

ANNUAL REPORT
2014





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Proxy Form

GROUP FINANCIAL HIGHLIGHTS

REVENUE (\$'million)

2010	1,194
2011	806
2012	711
2013	610
2014	693

ATTRIBUTABLE PROFIT (\$'million)

2010	837
2011	195
2012	392
2013	316
2014	398

TOTAL ASSETS (\$'million)

2010	7,018
2011	7,245
2012	7,607
2013	8,182
2014	8,489

SHAREHOLDERS' EQUITY (\$'million)

2010	4,106
2011	4,308
2012	4,684
2013	4,982
2014	5,693

(\$'million)	2010	2011	2012	2013	2014
Revenue	1,194	806	711	610	693
Net profit from operations	278	200	168	167	223
Net fair value gain/(loss) on investment properties	559	(5)	223	149	175
Attributable profit	837	195	392	316	398
Total assets	7,018	7,245	7,607	8,182	8,489
Shareholders' equity	4,106	4,308	4,684	4,982	5,693



CHAIRMAN'S STATEMENT

The Group achieved a revenue of \$693.2 million, an increase of \$83.6 million (14%) over 2013 with higher residential property sales, hotel operations revenue and rental income.

2014 Review

The Singapore economy grew by a modest 2.9% in 2014, down from the 4.1% growth in 2013.

Notwithstanding the softened economy, the office leasing market remained firm in 2014 in view of the lack of new office developments coming on stream. The retail and hotel sectors, however, continued to face manpower issues and rising costs amid the decline in the number of visitors, particularly from China.

The residential market trended downwards as buyers continued to be restrained by property cooling measures and the implementation of the Total Debt Servicing Ratio framework. With cautious sentiments amongst buyers, demand remained soft.

Performance Review and Dividend

The Group achieved a revenue of \$693.2 million, an increase of \$83.6 million (14%) over 2013 with higher residential property sales, hotel operations revenue and rental income.

Sales of residential properties grew by 53% to \$184.2 million with progressive sales revenue recognition from 'V on Shenton', 'Alex Residences' and 'Mon Jervois', on a percentage of completion basis.

Revenue from hotel operations experienced a 12% increase to \$147.3 million with higher room and occupancy rates at Pan Pacific Singapore, which also recorded an increase in food and beverage revenue. It re-opened in September 2012 after a major renovation.

The Group's gross rental income from investment properties rose marginally by 2% to \$275.6 million.

Joint-venture residential projects, namely 'Archipelago' and 'Thomson Three', enjoyed recognition of development profits, which led to a 91% increase in joint-ventures' profit to \$37.2 million.

Overall net profit from operations at \$222.8 million improved by \$55.6 million, or 33%, driven by the higher revenue, contributions from joint-venture residential projects as well as a higher share in Singapore Land Limited's ('SingLand') operating profit, arising from UIC's increased shareholding in SingLand to nearly 100% through a voluntary cash offer.

Revaluation of investment properties by professional valuers at year end showed a net fair value gain of \$175.2 million (2013: \$148.9 million), representing a 3% increase in capital values. With the fair value gain, the Group ended the year with a net attributable profit of \$398.0 million, an increase of 26% over 2013.

The Board is recommending a first and final tax-exempt (one-tier) dividend of 3.0 cents (2013: 3.0 cents) for the financial year ended 31 December 2014. The payout will amount to \$41.8 million (2013: \$41.4 million).

Singapore Office and Retail Properties, Hotels

During the year, the Group's office buildings achieved an overall occupancy of 97%. Gross rental income from office properties was \$177.8 million, compared to \$172.2 million in 2013.

Work on the redevelopment of the former UIC Building site at 5 Shenton Way is progressing on schedule. Targeted to complete by July 2017, the development, comprising a 23-storey office tower with 280,000 square feet of Grade A office space and a 54-storey residential tower named 'V on Shenton', will be an impressive landmark in Shenton Way.

Marina Square progressed with the second phase of its asset enhancement works to develop a new retail wing with about 150,000 square feet of retail space over three floors facing Marina Bay and the Esplanade. The completion of the first phase of asset enhancement had already added 35,000 square feet of space in an area called 'The Dining Edition', featuring 16 mid- to high-end restaurants. When all phases are completed, Marina Square's total lettable area will be about 750,000 square feet, making it one of the largest retail malls in Singapore and enabling it to realign its market position to appeal to young professionals, a market segment that is increasingly important.

Marina Mandarin Singapore and Mandarin Oriental, Singapore were able to maintain good occupancy and room rates despite slower visitor arrivals during the year. Pan Pacific Singapore continued to achieve improved performance from last year, following the completion of its refurbishment in late 2012. However, more stringent labour quotas and higher foreign worker levies led to higher manpower costs, which affected the hotels' profitability. All three hotels introduced various initiatives to improve

staff retention, service standards and productivity during the year.

West Mall continued to be a popular shopping destination for residents in the Bukit Batok, Jurong East, Hillview and Upper Bukit Timah areas. The mall enjoyed almost full occupancy and maintained its total revenue despite challenging retail conditions. During the year, West Mall embarked on some asset enhancement improvements to ensure the mall's vibrancy and competitiveness.

Novena Square, in which the Group has a 20% interest, achieved a 99% occupancy for its 'Velocity@Novena Square' retail mall and 97% occupancy for its two office towers. In addition to its popular signature events, the mall introduced novel sports events to draw in local crowds. These included the first-ever vertical soccer performance staged in Singapore and the screening of live soccer matches during the FIFA World Cup 2014.

Singapore Residential Projects

To date, 70% of the 510 apartments at 'V on Shenton', the residential tower of the UIC building redevelopment project, were sold. At boutique development 'Mon Jervois', 34% of 109 units were sold and at the 40-storey 'Alex Residences', 53% of 429 units were sold during the year.

The Group's latest development 'Pollen & Bleu' is expected to be launched in 2015. The residential development, comprising 106 units, is nestled in the lush greeneries of the Farrer Drive residential enclave.

The Group also holds 50% stakes in two joint-venture developments with UOL Group. 'Thomson Three', located near the future Upper Thomson MRT Station, comprises 435 apartments and 10 strata houses. The project was 96% sold by the end of 2014. The other development, the 'Archipelago' at the edge of Bedok Reservoir Park with 577 units, is 99% sold and expects to obtain its Temporary Occupation Permit in 2015.

Overseas Investments

In China, the Group's wholly owned 'The Excellency' in Chengdu was 77% sold by the end of 2014. This mixed development comprises two 51-storey residential blocks and 3,300 square metres of retail and commercial space, strategically located close to the Chun Xi shopping belt.

The Group also holds a 51% stake in the Westin Tianjin Hotel, which achieved an average occupancy of 60% in 2014. The award-winning hotel is centrally located and nestled among Tianjin's historic concession precincts, appealing to both business and leisure travellers.

In Shanghai, the Group, UOL Group Ltd and Kheng Leong Company (Private) Limited with shareholdings of 30%, 40% and 30% respectively are jointly developing the Shanghai Chang Feng predominantly residential project. The development sits on a 39,540 square metre site, located within the Chang Feng Ecological Business Park, 10 kilometres from the Bund. The project is slated for its sales launch in the third quarter of 2015.

Delisting of Singapore Land Limited

During the year, the Group initiated a voluntary unconditional cash offer to acquire all the issued and paid-up ordinary shares in SingLand at an offer price of \$9.40 (inclusive of 20 cents dividend per share). At the close of the offer period on 25 April 2014, the Company owned 97.27% of SingLand's shares. This was followed by a three-month final exit offer, up to 12 August 2014, to buy the balance shares at \$9.20 per share. At the close of that exit offer, the Company held 99.5% of SingLand's shares. SingLand was subsequently delisted from the Official List of the SGX-ST on 25 August 2014.

Outlook for 2015

Singapore's economy is expected to post modest growth of between 2% and 4% in 2015. Although the office market is forecast to continue its upward trend in the short term, the pace is likely to be gradual, since growth is likely to be

driven by the lack of new supply rather than strong underlying demand.

The residential market will continue to remain subdued with the property cooling measures in place and a strong supply of completed housing units.

As the current retail market remains a challenge with the opening of many new malls in the Orchard Road belt and suburban areas, there is a need to adapt to meet market needs. The retail, service and food and beverage sectors continue to face manpower shortages and escalating operation costs, leading many retailers to consolidate their businesses.

Against the backdrop of increasing competition from the supply of new hotel rooms in Singapore, and slower visitor growth, the hotel industry is expected to remain competitive in 2015. Nevertheless, the change in visitors' profile, with a longer average length of stay, will help to mitigate the challenges faced. The higher foreign worker levies and the tight labour market will continue to impact manpower costs in the service-intensive sector.

The Group intends to leverage its financial strength and market knowledge to remain competitive and capture new opportunities as they arise.

Acknowledgement

In closing, I would like to express my sincere gratitude, on behalf of the Board, to our shareholders, business partners, customers, tenants, management and staff for their continued support. I would also like to thank my fellow directors for their stewardship and guidance throughout the year.

WEE CHO YAW

Chairman

February 2015

BOARD OF DIRECTORS



WEE CHO YAW

Dr Wee Cho Yaw was appointed a Director and Chairman of United Industrial Corporation Limited ("UIC") in 1992. He has more than 50 years of experience in the banking industry. Dr Wee is the Chairman Emeritus and Adviser of United Overseas Bank Limited and Far Eastern Bank Limited. He is the Chairman of United Overseas Insurance Limited, UOL Group Limited, Haw Par Corporation Limited, Pan Pacific Hotels Group Limited, Marina Centre Holdings Private Limited and the Wee Foundation. He was the Chairman of United International Securities Limited from 1973 to 2013 and Singapore Land Limited from 1996 to 2014.

Dr Wee is the Honorary President of the Singapore Federation of Chinese Clan Associations, Singapore Chinese Chamber of Commerce and Industry and Singapore Hokkien Huay Kuan. He was appointed Pro-Chancellor of Nanyang Technological University in 2004. Honorary Doctor of Letters were conferred on him by the National University of Singapore in 2008 and the Nanyang Technological University in 2014. He received Chinese High School education.

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

In 2011, the Government of Singapore awarded Dr Wee the Distinguished Service Order, the highest National Day Award, for his contributions towards the community and education.



JOHN GOKONGWEI, JR.

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. and Chairman and Chief Executive Officer of Robinsons Retail Holdings, 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., 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.



LIM HOCK SAN

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 and the Chairman of the National Council On Problem Gambling.

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 Certified Public Accountants of Singapore.



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 and Deputy Chief Executive Officer 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.



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.



HWANG SOO JIN

Mr Hwang Soo Jin was appointed a Director of UIC in January 2003 and is currently 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.



**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 the 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. and Neptune Orient Lines Limited. He resigned on 26 August 2014 as Director of Singapore Land Limited. Mr Yeo is a Member of Parliament.

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).



YANG SOO SUAN

Mr Yang Soo Suan was appointed a Director of UIC on 27 April 2012 and is currently the Chairman of the Audit Committee. He is an architect by training and has more than 48 years of professional practice experience.

He is a Director of United Overseas Insurance Limited and United International Securities Ltd., and currently the Chairman of the Audit Committee for 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.



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. In addition, he sits on the board of directors of UOL Group Limited, Hua Han Bio-Pharmaceutical Holdings Limited (a company listed on the Hong Kong Stock Exchange) and Wee Foundation. He was previously a Director of Pan Pacific Hotels Group Limited and Singapore Land Limited.

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



**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.. He is the President and Chief Executive Officer of Universal Robina Corporation, Cebu Air, Inc., JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Vice Chairman and Chief Executive Officer of Robinsons Land Corporation. He is also the Chairman of Robinsons Bank, Vice Chairman of Robinsons Retail Holdings, Inc., 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.



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., Equicom Information Technology, Equicom Inc., Equicom Manila Holdings, Medilink Network, Inc., CIBI Information Inc., and Equitable Development Corporation. From Year 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.

CORPORATE GOVERNANCE REPORT

The Company 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 material 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 Company. 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") and Audit Committee ("AC") 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' interests and the Company's assets; (c) review the business results of the Company and monitor the performance of Management; (d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation; (e) set the Company'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; and (g) assume responsibility for corporate governance, act in good faith and in the interests of the Company.

The Board delegates certain functions to the NC, RC and AC (collectively, the "Board Committees") which each has its own written terms of reference. Each Committee reviews specific issues and reports its decisions to the Board, which endorses the Board Committees' recommendations and accepts ultimate responsibility on all matters.

The membership of the various Board Committees is set out on page 21 of this Report.

The schedule of all Board and Board Committees meetings for the next calendar year is planned in advance in consultation with the Board. The Board meets on a quarterly basis and as and when warranted by circumstances. Telephonic conferences at Board meetings are permitted under the Company's Articles of Association ("Company's Articles"). The Board and Board Committees may also make decisions by way of circulation of Resolutions. The number of Board and Board Committees meetings held in 2014, as well as the attendance of each Board member at these meetings, are disclosed below:

Name	Attendance at 4 Board Meetings	Attendance at 5 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.	4	n/a	n/a	n/a
Lim Hock San	4	n/a	n/a	n/a
James L. Go	3	4	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	3	n/a	n/a	n/a
Alvin Yeo Khirn Hai	4	3	n/a	1
Yang Soo Suan	4	5	1	n/a

The Company has adopted internal guidelines and financial authority limits structure which set forth matters that require Board approval. Under these guidelines, Board approval is required for material commitments and payments 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, Memorandum and Articles of Association, and corporate and organisation charts, and if applicable, charters of each Board Committee they represent. The Company conducts induction and orientation programmes for all incoming directors to introduce and familiarise them with the Company'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 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 Singapore Institute of Directors and Institute of Singapore Chartered Accountants. 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 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 business and material announcements issued to/by SGX-ST and 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 affecting the Board.

BOARD 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 5 to 8 of this Report.

The independence of each Director is reviewed annually by the NC. For financial year 2014, the independence of Mr Alvin Yeo Khirn Hai and Mr Hwang Soo Jin who has each served on the Board beyond 9 years were subjected to particularly rigorous scrutiny. 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 on Page 12 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 Company'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.

In addition, non-executive Directors effectively check on Management by constructively challenging Management's proposals, assisting in the development of strategic proposals and overseeing and monitoring the reporting of the performance of Management in meeting agreed goals and objectives.

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 they are not related to each other.

The Chairman's responsibilities include: (a) leading the Board; (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 from amongst them. The regular and active interactions amongst them at Board and Board Committees meetings provide sufficient opportunities for them to co-ordinate and work together as a group. To-date, there have been no complaints from shareholders of non-accessibility of independent Directors on account of the absence of a lead.

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 candidates will be closely examined by the NC for suitability and recommendation to the Board.

When the need arises, the Committee and the entire 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 an incoming director based on the requirements of the Group, taking into account broader diversity considerations such as age, gender and nationality/ethnicity, and recommends to the Board the appointment of the new director. The NC conducts a yearly review of the re-appointment of Directors. In line with the Company's Articles, the Directors submit themselves for re-election on regular intervals of at least once every three years except in the case of a newly appointed director who is required to retire and submit himself for re-appointment at the next Annual General Meeting ("AGM") following his appointment.

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

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 2014, 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 of WongPartnership LLP, which has provided legal services to the Company and its subsidiaries for the year 2014, for total fees of more 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 Company.

The NC assessed the independence of character and judgment of each of the independent Director and is satisfied with their openness and in-depth knowledge of the Company's business. The NC also noted that they have independent mindsets and have acted objectively at all times in the interests of the Company and its shareholders.

The Board, having considered the NC's recommendations and weighing the need for the Board's refreshment against tenure, deems Mr Alvin Yeo Khirn Hai and Mr 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 Company and has participated actively and robustly in Board discussions and meetings, and related Board Committees meetings.

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 Committees.

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 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 Data" on page 21.

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. 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 their duties responsibly, taking into account the individual Director's industry knowledge and/or functional expertise, contribution and workload requirements, sense of independence, attendance and participation at the Board and Board Committees 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 2014, 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 Committees meetings, Directors are provided with Board papers and related materials one week in advance and any additional material or information requested by the Directors would be promptly furnished. The Directors also have separate and independent access to the Company Secretary and Management.

The Company Secretary attends all Board and Board Committees meetings and ensures that good information flow within the Board and its Committees and between Senior Management and non-executive Directors. The Board 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 Company 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 Executive Share Option Scheme ("ESOS") of United Industrial Corporation Limited ("UIC") applicable to the Company and its Group and proposing any amendment/update, 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 UIC ESOS,

to qualifying executives including executive Directors 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 Company. 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 Company's performance targets via Key Performance Indicators ("KPIs") such as Profits, Return on Equity, total Shareholders Returns, leasing rates and residential properties sale and will also benchmark the KPIs against 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 Board's endorsement for each Director and Senior Management/key management personnel, the RC covers all aspects of remuneration, including but not limited to Director's 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 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's/CEO's remuneration is decided by the RC and the President/CEO is not present in 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 Company's long term goals and risk policies, 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 Company.

A proportion of the Company's executive Director 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 Company and takes into account the risk policies of the Company. The remuneration consists of the following components:

- (a) fixed remuneration, which includes his 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 include 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 UIC 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 Company. Details of the UIC ESOS are set out in the Directors' Report section of UIC's Annual Report on page 37 under Share Options and can also be found on UIC website www.uic.com.sg.

For the full year 2014, 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. The Chairman and Deputy Chairman of the Board and Chairperson of each Board Committee receive more than the basic fee in view of the greater responsibility carried by that office. The RC ensures that the recommended compensation commensurates with the effort, time spent and role of the non-executive Directors. The payment of Directors' fees is subject to shareholders' approval at the Company's AGM and there is no share-based compensation scheme.

In respect of the share option scheme, the RC also ensures that there are appropriate contractual provisions which will allow the Company to reclaim incentive components of remuneration from them 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.

Remuneration of Directors for the Year Ended 31 December 2014 is as follows:

Remuneration 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	57	32	1	10	1,254
Non-Executive Directors					
Wee Cho Yaw	n/a	n/a	100	n/a	92
John Gokongwei, Jr.	n/a	n/a	100	n/a	55
James L. Go	n/a	n/a	100	n/a	74
Lance Yu Gokongwei	n/a	n/a	100	n/a	29
Gwee Lian Kheng	n/a	n/a	100	n/a	44
Hwang Soo Jin	n/a	n/a	100	n/a	60
Antonio L. Go	n/a	n/a	100	n/a	27
Wee Ee Lim	n/a	n/a	100	n/a	29
Alvin Yeo Khirn Hai	n/a	n/a	100	n/a	59
Yang Soo Suan	n/a	n/a	100	n/a	59

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

Remuneration of top five Key Executives (who are not Directors) for the Year Ended 31 December 2014 is as follows:

Remuneration Band and Name of Key Executive	Base/ Fixed Salary %	Variable or Performance- Related Income/ Bonuses %	Share Options Granted, Allowances and Other Benefits %
\$500,000 - \$750,000			
Michael Ng Seng Tat	60	22	18
\$250,000 - \$500,000			
Loy Chee Chang	56	15	29
Han Chan Juan	62	15	23
Goh Poh Leng	52	17	31
Koh Kim Meng	61	19	20

The total aggregate remuneration paid to the above top five key executives is \$2,118,923.

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 2014 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 2014.

INFORMATION ON KEY EXECUTIVES

Michael Ng Seng Tat (Group General Manager)

Mr Michael Ng Seng Tat was the Managing Director of Savills Singapore before joining the Group in October 2010. His other previous appointments were Managing Director of Hamptons International; General Manager of the real estate arm of COSCO Singapore where he handled investment and development projects in Singapore and China; and Associate Director of investment sales at Richard Ellis. He was a member of the Strata Titles Board from 1999 to 2008.

He holds a Bachelor of Science (Estate Management) Honours degree from National University of Singapore. Mr Michael Ng is in charge of property investments and development projects for the Group.

Loy Chee Chang (Senior Financial Controller)

Mr Loy Chee Chang graduated from the National University of Singapore in 1982 with a Bachelor of Accountancy degree and worked in Pricewaterhouse, Singapore as an auditor from 1982 to 1991. He joined UIC in 1991 as its Financial Controller. He is the Senior Financial Controller of both UIC and Singapore Land Limited.

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.

Koh Kim Meng (General Manager, Projects & Development)

Mr Koh Kim Meng joined in 2007 as General Manager responsible for projects and development. Prior to joining, he had at various points of his career, overseen the project development, marketing and property management functions, the most recent of which was with One Marina Property Services Pte Ltd/Choice Homes.

He graduated with Second Class Upper Honors in Civil Engineering from the Loughborough University, UK in 1989 and possesses a Diploma in Structural Engineering from the Singapore Polytechnic, as well as a Certificate in Management Studies from the Institute of Management Studies.

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 required by 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 statement, balance sheet, performance statistics and explanations for significant variances against budget on a monthly basis and significant variances against prior year's actual on a quarterly basis. In addition, the Management also provides other business reports on a quarterly basis and as the Board may require from time to time.

Risk Management and Internal Controls

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 Company 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.

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 makes 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 AC and/or 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 exercise is submitted to the AC, on a quarterly basis.

The AC reviews the Group's key risks and level of risk tolerance, assesses the adequacy and effectiveness of the Company'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 2014, the Board received assurance from the President/CEO and Senior Financial Controller that the Company'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 internal and external auditors, the RMC, the AC and the Board, 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 their cost effectiveness; (b) reviews the significant financial reporting issues and judgments made and any announcements relating to the Group's financial performance; (c) reviews and report 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 Company's officers to the external and internal auditors; (f) commissions investigations into, and review, 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 external auditor annually; and (j) decides and awards major tender contracts.

The AC has (a) explicit authority to investigate any matter within its Terms of Reference; (b) full access to and co-operation by Management; (c) full discretion to invite any Director or executive Director to attend its meetings; and (d) reasonable resources to enable it to discharge its functions properly.

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

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.

During financial year 2014, the AC held five meetings. The announcements of the quarterly and full year results and the financial statements of the Group and the Auditor's Report thereon for the full year were reviewed by the AC prior to consideration and approval of the Board. The AC has met with the external and internal auditors, without the presence of Management, at least once during the financial year. For financial year 2014, the AC undertook a review of the fees and expenses of the audit and non-audit services provided by the external auditor, PricewaterhouseCoopers LLP. Details of the aggregate amount of fees paid to the external auditor and the breakdown of fees payable in respect of audit and non-audit services can be found on 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 their independence and that they have the requisite resources and expertise to do their work. The AC then recommended to the Board, for shareholders' approval, the proposal to re-appoint the external auditor and their remuneration.

The Company confirms that Rules 712 and 715 of the SGX-ST Listing Manual on the appointment of Auditor have been complied with. Please refer to Note 35 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 Company 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 set and experience, is guided by the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, and reports directly to the AC Chairman and, administratively, to the President/CEO.

The Company'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. 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.

SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

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

The Company's investor relations policy 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 announcements 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. Briefings and meetings with analysts are also held upon request.

In the interest of transparency and broad dissemination, material announcements are posted on the Company's website at www.uic.com.sg.

To encourage shareholder participation, shareholders will receive the Summary Financial Report and notice of the AGM, one month prior to the AGM. Full Annual Report will be provided upon shareholders' submission of a Request Form to the Company. The notice of AGM is also advertised in the main press and issued via SGXNET. At the AGM and immediately thereafter, shareholders have the opportunity to communicate their views and discuss with the Board and Management on matters affecting the Company.

The respective Chairmen of the Board Committees, namely the AC, NC and RC, and the external auditor 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.

The Company's Articles allow a shareholder of the Company to appoint up to 2 proxies to attend and vote in his or her place at general meetings. In the case of shareholders who hold shares through companies which provide nominee or custodial services, the Company allows the beneficiaries and CPF Investors to attend general meetings as observers.

To ensure transparency in the voting process and better reflect shareholders' interest, 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 substantially 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 Group 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 with respect to dealings in the Company’s securities. Circulars are issued to all Directors and employees of the Company and its subsidiaries to remind them of, inter alia, laws of insider trading and the importance of not dealing in the shares of the Company and within the Group 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 POLICIES

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

Pursuant to Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions (“IPT”), no IPT was entered into during the financial year.

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 except for:

- (a) Singland China Holdings Pte. Ltd. (a wholly owned subsidiary of Singapore Land Limited), 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 Parcel 11, Changfeng District, Shanghai, PRC, into a mixed use development comprising residential units and 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 wholly owned subsidiary of Singapore Land Limited) 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 wholly owned subsidiary of Singapore Land Limited) and UOL Venture Investments Pte Ltd. (a subsidiary of UOL Group Limited) have established a joint venture company in United Venture Development (Thomson) Pte Ltd on a 50:50 basis to develop Thomson Three, a residential development at Bright Hill Drive. The purchase price of the land was S\$292 million.

The aforesaid transaction between the two parties 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.

CORPORATE DATA

Board of Directors	Board Appointment	Date of Initial Appointment	Date of Last Re-Election
Wee Cho Yaw	Non-Executive Chairman	26.06.92	25.04.14
John Gokongwei, Jr.	Non-Executive Deputy Chairman	27.07.99	25.04.14
Lim Hock San	President & Chief Executive Officer	01.04.92	25.04.14
Antonio L. Go	Non-Executive and Independent Director	25.04.07	25.04.14
James L. Go	Non-Executive Director	28.05.99	25.04.14
Lance Yu Gokongwei	Non-Executive Director	28.05.99	27.04.12
Gwee Lian Kheng	Non-Executive Director	28.05.99	25.04.14
Hwang Soo Jin	Non-Executive and Independent Director	31.01.03	25.04.14
Wee Ee Lim	Non-Executive Director	28.05.99	26.04.13
Yang Soo Suan	Non-Executive and Independent Director	27.04.12	25.04.14
Alvin Yeo Khirn Hai	Non-Executive and Independent Director	11.09.02	27.04.12

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

Auditor

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

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Company Registration Number

196300181E

MANAGEMENT REVIEW



2014 Overview

After a rather flat growth in the first half of the year, the office market picked up in the third quarter and ended the year on a higher note in view of the lack of new office supply in 2014. The residential market remained in the doldrums as buyer's affordability was constrained by the Total Debt Servicing Ratio framework which limits individuals' borrowings. Primary sales volume dropped by 50% to about 7,300 units compared to 2013. Consequently, prices weakened gradually since its peak in the third quarter of 2013.



*Artist's impression of
5 Shenton Way*



Singapore Land Tower

PROPERTY PORTFOLIO

SINGAPORE COMMERCIAL OFFICE PROPERTIES

Commercial Development at 5 Shenton Way

Construction work is in progress for the iconic development comprising a 23-storey office tower and a 54-storey residential tower at the former UIC Building site at 5 Shenton Way. The development, designed by world-renowned UN Studio in collaboration with local architectural firm, Architects 61, is expected to be fully completed by July 2017. When completed, the office tower will yield 280,000 square feet of Grade A office space.

Singapore Land Tower

Singapore Land Tower continued to perform well in the year under review. Notwithstanding the intense competition from the newer Grade A buildings within the Raffles Place/New Downtown micro-market, the building managed to maintain its rental income and achieved average occupancy of 97%.

In keeping with our continuous effort to improve the performance of the building's equipment such as chillers and cooling towers, an Energy Audit Specialist was engaged to carry out a detailed study of the energy efficiency of the building and ensure compliance with the authorities' requirements and to meet tenants' needs.



Clifford Centre

Clifford Centre

Clifford Centre is located in the heart of Raffles Place, the financial district of Singapore. Despite being the oldest building in the Group, the building managed to improve its average occupancy by 6 percentage points to 98%, with rental income at 9% higher compared to the previous year.

The retail premises, which formed 20% of the total lettable area, contributed about 23% of the total rental revenue. To help retail tenants maintain healthy sales revenue, year-end marketing promotions were organised during the festive period.

A series of upgrading works were undertaken as part of our on-going programme to enhance the building's facilities. These included the replacement of blowers for the Air Handling Unit, floor tiles at service lift lobbies, transformer cables as well as the repainting of corridors on all floors.

SGX Centre

Located along 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. In the year under review, SGX Centre managed to improve rental income by 3% and maintained average occupancy at 98%.

The Group continued to serve as the managing agent for SGX Centre during the year and maintained the facilities in good and serviceable condition to serve tenants better.



SGX Centre



The Gateway

The Gateway

The twin towers are located along Beach Road, just outside the Central Business District. Although 29% of its leases expired during the year, the twin buildings managed to achieve average occupancy of 97% and improve rental revenue by 5% compared to the preceding year. During the year, washrooms were upgraded in phases and additional CCTV cameras were installed at staircases and service lift lobbies to provide better security coverage for the building.

Stamford Court

Stamford Court is a neo-classical office cum retail boutique building situated at the junction of Stamford Road and Hill Street, directly opposite the Singapore Management University.

In the year under review, the building maintained its rental income and achieved average occupancy of 96%.

ABACUS Plaza and Tampines Plaza

The twin office towers in the Tampines Regional Centre are within walking distance to the Tampines MRT station and several shopping malls.

In the year under review, 61% of leases expired in ABACUS Plaza. Notwithstanding the high percentage of expiries, the building managed to maintain its rental income and achieved 100% occupancy from the second half of 2014 onwards. In the case of Tampines Plaza, the building managed to improve its rental income by 4% and achieved full occupancy from September 2014.

During the year, the buildings' car park systems were upgraded to full Electronic Parking System (EPS). With this upgrade, tenants and visitors can enjoy smoother traffic flow in both buildings.



Stamford Court



ABACUS Plaza and Tampines Plaza

PROPERTY PORTFOLIO

SINGAPORE COMMERCIAL RETAIL PROPERTIES



Marina Square

Marina Square Shopping Mall

Marina Square Shopping Mall, with approximately 600,000 square feet of net lettable retail space, has a broad mix of tenants offering a diverse selection of shopping, dining and lifestyle options.

Reinforcing its position as a prime shopping destination within the Marina Centre area, there are international fashion labels such as Massimo Dutti, Zara, Desigual, Promod, Berksha and more. Other international stores in Marina Square include Japanese lifestyle store, MUJI, and UK department store, Marks & Spencer.

In June 2014, an established Australian fast-fashion label, TEMT, opened its third store in Marina Square. A new-to-market café, Teddy & Me, serving desserts and light savouries with the popular British icon, "Mr Bean" as its theme opened in mid 2014. The Planet Traveller (a travel goods and lifestyle store) relocated to a more prominent location with a brand new look. Established sports label, Royal Sporting House, also relocated to the sports cluster on Level 3.

quarter of 2015. Upon its completion, the total net lettable area of the mall will be approximately 750,000 square feet, making it one of the largest retail malls in Singapore. The expansion will enable Marina Square to realign its marketing positioning and cater better to the young professionals, which is an increasingly important market segment.

The advertising and promotional activities during the year included the iconic balloon event that was held during the March school holidays. The thematic balloon display included colourful scenic wildlife, indigenous tribesmen and a colossal pirate ship constructed with a novel walk-through tunnel filled with treasures. The pirate ship has made a record in the Singapore Book of Records, for the third consecutive year, as the tallest balloon sculpture installed in Marina Square. In April, in conjunction with the Spring Summer Campaign, Marina Square partnered The Straits Times Urban to hold a Spring Makeover Contest where winners were unveiled at the awards party held at The Dining Edition. The Spring Makeover Contest was submitted by Singapore Press Holdings Ltd for the Singapore Media Awards 2014.



*Artist's impression of the
new retail and dining wing*

The Dining Edition, the first phase of asset enhancement works, has 16 exciting mid-to-upscale restaurants serving international cuisine. Following that, Marina Square progressed into the second phase of its asset enhancement works with the development of

approximately 150,000 square feet of new retail wing, facing the Marina Bay and The Esplanade. The new retail wing, comprising three new levels of retail and dining, is slated for completion in the second

Marina Square Hotels

Visitor arrivals in Singapore were reportedly softer than expected in 2014 as there was a decline in the number of visitors. With socio-political factors and global and economic concerns weighing down on travel demand, performance was held back in the year for the three Marina Square hotels; Pan Pacific Singapore, Marina Mandarin Singapore and Mandarin Oriental, Singapore. The on-going implementation of more stringent labour quotas, higher foreign worker levies and the effects of higher wages have an impact on the hotels' profitability. Nevertheless, the hotels have introduced various initiatives to improve staff retention, service standards and productivity.



West Mall

West Mall continued to be a popular shopping destination for residents in the Bukit Batok, Jurong East, Hillview and Upper Bukit Timah precincts.

West Mall ushered in Lunar New Year with its traditional Lion and Dragon Dance performances. During the year, the mall hosted the 8th Singapore Boys Championship in March and the first ever Human Foosball Challenge in June. For food enthusiasts, local Malay food legend, chef Aziza Ali, was invited to conduct a workshop during the Hari Raya festive season to share specially created delectable recipes and plating ideas to spice up the festive spread.

In October, West Mall celebrated its 16th Anniversary with a slew of activities including a lucky draw featuring a Volkswagen Golf GTI as the top prize. The mall ended the year with the exclusive Forever Friends Christmas celebration performance from United Kingdom with a host of attractive shopping offerings.

In support of community outreach, West Mall hosted a series of events such as the ExxonMobile Blood Donation Drive, the Glamour and Dazzle Mother's Pageant in conjunction with Jurong GRC and was the venue sponsor for Yusof Ishak Secondary School's 50th Anniversary with Speaker of Parliament, Mdm Halimah Yacob, as the Guest of Honour.

In the year under review, the mall enjoyed almost full occupancy and maintained its total revenue despite challenging retail conditions.

West Mall continued its upgrading programme to keep the mall up to date to compete with newer malls in the vicinity.

Novena Square

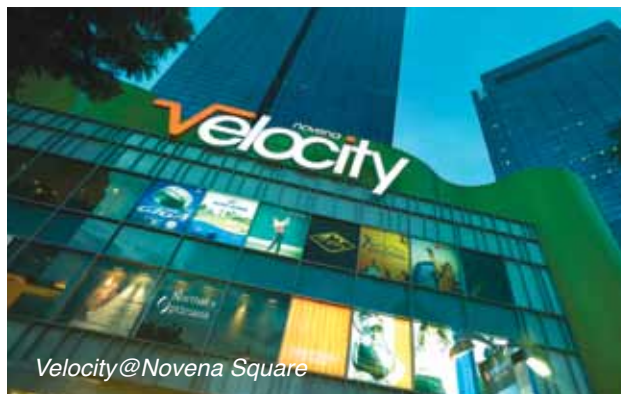
The Group has a 20% interest in Novena Square, a commercial development located above the Novena MRT Station. For the year 2014, the development enjoyed 99% occupancy for the retail mall, Velocity@ Novena Square ("Velocity") and 97% occupancy for office towers A and B.

In 2014, Velocity introduced some new sports events and also maintained popular signature events for the mall. Capitalising on the popularity of stunt biking, Velocity brought back the stunt biking competition with more local and overseas participants.

In addition, 2014 coincides with the FIFA World Cup and Velocity took soccer to another level by staging the first vertical soccer performance in Singapore where soccer is played on a 15-metre high wall. Shoppers were treated to a visual feat and live soccer match screenings in the mall gathered and kept them shopping during this World Cup season.

The ever-popular Velocity B-ball Battle created a splash within the basketball community by having a whopping 92 teams taking part in the competition, almost doubling the number of participating teams in 2013.

Velocity continued to be a preferred venue for race kit collections with Marina 21km Run, OSIM Extreme Trail, NS Home Team Real Run, Saloman City Trail Run, Mizuno Wave Run and Race Against Cancer among others.



PROPERTY PORTFOLIO

SINGAPORE RESIDENTIAL PROPERTIES



Artist's impression of V on Shenton

V on Shenton

Construction work is in progress on the former UIC building site to build a twin tower, comprising a 54-storey residential building and a 23-storey Grade A office building. As at December 2014, up to eight storeys of the structure for lift core was completed. Strategically located along Shenton Way, it is one of the prime commercial locations in the core Central Business District that is within close proximity to Raffles Place/New Marina Bay Financial District. The development is designed by world-renowned Dutch architect, Ben van Berkel of UN Studio, working in collaboration with local architectural firm, Architects 61.

As at the end of 2014, 70% of 510 units of the residential tower have been sold.

Mon Jervois

The 96,424 square feet site is located in District 10 in the vicinity of embassies and Good Class Bungalows in Jervois Road and Bishopsgate. The five-storey boutique development with 109 units was launched in April 2013 and is 34% sold as at the end of 2014.



Artist's impression of Mon Jervois

Alex Residences

Located at Alexandra View, the 69,980 square feet site is within walking distance to the Redhill MRT Station and is close to Orchard Road as well as the Central Business District. The iconic high-rise development comprising 429 units was launched in November 2013 and is 53% sold as at the end of 2014.

Pollen & Bleu

Close to the city centre, this 67,471 square feet site is nestled in the lush greeneries of private residential enclave in Farrer Drive and within 1 to 2 kilometres of two top primary schools such as, Nanyang Primary and Raffles Girls' Primary. The development comprising three 8-storey blocks with 106 exclusive units is expected to be launched in 2015.

Thomson Three

Located along Upper Thomson Road, the 144,636 square feet site is within 200 metres from the upcoming Upper Thomson MRT Station and near Ai Tong Primary School. The Group acquired this site together with UOL Group on a 50:50 basis. The high-rise development comprises 435 apartments and 10 strata houses with condominium facilities. The project was launched in September 2013 and is 96% sold as at the end of 2014.

Archipelago

The 491,080 square feet site, located at the edge of Bedok Reservoir Park, comprises a 5-storey condominium with 553 apartments and 24 strata houses. This 50:50 joint venture project with UOL Group Limited was launched in December 2011 and is 99% sold. It is expected to obtain its TOP in 2015.



Artist's impression of Alex Residences



Artist's impression of Pollen & Bleu



The Excellency, Chengdu

PROPERTY PORTFOLIO

OVERSEAS INVESTMENTS, CHINA

The Excellency, Chengdu

The 7,566 square metres site 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, which is wholly owned by the Group, was completed in the second quarter of 2012 with 77% sold as at 31 December 2014.

Shanghai Chang Feng Project

The site is situated within the Chang Feng Ecological Business Park, about 5 kilometres to the north-east of the Hongqiao Transportation Hub and less than 10 kilometres from the Bund in Shanghai. Piling works for the Shanghai Chang Feng mixed-use residential and retail project was completed in early January 2014. The development's residential component has a tenure of 70 years and the retail component has a tenure of 40 years. The site covering 39,540 square metres, is a 30:40:30 joint effort between SingLand, UOL Group and Kheng Leong Company (Private) Limited Group. The development is expected to be launched for sale in the third quarter of 2015.

The Westin Tianjin

The Westin Tianjin is located in the heart of Tianjin, offering 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 designed property offers 275 rooms with a variety of cuisines from its 5 food and beverage outlets and its 1,265 square metres of event space offer amongst the best venues in town for different occasions. In September, the hotel had hosted delegates from the World Economic Forum (DAVOS). During the year, the hotel registered an average occupancy of 60% with an average room rate of RMB 745 despite a challenging environment with many new 5-star hotels opening up in 2014.

The Group has a 51% interest in the hotel.

Sheraton Tianjin Hotel

The Sheraton Tianjin is situated in Hexi District, south-west of Tianjin City. It is strategically located and offers convenient access to popular destinations in the City. Surrounded by a pristine garden, the 296-room property offers a comfortable and relaxing stay for travellers with its 240 guest rooms and 56 serviced apartments. The hotel had an average occupancy of 64% with average room rate at RMB 628.

The Group has a 36% interest in the hotel.

Beijing Landmark Towers

The Group received dividends of \$2.6 million from its 19.95% interest in Beijing Landmark Towers, a mixed development comprising a hotel, an apartment block and two office towers.



Artist's impression of Shanghai Chang Feng Project

TRADING AND SERVICES

INFORMATION TECHNOLOGY



UIC Technologies Pte Ltd

For the year ended 31 December 2014, UIC Technologies Group (UIC) revenue increased marginally by 2% to \$78.2 million as compared with \$76.5 million same period last year.

Pre-tax profit increased by 12% to \$1.9 million with 14% Return on Total Equity as compared with \$1.7 million in the same period last year.

This is due mainly to the increase of services income from IT projects, annual infrastructure and systems maintenance contract respectively despite higher skilled IT manpower cost due to tight labour.

UIC continues to be self-financing, with net dividend payout of \$1.0 million for 2014, and achieved positive cash balance of \$8.2 million as at 31 December 2014.

With the projected modest growth of Singapore's economy for 2015, UIC 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, payroll software and HR outsourcing.

UIC will continue its restructuring and transformation in 2015 to ensure growth, profitability and sustainability whilst continuing to raise productivity, hire, retain and develop core IT competencies to participate in high value IT infrastructure projects.

To stay relevant, UIC will leverage its accreditation as a Microsoft Cloud Platform (Azure) partner, Microsoft Cloud Productivity (Office 365) partner and HP Helion C50 partner, and step forward to offer Hybrid Cloud Computing Services in education, healthcare, financial services and mid-size enterprises in 2015.

HUMAN RESOURCE

The Group adopts good human resource policies and practices that promote training and development, conducive work environment and work-life balance.

The Group builds talents through succession planning and training. Employees attend in-house training and external workshops, seminars to upgrade their skills, expertise and qualifications.

The Group has been running Workplace Health Programmes since its embarkment in 2006. During the year, the Group actively promoted health and wellness activities including lunch-time talks on mental wellness and physical exercise sessions such as Tai-Ji, evening walks and the Vertical Challenge. Healthy lifestyle tips were often shared with the employees.

For its Workplace Health Programme, the Group is honoured to be conferred the Singapore Health Award (Platinum) 2014 by the Singapore Health Promotion Board.

The Group also actively engaged its employees through social and recreational activities such as Fairprice Walks with U, Durian/Fruits Fiesta and visits to River Safari. Such events encouraged team spirit and family bonding.

As part of the Group's yearly corporate social responsibility efforts, staff volunteers visited an Old Folk's home and continued to donate to several charitable causes.



Computer training for staff



Workplace Health Programme in action

PROPERTY ACTIVITIES SUMMARY

As at 31 December 2014

	Site Area (sq metres)	Gross Floor Area (sq metres)	Approximate Net Floor Area (sq metres)	Car Parking Lots	Percentage of Shareholding	Capital Value (\$m)
<i>Subsidiary Companies' Investment Properties</i>						
Stamford Court A 4-storey commercial building of shops and offices situated at the junction of Stamford Road and Hill Street	2,072	7,264	5,990	36	100	93
West Mall A 5-storey retail and entertainment complex with three basements of car parking space, located at Bukit Batok Town Centre	9,890	26,300	17,042	314	100*	404
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	5,064	74,215	57,500	288	100**	1,538
SGX Centre 2 A 29-storey office building with two basements of car parking space located at 4 Shenton Way	2,970	36,590	25,800 (inclusive of 3,336 sq m in SGX CENTRE 1)	136	100** (UIC Group's interest in SGX Centre 1 and 2)	519
Clifford Centre A 29-storey complex of shops and offices with frontages on both Raffles Place and Collyer Quay	3,343	37,267	25,470	268	100**	558
The Gateway A pair of 37-storey towers with two basements of car parking space located at Beach Road	22,381	97,430	69,803	689	100**	1,100
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	2,614 2,613	10,970 10,965	8,397 8,397	87 79	100** 100**	94 93
Marina Square 3 Hotels and a 4-storey Retail Mall (including fashion boutiques, department store, dining and entertainment outlets, food court and car park)	92,197	315,211	206,780	1,990	53 (in respect of retail mall and retail wing under development)	1,149
Commercial building under development (at former UIC Building site) This is a part of a mixed development (residential/commercial building) with the residential component, V on Shenton classified under properties held for sale	6,778	30,935	25,784	588	100	442
<i>Associated Company's Investment Property</i>						
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	16,673	70,010	57,197	491	20	1,325

* Effective interest is 99.8%

** Effective interest is 99.6%

PROPERTY ACTIVITIES SUMMARY

As at 31 December 2014

	Tenure	Site Area (sq metres)	Gross Floor Area (sq metres)	Actual/ Expected Year of TOP	Percentage of Shareholding
<i>Subsidiary and Associated Companies', and Joint Ventures' Properties Held for Sale</i>					
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**
Under Development					
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**
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/commercial building) with the commercial component classified under investment properties	Leasehold	6,778	55,846	2017	100
Archipelago 577-unit condominium development at Bedok Reservoir Road	Leasehold	45,623	67,969	2015	50
Thomson Three 445-unit condominium development at Bright Hill Drive	Leasehold	13,437	41,386	2016	50
Shanghai Chang Feng Project 398-unit condominium development at No. 11 plot, Danba Road/Tongpu Road, Changfeng Area, Putuo District, Shanghai	Leasehold	39,540	85,800	2016	30

** Effective interest is 99.6%



FINANCIAL REPORT CONTENTS

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

Directors

The directors of the Company in office at the date of this report are:

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 report.

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 related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
United Industrial Corporation Limited ("UIC")				
(Ordinary shares)				
Wee Cho Yaw	1,874,574	1,857,000	680,126,599	669,636,565
John Gokongwei, Jr.	-	-	515,073,816	510,245,000
Lim Hock San	122,954	22,000	-	-
Hwang Soo Jin	302,839	300,000	-	-
Gwee Lian Kheng	-	-	70,000	-
Singapore Land Limited				
(Ordinary shares)				
Lim Hock San	-	340,000	-	-
Gwee Lian Kheng	-	-	-	80,000

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Directors' interests in shares or debentures (continued)

- (b) By virtue of Section 7 of the Singapore Companies Act, 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 31.12.2014	At 1.1.2014
Lim Hock San	970,000	970,000

- (d) Except for Dr Wee Cho Yaw, who has an interest in 682,054,173 UIC shares as at 21 January 2015, there was no change in any of the above-mentioned directors' interests between the end of the financial year and 21 January 2015.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements note 31.

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 ESOS had expired on 17 May 2011 and was continued with the shareholders' approval at an annual general meeting held on 27 April 2011, for a further period of 10 years from 18 May 2011 to 17 May 2021. Other than the extension, there is 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 price 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.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Share options (continued)

UIC SHARE OPTION SCHEME (continued)

- (b) The aggregate number of options granted to an executive director Lim Hock San and key executives of the Company and its subsidiaries since the initial grant of options on 5 March 2007 up to 31 December 2014 is 8,494,000.

Details of the options granted for financial years from 2007 up to 2013 have been set out in the Directors' Report for the respective financial years.

On 3 March 2014, the Company granted options to subscribe for 692,000 shares at an exercise price of \$3.15 per ordinary share ("2014 Options").

The details of the 2014 Options granted are as follows:

	Number of employees	At exercise price of \$3.15 per share
Executive Director, Lim Hock San	1	100,000
Key Executives	14	592,000
	15	692,000

- (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 continued 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.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Share options (continued)

UIC SHARE OPTION SCHEME (continued)

(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 31.12.2014	Aggregate granted since commencement of ESOS to 31.12.2014	Aggregate exercised since commencement of ESOS to 31.12.2014	Aggregate outstanding as at 31.12.2014
100,000	1,070,000	100,000	970,000

- (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.

(e) During the financial year, 1,674,000 shares of the Company were issued upon the exercise of options as follows:

By holders of	Number of shares	Exercise price per share
2007 Options	634,000	\$2.70
2008 Options	372,000	\$2.91
2009 Options	100,000	\$1.07
2010 Options	101,000	\$2.03
2011 Options	205,000	\$2.78
2012 Options	262,000	\$2.73
	<u>1,674,000</u>	

(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 1.1.2014	Options granted in 2014	Options exercised	Options cancelled in 2014	Options outstanding at 31.12.2014	Exercise price per share	Date of expiry
5.3.2007	1,102,000	-	(634,000)	-	468,000	\$2.70	4.3.2017
10.3.2008	756,000	-	(372,000)	-	384,000	\$2.91	9.3.2018
4.5.2009	100,000	-	(100,000)	-	-	\$1.07	3.5.2019
26.2.2010	225,000	-	(101,000)	-	124,000	\$2.03	25.2.2020
1.3.2011	789,000	-	(205,000)	(13,000)	571,000	\$2.78	28.2.2021
27.2.2012	901,000	-	(262,000)	(47,000)	592,000	\$2.73	26.2.2022
22.2.2013	852,000	-	-	(91,000)	761,000	\$2.91	21.2.2023
3.3.2014	-	692,000	-	(84,000)	608,000	\$3.15	2.3.2024
	<u>4,725,000</u>	<u>692,000</u>	<u>(1,674,000)</u>	<u>(235,000)</u>	<u>3,508,000</u>		

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Audit Committee

At the date of this report, 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 Companies Act, Cap.50. At a series of meetings convened during the twelve months up to the date of this report, 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.

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

Independent auditor

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

On behalf of the directors

WEE CHO YAW

Director

LIM HOCK SAN

Director

13 February 2015

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 43 to 106 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors

WEE CHO YAW

Director

LIM HOCK SAN

Director

13 February 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED INDUSTRIAL CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of United Industrial Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 43 to 106, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2014, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the year ended on that date.

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 subsidiaries incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore, 13 February 2015

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Revenue	4	693,196	609,646
Cost of sales	5	(397,980)	(333,711)
Gross profit		295,216	275,935
Investment income	6	6,081	5,972
Other gains and losses		3,056	2,505
Selling and distribution costs		(29,265)	(38,306)
Administrative expenses		(22,601)	(19,842)
Finance expenses		(7,817)	(2,817)
Share of results of associated companies		42,098	67,624
Share of results of joint ventures		37,221	19,511
		323,989	310,582
Fair value gain on investment properties	16	167,249	196,031
Profit before income tax	7	491,238	506,613
Income tax expense	8	(40,365)	(34,836)
Net profit		450,873	471,777
Profit attributable to:			
Equity holders of the Company	9	397,991	316,064
Non-controlling interests		52,882	155,713
		450,873	471,777
Basic/Diluted earnings per share attributable to equity holders of the Company (expressed in cents per share)	10	28.7 cents	22.9 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	2014 \$'000	2013 \$'000
Net profit	450,873	471,777
Other comprehensive income items that may be reclassified subsequently to income statement:		
Net currency translation differences of financial statements of foreign entities	4,943	16,241
Total comprehensive income	455,816	488,018
Total comprehensive income attributable to:		
Equity holders of the Company	403,832	327,912
Non-controlling interests	51,984	160,106
	455,816	488,018

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		The Group		The Company	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
ASSETS					
Non-current assets					
Other receivables	11	171,065	166,834	-	1,135,730
Available-for-sale financial assets	12	12,045	12,045	-	-
Investments in associated companies	13	520,256	490,052	-	-
Investments in joint ventures	14	57,232	20,011	-	-
Investments in subsidiary companies	15	-	-	1,226,623	1,226,361
Investment properties	16	5,989,900	5,738,500	-	-
Property, plant and equipment	17	509,151	527,812	484	589
		<u>7,259,649</u>	<u>6,955,254</u>	<u>1,227,107</u>	<u>2,362,680</u>
Current assets					
Cash and cash equivalents	18	80,950	112,032	1,420	1,329
Properties held for sale	19	1,038,939	1,023,032	-	-
Trade and other receivables	20	107,228	89,492	1,842,097	1,131
Inventories		2,217	2,652	-	-
		<u>1,229,334</u>	<u>1,227,208</u>	<u>1,843,517</u>	<u>2,460</u>
Total assets		<u>8,488,983</u>	<u>8,182,462</u>	<u>3,070,624</u>	<u>2,365,140</u>
LIABILITIES					
Current liabilities					
Trade and other payables	21	153,126	149,149	227,522	3,121
Current income tax liabilities	8	54,957	65,023	-	-
Borrowings	22	654,776	593,866	393,935	427,260
		<u>862,859</u>	<u>808,038</u>	<u>621,457</u>	<u>430,381</u>
Non-current liabilities					
Trade and other payables	21	65,530	53,713	1,624	129,840
Borrowings	22	1,011,517	477,509	596,500	-
Deferred income tax liabilities	23	51,010	48,088	-	-
		<u>1,128,057</u>	<u>579,310</u>	<u>598,124</u>	<u>129,840</u>
Total liabilities		<u>1,990,916</u>	<u>1,387,348</u>	<u>1,219,581</u>	<u>560,221</u>
NET ASSETS		<u>6,498,067</u>	<u>6,795,114</u>	<u>1,851,043</u>	<u>1,804,919</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	1,446,183	1,403,772	1,446,183	1,403,772
Reserves		4,246,435	3,578,639	404,860	401,147
		<u>5,692,618</u>	<u>4,982,411</u>	<u>1,851,043</u>	<u>1,804,919</u>
Non-controlling interests		805,449	1,812,703	-	-
TOTAL EQUITY		<u>6,498,067</u>	<u>6,795,114</u>	<u>1,851,043</u>	<u>1,804,919</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Attributable to equity holders of the Company					Non-controlling interests \$'000	Total equity \$'000
	Share capital	Retained earnings	Asset revaluation reserve	Other reserves	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000		
2014							
Beginning of financial year	1,403,772	3,534,330	29,382	14,927	4,982,411	1,812,703	6,795,114
Net profit	-	397,991	-	-	397,991	52,882	450,873
Other comprehensive income/(expense)	-	-	-	5,841	5,841	(898)	4,943
Total comprehensive income	-	397,991	-	5,841	403,832	51,984	455,816
Employee share option scheme							
- value of employee services	-	-	-	621	621	-	621
- proceeds from shares issued	4,391	-	-	-	4,391	-	4,391
Issue of shares pursuant to scrip dividend scheme	38,020	-	-	-	38,020	-	38,020
Effect of acquisition of shares from non-controlling shareholders	-	293,245	11,015	483	304,743	(1,047,950)	(743,207)
Dividends paid							
- in cash	-	(3,380)	-	-	(3,380)	(11,288)	(14,668)
- in scrip	-	(38,020)	-	-	(38,020)	-	(38,020)
Total transactions with owners, recognised directly in equity	42,411	251,845	11,015	1,104	306,375	(1,059,238)	(752,863)
End of financial year	1,446,183	4,184,166	40,397	21,872	5,692,618	805,449	6,498,067
2013							
Beginning of financial year	1,401,892	3,250,356	29,382	2,286	4,683,916	1,704,727	6,388,643
Net profit	-	316,064	-	-	316,064	155,713	471,777
Other comprehensive income	-	-	-	11,848	11,848	4,393	16,241
Total comprehensive income	-	316,064	-	11,848	327,912	160,106	488,018
Employee share option scheme							
- value of employee services	-	-	-	793	793	-	793
- proceeds from shares issued	1,880	-	-	-	1,880	-	1,880
Effect of acquisition of shares from non-controlling shareholders	-	9,266	-	-	9,266	(28,348)	(19,082)
Dividends paid in cash	-	(41,356)	-	-	(41,356)	(23,782)	(65,138)
Total transactions with owners, recognised directly in equity	1,880	(32,090)	-	793	(29,417)	(52,130)	(81,547)
End of financial year	1,403,772	3,534,330	29,382	14,927	4,982,411	1,812,703	6,795,114

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Profit before income tax		491,238	506,613
Adjustments for:			
Depreciation of property, plant and equipment		23,675	23,577
Employee share option expense		621	793
Loss on disposal of property, plant and equipment		1,011	363
Share of results of associated companies		(42,098)	(67,624)
Share of results of joint ventures		(37,221)	(19,511)
Fair value gain on investment properties		(167,249)	(196,031)
Investment income		(6,081)	(5,972)
Interest expense		7,817	2,817
Unrealised currency translation differences		689	2,232
		272,402	247,257
Change in working capital:			
Properties held for sale		(7,493)	(234,238)
Inventories		435	(685)
Trade and other receivables		(16,912)	8,220
Trade and other payables		15,890	(23,243)
Cash generated from/(used in) operations		264,322	(2,689)
Interest paid		(20,030)	(13,884)
Income tax paid		(47,812)	(50,595)
Net cash provided by/(used in) operating activities		196,480	(67,168)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,504)	(11,637)
Proceeds from disposal of property, plant and equipment		15	6
Upgrading of investment properties		(7,984)	(16,338)
Redevelopment of investment properties		(74,021)	(38,921)
Repayment of loan by an associated company		-	771
Proceeds from liquidation of an associated company		804	-
Loans to joint ventures		(1,625)	(11,600)
Investment in a joint venture		-	(500)
Dividends received from unquoted equity investments		2,556	2,546
Dividends received from associated companies		14,110	13,540
Interest received		477	496
Net cash used in investing activities		(70,172)	(61,637)
Cash flows from financing activities			
Repayment of borrowings		(62,220)	(31,000)
Proceeds from borrowings		661,914	245,704
Bank facility fees paid		(3,600)	-
Decrease/(Increase) in bank deposits pledged as security		17,873	(23,783)
Proceeds from issuance of shares		4,391	1,880
Acquisition of shares from non-controlling shareholders		(743,207)	(19,082)
Dividends paid to equity holders of the Company		(3,380)	(41,356)
Dividends paid to non-controlling interests		(11,288)	(23,782)
Net cash (used in)/provided by financing activities		(139,517)	108,581
Net decrease in cash and cash equivalents		(13,209)	(20,224)
Cash and cash equivalents at beginning of financial year		82,679	102,903
Cash and cash equivalents at end of financial year	18	69,470	82,679

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations to 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, except as disclosed below.

The Group has adopted FRS 112 *Disclosures of Interests in Other Entities* on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) *Separate Financial Statements* and FRS 28 (revised 2011) *Investments in Associates and Joint Ventures*. The adoption of FRS 112 does not have any impact on the accounting policies of the Group. The Group has incorporated the additional required disclosures into the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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, determined by the level of construction costs incurred as a proportion of the 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.

(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 2014

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 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 de-consolidated 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 but are considered an impairment indicator of the asset transferred. 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 which 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 2014

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 2014

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

In applying the equity method of accounting, the Group's share of its associated companies' or joint ventures' post-acquisition profits or losses are recognised in income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies or joint ventures are adjusted against 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

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

(ii) *Equity method of accounting (continued)*

Unrealised gains on transactions between the Group and its associated companies and 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 asset transferred. Where necessary, adjustments are made to the financial statements of associated companies and joint ventures to ensure consistency of accounting policies adopted by the Group.

(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 is calculated using the straight-line method to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation (continued)

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

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in income statement.

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 net identifiable assets acquired.

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

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 2014

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. 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 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 2014

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 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the asset and 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 2014

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 2014

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 any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through income statement.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Leases (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Income taxes (continued)

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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 date of the statement of financial position;
- (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 date of the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 assessment of the stage of completion, extent of the construction costs incurred and the estimated total construction costs of properties held for sale under development (note 2.2(b)) and allowance for foreseeable losses (note 2.7). The carrying amount of properties held for sale under development is disclosed in note 19;
- (iii) the assessment of impairment of investments in associated companies and joint ventures, and property, plant and equipment (note 2.10). The carrying amounts of investments in associated companies and joint ventures, and property, plant and equipment are disclosed in notes 13, 14 and 17 respectively; 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 2014

4. REVENUE

	The Group	
	2014	2013
	\$'000	\$'000
Gross rental income	275,597	271,480
Gross revenue from hotel operations	147,342	131,788
Sale of properties held for sale	184,186	120,705
Gross revenue from information technology operations	78,163	76,547
Car parking income and property services fees	7,908	9,126
	693,196	609,646

Included in the 'Sale of properties held for sale' is an amount of \$170,527,000 (2013: \$93,118,000) recognised using the percentage of completion method.

5. COST OF SALES

	The Group	
	2014	2013
	\$'000	\$'000
Property operating expenses	73,227	69,932
Cost of sales from hotel operations	110,966	106,419
Cost of properties held for sale sold	143,283	88,363
Cost of sales from information technology operations	70,504	68,997
	397,980	333,711

6. INVESTMENT INCOME

	The Group	
	2014	2013
	\$'000	\$'000
Interest income from:		
- Bank deposits	203	142
- Amount due from an associated company	-	12
- Amounts due from joint ventures	3,086	2,946
- Others	236	326
	3,525	3,426
Dividend income from unquoted equity investments	2,556	2,546
	6,081	5,972

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

7. PROFIT BEFORE INCOME TAX

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

	The Group	
	2014	2013
	\$'000	\$'000
Charging/(Crediting):		
Auditors' remuneration paid/payable to:		
- Auditor of the Company	798	744
- Other auditors *	100	105
Other fees paid/payable to auditor of the Company	232	271
Wages, salaries and other payroll-related costs	60,390	58,700
Employer's contribution to defined contribution plans	8,147	7,856
Share option expense	621	793
Total employee compensation	69,158	67,349
Rental expense - operating leases	835	922
Loss on disposal of property, plant and equipment	1,011	363
Depreciation of property, plant and equipment	23,675	23,577
Currency exchange (gain)/loss - net	(59)	42
Property tax	28,877	27,033
Utilities	19,108	20,167
Interest expense on loans	7,817	2,817
Cost of inventories recognised as an expense	82,110	78,749

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

8. INCOME TAXES

(a) Income tax expense

	The Group	
	2014	2013
	\$'000	\$'000
Tax expense/(credit) attributable to profit is made up of:		
- Profit of the financial year:		
Current income tax (note (b))	40,653	42,910
Deferred income tax (note 23)	490	451
	41,143	43,361
- (Over)/Underprovision in prior financial years		
Current income tax (note (b))	(3,107)	(5,244)
Deferred income tax (note 23)	2,329	(3,281)
	(778)	(8,525)
	40,365	34,836

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

8. INCOME TAXES (continued)

(a) Income tax expense (continued)

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

	The Group	
	2014	2013
	\$'000	\$'000
Profit before income tax	491,238	506,613
Less: Share of results of associated companies	(42,098)	(67,624)
Less: Share of results of joint ventures	(37,221)	(19,511)
	411,919	419,478
Tax calculated at a statutory tax rate of 17%	70,026	71,311
Effects of:		
- Different tax rates in other countries	(580)	(626)
- Singapore statutory tax exemption	(424)	(454)
- Tax incentives	(631)	(122)
- Expenses not deductible for tax purposes	4,332	3,340
- Income not subject to tax	(30,243)	(34,403)
- Utilisation of previously unrecognised deferred income tax assets	(4,344)	(1,263)
- Deferred income tax assets not recognised	3,007	5,578
Tax charge	41,143	43,361

(b) Movements in current income tax liabilities

	The Group		The Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	65,023	77,303	-	-
Currency translation differences	200	649	-	-
Income tax (paid)/refunded	(47,812)	(50,595)	-	5
Tax expense (note (a))	40,653	42,910	-	-
Overprovision in prior financial years (note (a))	(3,107)	(5,244)	-	(5)
End of financial year	54,957	65,023	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

9. NET ATTRIBUTABLE PROFIT

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

	The Group	
	2014	2013
	\$'000	\$'000
Net profit before fair value gain on investment properties (note 10)	222,789	167,178
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	167,249	196,031
- Share of results of associated companies	12,660	35,680
- Non-controlling interests	(4,707)	(82,825)
	175,202	148,886
Net attributable profit	397,991	316,064

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	
	2014	2013
Net profit attributable to equity holders of the Company (\$'000)	397,991	316,064
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,387,110	1,378,749
Adjustment for share options ('000)	409	328
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	1,387,519	1,379,077
Basic and diluted earnings per share (cents per share)		
- excluding fair value gain on investment properties held by subsidiary and associated companies (note 9)	16.1 cents	12.1 cents
- including fair value gain on investment properties held by subsidiary and associated companies	28.7 cents	22.9 cents

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

11. OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Amounts due from:				
- joint ventures (note (a))	171,065	166,354	-	-
- subsidiary companies (note (b))	-	-	-	1,151,154
Less: Allowance for impairment in value of receivables	-	-	-	(15,559)
	-	-	-	1,135,595
Others	-	480	-	135
	171,065	166,834	-	1,135,730

(a) Amounts due from joint ventures

The amounts due from joint ventures for the Group are subordinated to the borrowings of the joint ventures, not repayable within the next 12 months and are interest-bearing at floating rate. At the statement of financial position date, the carrying amounts of amounts due from joint ventures approximate their fair values.

(b) Amounts due from subsidiary companies (non-trade)

In 2013, the amounts due from subsidiary companies were unsecured, not repayable within the next 12 months and were interest-bearing except for amounts totalling \$224,300,000 which were interest-free. The carrying amounts of amounts due from subsidiary companies approximated their fair values. Interest was charged on amounts due from certain subsidiary companies and was based on interest incurred by the Company in respect of bank loans obtained on behalf of these subsidiary companies.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2014	2013
	\$'000	\$'000
Unquoted equity investments	12,045	12,045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

13. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group	
	2014	2013
	\$'000	\$'000
Unquoted equity investments, at cost	293,546	293,946
Share of post acquisition reserves	226,710	196,106
	520,256	490,052

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

- Net profit from continuing operations and total comprehensive income	42,098	67,624
- Carrying amount	520,256	490,052

Details of associated companies are included in note 35.

14. INVESTMENTS IN JOINT VENTURES

	The Group	
	2014	2013
	\$'000	\$'000
Unquoted equity investments, at cost	1,000	1,000
Share of post acquisition reserves	56,232	19,011
	57,232	20,011

Set out below is a joint venture of the Group that is material to the Group.

	Proportion of ownership held by a non-wholly owned subsidiary company	
	2014	2013
	%	%
United Venture Development (Bedok) Pte. Ltd.	50	50

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

14. INVESTMENTS IN JOINT VENTURES (continued)

Summarised financial information of 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 is as follows:

Summarised statement of financial position

	2014 \$'000	2013 \$'000
Current assets	358,761	314,347
Includes:		
- Cash and cash equivalents	22,520	57,893
Current liabilities	(227,972)	(8,837)
Includes:		
- Financial liabilities (excluding trade and other payables and provisions)	(197,562)	-
Non-current liabilities	(25,292)	(265,487)
Includes:		
- Financial liabilities (excluding trade and other payables and provisions)	-	(241,262)
Net assets	105,497	40,023
Proportion of the Group's ownership (%)	50	50
Carrying amount of the investment	52,748	20,011

Summarised statement of comprehensive income

	2014 \$'000	2013 \$'000
Revenue	319,060	206,542
Interest income	65	51
Profit before income tax	78,820	48,972
Income tax expense	(13,346)	(8,326)
Net profit from continuing operations and total comprehensive income	65,474	40,646

Aggregate information about the Group's investment in a joint venture that is individually immaterial is as follows:

- Net profit from continuing operations and total comprehensive income	4,484	(500)
- Carrying amount	4,484	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

14. INVESTMENTS IN JOINT VENTURES (continued)

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 2014, the total outstanding term loans are \$119,500,000 (2013: \$245,000,000).

Details of joint ventures are included in note 35.

15. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company	
	2014	2013
	\$'000	\$'000
Unquoted equity investments, at cost	1,230,212	1,230,212
Less: Allowance for impairment in value of investments	(3,589)	(3,851)
	<u>1,226,623</u>	<u>1,226,361</u>

Acquisition of additional interest in a subsidiary company

On 24 February 2014, UIC Enterprise Pte Ltd ("UICE"), a wholly owned subsidiary company, announced a voluntary unconditional cash offer for all the issued and paid-up ordinary shares in the capital of Singapore Land Limited ("SLL") that the Group does not own or control. At the date of the announcement of the offer, the Group owns or controls 80.4% of the total number of SLL issued shares. As at 31 December 2014, the Group holds 99.6% of the equity share capital of SLL. In 2013, UICE acquired shares in the 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:

	2014	2013
	\$'000	\$'000
Carrying amount of non-controlling interests acquired	1,047,950	28,348
Consideration paid to non-controlling interests	(743,207)	(19,082)
Excess of carrying amount attributable to equity holders of the Company	<u>304,743</u>	<u>9,266</u>

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

	Proportion of ownership held by non-controlling interest		Carrying value of non-controlling interests	
	2014	2013	2014	2013
	%	%	\$'000	\$'000
Marina Centre Holdings Private Limited and its subsidiary companies	<u>47</u>	<u>57</u>	<u>751,863</u>	<u>877,417</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

	2014 \$'000	2013 \$'000
Current		
Assets	51,531	53,144
Liabilities	(62,295)	(50,270)
Non-current		
Assets	1,707,854	1,650,125
Liabilities	(102,748)	(123,144)
Net assets	1,594,342	1,529,855

Summarised statement of comprehensive income

	2014 \$'000	2013 \$'000
Revenue	199,127	182,774
Net profit from continuing operations and total comprehensive income	82,887	192,482
Total comprehensive income allocated to non-controlling interests	41,766	110,656
Dividends paid to non-controlling interests	8,636	6,852

Summarised cash flows

	2014 \$'000	2013 \$'000
Net cash provided by operating activities	74,089	78,334
Net cash used in investing activities	(31,775)	(32,499)
Net cash used in financing activities	(43,353)	(46,836)

Details of subsidiary companies are included in note 35.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. INVESTMENT PROPERTIES

	The Group	
	2014	2013
	\$'000	\$'000
Completed leasehold properties, at valuation:		
Beginning of financial year	5,197,500	5,146,300
Reclassified to properties under development	-	(78,385)
Upgrading	7,984	16,338
Fair value gain	132,416	113,247
End of financial year	5,337,900	5,197,500
Properties under development, at valuation:		
Beginning of financial year	541,000	339,000
Reclassified from completed leasehold properties	-	78,385
Additions	76,167	40,831
Fair value gain	34,833	82,784
End of financial year	652,000	541,000
	5,989,900	5,738,500

Borrowing costs of \$2,146,000 (2013: \$1,910,000) for the redevelopment of an investment property were capitalised during the financial year. A capitalisation rate of 1.1% to 1.6% (2013: 1.0% to 1.2%) per annum was used in 2014, representing the borrowing costs of the loans used to finance the project.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. INVESTMENT PROPERTIES (continued)

(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. The net area in this building is 5,990 square metres.	99-year lease from 1994	79 years
West Mall 1 Bukit Batok Central Link Singapore 658713	Retail and family entertainment complex on a land area of 9,890 square metres. The net area in this complex is 17,042 square metres.	99-year lease from 1995	80 years
Singapore Land Tower 50 Raffles Place Singapore 048623	47-storey office building on a land area of 5,064 square metres. The net area in this building is 57,500 square metres.	999-year lease from 1826	811 years
Clifford Centre 24 Raffles Place Singapore 048621	29-storey shopping cum office building on a land area of 3,343 square metres. The net area in this building is 25,470 square metres.	999-year lease from 1826	811 years
The Gateway 150/152 Beach Road Singapore 189720/1	Two 37-storey office buildings on a land area of 22,381 square metres. The net area in these buildings is 69,803 square metres.	99-year lease from 1982	67 years
SGX Centre 2 4 Shenton Way Singapore 068807	29-storey office building on a land area of 2,970 square metres. The net area in this building (inclusive of 3,336 square metres in SGX Centre 1) is 25,800 square metres.	99-year lease from 1995	80 years
Abacus Plaza 3 Tampines Central 1 Singapore 529540	8-storey office building on a land area of 2,614 square metres. The net area in this building is 8,397 square metres.	99-year lease from 1996	81 years
Tampines Plaza 5 Tampines Central 1 Singapore 529541	8-storey office building on a land area of 2,613 square metres. The net area in this building is 8,397 square metres.	99-year lease from 1996	81 years
Marina Square Retail Mall 6 Raffles Boulevard Singapore 039594	4-storey retail mall with a retail underpass. The net area in this building is 58,490 square metres.	99-year lease from 1980	65 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. INVESTMENT PROPERTIES (continued)

(b) The Group's properties under development are as follows:

Location of site	Description	Tenure of land	Unexpired term of lease
5 Shenton Way Singapore 068808	A 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.	99-year lease from 2011	96 years
6 Raffles Boulevard Singapore 039594	A development comprising retail space with a gross floor area of 22,666 square metres. This development is an extension to the existing Marina Square Retail Mall.	99-year lease from 1980	65 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 2014

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 which involves significant unobservable inputs:

Description	Fair value at 31 December 2014 (\$'000)	Valuation techniques	Significant unobservable inputs	Range of significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Completed leasehold properties	5,337,900 (2013: 5,197,500)	Capitalisation Approach	Estimated rental rate (per square metre per month)	\$56 - \$148 (2013: \$56 - \$148)	The higher the rental value per square metre, the higher the fair value.
			Capitalisation rate	3.50% - 5.25% (2013: 3.50% - 5.25%)	The higher the capitalisation rate, the lower the fair value.
		Direct Comparison Approach	Adjusted valuation (per square metre)	\$13,800 - \$27,200 (2013: \$12,600 - \$26,300)	The higher the adjusted valuation per square metre, the higher the fair value.
Properties under development	652,000 (2013: 541,000)	Residual Approach	Gross development value (per square metre)	\$19,200 - \$25,200 (2013: \$19,200 - \$24,700)	The higher the gross development value, the higher the fair value.
			Estimated profit margin required to hold and develop property to completion	10% of property value (2013: 10% of property value)	The higher the profit margin required, the lower the fair value.
			Estimated costs to completion	\$30,000,000 - \$90,000,000 (2013: \$80,000,000 - \$120,000,000)	The higher the costs to completion, the lower the fair value.
			Estimated remaining period to completion	5 months - 2 years (2013: 1 - 3 years)	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 2014

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 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 location, tenure, size, shape, design and layout, age and condition of buildings, date of transactions and the prevailing market and prevailing condition amongst other factors affecting their values.

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 and the Capitalisation Approach.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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						
2014						
<i>Cost</i>						
Beginning of financial year	395,529	54,888	175,840	1,187	1,288	628,732
Currency translation differences	689	595	990	11	-	2,285
Additions	-	-	1,551	33	2,920	4,504
Transfer in/(out)	-	117	2,950	-	(3,067)	-
Disposals	-	-	(2,342)	(39)	-	(2,381)
End of financial year	396,218	55,600	178,989	1,192	1,141	633,140
<i>Accumulated depreciation</i>						
Beginning of financial year	38,009	11,816	50,502	593	-	100,920
Currency translation differences	85	190	471	3	-	749
Depreciation charge	6,135	3,186	14,267	87	-	23,675
Disposals	-	-	(1,316)	(39)	-	(1,355)
End of financial year	44,229	15,192	63,924	644	-	123,989
Net book value						
End of financial year	351,989	40,408	115,065	548	1,141	509,151
2013						
<i>Cost</i>						
Beginning of financial year	393,287	53,433	172,376	1,201	246	620,543
Currency translation differences	2,242	1,934	3,212	36	-	7,424
Additions	-	39	1,663	-	2,162	3,864
Transfer in/(out)	-	(472)	1,592	-	(1,120)	-
Disposals	-	(46)	(3,003)	(50)	-	(3,099)
End of financial year	395,529	54,888	175,840	1,187	1,288	628,732
<i>Accumulated depreciation</i>						
Beginning of financial year	31,719	8,302	38,081	556	-	78,658
Currency translation differences	162	358	889	6	-	1,415
Depreciation charge	6,128	3,162	14,206	81	-	23,577
Disposals	-	(6)	(2,674)	(50)	-	(2,730)
End of financial year	38,009	11,816	50,502	593	-	100,920
Net book value						
End of financial year	357,520	43,072	125,338	594	1,288	527,812

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture, fittings and office equipment \$'000	Motor vehicle \$'000	Total \$'000
The Company			
2014			
<i>Cost</i>			
Beginning of financial year	755	237	992
Additions	15	-	15
Disposals	(13)	-	(13)
End of financial year	757	237	994
<i>Accumulated depreciation</i>			
Beginning of financial year	262	141	403
Depreciation charge	70	47	117
Disposals	(10)	-	(10)
End of financial year	322	188	510
Net book value			
End of financial year	435	49	484
2013			
<i>Cost</i>			
Beginning of financial year	738	237	975
Additions	30	-	30
Disposals	(13)	-	(13)
End of financial year	755	237	992
<i>Accumulated depreciation</i>			
Beginning of financial year	201	94	295
Depreciation charge	71	47	118
Disposals	(10)	-	(10)
End of financial year	262	141	403
Net book value			
End of financial year	493	96	589

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

18. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	38,560	48,146	1,420	1,329
Short-term bank deposits	42,390	63,886	-	-
	80,950	112,032	1,420	1,329

Included in cash and cash equivalents of the Group, are amounts of \$5,047,000 (2013: \$20,999,000) maintained in the Project Accounts. The funds in the Project Accounts can only be applied in accordance with Housing Developers (Project Account) Rules (1997 Ed.).

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

	The Group	
	2014	2013
	\$'000	\$'000
Cash and cash equivalents (as above)	80,950	112,032
Less: Bank deposits pledged	(11,480)	(29,353)
Cash and cash equivalents per consolidated statement of cash flows	69,470	82,679

Bank deposits are pledged as security for certain banker's guarantee and borrowings (note 22(b)(ii)).

19. PROPERTIES HELD FOR SALE

	The Group	
	2014	2013
	\$'000	\$'000
Properties held for sale accounted for using the completion of construction method	57,977	71,359
Properties held for sale accounted for using the percentage of completion method	980,962	951,673
	1,038,939	1,023,032

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

19. PROPERTIES HELD FOR SALE (continued)

Properties held for sale accounted for using the percentage of completion method can be analysed as follows:

	The Group	
	2014	2013
	\$'000	\$'000
Cost	1,211,802	1,117,894
Add: Development profits recognised using the percentage of completion method	45,260	7,425
Less: Progress billings	(276,100)	(173,646)
	980,962	951,673

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 \$9,926,000 (2013: \$9,496,000) were capitalised during the financial year. A capitalisation rate of 1.0% to 1.8% (2013: 1.0% to 1.7%) per annum was used in 2014, representing the borrowing costs of the loans used to finance the projects.

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

Property	Title	Percentage of completion at at 31.12.2014/ Expected year of completion	Site area/Gross floor area (sqm)	Group's effective interest %
The Excellency (Chengdu)	Leasehold	100%/2012	7,566/77,000	99.6
Mon Jervois	Leasehold	32%/2016	8,958/13,796	99.6
Pollen & Bleu	Leasehold	22%/2016	6,268/11,033	99.6
Alex Residences	Leasehold	15%/2017	6,501/35,043	99.6
V on Shenton	Leasehold	18%/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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables	53,637	55,474	-	-
Less: Allowance for impairment of receivables	(606)	(674)	-	-
	53,031	54,800	-	-
Accrued receivables	-	12,977	-	-
Deposits	35,106	1,105	350	347
Prepaid taxes	970	1,287	-	-
Prepayments	8,380	8,788	-	-
Other receivables	9,741	10,535	139	784
Amounts due from subsidiary companies (non-trade)	-	-	1,857,167	-
Less: Allowance for impairment of receivables	-	-	(15,559)	-
	-	-	1,841,608	-
	107,228	89,492	1,842,097	1,131

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

Included in deposits is an amount of \$34,030,000 placed for a land tender.

The amounts due from subsidiary companies are unsecured, repayable on demand and are interest-bearing except for amounts totalling \$249,251,000 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.

21. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
(a) Current				
Monies received in advance	1,314	6,251	-	-
Rental deposits	23,948	21,775	-	-
Retention monies	2,195	11,389	-	-
Trade payables	74,129	56,364	298	303
Other payables	11,047	9,504	655	649
Accrued operating expenses	40,493	43,866	1,619	2,169
Amounts due to subsidiary companies (non-trade)	-	-	224,950	-
	153,126	149,149	227,522	3,121

The amounts due to subsidiary companies are unsecured, repayable on demand and are interest-free.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

21. TRADE AND OTHER PAYABLES (continued)

	The Group		The Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
(b) Non-current				
Rental deposits	52,421	52,089	-	-
Retention monies	11,485	-	-	-
Amounts due to an associated company	1,624	1,624	1,624	1,624
Amounts due to subsidiary companies (non-trade)	-	-	-	128,216
	65,530	53,713	1,624	129,840

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

22. BORROWINGS

		The Group		The Company	
	Note	2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
(a) Current					
Short-term bank loans (unsecured)	(i)	652,965	592,110	393,935	427,260
Term loans (secured)	(ii)	1,811	418	-	-
Term loan (secured)	(iii)	-	1,338	-	-
		654,776	593,866	393,935	427,260
(b) Non-current					
Term loan (unsecured)	(iv)	596,500	-	596,500	-
Term loans (secured)	(ii)	357,497	393,307	-	-
Term loan (secured)	(iii)	8,520	11,202	-	-
Term loan (secured)	(v)	30,000	30,000	-	-
Revolving credit loans (secured)	(v)	19,000	43,000	-	-
		1,011,517	477,509	596,500	-
Total borrowings		1,666,293	1,071,375	990,435	427,260

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

22. BORROWINGS (continued)

- (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 \$618,970,000 (2013: \$581,247,000) and deposits pledged of \$11,480,000 (2013: \$5,707,000) (note 18).

The non-current term loans include \$353,024,000 (2013: \$388,500,000) 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 \$89,949,000 (2013: \$95,545,000).
- (iv) The unsecured term loan is drawn under a floating rate committed facility.
- (v) The term loan and revolving credit loans are secured by way of an open debenture and legal mortgages over certain property, plant and equipment of a subsidiary company with carrying amounts of \$417,221,000 (2013: \$430,362,000). The amounts advanced under the revolving credit facilities are included as non-current liabilities as the Group has the discretion to rollover the facilities for at least 12 months after the statement of financial position date. For the purposes of liquidity risk disclosure (note 30(c)), the revolving credit facilities have been classified as current as the disclosure is based on actual contractual drawdowns to be repaid within a year.

(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 1.3% to 6.8% (2013: 1.1% to 7.1%) 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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
6 months or less	1,666,293	1,071,375	990,435	427,260

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

23. DEFERRED INCOME TAXES

	The Group	
	2014	2013
	\$'000	\$'000

Deferred income tax liabilities:

- to be settled after 1 year

51,010 48,088

Movements in the deferred income tax account are as follows:

	The Group	
	2014	2013
	\$'000	\$'000
Beginning of financial year	48,088	50,640
Currency translation differences	103	278
Charged to income statement (note 8(a))	490	451
Under/(Over)provision in prior financial years (note 8(a))	2,329	(3,281)
End of financial year	51,010	48,088

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 \$40,325,000 (2013: \$46,195,000) 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 2014

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

	Fair value gain \$'000	Accelerated tax depreciation \$'000	Total \$'000
2014			
Beginning of financial year	24,860	23,228	48,088
Currency translation differences	-	103	103
(Credited)/Charged to income statement	(420)	910	490
Underprovision in prior financial years	-	2,329	2,329
End of financial year	24,440	26,570	51,010
2013			
Beginning of financial year	25,280	25,360	50,640
Currency translation differences	-	278	278
(Credited)/Charged to income statement	(420)	871	451
Overprovision in prior financial years	-	(3,281)	(3,281)
End of financial year	24,860	23,228	48,088

24. SHARE CAPITAL

	The Group and the Company			
	2014		2013	
	No. of ordinary shares '000	Amount \$'000	No. of ordinary shares '000	Amount \$'000
Beginning of financial year	1,378,924	1,403,772	1,378,115	1,401,892
Shares issued pursuant to scrip dividend scheme	11,994	38,020	-	-
Shares issued pursuant to share option scheme	1,674	4,391	809	1,880
End of financial year	1,392,592	1,446,183	1,378,924	1,403,772

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

24. SHARE CAPITAL (continued)

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

During the financial year, the Company issued 11,993,537 ordinary shares at \$3.17 per share to shareholders in lieu of cash dividends of 3.0 cents per ordinary share pursuant to United Industrial Corporation Scrip Dividend Scheme and 1,674,000 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 ESOS had expired on 17 May 2011 and was continued with the shareholders' approval at an annual general meeting held on 27 April 2011, for a further period of 10 years from 18 May 2011 to 17 May 2021. Other than the extension, there is 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 3 March 2014 ("Offer Date"), options were granted pursuant to the ESOS to the executives of the Company and its subsidiary companies to subscribe for 692,000 ordinary shares in the Company at the exercise price of \$3.15 per ordinary share.

Principal terms of the ESOS are set out below:

- (i) only full time confirmed executives of the Company or any of its 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 continued 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

24. SHARE CAPITAL (continued)

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

- (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.

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							
2014							
2014 Options	-	692,000	(84,000)	-	608,000	\$3.15	2.3.2024
2013 Options	852,000	-	(91,000)	-	761,000	\$2.91	21.2.2023
2012 Options	901,000	-	(47,000)	(262,000)	592,000	\$2.73	26.2.2022
2011 Options	789,000	-	(13,000)	(205,000)	571,000	\$2.78	28.2.2021
2010 Options	225,000	-	-	(101,000)	124,000	\$2.03	25.2.2020
2009 Options	100,000	-	-	(100,000)	-	\$1.07	3.5.2019
2008 Options	756,000	-	-	(372,000)	384,000	\$2.91	9.3.2018
2007 Options	1,102,000	-	-	(634,000)	468,000	\$2.70	4.3.2017
	4,725,000	692,000	(235,000)	(1,674,000)	3,508,000		
2013							
2013 Options	-	880,000	(28,000)	-	852,000	\$2.91	21.2.2023
2012 Options	934,000	-	(33,000)	-	901,000	\$2.73	26.2.2022
2011 Options	789,000	-	-	-	789,000	\$2.78	28.2.2021
2010 Options	372,000	-	-	(147,000)	225,000	\$2.03	25.2.2020
2009 Options	226,000	-	-	(126,000)	100,000	\$1.07	3.5.2019
2008 Options	756,000	-	-	-	756,000	\$2.91	9.3.2018
2007 Options	1,638,000	-	-	(536,000)	1,102,000	\$2.70	4.3.2017
	4,715,000	880,000	(61,000)	(809,000)	4,725,000		

Out of the unexercised options for 3,508,000 (2013: 4,725,000) shares, options for 1,549,000 (2013: 2,464,500) shares are exercisable at the statement of financial position date.

The weighted average share price at the time of exercise was \$3.25 (2013: \$3.02) per share.

The fair value of options granted on 3 March 2014 (2013: 22 February 2013), determined using the Binomial Valuation Model, was \$630,000 (2013: \$836,000). The significant inputs into the model were share price of \$3.09 (2013: \$2.90) at the grant date, exercise price of \$3.15 (2013: \$2.91), expected dividend yield of 0.97% (2013: 1.03%), standard deviation of expected share price returns of 22% (2013: 28%), the option life shown above and annual risk-free interest rate of 2.5% (2013: 1.5%). The volatility measured as the standard deviation of expected share price returns was estimated based on statistical analysis of share prices over the last five years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

25. DIVIDENDS

	The Group and the Company	
	2014	2013
	\$'000	\$'000

Final tax-exempt (one-tier) cash/scrip dividend paid in respect of the previous financial year of 3.0 cents per share (2013: 3.0 cents per share) (note 26 (b))

41,400	41,356
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At the Annual General Meeting to be held on 24 April 2015, a final tax-exempt (one-tier) dividend of 3.0 cents per share will be recommended. Based on the number of issued shares as at 31 December 2014, this will amount to \$41,778,000 which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

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 \$1,573,830,000 (2013: \$1,398,628,000).
- (b) Reserves of the Company comprise retained earnings of \$399,538,000 (2013: \$396,446,000) and share option reserve of \$5,322,000 (2013: \$4,701,000), of which the movements in retained earnings for the Company are as follows:

	The Company	
	2014	2013
	\$'000	\$'000
Beginning of financial year	396,446	393,744
Total comprehensive income - net profit	44,492	44,058
Dividends paid (note 25)	(41,400)	(41,356)
End of financial year	399,538	396,446

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 2014

28. OTHER RESERVES

	The Group	
	2014	2013
	\$'000	\$'000
(a) Currency translation reserve		
Beginning of financial year	10,226	(1,622)
Net currency translation differences of financial statements of foreign entities	5,841	11,848
Effect of acquisition of shares from non-controlling shareholders	483	-
End of financial year	16,550	10,226
(b) Share option reserve - Employee share option scheme		
Beginning of financial year	4,701	3,908
Value of employee services	621	793
End of financial year	5,322	4,701
Total	21,872	14,927

29. COMMITMENTS

(a) Capital commitments

	The Group	
	2014	2013
	\$'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	125,715	179,727
- property, plant and equipment	3,305	4,839
	129,020	184,566

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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	
	2014	2013
	\$'000	\$'000
Not later than 1 year	927	544
Between 1 and 5 years	2,049	79
	2,976	623

(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	
	2014	2013
	\$'000	\$'000
Not later than 1 year	249,907	232,441
Between 1 and 5 years	275,264	260,624
Later than 5 years	1,558	4,191
	526,729	497,256

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

30. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) Currency risk

The Group operates dominantly in Singapore, with some operations in the People's Republic of China. 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. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risks mainly arise from borrowings. 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 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 (2013: 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 \$1,819,000 (2013: \$310,000) as a result of higher/lower interest expense on these borrowings.

The Company does not have any exposure to the interest rates as all its finance expenses are recharged to the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 other non-current receivables comprise amounts due from joint ventures (note 11) and 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 receivables and accrued receivables at the statement of financial position date is as follows:

	The Group	
	2014	2013
	\$'000	\$'000
<i>By segment of business</i>		
Property investment	4,785	4,562
Property trading	31,785	40,727
Hotel operations	5,054	5,783
Technologies	11,407	16,705
	53,031	67,777

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

30. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(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.

(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	
	2014	2013
	\$'000	\$'000
Past due 0 to 1 month	5,727	5,037
Past due 1 to 2 months	1,640	2,276
Past due 2 to 3 months	611	1,859
Past due over 3 months	925	660
	8,903	9,832

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	
	2014	2013
	\$'000	\$'000
Beginning of financial year	674	1,263
Allowance made	127	220
Allowance utilised	(91)	(373)
Allowance written back	(104)	(436)
End of financial year	606	674

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 2014

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 2014				
Trade and other payables	(151,185)	(55,037)	(8,555)	(1,938)
Borrowings	(691,481)	(1,020,146)	(2,633)	-
	(842,666)	(1,075,183)	(11,188)	(1,938)
At 31 December 2013				
Trade and other payables	(142,898)	(45,816)	(4,531)	(3,366)
Borrowings	(644,945)	(216,517)	(231,321)	-
	(787,843)	(262,333)	(235,852)	(3,366)
The Company				
At 31 December 2014				
Trade and other payables	(227,256)	-	-	(1,624)
Borrowings	(403,781)	(618,486)	-	-
	(631,037)	(618,486)	-	(1,624)
At 31 December 2013				
Trade and other payables	(3,121)	(128,216)	-	(1,624)
Borrowings	(427,406)	-	-	-
	(430,527)	(128,216)	-	(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 2014

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	
	2014	2013
	\$'000	\$'000
Debt	1,666,293	1,071,375
Total equity	6,498,067	6,795,114
Debt/Total equity ratio	26%	16%

The Group and the Company are in compliance, where applicable, with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

(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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Loans and receivables	349,893	358,283	1,843,517	1,138,190
Financial liabilities at amortised cost	1,883,635	1,267,986	1,219,581	560,221

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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	
	2014	2013
	\$'000	\$'000
<u>Transactions with joint ventures</u>		
Marketing fee income	266	1,041
Project management fee income	280	480
<u>Transactions with a firm in which a director has an interest</u>		
Professional fee expense	297	4

- (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	
	2014	2013
	\$'000	\$'000
Directors of the Company		
- Fees	560	621
- Salaries, bonus and other emoluments	1,132	1,105
- Employer's contribution to defined contribution plan	11	11
- Share option expense	96	100
	1,799	1,837

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 2014

32. SEGMENT INFORMATION (continued)

	Property investment		Property trading		Hotel operations		Technologies		The Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue										
- external sales	282,959	279,085	184,732	122,226	147,342	131,788	78,163	76,547	693,196	609,646
Segment results										
Unallocated costs	206,294	205,119	24,381	6,336	20,186	11,662	1,844	1,647	252,705	224,764
Interest income									(6,299)	(4,472)
Dividend income									3,525	3,426
Finance expenses									2,556	2,546
Share of results of associated companies	21,043	43,877	(101)	(583)	21,156	24,330	-	-	42,098	67,624
Share of results of joint ventures	-	-	37,221	19,511	-	-	-	-	37,221	19,511
Fair value gain on investment properties	167,249	196,031	-	-	-	-	-	-	323,989	310,582
Profit before income tax									167,249	196,031
									491,238	506,613
Segment assets	6,098,504	5,813,108	1,274,551	1,289,508	517,127	547,403	21,313	22,380	7,911,495	7,672,399
Investments in associated companies	230,565	210,523	145,939	144,110	143,752	135,419	-	-	520,256	490,052
Investments in joint ventures	-	-	57,232	20,011	-	-	-	-	57,232	20,011
Consolidated total assets									8,488,983	8,182,462
Other segment items										
Capital expenditure	82,565	55,456	3	86	3,788	3,474	153	107	86,509	59,123
Depreciation	422	305	7	91	23,040	22,992	206	189	23,675	23,577

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Singapore	663,361	563,768	6,840,195	6,537,096
China	29,835	45,878	236,344	239,279
	693,196	609,646	7,076,539	6,776,375

33. 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 2015 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 2015.

34. 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 13 February 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

	Principal activities	Country of incorporation/ business	The Group's equity holding 2014 %	2013 %
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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
Alprop Pte Ltd	Property investment	Singapore	100++	90
Singapore Land Limited	Investment holding	Singapore	100+	80
Gateway Land Limited	Property investment	Singapore	100+	80
Ideal Homes Pte. Limited	Property trading	Singapore	100+	80
Realty Management Services (Pte) Ltd.	Property management agents	Singapore	100+	80
RMA-Land Development Private Ltd	Property investment	Singapore	100+	80
Shing Kwan Realty (Pte.) Limited	Property investment and investment holding	Singapore	100+	80
Singland (Chengdu) Development Co., Ltd. #	Property trading	People's Republic of China	100+	80
Singland Development (Farrer Drive) Pte. Ltd.	Property trading	Singapore	100+	80
Singland Development (Jervois) Pte. Ltd.	Property trading	Singapore	100+	80

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

	Principal activities	Country of incorporation/ business	The Group's equity holding 2014 %	2013 %
Subsidiary companies				
Singland Homes (Alexandra) Pte. Ltd.	Property trading	Singapore	100+	80
S.L. Development Pte. Limited	Property investment and investment holding	Singapore	100+	80
S L Prime Properties Pte Ltd	Property investment	Singapore	100+	80
S L Prime Realty Pte Ltd	Property investment	Singapore	100+	80
S.L. Properties Limited	Property investment and investment holding	Singapore	100+	80
Pothonier Singapore Pte Ltd	Investment holding	Singapore	100+	80
Shenton Holdings Private Limited	Investment holding	Singapore	100+	80
Singland China Holdings Pte. Ltd.	Investment holding	Singapore	100+	80
Singland Homes Pte. Ltd.	Investment holding	Singapore	100+	80
S.L. Home Loans Pte. Ltd.	Investment holding	Singapore	100+	80
S.L. Management Services Pte Limited	Investment holding	Singapore	100+	80
Brendale Pte. Ltd.	Property trading	Singapore	70	63
UIC Asian Computer Services Pte Ltd	Retailing of computer hardware and software	Singapore	60	60
UIC Investments (Equities) Pte Ltd	Investment holding	Singapore	60	60
UIC Technologies Pte Ltd	Investment holding	Singapore	60	60
Marina Centre Holdings Private Limited	Property development and investment	Singapore	53	43
Marina Management Services Pte Ltd	Property management agents	Singapore	53	43
Hotel Marina City Private Limited	Hotelier	Singapore	53	43
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 2014

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

	Principal activities	Country of incorporation/ business	The Group's equity holding	
			2014 %	2013 %

Associated companies

United Regency Pte Ltd @	Property trading	Singapore	-	40
Avenue Park Development Pte. Ltd. ##	Property trading	Singapore	48	39
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	24
Aquamarina Hotel Private Limited	Hotelier	Singapore	26	21
Marina Bay Hotel Private Limited	Hotelier	Singapore	26	21
Novena Square Development Ltd	Property investment	Singapore	20	16
Novena Square Investments Ltd	Property investment	Singapore	20	16

Joint ventures

United Venture Development (Bedok) Pte. Ltd.	Property trading	Singapore	50	40
United Venture Development (Thomson) Pte. Ltd.	Property trading	Singapore	50	40

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

	Country of incorporation/ business	The Group's equity holding 2014 %	2013 %
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Inactive companies

Subsidiary companies

Netpearl Sdn Bhd @@	Malaysia	100	100
UIC China Resources Pte. Ltd. ^	Singapore	100	100
UIC Commodities Pte Ltd ^	Singapore	100	100
UIC Printedcircuits Pte Ltd ^	Singapore	100	100
UIC Indochina Pte. Ltd. ^	Singapore	100	100
Union Commodities Pte Ltd ^	Singapore	100	100
Interpex Services Private Limited	Singapore	100+	80
Singland Homes (London 90) Pte. Ltd. ^	Singapore	100+	80
Asian Computer Services Pte. Ltd.	Singapore	60	60
Grocorp Assets Sdn Bhd @	Malaysia	-	51

Associated companies

CITIC-UIC Investment Pte Ltd @@	Singapore	50	50
Kogan Investments Limited ^^	British Virgin Islands	50	40
United Venture Investment (Thomson) Pte. Ltd.	Singapore	40	32
Marina Laundry Private Limited	Singapore	37	30
Peak Venture Pte. Ltd. *	Singapore	30	24

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

Notes

- + Effective interest is 99.6%.
- ++ 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 Ernst & Young LLP, Singapore.
- * 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 by the law of the country of incorporation.
- @ Not required to be audited as the company was liquidated/struck off during the financial year.
- @@ Not required to be audited as the company was in the process of being liquidated/struck off.

FIVE-YEAR SUMMARY

2010 - 2014

GROUP PROFIT AND LOSS ACCOUNTS

(\$'000)	2010	2011	2012	2013	2014
Revenue	1,194,302	805,504	711,488	609,646	693,196
Profit before income tax	1,157,552	378,729	567,574	506,613	491,238
Income tax expense	(79,032)	(50,981)	(43,788)	(34,836)	(40,365)
Net profit	1,078,520	327,748	523,786	471,777	450,873
Attributable to:					
Equity holders of the Company					
- Net profit from operations	277,778	200,230	168,238	167,178	222,789
- Net fair value gain/(loss) on investment properties	559,074	(4,873)	223,317	148,886	175,202
	836,852	195,357	391,555	316,064	397,991
Non-controlling interests	241,668	132,391	132,231	155,713	52,882
	1,078,520	327,748	523,786	471,777	450,873
Dividends proposed (net)	41,334	41,342	41,356	41,400	41,778

GROUP STATEMENTS OF FINANCIAL POSITION

(\$'000)	2010	2011	2012	2013	2014
Investment properties	5,458,000	5,219,900	5,485,300	5,738,500	5,989,900
Property, plant and equipment	491,518	479,774	541,885	527,812	509,151
Other non-current assets	251,610	467,774	592,142	688,942	760,598
Current assets	816,638	1,077,458	987,453	1,227,208	1,229,334
Total assets	7,017,766	7,244,906	7,606,780	8,182,462	8,488,983
Current liabilities	(989,716)	(1,103,689)	(847,772)	(808,038)	(862,859)
Non-current liabilities	(244,923)	(161,093)	(370,365)	(579,310)	(1,128,057)
Net assets employed	5,783,127	5,980,124	6,388,643	6,795,114	6,498,067
Share capital	1,400,927	1,401,382	1,401,892	1,403,772	1,446,183
Reserves	2,705,567	2,906,850	3,282,024	3,578,639	4,246,435
	4,106,494	4,308,232	4,683,916	4,982,411	5,692,618
Non-controlling interests	1,676,633	1,671,892	1,704,727	1,812,703	805,449
Total equity	5,783,127	5,980,124	6,388,643	6,795,114	6,498,067

FIVE-YEAR SUMMARY

2010 - 2014

OTHER DATA					
	2010	2011	2012	2013	2014
Profit before income tax - % of revenue	97	47	80	83	71
Profit attributable to equity holders of the Company					
- % of revenue	70	24	55	52	57
- % of share capital and reserves	20	5	8	6	7
Earnings per share (cents)					
- excluding fair value gain/loss on investment properties	20.2	14.5	12.2	12.1	16.1
- including fair value gain/loss on investment properties	60.8	14.2	28.4	22.9	28.7
Dividends proposed					
- gross per share (cents)	3.0	3.0	3.0	3.0	3.0
- cover (times)	6.7	4.8	4.1	4.0	5.3
Net asset value per share (\$)	2.98	3.13	3.40	3.61	4.09

STATISTICS OF SHAREHOLDINGS

AS AT 27 FEBRUARY 2015

Number of Issued and Fully Paid Shares: 1,393,089,757 Ordinary Shares

Class of Shares: Ordinary Shares

Voting Rights: One vote per share

Distribution of Shareholdings as at 27 February 2015

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	169	1.62	5,731	0.00
100 – 1,000	1,617	15.50	1,168,662	0.09
1,001 – 10,000	6,356	60.95	28,823,789	2.07
10,001 – 1,000,000	2,267	21.74	82,650,354	5.93
1,000,001 and above	20	0.19	1,280,441,221	91.91
Total	10,429	100.00	1,393,089,757	100.00

List of 20 Largest Shareholders as at 27 February 2015

No.	Name	No. of Shares	%
1	UOB KAY HIAN PTE LTD	602,085,694	43.22
2	DBS VICKERS SEC (S) PTE LTD	499,469,349	35.85
3	UNITED OVERSEAS BANK NOMINEES PTE LTD	83,596,031	6.00
4	CITIBANK NOMINEES SINGAPORE PTE LTD	29,331,882	2.11
5	DBS NOMINEES PTE LTD	23,874,126	1.71
6	UOL EQUITY INVESTMENTS PTE LTD	10,610,448	0.76
7	CIMB SEC (S'PORE) PTE LTD	5,409,825	0.39
8	MERRILL LYNCH (S'PORE) PTE LTD	4,970,692	0.36
9	SHANWOOD DEVELOPMENT PTE LTD	3,028,391	0.22
10	OCBC NOMINEES SINGAPORE PTE LTD	2,915,984	0.21
11	CHING MUN FONG	2,476,215	0.18
12	TYE HUA NOMINEES (PTE) LTD	2,453,440	0.18
13	WEE CHO YAW	1,874,574	0.13
14	HSBC (SINGAPORE) NOMS PTE LTD	1,809,330	0.13
15	K1 INVESTMENTS (HK) LIMITED	1,459,685	0.10
16	BANK OF SINGAPORE NOMINEES PTE LTD	1,394,439	0.10
17	PHILLIP SECURITIES PTE LTD	1,382,390	0.10
18	PRIMA INVESTMENT HOLDINGS (SINGAPORE) PTE LTD	1,215,000	0.09
19	MAYBANK KIM ENG SECURITIES PTE LTD	1,015,184	0.07
20	OCBC SECURITIES PRIVATE LTD	996,822	0.07
TOTAL:		1,281,369,501	91.98

STATISTICS OF SHAREHOLDINGS

AS AT 27 FEBRUARY 2015

Substantial Shareholders' Shareholdings as at 27 February 2015

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	579,358,400 ⁽¹⁾	nil	41.59
2) UOL Group Limited	32,623,849 ⁽²⁾	579,358,400 ⁽²⁾	43.93
3) Dr Wee Cho Yaw	1,874,574	680,179,599 ⁽³⁾	48.96
4) Telegraph Developments Ltd	515,073,816 ⁽⁴⁾	nil	36.97

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 680,179,599 UIC shares is derived as follows:

UOB Kay Hian Pte Ltd	
- Beneficiary: UOL Group Limited	32,623,849
UOB Kay Hian Pte Ltd	
- Beneficiary: UOL Equity Investments Pte Ltd	568,747,952
UOL Equity Investments Pte Ltd	10,610,448
United Overseas Bank Nominees (Pte) Ltd	
- Beneficiary: Straits Maritime Leasing Private Limited	61,923,533
- Beneficiary: Haw Par Capital Pte Ltd	6,273,817

(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.

RULES 723 OF THE SGX-ST LISTING MANUAL

Based on the information available to the Company as at 27 February 2015, approximately 14.03% 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 the Republic of Singapore

NOTICE IS HEREBY GIVEN that the 53rd Annual General Meeting of United Industrial Corporation Limited will be held at 80 Raffles Place, 62nd Storey, UOB Plaza 1, Singapore 048624, on Friday, 24 April 2015 at 1.30 p.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2014 and the Auditor's Report thereon.
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 2014. (2013: 3.0 cents)
3. To approve Directors' fees of \$308,500 for the financial year ended 31 December 2014. (2013: \$308,500)
4. To re-elect the following Directors, who will retire by rotation pursuant to Article 104 of the Articles of Association of the Company and who, being eligible, offer themselves for re-election:
 - (a) Mr Lance Yu Gokongwei
 - (b) Mr Alvin Yeo Khirn Hai (*See Explanatory Note 1*).
5. To re-appoint the following Directors, each of whom will retire and seek re-appointment under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting:
 - (a) Dr Wee Cho Yaw (*See Explanatory Note 2*)
 - (b) Dr John Gokongwei, Jr. (*See Explanatory Note 3*)
 - (c) Mr Yang Soo Suan (*See Explanatory Note 4*)
 - (d) Mr Hwang Soo Jin (*See Explanatory Note 5*)
 - (e) Mr Antonio L. Go
 - (f) Mr James L. Go (*See Explanatory Note 6*)
 - (g) Mr Gwee Lian Kheng.
6. 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 7*)

NOTICE OF ANNUAL GENERAL MEETING

UNITED INDUSTRIAL CORPORATION LIMITED

Company Registration No. 196300181E

Incorporated in the Republic of Singapore

As Special Business

7. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

7A. That pursuant to Section 161 of the Companies Act, Cap. 50, and subject to the listing rules, guidelines and directions ("Listing Requirements") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be and are hereby authorised to issue:

- (i) shares in the capital of the Company ("Shares");
- (ii) convertible securities;
- (iii) additional convertible securities issued pursuant to adjustments; or
- (iv) Shares arising from the conversion of the securities in (ii) and (iii) above,

(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 (notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force), provided that:

- a. the aggregate number of Shares and convertible securities to be issued pursuant to this Ordinary Resolution (including Shares to be issued in pursuance of convertible securities made or granted pursuant to this Ordinary Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares) provided that the aggregate number of Shares to be issued other than on a pro rata basis to Shareholders of the Company (including Shares to be issued in pursuance of instruments made or granted pursuant to this Ordinary Resolution) does not exceed 20% of the total number of issued Shares;
- 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 (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 Ordinary 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 Ordinary Resolution is passed, provided the options or awards were granted in compliance with the Listing Requirements; and
 - (3) any subsequent bonus issue, consolidation or subdivision of Shares;

NOTICE OF ANNUAL GENERAL MEETING

UNITED INDUSTRIAL CORPORATION LIMITED

Company Registration No. 196300181E

Incorporated in the Republic of Singapore

- c. in exercising the authority conferred by this Ordinary Resolution, the Company complies with the Listing Requirements (unless such compliance has been waived by the SGX-ST) and the existing Articles of Association 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 8*)

7B. That, pursuant to the United Industrial Corporation Limited Scrip Dividend Scheme, the Directors be and are hereby authorised:-

- (1) (i) to allot and issue, from time to time and pursuant to Section 161 of the Act, such number of shares in the capital of the Company 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) make or grant offers, agreements or options that might or would require ordinary shares in the capital of the Company to be issued during the continuance of this authority or thereafter; and
- (iii) issue ordinary shares in the capital of the Company in pursuance of any offer, agreement, or option made or granted by the Directors of the Company while such authority was in force (notwithstanding that such issues of such ordinary shares pursuant to the offer, agreement or option may occur after the expiration of the authority contained in this Resolution);
- (2) 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 9*)

NOTICE OF ANNUAL GENERAL MEETING

UNITED INDUSTRIAL CORPORATION LIMITED

Company Registration No. 196300181E

Incorporated in the Republic of Singapore

7C. That the Directors be and are hereby authorised to:

- a. 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
- b. pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of Shares in the Company 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 this Ordinary Resolution shall not exceed 5% of the total issued Shares in the capital of the Company (excluding treasury shares) from time to time. (See *Explanatory Note 10*)

8. To transact any other ordinary business as may be transacted at an Annual General Meeting of the Company.

By Order of the Board

Susie Koh

Company Secretary

Singapore, 24 March 2015

NOTE:

A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or two proxies to attend and vote in his stead. 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 48 hours before the time appointed for holding the Annual General Meeting.

Explanatory Notes:

Details of all the Directors can be found in the Board of Directors' section of the Annual Report 2014.

1. Mr Alvin Yeo Khirn Hai, if re-appointed, will remain as an Audit Committee Member and will be considered as an Independent Director pursuant to Rule 704(8) of the SGX-ST Listing Manual.
2. Dr Wee Cho Yaw is the father of Director, Mr Wee Ee Lim.
3. Dr John Gokongwei, Jr. is the father of Director, Mr Lance Yu Gokongwei and the brother of Director, Mr James L. Go.

NOTICE OF ANNUAL GENERAL MEETING

UNITED INDUSTRIAL CORPORATION LIMITED

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4. Mr Yang Soo Suan, if re-appointed, will remain as the Audit Committee Chairman and will be considered as an Independent Director pursuant to Rule 704(8) of the SGX-ST Listing Manual.
5. Mr Hwang Soo Jin, if re-appointed, will remain as an Audit Committee Member and will be considered as an Independent Director pursuant to Rule 704(8) of the SGX-ST Listing Manual.
6. Mr James L. Go, if re-appointed, will remain as an Audit Committee Member and will be considered as a non Independent Director pursuant to Rule 704(8) of the SGX-ST Listing Manual. He is the brother of Director, Dr John Gokongwei, Jr..
7. The Audit Committee (the "AC") undertook a review of the fees and expenses of the audit and non-audit services provided by the external auditor, PricewaterhouseCoopers LLP. The AC assessed whether the nature and extent of the non-audit services might prejudice the independence and objectivity of the external auditor before confirming the re-nomination. The AC was satisfied that such services did not affect the independence of the external auditor.
8. The Ordinary Resolution 7A proposed above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to issue shares in the capital of the Company and to make or grant convertible securities, and to issue shares in pursuance of such convertible securities, without seeking any further approval from Shareholders in general meeting, up to a number not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, provided that the total number of issued shares (excluding treasury shares) which may be issued, other than on a pro rata basis to Shareholders, does not exceed 20%.
9. The Ordinary Resolution No. 7B 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.
10. The Ordinary Resolution 7C proposed above, if passed, will empower the Directors of the Company, from the date of the above Meeting 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 Ordinary Resolution 7C does not exceed 5% of the total number of issued shares in the capital of the Company on the date immediately preceding the relevant date(s) on which the offer(s) to grant such options is/are made.

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UNITED INDUSTRIAL CORPORATION LIMITED

Company Registration No. 196300181E

Incorporated in the Republic of Singapore

**PROXY FORM
ANNUAL GENERAL MEETING****IMPORTANT NOTES:**

1. For investors who have used their CPF monies to buy shares in United Industrial Corporation Limited, this Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as OBSERVERS must submit their requests through their CPF Approved Nominees within the time frame specified. (CPF Approved Nominee: Please see Note 8 on the reverse side).
4. CPF investors who wish to vote must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We _____ (Name)
of _____ (Address)

being a member/member(s) of United Industrial Corporation Limited (the "Company"), hereby appoint:-

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing him/her/them, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the 53rd Annual General Meeting of the Company to be held at 80 Raffles Place, 62nd Storey, UOB Plaza 1, Singapore 048624 on 24 April 2015 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 Meeting as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	Resolution	For*	Against*
1	Adoption of Directors' Report and Audited Financial Statements		
2	Declaration of a First and Final Dividend tax-exempt (one-tier)		
3	Approval of Directors' fees		
4	Re-election of Directors retiring by rotation in accordance with Article 104 of the Company's Articles of Association	(a) Mr Lance Yu Gokongwei	
		(b) Mr Alvin Yeo Khirn Hai	
5	Re-appointment of Directors retiring pursuant to Section 153(6) of the Companies Act, Cap. 50	(a) Dr Wee Cho Yaw	
		(b) Dr John Gokongwei, Jr.	
		(c) Mr Yang Soo Suan	
		(d) Mr Hwang Soo Jin	
		(e) Mr Antonio L. Go	
		(f) Mr James L. Go	
		(g) Mr Gwee Lian Kheng	
6	Re-appointment of Auditor		
7A	Authority for Directors to issue shares (Section 161 of the Companies Act, Cap. 50 and SGX-ST Listing Manual)		
7B	Authority for Directors to issue shares (Scrip Dividend Scheme)		
7C	Authority for Directors to issue shares (Share Option)		
8	Any Other Business		

* Please indicate your vote "For" or "Against" with an "X" within the box provided.

Dated this _____ day of _____ 2015

Signature (s) or Common Seal of Member(s)

Total Number of Shares held

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting 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 meeting.
5. 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 48 hours before the time appointed for the Annual General Meeting.
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 (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Cap. 50.
8. Agent Banks acting on the request of CPF Investors who wish to attend the Annual General Meeting as Observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and number of shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary at the registered office of the Company not later than 48 hours before the time appointed for holding the Annual General Meeting.

General:

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 appointing a proxy or proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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UNITED INDUSTRIAL
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Company Registration No. 196300181E
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