United Industrial Corporation Limited

ANNUAL REPORT 2016

Mon Jervois

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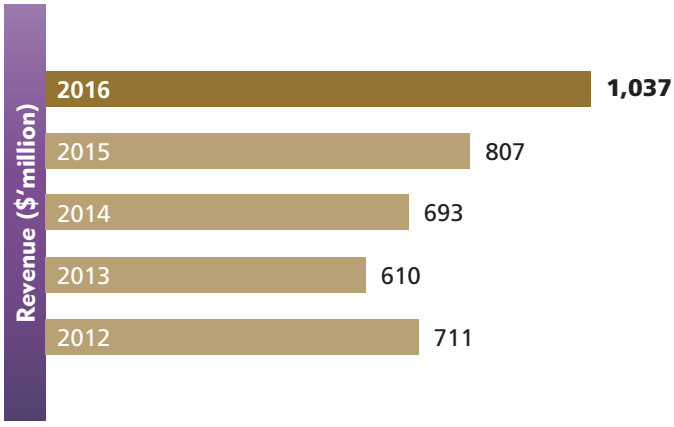
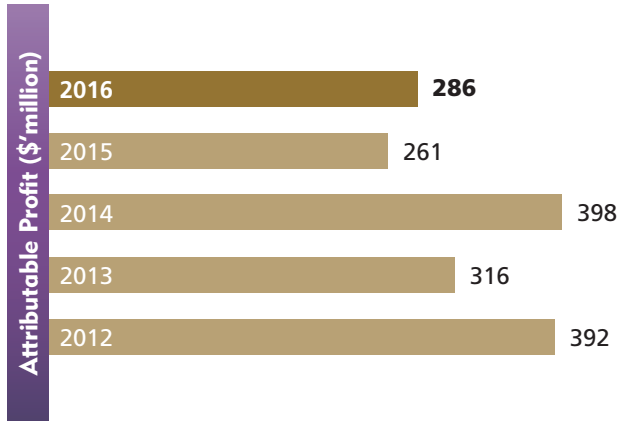
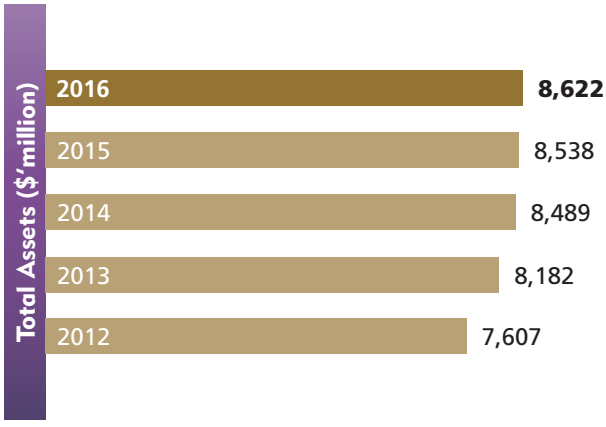
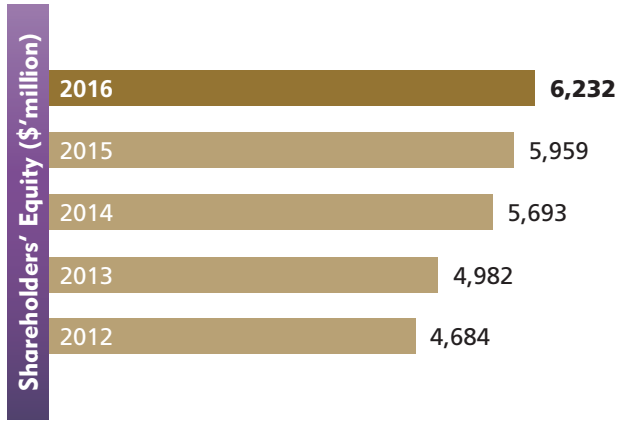
Artist's impression of Alex Residences

Group Financial Highlights









($'million)	2012	2013	2014	2015	2016
Revenue	711	610	693	807	**1,037**
Net profit from operations	168	167	223	236	**249**
Net fair value gain on investment properties	224	149	175	25	**37**
Attributable profit	392	316	398	261	**286**
Total assets	7,607	8,182	8,489	8,538	**8,622**
Shareholders' equity	4,684	4,982	5,693	5,959	**6,232**

Chairman's Statement

For the financial year 2016, the Group achieved revenue amounting to $1.04 billion.

WEE CHO YAW
CHAIRMAN

$8.62billion
TOTAL ASSETS

$7.04billion
TOTAL EQUITY

Dear Shareholders,
I am pleased to present UIC's annual report for financial year 2016.

2016 Review
In 2016, Singapore's economy grew 2%.

Singapore experienced a soft property market that affected both commercial and residential segments. Overall, despite the global economic uncertainties, Singapore still managed to achieve growth and create new jobs.

Amidst this backdrop, the Group delivered a reasonably fair performance that showed our resilience to the changing market conditions.

Performance Review and Dividend
For the financial year ended 31 December 2016, the Group's total revenue rose 28% year-on-year to $1,036.6 million due to higher residential property sales.

Sales of residential properties increased 77% to $516.3 million with progressive revenue recognition and higher sales for the Group's residential projects, particularly from V on Shenton and Alex Residences.

Gross rental income from investment properties grew 2% to $275.3 million whilst revenue from hotel operations decreased by $2.7 million or 2%.

During the year, the Group's office buildings maintained a healthy overall occupancy of 97% and registered a rental income of $192.2 million, an improvement of 4% over $184.7 million achieved in the previous year.

Contribution from joint-venture residential development projects declined 96% to $1.1 million due to lower revenue contribution from two residential projects, Thomson Three and Archipelago, which were completed in May 2016 and September 2015 respectively.

Net profit from operations increased by 6% to $249.4 million. After adding the fair value gain of $36.6 million, the Group recorded a net attributable profit of $286.0 million for the year, an increase of 10%.

The Board is recommending a first and final tax exempt (one-tier) dividend of 3.0 cents (2015: 3.0 cents) for the financial year ended 31 December 2016. The final payout will amount to $42.6 million.

Singapore

In October 2016, the Group was successful in a private en-bloc tender for Raintree Gardens in Potong Pasir with a bid of $334.2 million. The bid was made jointly with UOL Group on a 50:50 joint venture basis. Raintree Gardens is a 99-year leasehold residential redevelopment site which houses a former HUDC estate built in the 1980s. We plan to develop an estimated 750 residential units on the site for launch in 2018.

We plan to launch very soon The Clement Canopy which we will develop jointly with UOL Venture Investments Pte Ltd on a 50:50 joint venture basis. The Clement Canopy is a 40-storey lush condominium project near the National University of Singapore, One-North and Holland Village. We will adopt the prefabricated prefinished volumetric construction ("PPVC") method of construction. This method will raise productivity as much of the construction will be done off-site in a controlled manufacturing environment and then assembled at the site.

Upon its completion, The Clement Canopy is expected to be the world's tallest residential PPVC development.

Overseas

In the United Kingdom, the Group acquired 120 Holborn for £222.6 million on a 50:50 joint venture with a wholly-owned subsidiary of the UOL Group. 120 Holborn is a mixed-use freehold nine-storey building located in Midtown, London within walking distance to Chancery Lane Tube Station and Farringdon Tube Station interchange. When Farringdon Station opens in 2018, it is likely to be one of the busiest interchanges in London as it will provide three-way connectivity between London Underground, Thameslink and Crossrail, with direct rail links to four international airports. With close to full occupancy, 120 Holborn will provide the Group with a steady source of recurring income.

Outlook for 2017 and Acknowledgements

Singapore's economy is expected to grow between 1% and 3%. We expect 2017 to be challenging due to uncertainty in the global economy.

The Group is well-placed for sustainable growth in these challenging times with our portfolio of income-producing assets.

The Group is mindful of the risks as we seek new opportunities. Meanwhile, for existing operations, we will continue to be proactive and adapt to changing trends.

On behalf of the Board, I would like to thank the management and staff at UIC for their dedication and hard work. To our shareholders, business partners, customers and tenants, thank you for your strong support. In closing, I would like to thank my fellow directors for their guidance and wise counsel.

WEE CHO YAW
CHAIRMAN

February 2017

Board of Directors

Dr Wee Cho Yaw

Chairman

Dr Wee Cho Yaw was appointed a Director and Chairman of United Industrial Corporation Limited ("UIC") in 1992. A veteran banker with more than 50 years' experience in the banking industry, Dr Wee is the Chairman Emeritus and Adviser of United Overseas Bank Limited and Far Eastern Bank Limited. He also chairs the boards of United Overseas Insurance Limited, UOL Group Limited, Haw Par Corporation Limited, Pan Pacific Hotels Group Limited, Marina Centre Holdings Private Limited, and Wee Foundation. He is the Chairman of Chung Cheng High School. He was previously the Chairman of Singapore Land Limited.

Dr Wee is the Honorary President of the Singapore Federation of Chinese Clan Associations, Singapore Hokkien Huay Kuan and Singapore Chinese Chamber of Commerce and Industry.

Dr Wee received Chinese High School education. He was conferred an Honorary Doctor of Letters by the National University of Singapore in 2008 and by the Nanyang Technological University in 2014. Both Honorary Doctor of Letters were conferred on him in recognition of his long-standing support of education, community welfare and the business community. In 2011, he received the Distinguished Service Order, Singapore's highest National Day Award from the President of Singapore for his outstanding contributions to the economic, education, social and community development fields in Singapore. Since 2004, he has been the Pro-Chancellor of Nanyang Technological University.

Dr Wee was conferred the Businessman Of The Year award twice at the Singapore Business Awards in 2001 and 1990. He received the inaugural Credit Suisse-Ernst & Young Lifetime Achievement Award in 2006 for his exceptional achievements in the Singapore business community. In 2009, *The Asian Banker* presented him the Lifetime Achievement Award.

Dr John Gokongwei, Jr.

Deputy Chairman

Dr John Gokongwei, Jr. was appointed a Director and Deputy Chairman of UIC in 1999.

As of January 2002, he is a Director and Chairman Emeritus of JG Summit Holdings, Inc., a company incorporated in the Philippines and listed on the Philippines Stock Exchange Inc., since its formation in 1990. He is the Chairman of the Gokongwei Brothers Foundation, Inc.. He is also a Director of Marina Centre Holdings Private Limited. He is currently Director and Chairman Emeritus of Universal Robina Corporation, Robinsons Land Corporation and JG Summit Petrochemical Corporation and a Director of Cebu Air Inc., Robinsons Retail Holdings, Inc., Oriental Petroleum and Minerals Corporation, Manila Electric Company and A. Soriano Corporation.

He was the Director and Deputy Chairman of Singapore Land Limited from 1999 to 2014.

Dr Gokongwei received a Master in Business Administration from the De La Salle University in the Philippines, and attended the Advanced Management Program at Harvard University, Boston, Massachusetts, USA.

Mr Lim Hock San

President and CEO

Mr Lim Hock San, the President and Chief Executive Officer, was appointed a Director of UIC in 1992. Mr Lim is also the President and Chief Executive Officer of Singapore Land Limited.

Mr Lim graduated with a Bachelor of Accountancy from the University of Singapore. He obtained a Master of Science in Management from the Massachusetts Institute of Technology, and attended the Senior Executive Programme at London Business School, and the Advanced Management Program at Harvard Business School. He is a Fellow of the Chartered Institute of Management Accountants (UK) and a Fellow and past President of the Institute of Singapore Chartered Accountants.

Mr James L. Go

Mr James L. Go was appointed a Director of UIC in 1999. He is currently the Chairman and Chief Executive Officer of JG Summit Holdings, Inc. and Oriental Petroleum and Minerals Corporation. He is the Chairman of Universal Robina Corporation, Robinsons Land Corporation, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Vice Chairman of Robinsons Retail Holdings, Inc. and a Director of Cebu Air, Inc., Marina Centre Holdings Private Limited and Hotel Marina City Private Limited. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc.. He has been a Director of the Philippine Long Distance Telephone Company (PLDT) since November 3, 2011. He is a member of the Technology Strategy Committee and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a Director of Manila Electric Company on December 16, 2013. He was formerly a Director of Singapore Land Limited.

Mr Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

Mr Gwee Lian Kheng

Mr Gwee Lian Kheng was appointed a Director of UIC in 1999. He is the Group Chief Executive of UOL Group Limited and has been with the UOL Group since 1973.

Mr Gwee graduated with a Bachelor of Accountancy (Honours) Degree from the University of Singapore. He is a Fellow of the Chartered Institute of Management Accountants, Association of Chartered Certified Accountants and the Institute of Singapore Chartered Accountants.

Board of Directors

Mr Hwang Soo Jin

Mr Hwang Soo Jin was appointed a Director of UIC in January 2003 and is presently the Chairman of the Nominating Committee. He is a Chartered Insurer and an Associate of the Chartered Insurance Institute, UK, and has more than 50 years' business experience.

Mr Hwang is currently the Chairman Emeritus and Director of Singapore Reinsurance Corporation Ltd and also sits on the boards of directors of United Overseas Insurance Ltd and Haw Par Corporation Ltd. Among numerous other directorships in the past, he was formerly a Director of Singapore Land Limited and Chairman of Singapore Reinsurance Corporation Ltd.

Mr Yang Soo Suan

Mr Yang Soo Suan was appointed a Director of UIC in 2012 and is currently the Chairman of the Audit Committee. He is an architect by training and has more than 48 years' professional practice experience.

He is a Director of United Overseas Insurance Limited and a former Director of United International Securities Ltd., and currently the Chairman of Audit Committee of United Overseas Insurance Limited. He is a Life Fellow of the Singapore Institute of Architects, a Fellow Member of the Singapore Society of Project Managers, and a member of the Singapore Institute of Directors. He is the former Chairman of Architects 61 Pte Ltd and National Fire Prevention Council. He is also a former board member of the Housing and Development Board, the Board of Architects and Singapore Land Limited, a former President of the Singapore Institute of Architects and a former member of the Appeals Board (Land Acquisition).

Mr Yang holds a Bachelor of Architecture (Honours) in Design, Town Planning and Building (1961) from Melbourne University, Australia and was awarded the Bintang Bakti Masyarakat (Public Service Star, Singapore) in 1996.

Mr Alvin Yeo Khirn Hai

Mr Alvin Yeo was appointed a Director of UIC in 2002 and is currently the Chairman of the Remuneration Committee. He is a lawyer and Chairman and Senior Partner of WongPartnership LLP. Mr Yeo was appointed Senior Counsel of the Supreme Court of Singapore in January 2000. He is a member of the Appeals Advisory Panel of the Monetary Authority of Singapore, and the Court of the Singapore International Arbitration Centre. He is also a Director of Keppel Corporation Ltd. He resigned on 26 August 2014 as Director of Singapore Land Limited and on 9 June 2016 as Director of Neptune Orient Lines Limited. Mr Yeo is a former Member of Parliament, having served for 2 terms from 2006 to 2015.

Mr Yeo graduated with a Bachelor of Laws (Honours) from King's College, University of London, and is a Barrister-at-Law (Gray's Inn).

Mr Wee Ee Lim

Mr Wee Ee Lim was appointed a Director of UIC in 1999. He is presently the President and Chief Executive Officer of Haw Par Corporation Limited. He is a Director and the Deputy Chairman of UOL Group Limited. In addition, he sits on the board of directors of Wee Foundation.

Mr Wee was previously a Director of Pan Pacific Hotels Group Limited, Singapore Land Limited and Hua Han Bio-Pharmaceutical Holdings Limited (a company listed on the Hong Kong Stock Exchange).

Mr Wee graduated with a Bachelor of Arts (Economics) from Clark University, USA.

Mr Lance Yu Gokongwei

Mr Lance Yu Gokongwei was appointed a Director of UIC in 1999. He is the President and Chief Operating Officer and a Director of JG Summit Holdings, Inc., Chairman and Chief Executive Officer of Robinsons Retail Holdings, Inc., President and Chief Executive Officer of Universal Robina Corporation and Cebu Air, Inc., Chief Executive Officer of JG Summit Petrochemical Corporation and JG Summit Olefins Corporation, and Vice Chairman and Chief Executive Officer of Robinsons Land Corporation. He is also the Chairman of Robinsons Bank Corporation, Vice Chairman of Manila Electric Company and a Director of Oriental Petroleum and Minerals Corporation. He is also a trustee and secretary of the Gokongwei Brothers Foundation, Inc.. He was formerly a Director of Singapore Land Limited.

Mr Gokongwei graduated with a Bachelor of Science (Applied Science) from Pennsylvania Engineering School and a Bachelor of Science (Finance) from Wharton School, USA. He also attended the management and technology program at the University of Pennsylvania.

Mr Antonio L. Go

Mr Antonio L. Go was appointed a Director of UIC in April 2007. He is currently a Chairman and President of Equitable Computer Services, Inc. and Chairman of Equicom Savings Bank and Algo Leasing and Finance Inc.. He is a Trustee of Go Kim Pah Foundation and Equitable Foundation Inc.. He sits on the boards of Cebu Air, Inc., Maxicare Healthcare Corporation, Oriental Petroleum and Minerals Corporation, Robinson Retail Holdings, Inc., SteelAsia Manufacturing Corporation, Equicom Information Technology, Equicom Inc., Equicom Manila Holdings, Medilink Network, Inc., and Equitable Development Corporation. From 2006 to 2011, he was an Independent Director of Digital Telecommunications, Philippines, Inc..

Mr Go graduated with a Bachelor of Business Administration from Youngstown University, USA. He also attended the International Advanced Management programme at the International Management Institute, Geneva, Switzerland, and the ABA National School of Bankcard Management, Northwestern University, USA.

Management Review

Artist's Impression of UIC Building and V on Shenton

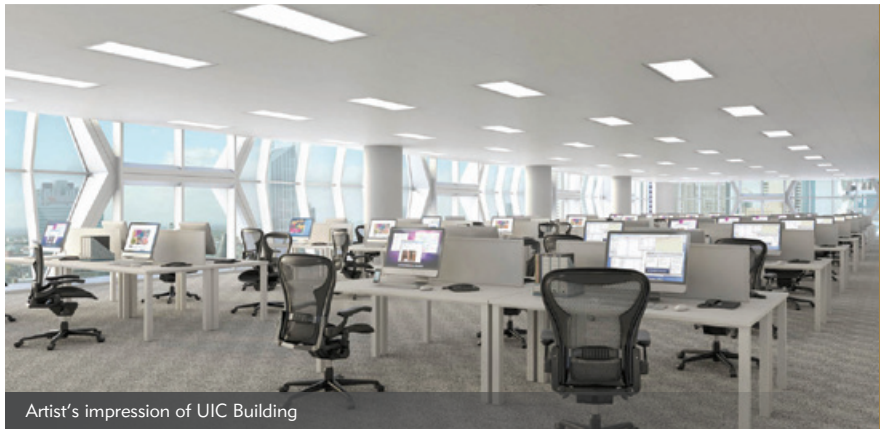
Singapore Commercial Office Properties

2016 Overview

The office leasing market remained soft throughout 2016, amidst concerns over a weaker global economic outlook and the upcoming supply of 3.6 million square feet of new office space coming on stream from the third quarter of 2016 to early 2017.

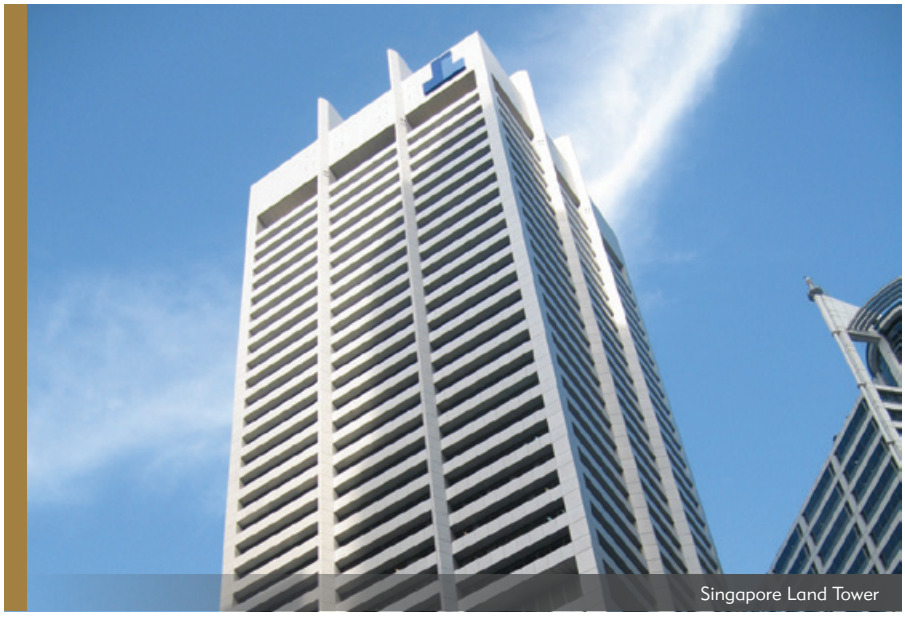
Property Portfolio


Artist's impression of UIC Building


Artist's impression of UIC Building

UIC Building

Designed by world renowned Dutch architect, Ben van Berkel of UN Studio, the site at 5 Shenton Way is being redeveloped into an iconic twin towers comprising a 23-storey office tower and a 54-storey residential tower. Boasting a unique 3-D hexagonal facade, the new office tower when completed will yield about 280,000 square feet of Grade A office space. The office tower is targeting to obtain its Temporary Occupation Permit towards end March 2017.


Singapore Land Tower

Singapore Land Tower

Singapore Land Tower in Raffles Place continued to perform well in the year under review. Notwithstanding strong competition from newer Grade A buildings within the Raffles Place/ Marina Bay Financial District, the building was able to maintain a healthy average occupancy of 99% and improved its rental income by 5%.

The 5 chillers in the building which had been upgraded in October 2015, achieved an efficiency improvement of 40% resulting in 30% savings on electricity consumption within a year of operation. This energy efficiency falls within the Gold Plus Green Mark criteria.

During the year, Singapore Land Tower had also installed and commissioned the security turnstile barriers system. This system was implemented using strict access codes and identity card based recognition for visitors. These features are key in the event of an emergency and help to track and account for the occupants in the building.

Singapore Land Tower

Clifford Centre

Clifford Centre

Despite being the oldest building in the Group, Clifford Centre at Raffles Place achieved 96% occupancy as at the end of 2016. Rental revenue, however, declined slightly by 1% compared to the preceding year.

The retail premises, which form 20% of the total lettable area, contributed about 25% of the total rental revenue. To help our retail tenants maintain healthy sales revenue, year-end marketing promotions were organised during the festive period.

A series of enhancement works were undertaken as part of our on-going programme to upgrade the building. These improvement works included the installation of security turnstile barriers and card access system to enhance the security of the building. The upgrading is still in progress and will be completed in the first quarter of 2017.


SGX Centre

SGX Centre

In Shenton Way, the Group owns 36,000 square feet and 240,000 square feet of lettable space in SGX Centre 1 and SGX Centre 2 respectively. During the year under review, the building performed very well, maintaining a healthy average occupancy of 99% and improving its rental income by 11%.

The Group continued to serve as the managing agent for SGX Centre during the year. Continuous efforts were taken to upkeep the building's facilities and maintain them in good and serviceable condition.

The Gateway

Although 34% of leases expired during the year, The Gateway at Beach Road performed well and achieved an average occupancy of 95%. Rental revenue improved by 4% compared to the preceding year.

Security turnstiles and card access systems were installed to enhance security of the buildings. The cooling coils in air handling units were also replaced in phases to better serve the tenants and improve energy efficiency.

The Gateway


ABACUS Plaza and Tampines Plaza

ABACUS Plaza and Tampines Plaza
During the year, both ABACUS Plaza and Tampines Plaza, located in the Tampines Regional Centre, achieved 100% occupancies as at the end of 2016. ABACUS Plaza improved its rental income by 6% while Tampines Plaza maintained its rental income.

Stamford Court
In the year under review, Stamford Court located along Stamford Road achieved an average occupancy of 95% and improved its rental income by 1% compared to the previous year.

Stamford Court

Property Portfolio

Singapore Commercial Retail Properties

Marina Square Shopping Mall

Performance in 2016

In the second half of 2016, Marina Square Shopping Mall completed its improvements and reconfiguration works across Levels 2 to 4 at the East Wing of the Retail Mall. The refreshed footprint is now occupied by new tenants namely, PSB Academy, XTRA Design, DP Architect and Gam3 Asia.

In the third quarter of 2016, Marina Square created a new IT zone of 10,000 square feet at Level 2, bringing on board several established IT concept stores, namely HP, ASUS, Dell, Lenovo and Newstead Technologies (a multi-brand IT store), which offer a complete selection of IT products and gadgets.

In the fourth quarter of 2016, NTU Alumni Club and XTRA commenced business in the new retail wing.

Reinforcing its position as a prominent shopping destination within the Marina Centre area, Marina Square, with a total net lettable area of 766,000 square feet, now boasts several international fashion labels - Massimo Dutti, Zara, Desigual, Promod and Levis. It also houses other renowned international brands such as Japanese lifestyle concept store MUJI, UK department store Marks & Spencer, and luxury watch brands such as Rolex, Tag Heuer and Longines.

The advertising and promotional activities organised in 2016 included the Chinese New Year Campaign in January, the signature balloon exhibition during the March school holidays, The Great Singapore Sale in June, Food Festival in July and the year-end Christmas celebrations. The most notable event was the iconic balloon exhibition that set another record in the Singapore Book of Records for the largest balloon landscape. The "Fairy-tale themed balloon display" was installed by an international team of 50 balloon artists from 7 countries using 92,000 balloons. Another feat that marked a record in the Singapore Book of Records was the first balloon wedding gown made by a balloon artist, intricately constructed over 10 hours.

The month of July was celebrated with mouth-watering food & beverage promotions and a joint cook-off family event with StarHub/Asian Food Channel and Emporium Shokuhin. Other noteworthy events held at the Central Atrium included the Launch Event for the biennial Singapore Garden Festival by National Parks Board, Exhibition by Singapore Maritime Week, Graciousness Campaign by Land Transport Authority, French Open and Longines Exhibition and The New Paper New Face Finals 2016, which generated media publicity.

Marina Square Shopping Mall

Marina Square Hotels

Performance in 2016

The three Marina Square hotels, namely Pan Pacific Singapore, Marina Mandarin Singapore and Mandarin Oriental Singapore held their performances in 2016 despite the increase in supply of new hotel rooms and softer market sentiments. The visitor arrivals to Singapore in 2016 have rebounded strongly in the first half of the year but tapered off in the remaining months of 2016. Major city-wide events which included the F1 Grand Prix and the biennial Airshow have contributed positively to the hotels. The Marina Bay area has also become a favourable destination for the leisure market. Stronger cost management and greater emphasis on efficiency and productivity have ensured profitability flow-through.

Marina Square Hotels

Velocity @ Novena Square

Novena Square

The Group has a 20% interest in Novena Square, a commercial development located above the Novena MRT Station. For the year 2016, the development enjoyed 96% occupancy for the retail mall, Velocity@Novena Square ("Velocity"), and 95% occupancy for both Office Towers A and B.

In 2016, Velocity introduced new events such as breakdancing and brought back some past favourites including "Urban Attack" and ice skating events. The breakdancing event brought in a different crowd to the mall while "Urban Attack" garnered better support and attracted 80% more participants compared to 2015. Christmas ice skating sessions continued to be popular with families.

Velocity continued to push for events that would help to boost shoppers' spending and footfall in the mall. Besides organising events, the mall also worked with partners such as the Singapore Heritage Board, Sport Singapore, Infocomm Development Authority of Singapore, as well as the Singapore Table Tennis Association to bring in even more interesting events. The Singapore Table Tennis Association brought in the finals of their Crocodile Cup whereas the Singapore Heritage Board used Velocity as an exhibition venue for two events this year, including an exhibition on the Singapore Botanic Gardens' bid to be inscribed as a UNESCO site, and a special feature on the different wedding traditions of the four main races in Singapore.

Velocity remained a preferred venue for race kit collections despite keen competition from other locations. A total of 18 race kit collections took place in the mall in 2016 for major runs such as Race Against Cancer, Asics Run, Mizuno Run, Blacklight Run, Newton Run, NS Home Team Run, 2XU Compression Run, and Pocari Run.

West Mall

West Mall

West Mall, located just beside Bukit Batok MRT, continued to be a popular retail destination for residents in the Bukit Batok, Jurong East, Hillview and Upper Bukit Timah precincts.

The mall held various events and promotional campaigns throughout the year. In keeping with Chinese New Year tradition, shoppers were treated to traditional Lion and Dragon Dance Performances.

A food fair showcasing local delights was held in conjunction with the celebration of the nation's birthday in the months of July and August. Bukit Batok Community Centre also organised a walk to West Mall and a Great Singapore Workout for residents to kick-start their National Day morning. The mall was also selected by The Band Directors' Association (Singapore) for the second consecutive year as the venue for their Band Fiesta.

To support community outreach, West Mall collaborated with Bukit Batok Community Centre and Health Promotion Board to host a series of workouts including rock climbing, Zumba, Taijiquan and yoga.

The year ended with the mall's traditional Christmas celebration where participants grooved to the beat of SISAY's lively and spirited interpretation of Latin American, World and Andean music pieces. Children were also treated to a "Snow, Bounce and Play" experience at the Christmas Play arena.

In the year under review, the mall continued to enjoy almost full occupancy although total revenue declined slightly by 2% due to challenging retail conditions.

During the year, the mall completed its second phase of asset enhancement works to keep the mall up to date and welcomed 12 new tenants to enhance its tenant mix to compete with newer malls in the vicinity.

Property Portfolio

Singapore Residential Properties

The Group's current residential developments comprise V on Shenton (former UIC Building), Alex Residences, Mon Jervois and Pollen & Bleu. Other current residential developments include Thomson Three and The Clement Canopy, both are joint ventures with UOL Group Limited ("UOL").

In October 2016, the Group and UOL had on a 50:50 joint venture basis, purchased a residential en-bloc site at Potong Pasir Avenue 1.

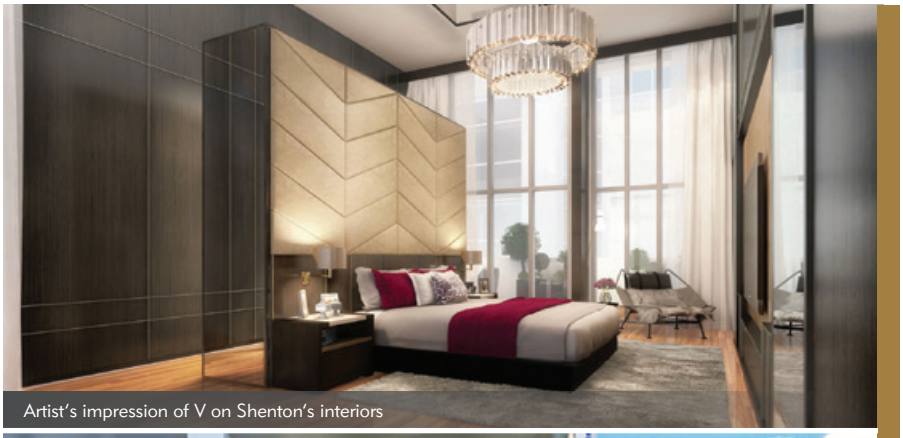
The Group will continue to source for reasonably-priced sites in good locations.

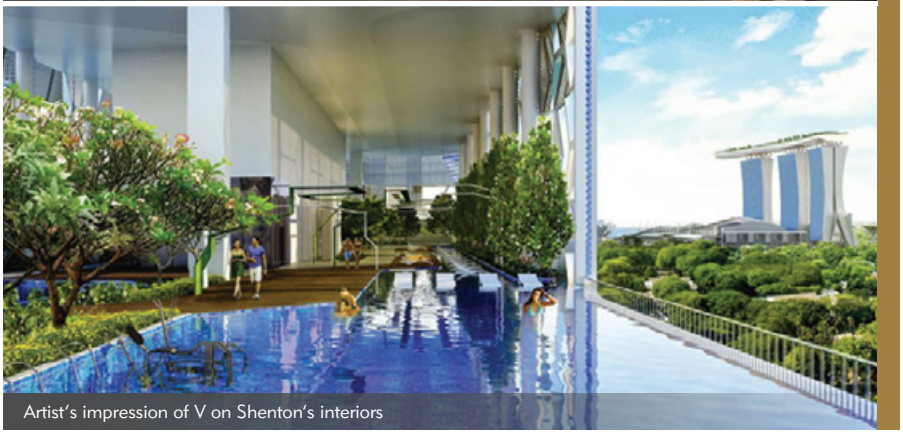
The local residential market continued to remain subdued as cooling measures remained intact. Sentiments stayed cautious with concerns over the weaker local economy and global uncertainties.

Based on URA statistics, property prices have fallen by 11% since the peak in the third quarter of 2013. Primary residential sales in 2016 totalled 7,972 units, which is slightly better than 2015 and 2014.

Artist's Impression of V on Shenton's interiors

Artist's Impression of V on Shenton's interiors


Artist's impression of V on Shenton's interiors


Artist's impression of V on Shenton's interiors

V on Shenton

The site at 5 Shenton Way is currently being developed to a 54-storey tower of 510 residential units (V on Shenton) and a 23-storey Grade A office building (UIC Building). It is near upcoming Shenton Way MRT (Thomson East Coast Line completing by 2021), and strategically located at the confluence of Shenton Way and Marina Bay Financial District. This mix-use development is designed by world-renowned Dutch architect, Ben van Berkel of UN Studio, collaborating closely with local firm Architects 61.

As at end 2016, 80% of the 510 residential units have been sold. The building is expected to obtain TOP in 2017.

Mon Jervois

This is a five-storey boutique development of 109 residential units. It is located in District 10 in the vicinity of embassies and Good Class Bungalows in Jervois Road near Orchard Road and the Central Business District. The development obtained TOP in May 2016 and Certificate of Statutory Completion in November 2016. The project was 61% sold as at end 2016.


Mon Jervois


Artist's impression of Pollen & Bleu

Pollen & Bleu

In close proximity to Singapore Botanic Gardens, Singapore's first UNESCO World Heritage Site, Pollen & Bleu is nestled in the lush greeneries of a private residential enclave in Farrer Drive. It is within walking distance to Farrer Road MRT Station and within one kilometre of Nanyang Primary School. The three blocks of eight-storey development comprising 106 units was completed in November 2016 and Certificate of Statutory Completion was obtained in December 2016. The project was 12% sold as at December 2016.

Alex Residences

Located in Alexandra View, the 69,980 square feet site is within walking distance to Redhill MRT Station and is close to Orchard Road and the Central Business District. This iconic development will rise up to 40 storeys, enjoying panoramic views of the city centre, Orchard Road and Sentosa. The development comprises 429 units and was 65% sold as at end 2016. Construction has reached 40 storeys and is expected to be completed by end 2017.


Artist's impression of Alex Residences

Thomson Three
Located in Bright Hill Drive, off Upper Thomson Road, the 144,636 square feet site is within 200 metres from Upper Thomson MRT Station and walking distance to Ai Tong Primary School.

This site is jointly developed with UOL on a 50:50 basis. The project which comprises 435 residential units and 10 strata houses, has obtained TOP in May 2016 and Certificate of Statutory Completion in August 2016. Project is now fully sold.


Thomson Three


Artist's impression of The Clement Canopy

Site at Potong Pasir Avenue 1
In October 2016, the Group purchased this site together with UOL on a 50:50 joint venture basis. The 201,405 square feet site is located near Potong Pasir MRT station and is expected to launch in 2018 with an estimated 750 units. This is a collective sale by owners of the development known as Raintree Gardens. The sale completion and vacant possession of this en-bloc site is expected to be end of 2017.

The Clement Canopy
The Group acquired this site with UOL on a 50:50 basis. The 140,339 square feet residential site is within close proximity to Clementi Town Centre, National University of Singapore, Yale-NUS College and Science Park.

This 40-storey development comprises 505 units. When completed, it will be the tallest building in the world using the Prefabricated Prefinished Volumetric Construction (PPVC) method.

M/s. Dragages Singapore Pte Ltd ("Dragages") has been appointed as the main contractor and work has commenced since 1st June 2016. Dragages was selected for its high technical ability, which would be required for this world record setting, innovative and challenging project.

Property Portfolio

Overseas Investments

The Excellency, Chengdu

The 7,566 square metres site with 468 residential units and 7 retail units is situated close to the popular Chun Xi Road shopping belt in Dacisi Road. It has a saleable area of approximately 54,000 square metres, inclusive of 3,300 square metres of shopping and commercial space and two 51-storey residential blocks.

The development, wholly-owned by the Group, was completed in 2012 with 98% sold as at 31 December 2016.

Park Eleven, Chang Feng, Shanghai

Park Eleven is situated within the Changfeng Ecological Business Park, south of Putuo District and north of Hongqiao CBD. It is between the inner Ring Road and the Middle Ring Road, bordered by the famous Changfeng Park (长风公园), East China Normal University (华东师范大学) in the east, and Suzhou River at the south.

This is a 30:40:30 joint venture between UIC, UOL, and Kheng Leong Company (Private) Limited Group. The development comprises 398 residential units and a retail mall. The sales permit for the first batch of 164 residential units was obtained in September 2016 and 133 units have been sold to-date.

The site covers 39,540 square metres and is designed by the award winning architects and designers, RSHP, Wirtz International, and Neri & Hu. One can expect a rare and unique living environment for this upcoming project. The exceptional landscape of Park Eleven has allowed the architects to develop a distinctive master plan layout with European gardens featuring sculpted hedges, meandering pergolas and wellness facilities. The project's elevation and interior design are also unique in terms of materials used and will present an understated luxury for upmarket living.

The Westin Tianjin

Located in the heart of Tianjin, the hotel, Westin Tianjin offers unparalleled access to the city's business district and the historic concession precincts which are renowned for their unique architecture and charming streets in the Heping district. The contemporary design property offers 275 rooms and a variety of cuisines from its five food and beverage outlets. Its 1,265 square metres of event space offers amongst the best venues in town to host a variety of occasions. In June 2016, the hotel hosted delegates from the World Economic Forum (DAVOS).

Park Eleven, Shanghai

The Westin Tianjin

During the year, the hotel registered an average occupancy of 65% with an average room rate of RMB 644.

The Group has a 51% interest in the hotel.

Sheraton Tianjin Hotel
Located strategically in the Hexi district, the Sheraton Tianjin offers convenient access to popular destinations in the city. Surrounded by a pristine garden, the property offers a comfortable and relaxing stay for travellers on-the-go with its 240 guest rooms and 56 serviced apartments. The hotel had an average occupancy of 57% with average room rate at RMB 536. The Group has a 36% interest in the hotel.

Beijing Landmark Towers
The Group has a 19.95% interest in Beijing Landmark Towers, a mixed development comprising a hotel, an apartment block and two office towers. The Group received net dividends of $2.5 million for the year.

120 Holborn
UIC and UOL have, on a 50:50 joint venture basis, acquired a mixed-use property at 120 Holborn, nestled in Midtown, London, United Kingdom, in November 2016.

The freehold 9-storey building of net lettable area of 349,088 square feet is near to full occupancy with stable recurring rental income.

Trading and Services

Information Technology

UIC Technologies Pte Ltd

For the year ended 31 December 2016, UIC Technologies Group (UICT) revenue was $88.2 million as compared with $86.5 million same period last year.

Pre-tax profit was $2.5 million as compared with $2.2 million same period last year, with 15% Return on Total Equity.

Marginal increase in revenue and profit in 2016 as compared with 2015 was mainly due to deferment of IT purchases in quarter four due to uncertainty in global market, restructuring in Public sector and slower Singapore economy growth in quarter four 2016.

UICT continues to be self-financing with net dividend payout of $1 million for 2016 and achieved positive cash balance of $8.5 million as at 31 December 2016.

With the projected modest growth of Singapore economy for 2017, UICT strives to maintain its preferred IT Solutions and Service Provider status in Singapore which include hardware and software deployment and services, Systems Integration, IT Manpower Outsourcing and HR and Payroll Outsourcing services.

UICT will align its transformation plan with IT Industry trend to ensure growth, profitability and sustainability whilst continues to raise productivity and enhance core IT competencies to participate in high value IT infrastructure projects.

To stay relevant, the group will continue to leverage its accreditation as Microsoft Cloud Platform (Azure) Gold partner, Microsoft Cloud Productivity (Office 365) Gold partner and HP Enterprise Platinum partner as a step forward to offer Hybrid Cloud Computing Services, Data Centre Care and Flexible Capacity Services in Education, Financial Services, Healthcare, Hospitality, Logistics and Public sectors in 2017.

Human Resource

The Group values its employees and remains committed to human resource policies and functions that support, attract, retain and grow talent, in addition to building a conducive work environment.

The Group continuously invests in its employees to hone their skill sets and talents. For non-executives, the training programmes focus on their operational needs and include subjects which cover technical aspects, regulatory and safety skills. Executive employees attend training programmes to enhance their functional knowledge in their respective areas of expertise. The Group believes that such training and development contributes to improvement in its overall performance and productivity.

As part of its Workplace Health Programme initiative, the Group organised lunch-time talks and activities where speakers from the Institute for Financial Literacy were invited to give talks on "Managing CPF Money for Your Retirement" and "Understanding Basic Health Insurance – CPF Insurance Schemes". Health screenings were organised for the Group's employees, and employees were encouraged to participate in public walks and runs sponsored by the Group. During the haze and Zika outbreaks, masks and mosquito repellents were provided to all employees. Fruits are also distributed quarterly to encourage on healthy eating in employees. For recreation, the Group also signed up for a corporate membership for employees and their family members to visit the Night Safari.

The Group recognises the contributions of its employees. Employees were treated to a year-end staff luncheon; long service awards were also organised to show appreciation to long-serving employees with at least five years of service to the Group.

During the year, the Group arranged for the employees to actively pursue their corporate social responsibility initiatives by bringing joy and cheer to residents at the All Saints Home (Tampines), volunteering at Willing Hearts, a charitable organisation which prepares food for the needy, and by arranging for disadvantaged children from the Children's Aid Society to visit the Science Centre Avengers Exhibition together with some of the Group's employees. The Group also gives back to society through its yearly donations to support charitable causes.

Visit to All Saints Home

Volunteering at Willing Hearts

Property Summary

As at 31 December 2016

	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
Subsidiary Companies' Investment Properties							
Stamford Court A 4-storey commercial building of shops and offices situated at the junction of Stamford Road and Hill Street	99-year lease from 1994	2,072	7,264	5,990	36	100	94
West Mall A 5-storey retail and entertainment complex with three basements of car parking space, located at Bukit Batok Town Centre	99-year lease from 1995	9,890	26,300	17,042	314	100*	401
Singapore Land Tower A 47-storey complex of banks and offices and three basements of car parking space with frontages on Raffles Place/ Battery Road	999-year lease from 1826	5,064	74,215	57,500	288	100**	1,550
SGX Centre 2 A 29-storey office building with two basements of car parking space located at 4 Shenton Way	99-year lease from 1995	2,970	36,590	25,800 (inclusive of 3,336 sq m in SGX Centre 1)	136	100**	520 (UIC Group's interest in SGX Centre 1 & 2)
Clifford Centre A 29-storey complex of shops and offices with frontages on both Raffles Place and Collyer Quay	999-year lease from 1826	3,343	37,267	25,470	268	100**	559
The Gateway A pair of 37-storey towers with two basements of car parking space located at Beach Road	99-year lease from 1982	21,961	97,430	69,803	689	100**	1,110
ABACUS Plaza and Tampines Plaza A pair of 8-storey office buildings with two basements of car parking space located at Tampines Central 1 in the Tampines Finance Park	99-year lease from 1996	2,614 2,613	10,970 10,965	8,397 8,397	87 79	100** 100**	94 93
Marina Square Retail Mall The 4-storey retail mall is part of a mixed development that includes 3 hotels and is located at Raffles Boulevard	99-year lease from 1980	92,197 (in respect of the mixed development, including the 3 hotels)	315,211	206,842	1,990	53	1,109 (in respect of retail mall)
UIC Building (under development) This is part of a mixed development (residential and commercial) located at 5 Shenton Way with the residential component, V on Shenton classified under properties held for sale	99-year lease from 2011	6,778	30,935	26,394 (inclusive of 2 F&B units and before final survey)	592 (for the whole development including the residential tower)	100	647
Associated Company's and Joint Venture's Investment Properties							
Novena Square A commercial complex comprising two office towers of 25 and 18 storeys and a three-storey retail block located at the junction of Thomson Road and Moulmein Road	99-year lease from 1997	16,673	70,010	57,197	491	20	1,348
120 Holborn A 9-storey mixed use (office/retail/ residential) development located at 120 Holborn, Midtown, London	Freehold	10,522	70,859	32,431	16	50	412

	Tenure of Land	Site Area sq metres	Gross Floor Area sq metres	Actual/ Expected Year of TOP	Percentage of Shareholding
Subsidiary and Associated Companies', and Joint Ventures' Properties Held for Sale					
Completed					
The Excellency, Chengdu Two towers of 51 storeys each with 3 basement car parks at the junction of Dacisi Road and Tian Xian Qiao Road North	Leasehold	7,566	77,000	2012	100**
Mon Jervois 109-unit condominium development at Jervois Road	Leasehold	8,958	13,796	2016	100**
Pollen & Bleu 106-unit condominium development at Farrer Drive	Leasehold	6,268	11,033	2016	100**
Thomson Three 445-unit condominium development at Bright Hill Drive	Leasehold	13,437	41,386	2016	50
Under Development					
Alex Residences 429-unit condominium development at Alexandra View	Leasehold	6,501	35,043	2017	100**
V on Shenton 510-unit condominium development at Shenton Way. This is part of a mixed development (residential and commercial) located at 5 Shenton Way with the commercial component, UIC Building classified under investment properties	Leasehold	6,778	55,846	2017	100
Park Eleven, Chang Feng, Shanghai 398-unit condominium development at No. 11 plot, Danba Road/Tongpu Road, Changfeng Area, Putuo District, Shanghai	Leasehold	39,540	85,800	2018	30
The Clement Canopy 505-unit condominium development at Clementi Avenue 1	Leasehold	13,038	45,633	2020	50
Site at Potong Pasir Avenue 1 Estimated 750-unit condominium development at Potong Pasir Avenue 1	Leasehold	18,711	52,391	2021	50

* Effective interest is 99.8%.
** Effective interest is 99.7%.

Corporate Governance Report

For the Financial Year Ended 31 December 2016

United Industrial Corporation Limited ("UIC" or the "Company", together with its subsidiaries, the "Group") is committed to maintaining high standards of corporate governance and this report outlines the Company's corporate governance practices with reference to the principles and guidelines of the Code of Corporate Governance 2012 ("Code"). Where there is any deviation, an explanation has been provided within this report.

BOARD MATTERS

Board's Conduct of its Affairs

The Board of Directors ("Board") oversees the business affairs of the Company and ensures the long-term success of the Group. The principal functions of the Board are to: (a) provide entrepreneurial leadership, set strategic objectives and commitments, review recommendations of the Nominating Committee ("NC"), Remuneration Committee ("RC"), Audit Committee ("AC") and Risk Management Committee ("RMC"), and ensure that the necessary financial and human resources are in place for the Company to meet its objectives; (b) establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interest and the Group's assets; (c) review the business results of the Group and monitor the performance of Management; (d) identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation; (e) set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; (f) consider the sustainability issues e.g. environmental and social factors, as part of its strategic formulation; (g) assume responsibility for corporate governance; and (h) act in good faith and in the interests of the Group.

The Board delegates certain functions to the NC, RC, AC and RMC (collectively, the "Board Committees") each having its own written terms of reference. Each committee reviews specific issues and reports its decisions to the Board, which decides whether or not to endorse the Board Committees' recommendations and in turn, accepts ultimate responsibility on all matters.

The membership of the various Board Committees is set out on page 41 of this report entitled "Corporate Information".

The Board and the Board Committees meet regularly based on schedules planned one year ahead so as to ensure maximum attendance by all participants and as warranted by particular circumstances. On occasions when Directors are unable to attend meetings in person, telephonic means are utilised as permitted under the Company's Constitution ("Constitution"). To enable members of the Board and the Board Committees to prepare for the meetings, materials are despatched one week before the meetings. The Board and Board Committees may also make decisions by way of circulation of Resolutions.

A record of the Directors' attendance at meetings during the financial year ended 31 December 2016 is set out below:

Name	Attendance at 4 Board Meetings	Attendance at 4 Audit Committee Meetings	Attendance at 1 Nominating Committee Meeting	Attendance at 1 Remuneration Committee Meeting
Wee Cho Yaw	4	n/a	1	1
John Gokongwei, Jr.	1	n/a	n/a	n/a
Lim Hock San	4	n/a	n/a	n/a
James L. Go	3	3	1	1
Lance Yu Gokongwei	4	n/a	n/a	n/a
Gwee Lian Kheng	4	n/a	n/a	n/a
Hwang Soo Jin	3	4	1	1
Antonio L. Go	4	n/a	1	1
Wee Ee Lim	4	n/a	n/a	n/a
Alvin Yeo Khirn Hai	3	2	n/a	1
Yang Soo Suan	4	4	1	n/a

The Company has adopted a financial authority limits structure and internal guidelines which set forth matters that require the Board's approval. Under these guidelines, Board's approval is required for material commitments and payment of operating and capital expenditures.

Newly appointed directors would receive formal letters setting out their duties and obligations, copies of the Company's Annual Report, Constitution, and corporate and organisation charts, and if applicable, Charters/Terms of Reference of each Board Committee they represent. The Company conducts induction and orientation programmes for all incoming directors to introduce and familiarise them with the Group's management, business and governance practices.

The Company funds training programmes for first-time directors and appropriate courses, conferences and seminars to update existing directors of the Company ("Directors") on relevant new laws and regulations. Directors are provided with opportunities to attend courses and talks on Board matters organised by professional and reputable organisations, such as the Singapore Institute of Directors and the Institute of Singapore Chartered Accountants. This aims to give Directors a better understanding of the corporate governance matters relating to the Group and allows them to integrate into their roles and duties. The external auditor would brief and update the AC and Board on developments in accounting and governance standards, and issues which may have a direct impact on the financial statements. The Company Secretary would, from time to time, circulate to the Board, articles and press releases relevant to the Directors' and Group's businesses, and material announcements issued to/by SGX-ST and the Accounting & Corporate Regulatory Authority. The Company Secretary also keeps the Board informed of relevant laws and regulations, industry issues, practices and trends pertaining to Corporate Governance which would affect the Board.

Board's Composition and Guidance

The Board comprises eleven Directors, of whom four, namely, M/s Hwang Soo Jin, Antonio L. Go, Alvin Yeo Khirn Hai and Yang Soo Suan are considered to be independent Directors. Each Director brings with him a wealth of knowledge, expertise and experience and collectively, contributes valuable direction and insight, drawing from his vast experience in matters relating to accounting, finance, legal, banking, business, management, property and general corporate matters. A brief background of each Director is set out in the "Board of Directors" section found on pages 4 to 7 of this report.

The independence of each Director is reviewed annually by the NC. For financial year 2016, the independence of M/s Alvin Yeo Khirn Hai, Hwang Soo Jin and Antonio L. Go, who have each served on the Board beyond 9 years, was rigorously scrutinised by the NC (with M/s Alvin Yeo Khirn Hai, Hwang Soo Jin and Antonio L. Go abstaining from NC's discussion and deliberations). 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. Details of these findings can be found in page 29 of this report. Following the NC's recommendation, the Board is of the view that the independent Directors make up one-third of the Board.

Taking into account the nature and scope of the Group's operations, the Board is satisfied that the current Board size and composition are appropriate and that no individual or small group of individuals dominates the Board's decision-making process.

As the Chairman is not an Independent Director, the NC is reviewing the composition of the Independent Directors so as to increase the independent element to half the Board size to comply with the new or amended guidelines of the Code, latest by 30 April 2018.

In addition, non-executive Directors effectively check on Management by constructively challenging Management's proposals, assisting in the development of strategic proposals, reviewing the performance of Management in meeting 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 at the top management level. Such division of responsibilities is established and agreed by the Board. The non-executive Chairman and the President/Chief Executive Officer ("President/CEO") have separate roles and are not related to each other.

Corporate Governance Report

For the Financial Year Ended 31 December 2016

The Chairman's responsibilities include: (a) leading the Board to ensure its effectiveness on all aspects of its role; (b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues; (c) promoting a culture of openness and debate at the Board; (d) ensuring that the Directors receive complete, accurate and timely information; (e) ensuring effective communication with shareholders; (f) encouraging constructive relations within the Board and between the Board and Management; (g) facilitating the effective contribution of non-executive Directors in particular; and (h) promoting high standards of corporate governance.

The President/CEO has full executive responsibility for the management of the Group's business operations and the effective implementation of the Group's strategies and policies.

Lead Independent Director

Given the fact that all the independent Directors are long serving and well experienced, the Board does not consider it necessary to appoint a lead independent director amongst them. The regular and active interactions amongst them 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 CEO fail to resolve.

Board Membership

Through the NC, the Board reviews its composition and the composition of Board Committees annually.

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 whom, including the NC Chairman are independent. The NC Chairman is not directly associated with the Company's substantial shareholders.

The main Terms of Reference of the NC are: (a) reviewing the Board's succession plans for Directors, in particular, the Chairman and CEO; (b) developing the process for the evaluation of the performance of the Board, its Board Committees and Directors; (c) reviewing the training and professional development programmes for the Board; (d) recommending all new Board appointments and re-appointments to the Board; (e) reviewing skills required by the Board; (f) reviewing the size of the Board; (g) determining annually the independence of each Director, and ensuring that independent directors form one-third of the Board; (h) deciding whether a Director with multiple Board representations is able to and has been adequately carrying out his duties as a Director; (i) deciding how the performance of the Board, its 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; and (j) carrying out annual assessment of the effectiveness of the Board, its Board Committees and individual Directors.

The NC oversees and reviews the Company's succession, induction, training and leadership development plans for the Board's approval. The nominated candidate will be closely examined by the NC for suitability and recommendation to the Board.

When the need arises, the NC and the Board will leverage on their combined extensive social network and resources to recruit suitable candidates.

In the nomination and selection process for 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 such as age, gender (as recommended by the Diversity Action Committee) and nationality/ethnicity, and recommends to the Board the appointment. The NC conducts a yearly review of the re-appointment of Directors. The Constitution requires one-third of its Directors (prioritised by length of service since the previous re-election or appointment) to retire and subject themselves to re-election by shareholders at every annual general meeting ("AGM"). In addition, any newly appointed Director (whether as an additional Director or to fill a casual vacancy) will submit himself or herself for retirement and re-election at the AGM immediately following his or her appointment.

In its deliberations on the re-appointment of the Directors, the NC takes into consideration the Director's competencies, commitment, contributions and performance (including attendance, participation and candour), to meet the evolving needs of the Group.

The NC is also responsible for determining annually, and as and when circumstances require, whether or not a director is independent and provides its views to the Board for consideration. For financial year ended 2016, the NC has reviewed each independent Director's confirmation of his independence, a declaration drawn according to the guidelines of the Code.

The NC further noted that Mr Alvin Yeo Khirn Hai is a partner (but not with a 10% or more stake) of WongPartnership LLP, which has provided legal services to the Group for the year 2016, for total fees of less than $200,000. The NC noted that Mr Yeo was not personally involved in providing the legal services and did not involve himself in the selection or appointment of WongPartnership LLP's legal counsels by the Group. He supports the use of market rates for remuneration of legal services.

The NC assessed the independence of character and judgement of each of the independent Director and is satisfied with 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.

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 NC considered the multiple board representations of the Directors and is satisfied that notwithstanding their multiple directorships, each Director has been able to commit time and effort to the affairs of the Group and has participated actively and robustly in Board discussions and meetings, and related Board Committee Meetings.

The Board is of the view, that as different companies have different complexities and directors have different capabilities, each Director has to evaluate his own obligations and time commitment on the Board, taking into consideration his other directorships and commitments. The Board has therefore currently not prescribed a cap on the number of Board memberships a Director may hold. The NC has considered this and is of the opinion that the Director's other appointments have not impeded their performance in carrying out their duties to the Company. This review is conducted annually.

The NC requires a Director who is unable to attend any meetings to give his views, if any, in writing to the Chairman of the Board and/or Board Committee.

The information on the Company's independent, executive and non-executive Directors, including the year of initial appointment, last re-election and membership on Board Committees is set out in the section of this Annual Report entitled "Corporate Information" on page 41.

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

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 adopted quantitative indicators which include return on equity, return on assets and economic value added. These performance criteria allow the Company to make comparisons with its industry peers and are linked to long-term shareholder value. In addition, the NC also takes into consideration the qualitative criteria of 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 contribution of each Director to the effectiveness of the Board, the NC would assess whether each Director has contributed effectively and discharged his duties responsibly, taking into account the

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individual Director's industry knowledge and/or functional expertise, contribution and workload requirements, sense of independence, attendance 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 full year 2016, 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

To enable the Board to discharge its duties and fulfill its responsibilities, Management recognises the importance of providing Directors with complete, adequate and timely information on an ongoing basis to enable them to make informed decisions.

Management provides Directors with monthly management accounts. For Board and Board Committee meetings, Directors are provided with Board papers and related materials one week in advance. Any additional materials or information requested by the Directors are promptly furnished. Relevant management personnel give their presentations and answer any queries from Directors at Board and Board Committee meetings. The Directors also have separate and independent access to the Company Secretary and management personnel.

The Company Secretary attends all Board and Board Committee meetings and ensures that good information flows to and within the Board and its Committees, as well as between senior management and non-executive Directors. The Board as a whole decides on the appointment and the removal of the Company Secretary.

The Board takes independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. 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.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Remuneration Committee

The Group has a formal and transparent procedure for developing policies on executive remuneration and fixing remuneration packages of individual Directors and key management personnel. 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: (a) reviewing the existing benefit and remuneration systems, including the Performance or Variable Bonus Schemes and the Employee Share Option Scheme of UIC ("ESOS") applicable to the Group and proposing any amendments/updates, where appropriate, to the Board for approval; (b) approving the remuneration packages of the President/CEO and senior management of the Group; (c) administering the allocation of the ESOS to qualifying executives, including executive Director of the Company; (d) recommending appropriate fees for Directors, taking into account their services and contributions on the various Board Committees; and (e) reviewing the Company's obligations arising in the event of termination of an executive Director or key management personnel's contract of service to ensure that contracts of service contain fair and reasonable termination clauses which are not overly generous.

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 senior management/key management personnel. In its review, the RC examines the Group's performance targets via Key Performance Indicators ("KPIs") such as Profits, Return on Equity, total Shareholders Returns, 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 senior management/key management personnel for the Board's endorsement, the RC covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options and benefits in kind.

The RC reviews and ensures that contracts of service of its executive Director and senior management/key management personnel are fair and contain a reasonable termination clause which is not overly generous. The present contracts of service for staff require a service notice period of up to three months or such payment in lieu of this notice period.

When recommending Directors' fees, the RC would receive in-house assistance from the Company and its head of Human Resource and seek professional advice from external consultants, when necessary.

No member of the RC or any Director is involved in the deliberations in respect of any remuneration and compensation to be granted to him. The President/CEO's remuneration is decided by the RC and the President/CEO is not present during the discussion.

Level and Mix of Remuneration

In recommending to the Board a level and mix of remuneration for its Directors and senior management/key management personnel, the RC ensures that the Group's compensation strategies are flexible and adaptable to align with the Group's long term goals and risk policies, to create value for shareholders, and are compatible with the market so as to attract, motivate and retain key talents for the success and growth of the Group.

A proportion of the Company's executive Director's and senior management/key management personnel's remuneration is structured so as to link rewards to the performance of the individual and the Group. The Company ensures that such performance-related remuneration is aligned with the interests of the shareholders, promotes the long-term success of the Group and takes into account the risk policies of the Group. The remuneration consists of the following components:

(a) fixed remuneration, which includes basic salary, the Company's Central Provident Fund contributions and annual wage supplement. To ensure that such remuneration is compatible with market practice, the RC would consider the remuneration components of companies in the similar 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 in the Directors' Statement section of this report on page 45 under "Share Options" and can also be found on the Company's website www.uic.com.sg.

For the full year 2016, the RC was satisfied that the performance conditions used to determine the entitlement of the Company's executive Director and senior management/key management personnel under the above schemes have been met.

Disclosure on Remuneration

Non-executive Directors are paid basic Directors' fees and where applicable, additional fees for serving on Board Committees and there is no share-based compensation scheme. The Chairman and Deputy Chairman of the Board and Chairman of each Board Committee receive more than the basic fee in view of the greater responsibility carried by those offices. The RC ensures that the recommended compensation commensurates with the effort, time spent and role of the non-executive Directors. The RC recommends Directors' fees to the Board for endorsement which would then be submitted to shareholders for approval at each AGM.

In respect of the ESOS, the RC also ensures that there are appropriate contractual provisions which will allow the Company to reclaim incentive components of remuneration from the respective recipient in the event of any misstatement of financial results or of misconduct resulting in financial loss to the Company. In such an event, share options granted to the individual personnel may be cancelled.

There are no special service contracts offered by the Company.

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For the Financial Year Ended 31 December 2016

REMUNERATION OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2016 IS AS FOLLOWS:

Remuneration Band & Name of Director	Base/ Fixed Salary %	Variable or Performance-Related Income/ Bonuses %	Directors' Fees* %	Share Options Granted, Allowances and Other Benefits %	Total $'000
Chief Executive Officer					
Lim Hock San	58	33	1	8	1,291
Non-Executive Directors					
Wee Cho Yaw	n/a	n/a	100	n/a	64
John Gokongwei, Jr.	n/a	n/a	100	n/a	40
James L. Go	n/a	n/a	100	n/a	51
Lance Yu Gokongwei	n/a	n/a	100	n/a	18
Gwee Lian Kheng	n/a	n/a	100	n/a	33
Hwang Soo Jin	n/a	n/a	100	n/a	41
Antonio L. Go	n/a	n/a	100	n/a	27
Wee Ee Lim	n/a	n/a	100	n/a	18
Alvin Yeo Khirn Hai	n/a	n/a	100	n/a	36
Yang Soo Suan	n/a	n/a	100	n/a	36

* Includes fees payable for directorship in subsidiary companies (if applicable).

REMUNERATION OF TOP KEY EXECUTIVES (WHO ARE NOT ALSO DIRECTORS) FOR THE YEAR ENDED 31 DECEMBER 2016 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 %
$750,000 - $1,000,000			
Michael Ng Seng Tat#	61	24	15
$250,000 - $500,000			
Han Chan Juan	65	17	18
Goh Poh Leng	58	18	24
Kenneth Lee Ngai Hon	68	19	13
Susie Koh	62	17	21
Koh Kim Meng	64	20	16

\# Resigned as Group General Manager on 9 January 2017.

The total aggregate remuneration paid to the above top key executives (excluding the President/CEO) is S$2,391,198.

The aggregate amount of post-employment benefits of the Directors, the President/CEO and the top key management personnel (who are not Directors) for the financial year ended 2016 is nil.

Remuneration of Employees who are immediate family members of a Director or the President/CEO

No employee of the Company and its subsidiaries was an immediate family member of a Director or the President/CEO and whose remuneration exceeded $50,000 during the financial year ended 2016.

INFORMATION ON KEY EXECUTIVES

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 20 years of experience in financial and asset management of hotels.

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.

Kenneth Lee Ngai Hon
(Senior Financial Controller)

Mr Kenneth Lee was appointed as the Senior Financial Controller in July 2015. He has more than 20 years of experience in financial management. Prior to his appointment, he was the Financial Controller/Company Secretary of one of the Group's subsidiaries. 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.

Mr Kenneth Lee graduated from Nanyang Technological University with a Bachelor of Accountancy (Second Class Upper Honours) and is a member of the Institute of Singapore Chartered Accountants.

Susie Koh
(Company Secretary/Head, Legal)

Mrs Susie Koh obtained her LLB (Honours), University of London and Barrister-at-Law (The Honourable Society of Gray's Inn) in the UK. Mrs Koh was in private legal practice in Singapore as an Advocate & Solicitor from 1985. She became an in-house corporate lawyer and held the position of Company Secretary/General Manager (Legal) in Scotts Holding Ltd in 1991 until 1995 when she joined Sembawang Corporation Ltd as Senior Vice President, Group Legal/Group Company Secretary. She is currently the Company Secretary/Head, Legal for the Group. She is a member of the Singapore Academy of Law.

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 our organisation in 2007 as General Manager to head the projects and development division.

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. Accordingly, the Board ensures that disclosure of material corporate developments and other ad-hoc announcements, as

Corporate Governance Report

For the Financial Year Ended 31 December 2016

required by Singapore Exchange Securities Trading Limited ("SGX-ST"), are released on a timely basis. Results for the first three quarters are released within 45 days from the end of the quarter and full year results are released within 60 days from the financial year-end.

Management provides Directors with management accounts, including consolidated income statements, balance sheets, performance statistics and explanations for significant variances against budget on a monthly basis and significant variances against prior year's actual statistics on a quarterly basis. In addition, the Management also provides the Directors with other business reports on a quarterly basis and as the Board may require from time to time.

Risk Management and Internal Controls

Risk Management Committee

The Board, with the assistance of the AC, is responsible for the governance of risk and ensures that the Group maintains a sound system of risk management and internal controls with a view to, among other things, ensure proper accounting records and reliable financial information and to safeguard shareholders' interests and the Group's assets.

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 system is steered by the Risk Management Committee ("RMC"), which comprises the President/CEO and the respective Heads of Department of the Group, which reports to the AC.

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

A risk register, which reflects documentary evidence and output of the risk management exercise, is completed by the respective business units/departments, with the identification, evaluation and risk mitigating measures of the various risks clearly documented on the risk register. The completed risk register is then reviewed and approved by the President/CEO.

The RMC meets every quarter to review and evaluate the risk register to ensure all material risks including financial, operational, compliance (legislation and regulatory) and information technology controls are properly identified and sufficient internal controls are in place to manage and mitigate such risks. In addition, the RMC assesses the impact of new regulations and changes in business environment 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 the Board's consideration.

For financial year ended 2016, the Board received assurance from the President/CEO and Senior Financial Controller that the Group's financial records had been properly maintained and the financial statements gave a true and fair view, in all material aspects, of the Group's operations and finances, and that the risk management and internal control systems were adequate and effective in addressing the material risks in its current business environment including material financial, operational, compliance and information technology risks.

Based on the risk management and internal control systems established and maintained by the Group, work performed by the internal and external auditors and the RMC, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems including financial, operational, compliance and information technology controls are adequate and effective.

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 internal controls and risk management can provide absolute assurance against the occurrence of material errors, fraud or other irregularities.

Audit Committee

The AC comprises 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. 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: (a) reviews, with the external auditor, the scope and results of the audit report and its cost effectiveness; (b) reviews the significant financial reporting issues and judgements made and any announcements relating to the Group's financial performance; (c) reviews and reports to the Board the adequacy and effectiveness of the Group's risk management and internal controls; (d) reviews the adequacy and effectiveness of the internal audit function; (e) reviews the assistance given by the Group's officers to the external and internal auditors; (f) commissions investigations into and reviews findings likely to have a material impact on the Group's operating results or financial position; (g) reviews significant interested person transactions; (h) meets with the external and internal auditors annually without the presence of Management; (i) reviews the independence of the external auditor annually; and (j) decides and awards major tender contracts.

The AC has explicit authority to investigate any matter within its Terms of Reference, full access to and co-operation by Management, full discretion to invite any Director or executive Director 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, arrangements through which staff of the Group may raise concerns about possible improprieties in matters of financial reporting or other matters in confidence.

A whistle blowing policy, implemented since February 2004, enables staff to raise concerns on fraud, theft and corruption at work to their managers or write to the President/CEO and/or Internal Audit Manager for their investigation. The policy provides reassurance to whistle-blowers that they will not be victimised if they have acted in good faith. The Company will also consider, as far as is reasonably practicable, concerns raised anonymously.

Every year, employees are required to submit an Annual Declaration Form requiring disclosure of any conflicts of interest and an undertaking to comply with their confidentiality obligations and the Personal Data Protection Act.

During the financial year 2016, the AC held four meetings. The announcements of the quarterly and full year results, the financial statements of the Group, and the Auditor's Report thereon for the full year were reviewed by the AC prior to the consideration and approval of the Board. The AC met with external and internal auditors, without the presence of Management, at least once during the financial year.

For the financial year 2016, the AC undertook a review of the fees and expenses of the audit and non-audit services provided by the external auditors, PricewaterhouseCoopers LLP in accordance with Rule 1207(6) of SGX Listing Manual. Details of the aggregate amount of fees paid to the external auditors and the breakdown of fees payable in respect of audit and non-audit services can be found in Note 7 to the Financial Statements.

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 external auditor before confirming their re-nomination. The AC was satisfied that such services did not affect the external 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

Corporate Governance Report

For the Financial Year Ended 31 December 2016

staff assigned to the audit, the AC was satisfied that the external auditor is a suitable audit firm to meet the Group's audit obligations. The AC then recommended to the Board, for shareholders' approval, the proposal to re-appoint the external auditor and its remuneration.

No former partner or director of the Company's existing audit firm is a member of the audit committee.

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 36 to the Financial Statements.

Internal Audit

The Group maintains accountability through an in-house internal audit function that is adequately resourced, has appropriate standing within the Group, and is independent of the activities it audits.

The hiring, removal, evaluation and compensation of the head of the internal audit team are under the purview of the AC. The internal audit team comprises suitably qualified professional staff who have the requisite skill sets and experience and is guided by the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal audit team reports directly to the AC Chairman and, administratively, to the President/CEO.

The Group's internal audit team assists the Board and senior management by providing an independent and objective evaluation of the adequacy and effectiveness of the Group's risk management system and internal controls. The internal audit team, which has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC, reviews the effectiveness of the Group's risk management and internal control systems encompassing material internal controls, including financial, operational compliance and information technology risks. As part of its audit services, the internal audit team reviews interested party transaction processes and ensures that the necessary controls are in place and complied with. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC, who would then review the adequacy and effectiveness of the internal audit function on a quarterly basis.

Sustainability Reporting

In line with the SGX-ST's initiative to implement sustainability reporting as an integral part of good corporate governance, the Group now reports on sustainability issues such as environmental and social factors as part of its strategic formulation. The sustainability report can be found in this report on page 40.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

The Company adopts an open and non-discriminatory approach with regard to its shareholders' rights.

The Company has an Investor Relations Policy (available online from UIC's website at www.uic.com.sg) which ensures that pertinent information conveyed to its shareholders should be as descriptive and detailed as possible. The Board also provides shareholders with a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis via quarterly announcement of results and other ad hoc announcements as required by SGX-ST.

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.

Shareholders are informed of general meetings through reports/circulars sent to all shareholders in addition to notices published in the newspapers, Company's announcements via SGXNet and the Company's website.

To encourage shareholders' participation, shareholders will receive the Annual Report and notice of the AGM two weeks prior to the AGM. The notice of AGM is also advertised in the main press and issued via SGXNET.

General meetings have been and are still the principal forum for dialogue with shareholders. At these meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance, and other business-related matters. The Company also gathers shareholders' views or input and addresses their concerns at such general meetings.

The external auditor and respective Chairman of the Board and Board Committees, namely the AC, NC, RC and RMC are present at the AGM to address shareholders' queries, if any. Any such queries or comments from shareholders relating to the agenda of the meeting will, where relevant, be minuted and made available to the shareholders, upon their request.

Shareholders have the opportunity to participate effectively in and vote at the general meetings of shareholders and may appoint up to two proxies. Members of the Company who are bank nominees, custodial services licensees or the CPF Board can appoint one proxy per share or shares.

To ensure transparency in the voting process and better reflect shareholders' interests, the Company has conducted electronic poll voting for shareholders/proxies present at the meeting for all the resolutions proposed at the AGM. Except in cases where resolutions are interdependent and linked, there are separate resolutions on each separate issue. Votes cast, for or against, on each resolution will be tallied and displayed "live-on-screen" to shareholders immediately at the AGM. The total number of votes cast for or against the resolution will also be announced after the AGM via SGXNET.

The Company aims to enhance total shareholder return, by balancing cash return to shareholders and investment for sustaining growth whilst maintaining an efficient capital structure. The Company strives to provide consistent and sustainable ordinary payments to its shareholders on an annual basis.

CODE ON SHARE DEALINGS

The Company has adopted Rule 1207(19) of the SGX-ST Listing Manual which provides guidance with regard to dealing in the Company's shares. Circulars are issued to all Directors and employees of the Group to remind them of, inter alia, laws of 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 the Company's financial year and one month before the announcement of the Company's full year financial results.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested persons.

Corporate Governance Report

For the Financial Year Ended 31 December 2016

The Company's disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions ("IPT") for the financial year ended 31 December 2016 is set out as follows:

Name of Interested Persons	Aggregate value of all IPT during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of SGX-ST Listing Manual) S$'million	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than $100,000) S$'million
UOL Venture Investments Pte. Ltd.		
Contribution of shareholders' loans (including interest income) and equity in UVD (Projects) Pte. Ltd., for the collective purchase of all the units and the common property in the development known as "Raintree Gardens"	13.6	n/a
Contribution of shareholders' loans (including interest income) and equity in United Venture Investments (HI) Pte. Ltd. ("UVIHI") for the acquisition of a freehold mixed use building located at 120 Holborn, Midtown, London EC1 N2TD, United Kingdom; and provision of corporate guarantee to banks in relation to the facilities granted to UVIHI	209.6	n/a
Contribution of shareholders' loans (including interest income) and equity in United Venture Development (Clementi) Pte. Ltd. for the development of The Clement Canopy	55.2	n/a
Contribution of shareholders' loans (including interest income) to United Venture Development (Thomson) Pte. Ltd. for the development of Thomson Three	3.1	n/a
United Venture Development (Clementi) Pte. Ltd.		
Project management fee income from United Venture Development (Clementi) Pte. Ltd.	0.3	n/a
United Venture Development (Bedok) Pte. Ltd.		
Project management fee income from United Venture Development (Bedok) Pte. Ltd.	0.1	n/a
Shanghai Jin Jun Realty Co., Ltd		
Receipt of shared payroll costs of project management team for the development of Park Eleven	0.2	n/a
Jin Qing (Shanghai) Investment Consultancy Co., Ltd		
Payment of shared payroll costs of project management team for the development of Park Eleven	0.3	n/a

The above IPTs in joint ventures were conducted on normal commercial terms. The AC was also of the view that the risks and rewards of the aforementioned IPTs were in proportion to the equity of each joint venture partner, and that the IPTs were not prejudicial to the interests of the Company and its minority shareholders.

Material Contracts

There were no other material contracts of the Company or its subsidiaries involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of the financial year or if not, then subsisting entered into 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.

The aforesaid transaction was on normal commercial terms, and the risks and rewards of the joint consortium are in proportion to the equity of each joint venture partner.

(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.

The aforesaid transaction was on normal commercial terms, and the risks and rewards of the joint consortium are in proportion to the equity of each joint venture partner.

(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.

The aforesaid transaction was on normal commercial terms, and the risks and rewards of the joint consortium are in proportion to the equity of each joint venture partner.

(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.

The aforesaid transaction was on normal commercial terms, and the risks and rewards of the joint consortium are in proportion to the equity of each joint venture partner.

(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.

The aforesaid transaction was on normal commercial terms, and the risks and rewards of the joint consortium are in proportion to the equity of each joint venture partner.

(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.

The aforesaid transaction was on normal commercial terms, and the risks and rewards of the joint consortium are in proportion to the equity of each joint venture partner.

Sustainability Report

As a leading property developer, the Group remains committed in conducting all its operations in a socially-responsible and sustainable manner. The Group will publish its first Sustainability Report based on SGX's Sustainability Reporting Guide by 2018.

ENVIRONMENT

Green Initiatives

The Group supports Green initiatives and exhorts staff members to be environmental friendly by saving electricity and water, and recycling for planet preservation. The Group consistently incorporates and reviews energy efficient designs in its development. Efforts include using energy-saving light bulbs, recycling bins in the office lobbies and shopping malls, water-saving fittings in restrooms and recycle used envelopes for internal communications. Older chillers are upgraded with newer energy-efficient ones when they approached the end of useful life. Electricity consumption efficiency has improved with the engagement of an energy audit expert.

Environmentally Friendly Development

The Group commits to the development of environmentally friendly buildings. Environmentally sustainable features are incorporated in the built environment. The Group's mixed office and residential property development at 5 Shenton Way was awarded the Gold-Plus Certification. Its Clement Canopy project will adopt the advanced construction technology using Prefabricated Prefinished Volumetric Construction (PPVC). PPVC technology enhances productivity by more than 50%. It is a safer, cleaner and almost pollution-free construction technology reducing dust, noise disturbance level and site activities to the minimum. The Group's new project developments are subject to BCA's Construction Quality Assessment System (CONQUAS) and Buildability Score.

HUMAN CAPITAL

Workplace Health Programme

The Group has in place a work-life balance programme at work. A happy, healthy and engaged workforce is very important for our organization. Employees are encouraged to attend Workplace Health Programme (WHP)'s lunch-time talks and activities as well as participate in public walks and runs. The Group also signed up a Corporate Membership for staff and their family members to visit Night Safari. The Group arranged with MoneySense-the Institute for Financial Literacy, a national financial education programme for Singapore, to give complimentary financial literacy talks to our staff members. Two talks "Managing CPF Money for Your Retirement" and "Understanding Basic Health Insurance – CPF Insurance Schemes" were organised. As part of Company's efforts in addressing employees' health concerns during Haze and Zika occurrences, the Group adopts health safety measures by issuing masks and mosquito repellents, respectively.

Workplace Safety

The Group places importance on the safety and well-being of its employees. We are committed to providing and maintaining a safe and healthy work environment. The Group has in place safety procedures in its "Occupational Health and Safety Manual" and adopt best industry practices. The Company Emergency Response Team ("CERT") has been set up in various buildings to prepare employees in the event of a crisis or emergency. Regulated fire drills are exercised. For project management, contracting partners present safety reports and address issues. Risk assessments are carried out to ensure that all control measures are implemented prior to any work activity.

Whistle-Blowing Policy

The Group's whistle-blowing policy is communicated to all staff and provides a well-defined channel for any reported cases of suspected improper conduct by any employee of the Group. Appropriate investigations will be carried out with remedial actions taken where warranted.

COMMUNITY AND SOCIETY

Community Involvement

During the year, the Group continues to pursue its corporate social responsibility initiatives. Staff members brought joy and cheers to elderly residents at All Saints Home (Tampines). Another initiative was participation in the food preparation at the Willing Hearts, a charitable organization which prepares food for the underprivileged folks. In support of children from less privileged background, the Group arranged a visit to Science Centre Avengers Exhibition for the disadvantaged children from the Children's Aid Society. The Group also make several charitable donations each year.

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	22.04.16
John Gokongwei, Jr.	Non-Executive Deputy Chairman	27.07.99	22.04.16
Lim Hock San	President & Chief Executive Officer	01.04.92	25.04.14
Antonio L. Go	Non-Executive and Independent Director	25.04.07	22.04.16
James L. Go	Non-Executive Director	28.05.99	22.04.16
Lance Yu Gokongwei	Non-Executive Director	28.05.99	24.04.15
Gwee Lian Kheng	Non-Executive Director	28.05.99	22.04.16
Hwang Soo Jin	Non-Executive and Independent Director	31.01.03	22.04.16
Wee Ee Lim	Non-Executive Director	28.05.99	22.04.16
Yang Soo Suan	Non-Executive and Independent Director	27.04.12	22.04.16
Alvin Yeo Khirn Hai	Non-Executive and Independent Director	11.09.02	24.04.15

Audit Committee

Yang Soo Suan	Chairman
James L. Go	Member
Alvin Yeo Khirn Hai	Member
Hwang Soo Jin	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
Susie Koh

Auditors
PricewaterhouseCoopers LLP
8 Cross Street #17-00 PWC Building
Singapore 048424
Audit Partner: Choo Eng Beng
(appointed with effect from financial year 2013)

Share Registrars
KCK CorpServe Pte Ltd
333 North Bridge Road #08-00
KH KEA Building
Singapore 188721
Telephone: 6837 2133
Facsimile: 6338 3493

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

Financial Report Contents

Directors' Statement

For the financial year ended 31 December 2016

The directors present their statement to the members together with the audited financial statements of the Company and its subsidiary companies (the "Group") for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

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 56 to 122 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 2016 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)
John Gokongwei, Jr.	(Deputy Chairman)
Lim Hock San	(President and Chief Executive Officer)
Antonio L. Go	
James L. Go	
Lance Yu Gokongwei	
Gwee Lian Kheng	
Hwang Soo Jin	
Wee Ee Lim	
Yang Soo Suan	
Alvin Yeo Khirn Hai	

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 2016

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 director is deemed to have an interest	
	At 31.12.2016	At 1.1.2016	At 31.12.2016	At 1.1.2016
United Industrial Corporation Limited ("UIC")				
(Ordinary shares)				
Wee Cho Yaw	1,891,719	1,891,719	702,492,283	690,939,970
John Gokongwei, Jr.	–	–	525,455,238	519,784,858
Lim Hock San	102,980	124,280	–	–
Hwang Soo Jin	302,839	302,839	–	–
Gwee Lian Kheng	–	–	70,640	70,640

(b) By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Dr John Gokongwei, Jr., who by virtue of his interest of not less than 20% of the issued share capital of the Company, is also deemed to have an interest in the shares of the subsidiary companies held by the Company.

(c) 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 31.12.2016	At 1.1.2016
Lim Hock San	1,170,000	1,070,000

(d) There was no change in any of the above-mentioned directors' interests between the end of the financial year and 21 January 2017.

Directors' Statement

For the financial year ended 31 December 2016

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 subsidiary companies since the initial grant of options on 5 March 2007 up to 31 December 2016 is 9,692,000.

Details of the options granted for financial years from 2007 up to 2015 have been set out in the Directors' Report/ Statement for the respective financial years.

On 1 March 2016, the Company granted options to subscribe for 598,000 shares at an exercise price of $2.92 per ordinary share ("2016 Options").

The details of the 2016 Options granted are as follows:

	Number of employees	At exercise price of $2.92 per share
Executive Director, Lim Hock San	1	100,000
Key Executives	14	498,000
	15	598,000

Directors' Statement

For the financial year ended 31 December 2016

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 subsidiary companies (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 31.12.2016	Aggregate granted since commencement of ESOS to 31.12.2016	Aggregate exercised since commencement of ESOS to 31.12.2016	Aggregate outstanding as at 31.12.2016
100,000	1,270,000	100,000	1,170,000

(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 2016

SHARE OPTIONS (continued)

UIC SHARE OPTION SCHEME (continued)

(e) During the financial year, 22,000 shares of the Company were issued upon the exercise of options as follows:

By holders of	Number of shares	Exercise price per share
2012 Options	22,000	$2.73

(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 1.1.2016	Options granted in 2016	Options exercised	Options outstanding at 31.12.2016	Exercise price per share	Date of expiry
05.03.2007	352,000	–	–	352,000	$2.70	4.3.2017
10.03.2008	150,000	–	–	150,000	$2.91	9.3.2018
26.02.2010	124,000	–	–	124,000	$2.03	25.2.2020
01.03.2011	417,000	–	–	417,000	$2.78	28.2.2021
27.02.2012	466,000	–	(22,000)	444,000	$2.73	26.2.2022
22.02.2013	581,000	–	–	581,000	$2.91	21.2.2023
03.03.2014	524,000	–	–	524,000	$3.15	2.3.2024
26.02.2015	516,000	–	–	516,000	$3.54	25.2.2025
01.03.2016	–	598,000	–	598,000	$2.92	28.2.2026
	3,130,000	598,000	(22,000)	3,706,000		

Directors' Statement

For the financial year ended 31 December 2016

AUDIT COMMITTEE

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

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 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 reports prepared respectively by the external and the internal auditors and approved proposals for improvements in internal controls. The announcements of quarterly and full year results, the financial statements of the Group and the Independent Auditor's Report thereon for the full year were also reviewed prior to consideration and approval of the Board of Directors.

The Audit Committee has recommended to the Board of Directors the re-appointment of PricewaterhouseCoopers LLP as independent auditor of the Company 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

17 February 2017

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 Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 December 2016, 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 statement of financial position of the Group as at 31 December 2016;
- the statement of financial position of the Company as at 31 December 2016;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the 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 ("ACRA") *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 of the current period. 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(i) (Critical accounting estimates, assumptions and judgments) and Note 16 (Investment properties) to the financial statements. As at 31 December 2016, the carrying value of the Group's investment properties carried at fair value based on independent external valuation of $6.2 billion, accounted for 72% 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 adjusted valuation per square metre, estimated rental rates, capitalisation rates and gross development value 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, independence and integrity of the external valuers engaged by the Group; • discussed with the external valuers the key assumptions and critical judgemental areas and understood the approaches taken by them in determining the valuation of each investment property; • tested the integrity of information, including underlying leases and financial information provided to the external valuers; and • assessed the reasonableness of the adjusted valuation per square metre, estimated rental rates and capitalisation rates by benchmarking these against those of comparable properties and prior year inputs. We have also assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the external 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 Matter	How our audit addressed the Key Audit Matter
<u>Revenue and cost of sales recognition on properties held for sale based on percentage of completion method</u> Refer to Note 3(ii) (Critical accounting estimates, assumptions and judgments) and Note 19 (Properties held for sale) to the financial statements. Revenue from sale of properties held for sale, using the percentage of completion method, of $489.7 million for the year ended 31 December 2016, accounted for 47% of the Group's total revenue. The corresponding cost of sales of $398.5 million accounted for 58% of the Group's total cost of sales. Such revenue and cost of sales are recognised on a percentage of completion basis, by reference to the stage of completion which is measured by reference to the physical survey of construction work completed as disclosed in Note 2.2(b) and Note 2.7 of the financial statements respectively. When it is probable that the total development costs would exceed the total revenue, the expected loss is recognised as expense immediately. Significant management judgement is involved in estimating the total development costs of each development project which impacted the amount of cost of sales recognised as construction progresses.	In relation to the recognition of revenue and corresponding costs of sales from sale of properties held for sale, our audit procedures included the following: • assessed the adequacy of management's estimated total development costs and reasonableness of the assumptions used therein against our understanding obtained from: – examination of the underlying contracts with vendors; – actual data relating to similar past projects; and – discussions with the respective project managers; • evaluated the competency, capabilities and objectivity of the external architects and quantity surveyors used by management for the certification of construction work completed to date. We have also recomputed the percentage of completion as at the reporting date. 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

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of properties held for sale	
Refer to Note 3(iii) (Critical accounting estimates, assumptions and judgments) and Note 19 (Properties held for sale) to the financial statements. As at 31 December 2016, the carrying value of the Group's properties held for sale of $1.1 billion, accounted for 12% of the Group's total assets. This included an allowance for foreseeable losses on properties held for sale of $33.0 million as at 31 December 2016. The determination of net realisable value and whether to recognise any impairment charge for properties held for sale is highly dependent on the total estimated development cost of each development project as disclosed in Note 3(ii) and the estimated selling prices. Significant management judgement was involved in estimating the total development cost to complete each development project. The estimated selling prices were impacted by market demand for private residential units and local government policies. As the net realisable value was affected by expected future market or economic conditions, a number of different assumptions, which were highly subjective were utilised by management in determining this value.	We have evaluated management's assumptions in the determination of the net realisable value for properties held for sale, focusing on development projects with slower than expected sales or low margins. Our audit procedures to assess the adequacy of management's estimated total development costs and the reasonableness of the assumptions used included the following: • compared management's estimated total development costs against underlying contracts with vendors and supporting documents; and • discussed with the project managers to assess the reasonableness of estimated total development cost and challenged management on the underlying assumptions made using our understanding of past completed projects. We also challenged management's key assumptions relating to the estimated selling prices by comparing against comparable market data, including evaluating 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 Group Financial Highlights, Chairman's Statement, Board of Directors, Management Review, Property Summary, Corporate Governance Report, Sustainability Report, Corporate Information, Directors' Statement and Five Year Summary but excludes the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and Statistics of Shareholdings, which is 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 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 FRSs, 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.

Independent Auditor's Report To the Members of United Industrial Corporation Limited

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.

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.

Independent Auditor's Report To the Members of United Industrial Corporation Limited

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

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.

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 Choo Eng Beng.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 17 February 2017

Consolidated Income Statement

For the financial year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Revenue	4	**1,036,584**	807,199
Cost of sales	5	**(682,950)**	(505,070)
Gross profit		**353,634**	302,129
Investment income	6	**4,067**	7,082
Other gains and losses		**2,970**	2,455
Selling and distribution costs		**(28,032)**	(26,276)
Administrative expenses		**(22,664)**	(21,432)
Finance expenses		**(9,204)**	(12,591)
Profit before share of results of associated companies & joint ventures		**300,771**	251,367
Share of results of associated companies		**26,045**	31,626
Share of results of joint ventures		**1,121**	29,084
Fair value gain on investment properties	16	**278**	18,008
Profit before income tax	7	**328,215**	330,085
Income tax expense	8	**(49,560)**	(39,294)
Net profit		**278,655**	290,791
Profit/(Loss) attributable to:			
Equity holders of the Company	9	**286,045**	260,551
Non-controlling interests		**(7,390)**	30,240
		278,655	290,791
Basic/Diluted earnings per share attributable to equity holders of the Company (expressed in cents per share)	10	**20.2 cents**	18.6 cents

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2016

	2016	2015
	$'000	$'000
Net profit	**278,655**	290,791
Other comprehensive (expense)/income items that may be reclassified subsequently to income statement:		
Net currency translation differences of financial statements of foreign entities	**(11,997)**	5,964
Total comprehensive income	**266,658**	296,755
Total comprehensive income/(expense) attributable to:		
Equity holders of the Company	**275,282**	265,869
Non-controlling interests	**(8,624)**	30,886
	266,658	296,755

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

Statements of Financial Position

As at 31 December 2016

	Note	The Group 2016 $'000	The Group 2015 $'000	The Company 2016 $'000	The Company 2015 $'000
ASSETS					
Non-current assets					
Other receivables	11	**109,745**	14,551	–	–
Available-for-sale financial assets	12	**9,295**	12,045	–	–
Investments in associated companies	13	**547,461**	542,075	–	–
Investments in joint ventures	14	**77,749**	86,316	–	–
Investments in subsidiary companies	15	–	–	**1,228,307**	1,228,098
Investment properties	16	**6,175,900**	6,095,400	–	–
Property, plant and equipment	17	**469,861**	491,926	**332**	376
		7,390,011	7,242,313	**1,228,639**	1,228,474
Current assets					
Cash and cash equivalents	18	**86,508**	82,054	**866**	698
Properties held for sale	19	**1,069,731**	1,071,065	–	–
Trade and other receivables	20	**73,287**	140,319	**1,833,440**	1,791,971
Inventories		**2,266**	2,707	–	–
		1,231,792	1,296,145	**1,834,306**	1,792,669
Total assets		**8,621,803**	8,538,458	**3,062,945**	3,021,143
LIABILITIES					
Current liabilities					
Trade and other payables	21	**187,712**	181,454	**210,507**	151,563
Current income tax liabilities	8	**46,345**	45,486	–	–
Borrowings	22	**1,229,148**	638,775	**913,526**	374,700
		1,463,205	865,715	**1,124,033**	526,263
Non-current liabilities					
Trade and other payables	21	**56,781**	73,297	**1,624**	1,624
Borrowings	22	**12,480**	768,377	–	597,700
Deferred income tax liabilities	23	**54,275**	50,050	–	–
		123,536	891,724	**1,624**	599,324
Total liabilities		**1,586,741**	1,757,439	**1,125,657**	1,125,587
NET ASSETS		**7,035,062**	6,781,019	**1,937,288**	1,895,556
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	**1,525,315**	1,486,638	**1,525,315**	1,486,638
Reserves		**4,706,632**	4,472,829	**411,973**	408,918
		6,231,947	5,959,467	**1,937,288**	1,895,556
Non-controlling interests		**803,115**	821,552	–	–
TOTAL EQUITY		**7,035,062**	6,781,019	**1,937,288**	1,895,556

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2016

	Attributable to equity holders of the Company						
	Share capital $'000	Retained earnings $'000	Asset revaluation reserve $'000	Other reserves $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2016							
Beginning of financial year	**1,486,638**	**4,404,763**	**40,437**	**27,629**	**5,959,467**	**821,552**	**6,781,019**
Net profit/(loss)	–	286,045	–	–	286,045	(7,390)	278,655
Other comprehensive expense	–	–	–	(10,763)	(10,763)	(1,234)	(11,997)
Total comprehensive income/(expense)	**–**	**286,045**	**–**	**(10,763)**	**275,282**	**(8,624)**	**266,658**
Employee share option scheme							
– value of employee services	–	–	–	424	424	–	424
– proceeds from shares issued	60	–	–	–	60	–	60
Issue of shares pursuant to scrip dividend scheme	38,617	–	–	–	38,617	–	38,617
Effect of acquisition of shares from non-controlling shareholders	–	243	4	1	248	(703)	(455)
Dividends paid							
– in cash	–	(3,534)	–	–	(3,534)	(9,110)	(12,644)
– in scrip	–	(38,617)	–	–	(38,617)	–	(38,617)
Total transactions with owners, recognised directly in equity	**38,677**	**(41,908)**	**4**	**425**	**(2,802)**	**(9,813)**	**(12,615)**
End of financial year	**1,525,315**	**4,648,900**	**40,441**	**17,291**	**6,231,947**	**803,115**	**7,035,062**
2015							
Beginning of financial year	**1,446,183**	**4,184,166**	**40,397**	**21,872**	**5,692,618**	**805,449**	**6,498,067**
Net profit	–	260,551	–	–	260,551	30,240	290,791
Other comprehensive income	–	–	–	5,318	5,318	646	5,964
Total comprehensive income	**–**	**260,551**	**–**	**5,318**	**265,869**	**30,886**	**296,755**
Employee share option scheme							
– value of employee services	–	–	–	423	423	–	423
– proceeds from shares issued	2,026	–	–	–	2,026	–	2,026
Issue of shares pursuant to scrip dividend scheme	38,429	–	–	–	38,429	–	38,429
Effect of acquisition of shares from non-controlling shareholders	–	1,845	40	16	1,901	(5,642)	(3,741)
Dividends paid							
– in cash	–	(3,370)	–	–	(3,370)	(9,141)	(12,511)
– in scrip	–	(38,429)	–	–	(38,429)	–	(38,429)
Total transactions with owners, recognised directly in equity	**40,455**	**(39,954)**	**40**	**439**	**980**	**(14,783)**	**(13,803)**
End of financial year	**1,486,638**	**4,404,763**	**40,437**	**27,629**	**5,959,467**	**821,552**	**6,781,019**

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2016

	Note	**2016 $'000**	2015 $'000
Cash flows from operating activities			
Profit before income tax		**328,215**	330,085
Adjustments for:			
Depreciation of property, plant and equipment		**24,068**	23,750
Allowance for foreseeable losses on properties held for sale		**18,900**	14,100
Employee share option expense		**424**	423
Loss on disposal of property, plant and equipment		**120**	320
Share of results of associated companies		**(26,045)**	(31,626)
Share of results of joint ventures		**(1,121)**	(29,084)
Fair value gain on investment properties		**(278)**	(18,008)
Investment income		**(4,067)**	(7,082)
Interest expense		**9,204**	12,591
Unrealised currency translation differences		**(1,467)**	742
		347,953	296,211
Change in working capital:			
Properties held for sale		**(6,138)**	(31,866)
Inventories		**441**	(490)
Trade and other receivables		**(23,654)**	57,274
Trade and other payables		**(9,061)**	35,303
Cash generated from operations		**309,541**	356,432
Interest paid		**(23,685)**	(27,675)
Income tax paid		**(44,245)**	(50,085)
Net cash provided by operating activities		**241,611**	278,672

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(5,941)**	(4,815)
Proceeds from disposal of property, plant and equipment		**2**	49
Upgrading of investment properties		**(15,641)**	(11,103)
Redevelopment of investment properties		**(60,889)**	(72,885)
Proceeds from liquidation of an associated company		**1,252**	–
Loans to joint ventures		**(93,191)**	(15,618)
Repayment of loans by joint ventures		**85,975**	77,799
Investments in joint ventures		**(23,312)**	–
Dividends received from unquoted equity investments		**2,888**	2,793
Dividends received from associated companies		**12,460**	13,315
Dividend received from a joint venture		**33,000**	–
Interest received		**6,528**	8,120
Net cash used in investing activities		**(56,869)**	(2,345)
Cash flows from financing activities			
Repayment of borrowings		**(264,425)**	(260,997)
Proceeds from borrowings		**97,176**	–
Decrease in bank deposits pledged as security		**9,820**	1,660
Proceeds from issuance of shares		**60**	2,026
Acquisition of shares from non-controlling shareholders		**(455)**	(3,741)
Dividends paid to equity holders of the Company		**(3,534)**	(3,370)
Dividends paid to non-controlling interests		**(9,110)**	(9,141)
Net cash used in financing activities		**(170,468)**	(273,563)
Net increase in cash and cash equivalents		**14,274**	2,764
Cash and cash equivalents at beginning of financial year		**72,234**	69,470
Cash and cash equivalents at end of financial year	18	**86,508**	72,234

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

Notes to the Financial Statements

For the financial year ended 31 December 2016

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 subsidiary companies 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 have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS 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.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") 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 FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no effect on the amounts reported for the current or prior financial years.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax ("GST"), rebates and discounts, and after eliminating revenue within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Rental income*

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

(b) *Revenue on sale of properties held for sale*

Revenue from sale of properties held for sale in respect of sale and purchase agreements entered into prior to completion of construction is recognised when the properties are delivered to the buyers, except for in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

For sales of uncompleted residential properties made with a progressive payment scheme in Singapore, the transfer of significant risks and rewards of ownership 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 proportion of the construction cost incurred to date to estimated total construction costs to completion.

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.

(c) *Revenue from hotel operations*

Revenue from the rental of hotel rooms and other facilities is recognised when the services are rendered. Revenue from the sale of food and beverage is recognised when the goods are delivered to the customer. Revenue from other hotel related services and service charges are recognised when the services are rendered.

(d) *Revenue from information technology operations*

Revenue from sale of computer hardware and software is recognised when the Group has transferred significant risks and rewards of ownership of the products to the customer on delivery and the customer has accepted the products. Revenue from the rendering of services is recognised when the service is rendered, by reference to completion of specific transaction assessed on the basis of the actual service provided as a proportion to the total services to be performed.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(e) *Property services fees*

Property services fees are recognised 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.

(h) *Car parking income*

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

2.3 Group accounting

(a) *Subsidiary companies*

(i) Consolidation

Subsidiary companies 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. Subsidiary companies 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 subsidiary companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary company'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 company, even if this results in the non-controlling interests having a deficit balance.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiary companies (continued)*

(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 company 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 company 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 on acquisitions" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary company results in a loss of control over the subsidiary company, the assets and liabilities of the subsidiary company 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 subsidiary and associated companies, and joint ventures" for the accounting policy on investments in subsidiary companies in the separate financial statements of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary company that do not result in a loss of control over the subsidiary company 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) *Associated companies and joint ventures*

Associated companies 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 but not exceeding 50%. 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 associated companies 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 associated companies 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 associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(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 associated companies' 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 associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company 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 associated company or joint venture. If the associated company 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 associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies 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 associated companies or joint ventures to ensure consistency of accounting policies adopted by the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) *Associated companies and joint ventures (continued)*

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company 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 subsidiary and associated companies, and joint ventures" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.4 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	5 – 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(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.

2.5 Goodwill on acquisitions

Goodwill on acquisitions of subsidiary companies 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 subsidiary companies is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associated companies 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 associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary and associated companies, and joint ventures include the carrying amount of goodwill relating to the entity sold.

2.6 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. 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.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the properties held for sale and investment properties. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Properties held for sale

Properties held for sale are those which are intended for sale in the ordinary course of business. Properties held for sale which are unsold are carried at the lower of cost and estimated net realisable value. Cost of properties held for sale includes land, construction and related development costs and interest on borrowings obtained to finance the purchase and construction of the properties. Net realisable value represents the estimated selling price in the ordinary course of business less costs to complete the development and selling expenses.

Singapore properties held for sale made with a progressive payment scheme are stated at cost plus attributable profits/losses less progress billings. The aggregated costs incurred and the profit/loss recognised in each development property that has been sold are compared against progress billings up to the statement of financial position date. Progress billings not yet paid by customers are included within "trade and other receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on development projects, under "trade and other payables".

Overseas properties held for sale are stated at cost and payments received from purchasers prior to completion are included in current liabilities as "monies received in advance".

When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

2.8 Investment properties

Investment properties of the Group, principally comprising office buildings, 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 under "fair value gain on investment properties".

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.

2.9 Investments in subsidiary and associated companies, and joint ventures

Investments in subsidiary and associated companies, 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 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 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) *Intangible assets*
Property, plant and equipment
Investments in subsidiary and associated companies, and joint ventures

Intangible assets, property, plant and equipment and investments in subsidiary and associated companies, 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 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each statement of financial position date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the statement of financial position date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the statement of financial position date.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(b) *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 financial asset, 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.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognised immediately as expenses.

(d) *Subsequent measurement*

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in income statement when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income statement. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in income statement and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(e) *Impairment*

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables/Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income statement.

The impairment allowance is reduced through income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to income statement. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in income statement. The impairment losses recognised as an expense for an equity security are not reversed through income statement in subsequent period.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Offsetting 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.

2.13 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.

2.14 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.

2.15 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each statement of financial position date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flows analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Leases

(a) *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.

(b) *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.

2.17 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.

2.18 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.

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 subsidiary and associated companies, 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Income taxes (continued)

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.

2.19 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 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.

2.21 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Currency translation (continued)

(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. 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.

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 statement of financial position 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

(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 of the entity giving rise to such reserve.

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 statement of financial position date.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 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.

2.23 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.

2.24 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.

2.25 Dividends to Company's shareholders

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

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:

(i) the determination of investment property values by independent professional valuers (note 2.8). The carrying amount of investment properties is disclosed in note 16;

(ii) the estimation of the total development costs which affects revenue and cost of sales recognised based on the percentage of completion method. The stage of completion is measured by reference to the physical survey of construction work completed. The revenue from sale of properties held for sale using the percentage of completion method is disclosed in note 4;

(iii) the assessment of impairment of properties held for sale (note 2.7). The carrying amount of properties held for sale under development is disclosed in note 19; and

(iv) the assessment of adequacy of provision for income taxes (note 2.18). The carrying amounts of current income tax and deferred income tax are disclosed in notes 8 and 23 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2016

4. REVENUE

	The Group	
	2016	2015
	$'000	$'000
Gross rental income	**275,308**	271,079
Gross revenue from hotel operations	**145,924**	148,656
Sale of properties held for sale	**516,268**	290,976
Gross revenue from information technology operations	**88,201**	86,471
Car parking income, property services fees and other income	**10,883**	10,017
	1,036,584	807,199

Included in the 'Sale of properties held for sale' is an amount of $489,735,000 (2015: $281,097,000) recognised using the percentage of completion method.

5. COST OF SALES

	The Group	
	2016	2015
	$'000	$'000
Property operating expenses	**74,940**	77,611
Cost of sales from hotel operations	**108,382**	109,952
Cost of properties held for sale sold	**419,768**	239,125
Cost of sales from information technology operations	**79,860**	78,382
	682,950	505,070

6. INVESTMENT INCOME

	The Group	
	2016	2015
	$'000	$'000
Interest income from:		
– Bank deposits	**401**	203
– Amounts due from joint ventures	**3,298**	3,902
– Others	**230**	184
	3,929	4,289
Dividend income from unquoted equity investments	**138**	2,793
	4,067	7,082

Notes to the Financial Statements

For the financial year ended 31 December 2016

7. PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

	The Group	
	2016	2015
	$'000	$'000
Charging/(Crediting):		
Auditors' remuneration paid/payable to:		
– Auditor of the Company	**790**	795
– Other auditors *	**108**	111
Other fees paid/payable to auditor of the Company	**160**	220
Wages, salaries and other payroll-related costs	**61,457**	61,101
Employer's contribution to defined contribution plans	**9,198**	8,781
Share option expense	**424**	423
Total employee compensation	**71,079**	70,305
Rental expense – operating leases	**908**	892
Loss on disposal of property, plant and equipment	**120**	320
Allowance made for foreseeable losses on properties held for sale	**18,900**	14,100
Depreciation of property, plant and equipment	**24,068**	23,750
Currency exchange gain – net	**(210)**	(267)
Property tax	**29,125**	31,494
Utilities	**13,985**	17,067
Interest expense on loans	**9,204**	12,591
Cost of inventories recognised as an expense	**89,907**	90,142

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

Notes to the Financial Statements

For the financial year ended 31 December 2016

8. INCOME TAXES

(a) *Income tax expense*

	The Group	
	2016	2015
	$'000	$'000
Tax expense/(credit) attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax (note (b))	**44,537**	41,798
Deferred income tax (note 23)	**4,417**	(1,268)
	48,954	40,530
– Under/(Over)provision in prior financial years:		
Current income tax (note (b))	**595**	(1,387)
Deferred income tax (note 23)	**11**	151
	606	(1,236)
	49,560	39,294

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	
	2016	2015
	$'000	$'000
Profit before income tax	**328,215**	330,085
Less:		
Share of results of associated companies	**(26,045)**	(31,626)
Share of results of joint ventures	**(1,121)**	(29,084)
	301,049	269,375
Tax calculated at a statutory tax rate of 17%	**51,178**	45,794
Effects of:		
– Different tax rates in other countries	**(293)**	(457)
– Singapore statutory tax exemption	**(465)**	(406)
– Tax incentives	**(748)**	(849)
– Expenses not deductible for tax purposes	**8,333**	7,676
– Income not subject to tax	**(1,318)**	(4,675)
– Utilisation of previously unrecognised deferred income tax assets	**(8,141)**	(7,108)
– Deferred income tax assets not recognised	**408**	555
– Under/(Over)provision of tax in prior financial years	**606**	(1,236)
Tax charge	**49,560**	39,294

Notes to the Financial Statements

For the financial year ended 31 December 2016

8. INCOME TAXES (continued)

(b) *Movements in current income tax liabilities*

	The Group	
	2016	2015
	$'000	$'000
Beginning of financial year	**45,486**	54,957
Currency translation differences	**(28)**	203
Income tax paid	**(44,245)**	(50,085)
Tax expense (note (a))	**44,537**	41,798
Under/(Over)provision in prior financial years (note (a))	**595**	(1,387)
End of financial year	**46,345**	45,486

(c) There is no tax charge relating to the components of other comprehensive income.

9. NET ATTRIBUTABLE PROFIT

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

	The Group	
	2016	2015
	$'000	$'000
Net profit before fair value gain on investment properties (note 10)	**249,419**	236,283
Fair value gain on investment properties held by subsidiary and associated companies, net of non-controlling interests included in:		
– Fair value gain on investment properties	**278**	18,008
– Share of results of associated companies	**–**	4,620
– Non-controlling interests	**36,348**	1,640
	36,626	24,268
Net attributable profit	**286,045**	260,551

Notes to the Financial Statements

For the financial year ended 31 December 2016

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, 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.

	The Group	
	2016	2015
Net profit attributable to equity holders of the Company ($'000)	**286,045**	260,551
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,413,235**	1,400,077
Adjustment for share options ('000)	**66**	324
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	**1,413,301**	1,400,401
Basic and diluted earnings per share (cents per share)		
– excluding fair value gain on investment properties held by subsidiary and associated companies (note 9)	**17.6 cents**	16.9 cents
– including fair value gain on investment properties held by subsidiary and associated companies	**20.2 cents**	18.6 cents

Notes to the Financial Statements

For the financial year ended 31 December 2016

11. OTHER RECEIVABLES

Other receivables relate to amounts due from joint ventures which are not repayable within the next 12 months and are interest-bearing at floating rate. At the statement of financial position date, the carrying amounts approximate their fair values.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2016	2015
	$'000	$'000
Unquoted equity investments	**9,295**	12,045

13. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group	
	2016	2015
	$'000	$'000
Unquoted equity investments, at cost	**293,546**	293,546
Share of post acquisition reserves	**253,915**	248,529
	547,461	542,075

Aggregate information about the Group's investments in associated companies that are individually immaterial are as follows:

	The Group	
	2016	2015
	$'000	$'000
– Net profit and total comprehensive income	**26,045**	31,626
– Carrying amount	**547,461**	542,075

Details of associated companies are included in note 36.

Notes to the Financial Statements

For the financial year ended 31 December 2016

14. INVESTMENTS IN JOINT VENTURES

	The Group	
	2016	2015
	$'000	$'000
Unquoted equity investments, at cost	**24,312**	1,000
Share of post acquisition reserves	**53,437**	85,316
	77,749	86,316

Set out below was a joint venture of the Group that was material to the Group in 2015. For 2016, there are no material joint ventures.

	Proportion of ownership held by a non-wholly owned subsidiary company
	%
2015	
United Venture Development (Thomson) Pte. Ltd. ("UVDT")	50

Summarised financial information of a joint venture

The summarised financial information of the joint venture based on the amounts in the financial statements of the joint venture (and not the Group's share of those amounts) and reconciliation to the carrying amount of the investment in the consolidated financial statements was as follows:

Summarised statement of financial position of UVDT

	2015
	$'000
Current assets	270,246
Includes:	
– Cash and cash equivalents	40,239
Current liabilities	(213,909)
Includes:	
– Financial liabilities (excluding trade and other payables and provisions)	(191,741)
Non-current liabilities	(11,706)
Net assets	44,631
Proportion of the Group's ownership (%)	50
Carrying amount of the investment	22,316

Notes to the Financial Statements

For the financial year ended 31 December 2016

14. INVESTMENTS IN JOINT VENTURES (continued)

Summarised statement of comprehensive income of UVDT

	2015 $'000
Revenue	302,735
Interest income	263
Profit before income tax	42,968
Income tax expense	(7,305)
Net profit and total comprehensive income	35,663

Aggregate information about the Group's investments in joint ventures that are individually immaterial are as follows:

	The Group	
	2016 **$'000**	2015 $'000
– Net profit and total comprehensive income	**1,121**	11,252
– Carrying amount	**77,749**	64,000

A subsidiary company of the Group has provided several undertakings on cost overrun, interest shortfall, security margin and project completion on a joint venture basis in respect of term loans drawn down by the joint ventures. As at 31 December 2016, the total outstanding term loans drawn down by the joint ventures are $212,000,000 (2015: $52,000,000).

In 2016, the Company has given a corporate guarantee of $159,840,000 in respect of a banking facility granted to a joint venture.

Details of joint ventures are included in note 36.

Notes to the Financial Statements

For the financial year ended 31 December 2016

15. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company	
	2016	2015
	$'000	$'000
Unquoted equity investments, at cost	**1,230,212**	1,230,212
Less: Allowance for impairment in value of investments	**(1,905)**	(2,114)
	1,228,307	1,228,098

Acquisition of additional interest in a subsidiary company

During the year, the Group continued to acquire additional Singapore Land Limited ("SLL") issued shares and holds 99.7% (2015: 99.7%) of the equity share capital of SLL. The effect of changes in the ownership interest of SLL on the equity attributable to owners of the Company during the year is summarised as disclosed below:

	2016	2015
	$'000	$'000
Carrying amount of non-controlling interests acquired	**703**	5,642
Consideration paid to non-controlling interests	**(455)**	(3,741)
Excess of carrying amount attributable to equity holders of the Company	**248**	1,901

Set out below are subsidiary companies with non-controlling interests that are material to the Group.

	Proportion of ownership held by non-controlling interests		**Carrying value of non-controlling interests**	
	2016	2015	**2016**	2015
	%	%	**$'000**	$'000
Marina Centre Holdings Private Limited and its subsidiary companies	**47**	47	**758,137**	773,093

Notes to the Financial Statements

For the financial year ended 31 December 2016

15. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

Summarised aggregate financial information of subsidiary companies with material non-controlling interests

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

Summarised statement of financial position

	2016	2015
	$'000	$'000
Current		
Assets	**52,636**	41,466
Liabilities	**(50,800)**	(82,697)
Non-current		
Assets	**1,658,186**	1,733,118
Liabilities	**(50,331)**	(50,663)
Net assets	**1,609,691**	1,641,224

Summarised statement of comprehensive income

	2016	2015
	$'000	$'000
Revenue	**188,435**	192,916
Net (loss)/profit and total comprehensive (expense)/income	**(13,533)**	64,882
Total comprehensive (expense)/income allocated to non-controlling interests	**(6,374)**	30,565
Dividends paid to non-controlling interests	**8,448**	8,448

Summarised cash flows

	2016	2015
	$'000	$'000
Net cash provided by operating activities	**53,146**	68,201
Net cash used in investing activities	**(3,639)**	(32,122)
Net cash used in financing activities	**(40,348)**	(43,809)

Details of subsidiary companies are included in note 36.

Notes to the Financial Statements

For the financial year ended 31 December 2016

16. INVESTMENT PROPERTIES

	The Group	
	2016	2015
	$'000	$'000
Completed leasehold properties, at valuation:		
Beginning of financial year	**5,607,400**	5,337,900
Reclassified from investment properties under development	**–**	237,000
Additions	**15,641**	11,103
Fair value (loss)/gain	**(94,141)**	21,397
End of financial year	**5,528,900**	5,607,400
Investment properties under development, at valuation:		
Beginning of financial year	**488,000**	652,000
Reclassified to completed leasehold properties	**–**	(237,000)
Additions	**64,581**	76,389
Fair value gain/(loss)	**94,419**	(3,389)
End of financial year	**647,000**	488,000
	6,175,900	6,095,400

Borrowing costs of $3,692,000 (2015: $3,504,000) for the redevelopment of an investment property were capitalised during the financial year. A capitalisation rate of 1.2% to 2.0% (2015: 1.4% to 2.3%) per annum was used in 2016, representing the borrowing costs of the loans used to finance the project.

(a) The Group's completed leasehold properties are as follows:

Name of building/location	Description	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	77 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	78 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	809 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	809 years

Notes to the Financial Statements

For the financial year ended 31 December 2016

16. INVESTMENT PROPERTIES (continued)

(a) The Group's completed leasehold properties are as follows (continued):

Name of building/location	Description	Tenure of land	Unexpired term of lease
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	65 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	78 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	79 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	79 years
Marina Square Retail Mall 6 Raffles Boulevard Singapore 039594	4-storey retail mall with a retail underpass.	99-year lease from 1980	63 years

(b) The Group's investment property under development is as follow:

Location of site	Description	Tenure of land	Unexpired term of lease
5 Shenton Way Singapore 068808	A proposed development comprising commercial space with a gross floor area of 30,935 square metres. This is part of a mixed development with the residential component, V on Shenton, classified under properties held for sale. As at 31 December 2016, the development was 99% completed.	99-year lease from 2011	94 years

Investment properties are leased to non-related parties under operating leases (note 29(c)).

Notes to the Financial Statements

For the financial year ended 31 December 2016

16. 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 2016 ($'000)	Valuation techniques	Significant unobservable inputs	Range of significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Completed leasehold properties	5,528,900 (2015: 5,607,400)	Capitalisation Approach	Estimated rental rate (per square metre per month)	$56 – $139 (2015: $58 – $145)	The higher the rental value per square metre, the higher the fair value.
			Capitalisation rate	3.25% – 5.25% (2015: 3.50% – 5.25%)	The higher the capitalisation rate, the lower the fair value.
		Direct Comparison Approach	Adjusted valuation (per square metre)	$14,200 – $27,400 (2015: $14,300 – $28,200)	The higher the adjusted valuation per square metre, the higher the fair value.
Investment property under development	647,000 (2015: 488,000)	Direct Comparison Approach (2015: Residual Approach)	Gross development value (per square metre)	$24,700 (2015: $24,400)	The higher the gross development value, the higher the fair value.
			Estimated costs to completion	$6,000,000 (2015: $46,000,000)	The higher the costs to completion, the lower the fair value.
			Estimated profit margin required to hold and develop property to completion	Not applicable (2015: 10% of property value)	The higher the profit margin required, the lower the fair value.
			Estimated remaining period to completion	Not applicable (2015: 1 year)	The longer the remaining period to completion, the lower the fair value.

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

Notes to the Financial Statements

For the financial year ended 31 December 2016

16. INVESTMENT PROPERTIES (continued)

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 report;
- 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 2016, there was a change of valuation technique for investment property under development from Residual Approach to Direct Comparison Approach as the development is nearing completion.

In the Capitalisation Approach, 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 Approach 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. The market value of the property under development was arrived at in its "as is" basis from the gross development value less the cost to complete the development. The gross development value is arrived at by the Direct Comparison Approach.

The Residual Approach requires an estimate of the gross development value of the proposed development assuming it is completed, from which the various costs of development such as construction costs, professional fees, GST, financial and holding charges on the land and construction, developer's profit, cost of sale, promotion and legal fees are deducted to arrive at the residual land value which would represent what a prudent developer would pay for the site with all its potentialities. The gross development value is arrived at by the Direct Comparison Approach.

Notes to the Financial Statements

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17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Renovations in progress $'000	Total $'000
The Group						
2016						
Cost						
Beginning of financial year	397,079	57,582	182,860	1,278	883	639,682
Currency translation differences	(1,724)	(1,500)	(2,482)	(28)	–	(5,734)
Additions	–	175	1,610	–	4,156	5,941
Transfer in/(out)	–	123	4,730	–	(4,853)	–
Disposals	–	(3)	(859)	–	–	(862)
End of financial year	395,355	56,377	185,859	1,250	186	639,027
Accumulated depreciation						
Beginning of financial year	50,503	19,229	77,456	568	–	147,756
Currency translation differences	(222)	(491)	(1,200)	(5)	–	(1,918)
Depreciation charge	6,145	3,299	14,541	83	–	24,068
Disposals	–	–	(740)	–	–	(740)
End of financial year	56,426	22,037	90,057	646	–	169,166
Net book value						
End of financial year	**338,929**	**34,340**	**95,802**	**604**	**186**	**469,861**
2015						
Cost						
Beginning of financial year	396,218	55,600	178,989	1,192	1,141	633,140
Currency translation differences	861	745	1,237	14	–	2,857
Additions	–	319	2,041	262	2,193	4,815
Transfer in/(out)	–	918	1,533	–	(2,451)	–
Disposals	–	–	(940)	(190)	–	(1,130)
End of financial year	397,079	57,582	182,860	1,278	883	639,682
Accumulated depreciation						
Beginning of financial year	44,229	15,192	63,924	644	–	123,989
Currency translation differences	90	196	489	3	–	778
Depreciation charge	6,184	3,841	13,614	111	–	23,750
Disposals	–	–	(571)	(190)	–	(761)
End of financial year	50,503	19,229	77,456	568	–	147,756
Net book value						
End of financial year	**346,576**	**38,353**	**105,404**	**710**	**883**	**491,926**

Notes to the Financial Statements

For the financial year ended 31 December 2016

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture, fittings and office equipment $'000	Motor vehicle $'000	Total $'000
The Company			
2016			
Cost			
Beginning of financial year	754	237	991
Additions	21	–	21
Disposals	(15)	–	(15)
End of financial year	760	237	997
Accumulated depreciation			
Beginning of financial year	378	237	615
Depreciation charge	65	–	65
Disposals	(15)	–	(15)
End of financial year	428	237	665
Net book value			
End of financial year	**332**	**–**	**332**
2015			
Cost			
Beginning of financial year	757	237	994
Additions	6	–	6
Disposals	(9)	–	(9)
End of financial year	754	237	991
Accumulated depreciation			
Beginning of financial year	322	188	510
Depreciation charge	63	49	112
Disposals	(7)	–	(7)
End of financial year	378	237	615
Net book value			
End of financial year	**376**	**–**	**376**

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For the financial year ended 31 December 2016

18. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**45,968**	34,868	**866**	698
Short-term bank deposits	**40,540**	47,186	**–**	–
	86,508	82,054	**866**	698

Included in cash and cash equivalents of the Group, are amounts of $7,455,000 (2015: $16,396,000) maintained in the Project Accounts. The funds in the Project Accounts can only be applied in accordance with Housing Developers (Project Account) Rules.

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

	The Group	
	2016	2015
	$'000	$'000
Cash and cash equivalents (as above)	**86,508**	82,054
Less: Bank deposits pledged	**–**	(9,820)
Cash and cash equivalents per consolidated statement of cash flows	**86,508**	72,234

In 2015, bank deposits were pledged as security for borrowings (note 22).

19. PROPERTIES HELD FOR SALE

	The Group	
	2016	2015
	$'000	$'000
Properties under development	**802,887**	1,033,739
Allowance for foreseeable losses	**–**	(14,100)
	802,887	1,019,639
Completed properties	**299,844**	51,426
Allowance for foreseeable losses	**(33,000)**	–
	266,844	51,426
	1,069,731	1,071,065

Notes to the Financial Statements

For the financial year ended 31 December 2016

19. PROPERTIES HELD FOR SALE (continued)

Properties held for sale where revenue is recognised as construction progresses are as follows:

	The Group	
	2016	2015
	$'000	$'000
Aggregate cost incurred and development profits recognised	**924,918**	812,696
Less: Progress billings	**(507,947)**	(425,380)
	416,971	387,316

Progress billings relating to properties held for sale sold but accounted for using the completion of construction method has been classified as "monies received in advance" under current trade and other payables.

Borrowing costs of $10,768,000 (2015: $13,528,000) were capitalised during the financial year. A capitalisation rate of 0.9% to 3.0% (2015: 1.3% to 3.0%) per annum was used in 2016, representing the borrowing costs of the loans used to finance the projects.

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'.

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

	The Group	
	2016	2015
	$'000	$'000
Beginning of financial year	**14,100**	–
Allowance during the year	**18,900**	14,100
End of financial year	**33,000**	14,100

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

Property	**Title**	**Percentage of completion at 31.12.2016/ Expected year of completion**	**Site area/Gross floor area (sqm)**	**Group's effective interest %**
The Excellency (Chengdu)	Leasehold	100%/2012	7,566/77,000	99.7
Mon Jervois	Leasehold	100%/2016	8,958/13,796	99.7
Pollen & Bleu	Leasehold	100%/2016	6,268/11,033	99.7
Alex Residences	Leasehold	78%/2017	6,501/35,043	99.7
V on Shenton	Leasehold	70%/2017	*/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.

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20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Trade receivables	**41,230**	33,614	**–**	–
Less: Allowance for impairment of receivables	**(747)**	(700)	**–**	–
	40,483	32,914	**–**	–
Accrued receivables	**19,966**	–	**–**	–
Deposits	**1,185**	1,093	**360**	355
Prepaid taxes	**123**	989	**–**	–
Prepayments	**2,032**	4,680	**–**	–
Other receivables	**9,498**	10,089	**136**	142
Amounts due from joint ventures (non-trade)	**–**	90,554	**–**	–
Amounts due from subsidiary companies (non-trade)	**–**	–	**1,847,662**	1,807,012
Less: Allowance for impairment of receivables	**–**	–	**(14,718)**	(15,538)
	–	–	**1,832,944**	1,791,474
	73,287	140,319	**1,833,440**	1,791,971

Accrued receivables represent the balance of sales consideration to be billed for properties held for sale that has obtained Temporary Occupation Permit.

In 2015, the amounts due from joint ventures were unsecured and interest-bearing at floating rate.

The amounts due from subsidiary companies are unsecured, repayable on demand and are interest-bearing except for amounts totalling $274,500,000 (2015: $277,573,000) which are interest-free. Interest is charged on amounts due from certain subsidiary companies and is based on interest incurred by the Company in respect of bank loans obtained on behalf of these subsidiary companies.

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For the financial year ended 31 December 2016

21. TRADE AND OTHER PAYABLES

		The Group		The Company	
		2016	2015	**2016**	2015
		$'000	$'000	**$'000**	$'000
(a)	*Current*				
	Monies received in advance	**3,214**	1,000	**–**	–
	Rental received in advance	**6,869**	8,929	**–**	–
	Rental deposits	**22,161**	25,100	**–**	–
	Retention monies	**29,178**	8,095	**–**	–
	Trade payables	**64,302**	75,955	**358**	307
	Other payables	**12,132**	11,787	**110**	449
	Accrued operating expenses	**49,856**	50,588	**1,593**	2,009
	Amounts due to subsidiary companies (non-trade)	**–**	–	**208,446**	148,798
		187,712	181,454	**210,507**	151,563

The amounts due to subsidiary companies are unsecured, repayable on demand and are interest-free except for an amount totalling $165,961,000 (2015: $58,397,000) which is interest-bearing.

		The Group		The Company	
		2016	2015	**2016**	2015
		$'000	$'000	**$'000**	$'000
(b)	*Non-current*				
	Rental deposits	**55,157**	52,664	**–**	–
	Retention monies	**–**	19,009	**–**	–
	Amount due to an associated company	**1,624**	1,624	**1,624**	1,624
		56,781	73,297	**1,624**	1,624

The amount due to an associated company 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 2016

22. BORROWINGS

		Note	The Group 2016 $'000	The Group 2015 $'000	The Company 2016 $'000	The Company 2015 $'000
(a)	*Current*					
	Short-term bank loans (unsecured)	(i)	**494,626**	461,700	**314,626**	374,700
	Term loans (secured)	(ii)	**133,206**	150,808	–	–
	Term loan (secured)	(iii)	**416**	2,267	–	–
	Term loan (secured)	(iv)	**2,000**	24,000	–	–
	Term loan (unsecured)	(v)	**598,900**	–	**598,900**	–
			1,229,148	638,775	**913,526**	374,700
(b)	*Non-current*					
	Term loan (unsecured)	(v)	–	597,700	–	597,700
	Term loans (secured)	(ii)	–	164,224	–	–
	Term loan (secured)	(iii)	**12,480**	6,453	–	–
			12,480	768,377	–	597,700
	Total borrowings		**1,241,628**	1,407,152	**913,526**	972,400

(i) The unsecured short-term loans are drawn under various uncommitted floating rate revolving credit facilities.

(ii) The term loans are secured by way of legal mortgages over certain property development projects with carrying amounts of $310,449,000 (2015: $625,588,000) and deposits pledged of $nil (2015: $9,820,000) (note 18).

The term loans include $133,206,000 (2015: $313,831,000) of which a subsidiary company of the Group has provided several undertakings on cost overrun, interest shortfall, security margin and project completion.

(iii) The term loan is secured by way of a legal mortgage over certain property, plant and equipment of a subsidiary company with carrying amounts of $74,186,000 (2015: $85,235,000).

(iv) The term loan is secured by way of an open debenture and legal mortgages over certain property, plant and equipment of a subsidiary company with carrying amounts of $393,881,000 (2015: $404,721,000).

(v) The unsecured term loan is drawn under a floating rate committed facility.

Notes to the Financial Statements

For the financial year ended 31 December 2016

22. BORROWINGS (continued)

(c) *Carrying amounts and fair values*

The carrying amounts of non-current borrowings approximate their fair values. The fair values are based on discounted cash flows using a discount rate of 5.3% (2015: 2.3% to 4.8%) 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		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
6 months or less	**1,241,628**	1,307,152	**913,526**	972,400
6 – 12 months	**–**	100,000	**–**	–

23. DEFERRED INCOME TAXES

	The Group	
	2016	2015
	$'000	$'000
Deferred income tax liabilities:		
– to be settled within 1 year	**8,549**	1,255
– to be settled after 1 year	**45,726**	48,795

Movements in the deferred income tax account are as follows:

	The Group	
	2016	2015
	$'000	$'000
Beginning of financial year	**50,050**	51,010
Currency translation differences	**(203)**	157
Charged/(Credited) to income statement (note 8(a))	**4,417**	(1,268)
Underprovision in prior financial years (note 8(a))	**11**	151
End of financial year	**54,275**	50,050

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 in certain subsidiary companies of approximately $15,714,000 (2015: $23,961,000) at the statement of financial position date, which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

Notes to the Financial Statements

For the financial year ended 31 December 2016

23. DEFERRED INCOME TAXES (continued)

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

The Group

Deferred income tax liabilities

	Deferred development profits $'000	Fair value gain $'000	Accelerated tax depreciation $'000	Total $'000
2016				
Beginning of financial year	1,970	24,020	24,060	50,050
Currency translation differences	–	–	(203)	(203)
Charged/(Credited) to income statement	6,579	(420)	(1,742)	4,417
Underprovision in prior financial years	–	–	11	11
End of financial year	8,549	23,600	22,126	54,275
2015				
Beginning of financial year	–	24,440	26,570	51,010
Currency translation differences	–	–	157	157
Charged/(Credited) to income statement	1,970	(420)	(2,818)	(1,268)
Underprovision in prior financial years	–	–	151	151
End of financial year	1,970	24,020	24,060	50,050

Notes to the Financial Statements

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24. SHARE CAPITAL

	The Group and the Company			
	2016		2015	
	No. of ordinary shares '000	**Amount $'000**	No. of ordinary shares '000	Amount $'000
Beginning of financial year	**1,405,025**	**1,486,638**	1,392,592	1,446,183
Shares issued pursuant to scrip dividend scheme	**14,042**	**38,617**	11,716	38,429
Shares issued pursuant to share option scheme	**22**	**60**	717	2,026
End of financial year	**1,419,089**	**1,525,315**	1,405,025	1,486,638

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

During the financial year, the Company issued 14,042,587 (2015: 11,716,068) ordinary shares at $2.75 (2015: $3.28) per share to shareholders in lieu of cash dividends of 3.0 cents (2015: 3.0 cents) per ordinary share pursuant to United Industrial Corporation Scrip Dividend Scheme and 22,000 (2015: 717,000) ordinary shares pursuant to the share option scheme. The newly issued shares rank pari passu in all respects with the previously issued shares.

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 1 March 2016 ("Offer Date"), options were granted pursuant to the ESOS to the executives of the Company and its subsidiary companies to subscribe for 598,000 ordinary shares in the Company at the exercise price of $2.92 per ordinary share.

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24. SHARE CAPITAL (continued)

Principal terms of the ESOS are set out below:

(i) only full time confirmed executives of the Company or any of its subsidiary companies (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.

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24. SHARE CAPITAL (continued)

Movements in the number of unissued ordinary shares under option and their exercise price 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							
2016							
2016 Options	–	598,000	–	–	598,000	$2.92	28.2.2026
2015 Options	516,000	–	–	–	516,000	$3.54	25.2.2025
2014 Options	524,000	–	–	–	524,000	$3.15	2.3.2024
2013 Options	581,000	–	–	–	581,000	$2.91	21.2.2023
2012 Options	466,000	–	–	(22,000)	444,000	$2.73	26.2.2022
2011 Options	417,000	–	–	–	417,000	$2.78	28.2.2021
2010 Options	124,000	–	–	–	124,000	$2.03	25.2.2020
2008 Options	150,000	–	–	–	150,000	$2.91	9.3.2018
2007 Options	352,000	–	–	–	352,000	$2.70	4.3.2017
	3,130,000	598,000	–	(22,000)	3,706,000		
2015							
2015 Options	–	600,000	(84,000)	–	516,000	$3.54	25.2.2025
2014 Options	608,000	–	(84,000)	–	524,000	$3.15	2.3.2024
2013 Options	761,000	–	(58,000)	(122,000)	581,000	$2.91	21.2.2023
2012 Options	592,000	–	(35,000)	(91,000)	466,000	$2.73	26.2.2022
2011 Options	571,000	–	–	(154,000)	417,000	$2.78	28.2.2021
2010 Options	124,000	–	–	–	124,000	$2.03	25.2.2020
2008 Options	384,000	–	–	(234,000)	150,000	$2.91	9.3.2018
2007 Options	468,000	–	–	(116,000)	352,000	$2.70	4.3.2017
	3,508,000	600,000	(261,000)	(717,000)	3,130,000		

Out of the unexercised options for 3,706,000 (2015: 3,130,000) shares, options for 2,166,000 (2015: 1,596,000) shares are exercisable at the statement of financial position date.

The weighted average share price at the time of exercise was $2.89 (2015: $3.45) per share.

The fair value of options granted on 1 March 2016 (2015: 26 February 2015), determined using the Binomial Valuation Model, was $365,000 (2015: $474,000). The significant inputs into the model were share price of $2.88 (2015: $3.51) at the grant date, exercise price of $2.92 (2015: $3.54), expected dividend yield of 1.04% (2015: 0.85%), standard deviation of expected share price returns of 16% (2015: 16%), the option life shown above and annual risk-free interest rate of 2.0% (2015: 2.2%). 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.

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25. DIVIDENDS

	The Group and the Company	
	2016	2015
	$'000	$'000
Final tax-exempt (one-tier) cash/scrip dividend paid in respect of the previous financial year of 3.0 cents per share (2015: 3.0 cents per share) (note 26 (b))	**42,151**	41,799

At the Annual General Meeting to be held on 28 April 2017, a final tax-exempt (one-tier) cash/scrip dividend of 3.0 cents per share will be recommended. Based on the number of issued shares as at 31 December 2016, this will amount to $42,573,000 which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

26. RETAINED EARNINGS

(a) Retained earnings of the Group included accumulated fair value gains on investment properties held by subsidiary and associated companies, net of non-controlling interests amounting to $1,634,724,000 (2015: $1,598,098,000).

(b) Reserves of the Company comprise retained earnings of $405,804,000 (2015: $403,173,000) and share option reserve of $6,169,000 (2015: $5,745,000), of which the movements in retained earnings for the Company are as follows:

	The Company	
	2016	2015
	$'000	$'000
Beginning of financial year	**403,173**	399,538
Total comprehensive income – net profit	**44,782**	45,434
Dividends paid (note 25)	**(42,151)**	(41,799)
End of financial year	**405,804**	403,173

27. ASSET REVALUATION RESERVE

The asset revaluation reserve arose from the acquisition of the remaining 50% of the issued share capital of Hotel Marina City Pte Ltd in 2007.

Notes to the Financial Statements

For the financial year ended 31 December 2016

28. OTHER RESERVES

	The Group	
	2016	2015
	$'000	$'000
(a) *Currency translation reserve*		
Beginning of financial year	**21,884**	16,550
Net currency translation differences of financial statements of foreign entities	**(10,763)**	5,318
Effect of acquisition of shares from non-controlling shareholders	**1**	16
End of financial year	**11,122**	21,884
(b) *Share option reserve – Employee share option scheme*		
Beginning of financial year	**5,745**	5,322
Value of employee services	**424**	423
End of financial year	**6,169**	5,745
Total	**17,291**	27,629

29. COMMITMENTS

(a) *Capital commitments*

	The Group	
	2016	2015
	$'000	$'000
Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements in respect of:		
– investment properties	**6,400**	63,383
– property, plant and equipment	**1,853**	946
	8,253	64,329

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29. COMMITMENTS (continued)

(b) *Operating lease commitments – where the Group is a lessee*

The Group leases certain space under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the statement of financial position date but not recognised as liabilities, are as follows:

	The Group	
	2016	2015
	$'000	$'000
Not later than 1 year	**538**	942
Between 1 and 5 years	**620**	1,132
	1,158	2,074

(c) *Operating lease commitments – where the Group is a lessor*

The Group has entered into commercial property leases on its investment property portfolio, consisting of the Group's office buildings and retail malls.

The future minimum lease receivables under non-cancellable operating leases contracted for at the statement of financial position date but not recognised as receivables, are as follows:

	The Group	
	2016	2015
	$'000	$'000
Not later than 1 year	**250,235**	250,414
Between 1 and 5 years	**419,761**	336,245
Later than 5 years	**62,943**	5,781
	732,939	592,440

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30. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency 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.

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.

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.

The Company's exposure to currency risk is minimal as revenue and expenses and assets and liabilities are substantially denominated in Singapore Dollars.

(ii) 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 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.

The Company's interest-bearing assets mainly relate to amounts due from subsidiary companies and interest-bearing liabilities relate to an amount due to a subsidiary company and borrowings. The Company does not have any exposure to the interest rate risk as all its finance expenses are recharged to these subsidiary companies.

The Group monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates.

If the interest rates increase/decrease by 25 basis points (2015: 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 $1,795,000 (2015: $1,763,000) as a result of higher/lower interest expense on these interest-bearing assets and liabilities.

Notes to the Financial Statements

For the financial year ended 31 December 2016

30. FINANCIAL RISK MANAGEMENT (continued)

(b) *Credit risk*

Credit risk refers to the risk that 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 are bank deposits, trade receivables and other non-current receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient security where appropriate to mitigate credit risk. For the property investment segment, generally advance deposits of at least 3 months rental (or equivalent amount in bankers' guarantee) are obtained for all tenancies. For the property trading segment, progress billings from customers are followed up, and appropriate action taken promptly in instances of non-payment or delay in payment. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Other than amounts due from subsidiary companies and joint ventures, concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group's current trade and other receivables comprise mainly amounts due from joint ventures (note 20), while other non-current receivables comprise of amounts due from joint ventures (note 11). The Company's current trade and other receivables comprise mainly amounts due from subsidiary companies (note 20). These receivables are assessed for their recoverability and any recognition/writeback of allowance for impairment are made where necessary. Information regarding these receivables is disclosed in the respective notes.

The credit risk profile of the Group's trade and accrued receivables at the statement of financial position date is as follows:

	The Group	
	2016	2015
	$'000	$'000
By segment of business		
Property investment	**5,189**	3,152
Property trading	**36,598**	10,231
Hotel operations	**3,990**	4,310
Technologies	**14,672**	15,221
	60,449	32,914

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

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30. FINANCIAL RISK MANAGEMENT (continued)

(b) *Credit risk (continued)*

(ii) Financial assets that are past due and/or impaired

There is no other significant class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	The Group	
	2016	2015
	$'000	$'000
Past due 0 to 1 month	**6,805**	7,195
Past due 1 to 2 months	**1,754**	1,848
Past due 2 to 3 months	**847**	738
Past due over 3 months	**1,066**	1,060
	10,472	10,841

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	The Group	
	2016	2015
	$'000	$'000
Beginning of financial year	**700**	606
Allowance made	**186**	446
Allowance utilised	**(111)**	(349)
Allowance written back	**(28)**	(3)
End of financial year	**747**	700

Trade receivables that are individually determined to be impaired at the statement of financial position date relate to debtors that are in significant financial difficulties and have defaulted on payments despite attempts to recover the debts owing through legal means where appropriate. These receivables are not secured by any collateral or credit enhancements.

Notes to the Financial Statements

For the financial year ended 31 December 2016

30. 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 3 years $'000	Between 3 and 5 years $'000	Over 5 years $'000
The Group				
At 31 December 2016				
Trade and other payables	(177,300)	(40,605)	(11,887)	(4,289)
Borrowings	(1,240,816)	(4,503)	(9,730)	–
	(1,418,116)	(45,108)	(21,617)	(4,289)
At 31 December 2015				
Trade and other payables	(169,999)	(59,694)	(9,682)	(3,921)
Borrowings	(660,886)	(785,931)	(2,694)	–
	(830,885)	(845,625)	(12,376)	(3,921)
The Company				
At 31 December 2016				
Trade and other payables	(210,358)	–	–	(1,624)
Borrowings	(923,618)	–	–	–
	(1,133,976)	–	–	(1,624)
At 31 December 2015				
Trade and other payables	(150,883)	–	–	(1,624)
Borrowings	(390,418)	(613,295)	–	–
	(541,301)	(613,295)	–	(1,624)

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 18.

Notes to the Financial Statements

For the financial year ended 31 December 2016

30. 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. The Group manages capital using various common measures applied by real estate companies which may include adjusting the dividend payment, returning capital to shareholders or issuing new shares.

Management monitors the Group's capital using a ratio calculated as debt divided by total equity, where debt comprises total borrowings.

	The Group	
	2016	2015
	$'000	$'000
Debt	**1,241,628**	1,407,152
Total equity	**7,035,062**	6,781,019
Debt/Total equity ratio	**18%**	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 are in compliance, where applicable, with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

(e) *Financial instruments by category*

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Loans and receivables	**684,357**	618,571	**1,834,306**	1,792,669
Financial liabilities at amortised cost	**1,476,038**	1,651,974	**1,125,657**	1,125,587

Notes to the Financial Statements

For the financial year ended 31 December 2016

31. RELATED PARTY TRANSACTIONS

(a) 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	
	2016	2015
	$'000	$'000
Transactions with joint ventures		
Marketing fee income	**46**	40
Project management fee income	**449**	185
Fee income for arrangement of bank loan	**122**	–
Transactions with a firm in which a director has an interest		
Professional fee expense	**143**	71

(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 the Company, and where the Group or the Company did not incur any costs, the value of the benefit is included. The total key management's remuneration is as follows:

	The Group	
	2016	2015
	$'000	$'000
Directors of the Company		
– Fees	**379**	379
– Salaries, bonus and other emoluments	**1,184**	1,170
– Employer's contribution to defined contribution plan	**15**	12
– Share option expense	**77**	89
	1,655	1,650

Notes to the Financial Statements

For the financial year ended 31 December 2016

32. 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 property, property management, investment holding, and investment in retail centres.
- Property trading – development of properties for trading, project management and marketing services.
- Hotel operations – operation of hotels.
- Technologies – distribution of computers and related products; provision of systems integration and networking infrastructure services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Notes to the Financial Statements

For the financial year ended 31 December 2016

32. SEGMENT INFORMATION (continued)

	Property investment		Property trading		Hotel operations		Technologies		The Group	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue										
– external sales	**285,640**	280,871	**516,819**	291,201	**145,924**	148,656	**88,201**	86,471	**1,036,584**	807,199
Segment results	**204,277**	197,102	**81,795**	38,232	**21,503**	23,190	**2,454**	2,215	**310,029**	260,739
Unallocated costs									**(4,121)**	(3,863)
Interest income									**3,929**	4,289
Dividend income									**138**	2,793
Finance expenses									**(9,204)**	(12,591)
Profit before share of results of associated companies & joint ventures									**300,771**	251,367
Share of results of associated companies	**8,866**	12,030	**(891)**	84	**18,070**	19,512	**–**	–	**26,045**	31,626
Share of results of joint ventures	**(2,278)**	–	**3,399**	29,084	**–**	–	**–**	–	**1,121**	29,084
Fair value gain on investment properties	**278**	18,008	**–**	–	**–**	–	**–**	–	**278**	18,008
Profit before income tax									**328,215**	330,085
Segment assets	**6,269,687**	6,155,518	**1,225,732**	1,226,437	**475,739**	501,358	**25,435**	26,754	**7,996,593**	7,910,067
Investments in associated companies	**249,462**	241,596	**141,726**	149,461	**156,273**	151,018	**–**	–	**547,461**	542,075
Investments in joint ventures	**19,034**	–	**58,715**	86,316	**–**	–	**–**	–	**77,749**	86,316
Consolidated total assets									**8,621,803**	8,538,458
Other segment items										
Capital expenditure	**76,833**	84,437	**24**	1	**5,544**	4,127	**70**	238	**82,471**	88,803
Depreciation	**357**	442	**6**	5	**23,499**	23,062	**206**	241	**24,068**	23,750
Allowance made for foreseeable losses on properties held for sale	**–**	–	**18,900**	14,100	**–**	–	**–**	–	**18,900**	14,100

Notes to the Financial Statements

For the financial year ended 31 December 2016

32. SEGMENT INFORMATION (continued)

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 are shown by the geographical area in which the assets are located.

	Revenue		Non-current assets	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Singapore	**995,414**	782,647	**7,035,819**	6,980,829
Other countries	**41,170**	24,552	**235,152**	234,888
	1,036,584	807,199	**7,270,971**	7,215,717

33. EVENTS OCCURRING AFTER BALANCE SHEET DATE

The Group is liable to pay Additional Buyer Stamp Duty ("ABSD") of approximately $14,900,000 as one of its subsidiary company was unable to meet the ABSD remission condition to sell all units in the development project within the 5-year disposal period by 7 February 2017.

34. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published that are relevant for the Group's accounting periods beginning on or after 1 January 2017 or later periods which the Group has not early adopted. The Group does not expect that the adoption of these accounting standards or interpretations will have a material impact on the Group's financial statements for the financial year ending 31 December 2017, except for FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018) which is the converged standard on revenue recognition. It replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Group is in the process of assessing the potential impact of FRS 115 on the financial statements.

35. 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 17 February 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2016

36. LISTING OF SUBSIDIARY AND ASSOCIATED COMPANIES, AND JOINT VENTURES IN THE GROUP

	Principal activities	Country of incorporation/ business	The Group's equity holding 2016 %	2015 %
Subsidiary companies				
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 Supplies Pte Ltd	Property trading	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
Networld Realty Pte Ltd	Investment holding	Singapore	**100**	100
UIC China Realty Pte. Ltd.	Investment holding	Singapore	**100**	100
UIC Overseas Investments Pte. Ltd. *(formerly known as UIC Indochina 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 2016

36. LISTING OF SUBSIDIARY AND ASSOCIATED COMPANIES, AND JOINT VENTURES IN THE GROUP (continued)

	Principal activities	Country of incorporation/ business	The Group's equity holding 2016 %	2015 %
Subsidiary companies				
RMA-Land Development Private Ltd	Property investment	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 +

Notes to the Financial Statements

For the financial year ended 31 December 2016

36. LISTING OF SUBSIDIARY AND ASSOCIATED COMPANIES, AND JOINT VENTURES IN THE GROUP (continued)

	Principal activities	Country of incorporation/ business	The Group's equity holding 2016 %	2015 %
Subsidiary companies				
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 +
S.L. Home Loans Pte. Ltd.	Investment holding	Singapore	**100** +	100 +
S.L. Management Services Pte Limited	Investment holding	Singapore	**100** +	100 +
Brendale Pte. Ltd. @@	Property trading	Singapore	**70**	70
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	Singapore	**53**	53
Marina Management Services Pte Ltd	Property management agents	Singapore	**53**	53
Hotel Marina City Private Limited	Hotelier	Singapore	**53**	53
UIC JinTravel (Tianjin) Co., Ltd #	Property investment and trading	People's Republic of China	**51**	51

Notes to the Financial Statements

For the financial year ended 31 December 2016

36. LISTING OF SUBSIDIARY AND ASSOCIATED COMPANIES, AND JOINT VENTURES IN THE GROUP (continued)

	Principal activities	Country of incorporation/ business	The Group's equity holding 2016 %	2015 %
Associated companies				
Avenue Park Development Pte. Ltd.	Property trading	Singapore	**48**	48
Tianjin Yan Yuan International Hotel *	Hotel investment	People's Republic of China	**36**	36
Shanghai Jin Peng Realty Co., Ltd #	Property trading	People's Republic of China	**30**	30
Aquamarina Hotel Private Limited	Hotelier	Singapore	**26**	26
Marina Bay Hotel Private Limited	Hotelier	Singapore	**26**	26
Novena Square Development Ltd	Property investment	Singapore	**20**	20
Novena Square Investments Ltd	Property investment	Singapore	**20**	20
Joint ventures				
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**	–
United Venture Investments (HI) Pte. Ltd.	Property investment	Singapore/ United Kingdom	**50**	–

Notes to the Financial Statements

For the financial year ended 31 December 2016

36. LISTING OF SUBSIDIARY AND ASSOCIATED COMPANIES, AND JOINT VENTURES IN THE GROUP (continued)

	Country of incorporation/ business	The Group's equity holding **2016** %	2015 %
Inactive companies			
Subsidiary companies			
UIC China Resources Pte. Ltd. ^	Singapore	**100**	100
UIC Commodities Pte Ltd ^	Singapore	**100**	100
UIC Printedcircuits Pte Ltd ^	Singapore	**100**	100
Union Commodities Pte Ltd ^	Singapore	**100**	100
Interpex Services Private Limited	Singapore	**100** +	100 +
Singland Homes (London 90) Pte. Ltd. ^	Singapore	**100** +	100 +
Asian Computer Services Pte. Ltd. @	Singapore	–	60
UIC Investments (Equities) Pte Ltd ^	Singapore	**60**	60
Associated companies			
Kogan Investments Limited @	British Virgin Islands	–	50
United Venture Investment (Thomson) Pte. Ltd.	Singapore	**40**	40
Marina Laundry Private Limited @	Singapore	–	37
Peak Venture Pte. Ltd. *	Singapore	**30**	30

Notes

+ Effective interest is 99.7%.
++ Effective interest is 99.8%.

All the subsidiary and associated companies, 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 associated companies 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.
@ Not required to be audited as the company was liquidated during the financial year.
@@ Not required to be audited as the company was in the process of being liquidated.

Five Year Summary

2012 – 2016

Group profit and loss accounts ($'000)	**2012**	**2013**	**2014**	**2015**	**2016**
Revenue	711,488	609,646	693,196	807,199	**1,036,584**
Profit before income tax	567,574	506,613	491,238	330,085	**328,215**
Income tax expense	(43,788)	(34,836)	(40,365)	(39,294)	**(49,560)**
Net profit	523,786	471,777	450,873	290,791	**278,655**
Attributable to:					
Equity holders of the Company					
– Net profit from operations	168,238	167,178	222,789	236,283	**249,419**
– Net fair value gain on investment properties	223,317	148,886	175,202	24,268	**36,626**
	391,555	316,064	397,991	260,551	**286,045**
Non-controlling interests	132,231	155,713	52,882	30,240	**(7,390)**
	523,786	471,777	450,873	290,791	**278,655**
Dividends proposed (net)	41,356	41,400	41,799	42,151	**42,573**

Group statements of financial position ($'000)	**2012**	**2013**	**2014**	**2015**	**2016**
Investment properties	5,485,300	5,738,500	5,989,900	6,095,400	**6,175,900**
Property, plant and equipment	541,885	527,812	509,151	491,926	**469,861**
Other non-current assets	592,142	688,942	760,598	654,987	**744,250**
Current assets	987,453	1,227,208	1,229,334	1,296,145	**1,231,792**
Total assets	7,606,780	8,182,462	8,488,983	8,538,458	**8,621,803**
Current liabilities	(847,772)	(808,038)	(862,859)	(865,715)	**(1,463,205)**
Non-current liabilities	(370,365)	(579,310)	(1,128,057)	(891,724)	**(123,536)**
Net assets employed	6,388,643	6,795,114	6,498,067	6,781,019	**7,035,062**
Share capital	1,401,892	1,403,772	1,446,183	1,486,638	**1,525,315**
Reserves	3,282,024	3,578,639	4,246,435	4,472,829	**4,706,632**
	4,683,916	4,982,411	5,692,618	5,959,467	**6,231,947**
Non-controlling interests	1,704,727	1,812,703	805,449	821,552	**803,115**
Total equity	6,388,643	6,795,114	6,498,067	6,781,019	**7,035,062**

Five Year Summary

2012 – 2016

Other data	2012	2013	2014	2015	2016
Profit before income tax – % of revenue	80	83	71	41	**32**
Profit attributable to equity holders of the Company					
– % of revenue	55	52	57	32	**28**
– % of share capital and reserves	8	6	7	4	**5**
Earnings per share (cents)					
– excluding fair value gain on investment properties	12.2	12.1	16.1	16.9	**17.6**
– including fair value gain on investment properties	28.4	22.9	28.7	18.6	**20.2**
Dividends proposed					
– gross per share (cents)	3.0	3.0	3.0	3.0	**3.0**
– cover (times)	4.1	4.0	5.3	5.6	**5.9**
Net asset value per share ($)	3.40	3.61	4.09	4.24	**4.39**

Statistics of Shareholdings

As at 15 March 2017

Number of Issued and Fully Paid Shares	:	**1,419,133,412 Ordinary Shares**
Class of Shares	:	**Ordinary Shares**
Voting Rights	:	**One vote per share**

DISTRIBUTION OF SHAREHOLDINGS AS AT 15 MARCH 2017

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	218	2.08	7,460	0.00
100 – 1,000	1,533	14.64	1,069,759	0.08
1,001 – 10,000	6,365	60.80	28,109,015	1.98
10,001 – 1,000,000	2,331	22.27	83,354,676	5.87
1,000,001 and above	22	0.21	1,306,592,502	92.07
Total	10,469	100.00	1,419,133,412	100.00

LIST OF 20 LARGEST SHAREHOLDERS AS AT 15 MARCH 2017

No.	Name	No. of Shares	% of Shares
1.	UOB KAY HIAN PTE LTD	614,865,685	43.33%
2.	DBS VICKERS SECS (S) PTE LTD	509,433,803	35.90%
3.	UNITED OVERSEAS BANK NOMINEES PTE LTD	77,046,953	5.43%
4.	CITIBANK NOMINEES S'PORE PTE LTD	26,057,980	1.84%
5.	DBS NOMINEES PTE LTD	21,350,126	1.50%
6.	UOL EQUITY INVESTMENTS PTE LTD	19,364,040	1.36%
7.	CHEONG SOH CHIN @ JULIE	7,307,810	0.51%
8.	CIMB SEC (S'PORE) PTE LTD	5,482,087	0.39%
9.	SHANWOOD DEVELOPMENT PTE LTD	3,089,429	0.22%
10.	MERRILL LYNCH (SPORE) PTE LTD	2,789,823	0.20%
11.	OCBC NOMINEES SINGAPORE PTE LTD	2,780,971	0.20%
12.	CHING MUN FONG	2,526,123	0.18%
13.	TYE HUA NOMINEES (PTE) LTD	2,475,821	0.17%
14.	WEE CHO YAW	1,891,719	0.13%
15.	KI INVESTMENTS (HK) LIMITED	1,489,105	0.10%
16.	HSBC (SINGAPORE) NOMS PTE LTD	1,424,024	0.10%
17.	PHILLIP SECURITIES PTE LTD	1,422,406	0.10%
18.	RAFFLES NOMINEES (PTE) LTD	1,380,758	0.10%
19.	PRIMA INVESTMENT HOLDINGS (SINGAPORE) PTE LTD	1,215,000	0.09%
20.	MAYBANK KIM ENG SECS PTE LTD	1,071,038	0.07%
	TOTAL	**1,304,464,701**	**91.92%**

Statistics of Shareholdings

As at 15 March 2017

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 15 MARCH 2017

	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	%
1)	UOL Equity Investments Pte Ltd	599,803,012 (1)	nil	42.27
2)	UOL Group Limited	33,281,388 (2)	599,803,012 (2)	44.61
3)	Dr Wee Cho Yaw	1,891,719	702,656,283 (3)	49.65
4)	Telegraph Developments Ltd	525,455,238 (4)	nil	37.03

Notes:

(1) UOL Group Limited and Dr Wee Cho Yaw have deemed interest in the UIC shares held by UOL Equity Investments Pte Ltd.
(2) Dr Wee Cho Yaw is deemed to have an interest in the UIC shares held by UOL Group Limited.
(3) Dr Wee Cho Yaw's deemed interest in the 702,656,283 UIC shares is derived as follows:

UOB Kay Hian Pte Ltd – Beneficiary: UOL Group Limited	33,281,388
UOB Kay Hian Pte Ltd – Beneficiary: UOL Equity Investments Pte Ltd	580,438,972
UOL Equity Investments Pte Ltd	19,364,040
United Overseas Bank Nominees (Pte) Ltd – Beneficiary: Straits Maritime Leasing Private Limited	63,171,615
– Beneficiary: Haw Par Capital Pte Ltd	6,400,268

(4) JG Summit Philippines Limited, JG Summit Holdings, Inc. and Dr John Gokongwei, Jr. are deemed to have interests in the UIC shares held by Telegraph Developments Ltd and Summit Top Investments Limited.

RULE 723 OF THE SGX-ST LISTING MANUAL

Based on the information available to the Company as at 15 March 2017, approximately 13.30% of the issued ordinary shares of the Company is held by the public and therefore the Company has complied with the Exchange's requirement that at least 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

Notice of Annual General Meeting

UNITED INDUSTRIAL CORPORATION LIMITED
Company Registration No. 196300181E
Incorporated in Singapore

NOTICE IS HEREBY GIVEN that the 55th Annual General Meeting ("AGM") of United Industrial Corporation Limited (the "Company") will be held at Pan Pacific Singapore, Pacific 2-3, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595, on Friday, 28 April 2017 at 1.30 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 2016 together with the Auditor's Report.

2. To declare a first and final dividend of 3.0 cents per ordinary share tax-exempt (one-tier) for the financial year ended 31 December 2016. (2015: 3.0 cents)

3. To approve Directors' fees of $308,500 for the financial year ended 31 December 2016. (2015: $308,500)

4. To re-elect the following Directors, who will retire by rotation pursuant to Article 94 of the Constitution of the Company and who, being eligible, offer themselves for re-election:

   (a) Dr Wee Cho Yaw *(See Explanatory Note 1)*

   (b) Mr Lim Hock San *(See Explanatory Note 2)*

   (c) Mr Lance Yu Gokongwei *(See Explanatory Note 3)*

   (d) Mr Alvin Yeo Khirn Hai *(See Explanatory Note 4)*

5. To re-appoint PricewaterhouseCoopers LLP as Auditor of the Company to hold office until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. *(See Explanatory Note 5)*

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

6A. That the Directors be and are hereby authorised to issue:

   (i) shares of the Company ("Shares");

   (ii) convertible securities;

   (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

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(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) (where applicable) any new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the Listing Manual; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares;

(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. *(See Explanatory Note 6)*

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Incorporated in Singapore

6B. That, pursuant to the United Industrial Corporation Limited Scrip Dividend Scheme, the Directors be and are hereby authorised:-

(i) to allot and issue, from time to time and pursuant to Section 161 of the Companies Act, Cap. 50, such number of Shares as may be required to be allotted and issued pursuant to the United Industrial Corporation Limited Scrip Dividend Scheme (provided that the issue price of a new share to be issued pursuant to the United Industrial Corporation Limited Scrip Dividend Scheme as applied to the Dividend be set at 5 per cent (5%) discount to the average of the last dealt price of a share on the SGX-ST for each of the market days during which the period commencing on the day on which the Shares are first quoted ex-dividend on the SGX-ST after the announcement of the Dividend and ending on the books closure date); and/or

(ii) to complete and to do all acts and things (including executing such documents as may be required) in connection with the United Industrial Corporation Limited Scrip Dividend Scheme as they or any of them may consider desirable, necessary or expedient to give full effect to this Resolution,

provided that 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. *(See Explanatory Note 7)*

6C. That the Directors be and are hereby authorised to:

(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, to 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. *(See Explanatory Note 8)*

By Order of the Board
Susie Koh
Company Secretary
Singapore, 7 April 2017

Note:

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 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.

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.

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

UNITED INDUSTRIAL CORPORATION LIMITED

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Explanatory Notes:

Details of all the Directors can be found in the Board of Directors' section of the Annual Report 2016.

1. Dr Wee Cho Yaw is the father of Mr Wee Ee Lim, a Director of the Company.
2. Mr Lim Hock San, if re-elected, will remain as an Executive Director. He is the President/CEO of the Group.
3. Mr Lance Yu Gokongwei is the son of Dr John Gokongwei, Jr., and nephew of Mr James L. Go, both Directors of the Company.
4. Mr Alvin Yeo Khirn Hai, if re-elected, will remain as an Audit Committee Member and will be considered as an Independent Director pursuant to Rule 704(8) of the Listing Manual.
5. The Audit Committee undertook a review of the fees and expenses of the audit and non-audit services provided by the external auditor, PricewaterhouseCoopers LLP. It assessed whether the nature and extent of the non-audit services might prejudice the independence and objectivity of the auditor before confirming its re-nomination. It was satisfied that such services did not affect the independence of the external auditor.
6. Resolution 6A proposed above, if passed, will 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 Share (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.
7. Resolution No. 6B proposed above, if passed, will empower the Directors to issue shares pursuant to the United Industrial Corporation Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of all (and not part only) the cash amount of a qualifying dividend. Please refer to the Company's announcement dated 21 February 2014 for details on the United Industrial Corporation Limited Scrip Dividend Scheme.
8. Resolution 6C proposed above, if passed, will 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 6C 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.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.

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.
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 Annual General Meeting dated 7 April 2017.

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 Annual General Meeting ("AGM") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the 55th AGM of the Company to be held at Pan Pacific Singapore, Pacific 2-3, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595 on 28 April 2017 at 1.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his /their discretion, as he/ they will on any other matter arising at the AGM.

No.	Resolutions		No. of Votes For *	No. of Votes Against *
1	Adoption of Directors' Statement, Audited Financial Statements and Auditor's Report			
2	Declaration of a First and Final Dividend tax-exempt (one-tier)			
3	Approval of Directors' Fees			
4	Re-election of Directors	(a) Dr Wee Cho Yaw		
		(b) Mr Lim Hock San		
		(c) Mr Lance Yu Gokongwei		
		(d) Mr Alvin Yeo Khirn Hai		
5	Re-appointment of PricewaterhouseCoopers LLP as Auditor			
6A	Authority for Directors to issue shares (General Share Issue Mandate)			
6B	Authority for Directors to issue shares (United Industrial Corporation Limited Scrip Dividend Scheme)			
6C	Authority for Directors to issue shares (United Industrial Corporation Limited Share Option)			

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Otherwise, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017

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 registered 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.

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Affix
Postage
Stamp

The Company Secretary
UINITED INDUSTRIAL CORPORATION LIMITED
(Company Registration No. 196300181E)

24 Raffles Place
#22-01/06 Clifford Centre
Singapore 048621

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Fold this flap for sealing

United Industrial Corporation Limited

Company Registration No. 196300181E
Incorporated in Singapore

24 Raffles Place #22-01/06, Clifford Centre, Singapore 048621
Tel: (65) 6220 1352 | Fax: (65) 6224 0278

www.uic.com.sg