

UOL GROUP LIMITED
(Incorporated in Singapore. Registration Number: 196300438C)
AND ITS SUBSIDIARIES

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2022**

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UOL GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
For the first half year ended 30 June 2022

	Note	The Group		
		First half year ended 30 June		
		2022	2021 (restated)	+ / (-)
		\$'000	\$'000	%
Revenue	5	1,534,292	1,130,602	36
Cost of sales		(1,026,689)	(749,243)	(37)
Gross profit		507,603	381,359	33
Other income				
- Finance income	5	5,641	6,730	(16)
- Miscellaneous income	5	12,517	16,310	(23)
Expenses				
- Marketing and distribution	6	(64,397)	(52,187)	(23)
- Administrative	6	(54,775)	(46,426)	(18)
- Finance	6	(46,590)	(27,765)	(68)
- Other operating				
• Impairment loss on financial assets	6	(273)	(5,250)	95
• Others	6	(60,014)	(53,878)	(11)
Share of loss of associated companies		(1,892)	(6,936)	73
Share of profit of a joint venture company		17,666	2,329	659
Profit before fair value and other gains/(losses) and income tax		315,486	214,286	47
Other gains	6	6	-	n.m.
Fair value gains/(losses) on the Group's investment properties		317,057	(15,194)	2,187
Profit before income tax	6	632,549	199,092	218
Income tax expense	7	(53,193)	(44,988)	(18)
Net profit		579,356	154,104	276
<u>Attributable to:</u>				
Equity holders of the Company		371,036	91,343	306
Non-controlling interests		208,320	62,761	232
		579,356	154,104	276
The above net profit attributable to equity holders of the Company can be analysed as follows:				
Attributable profit before fair value gains/(losses)		181,069	108,228	67
Other gains		6	-	n.m.
Fair value gains/(losses) on the Group's investment properties		189,961	(16,885)	1,225
Net attributable profit		371,036	91,343	306

Legend

+ / (-) : variances with + / (-) impact to profit

n.m. : not meaningful

UOL GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the first half year ended 30 June 2022

	Note	The Group		
		First half year ended 30 June		
		2022	2021	+ / (-)
		\$'000	\$'000	%
Net profit		579,356	154,104	276
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges		49,868	5,410	822
Currency translation differences arising from consolidation of foreign operations	9(a)	(42,334)	20,431	(307)
		7,534	25,841	(71)
Items that will not be reclassified subsequently to profit or loss:				
Financial assets, at fair value through other comprehensive income ("FVOCI") - fair value (losses)/gains	9(b)	(28,172)	163,777	(117)
Currency translation differences arising from consolidation of foreign operations		(16,538)	12,506	(232)
Other comprehensive (loss)/income, net of tax		(37,176)	202,124	(118)
Total comprehensive income		542,180	356,228	52
<u>Attributable to:</u>				
Equity holders of the Company		341,991	267,147	28
Non-controlling interests		200,189	89,081	125
		542,180	356,228	52

UOL GROUP LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION – GROUP AND COMPANY
As at 30 June 2022

	Note	The Group		The Company	
		30.06.22	31.12.21	30.06.22	31.12.21
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and bank balances		1,435,867	1,489,683	5,183	9,582
Trade and other receivables		196,235	191,941	4,933	5,768
Derivative financial instrument		2,648	8	-	-
Developed properties held for sale	10	535,070	690,188	-	-
Development properties	11	2,864,495	2,482,696	-	-
Inventories		2,889	2,488	-	-
Other assets		161,341	138,436	1,792	600
Financial assets, at fair value through profit and loss ("FVPL")		600	-	-	-
Current income tax assets		294	1,123	-	-
		5,199,439	4,996,563	11,908	15,950
Non-current assets					
Trade and other receivables		132,740	158,978	742,950	795,452
Other assets		105,185	108,395	-	-
Derivative financial instrument		57,319	4,656	-	-
Financial assets, at FVOCI		1,148,810	1,177,590	864,928	885,364
Investments in associated companies		247,227	249,410	-	-
Investment in a joint venture company		16,081	-	-	-
Investments in subsidiaries		-	-	1,881,818	1,923,254
Investment properties	12	11,821,405	11,512,665	606,423	577,101
Property, plant and equipment		2,917,800	2,966,898	1,694	1,850
Intangibles		40,481	41,755	206	264
Deferred income tax assets		55,990	58,061	-	-
		16,543,038	16,278,408	4,098,019	4,183,285
Total assets		21,742,477	21,274,971	4,109,927	4,199,235
LIABILITIES					
Current liabilities					
Trade and other payables	13	599,655	832,049	273,803	262,499
Current income tax liabilities		75,233	86,494	6,661	7,340
Bank loans	14(a)	1,315,696	1,535,541	199,925	65,818
Lease liabilities and trade financing		24,141	24,408	-	-
Derivative financial instrument		-	852	-	239
		2,014,725	2,479,344	480,389	335,896
Non-current liabilities					
Trade and other payables		197,239	203,267	2,467	3,515
Lease liabilities and trade financing		34,709	37,582	-	-
Bank loans	14(a)	3,447,534	2,914,906	63,860	199,875
2.33% unsecured fixed rate notes due 2028		398,353	398,288	-	-
3.00% unsecured fixed rate notes due 2024		199,583	199,533	-	-
Derivative financial instrument		-	229	-	-
Loans from non-controlling shareholders of subsidiaries		174,061	168,421	-	-
Provision for retirement benefits		3,811	3,772	-	-
Deferred income tax liabilities		269,652	253,554	274	425
		4,724,942	4,179,552	66,601	203,815
Total liabilities		6,739,667	6,658,896	546,990	539,711
NET ASSETS		15,002,810	14,616,075	3,562,937	3,659,524
Capital & reserves attributable to equity holders of the Company					
Share capital	15	1,568,532	1,566,802	1,568,532	1,566,802
Reserves		931,757	960,059	691,726	711,246
Retained earnings		7,885,835	7,641,462	1,302,679	1,381,476
		10,386,124	10,168,323	3,562,937	3,659,524
Non-controlling interests		4,616,686	4,447,752	-	-
TOTAL EQUITY		15,002,810	14,616,075	3,562,937	3,659,524

UOL GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first half year ended 30 June 2022

	Note	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total equity \$'000
<u>The Group</u>						
2022						
Balance at 1 January 2022		1,566,802	960,059	7,641,462	4,447,752	14,616,075
Profit for the period		-	-	371,036	208,320	579,356
Other comprehensive loss for the period		-	(29,045)	-	(8,131)	(37,176)
Total comprehensive (loss)/income for the period		-	(29,045)	371,036	200,189	542,180
Employee share option scheme						
- value of employee services		-	750	-	33	783
- proceeds from shares issued		1,730	-	-	-	1,730
Dividends	16	-	-	(126,670)	(31,288)	(157,958)
Total transactions with owners, recognised directly in equity		1,730	750	(126,670)	(31,255)	(155,445)
Transfer upon liquidation of a subsidiary		-	(7)	7	-	-
Balance at 30 June 2022		1,568,532	931,757	7,885,835	4,616,686	15,002,810
2021						
Balance at 1 January 2021		1,563,860	753,145	7,471,136	4,313,007	14,101,148
Profit for the period		-	-	91,343	62,761	154,104
Other comprehensive income for the period		-	175,804	-	26,320	202,124
Total comprehensive income for the period		-	175,804	91,343	89,081	356,228
Employee share option scheme						
- value of employee services		-	751	-	34	785
- proceeds from shares issued		2,511	-	-	-	2,511
Dividends	16	-	-	(126,632)	(35,487)	(162,119)
Issue of shares to non-controlling shareholders		-	-	-	800	800
Total transactions with owners, recognised directly in equity		2,511	751	(126,632)	(34,653)	(158,023)
Transfer upon disposal of investments		-	(18,911)	18,911	-	-
Balance at 30 June 2021		1,566,371	910,789	7,454,758	4,367,435	14,299,353

UOL GROUP LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY - COMPANY

For the first half year ended 30 June 2022

	Note	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<u>The Company</u>					
2022					
Balance at 1 January 2022		1,566,802	711,246	1,381,476	3,659,524
Profit for the period		-	-	47,873	47,873
Other comprehensive loss for the period		-	(20,238)	-	(20,238)
Total comprehensive (loss)/income for the period		-	(20,238)	47,873	27,635
Employee share option scheme					
- value of employee services		-	718	-	718
- proceeds from shares issued		1,730	-	-	1,730
Dividends	16	-	-	(126,670)	(126,670)
Total transactions with owners, recognised directly in equity		1,730	718	(126,670)	(124,222)
Balance at 30 June 2022		1,568,532	691,726	1,302,679	3,562,937
2021					
Balance at 1 January 2021		1,563,860	575,475	1,310,128	3,449,463
Profit for the period		-	-	47,914	47,914
Other comprehensive income for the period		-	104,895	-	104,895
Total comprehensive income for the period		-	104,895	47,914	152,809
Employee share option scheme					
- value of employee services		-	718	-	718
- proceeds from shares issued		2,511	-	-	2,511
Dividends	16	-	-	(126,632)	(126,632)
Total transactions with owners, recognised directly in equity		2,511	718	(126,632)	(123,403)
Balance at 30 June 2021		1,566,371	681,088	1,231,410	3,478,869

UOL GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the first half year ended 30 June 2022

	Note	The Group First half year ended 30 June	
		2022 \$'000	2021 \$'000
Cash flows from operating activities			
Net profit		579,356	154,104
Adjustments for:			
Income tax expense		53,193	44,988
Non-cash items	18(a)	33,712	65,800
Dividend income and interest income		(31,668)	(23,988)
Interest expense		46,105	27,765
Fair value (gains)/losses on the Group's investment properties		(317,057)	15,194
Gain on liquidation of an associated company		(11)	-
Fair value loss on financial assets, at FVPL		5	-
		<u>363,635</u>	<u>283,863</u>
Change in working capital			
Receivables	18(b)	(64,222)	(174,584)
Development properties		(335,275)	318,791
Inventories		(401)	(1,944)
Payables	18(c)	(76,859)	(5,172)
		<u>(476,757)</u>	<u>137,091</u>
Cash (used in)/generated from operations		(113,122)	420,954
Income tax paid		(51,240)	(102,095)
Retirement benefits paid		(20)	(175)
Net cash (used in)/from operating activities		<u>(164,382)</u>	<u>318,684</u>
Cash flows from investing activities			
Payments for intangibles		(23)	(349)
Loans to a joint venture company		-	(2,000)
Repayment of loans by a joint venture company		11,395	-
Net proceeds from disposal of property, plant and equipment		389	34
Proceeds from liquidation of an associated company		49	-
Payments for property, plant and equipment and investment properties	18(d)	(99,357)	(66,734)
Payments for financial assets, at FVOCI		-	(483)
Proceeds from disposal of financial assets, at FVPL		3	-
Interest received		5,641	6,439
Dividends received		26,313	17,549
Net cash used in investing activities		<u>(55,590)</u>	<u>(45,544)</u>
Cash flows from financing activities			
Proceeds from shares issued		1,730	2,511
Net proceeds from issue of shares to non-controlling shareholders of subsidiaries		-	800
Loans from non-controlling shareholders of subsidiaries		5,640	1,520
Proceeds from borrowings	18(e)	1,156,651	907,465
Repayment of borrowings	18(e)	(765,244)	(804,195)
Expenditure relating to bank borrowings		(4,800)	(949)
Interest paid		(42,630)	(31,318)
Proceeds from trade financing		6,134	6,658
Repayment of trade financing		(12,326)	(347)
Repayment of lease liabilities		(1,085)	(1,656)
Dividends paid to equity holders of the Company		(126,670)	(126,632)
Dividends paid to non-controlling interests		(31,288)	(35,487)
Net cash from/(used in) financing activities		<u>186,112</u>	<u>(81,630)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(33,860)</u>	<u>191,510</u>
Cash and cash equivalents at the beginning of the financial period		1,487,183	974,441
Effects of currency translation on cash and cash equivalents		(19,956)	1,562
Cash and cash equivalents at the end of the financial period	18(f)	<u>1,433,367</u>	<u>1,167,513</u>

UOL GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the first half year ended 30 June 2022

1 Basis of Preparation

The condensed interim financial statements for the first half year ended 30 June 2022 ("1H 2022") have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2 New or amended Standards and Interpretations adopted by the Group

The Group adopted new or amended Standards and Interpretations to existing standards that are mandatory for application for the financial year beginning 1 January 2022 or from their effective date, if later. The following are the amended Standards and Interpretations that are relevant to the Group:

- Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds from Intended Use
- Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a contract
- Principal versus Agent: Software Reseller (IFRS 15 Revenue from Contracts with Customers) IFRS Interpretation Committee ("IFRIC") agenda decision

The adoption of the above amended Standards and Interpretation did not result in substantial changes to the Group's accounting policies except for the following:

Principal versus Agent: Software Reseller (IFRS 15 Revenue from Contracts with Customers) IFRIC agenda decision

For the year ended 31 December 2021, revenue from the Group's technology operations amounted to \$197.3 million, of which \$110.3 million relates to software license reselling arrangements, either as a standalone or bundled with computer hardware, including value-added services.

The assessment of whether the Group acts as a principal or an agent is judgmental and requires a weighting of the individual factors in reaching a conclusion.

In May 2022, the International Accounting Standards Board discussed and finalised the agenda decision from IFRIC providing guidance on principal versus agent assessment under *IFRS 15 Revenue from Contracts with Customers* for software license resellers. The agenda decision clarified that a software manufacturer is responsible for the software's functionality as well as issuing the licenses. Accordingly, a software reseller does not control the software licenses before they are transferred to the customer and is an agent in such transactions.

In prior financial years, sales from software license reselling arrangements were recognised in "revenue" whilst its related costs were recognised separately in "cost of sales". Following the agenda decision, management has reassessed whether the Group acts as a principal or an agent in its software license reselling arrangements and determined that the Group is acting as an agent. Accordingly, the sales and the related cost of sales for such arrangements should be recognised on a net basis.

This change in accounting policy has been effected in the financial statements for 1H 2022 and has been applied retrospectively to the comparative information for the first half year ended 30 June 2021 ("1H 2021").

The effects of the change are as follows:

	First half year ended 30 June 2021		
	<u>As previously reported</u>	<u>Effects of restatement</u>	<u>As restated</u>
Effects on Consolidated Income Statement	\$'000	\$'000	\$'000
Revenue	1,193,453	(62,851)	1,130,602
Cost of sales	812,094	(62,851)	749,243

There is no impact on the Group's profit before income tax, net profit, total comprehensive income and statement of financial position.

UOL GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the first half year ended 30 June 2022

3 Key accounting estimates, assumptions and judgements

In preparing the condensed interim financial statements, management has made estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates, assumptions and judgements are continually evaluated on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates, assumptions and judgements applicable for the current financial period were the same as those applied to the consolidated financial statements for the financial year ended 31 December 2021, as follows:

- Fair values of investment properties
- Classification of the Group's serviced suites as investment property or property, plant and equipment
- Revenue and cost of sales recognition from sales of development properties
- Valuation of development properties
- Impairment of hotel properties
- Revenue recognition of technology operations
- Impairment of trade receivables
- Fair values of unquoted financial assets, at FVOCI

Information about assumptions and estimation uncertainties that have the most significant risk of resulting in a material adjustment within the next interim period is as follows:

Fair values of investment properties

The Group carries its investment properties at fair value with corresponding changes being recognised in the income statement. In determining fair values, valuation techniques which involve certain estimates are used by valuers. The key assumptions to determine the fair value of investment properties include the adopted value per square feet, market-corroborated capitalisation rate, growth rate and discount rate.

Management has assessed that the valuation methods and estimates are reflective of current market conditions.

4 Seasonal operations

The Group's businesses are generally not affected significantly by seasonal or cyclical factors during the financial period. The Group's results may however vary from period to period depending on the conditions of the hospitality and property markets in the countries in which the Group operates.

5 Revenue, Finance income and Miscellaneous income

Revenue from contracts with customers under SFRS(I) 15

Revenue from property development

- recognised at a point in time
- recognised over time

Revenue from hotel ownership and operations

- recognised at a point in time
- recognised over time

Revenue from technology operations

- recognised at a point in time
- recognised over time

Revenue from management services

- recognised over time

Other revenue

Revenue from property investments

Dividend income from financial assets, at FVOCI

The Group		
First half year ended 30 June		
2022	2021 (restated)	+ / (-)
\$'000	\$'000	%
211,390	157,613	34
788,547	529,892	49
999,937	687,505	45
76,770	49,125	56
129,546	76,933	68
206,316	126,058	64
43,148	40,928	5
4,004	4,106	(2)
47,152	45,034	5
6,943	4,632	50
1,260,348	863,229	46
247,917	249,824	(1)
26,027	17,549	48
1,534,292	1,130,602	36

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For the first half year ended 30 June 2022

5 Revenue, Finance income and Miscellaneous income (continued)

Finance income

Interest income

Currency exchange gains (net)

Miscellaneous income

Net government grants and assistance - COVID-19 related

Others

The Group		
First half year ended 30 June		
2022	2021	+ / (-)
5,641	6,439	(12)
-	291	(100)
5,641	6,730	(16)
5,332	11,418	(53)
7,185	4,892	47
12,517	16,310	(23)

6 Expenses and Profit before Income Tax

Marketing and distribution expenses

Advertising and promotion

Marketing and distribution payroll and related expenses

Sales commissions

Showflat expenses

Others

Administrative expenses

Administrative payroll and related expenses

Corporate expenses

Credit card commissions

Information technology related expenses

Bank loan fees and other bank charges

Others

Finance expenses

Bank facility fees

Interest expense

Less: borrowing costs capitalised [See Note (a) below]

Currency exchange losses (net)

Other operating expenses

Property taxes

Other taxes

Repairs, maintenance and security

Heat, light and power

Other payroll and related expenses

Impairment loss on financial assets [See Note (b) below]

Others

The Group		
First half year ended 30 June		
2022	2021	+ / (-)
\$'000	\$'000	%
13,920	8,971	(55)
13,208	11,466	(15)
31,406	22,057	(42)
4,542	8,381	46
1,321	1,312	(1)
64,397	52,187	(23)
35,589	30,253	(18)
7,491	6,717	(12)
2,989	1,151	(160)
4,700	3,971	(18)
370	472	22
3,636	3,862	6
54,775	46,426	(18)
2,936	2,467	(19)
44,425	32,045	(39)
(1,256)	(6,747)	(81)
485	-	n.m.
46,590	27,765	(68)
26,161	26,759	2
3,355	2,236	(50)
9,936	7,666	(30)
10,535	7,096	(48)
5,904	6,114	3
273	5,250	95
4,123	4,007	(3)
60,287	59,128	(2)

UOL GROUP LIMITED AND ITS SUBSIDIARIES

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For the first half year ended 30 June 2022

6 Expenses and Profit before Income Tax (continued)

Other gains/(losses)

Gain on liquidation of an associated company
Fair value loss on financial assets, at FVPL

Profit before income tax

Profit before income tax is stated after charging:
Depreciation and amortisation
Property, plant and equipment written off and net loss on disposals

The Group		
First half year ended 30 June		
2022	2021	+ / (-)
11	-	n.m.
(5)	-	n.m.
6	-	n.m.
57,978	53,801	(8)
90	164	45

(a) Borrowing costs capitalised for 1H 2022 relate mainly to borrowings for the development of Pan Pacific Orchard (1H 2021: development of One Bishopsgate Plaza, Pan Pacific Orchard and refurbishment of PARKROYAL COLLECTION Kuala Lumpur).

(b) The impairment loss on financial assets relates mainly to provisions on receivables from tenants in arrears.

7 Income tax expense

Tax expense attributable to profit is made up of:

- Profit for the financial period:

Current income tax

- Singapore

- Foreign

- Withholding tax paid

Deferred income tax

- fair value losses of investment properties

- others [See Note (a) below]

- Over provision in prior financial periods:

Current income tax

- Singapore

Deferred income tax

The Group		
First half year ended 30 June		
2022	2021	+ / (-)
\$'000	\$'000	%
26,326	25,014	(5)
15,441	14,342	(8)
190	128	(49)
(836)	(294)	185
13,535	7,128	90
54,656	46,317	(18)
(1,463)	(557)	163
-	(772)	(100)
53,193	44,988	(18)

(a) Other deferred income tax expense relates mainly to the timing difference between recognition of development profits and the payment of income tax upon the development project obtaining Temporary Occupation Permit.

8 Earnings per share

Earnings per ordinary share for the period

(i) Based on weighted average number of ordinary shares in issue

(ii) On a fully diluted basis

The Group	
First half year ended 30 June	
2022	2021
cents 43.94	cents 10.82
cents 43.93	cents 10.82

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

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.

UOL GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the first half year ended 30 June 2022

9 Other comprehensive income/(loss)

(a) 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 GBP, RMB, AUD, MYR, VND, USD and IDR.

(b) Fair value (losses)/gains on financial assets, at FVOCI

The fair value losses recorded for the 1H 2022 was due mainly to the decline in the closing bid prices of the relevant quoted equity shares from the previous financial year-end.

10 Developed properties held for sale

Developed properties held for sale decreased due mainly to units handed over for Park Eleven, Shanghai and The Sky Residences, London.

11 Development properties

The increase in development properties was due mainly to the en-bloc purchase of the Watten Estate site for a consideration of \$550.8 million; offset partially by progressive revenue recognition for Clavon, Avenue South Residence, The Tre Ver and The Watergardens at Canberra.

12 Investment properties

The increase in investment properties arose from the recognition of fair value gains totalling \$317.1 million mainly from Clifford Centre, Singapore Land Towers, Faber House and Odeon Towers. The increase in valuations as determined by independent professional valuers for these properties were mainly due to higher value attributed to their ongoing or upcoming redevelopment or asset enhancement initiatives ("AEI").

13 Current trade and other payables

The decrease in the Group's current trade and other payables from 31 December 2021 arose mainly from 1) lower contract liabilities from development properties for Clavon and The Watergardens at Canberra, as the Group has performed its obligations under the contracts based on assessed progress completion to recognise advanced payments previously received; and 2) recognition of proceeds received for the sale of residential units at Park Eleven, Shanghai upon handover of units.

14 Borrowings

(a) Current and non-current bank loans

The net increase in current and non-current bank loans was due mainly to new loans drawn for the acquisition of the Watten Estate site, as well as the re-development and AEI at various properties of the Group.

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

Amount repayable in one year or less, or on demand
Amount repayable after one year

30.06.22		31.12.21	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
399,052	916,931	381,886	1,154,679
1,307,671	2,926,732	854,031	2,839,408

(c) Details of any collaterals

The borrowings and other banking facilities 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.

UOL GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the first half year ended 30 June 2022

15 Share capital

(a) Total number of issued shares, excluding treasury shares

The Company	
30.06.22	31.12.21
844,614,232	844,343,232

(b) During 1H 2022, the changes in the issued share capital of the Company were as follows:

	Number of Ordinary Shares
Issued share capital as at 1 January 2022	844,343,232
Issue of ordinary shares arising from the exercise of:	
2013 Options at exercise price of S\$6.55 per share	88,000
2014 Options at exercise price of S\$6.10 per share	4,000
2016 Options at exercise price of S\$5.87 per share	70,000
2017 Options at exercise price of S\$6.61 per share	8,000
2019 Options at exercise price of S\$6.59 per share	101,000
Ordinary shares issued upon exercise of options	271,000
Issued share capital as at 30 June 2022	844,614,232

(c) As at 30 June 2022, there were 7,581,000 (31.06.21: 6,606,000) ordinary shares which may be issued upon the exercise of options under the UOL 2000 Share Option Scheme and UOL 2012 Share Option Scheme.

(d) The Company did not hold any treasury shares and there were no subsidiary holdings as of 30 June 2022 and 30 June 2021. Accordingly, there was no sales, transfers, disposal, cancellation and/or use of treasury shares or subsidiary holdings during the financial period ended 30 June 2022.

16 Dividends

Final one-tier dividend paid in respect of the previous financial year of \$0.15 (2021: \$0.15) per share

The Group	
First half year ended 30 June	
2022	2021
\$'000	\$'000
126,670	126,632

17 Net asset value

Net asset value per ordinary share
Net tangible asset backing per ordinary share

The Group		The Company	
30.06.22	31.12.21	30.06.22	31.12.21
\$12.30	\$12.04	\$4.22	\$4.33
\$12.25	\$11.99	\$4.22	\$4.33

UOL GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the first half year ended 30 June 2022

18 Cash flows

(a) Non-cash items

Non-cash items consist mainly of depreciation and amortisation expenses, share of profit/loss of associated and joint venture companies, unrealised translation gains/losses and impairment loss on financial assets.

(b) Cash flows for development properties

The cash outflow for development properties for 1H 2022 was mainly for the en-bloc purchase of the Watten Estate site for \$550.8 million. This was partially offset by cash inflow from progressive payments from the sales of Clavon, Avenue South Residence and The Watergardens at Canberra; and receipts for the sales of Park Eleven, Shanghai and The Sky Residences, London.

(c) Cash flows for payables

The cash outflow for payables for 1H 2022 was mainly due to a reduction in advance payments from purchasers for Clavon and The Watergardens at Canberra as the Group has performed its obligations under the contracts based on assessed progress completion.

(d) Payments for property, plant and equipment and investment properties

Payments for property, plant and equipment and investment properties relates mainly to expenditure for 1) the redevelopment of Pan Pacific Orchard; 2) construction of serviced suites and hotel at Thamrin Nine Tower 2, Jakarta; 3) major asset enhancement initiatives at Singapore Land Tower and Odeon Towers; and 4) major refurbishments at PARKROYAL COLLECTION Kuala Lumpur and Pan Pacific Serviced Suites Kuala Lumpur.

(e) Proceeds from borrowings/Repayment of borrowings

The proceeds from borrowings in 1H 2022 was mainly used for the en-bloc purchase of the Watten Estate site, as well as for the re-development and asset enhancement initiatives at various properties of the Group; whilst the repayment of loans was mainly from proceeds received from the sale of residential units and rental proceeds.

(f) Cash and cash equivalents

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

	The Group	
	30.06.22	30.06.21
	\$'000	\$'000
Fixed deposits with financial institutions	399,521	336,496
Cash at bank and on hand	1,036,346	833,517
Cash and bank balances per Statement of Financial Position	1,435,867	1,170,013
Less: Bank deposits pledged as security	(2,500)	(2,500)
Cash and cash equivalents per Consolidated Statement of Cash Flows	1,433,367	1,167,513

19 Fair value measurements

(a) Fair value hierarchy

The Group classifies financial assets and liabilities measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

UOL GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the first half year ended 30 June 2022

19 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

The following table presents the financial assets and liabilities measured at fair value:

	The Group		The Company	
	30.06.22	31.12.21	30.06.22	31.12.21
	\$'000	\$'000	\$'000	\$'000
Assets				
Financial assets, at FVPL				
- Level 1	600	-	-	-
Financial assets, at FVOCI				
- Level 1	1,078,241	1,105,838	814,876	835,312
- Level 3	70,569	71,752	50,052	50,052
	1,148,810	1,177,590	864,928	885,364
Derivative financial instruments (current and non-current)				
- Level 2	59,967	4,664	-	-
Liabilities				
Derivative financial instruments (current and non-current)				
- Level 2	-	(1,081)	-	(239)

(b) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- for financial instruments traded in an active market (e.g. quoted equity shares) **[Level 1]** - quoted price (i.e. current bid price);
- for interest rate swaps **[Level 2]** - present value of the estimated future cash flows;
- for forward foreign exchange contracts **[Level 2]** - quoted forward currency rates at the balance sheet date;
- for other financial assets, at FVOCI (e.g. unquoted equity shares) **[Level 3]** - net asset value of the financial assets, at FVOCI multiplied by a discount factor for lack of liquidity and marketability.

(c) Reconciliation of fair value measurements categorised within Level 3

	The Group		The Company	
	First half year ended 30 June		First half year ended 30 June	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets, at FVOCI</u>				
At the beginning of the financial period	71,752	82,014	50,052	47,573
Fair value (loss)/gains recognised in other comprehensive income	(1,183)	26,398	-	-
Addition	-	483	-	-
Disposal	-	(37,924)	-	-
At the end of the financial period	70,569	70,971	50,052	47,573

There is no transfer between Level 1, Level 2, and Level 3 of the fair value hierarchy for 1H 2022 and 1H 2021.

(d) Financial instruments carried at other than fair value

The carrying value less impairment provision of trade and other receivables and payables are assumed to approximate their fair values. The fair values of borrowings approximate their carrying amount except for unsecured fixed rate notes as disclosed below:

	The Group			
	Fair value		Market borrowing rate	
	30.06.22	31.12.21	30.06.22	31.12.21
	\$'000	\$'000		
2.33% unsecured fixed rate notes due 2028	364,378	394,367	4.0%	2.6%
3.00% unsecured fixed rate notes due 2024	197,891	205,097	3.6%	1.9%
	562,269	599,464		

UOL GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the first half year ended 30 June 2022

20 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant transactions between the Group and related parties during the financial period on terms agreed between the parties concerned:

Transactions with directors and their associates

Proceeds from sale of development properties	-	277
Rental received	161	202
Interest paid/payable on shareholder's loan	1,951	1,145
Commission paid for sale of development properties	321	342
Purchase of gift vouchers	17	-

Transactions with associated and joint venture companies

Fees received for management of development properties	15	96
Commission received for sale of development properties	398	176
Interest receivable on loan to a joint venture company	910	673
Fees received/receivable for management of a hotel property	229	137

The Group	
First half year ended 30 June	
2022	2021
\$'000	\$'000
-	277
161	202
1,951	1,145
321	342
17	-
15	96
398	176
910	673
229	137

21 Group segmental information

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Chairman, the Group Chief Executive and three other Board members of the Company.

For management purposes, the Group is organised into business segments based on their products and services as follows:

- Property development – development of properties for sale.
- Property investments – leasing of commercial properties and serviced suites.
- Hotel operations – operation of owned hotels.
- Investments – investment in quoted and unquoted financial assets, at FVOCI.
- Technology operations – the distribution of computers and related products including the provision of systems integration and networking infrastructure services.
- Management services – provision of hotel management services under the "Pan Pacific", "PARKROYAL" and "PARKROYAL COLLECTION" brands, project management and related services.

The property development activities of the Group are concentrated in Singapore, The People's Republic of China ("PRC") and the United Kingdom ("UK") while the property investment activities are concentrated in Singapore.

The hotel operations of the Group are located in Singapore, Australia, UK, Vietnam, Malaysia, PRC and Myanmar and key asset and profit contributions are from the hotels in Singapore and Australia. The Group also has a hotel property under development in Indonesia.

The Group's quoted and unquoted financial assets, at FVOCI relate mainly to investment in equity shares of Singapore companies.

The Group's technology operations are based in Singapore.

The management services segment is not significant to the Group and have been included in the "others" segment column.

UOL GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the first half year ended 30 June 2022

21 Group segmental information (continued)

	Property development				Property investments*	Hotel operations				Technology operations	Others	Total
	<u>Singapore</u>	<u>Malaysia</u>	<u>China</u>	<u>United Kingdom</u>		<u>Singapore</u>	<u>Australia</u>	<u>Others</u>	<u>Investments</u>			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group												
1 January 2022 to 30 June 2022												
Revenue												
Total segment sales	808,044	-	156,517	35,376	250,771	112,407	51,057	42,935	26,027	47,152	24,778	1,555,064
- recognised at a point in time	19,497	-	156,517	35,376	-	46,565	13,205	17,083	-	43,148	-	331,391
- recognised over time	788,547	-	-	-	-	65,842	37,852	25,852	-	4,004	24,778	946,875
- others	-	-	-	-	250,771	-	-	-	26,027	-	-	276,798
Inter-segment sales	-	-	-	-	(2,854)	(83)	-	-	-	-	(17,835)	(20,772)
Sales to external parties	808,044	-	156,517	35,376	247,917	112,324	51,057	42,935	26,027	47,152	6,943	1,534,292
Adjusted EBITDA - Company and subsidiaries	119,532	-	53,187	1,071	170,112	28,312	8,273	(6,784)	26,021	5,225	5,950	410,899
Share of loss of associated companies	-	-	-	-	-	(433)	-	(1,459)	-	-	-	(1,892)
Share of profit of a joint venture company	17,666	-	-	-	-	-	-	-	-	-	-	17,666
Total adjusted EBITDA**	137,198	-	53,187	1,071	170,112	27,879	8,273	(8,243)	26,021	5,225	5,950	426,673
Depreciation and amortisation	(8)	-	(221)	(25)	(2,201)	(28,752)	(8,113)	(17,379)	-	(357)	(922)	(57,978)
Other (losses)/gains	-	-	-	-	-	-	-	-	(5)	-	11	6
Fair value gains on investment properties	-	-	-	-	317,057	-	-	-	-	-	-	317,057
Unallocated costs												(12,260)
Finance income												5,641
Finance expense												(46,590)
Profit before income tax												632,549
Income tax expense												(53,193)
Net profit												579,356

UOL GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the first half year ended 30 June 2022

21 Group segmental information (continued)

	Property development				Property	Hotel operations				Technology		
	<u>Singapore</u>	<u>Malaysia</u>	<u>China</u>	<u>United</u>	<u>investments*</u>	<u>Singapore</u>	<u>Australia</u>	<u>Others</u>	<u>Investments</u>	<u>operations</u>	<u>Others</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group												
1 January 2021 to 30 June 2021 (restated)												
Revenue												
Total segment sales	555,070	-	132,435	-	251,931	55,917	45,351	24,839	19,255	45,034	20,954	1,150,786
- recognised at a point in time	25,178	-	132,435	-	-	25,786	12,551	10,837	-	40,928	-	247,715
- recognised over time	529,892	-	-	-	-	30,131	32,800	14,002	-	4,106	20,954	631,885
- others	-	-	-	-	251,931	-	-	-	19,255	-	-	271,186
Inter-segment sales	-	-	-	-	(2,107)	(49)	-	-	(1,706)	-	(16,322)	(20,184)
Sales to external parties	555,070	-	132,435	-	249,824	55,868	45,351	24,839	17,549	45,034	4,632	1,130,602
Adjusted EBITDA - Company and subsidiaries	60,803	(8)	40,967	(2,488)	176,575	(6,582)	11,007	(324)	17,462	5,236	2,144	304,792
Share of loss of associated companies	-	-	-	-	-	(3,573)	-	(3,360)	-	-	(3)	(6,936)
Share of profit of a joint venture company	2,329	-	-	-	-	-	-	-	-	-	-	2,329
Total adjusted EBITDA**	63,132	(8)	40,967	(2,488)	176,575	(10,155)	11,007	(3,684)	17,462	5,236	2,141	300,185
Depreciation and amortisation	(8)	-	(129)	(369)	(2,013)	(27,391)	(9,026)	(13,455)	-	(343)	(1,067)	(53,801)
Fair value losses on investment properties	-	-	-	-	(15,194)	-	-	-	-	-	-	(15,194)
Unallocated costs												(11,063)
Finance income												6,730
Finance expense												(27,765)
Profit before income tax												199,092
Income tax expense												(44,988)
Net profit												154,104

* The property investment operations of the Group are concentrated mainly in Singapore. The Group also has property investment operations in Malaysia, PRC, UK, Australia and Indonesia which are not significant to be reported separately.

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

UOL GROUP LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

For the first half year ended 30 June 2022

A. Review

The statements of financial position of UOL Group Limited ("the Company") and its subsidiaries ("the Group") as at 30 June 2022 and the related consolidated income statement, consolidated other comprehensive income, consolidated statement of changes in equity, statement of changes in equity and consolidated statement of cash flows for the six-month period then ended and explanatory notes have not been audited or reviewed by the Company's auditors.

B. Review of performance of the Group

Revenue

Group revenue for the first half year ended 30 June 2022 ("1H 2022") increased by \$403.7 million or 36% to \$1.53 billion from \$1.13 billion for the first half year ended 30 June of 2021 ("1H 2021").

Revenue from property development increased by \$312.4 million or 45% from 1H 2021 mainly due to 1) higher progressive recognition of revenue from Clavon, Avenue South Residence and The Watergardens at Canberra; and 2) more units handed over for The Sky Residences, London and Park Eleven, Shanghai.

Property investments for 1H 2022 recorded a marginally lower revenue by \$1.9 million or 1% due mainly to lower contribution from Singapore Land Tower which is undergoing asset enhancement initiative ("AEI"), offset partially by better performance from serviced suites.

Revenue from hotel operations for 1H 2022 was \$80.3 million or 64% higher than 1H 2021 due mainly to contribution from 1) PARKROYAL COLLECTION Marina Bay which fully opened for operations in May 2021 after a major refurbishment; 2) the opening of Pan Pacific London in September 2021; and 3) hotels which benefitted from border re-opening and resumption of economic and social activities in their respective countries.

Investment income for 1H 2022 was \$8.5 million higher due mainly to UOB paying higher final dividend of \$0.60 per share in FY2022 as compared with \$0.39 per share in FY2021.

Gross profit margin

Gross profit margin for 1H 2022 of 33% was comparable to that for 1H 2021 of 34%.

Share of profit of a joint venture company

The increase in share of profit from a joint venture company was due to higher contribution from MEYER HOUSE property development project.

Expenses

Expenses have generally increased with the resumption of business activities in 1H 2022 whilst there were more cost containment activities in 1H 2021 when businesses were still affected by the COVID-19 pandemic.

Marketing expenses for 1H 2022 was \$12.2 million or 23% higher than 1H 2021 due mainly to 1) higher marketing spending by the hospitality segment as a result of resumption of marketing activities and the opening of Pan Pacific London in September 2021; and 2) higher selling expenses for The Watergardens at Canberra, Avenue South Residence, The Sky Residences, London and V on Shenton.

Finance expense for 1H 2022 was higher by \$18.8 million or 68% compared to 1H 2021 due mainly to 1) the issuance of fixed rates notes at 2.33% in August 2021 and new loans drawn on fixed rate basis towards the end of FY2021; 2) the rising interest rate environment following a series of rate hikes; and 3) new loan drawn for the acquisition of Watten Estate site in April 2022. The weighted average interest rate on external borrowings for the Group for 1H 2022 was 1.74% compared with 1.23% for 1H 2021.

Profit & Loss

The pre-tax profit before fair value and other gains/(losses) for 1H 2022 was \$315.5 million, a \$101.2 million or 47% increase from the profit of \$214.3 million for 1H 2021, due mainly to 1) better performance from development property and hotel operations segments; and 2) higher contribution by joint venture and associated companies; offset partially by 3) higher finance expenses.

Fair value gains on investment properties for 1H 2022 was mainly from increases in valuations for office properties, particularly those with ongoing or upcoming redevelopment/improvement works, namely Clifford Centre, Singapore Land Towers, Faber House and Odeon Towers.

With attributable fair value and other gains of \$190.0 million recognised for 1H 2022 compared with attributable fair value and other losses of \$16.9 million for 1H 2021, profit after tax and non-controlling interest increased by \$279.7 million to \$371.0 million from the profit of \$91.3 million in 1H 2021.

UOL GROUP LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

For the first half year ended 30 June 2022

B. Review of performance of the Group (continued)

Net tangible asset and gearing

The Group's shareholders' funds rose from \$10.17 billion as at 31 December 2021 to \$10.39 billion as at 30 June 2022 due mainly to profit recognised for the period, set off partially by the deduction of dividends paid against retained earnings. Consequently the net tangible asset per ordinary share of the Group increased to \$12.25 as at 30 June 2022 from \$11.99 as at 31 December 2021.

The Group's net gearing ratio increased to 0.28 as at 30 June 2022 from 0.26 as at 31 December 2021 with new loans taken up mainly for the acquisition of the Watten Estate site as well as the re-development and AEI at various properties of the Group.

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

Nil.

D. 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 operating period and the next 12 months

Global growth is likely to be slowed down by the rising interest rates and impact of the ongoing war in Ukraine. The renewed outbreaks of COVID-variants have caused intermittent movement restrictions and supply chain disruptions in various economies.

According to the Monetary Authority of Singapore, the Singapore economy remains on track to expand at a creditable pace this year, though with slowing momentum. The Ministry of Trade and Industry announced that the economy grew 4.4% on a year-on-year basis in the second quarter of 2022.

The Urban Redevelopment Authority's price index for private residential property was up 3.5% on a quarter-on-quarter basis in the second quarter of 2022, versus the 0.7% quarterly increase in the first quarter. Due to lower supply of new private residential units, prices are expected to remain stable amid rising interest rates. Projects with unique locational attributes and strong product offerings are likely to see continued demand.

With limited supply of quality spaces and easing of workplace restrictions, there appears to be broad-based improvement in demand for offices. Rents are likely to be supported in the second half of 2022.

Rents for malls in the prime and city-fringe areas are expected to stay stable, although manpower shortage remains a challenge. Singapore retail market is poised for recovery towards the end of 2022, given the return of shoppers and tourist arrival amidst low supply pipeline.

With easing of restrictions and global travel picking up pace, the Singapore Tourism Board expects Singapore to receive between 4 and 6 million visitors in 2022. This bodes well for the hospitality business in Singapore. Likewise, against the backdrop of gradual opening of borders, the hospitality business in Australia and the United Kingdom are seeing signs of recovery.

In the United Kingdom, the commercial sector is regaining occupancy due to limited pipeline. The Group's Holborn properties are likely to see improvement in line with the market.

E. Dividend Information

(a) Current Financial Period Reported On

Dividend declared for the current financial period reported on

Name of dividend	:	N.A.
Dividend Type	:	N.A.
Dividend Rate	:	NIL
Tax Rate	:	N.A.

UOL GROUP LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

For the first half year ended 30 June 2022

E. Dividend Information (continued)

(b) Corresponding Period of the Immediately Preceding Financial Year

Dividend declared for the corresponding period of the immediately preceding financial year

Name of dividend	:	N.A.
Dividend Type	:	N.A.
Dividend Rate	:	NIL
Tax Rate	:	N.A.

(c) Date payable : N.A.

(d) Record date : N.A.

No dividend has been declared or recommended for 1H 2022 as it is not the usual practice of the Group to declare interim dividends.

F. Interested Person Transactions

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

CONFIRMATION BY DIRECTORS

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results for 1H 2022 to be false or misleading, in any material aspect.

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

Yeong Sien Seu
Company Secretary
12 August 2022