

**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT**

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

|   | Note | The Group                      |           |         |
|---|------|--------------------------------|-----------|---------|
|   |      | For the year ended 31 December |           |         |
|   |      | 2017                           | 2016      | + / (-) |
|   |      | \$'000                         | \$'000    | %       |
| Revenue   | A    | 2,103,152                      | 1,440,739 | 46      |
| Cost of sales   |      | (1,403,111)                    | (955,729) | 47      |
| Gross profit  |      | 700,041                        | 485,010   | 44      |
| Other income  |      |                                |           |         |
| - Finance income  | B    | 11,666                         | 5,406     | 116     |
| - Miscellaneous income  |      | 19,255                         | 17,175    | 12      |
| Expenses  |      |                                |           |         |
| - Marketing and distribution  | C    | (91,514)                       | (63,374)  | 44      |
| - Administrative  | D    | (99,342)                       | (77,660)  | 28      |
| - Finance   | E    | (37,942)                       | (30,292)  | 25      |
| - Other operating   | F    | (110,986)                      | (81,310)  | 36      |
| Share of profit of associated companies excluding fair value losses of associated companies' investment properties                      |      | 109,030                        | 131,993   | (17)    |
| Share of profit of joint venture companies excluding other losses and fair value gains on a joint venture company's investment property |      | 9,683                          | 4,256     | 128     |
| Profit before fair value and other gains/(losses) and income tax  |      | 509,891                        | 391,204   | 30      |
| Other losses of a joint venture company   | G    | -                              | (3,169)   | (100)   |
| Other gains/(losses) of the Group   | H    | 524,615                        | (23,275)  | 2,354   |
| Fair value losses on associated and joint venture companies' investment properties  |      | (1,094)                        | (1,144)   | (4)     |
| Fair value gains/(losses) on the Group's investment properties  |      | 15,593                         | (9,700)   | 261     |
| Profit before income tax  | I    | 1,049,005                      | 353,916   | 196     |
| Income tax expense  | J    | (62,015)                       | (48,316)  | 28      |
| Net profit  |      | 986,990                        | 305,600   | 223     |
| <u>Attributable to:</u>   |      |                                |           |         |
| Equity holders of the Company   |      | 891,009                        | 287,040   | 210     |
| Non-controlling interests   |      | 95,981                         | 18,560    | 417     |
|   |      | 986,990                        | 305,600   | 223     |
| The above net profit attributable to equity holders of the Company can be analysed as follows:  |      |                                |           |         |
| Attributable profit before fair value and other gains/(losses)  |      | 355,875                        | 324,200   | 10      |
| Other gains/(losses) including those of a joint venture company   |      | 524,615                        | (26,444)  | 2,084   |
| Fair value gains/(losses) on investment properties including those of associated companies and joint venture companies                  |      | 10,519                         | (10,716)  | 198     |
| Net attributable profit   |      | 891,009                        | 287,040   | 210     |

## 1(a)(ii) Explanatory Notes to the Consolidated Income Statement

|   | The Group                      |                  |                |
|---|--------------------------------|------------------|----------------|
|   | For the year ended 31 December |                  |                |
|   | 2017                           | 2016             | + / (-)        |
|   | \$'000                         | \$'000           | %              |
| <b>A Revenue</b>  |                                |                  |                |
| Revenue from property development   | 1,166,729                      | 733,934          | 59             |
| Revenue from property investments   | 327,065                        | 225,038          | 45             |
| Revenue from hotel ownership and operations   | 526,221                        | 429,613          | 22             |
| Revenue from management services and technologies   | 53,369                         | 21,973           | 143            |
| Dividend income from available-for-sale financial assets  | 29,768                         | 30,181           | (1)            |
|   | <b>2,103,152</b>               | <b>1,440,739</b> | <b>46</b>      |
| <b>B Finance income</b>   |                                |                  |                |
| Interest income   | 7,965                          | 5,406            | 47             |
| Currency exchange gains (net)   | 3,701                          | -                | n.m.           |
|   | <b>11,666</b>                  | <b>5,406</b>     | <b>116</b>     |
| <b>C Marketing and distribution expense</b>   |                                |                  |                |
| Advertising and promotion   | 28,819                         | 25,152           | 15             |
| Marketing and distribution payroll and related expenses   | 24,250                         | 18,912           | 28             |
| Sales commissions   | 31,672                         | 12,283           | 158            |
| Showflat expenses   | 5,769                          | 7,027            | (18)           |
| Others  | 1,004                          | -                | n.m.           |
|   | <b>91,514</b>                  | <b>63,374</b>    | <b>44</b>      |
| <b>D Administrative expenses</b>  |                                |                  |                |
| Administrative payroll and related expenses   | 65,105                         | 52,387           | 24             |
| Corporate expenses  | 17,294                         | 13,377           | 29             |
| Credit card commissions   | 6,692                          | 6,176            | 8              |
| Information technology related expenses   | 6,655                          | 4,365            | 52             |
| Property tax for corporate offices and other taxes  | 669                            | 387              | 73             |
| Bank loan fees and other bank charges   | 633                            | 544              | 16             |
| Others  | 2,294                          | 424              | 441            |
|   | <b>99,342</b>                  | <b>77,660</b>    | <b>28</b>      |
| <b>E Finance expense</b>  |                                |                  |                |
| Bank facility fees  | 4,168                          | 3,549            | 17             |
| Interest expense  | 61,076                         | 55,575           | 10             |
| Less: borrowing costs capitalised   | (27,302)                       | (29,868)         | (9)            |
| Currency exchange losses (net)  | -                              | 1,036            | (100)          |
|   | <b>37,942</b>                  | <b>30,292</b>    | <b>25</b>      |
| <b>F Other operating expense</b>  |                                |                  |                |
| Property taxes  | 33,697                         | 26,395           | 28             |
| Repairs, maintenance and security   | 13,903                         | 14,676           | (5)            |
| Heat, light and power   | 19,093                         | 18,876           | 1              |
| Others  | 44,293                         | 21,363           | 107            |
|   | <b>110,986</b>                 | <b>81,310</b>    | <b>36</b>      |
| <b>G Other losses of a joint venture company</b>  |                                |                  |                |
| Acquisition of Holborn Island - share of:   |                                |                  |                |
| - Gain on purchase  | -                              | 8,736            | (100)          |
| - Business acquisition costs  | -                              | (11,905)         | (100)          |
|   | <b>-</b>                       | <b>(3,169)</b>   | <b>(100)</b>   |
| <b>H Other gains/(losses) of the Group</b>  |                                |                  |                |
| Negative goodwill on acquisition of subsidiaries, net of loss on derecognition of associated and joint venture companies (See footnote 1 on page 3 and 4) | 542,076                        | -                | n.m.           |
| Negative goodwill on acquisition of interests in an associated company  | 2,814                          | 7,400            | (62)           |
| Acquisition of 110 High Holborn   |                                |                  |                |
| - Gain on purchase  | -                              | 3,518            | (100)          |
| - Business acquisition costs  | -                              | (10,234)         | (100)          |
| Acquisition of Hilton Melbourne South Wharf   |                                |                  |                |
| - Business acquisition costs (See footnote 2 on page 4)   | (15,172)                       | -                | n.m.           |
| Write-back of impairment charge on property, plant and equipment (See footnote 3 on page 4)   | 8,947                          | 2,741            | 226            |
| Impairment charge on property, plant and equipment (See footnote 3 on page 4)   | (14,050)                       | (26,700)         | (47)           |
|   | <b>524,615</b>                 | <b>(23,275)</b>  | <b>(2,354)</b> |

n.m. : not meaningful

1(a)(ii) Explanatory Notes to the Consolidated Income Statement (cont'd)

|   | The Group                      |           |         |
|---|--------------------------------|-----------|---------|
|   | For the year ended 31 December |           |         |
|   | 2017                           | 2016      | + / (-) |
|   | \$'000                         | \$'000    | %       |
| <b>I Profit before income tax</b>   |                                |           |         |
| Profit before income tax is stated after charging:  |                                |           |         |
| Depreciation and amortisation (See footnote 4 on page 4)  | 131,277                        | 66,604    | 97      |
| Property, plant and equipment written off and net loss on disposals   | 1,611                          | 1,152     | 40      |
| <b>J Income tax expense</b>   |                                |           |         |
| Tax expense attributable to profit is made up of:   |                                |           |         |
| - Profit for the financial year:  |                                |           |         |
| Current income tax  |                                |           |         |
| - Singapore   | 58,589                         | 36,901    | 59      |
| - Foreign   | 7,154                          | 8,125     | (12)    |
| - Withholding tax paid  | 456                            | 582       | (22)    |
| Deferred income tax   |                                |           |         |
| - fair value loss of investment properties  | (663)                          | (128)     | 418     |
| - others  | (521)                          | 4,234     | (112)   |
|   | 65,015                         | 49,714    | 31      |
| - (Over)/under provision in prior financial years:  |                                |           |         |
| Current income tax  |                                |           |         |
| - Singapore   | (4,659)                        | (1,487)   | 213     |
| - Foreign   | 1,565                          | 9         | n.m.    |
| Deferred income tax   | 94                             | 80        | 18      |
|   | 62,015                         | 48,316    | 28      |
| The tax expense on profit for the financial year differs from the amount that would arise using the Singapore standard rate of income tax due to the following: |                                |           |         |
| Profit before income tax  | 1,049,005                      | 353,916   | 196     |
| Share of profit of associated companies, net of tax   | (103,158)                      | (130,849) | (21)    |
| Share of profit of joint venture companies, net of tax  | (14,461)                       | (1,087)   | 1,230   |
| Profit before tax and share of profit of associated companies and joint venture companies   | 931,386                        | 221,980   | 320     |
| Tax calculated at a tax rate of 17%   | 158,336                        | 37,737    | 320     |
| Effects of:   |                                |           |         |
| - Singapore statutory stepped income exemption  | (620)                          | (538)     | 15      |
| - Tax rebates   | (771)                          | (397)     | 94      |
| - Different tax rates in other countries  | 2,613                          | 1,134     | 130     |
| - Income not subject to tax (See footnote 5 on page 4)  | (112,307)                      | (10,735)  | 946     |
| - Expenses not deductible for tax purposes (See footnote 5 on page 4)   | 19,086                         | 16,971    | 12      |
| - Utilisation of previously unrecognised tax losses   | (1,219)                        | (9)       | n.m.    |
| - Deferred tax assets not recognised in the current financial year  | (103)                          | 5,551     | (102)   |
| - Over provision in prior financial years   | (3,000)                        | (1,398)   | 115     |
| Tax charge  | 62,015                         | 48,316    | 28      |

n.m. : not meaningful

<sup>1</sup> On 31 August 2017, the Group completed the acquisition of 60 million shares in United Industrial Corporation Limited ("UIC") from a wholly owned subsidiary of Haw Par Corporation Limited. Following this acquisition, UIC Group has been accounted as a subsidiary of UOL Group in accordance with the Financial Reporting Standards ("FRS") 110 Consolidated Financial Statements and hence the income statement for the financial year ended 31 December 2017 includes the consolidated results of the UIC Group after that date.

In addition to the consolidation of the UIC Group (including its subsidiary, Marina Centre Holdings Limited ("MCH")), the following associated and joint venture companies of UOL Group and UIC Group are now also consolidated as subsidiaries:

| <u>Entity</u>  | <u>Hotel/Project</u>  |
|--|-----------------------|
| Aquamarina Hotel Private Limited ("AHPL")                | Marina Mandarin Hotel |
| Shanghai Jin Peng Realty Co Ltd ("SJP")                  | Park Eleven           |
| United Venture Development (Bedok) Pte. Ltd. ("UVDB")    | Archipelago           |
| United Venture Development (Thomson) Pte. Ltd. ("UVDT")  | Thomson Three         |
| United Venture Development (Clementi) Pte. Ltd. ("UVDC") | The Clement Canopy    |
| UVD (Projects) Pte. Ltd. ("UVDP")                        | Potong Pasir          |
| United Venture Investments (HI) Pte. Ltd. ("UVIHI")      | Holborn Island        |

1(a)(ii) Explanatory Notes to the Consolidated Income Statement (cont'd)

Acquisition accounting was applied in accordance with FRS 103 Business Combinations ("FRS103") (commonly known as purchase price allocation ("PPA")) requiring a fair valuation of all identifiable assets and liabilities of the acquired entities. This resulted in a negative goodwill on acquisition net of the loss on derecognition of associated and joint venture companies totaling \$542.1 million. Arising from the PPA exercise, a fair value uplift of \$421.1 million and \$82.3 million attributable to the Group has been recorded on property, plant and equipment and development property respectively. The fair value uplift to property, plant and equipment will result in a higher depreciation charge over the useful lives of these properties and the fair value uplift to development properties which includes \$56.1 million relating to Park Eleven and \$18.7 million relating to The Clement Canopy will result in a lower development profit to be recognised in future periods. The PPA exercise is currently on-going and the Group has up to one year from the acquisition date to finalise the PPA adjustments.

The share of profit of associated and joint venture companies for 2017 includes the share of profits of UIC, MCH, AHPL, SJP, UVDB, UVDT, UVDC, UVDP and UVIHI from 1 January 2017 up to the date of acquisition of the UIC shares on 31 August 2017. From 1 September 2017, the results of these companies are consolidated into the income statement of the Group and this resulted in increases in the income and expenses and a decrease in share of profit from associated companies in the income statement of the Group.

- 2 Business acquisition costs for Hilton Melbourne South Wharf relates mainly to stamp duty and professional fees incurred for the Group's acquisition of the hotel and are recorded in the income statement as the transaction was deemed a business combination under the FRS 103. The acquisition was completed on 28 July 2017 and the hotel has been rebranded as Pan Pacific Melbourne.
- 3 The write-back of impairment charge was in respect of Pan Pacific Tianjin. The impairment charge was in respect of the hotel under development in Bishopsgate, London for an amount of \$14.1 million (2016: \$26.7 million). The impairment charge arose from difference between the valuation of the hotel upon completion (as appraised by professional valuers on the basis of value-in-use using the discounted cash flow approach) less the estimated total development cost of the hotel.
- 4 Depreciation and amortisation has increased in 2017 mainly from 1) the accelerated depreciation on the 206-room Pan Pacific Orchard which will cease operation from second quarter 2018 for redevelopment into a new 340-room hotel; and 2) consolidation of depreciation expenses of the new subsidiaries.
- 5 Income not subject to tax comprises mainly fair value gains on the Group's investment properties, write-back of impairment charge on property, plant and equipment, negative goodwill and dividend income from available-for-sale financial assets. Expenses not deductible for tax purposes comprises mainly fair value losses on the Group's investment properties, loss on derecognition of associated and joint venture companies, impairment charge on property, plant and equipment and business acquisition costs for the acquisition of Pan Pacific Melbourne.

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

|   | Note | The Group                      |         |         |
|---|------|--------------------------------|---------|---------|
|   |      | For the year ended 31 December |         |         |
|   |      | 2017                           | 2016    | + / (-) |
|   |      | \$'000                         | \$'000  | %       |
| Net profit  |      | 986,990                        | 305,600 | 223     |
| Other comprehensive income/(loss):  |      |                                |         |         |
| Fair value gains on available-for-sale financial assets                           | A    | 256,882                        | 37,066  | 593     |
| Cash flow hedges  |      | 2,997                          | (3,941) | 176     |
| Currency translation differences arising from consolidation of foreign operations | B    | (16,691)                       | (7,210) | 131     |
| Share of other comprehensive loss of an associated company                        |      | (845)                          | (4,569) | (82)    |
| Other comprehensive income, net of tax  |      | 242,343                        | 21,346  | 1,035   |
| Total comprehensive income  |      | 1,229,333                      | 326,946 | 276     |
| <u>Attributable to:</u>   |      |                                |         |         |
| Equity holders of the Company   |      | 1,133,611                      | 308,216 | 268     |
| Non-controlling interests   |      | 95,722                         | 18,730  | 411     |
|   |      | 1,229,333                      | 326,946 | 276     |

1(a)(iv) Explanatory Notes to the Consolidated Statement of Comprehensive Income

A Fair value gains on available-for-sale financial assets

The quoted available-for-sale financial assets are stated at their fair values based on the quoted closing bid prices as at the reporting date. The increase in value for the financial year ended 31 December 2017 was due to the increase in the closing bid prices of the relevant quoted equity shares from the previous year.

B Currency translation differences arising from consolidation of foreign operations

The currency translation differences arose mainly from the translation of the net assets of the Group's foreign subsidiaries which are denominated in RMB, GBP, AUD, MYR, VND, and USD.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

|   | Note | The Group          |                    | The Company        |                    |
|---|------|--------------------|--------------------|--------------------|--------------------|
|   |      | 31.12.17<br>\$'000 | 31.12.16<br>\$'000 | 31.12.17<br>\$'000 | 31.12.16<br>\$'000 |
| <b>ASSETS</b>   |      |                    |                    |                    |                    |
| <b>Current assets</b>   |      |                    |                    |                    |                    |
| Cash and bank balances  |      | 816,446            | 301,512            | 16,294             | 1,680              |
| Trade and other receivables   | A    | 395,299            | 99,597             | 3,566              | 1,579              |
| Derivative financial instrument   |      | 14                 | -                  | -                  | -                  |
| Developed properties held for sale  |      | 399,786            | 31,878             | -                  | -                  |
| Development properties  |      | 2,472,402          | 1,142,342          | -                  | -                  |
| Inventories   |      | 4,991              | 651                | -                  | -                  |
| Other assets  |      | 66,183             | 16,993             | 303                | 242                |
| Current income tax assets   |      | 220                | 157                | -                  | -                  |
|   |      | 4,155,341          | 1,593,130          | 20,163             | 3,501              |
| <b>Non-current assets</b>   |      |                    |                    |                    |                    |
| Trade and other receivables   | B    | 92,924             | 128,780            | 1,152,269          | 783,355            |
| Derivative financial instrument   |      | 1,538              | 207                | -                  | -                  |
| Available-for-sale financial assets   | C    | 1,131,702          | 855,051            | 865,966            | 658,110            |
| Investments in associated companies   |      | 285,511            | 3,409,827          | -                  | 163,725            |
| Investments in joint venture companies                                      |      | 970                | 77,747             | -                  | -                  |
| Investments in subsidiaries   |      | -                  | -                  | 1,943,625          | 1,779,176          |
| Investment properties   | D    | 10,917,340         | 4,299,597          | 431,100            | 421,500            |
| Property, plant and equipment   | E    | 2,856,164          | 1,165,536          | 1,570              | 1,009              |
| Intangibles   |      | 180,951            | 24,361             | 284                | -                  |
| Deferred income tax assets  |      | 1,005              | 3,904              | -                  | -                  |
|   |      | 15,468,105         | 9,965,010          | 4,394,814          | 3,806,875          |
| <b>Total assets</b>   |      | <b>19,623,446</b>  | <b>11,558,140</b>  | <b>4,414,977</b>   | <b>3,810,376</b>   |
| <b>LIABILITIES</b>  |      |                    |                    |                    |                    |
| <b>Current liabilities</b>  |      |                    |                    |                    |                    |
| Trade and other payables  |      | 927,594            | 203,125            | 859,583            | 564,319            |
| Current income tax liabilities  |      | 109,186            | 50,699             | 1,423              | 1,838              |
| 3.043% unsecured fixed rate notes due 2017                                  | F    | -                  | 74,974             | -                  | 74,974             |
| 2.5% unsecured fixed rate notes due 2018                                    |      | 174,961            | -                  | -                  | -                  |
| Bank loans  | G    | 797,583            | 653,429            | 142,251            | 140,559            |
| Finance lease liabilities   |      | 270                | 272                | -                  | -                  |
| Derivative financial instrument   |      | 377                | -                  | -                  | -                  |
|   |      | 2,009,971          | 982,499            | 1,003,257          | 781,690            |
| <b>Non-current liabilities</b>  |      |                    |                    |                    |                    |
| Trade and other payables  |      | 214,879            | 157,013            | 2,310              | 4,491              |
| Finance lease liabilities   |      | 3,614              | 3,634              | -                  | -                  |
| Bank loans  | G    | 2,568,187          | 1,200,202          | 179,040            | 176,417            |
| 2.5% unsecured fixed rate notes due 2020                                    |      | 239,360            | 239,120            | -                  | -                  |
| 2.5% unsecured fixed rate notes due 2018                                    |      | -                  | 174,803            | -                  | -                  |
| Derivative financial instrument   |      | 1,708              | 4,272              | 1,708              | 3,596              |
| Loan from non-controlling shareholder of a subsidiary                       |      | 63,009             | 63,009             | -                  | -                  |
| Provision for retirement benefits   |      | 5,621              | 4,927              | -                  | -                  |
| Deferred income tax liabilities   |      | 370,806            | 93,297             | 3,381              | 2,960              |
|   |      | 3,467,184          | 1,940,277          | 186,439            | 187,464            |
| <b>Total liabilities</b>  |      | <b>5,477,155</b>   | <b>2,922,776</b>   | <b>1,189,696</b>   | <b>969,154</b>     |
| <b>NET ASSETS</b>   |      | <b>14,146,291</b>  | <b>8,635,364</b>   | <b>3,225,281</b>   | <b>2,841,222</b>   |
| <b>Capital &amp; reserves attributable to equity holders of the Company</b> |      |                    |                    |                    |                    |
| Share capital   | H    | 1,549,744          | 1,269,853          | 1,549,744          | 1,269,853          |
| Reserves  |      | 907,272            | 912,147            | 703,865            | 503,144            |
| Retained earnings   |      | 6,988,104          | 5,945,154          | 971,672            | 1,068,225          |
|   |      | 9,445,120          | 8,127,154          | 3,225,281          | 2,841,222          |
| <b>Non-controlling interests</b>  |      | <b>4,701,171</b>   | <b>508,210</b>     | <b>-</b>           | <b>-</b>           |
| <b>TOTAL EQUITY</b>   |      | <b>14,146,291</b>  | <b>8,635,364</b>   | <b>3,225,281</b>   | <b>2,841,222</b>   |

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year. (cont'd)

Explanatory Notes to the Statement of Financial Position

The increases in cash and bank balances, current trade and other receivables, development properties and development properties held for sale, inventories, other assets, investment properties, property, plant and equipment, intangibles, trade and other payables, bank loans and deferred tax liabilities and the decreases in associated and joint venture companies and non-current trade and other receivables from the balances as of 31 December 2016 were due mainly to the consolidation of UIC Group and the associated and joint venture companies of UOL Group and UIC Group upon the completion of the acquisition of 60 million UIC shares on 31 August 2017 (see footnote 1 on pages 3 and 4). The following are explanatory notes for other relevant variances excluding the effects of the consolidation of these entities.

A Current trade and other receivables

The recognition of receivables for the balance of payments for Riverbank@Fernvale upon the receipt of temporary occupation permit on 23 March 2017 contributed to an increase in the current trade and other receivables balance.

B Non-current trade and other receivables

The decrease in non-current trade and other receivables arising from the consolidation of UIC Group and the associated and joint venture companies of UOL Group and UIC Group due to the elimination of intercompany loans were offset in part by a 1) \$52.5 million loan to a joint venture company, Secure Venture Development (No.1) Pte. Ltd. for the en-bloc acquisition of a freehold property at Meyer Road; and 2) \$18.3 million in loan to an associated company, City Square Hotel Co Ltd, for the construction of the Pan Pacific Yangon in Myanmar.

C Available-for-sale financial assets

The increase in available-for-sale financial assets arose mainly from the (i) recognition of \$256.9 million of fair value gains; and (ii) election to receive dividends from United Overseas Bank Limited in scrip amounting to \$13.4 million.

D Investment properties

Investment properties are stated at valuation as determined by independent professional valuers. It is the practice of the Group to revalue its investment properties half yearly. The fair value gains totaling \$15.6 million recognised in 2017 were mainly from United Square, Novena Square and Holborn Island, London.

E Property, plant and equipment

In July 2017, the Group acquired the 396-room Hilton Melbourne South Wharf for an aggregate cash consideration of A\$230.0 million (approximately S\$246.1 million). The hotel was renamed Pan Pacific Melbourne subsequent to the acquisition.

F 3.043% unsecured fixed rate notes due 2017

The 3.043% unsecured fixed rate notes due 2017 was redeemed on 8 May 2017.

G Current and non-current bank loans

The increases in current and non-current bank loans include loans drawn for 1) the redemption of the unsecured fixed rate notes due on 8 May 2017; 2) the en-bloc purchase of a leasehold property at Potong Pasir Avenue 1; 3) funds provided to a joint venture company for the en-bloc acquisition of a freehold property at Meyer Road ; 4) the acquisition of Pan Pacific Melbourne in July 2017; and 5) the construction of the Bishopsgate project.

H Share capital

The increase in share capital was mainly from the issue of 27,272,727 new shares with a deemed value of \$8.03 being the last traded price on the date of exercise of the option on 25 August 2017 for the acquisition of the 60 million UIC shares.

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

|  | As at 31.12.17 |           | As at 31.12.16 |           |
|--|----------------|-----------|----------------|-----------|
|  | Secured        | Unsecured | Secured        | Unsecured |
|  | \$'000         | \$'000    | \$'000         | \$'000    |
| Amount repayable in one year or less, or on demand | 255,540        | 717,699   | 112,167        | 616,659   |
| Amount repayable after one year                    | 846,784        | 2,034,388 | 568,702        | 1,113,791 |

Details of any collaterals

The borrowings are secured by bank deposits, mortgages on the borrowing subsidiaries' investment properties, hotel properties, development properties, and/or assignment of all rights and benefits with respect to the properties and/or corporate guarantees from the Company or other Group subsidiaries.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows for the financial year ended 31 December

|  | Note | The Group        |                  |
|--|------|------------------|------------------|
|  |      | 2017<br>\$'000   | 2016<br>\$'000   |
| <b>Cash flows from operating activities</b>  |      |                  |                  |
| Net profit   |      | 986,990          | 305,600          |
| Adjustments for:   |      |                  |                  |
| Income tax expense   |      | 62,015           | 48,316           |
| Non-cash items   |      | 23,896           | (61,922)         |
| Dividend and interest income   |      | (37,733)         | (35,587)         |
| Interest expense   |      | 37,942           | 29,256           |
| Fair value (gains)/losses on the Group's investment properties   |      | (15,593)         | 9,700            |
| Negative goodwill on acquisition of subsidiaries, net of loss on derecognition of associated and joint venture companies |      | (542,076)        | -                |
| Negative goodwill on acquisition of interests in an associated company   |      | (2,814)          | (7,400)          |
| Write-back of impairment charge on property, plant and equipment   |      | (8,947)          | (2,741)          |
| Impairment charge on property, plant and equipment   |      | 14,050           | 26,700           |
| Gain on purchase of a business   |      | -                | (3,518)          |
|  |      | <u>517,730</u>   | <u>308,404</u>   |
| Change in working capital  |      |                  |                  |
| Receivables  | i    | (93,362)         | 13,593           |
| Development properties   | i    | 474,814          | 244,626          |
| Inventories  |      | (749)            | 83               |
| Payables   | ii   | 98,993           | 1,738            |
|  |      | <u>479,696</u>   | <u>260,040</u>   |
| Cash generated from operations   |      | 997,426          | 568,444          |
| Income tax paid  |      | (61,325)         | (33,475)         |
| Retirement benefits paid   |      | (11)             | (16)             |
| Release of bank deposits pledged as security   |      | 200              | 3,562            |
| <b>Net cash from operating activities</b>  |      | <u>936,290</u>   | <u>538,515</u>   |
| <b>Cash flows from investing activities</b>  |      |                  |                  |
| Proceeds from liquidation of associated companies  |      | 263              | 1,100            |
| Payments for intangibles   |      | (1,180)          | (2,286)          |
| Payments for interests in associated and joint venture companies   | iii  | (22,651)         | (36,287)         |
| Payment to non-controlling shareholders for purchase of shares in subsidiaries   | iv   | (45,035)         | (19,865)         |
| Loans to an associated company and joint venture companies   | v    | (119,191)        | (113,797)        |
| Repayment of loan by a joint venture company   |      | -                | 87,313           |
| Net proceeds from disposal of property, plant and equipment  |      | 55               | 235              |
| Acquisition of subsidiaries, net of cash acquired  | vi   | 474,358          | -                |
| Acquisition of a business  | vii  | (264,437)        | (181,749)        |
| Purchase of property, plant and equipment and investment properties  | viii | (123,861)        | (66,337)         |
| Interest received  |      | 7,965            | 5,406            |
| Dividends received   |      | 48,545           | 57,391           |
| <b>Net cash used in investing activities</b>   |      | <u>(45,169)</u>  | <u>(268,876)</u> |
| <b>Cash flows from financing activities</b>  |      |                  |                  |
| Proceeds from shares issued  |      | 12,122           | 1,095            |
| Net proceeds from issue of shares to non-controlling shareholders of a subsidiary  |      | 712              | -                |
| Proceeds from 2.5% unsecured fixed rate notes due 2020   |      | -                | 240,000          |
| Repayment of 3.043% unsecured fixed rate notes due 2017  |      | (75,000)         | -                |
| Proceeds from borrowings   | ix   | 2,178,036        | 1,459,712        |
| Repayment of borrowings  | ix   | (2,352,558)      | (1,804,891)      |
| Expenditure relating to bank borrowings  |      | (5,540)          | (2,127)          |
| Interest paid  |      | (57,634)         | (57,041)         |
| Payment of finance lease liabilities   |      | (277)            | (269)            |
| Dividends paid to equity holders of the Company  |      | (71,947)         | (64,278)         |
| Dividends paid to non-controlling interests  |      | (3,775)          | (2,000)          |
| Payments for share buy-back  |      | -                | (8,863)          |
| <b>Net cash used in financing activities</b>   |      | <u>(375,861)</u> | <u>(238,662)</u> |
| <b>Net increase in cash and cash equivalents</b>   |      | 515,260          | 30,977           |
| Cash and cash equivalents at the beginning of the financial year   |      | 301,312          | 272,546          |
| Effects of currency translation on cash and cash equivalents   |      | (126)            | (2,211)          |
| <b>Cash and cash equivalents at the end of the financial year</b>  | x    | <u>816,446</u>   | <u>301,312</u>   |

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Explanatory Notes to the Consolidated Statement of Cash Flows

i. Receivables/Development properties

The cash flow changes for receivables and development properties in 2017 arose mainly from progressive billings of development projects and in particular, from the receipt of temporary occupation permit for Riverbank@Fernvale during the year.

ii. Payables

The movement in 2017 was due to higher payables as at the end of 2017 compared to 2016 as a result of higher outstanding payables for development expenditure and accruals for completed projects.

iii. Payments for interests in associated and joint venture companies

The payments for interests in associated companies relate mainly to 1) the acquisition of shareholding interests in City Square Hotel Co. Ltd ("CSHC") and United Industrial Corporation Limited; and 2) capital injections into joint venture companies, UVD (Projects) Pte Ltd. and Secure Venture Development (No.1) Pte. Ltd. ("SVD(No.1)"), for the en-bloc acquisitions of properties at Potong Pasir and Meyer Rd respectively.

iv. Payment to non-controlling shareholders for purchase of shares in subsidiaries

The payment was for the acquisition of additional UIC and Singapore Land Limited shares subsequent to 31 August 2017 when these entities were consolidated as subsidiaries of the Group.

v. Loans to an associated company and joint venture companies

Additional loans were made out mainly to 1) CSHC for the development of Pan Pacific Yangon; and 2) SVD(No.1) for the en-bloc purchase of the freehold property at Meyer Road.

vi. Acquisition of subsidiaries, net of cash acquired

This relates to the acquisition of 60 million UIC shares which resulted in the consolidation of UIC Group and the associated and joint venture companies of UOL Group and UIC Group (see footnote 1 on pages 3 and 4). The cash inflow was made up mainly of the cash and bank balances of the acquired entities as the acquisition was paid via the issue of new UOL shares.

vii. Acquisition of a business

The acquisition of a business relates to the Group's purchase of Hilton Melbourne South Wharf which was renamed Pan Pacific Melbourne subsequent to the acquisition.

viii. Purchase of property, plant and equipment and investment properties

Purchases of property, plant and equipment and investment properties relates mainly to expenditure for the construction of hotel at Bishopsgate, London and redevelopment of Pan Pacific Orchard.

ix. Proceeds from borrowings/Repayment of borrowings

The net repayment of borrowings in 2017 arose mainly from funds received from the progress billings of development projects, in particular Riverbank@Fernvale and V on Shenton which were completed in 2017.

x. Cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, the cash and cash equivalents comprise the following:

|  | <u>The Group</u> |                |
|--|------------------|----------------|
|  | <u>2017</u>      | <u>2016</u>    |
|  | \$'000           | \$'000         |
| Fixed deposits with financial institutions                         | 356,264          | 190,371        |
| Cash at bank and on hand   | 460,182          | 111,141        |
| Cash and bank balances per Statement of Financial Position         | 816,446          | 301,512        |
| Less: Bank deposits pledged as security                            | -                | (200)          |
| Cash and cash equivalents per Consolidated Statement of Cash Flows | <u>816,446</u>   | <u>301,312</u> |



- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity for the financial year ended 31 December

|   | Share<br>capital<br>\$'000 | Reserves<br>\$'000 | Retained<br>earnings<br>\$'000 | Non-<br>controlling<br>interests<br>\$'000 | Total<br>equity<br>\$'000 |
|---|----------------------------|--------------------|--------------------------------|--|---------------------------|
| <b>The Group</b>  |                            |                    |                                |  |                           |
| <b>2017</b>   |                            |                    |                                |  |                           |
| Beginning of financial year   | 1,269,853                  | 912,147            | 5,945,154                      | 508,210                                    | 8,635,364                 |
| Profit for the year   | -                          | -                  | 891,009                        | 95,981                                     | 986,990                   |
| Other comprehensive income/(loss) for the year  | -                          | 242,602            | -                              | (259)                                      | 242,343                   |
| Total comprehensive income for the year   | -                          | 242,602            | 891,009                        | 95,722                                     | 1,229,333                 |
| Employee share option scheme  |                            |                    |                                |  |                           |
| - value of employee services  | -                          | 1,407              | -                              | 35   | 1,442                     |
| - proceeds from shares issued   | 12,122                     | -                  | -                              | -  | 12,122                    |
| Dividends   | -                          | -                  | (120,716)                      | (3,775)                                    | (124,491)                 |
| Issue of shares for the acquisition of shares in a subsidiary                               | 219,000                    | -                  | -                              | -  | 219,000                   |
| Issue of shares under scrip dividend scheme   | 48,769                     | -                  | -                              | -  | 48,769                    |
| Acquisition of interests from non-controlling shareholders                                  | -                          | -                  | 27,092                         | (72,127)                                   | (45,035)                  |
| Issue of shares to non-controlling shareholders   | -                          | -                  | -                              | 712  | 712                       |
| Acquisition of subsidiaries and derecognition of associated and joint venture companies     | -                          | (248,884)          | 245,565                        | 4,172,394                                  | 4,169,075                 |
| Total transactions with owners, recognised directly in equity                               | 279,891                    | (247,477)          | 151,941                        | 4,097,239                                  | 4,281,594                 |
| End of financial year   | 1,549,744                  | 907,272            | 6,988,104                      | 4,701,171                                  | 14,146,291                |
| <b>2016</b>   |                            |                    |                                |  |                           |
| Beginning of financial year   | 1,216,099                  | 889,866            | 5,788,210                      | 506,941                                    | 8,401,116                 |
| Profit for the year   | -                          | -                  | 287,040                        | 18,560                                     | 305,600                   |
| Other comprehensive income for the year   | -                          | 21,176             | -                              | 170  | 21,346                    |
| Total comprehensive income for the year   | -                          | 21,176             | 287,040                        | 18,730                                     | 326,946                   |
| Employee share option scheme  |                            |                    |                                |  |                           |
| - value of employee services  | -                          | 1,103              | -                              | -  | 1,103                     |
| - proceeds from shares issued   | 1,095                      | -                  | -                              | -  | 1,095                     |
| Dividends   | -                          | -                  | (119,416)                      | (2,000)                                    | (121,416)                 |
| Issue of shares under scrip dividend scheme   | 55,138                     | -                  | -                              | -  | 55,138                    |
| Shares cancelled upon buy-back  | (2,479)                    | -                  | (6,384)                        | -  | (8,863)                   |
| Acquisition of interests from non-controlling shareholder                                   | -                          | -                  | (4,404)                        | (15,461)                                   | (19,865)                  |
| Share of an associated company's acquisition of interests from non-controlling shareholders | -                          | 2                  | 108                            | -  | 110                       |
| Total transactions with owners, recognised directly in equity                               | 53,754                     | 1,105              | (130,096)                      | (17,461)                                   | (92,698)                  |
| End of financial year   | 1,269,853                  | 912,147            | 5,945,154                      | 508,210                                    | 8,635,364                 |

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Statement of Changes in Equity for the financial year ended 31 December

|   | Share<br>capital<br>\$'000 | Reserves<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>equity<br>\$'000 |
|---|----------------------------|--------------------|--------------------------------|---------------------------|
| <b>The Company</b>  |                            |                    |                                |                           |
| <b>2017</b>   |                            |                    |                                |                           |
| Beginning of financial year                                   | 1,269,853                  | 503,144            | 1,068,225                      | 2,841,222                 |
| Profit for the year   | -                          | -                  | 24,163                         | 24,163                    |
| Other comprehensive income for the year                       | -                          | 199,347            | -                              | 199,347                   |
| Total comprehensive income for the year                       | -                          | 199,347            | 24,163                         | 223,510                   |
| Employee share option scheme                                  |                            |                    |                                |                           |
| - value of employee services                                  | -                          | 1,374              | -                              | 1,374                     |
| - proceeds from shares issued                                 | 12,122                     | -                  | -                              | 12,122                    |
| Dividends   | -                          | -                  | (120,716)                      | (120,716)                 |
| Issue of shares for the acquisition of shares in a subsidiary | 219,000                    | -                  | -                              | 219,000                   |
| Issue of shares under scrip dividend scheme                   | 48,769                     | -                  | -                              | 48,769                    |
| Total transactions with owners, recognised directly in equity | 279,891                    | 1,374              | (120,716)                      | 160,549                   |
| End of financial year   | <u>1,549,744</u>           | <u>703,865</u>     | <u>971,672</u>                 | <u>3,225,281</u>          |
| <b>2016</b>   |                            |                    |                                |                           |
| Beginning of financial year                                   | 1,216,099                  | 475,608            | 1,194,808                      | 2,886,515                 |
| Loss for the year   | -                          | -                  | (783)                          | (783)                     |
| Other comprehensive income for the year                       | -                          | 26,433             | -                              | 26,433                    |
| Total comprehensive income/(loss) for the year                | -                          | 26,433             | (783)                          | 25,650                    |
| Employee share option scheme                                  |                            |                    |                                |                           |
| - value of employee services                                  | -                          | 1,103              | -                              | 1,103                     |
| - proceeds from shares issued                                 | 1,095                      | -                  | -                              | 1,095                     |
| Dividends   | -                          | -                  | (119,416)                      | (119,416)                 |
| Issue of shares under scrip dividend scheme                   | 55,138                     | -                  | -                              | 55,138                    |
| Shares cancelled upon buy-back                                | (2,479)                    | -                  | (6,384)                        | (8,863)                   |
| Total transactions with owners, recognised directly in equity | 53,754                     | 1,103              | (125,800)                      | (70,943)                  |
| End of financial year   | <u>1,269,853</u>           | <u>503,144</u>     | <u>1,068,225</u>               | <u>2,841,222</u>          |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the financial year ended 31 December 2017, the changes in the issued share capital of the Company were as follows:

|  | Number of<br>Ordinary<br>Shares |
|--|---------------------------------|
| Issued share capital as at 1 January 2017  | 804,611,403                     |
| Issue of ordinary shares arising from the exercise of:   |                                 |
| 2007 Options at exercise price of S\$4.91 per share  | 2,000                           |
| 2008 Options at exercise price of S\$3.68 per share  | 112,000                         |
| 2009 Options at exercise price of S\$1.65 per share  | 52,000                          |
| 2010 Options at exercise price of S\$3.95 per share  | 280,000                         |
| 2011 Options at exercise price of S\$4.62 per share  | 219,000                         |
| 2012 Options at exercise price of S\$5.40 per share  | 403,000                         |
| 2013 Options at exercise price of S\$6.55 per share  | 218,000                         |
| 2014 Options at exercise price of S\$6.10 per share  | 215,000                         |
| 2015 Options at exercise price of S\$7.67 per share  | 158,000                         |
| 2016 Options at exercise price of S\$5.87 per share  | 574,000                         |
| Ordinary shares issued upon exercise of options  | 2,233,000                       |
| New shares allotted to Haw Par Capital Pte Ltd, a wholly-owned subsidiary of Haw Par Corporation<br>Limited for the acquisition of 60,000,000 UIC shares | 27,272,727                      |
| Issue of shares under scrip dividend scheme  | 7,526,102                       |
| Issued share capital as at 31 December 2017  | <u>841,643,232</u>              |

During the fourth quarter of 2017, 765,000 ordinary shares (fourth quarter 2016: 179,000) were issued arising from the exercise of options granted under the UOL 2000 Share Option Scheme and UOL 2012 Share Option Scheme.

As at 31 December 2017, there were 4,124,000 (31.12.2016: 5,181,000) ordinary shares which may be issued upon the exercise of options under the UOL 2000 Share Option Scheme and UOL 2012 Share Option Scheme.

The Company did not hold any treasury shares and there were no subsidiary holdings as of 31 December 2017 and 31 December 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

|  | The Company |             |
|--|-------------|-------------|
|  | 31.12.17    | 31.12.16    |
| Total number of issued shares, excluding treasury shares | 841,643,232 | 804,611,403 |

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

Not applicable.

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

There were no sales, transfers, disposal, cancellation and/or use of subsidiary holdings during the financial year ended 31 December 2017.

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

The figures have neither been audited nor reviewed by the Company's auditors.

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

Not applicable.

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

Except as stated in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those of the audited financial statements for the financial year ended 31 December 2016.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

On 1 January 2017, the Group adopted the new or amended Financial Reporting Standards ("FRS") that are mandatory for application from that date. The following are the new or amended FRS that are relevant to the Group:

- Amendments to FRS 7: Statement of Cash Flows - Disclosure Initiative
- Amendments to FRS 12: Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

- 6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

|  | The Group    |             |
|--|--------------|-------------|
|  | 2017         | 2016        |
| Earnings per ordinary share for the financial year ended 31 December |              |             |
| (i) Based on weighted average number of ordinary shares in issue     | cents 108.82 | cents 35.82 |
| (ii) On a fully diluted basis  | cents 108.75 | cents 35.81 |

Earnings per share is calculated by reference to the weighted average number of ordinary shares in issue during the financial year.

For the purposes of calculating diluted earnings per share, the weighted average number of shares in issue is adjusted to take into account the dilutive effect arising from the outstanding options granted to employees, where such shares would have been issued at a price lower than market value.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

|   | The Group |          | The Company |          |
|---|-----------|----------|-------------|----------|
|   | 31.12.17  | 31.12.16 | 31.12.17    | 31.12.16 |
| Net asset value per ordinary share            | \$11.22   | \$10.10  | \$3.83      | \$3.53   |
| Net tangible asset backing per ordinary share | \$11.01   | \$10.07  | \$3.83      | \$3.53   |

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

#### **Revenue**

Group revenue in 2017 increased by \$662.4 million or 46% to \$2.10 billion from \$1.44 billion in 2016 due mainly to the consolidation of UIC Group and the associated and joint venture companies of UOL Group and UIC Group which contributed an additional \$544.7 million in revenue. Excluding the effects of this consolidation, revenue from property development was higher by \$103.0 million or 14% with higher progressive revenue recognition mainly from Principal Garden. Revenue from hotel operations improved by 3% or \$13.1 million with new revenue from Pan Pacific Melbourne which was acquired in end July 2017.

#### **Gross profit margin**

Gross profit margin for 2017 was marginally lower at 33% compared to 34% for 2016 due mainly to higher revenue from property development which has a higher cost ratio and accelerated depreciation expenses of \$21.9 million for Pan Pacific Orchard which is scheduled for redevelopment in second quarter 2018.

#### **Finance income**

Finance income has increased in 2017 due mainly to 1) exchange gains mainly from the Group's borrowings in United States Dollars; and 2) the effects of consolidation of UIC Group.

#### **Expenses**

The increase in total expenses was mainly from the consolidation of UIC Group.

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonable or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (cont'd)

#### **Associated companies**

There is a lower share of profit of associated companies in 2017 as the results of UIC, MCH and AHPL are no longer equity accounted but are consolidated with those of the Group from 1 September 2017 onwards (see footnote 1 on pages 3 and 4).

#### **Joint venture companies**

The increase in share of profit from joint venture companies was due mainly to contributions for the first eight months of 2017 from The Clement Canopy development which was launched in end February 2017 and Holborn Island, London which was acquired in November 2016. From 1 September 2017 onwards, the results of these entities were consolidated with the results of the Group.

#### **Profit & Loss**

The pre-tax profit before fair value and other gains/(losses) was \$509.9 million, an increase of 30% from the profit of \$391.2 million in 2016. The increase was due mainly to higher profit from property development and property investments, including those owned by UIC Group.

With higher attributable fair value and other gains of \$535.1 million recognised in 2017 compared to fair value and other losses of \$37.2 million in 2016, profit after tax and non-controlling interest was \$891.0 million or a 210% increase from the profit of \$287.0 million in 2016.

#### **Net tangible asset and gearing**

The Group's shareholders' funds increased from \$8.13 billion as at 31 December 2016 to \$9.45 billion as at 31 December 2017 due mainly to 1) profits recognised in 2017 which include the effects of consolidation of UIC Group; and 2) the issuance of new shares during the year. Consequently the net tangible asset per ordinary share of the Group increased to \$11.01 as at 31 December 2017 from \$10.07 as at 31 December 2016.

The Group's gearing ratio decreased to 0.21 as at 31 December 2017 compared to 0.24 as at 31 December 2016 due mainly to the consolidation of UIC Group which has low gearing.

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

Nil.

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

The Singapore economy is expected to grow by 1.5 to 3.5 per cent in 2018. The strong momentum of sales of new private homes is expected to continue in 2018. However, pipeline supply of private residential units is expected to increase as more properties are being sold en-bloc. Similarly, the upward momentum in the office rental market is expected to continue in 2018 on expectations of healthy demand and lower quantum of new supply. On the other hand, retail rents are expected to remain under pressure in the face of competition from e-commerce.

In London, uncertainties over Brexit will continue to affect the property market. The performance of the Group's commercial properties in Midtown London is expected to hold up due to limited supply in the area.

The Group's hotels in the Asia Pacific region should benefit from the improving global economic outlook. However, trading conditions for the hotels in The People's Republic of China and Myanmar are expected to remain competitive. The 206-room Pan Pacific Orchard is scheduled to cease operations as from 1 April 2018 and will be re-developed into a new 340-room hotel.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

|                  |   |                               |
|------------------|---|-------------------------------|
| Name of dividend | : | First & Final                 |
| Dividend Type    | : | Cash/Scrip                    |
| Dividend Rate    | : | 17.5 cents per ordinary share |
| Tax Rate         | : | Not applicable (one-tier)     |

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

|                  |   |                               |
|------------------|---|-------------------------------|
| Name of dividend | : | First & Final                 |
| Dividend Type    | : | Cash/Scrip                    |
| Dividend Rate    | : | 15.0 cents per ordinary share |
| Tax Rate         | : | Not applicable (one-tier)     |

(c) Date payable

|               |   |   |
|---------------|---|---|
| First & Final | : | Subject to shareholders' approval for payment of the First & Final Dividends and payment date to be announced later |
|---------------|---|---|

(d) Books closure date

The books closure dates will be announced at a later date.

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

Not applicable.

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

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

|   | Property development |          |         |                |                      | Hotel operations |           |          |             |          | Total          |
|---|----------------------|----------|---------|----------------|----------------------|------------------|-----------|----------|-------------|----------|----------------|
|   | Singapore            | Malaysia | China   | United Kingdom | Property investments | Singapore        | Australia | Others   | Investments | Others   |                |
|   | \$'000               | \$'000   | \$'000  | \$'000         | \$'000               | \$'000           | \$'000    | \$'000   | \$'000      | \$'000   |                |
| <b>Group</b>                                      |                      |          |         |                |                      |                  |           |          |             |          |                |
| <b>2017</b>                                       |                      |          |         |                |                      |                  |           |          |             |          |                |
| <b>Revenue</b>                                    |                      |          |         |                |                      |                  |           |          |             |          |                |
| Total segment sales                               | 1,166,687            | -        | 42      | -              | 331,749              | 253,546          | 145,487   | 127,617  | 127,204     | 80,932   | 2,233,264      |
| Inter-segment sales                               | -                    | -        | -       | -              | (4,684)              | (429)            | -         | -        | (97,436)    | (27,563) | (130,112)      |
| Sales to external parties                         | 1,166,687            | -        | 42      | -              | 327,065              | 253,117          | 145,487   | 127,617  | 29,768      | 53,369   | 2,103,152      |
| Company and subsidiaries                          | 159,367              | (27)     | (840)   | (512)          | 221,759              | 81,974           | 35,466    | 24,514   | 29,564      | 15,552   | 566,817        |
| Share of (loss)/profit of associated companies    | (3)                  | -        | (70)    | -              | 97,778               | 3,093            | -         | 2,362    | -           | (2)      | 103,158        |
| Share of profit/(loss) of joint venture companies | 5,134                | -        | -       | -              | 9,327                | -                | -         | -        | -           | -        | 14,461         |
| <b>Adjusted EBITDA*</b>                           | 164,498              | (27)     | (910)   | (512)          | 328,864              | 85,067           | 35,466    | 26,876   | 29,564      | 15,550   | 684,436        |
| Depreciation and amortisation                     | (24,006)             | -        | (37)    | -              | (3,758)              | (55,511)         | (18,245)  | (27,658) | (22)        | (2,040)  | (131,277)      |
| Other gains/(losses)                              | -                    | -        | -       | -              | 544,889              | -                | (15,171)  | (5,103)  | -           | -        | 524,615        |
| Fair value gains on investment properties         | -                    | -        | -       | -              | 15,593               | -                | -         | -        | -           | -        | 15,593         |
| Unallocated costs                                 |                      |          |         |                |                      |                  |           |          |             |          | (18,086)       |
| Finance income                                    |                      |          |         |                |                      |                  |           |          |             |          | 11,666         |
| Finance expense                                   |                      |          |         |                |                      |                  |           |          |             |          | (37,942)       |
| Profit before income tax                          |                      |          |         |                |                      |                  |           |          |             |          | 1,049,005      |
| Income tax expense                                |                      |          |         |                |                      |                  |           |          |             |          | (62,015)       |
| Net profit  |                      |          |         |                |                      |                  |           |          |             |          | <u>986,990</u> |
| <b>2016</b>                                       |                      |          |         |                |                      |                  |           |          |             |          |                |
| <b>Revenue</b>                                    |                      |          |         |                |                      |                  |           |          |             |          |                |
| Total segment sales                               | 726,225              | -        | 7,709   | -              | 230,569              | 172,904          | 122,297   | 134,848  | 124,107     | 54,099   | 1,572,758      |
| Inter-segment sales                               | -                    | -        | -       | -              | (5,531)              | (436)            | -         | -        | (93,926)    | (32,126) | (132,019)      |
| Sales to external parties                         | 726,225              | -        | 7,709   | -              | 225,038              | 172,468          | 122,297   | 134,848  | 30,181      | 21,973   | 1,440,739      |
| Company and subsidiaries                          | 52,797               | (28)     | (285)   | (168)          | 154,791              | 55,321           | 29,192    | 26,994   | 30,152      | 11,861   | 360,628        |
| Share of profit/(loss) of associated companies    | 149                  | -        | (1,192) | -              | 125,922              | 4,839            | -         | 1,195    | -           | (64)     | 130,849.0      |
| Share of profit/(loss) of joint venture companies | 3,365                | -        | -       | -              | (2,278)              | -                | -         | -        | -           | -        | 1,087          |
| <b>Adjusted EBITDA*</b>                           | 56,311               | (28)     | (1,477) | (168)          | 278,435              | 60,160           | 29,192    | 28,189   | 30,152      | 11,798   | 492,564        |
| Depreciation and amortisation                     | -                    | -        | (60)    | -              | (3,549)              | (21,638)         | (13,485)  | (25,976) | -           | (1,896)  | (66,604)       |
| Other gains/(losses)                              | -                    | -        | -       | -              | 684                  | -                | -         | (23,959) | -           | -        | (23,275)       |
| Fair value losses on investment properties        | -                    | -        | -       | -              | (9,700)              | -                | -         | -        | -           | -        | (9,700)        |
| Unallocated costs                                 |                      |          |         |                |                      |                  |           |          |             |          | (14,183)       |
| Finance income                                    |                      |          |         |                |                      |                  |           |          |             |          | 5,406          |
| Finance expense                                   |                      |          |         |                |                      |                  |           |          |             |          | (30,292)       |
| Profit before income tax                          |                      |          |         |                |                      |                  |           |          |             |          | 353,916        |
| Income tax expense                                |                      |          |         |                |                      |                  |           |          |             |          | (48,316)       |
| Net profit  |                      |          |         |                |                      |                  |           |          |             |          | <u>305,600</u> |

\* Earnings before interest, tax, depreciation and amortisation (EBITDA) adjusted to exclude unallocated costs, other gains/(losses) and fair value gains/(losses) on investment properties

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8.

| The Group  |           |                         |     |
|--|-----------|-------------------------|-----|
| For the year ended   |           |                         |     |
| 31.12.17   | 31.12.16  | Increase/<br>(decrease) |     |
| \$'000   | \$'000    | %                       |     |
| (a) Sales reported for first half year   | 749,775   | 693,668                 | 8   |
| (b) Profit after tax before deducting<br>non-controlling interests reported for first half year  | 208,154   | 149,975                 | 39  |
| (a) Sales reported for second half year  | 1,353,377 | 747,071                 | 81  |
| (b) Profit after tax before deducting<br>non-controlling interests reported for second half year | 778,836   | 155,625                 | 400 |

17 A breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

|                            | Latest Full Year | Previous Full Year |
|----------------------------|------------------|--------------------|
|                            | \$'000           | \$'000             |
| Ordinary one-tier dividend | 147,288          | 120,716            |

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

| Name         | Family relationship with any director, CEO and/or substantial shareholder  | Current position and duties, and the year the position was first held   | Details of changes in duties and position held, if any, during the year |
|--------------|--|---|---|
| Wee Wei Ling | <p>Daughter of Dr Wee Cho Yaw, the Chairman and a substantial shareholder of UOL Group Limited ("UOL").</p> <p>Sister of Mr Wee Ee-chao, Mr Wee Ee Lim and Mr Wee Ee Cheong, substantial shareholders of UOL.</p> <p>Mr Wee Ee-chao and Mr Wee Ee Lim are also directors of UOL.</p> | <p>Executive Director (Asset and Lifestyle) of Pan Pacific Hotels Group Limited ("PPHG").</p> <p>Oversees the approval of all capital expenditure for PPHG's owned hotel properties, and is responsible for the running of St Gregory Spa Pte Ltd and Dou Hua Restaurants Pte Ltd. Also co-ordinates PPHG's corporate social responsibility and charitable initiatives.</p> <p>Director of PPHG since 1994. PPHG is a wholly-owned subsidiary of UOL.</p> | Nil   |

**CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Foo Thiam Fong Wellington  
Company Secretary  
27 February 2018