(ii) Amounts due from subsidiaries, associates and joint ventures

For other trade and other receivables and amounts due from subsidiaries, associates and joint ventures, management has considered, among other factors (including forward-looking information), the Group's and Company's historical loss pattern over the last three financial years to assess the expected credit loss.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical payment experience and the corresponding historical credit loss rates, and adjusted for forward-looking macroeconomic factors.

These financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about events, including but not limited to significant financial difficulty of the borrower or a breach of contract, such as a default or past due event.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

The table below analyses financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
The Group				
At 31 December 2019				
Trade and other payables	(152,413)	(24,018)	(28,513)	(3,242)
Derivative financial instruments	(519)	(429)	-	-
Borrowings	(572,888)	(17,387)	(2,841)	-
	<u>(725,820)</u>	<u>(41,834)</u>	<u>(31,354)</u>	<u>(3,242)</u>
At 31 December 2018				
Trade and other payables	(143,211)	(20,140)	(32,652)	(5,850)
Derivative financial instruments	(13)	(49)	-	-
Borrowings	(444,075)	(3,544)	(5,690)	-
	<u>(587,299)</u>	<u>(23,733)</u>	<u>(38,342)</u>	<u>(5,850)</u>
The Company				
At 31 December 2019				
Trade and other payables	(478,111)	-	-	(1,624)
Derivative financial instruments	(684)	(429)	-	-
Borrowings	(478,610)	-	-	-
	<u>(957,405)</u>	<u>(429)</u>	<u>-</u>	<u>(1,624)</u>
At 31 December 2018				
Trade and other payables	(635,330)	-	-	(1,624)
Derivative financial instruments	(13)	(49)	-	-
Borrowings	(419,540)	-	-	-
	<u>(1,054,883)</u>	<u>(49)</u>	<u>-</u>	<u>(1,624)</u>

The Group's and the Company's policy on liquidity risk management is to maintain sufficient cash to enable them to meet their normal operating commitments and the availability of funding through adequate amounts of credit facilities with various banks. At the statement of financial position date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

The Group's main objective when managing capital is to safeguard the Group's ability to continue as a going concern and aim to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may, subject to the necessary approvals from the shareholders, the lending bank, other creditors and/or the regulatory authorities, adjust the amount of dividend payment, return capital to shareholders, issue new shares or obtain new borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

	The Group 31 December		The Company 31 December	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Net debt	408,258	201,551	473,156	474,335
Total equity (restated)	7,972,824	7,628,438	1,980,139	1,977,997
Gearing ratio	5%	3%	24%	21%

The Group and the Company are required under financial covenants of certain bank facilities to maintain a certain level of total networth and total liabilities to total networth ratio. The Group and the Company, where applicable, are in compliance, with all externally imposed capital requirements for the financial years ended 31 December 2019 and 2018.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

See Note 15 for disclosure of the investment properties that are measured at fair value.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
The Group				
31 December 2019				
<i>Assets</i>				
Financial assets, at FVOCI	-	-	35,730	35,730
<i>Liabilities</i>				
Derivative financial instruments	-	1,835	-	1,835
31 December 2018				
<i>Assets</i>				
Financial assets, at FVOCI	-	-	3,384	3,384
Derivative financial instruments	-	52	-	52
<i>Liabilities</i>				
Derivative financial instruments	-	328	-	328
The Company				
31 December 2019				
<i>Liabilities</i>				
Derivative financial instruments	-	1,670	-	1,670
31 December 2018				
<i>Assets</i>				
Derivative financial instruments	-	52	-	52
<i>Liabilities</i>				
Derivative financial instruments	-	328	-	328

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group and the Company use a variety of methods and make assumptions that are based on market conditions existing at the end of each reporting period. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the statement of financial position date. These investments are classified as Level 2.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

Financial assets, at FVOCI of the Group where the fair value is calculated using a significant unobservable input is classified as Level 3. The fair value is determined by using adjusted net assets method. In the valuation model, the net assets of the financial assets, at FVOCI is adjusted for lack of liquidity and marketability.

The following table presents the changes in Level 3 instruments:

	The Group	
	2019	2018
	\$'000	\$'000
<i>Financial assets, at FVOCI</i>		
Beginning of the financial year	3,384	6,365
Dividends received	-	(2,981)
Fair value gains recognised in other comprehensive income	32,346	-
End of the financial year	35,730	3,384

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

There is no transfer between Level 1, Level 2, and Level 3 of the fair value hierarchy for the financial years ended 31 December 2019 and 2018.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	The Group		The Company	
	31 December		31 December	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Financial assets, at FVOCI	35,730	3,384	-	-
Financial assets, at FVPL	-	52	-	52
Financial liabilities, at FVPL	1,835	328	1,670	328
Financial assets, at amortised cost	615,084	792,229	1,250,637	1,805,332
Financial liabilities, at amortised cost	798,424	648,551	956,707	1,053,960

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

34. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

(a) Sales and purchases of goods and services

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	The Group	
	2019	2018
	\$'000	\$'000
<hr/>		
<u>Transactions with joint ventures</u>		
Marketing fee income	1,621	865
Project management fee income	528	240
Fee income for arrangement of bank loan	-	48
 <u>Transactions with associates</u>		
Sales of goods and services	73	168
 <u>Transactions with a firm in which a director has an interest</u>		
Professional fee expense	89	222
Sales of goods and services	638	-
 <u>Transactions with ultimate holding company</u>		
Sales of goods and services	215	301
Fees paid for software licenses, project implementation and support services	635	126
 <u>Transactions with fellow subsidiaries</u>		
Sales of goods and services	1,357	694
Income from hotel and function room facilities	193	171
Fees paid for management of hotel	8,849	8,799

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

Key management's remuneration included fees, salary, bonus and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group, and where the Group did not incur any costs, the value of the benefit is included. The total key management's remuneration is as follows:

	The Group	
	2019	2018
	\$'000	\$'000
Directors of the Company		
– Fees	572	564
– Salaries, bonus and other emoluments	1,301	1,275
– Employer's contribution to defined contribution plan	15	15
– Share option expense	117	93
	2,005	1,947

35. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- Property investment – leasing of commercial office properties and retail space;
- Property trading – development of properties for trading;
- Hotel operations – operation of hotels;
- Technology operations – distribution of computers and related products, provision of systems integration and networking infrastructure services; and
- Others – investment in shares and provision of marketing, management and related services.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

35. SEGMENT INFORMATION (CONTINUED)

	Property investment		Property trading		Hotel operations		Technology operations		Others		The Group	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Revenue												
- external sales	296,860	287,371	114,073	87,017	215,704	155,334	160,099	125,484	2,715	1,761	789,451	656,967
Segment results	212,832	202,748	18,516	30,348	33,438	27,337	5,228	3,792	1,993	1,335	272,007	265,560
Unallocated costs											(9,613)	(8,339)
Other gain - derecognition of an associate											272,763	-
Interest income											14,857	10,829
Finance expenses											(18,196)	(11,098)
Profit before share of results of associates and joint ventures											531,818	256,952
Share of results of associates	14,531	11,347	25,044	7,974	14,411	22,513	-	-	-	-	53,986	41,834
Share of results of joint ventures	21,875	9,024	5,843	28,843	-	-	-	-	-	-	27,718	37,867
Net fair value gain on investment properties	123,264	47,613	-	-	-	-	-	-	-	-	123,264	47,613
Profit before income tax											736,786	384,266
Segment assets	6,469,058	6,382,396	550,666	793,479	1,251,526	498,081	57,730	39,090	42,133	7,665	8,371,113	7,720,711
Investments in associates	277,714	269,984	166,853	145,455	80,590	178,846	-	-	-	-	525,157	594,285
Investments in joint ventures	67,022	44,701	60,497	56,155	-	-	-	-	-	-	127,519	100,856
Unallocated assets											839	-
Consolidated total assets											9,024,628	8,415,852
Segment liabilities	124,282	118,143	40,445	39,525	52,094	43,809	35,545	20,713	6,054	5,920	258,420	228,110
Unallocated liabilities											793,384	559,304
Consolidated total liabilities											1,051,804	787,414
Other segment items												
Additions during the financial year to:												
- property, plant and equipment	77	144	-	-	11,645	5,962	118	199	503	62	12,343	6,367
- investment properties	11,532	6,487	-	-	-	-	-	-	-	-	11,532	6,487
- goodwill	-	-	-	-	46,587	-	-	-	-	-	46,587	-
Depreciation	330	345	10	8	33,364	22,166	757	178	108	398	34,569	23,095
(Write-back of allowance)/ Allowance for foreseeable losses on properties held for sale	-	-	(1,088)	6,238	-	-	-	-	-	-	(1,088)	6,238

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

35. SEGMENT INFORMATION (CONTINUED)

Revenue from major products and services

Revenue from external customers are derived mainly from the Group's property trading, property investments, hotel operations and technologies. A breakdown of the revenues from external customers for each of these categories is shown in Note 4.

Geographical information

Singapore is the home country of the Company which is also an operating company. The areas of operation are holding of investment properties for leasing, property development and trading, investment holding, property management, and investment in hotels and retail centres.

Revenue is based on the country in which the sale is originated. Non-current assets (excluding financial instruments and deferred income tax assets) are shown by the geographical area in which the assets are located.

	Revenue		Non-current assets		
	2019 \$'000	2018 \$'000	31 December 2019 \$'000	2018 \$'000	1 January 2018 \$'000
				(Restated)	(Restated)
Singapore	770,375	628,454	7,900,756	7,096,258	7,001,107
Other countries	19,076	28,513	286,125	250,078	246,987
	789,451	656,967	8,186,881	7,346,336	7,248,094

There is no single external customer who contributes 10% or more of the Group's revenue during the financial years ended 31 December 2019 and 2018.

36. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate holding company is UOL Equity Investments Pte Ltd, incorporated in Singapore. The ultimate holding company is UOL Group Limited, incorporated in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

37. BUSINESS COMBINATION

On 17 April 2019, a subsidiary acquired an additional 25% shareholding interest in its 50% held associate, Aquamarina Hotel Private Limited (“AHPL”) which holds the Marina Mandarin hotel, resulting in the increase in the Group’s effective interest in AHPL from 26% to 58%. Following this acquisition, AHPL has been accounted as a subsidiary of the Group. The share of results for associates includes the share of profits of AHPL up to date of acquisition on 17 April 2019. From 18 April 2019, the results of AHPL are consolidated into the income statement of the Group.

The principal activities of AHPL is set out in Note 40 of the financial statements.

The acquisition is part of the Group’s plans to expand its hotel property portfolio and capitalise on the Marina Centre precinct’s growth potential. The hotel business will be operating under the name “PARKROYAL COLLECTION Marina Bay, Singapore” starting from 1 January 2020.

Details of the gain on derecognition of previously held interests, consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(i) Gain on derecognition of previously held interests

	\$’000
Fair value of previously held interests	380,000
Less: Carrying value of previously held interests	<u>(107,237)</u>
Gain on derecognition of previously held interests	<u>272,763</u>

The gain on derecognition of previously held interest is included in “Other gains/(losses)” in the consolidated income statement.

(ii) Purchase Consideration

	\$’000
Cash paid and consideration transferred for the business	<u>190,000</u>

(iii) Effect on cash flows of the Group

	\$’000
Cash paid (as above)	190,000
Less: Cash and cash equivalents in subsidiary acquired	<u>(89,678)</u>
Cash outflow on acquisition	<u>100,322</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

37. BUSINESS COMBINATION (CONTINUED)

- (iv) Identifiable assets acquired and liabilities assumed

	At fair value \$'000
Cash and cash equivalents	89,678
Trade and other receivables	2,844
Inventories	470
Other current assets	559
Property, plant and equipment (Note 16)	725,000
Total assets	<u>818,551</u>
Trade and other payables	12,826
Current income tax liabilities (Note 8(b))	5,864
Deferred income tax liabilities (Note 26)	101,977
Total liabilities	<u>120,667</u>
Total identifiable net assets	697,884
Less: Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable assets at fair value	(174,471)
Less: Fair value of previously held interests	(380,000)
Add: Goodwill	46,587
Consideration transferred for the business	<u>190,000</u>

- (v) Acquisition-related costs

Acquisition-related costs of \$410,000 were included in "Administrative expenses" in the consolidated income statement and in operating cash flows in the consolidated statement of cash flows for the financial year ended 31 December 2019.

- (vi) Goodwill

The goodwill of \$46,587,000 arising from the acquisition is attributable to the difference between the fair value of the identifiable net assets acquired at acquisition date and the consideration for the acquisition.

- (vii) Revenue and profit contribution

The acquired business contributed revenue of \$61,150,000 and net profit of \$8,886,000 to the Group for the period from 18 April 2019 to 31 December 2019.

Had AHPL been consolidated from 1 January 2019, consolidated revenue and consolidated profit for the financial year ended 31 December 2019 would have been \$814,386,000 and \$690,221,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2020 and which the Group has not early adopted.

Amendments to SFRS(I) 3 *Business Combination* (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

39. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of United Industrial Corporation Limited on 25 February 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

40. LISTING OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES IN THE GROUP

	Principal activities	Country of incorporation/ business	The Group's equity holding 31 December	
			2019 %	2018 %
<i>Subsidiaries</i>				
UIC Development (Private) Limited	Investment holding	Singapore	100	100
UIC Enterprise Pte Ltd	Investment holding	Singapore	100	100
UIC Investment Pte Ltd	Property trading	Singapore	100	100
UIC Investments (Properties) Pte Ltd	Property investment	Singapore	100	100
UIC Land Pte Ltd	Property investment	Singapore	100	100
UIC Management Services Pte. Ltd.	Property management agents	Singapore	100	100
Active Building & Civil Construction (1985) Pte. Ltd.	Investment holding	Singapore	100	100
Networld Pte Ltd	Investment holding	Singapore	100	100
UIC China Realty Pte. Ltd.	Investment holding	Singapore	100	100
UIC Overseas Investments Pte. Ltd.	Investment holding	Singapore	100	100
Alprop Pte Ltd	Property investment	Singapore	100 ⁺	100 ⁺
Singapore Land Limited	Investment holding	Singapore	100 ⁺	100 ⁺
Gateway Land Limited	Property investment	Singapore	100 ⁺	100 ⁺
Ideal Homes Pte. Limited	Property trading	Singapore	100 ⁺	100 ⁺
Realty Management Services (Pte) Ltd.	Property management agents	Singapore	100 ⁺	100 ⁺

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

40. LISTING OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES IN THE GROUP (CONTINUED)

	Principal activities	Country of incorporation/ business	The Group's equity holding 31 December	
			2019 %	2018 %
<i>Subsidiaries (continued)</i>				
RMA-Land Development Private Ltd	Investment holding	Singapore	100 ⁺	100 ⁺
Shing Kwan Realty (Pte.) Limited	Property investment and investment holding	Singapore	100 ⁺	100 ⁺
Singland (Chengdu) Development Co., Ltd. [#]	Property trading	People's Republic of China	100 ⁺	100 ⁺
Singland Development (Farrer Drive) Pte. Ltd.	Property trading	Singapore	100 ⁺	100 ⁺
Singland Development (Jervois) Pte. Ltd.	Property trading	Singapore	100 ⁺	100 ⁺
Singland Homes (Alexandra) Pte. Ltd.	Property trading	Singapore	100 ⁺	100 ⁺
S.L. Development Pte. Limited	Property investment and investment holding	Singapore	100 ⁺	100 ⁺
S L Prime Properties Pte Ltd	Property investment	Singapore	100 ⁺	100 ⁺
S L Prime Realty Pte Ltd	Property investment	Singapore	100 ⁺	100 ⁺
S.L. Properties Limited	Property investment and investment holding	Singapore	100 ⁺	100 ⁺
Pothonier Singapore Pte Ltd	Investment holding	Singapore	100 ⁺	100 ⁺
Shenton Holdings Private Limited	Investment holding	Singapore	100 ⁺	100 ⁺
Singland China Holdings Pte. Ltd.	Investment holding	Singapore	100 ⁺	100 ⁺
Singland Homes Pte. Ltd.	Investment holding	Singapore	100 ⁺	100 ⁺

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

40. LISTING OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES IN THE GROUP (CONTINUED)

	Principal activities	Country of incorporation/ business	The Group's equity holding 31 December	
			2019 %	2018 %
<i>Subsidiaries (continued)</i>				
S.L. Home Loans Pte. Ltd.	Investment holding	Singapore	100*	100+
UIC Homes Pte. Ltd.	Investment holding	Singapore	100	100
UIC Asian Computer Services Pte Ltd	Retailing of computer hardware and software	Singapore	60	60
UIC Technologies Pte Ltd	Investment holding	Singapore	60	60
Marina Centre Holdings Private Limited	Property development and investment in hotels	Singapore	77	53
Marina Management Services Pte Ltd	Property management agents	Singapore	77	53
Hotel Marina City Private Limited	Hotelier	Singapore	77	53
Aquamarina Hotel Private Limited	Hotelier	Singapore	58**	26
UIC JinTravel (Tianjin) Co., Ltd [#]	Property investment, trading and hotelier	People's Republic of China	51	51
<i>Associates</i>				
Avenue Park Development Pte. Ltd.	Property trading	Singapore	48	48
Tianjin Yanyuan International Grand Hotel* <i>(formerly known as Tianjin Yanyuan International Hotel)</i>	Hotel investment	People's Republic of China	36	36
Shanghai Jin Peng Realty Co., Ltd [#]	Property trading	People's Republic of China	30	30

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

40. LISTING OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES IN THE GROUP (CONTINUED)

	Principal activities	Country of incorporation/ business	The Group's equity holding 31 December	
			2019 %	2018 %
<i>Associates (continued)</i>				
Marina Bay Hotel Private Limited	Hotelier	Singapore	39	26
Novena Square Development Ltd	Property investment	Singapore	20	20
Novena Square Investments Ltd	Property investment	Singapore	20	20
United Venture Development (Silat) Pte. Ltd.	Property trading	Singapore	30	30
United Venture Development (Clementi 1) Pte. Ltd.	Property trading	Singapore	20	–
Marina Promenade Limited ^a	Place management	Singapore	19	–
<i>Joint ventures</i>				
United Venture Development (Bedok) Pte. Ltd.	Property trading	Singapore	50	50
United Venture Development (Thomson) Pte. Ltd.	Property trading	Singapore	50	50
United Venture Development (Clementi) Pte. Ltd.	Property trading	Singapore	50	50
UVD (Projects) Pte. Ltd.	Property trading	Singapore	50	50
United Venture Investments (HI) Pte. Ltd.	Property investment	Singapore/United Kingdom	50	50

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

40. LISTING OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES IN THE GROUP (CONTINUED)

	Country of incorporation/ business	The Group's equity holding 31 December	
		2019 %	2018 %
Inactive companies			
<i>Subsidiaries</i>			
UIC Commodities Pte Ltd [^]	Singapore	100	100
UIC Printedcircuits Pte Ltd [^]	Singapore	100	100
UIC Commercial Properties Pte. Ltd. [^]	Singapore	100	100
Interpex Services Private Limited	Singapore	100 ⁺	100 ⁺
Singland Homes (London 90) Pte. Ltd. [^]	Singapore	100 ⁺	100 ⁺
UIC Investments (Equities) Pte Ltd [^]	Singapore	60	60
<i>Associates</i>			
United Venture Investment (Thomson) Pte. Ltd.	Singapore	40	40
Peak Venture Pte. Ltd.*	Singapore	30	30
United Venture Development (No. 1) Pte. Ltd.	Singapore	42	42
United Venture Investments (No. 2) Pte. Ltd. (formerly known as United Venture Development (No. 2) Pte. Ltd.)	Singapore	30	30
United Venture Development (No. 3) Pte. Ltd.	Singapore	30	30
United Venture Investments (No. 1) Pte. Ltd.	Singapore	50	30

Notes

+ Effective interest is 99.7%.

++ Effective interest is 99.8%.

All the subsidiaries, associates and joint ventures are audited by PricewaterhouseCoopers LLP, Singapore except for the following:

Audited by the network of member firms of PricewaterhouseCoopers International Limited.

* Audited by other auditors. These companies are not considered significant associates under the SGX-ST Listing Manual.

^ Not required to be audited as these companies are considered dormant and exempted from audit under the Companies Act.

** In 2019, the Group increased its shareholding in Aquamarina Hotel Private Limited which resulted in this associate becoming a subsidiary of the Group.

⊠ During the financial year, the Group, through Marina Centre Holdings Private Limited, a 77% held subsidiary, has together with three other unrelated parties, incorporated Marina Promenade Limited, a Singapore company limited by guarantee ("CLG"). Each party has an equal share of guarantee and the Group thereby has a 19% interest in the CLG. The CLG is incorporated pursuant to Urban Redevelopment Authority's business improvement district programme, which aims to rejuvenate the Marina Centre Precinct area.

FIVE YEAR SUMMARY

2015 - 2019

GROUP PROFIT AND LOSS ACCOUNTS (\$'000)

	2015	2016	2017	2018	2019
Revenue	807,199	1,036,584	1,292,169	656,967	789,451
Profit before income tax	334,377	325,549	378,725	384,266	736,786
Income tax expense	(39,428)	(50,127)	(50,635)	(41,409)	(47,439)
Net profit	294,949	275,422	328,090	342,857	689,347
Net profit attributable to:					
Equity holders of the Company					
- Net profit before fair value and other gains/(losses)	240,859	246,358	309,169	253,911	246,484
- Other gains/(losses)	(443)	(158)	8	55	210,162
- Net fair value gain/(loss) on investment properties	24,268	36,626	(4,515)	62,748	148,464
	264,684	282,826	304,662	316,714	605,110
Non-controlling interests	30,265	(7,404)	23,428	26,143	84,237
	294,949	275,422	328,090	342,857	689,347
Dividends proposed (net)	42,151	42,576	42,974	50,140	57,303

GROUP STATEMENTS OF FINANCIAL POSITION (\$'000)

	2015	2016	2017	2018	2019
Investment properties	6,095,400	6,175,900	6,160,900	6,215,000	6,349,796
Property, plant and equipment	491,926	469,861	453,559	434,546	1,137,193
Other non-current assets	654,987	743,360	827,054	1,073,809	1,107,072
Current assets	1,293,344	1,223,808	810,322	692,497	430,567
Total assets	8,535,657	8,612,929	8,251,835	8,415,852	9,024,628
Current liabilities	(863,146)	(1,462,425)	(315,373)	(362,009)	(678,520)
Non-current liabilities	(891,817)	(122,408)	(598,151)	(425,405)	(373,284)
Net assets employed	6,780,694	7,028,096	7,338,311	7,628,438	7,972,824
Share capital	1,486,638	1,525,315	1,564,282	1,565,380	1,565,485
Reserves	4,472,503	4,699,678	4,956,944	5,223,014	5,734,264
	5,959,141	6,224,993	6,521,226	6,788,394	7,299,749
Non-controlling interests	821,553	803,103	817,085	840,044	673,075
Total equity	6,780,694	7,028,096	7,338,311	7,628,438	7,972,824

FIVE YEAR SUMMARY

2015 - 2019

OTHER DATA	2015	2016	2017	2018	2019
Profit before income tax – % of revenue	41	31	29	58	93
Profit attributable to equity holders of the Company					
– % of revenue	33	27	24	48	77
– % of share capital and reserves	4.4	4.5	4.7	4.7	8.3
Earnings per share (cents)					
– excluding fair value gain/(loss) on investment properties	17.2	17.4	21.7	17.7	31.9
– including fair value gain/(loss) on investment properties	18.9	20.0	21.4	22.1	42.2
Dividends proposed					
– gross per share (cents)	3.0	3.0	3.0	3.5	4.0
– cover (times)	5.7	5.8	7.2	5.1	8.0
Net asset value per share (\$)	4.24	4.39	4.55	4.74	5.10

STATISTICS OF SHAREHOLDINGS

As at 9 March 2020

Number of Issued and Fully Paid Shares : 1,432,667,362 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 9 MARCH 2020

Size of Shareholdings	No of shareholders	%	No of shares	%
1 – 99	280	3.00	9,595	0.00
100 – 1,000	1,469	15.00	1,010,829	0.07
1,001 – 10,000	6,000	60.00	26,279,000	1.83
10,001 – 1,000,000	2,200	22.00	79,431,872	5.55
1,000,001 and Above	20	0.00	1,325,936,066	92.55
TOTAL	9,969	100	1,432,667,362	100.00

LIST OF 20 LARGEST SHAREHOLDERS AS AT 9 MARCH 2020

Name	No. of Shares	%Shares
UOB KAY HIAN PTE LTD	700,371,766	48.89
DBS VICKERS SECURITIES (S) PTE LTD	511,840,065	35.73
DBS NOMINEES PTE LTD	26,686,174	1.86
CITIBANK NOMS SPORE PTE LTD	24,827,376	1.73
UOL EQUITY INVESTMENTS PTE LTD	21,280,442	1.49
CHEONG SOH CHIN @ JULIE	7,381,133	0.52
UNITED OVERSEAS BANK NOMINEES PTE LTD	6,290,358	0.44
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	5,651,203	0.39
SHANWOOD DEVELOPMENT PTE LTD	3,120,427	0.22
CHING MUN FONG	2,551,469	0.18
OCBC NOMINEES SINGAPORE PTE LTD	2,509,165	0.18
PHILLIP SECURITIES PTE LTD	1,885,570	0.13
RAFFLES NOMINEES (PTE) LIMITED	1,698,331	0.12
SEE HUNG YEE	1,633,036	0.11
MAYBANK KIM ENG SECURITIES PTE. LTD.	1,532,827	0.11
OCBC SECURITIES PRIVATE LTD	1,506,463	0.10
HSBC (SINGAPORE) NOMINEES PTE LTD	1,484,373	0.10
LEE YUEN SHIH	1,350,766	0.09
PRIMA INVESTMENT HOLDINGS (SINGAPORE) PTE LTD	1,215,000	0.08
MERRILL LYNCH (S'PORE) PTE LTD	1,120,122	0.08
Total:	1,325,936,066	92.55

STATISTICS OF SHAREHOLDINGS

As at 9 March 2020

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 9 MARCH 2020

Name	Shareholdings registered in the name of substantial shareholders or nominees No. of Shares	Shareholdings in which the substantial shareholders are deemed to have an interest No. of Shares	%
UOL Equity Investments Pte Ltd	684,615,104 ⁽¹⁾	–	47.79
UOL Group Limited	33,615,314 ⁽²⁾	684,615,104 ⁽²⁾	50.13
Dr Wee Cho Yaw	–	718,230,418 ⁽³⁾	50.13
JG Summit Holdings, Inc.	–	530,727,364 ⁽⁴⁾	37.05
Telegraph Developments Ltd	530,284,264 ⁽⁴⁾	–	37.01

Notes:

- (1) UOL Group Limited and Dr Wee Cho Yaw are deemed to have an interest in shares held by UOL Equity Investments Pte Ltd.
- (2) Dr Wee Cho Yaw is deemed to have an interest in shares held by UOL Group Limited.
- (3) Dr Wee Cho Yaw is deemed to have an interest in shares as derived below:

UOB Kay Hian Pte Ltd	
Beneficiary: UOL Group Limited	33,615,314

UOB Kay Hian Pte Ltd	
Beneficiary: UOL Equity Investments Pte Ltd	663,334,662

UOL Equity Investments Pte Ltd	21,280,442
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- (4) JG Summit Holdings, Inc. is deemed to have an interest in shares as derived below:

Telegraph Developments Ltd	530,284,264
Summit Top Investments Ltd	443,100

Based on the information available to the Company as at 9 March 2020, approximately 12.79% of the issued ordinary shares of the Company are held by the public and therefore Rule 723 of the SGX-ST Listing Manual is complied with.

NOTICE OF ANNUAL GENERAL MEETING

UNITED INDUSTRIAL CORPORATION LIMITED

Company Registration No. 196300181E

Incorporated in Singapore

NOTICE IS HEREBY GIVEN that the 58th Annual General Meeting (“AGM”) of United Industrial Corporation Limited (the “Company”) will be held at Grand Ballroom 1 & 2, PARKROYAL on Beach Road, 7500 Beach Road, Singapore 199591, on Friday, 24 April 2020 at 1.15 p.m. to transact the following business:

AS ORDINARY BUSINESS

- | | | |
|----|--|--------------|
| 1. | To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 together with the Auditor's Report. | Resolution 1 |
| 2. | To declare a first and final tax exempt (one-tier) dividend of 4 cents per ordinary share for the financial year ended 31 December 2019. (2018: 3.5 cents) | Resolution 2 |
| 3. | To approve Directors' fees of \$468,421 for the financial year ended 31 December 2019. (2018: \$494,250) | Resolution 3 |
| 4. | To re-elect Dr Wee Cho Yaw, who retires by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company. | Resolution 4 |
| 5. | To re-elect Mr Lance Yu Gokongwei, who retires by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company. | Resolution 5 |
| 6. | To re-elect Mr Liam Wee Sin, who retires pursuant to Article 100 of the Company's Constitution, as Director of the Company. | Resolution 6 |
| 7. | To re-elect Ms Tan Khiaw Ngoh, who retires pursuant to Article 100 of the Company's Constitution, as Director of the Company. | Resolution 7 |
| 8. | To re-appoint PricewaterhouseCoopers LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. | Resolution 8 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

- | | | |
|----|---|--------------|
| 9. | That authority be and is hereby given to the Directors of the Company to issue: | Resolution 9 |
| | (i) shares of the Company (“Shares”); | |
| | (ii) convertible securities; | |

NOTICE OF ANNUAL GENERAL MEETING

- (iii) additional convertible securities issued pursuant to adjustments made in accordance with the listing manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the time being in force (the "Listing Manual") (notwithstanding the authority conferred by this Resolution may have ceased to be in force, provided that the adjustment does not give the holder a benefit that a shareholder does not receive); or
- (iv) Shares arising from the conversion of the securities in (ii) and (iii) above (notwithstanding the authority conferred by this Resolution may have ceased to be in force),

(whether by way of rights, bonus, or otherwise or pursuant to any offer, agreement or option made or granted by the Directors during the continuance of this authority which would or might require Shares or convertible securities to be issued during the continuance of this authority or thereafter) at any time to such persons upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit,

provided that:

- (a) the aggregate number of Shares and convertible securities to be issued pursuant to this Resolution (including Shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below), provided that the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares)(as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such other manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:
 - (1) any new Shares arising from the conversion or exercise of convertible securities;
 - (2) any new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the Listing Manual; and
 - (3) any subsequent bonus issue, consolidation or subdivision of Shares;

such that adjustments in accordance with sub-paragraphs (1) and (2) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

NOTICE OF ANNUAL GENERAL MEETING

- (c) in exercising the authority conferred by this Resolution, the Company complies with the Listing Manual (unless such compliance has been waived by the SGX-ST) and the Constitution of the time being of the Company; and
- (d) such authority shall, unless revoked or varied by the Company at a general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

10. That the Directors be and are hereby authorised to:

Resolution 10

- (i) offer and grant options to any full-time confirmed employee (including any Executive Director) of the Company and its subsidiaries who are eligible to participate in the United Industrial Corporation Limited Share Option Scheme (the "Scheme"); and
- (ii) pursuant to Section 161 of the Companies Act, Cap. 50, allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options under the Scheme,

provided that the aggregate number of Shares to be issued pursuant to the Scheme shall not exceed 5% of the total number of issued Shares (excluding treasury shares) from time to time.

By Order of the Board
Teo Hwee Ping
Company Secretary
Singapore, 3 April 2020

NOTES:

A member of the Company who is not a relevant intermediary is entitled to appoint one or two proxy/proxies to attend, speak and vote at the AGM. Where such member's form of proxy ("Proxy Form") appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.

A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's Proxy Form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 24 Raffles Place #22-01/06 Clifford Centre, Singapore 048621 not less than 72 hours before the time appointed for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING

MEASURES TO MINIMISE RISK OF COMMUNITY SPREAD OF COVID-19

- (1) All members, proxies and invitees (“Attendees”) are reminded to comply with notices and guidelines issued by the Ministry of Health (“MOH”) in relation to the COVID-19 outbreak. The Company reserves the right to take precautionary measures such as:
 - (i) All Attendees attending the AGM will be required to undergo temperature screening and sign a health and travel declaration (which may also be used for the purposes of contact tracing and other response measures, if required). As these measures may result in a delay in the registration process, Attendees are advised to **arrive early** at the AGM venue.
 - (ii) Any Attendee who has a fever or exhibits flu-like symptoms will be declined entry to the AGM. Attendees who are feeling unwell on the date of the AGM are advised not to attend the AGM.
 - (iii) Any Attendee with recent travel history to China, France, Germany, Italy, Iran, South Korea, Spain, ASEAN countries, Japan, Switzerland, the United Kingdom, and any other country listed on MOH’s Travel Advisory from time to time, within 14 days before the AGM, will be declined entry to the AGM.
- (2) Members who do not wish to attend the AGM in person may appoint the Chairman of the AGM (or any other person) to act as proxy and indicate their voting instructions in the proxy form.
- (3) As a precautionary measure, the Company will **not be serving coffee, tea or food** at the AGM.
- (4) The Company seeks the understanding and co-operation of all Attendees.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to update its scrip holders’ information (if applicable) and to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the “Purposes”), and (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company against any claim, cost (including legal cost), damage, demand, expense, liability, loss, penalty or proceeding arising from the member’s breach of warranty.

By submitting a health and travel declaration, an Attendee consents to the collection, use and disclosure of the Attendee’s personal data by the Company (or its agents or service providers) for the purpose of contact tracing and other response measures, if required.

NOTICE OF ANNUAL GENERAL MEETING

Notes to Resolutions

1. In relation to Resolution 4, Dr Wee Cho Yaw will, upon re-election, continue as the Chairman of the Board of Directors, and as a Member of the Remuneration Committee and Nominating Committee. Dr Wee Cho Yaw is considered a Non-Executive and Non-Independent Director. He is the Chairman of UOL Group Limited, a substantial shareholder of the Company, and the father of Mr Wee Ee Lim, a Non-Executive and Non-Independent Director.
2. In relation to Resolution 5, Mr Lance Yu Gokongwei will, upon re-election, continue as a Member of the Board of Directors. He is considered a Non-Executive and Non-Independent Director. He is the nephew of Mr James L. Go, a Non-Executive and Non-Independent Director, who is not seeking re-election at this AGM.
3. Mr James L. Go, a Non-Executive and Non-Independent Director, will retire by rotation at the AGM pursuant to Article 94 of the Company's Constitution and, although eligible, is not offering himself for re-election. His retirement from the Board will take effect upon the conclusion of the AGM. Upon retirement, Mr James L. Go will cease to be a Member of the Audit Committee, Remuneration Committee and Nominating Committee.
4. Mr Alvin Yeo Khirn Hai, an Independent Director, will also retire by rotation at the AGM pursuant to Article 94 of the Company's Constitution and, although eligible, is not offering himself for re-election. His retirement from the Board will take effect upon the conclusion of the AGM. Upon retirement, Mr Alvin Yeo Khirn Hai will cease to be the Chairman of the Remuneration Committee and a Member of the Audit Committee.
5. In relation to Resolution 6, Mr Liam Wee Sin will, upon re-election, continue as a Member of the Board of Directors. He is considered a Non-Executive and Non-Independent Director. He is the Group Chief Executive of UOL Group Limited, a substantial shareholder of the Company.
6. In relation to Resolution 7, Ms Tan Khiaw Ngoh will, upon re-election, continue as a Member of the Audit Committee. She is considered a Non-Executive and Independent Director. There are no relationships (including immediate family relationships) between Ms Tan Khiaw Ngoh and the other Directors, the Company, its related corporations, its substantial shareholders or its officers.

Please refer to the sections entitled "Board of Directors" and "Additional Information on Directors Seeking Re-election" in the Annual Report 2019 for information on the above Directors seeking re-election.

7. Resolution 9 is to authorise the Directors, from the date of this AGM until the date of the next Annual General Meeting is held or required by law to be held, whichever is earlier (unless such authority is revoked or varied at a general meeting), to issue Shares and to make or grant convertible securities, and to issue Shares in pursuance of such convertible securities, without seeking any further approval from shareholders at a general meeting, up to a number not exceeding 50% of the total number of issued Shares (excluding treasury shares) (calculated as described), provided that the total number of issued Shares and convertible securities which may be issued other than on a pro rata basis to shareholders does not exceed 20% of the total number of issued Shares (excluding treasury shares)(calculated as described). For the purpose of determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares) will be calculated as described.
8. Resolution 10 is to authorise the Directors, from the date of this AGM until the next Annual General Meeting, to offer and grant options under the Scheme, and to allot and issue Shares pursuant to the exercise of such options provided that the aggregate number of Shares to be issued pursuant to this Resolution 10 does not exceed 5% of the total number of issued Shares on the date immediately preceding the relevant date(s) on which the offer(s) to grant such options is/are made.

NOTICE OF ANNUAL GENERAL MEETING

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to Dr Wee Cho Yaw, Mr Lance Yu Gokongwei, Mr Liam Wee Sin and Ms Tan Khiaw Ngoh, all of whom are seeking re-election as Directors at the 58th Annual General Meeting of the Company, is set out below and is to be read in conjunction with their respective biographies on pages 6 to 15 of the Annual Report 2019:

Director	Wee Cho Yaw	Lance Yu Gokongwei	Liam Wee Sin	Tan Khiaw Ngoh
Age	91	53	61	62
Country of principal residence	Singapore	Philippines	Singapore	Singapore
The Board's comments on this re-election	Dr Wee Cho Yaw has the requisite experience and capability to be re-elected as Director.	Mr Lance Yu Gokongwei has the requisite experience and capability to be re-elected as Director.	Mr Liam Wee Sin has the requisite experience and capability to be re-elected as Director.	Ms Tan Khiaw Ngoh has the requisite experience and capability to be re-elected as Director.
Working experience and occupation(s) during the past 10 years	Please refer to page 6 of the Annual Report.	Please refer to page 9 of the Annual Report.	Please refer to page 10 of the Annual Report.	Please refer to page 15 of the Annual Report.
Shareholding interest in the Company and its subsidiaries	Please refer to page 58 of the Annual Report	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Dr Wee Cho Yaw is the Chairman of UOL Group Limited, a substantial shareholder of the Company, and the father of Mr Wee Ee Lim, a Non-Executive and Non-Independent Director.	Mr Lance Yu Gokongwei is the nephew of Mr James L. Go, a Non-Executive and Non-Independent Director, who is retiring by rotation and not seeking re-election at this AGM.	Mr Liam Wee Sin is the Group Chief Executive of UOL Group Limited, a substantial shareholder of the Company.	Nil
Conflict of interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes	Yes

NOTICE OF ANNUAL GENERAL MEETING

Each of Dr Wee Cho Yaw, Mr Lance Yu Gokongwei, Mr Liam Wee Sin and Ms Tan Khiaw Ngoh has confirmed that his/her answer to each of the questions set out under the section titled "Information Required" in Appendix 7.4.1 of the SGX-ST Listing Manual is in the negative:

- (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or her or against a partnership of which he or she was a partner at the time when he or she was a partner or at any time within 2 years from the date he or she ceased to be a partner?
- (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he or she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?
- (c) Whether there is any unsatisfied judgement against him or her?
- (d) Whether he or she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such purpose?
- (e) Whether he or she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach?
- (f) Whether at any time during the last 10 years, judgement has been entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, or he or she has been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part?
- (g) Whether he or she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?
- (h) Whether he or she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?
- (i) Whether he or she has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity?

NOTICE OF ANNUAL GENERAL MEETING

- (j) Whether he or she has ever, to his or her knowledge been concerned with the management of conduct, in Singapore or elsewhere, of the affairs of:-
- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trust in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,
- in connection with any matter occurring or arising during that period when he or she was so concerned with the entity or business trust?
- (k) whether he or she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that subject to shareholders' approval being obtained for the proposed First and Final cash dividend (one-tier tax exempt) of 4 cents per ordinary share for the financial year ended 31 December 2019, the Register of Members and Share Transfer Books of the Company will be closed at 5.00 p.m. on 8 May 2020 ("Record Date"), for the preparation of dividend warrants.

Duly completed transfers of shares received by the Company's Share Registrar, Messrs KCK CorpServe Pte Ltd at 333 North Bridge Road #08-00 KH KEA Building, Singapore 188721 up to 5.00 p.m. on the Record Date will be registered to determine shareholders' entitlements to the proposed dividend.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the Record Date will be entitled to the proposed dividend.

The proposed dividend, if approved by the members at the AGM will be paid on 28 May 2020.

DUE TO THE CONSTANTLY EVOLVING COVID-19 SITUATION IN SINGAPORE, WE MAY BE REQUIRED TO CHANGE OUR AGM ARRANGEMENTS AT SHORT NOTICE. FOR LATEST UPDATES ON THE STATUS OF OUR AGM, PLEASE VISIT OUR WEBSITE - WWW.UIC.COM.SG.

IMPORTANT UPDATE: DETAILS OF 58TH ANNUAL GENERAL MEETING SUBJECT TO CHANGE

In light of stricter measures announced by the Ministry of Health on 24 March 2020, and legislative amendments which will be addressed in Parliament in April 2020 in relation to the conduct of meetings, the Company has submitted an application to the Accounting and Corporate Regulatory Authority ("ACRA") for an extension of time to hold its 58th Annual General Meeting ("AGM"). Shareholders will be kept updated on the outcome of the Company's application, as well as any deferment of the AGM and the procedures for participation via an announcement on SGXNET and the "Latest News" section on the Company's website, www.uic.com.sg. Thank you for your understanding and patience during these difficult times.

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UNITED INDUSTRIAL CORPORATION LIMITED

Company Registration No. 196300181E

Incorporated in Singapore

PROXY FORM**ANNUAL GENERAL MEETING****IMPORTANT NOTES**

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting ("AGM").
2. For CPF/SRS investors who have used their CPF/SRS monies to buy United Industrial Corporation Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 3 April 2020.
4. For purposes of the appointment of a proxy(ies) and/or representative(s), the member(s)' and the proxy(ies)' or representative(s)' full name and full NRIC/passport number will be required for verification purposes, and the proxy(ies)' or representative(s)' NRIC/passport will need to be produced for sighting upon registration at the AGM. This is so as to ensure that only duly authorized proxy(ies)/representative(s) attend and vote at the AGM. The Company reserves the right to refuse admittance to the AGM if the proxy(ies)' or representative(s)' identity cannot be verified accurately.

I/We _____ (Name) _____ (NRIC/Passport/Co Reg Number)

of _____ (Address)

being a member/members of United Industrial Corporation Limited (the "Company"), hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of shares	%

or failing him/them, the Chairman of the 58th Annual General Meeting ("AGM") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the AGM of the Company to be held at Grand Ballroom 1 & 2, PARKROYAL on Beach Road, 7500 Beach Road, Singapore 199591 on 24 April 2020 at 1.15 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on from the Resolutions to be proposed at the AGM as indicated below. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his /their discretion, as he/they may on any other matter arising at the AGM.

No.	Resolutions	No. of Votes For *	No. of Votes Against*	No. of Votes *Abstained
1	Adoption of Directors' Statement, Audited Financial Statements and Auditor's Report			
2	Declaration of a First and Final tax-exempt (one-tier) Dividend			
3	Approval of Directors' Fees			
4	Re-election of Dr Wee Cho Yaw			
5	Re-election of Mr Lance Yu Gokongwei			
6	Re-election of Mr Liam Wee Sin			
7	Re-election of Ms Tan Khiaw Ngoh			
8	Re-appointment of PricewaterhouseCoopers LLP as Auditor			
9	Authority for Directors to issue shares (General Share Issue Mandate)			
10	Authority for Directors to issue shares (United Industrial Corporation Limited Share Option Scheme)			

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" or "Abstained", please tick (✓) within the box provided. Otherwise, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2020

Shares in:	Total No. of Shares Held
(a) Depository Register	
(b) Register of Members	
Total	

Signature (s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by the member.
2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM in his stead. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.
3. A proxy need not be a member of the Company.
4. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 24 Raffles Place #22-01/06 Clifford Centre Singapore 048621 not less than 72 hours before the time fixed for holding the AGM.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the AGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the appointor is a corporation, the instrument of proxy must be executed either under its common seal or under the hand of its duly authorised officer or attorney. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may appoint, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50.
8. Any alteration made in this instrument appointing a proxy or proxies must be initialled by the person who signs it.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered against his name in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies lodged if such member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.



Company Registration No. 196300181E
Incorporated in Singapore

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