UOL
华业集团

# GROWING FROM STRENGTH TO STRENGTH

Annual Report 2018

# Contents



*Cover and this page: Pan Pacific Orchard*

**强 : STRENGTH**

Artist's impression of the Pan Pacific Orchard that is undergoing redevelopment. The façade of the hotel inspired the theme "Growing From Strength to Strength".


*Artist's impression of Botanique at Bartley.*

## VISION

A robust property and
hospitality group dedicated
to creating value, shaping future

## MISSION

Driving Inspirations,
Fulfilling Aspirations

## CORE VALUES

Passion Drives Us
Innovation Defines Us
Enterprise Propels Us
Corporate Social Responsibility Shapes Us
People, Our Leading Asset

## ABOUT US

UOL Group Limited (UOL) is one of Singapore's leading public-listed property companies with total assets of about $20 billion. We have a diversified portfolio of development and investment properties, hotels and serviced suites in Asia, Oceania and North America.

With a track record of over 50 years, UOL strongly believes in delivering product excellence and quality service in all its business ventures. Our unwavering commitment to architectural and quality excellence is reflected in all our developments, winning us prestigious prizes such as the FIABCI Prix d'Excellence Award, Aga Khan Award for Architecture, Urban Land Institute Awards for Excellence and President's Design Award.

UOL, through hotel subsidiary Pan Pacific Hotels Group Limited (PPHG), owns two acclaimed brands namely "Pan Pacific" and PARKROYAL. PPHG currently owns and/or manages over 30 hotels in Asia, Oceania and North America with over 10,000 rooms. Our Singapore-listed property subsidiary, United Industrial Corporation Limited (UIC), owns an extensive portfolio of prime commercial assets and hotels in Singapore.

UOL values and recognises our people as the leading asset. The culture of competitiveness, commitment, competency, creativity, collaboration and caring, shapes our people and drives us forward.

NOVENA SQUARE

# From Local

We are one of the largest property developers in Singapore with a diversified portfolio.

ONE BISHOPSGATE PLAZA

# To Global

We expand our presence and build up a recurrent income base in key gateway cities.

# From Creativity

We create quality property assets that help to shape the city skyline.

To
# Inclusivity

We design our developments
for all to enjoy.

# From Industry

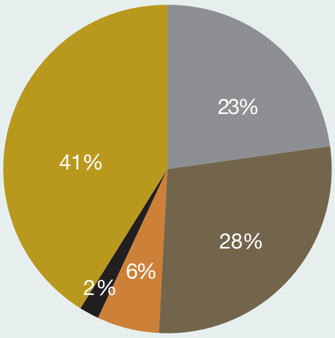
We conduct our business in a manner that advances the real estate industry.

# To Community

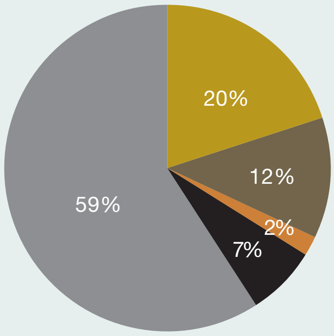
We are committed to be a responsible corporate citizen and build strong ties with the community.

# Financial Highlights

**REVENUE**
By Business Segment




**PROFIT FROM OPERATIONS**
By Business Segment




- Property Development
- Property Investments
- Hotel Operations
- Management Services & Technologies
- Investments

**REVENUE**

$2.40b

Increased 13% from FY2017's $2.11b

**PRE-TAX PROFIT**
(Before Fair Value and Other Gains/Losses)

$595.2m

Increased 18% from FY2017's $505.0m

**NET ATTRIBUTABLE PROFIT**

$433.7m

Decreased 51% from FY2017's $880.2m

**RETURN ON EQUITY**

4.54%

Decreased 55% from FY2017's 10.01%

| QUARTERLY RESULT | 1st Quarter | | 2nd Quarter | | 3rd Quarter | | 4th Quarter | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $'000 | % | $'000 | % | $'000 | % | $'000 | % | $'000 | % |
| **Revenue** | | | | | | | | | | |
| **2018** | **663,689** | **28** | **637,902** | **27** | **520,859** | **22** | **574,893** | **23** | **2,397,343** | **100** |
| 2017 (restated) | 353,722 | 17 | 401,857 | 19 | 540,766 | 26 | 818,026 | 38 | 2,114,371 | 100 |
| **Profit before income tax** | | | | | | | | | | |
| **2018** | **138,505** | **20** | **217,235** | **31** | **149,929** | **21** | **204,416** | **28** | **710,085** | **100** |
| 2017 (restated) | 97,525 | 9 | 132,332 | 13 | 648,186 | 62 | 159,620 | 16 | 1,037,663 | 100 |
| **Net profit** | | | | | | | | | | |
| **2018** | **111,440** | **18** | **192,825** | **32** | **129,093** | **21** | **178,451** | **29** | **611,809** | **100** |
| 2017 (restated) | 86,393 | 9 | 121,751 | 12 | 631,416 | 65 | 136,915 | 14 | 976,475 | 100 |
| **Net attributable profit** | | | | | | | | | | |
| **2018** | **73,819** | **17** | **132,666** | **31** | **92,807** | **21** | **134,430** | **31** | **433,722** | **100** |
| 2017 (restated) | 80,344 | 9 | 109,205 | 12 | 609,207 | 69 | 81,483 | 10 | 880,239 | 100 |
| **Basic earnings per ordinary share (in cents)** | | | | | | | | | | |
| **2018** | **8.8** | **17** | **15.8** | **31** | **11.0** | **21** | **15.9** | **31** | **51.5** | **100** |
| 2017 (restated) | 10.0 | 9 | 13.6 | 13 | 75.3 | 70 | 8.6 | 8 | 107.5 | 100 |

## PROPERTY DEVELOPMENT

Revenue (-15%)

2018 $989.3m

2017 $1,166.7m

Profit From Operations (-4%)

2018 $124.3m

2017 $129.1m

Residential developments under UOL, as well as those held under UIC.

### *KEY FACTS*

- Sale of 448 residential units with a total value of approximately $676 million based on bookings
- Achieved Temporary Occupation Permit (TOP) for Principal Garden
- Launched Amber45 and The Tre Ver in Singapore
- Awarded residential site with commercial use at Silat Avenue for $1.035 billion

## PROPERTY INVESTMENTS

Revenue (+60%)

2018 $541.0m

2017 $338.3m

Profit From Operations (+73%)

2018 $378.0m

2017 $218.0m

Commercial offices, retail malls and serviced suites under UOL's owned and managed investment properties, as well as those held under UIC.

### *KEY FACTS*

- Five commercial offices in Singapore - United Square, Novena Square, Odeon Towers, Faber House and One Upper Pickering, with a total net lettable area of 99,000 sqm, and a portfolio of seven commercial offices through UIC – UIC Building, Stamford Court, Clifford Centre, The Gateway, Singapore Land Tower, SGX Centre 2, Abacus Plaza and Tampines Plaza, with an approximate net floor area of 227,730 sqm
- Five shopping malls in Singapore with a total net lettable area of 144,463 sqm - United Square, Velocity@ Novena Square, KINEX, Marina Square shopping mall and West Mall
- Four owned serviced suites properties with a total of 683 units - Pan Pacific Serviced Suites Orchard, Pan Pacific Serviced Suites Beach Road, PARKROYAL Serviced Suites Singapore and PARKROYAL Serviced Suites Kuala Lumpur
- Two commercial properties in United Kingdom with a total net lettable area of 42,871 sqm - 110 High Holborn and 120 Holborn Island
- Acquired 180 apartments and ancillary facilities at Tower 2 of Thamrin Nine in Jakarta, Indonesia, which will be developed into the PARKROYAL Serviced Suites Jakarta
- Acquired 72 Christie Street, an office property in Sydney, Australia with a net lettable area of 11,259 sqm

## HOTEL OPERATIONS

Revenue (+29%)

2018 $678.7m

2017 $526.2m

Profit From Operations (+94%)

2018 $78.6m

2017 $40.5m

Hotels and resorts under UOL, as well as those under UIC. Through PPHG, UOL owns the "Pan Pacific" and PARKROYAL brands.

### *KEY FACTS*

- Pan Pacific's portfolio comprises 24 hotels and resorts, including those under development
- PARKROYAL's portfolio comprises 18 hotels and resorts, including those under development
- Owns five other hotels - Marina Mandarin, Mandarin Oriental, Sofitel Saigon Plaza, The Westin Tianjin and Sheraton Tianjin Hotel

# Two-Year Financial Highlights

| | 2018<br>$'000 | 2017 (restated)<br>$'000 | Increase/ (Decrease)<br>% |
|---|---|---|---|
| **FOR THE FINANCIAL YEAR** | | | |
| Revenue | 2,397,343 | 2,114,371 | 13 |
| Profit before income tax | 710,085 | 1,037,663 | (32) |
| Profit after income tax and non-controlling interests | 433,722 | 880,239 | (51) |
| Return on equity (%) | 4.54 | 10.01 | (55) |
| **AT 31 DECEMBER** | | | |
| Share capital | 1,556,201 | 1,549,744 | 0 |
| Reserves | 814,629 | 916,889 | (11) |
| Retained earnings | 7,277,078 | 6,984,500 | 4 |
| Shareholders' funds | 9,647,908 | 9,451,133 | 2 |
| Total assets | 20,663,708 | 19,632,501 | 5 |
| **PER ORDINARY SHARE** | | | |
| Basic earnings before fair value and other gains/(losses) (cents) | 41.4 | 42.9 | (3) |
| Basic earnings (cents) | 51.5 | 107.5 | (52) |
| Gross dividend declared (cents) | 17.5 | 17.5 | - |
| Dividend cover (times) | 2.9 | 6.0 | (52) |
| Net tangible asset backing ($) | 11.30 | 11.01 | 3 |

*Artist's impression of One Bishopsgate Plaza.*

# Corporate Information

## BOARD OF DIRECTORS

Wee Cho Yaw
*Chairman*

Wee Ee Lim
*Deputy Chairman*

Gwee Lian Kheng

Low Weng Keong

Wee Sin Tho

Tan Tiong Cheng

Wee Ee-chao

Pongsak Hoontrakul

Poon Hon Thang Samuel

## EXECUTIVE COMMITTEE

Wee Cho Yaw
*Chairman*

Wee Ee Lim
*Deputy Chairman*

Gwee Lian Kheng

Low Weng Keong

## AUDIT AND RISK COMMITTEE

Low Weng Keong
*Chairman*

Wee Ee Lim

Tan Tiong Cheng

## NOMINATING COMMITTEE

Low Weng Keong
*Chairman*

Wee Cho Yaw

Pongsak Hoontrakul

## REMUNERATION COMMITTEE

Wee Sin Tho
*Chairman*

Wee Cho Yaw

Low Weng Keong

## MANAGEMENT

Liam Wee Sin
*Group Chief Executive*

Lothar Wilhelm Nessmann
*Chief Executive Officer (Hotels)*
*(Pan Pacific Hotels Group Limited)*

Foo Thiam Fong Wellington
*Chief Financial Officer*

Goh Hwee Peng Jesline
*Chief Investment and Asset Officer*

Neo Soon Hup
*Executive Vice President (Operations)*
*(Pan Pacific Hotels Group Limited)*

## COMPANY SECRETARIES

Foo Thiam Fong Wellington

Yeong Sien Seu

## AUDITORS

PricewaterhouseCoopers LLP
7 Straits View
#12-00 Marina One
East Tower
Singapore 018936
Partner-in-charge:
Lam Hock Choon
Year of appointment: 2018

## PRINCIPAL BANKERS

United Overseas Bank Limited

DBS Bank Ltd

Oversea-Chinese Banking Corporation Limited

MUFG Bank Ltd

Sumitomo Mitsui Banking Corporation

## REGISTERED OFFICE

101 Thomson Road
#33-00 United Square
Singapore 307591
Telephone : 6255 0233
Facsimile : 6252 9822
Website : www.uol.com.sg

## SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Telephone : 6536 5355
Facsimile : 6536 1360

# Highlights

*UOL sponsored a marble sculpture Watching Clouds at Gardens by the Bay.*

## JANUARY

- As part of its support for the arts, UOL sponsored Watching Clouds, a marble sculpture at Gardens by the Bay for five years.

## MARCH

- PPHG was the official hotel partner of Singapore Rugby 7s. Velocity@Novena Square hosted Ben Gollings, the highest point-scorer of HSBC World Rugby Sevens Series and the official ambassador of Singapore Rugby 7s.

## APRIL

- UOL hosted the Housing and Development Board for a visit to The Clement Canopy site to learn about the prefabricated prefinished volumetric construction (PPVC) method for the project. The Clement Canopy is a 50:50 joint venture between UOL and UIC.

- The 206-room Pan Pacific Orchard ceased operations for redevelopment into a new 350-room green hotel.

## MAY

- Amber45, a boutique freehold development, was launched. About 80 units of the 100 units released were sold during the launch weekend.

- UOL, through a 50:30:20 joint venture with UIC and Kheng Leong, was awarded a 22,852 sqm residential site with commercial use at Silat Avenue for $1.035 billion.

- At the International Property Awards (Asia Pacific), The Tre Ver won in the Residential High-rise Development (Singapore) and Residential High-rise Architecture (Singapore) categories, while Pan Pacific Orchard won in the Best New Hotel Construction and Design (Singapore) and Best Hotel Architecture (Singapore) categories.

## JUNE

- UOL's interest in UIC crossed 50% and UIC became a subsidiary.

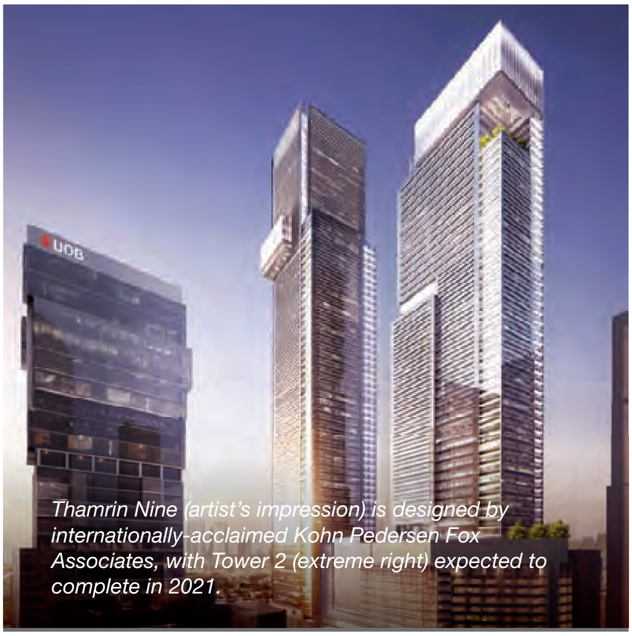
## JULY

- UOL acquired 180 apartments and ancillary facilities at Tower 2 of Thamrin Nine, a mixed-use development in central Jakarta, for US$56.3 million (or approximately $76.3 million). The apartments will be developed into a 180-room PARKROYAL Serviced Suites Jakarta. At the same time, PPHG signed a hotel management agreement to operate a 185-room PARKROYAL Jakarta within the same tower.

## AUGUST

- UOL, through a 50:50 joint venture with UIC, launched The Tre Ver. More than 140 units out of the 200 released in the first phase were sold during the launch.

- OneKM was rebranded as KINEX to become an experiential and community-centric mall.




*Thamrin Nine (artist's impression) is designed by internationally-acclaimed Kohn Pedersen Fox Associates, with Tower 2 (extreme right) expected to complete in 2021.*

## SEPTEMBER

- UOL funded the minor renovations of two centres under Care Corner Student Care Centre. It also hosted 40 children from Care Corner to take part in fun activities at Velocity@Novena Square and United Square.

## OCTOBER

- Riverbank@Fernvale emerged winner in the Residential (Mid-rise) category at the FIABCI Singapore Property Awards 2018, while Amber45 won the Best Luxury Condo Interior Design award at the eighth PropertyGuru Asia Property Awards (Singapore).

- The Clement Canopy won the Landscape Excellence Award (Uncompleted - Non-Central) and the Top Development Award at the Singapore Excellence Awards 2018.

## NOVEMBER

- UOL Treasury Services Pte Ltd increased the maximum aggregate principal amount of notes for its Multicurrency Medium Term Note Programme from $1 billion to $2 billion.

- Therapy horses from Riding for the Disabled Association of Singapore (RDA Singapore) came to United Square to interact with shoppers. For the second consecutive year, UOL sponsored a horse from RDA Singapore, which provides free horse-riding therapy to children with disabilities.

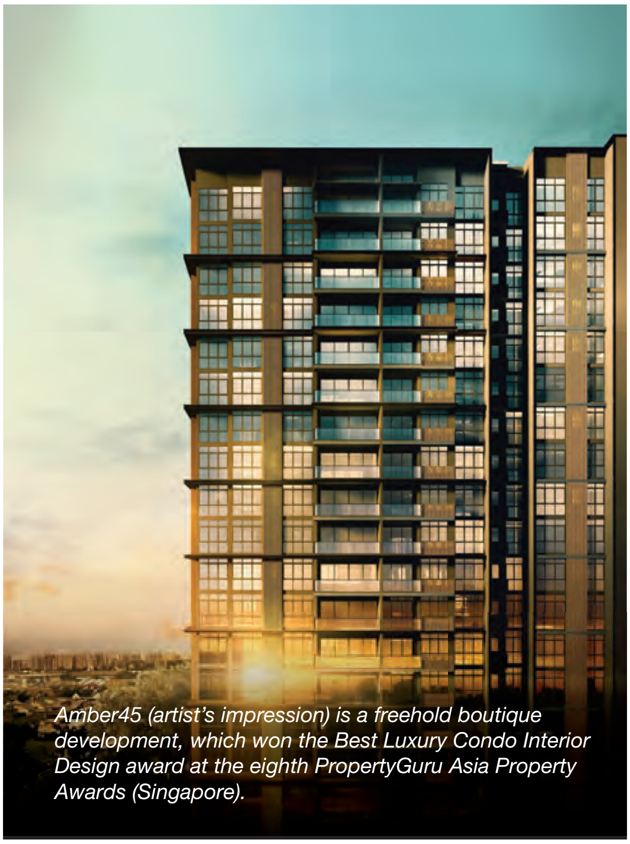
## DECEMBER

- PARKROYAL on Pickering won The World's Leading Green City Hotel and Asia's Leading Green Hotel at the World Travel Awards 2018.

- U-POPP, which stands for UOL's Power of Purchase Program, was launched. It is a customer loyalty platform that rewards shoppers at UOL's three malls.

- Principal Garden, a 70:30 joint venture between UOL and Kheng Leong, received TOP.

- UOL acquired an eight-storey office building at 72 Christie Street for A$154.52 million (or approximately $152.72 million) in St Leonards, Sydney, Australia.



*Amber45 (artist's impression) is a freehold boutique development, which won the Best Luxury Condo Interior Design award at the eighth PropertyGuru Asia Property Awards (Singapore).*


*U-POPP serves to better engage and connect with shoppers.*

# Chairman's Statement

DR WEE CHO YAW
Chairman

***2018 REVIEW***

The Singapore economy grew by 3.2% in 2018, slower than the 3.9% growth in 2017. Prices of new private residential homes rose 7.9% in 2018, due mainly to increases recorded in the first two quarters before the implementation of a fresh round of property cooling measures in July. Overall, sales volume of new homes had decreased to 8,795 units in 2018 as compared with 10,566 homes sold in 2017. With limited new supply, office rents grew by 7.4% compared with the increase of 0.4% in 2017. Retail rents decreased at a slower pace of 1.0% compared with the decline of 4.7% in 2017 as the retail scene continues to evolve.

Total visitor arrivals in Singapore increased by 6.2% to 18.5 million from 17.4 million in 2017. Average occupancy for the hotel industry in Singapore for 2018 increased by 1.2 percentage points to 86% while average room rate increased marginally by 0.9% to $219 from $216 in 2017. As a consequence, revenue per available room increased by 2.4% to $189 from $183 in 2017.

## PROFIT AND DIVIDEND

For the year ended 31 December 2018, pre-tax profit before fair value and other gains/losses was $595.2 million, an increase of $90.2 million from the profit of $505.0 million in 2017. The increase was due mainly to the full year consolidation of the results of United Industrial Corporation Limited ("UIC") as compared with the consolidation of four months' results in 2017. Profit after tax and non-controlling interest was $433.7 million, a decrease of 51% from the profit of $880.2 million in 2017 due mainly to the recognition in 2017 of a net gain of $535.6 million from the acquisition of UIC. The Group shareholders' funds increased from $9.5 billion as at 31 December 2017 to $9.6 billion as at 31 December 2018. Net tangible asset per ordinary share of the Group increased to $11.30 as at 31 December 2018 from $11.01 as at 31 December 2017.

The Board is recommending a first and final dividend of 17.5 cents per share (unchanged from 2017). Total dividend pay-out amounts to approximately $147.5 million (2017: $147.4 million) or about 42% of attributable profit excluding fair value and other gains and losses.

## CORPORATE DEVELOPMENTS

***ACQUISITION OF ADDITIONAL INTEREST IN UNITED INDUSTRIAL CORPORATION LIMITED***

During the year, the Group continued to increase its shareholding interest in UIC. On 13 June 2018, the Group's interest in UIC crossed 50% and UIC became a subsidiary of the Company pursuant to Section 5 of the Companies Act (Cap 50). As at 31 December 2018, the Group's interest in UIC had increased to 717,644,450 ordinary shares or 50.096% of the issued share capital of UIC. Amongst other things, the UIC group has a portfolio of more than two million square feet of office space and about one million square feet of retail space in Singapore.

***ACQUISITION OF RESIDENTIAL SITE (WITH COMMERCIAL USE) AT SILAT AVENUE, SINGAPORE***

In May 2018, the Group's wholly-owned subsidiary UOL Venture Investments Pte. Ltd., ("UVI") together with UIC Homes Pte. Ltd., a wholly-owned subsidiary of UIC and Kheng Leong Company (Private) Limited on a 50:30:20 basis, successfully tendered for the residential site at Silat Avenue (with commercial use) for a sum of $1.035 billion. The 99-year leasehold site with an area of 22,852 sqm will be developed into an approximately 1,074-unit project known as Avenue South Residence. United Venture Development (Silat) Pte Ltd has been incorporated to undertake the proposed development.

***ACQUISITION OF 180 APARTMENTS SITUATED WITHIN THAMRIN NINE, JAKARTA, INDONESIA***

In July 2018, the Group through its indirect wholly-owned subsidiary, PT Success Venture Serviced Suites

Investments, entered into an agreement to acquire 180 apartments situated within Tower 2 of Thamrin Nine for an aggregate consideration of US$56.3 million (or approximately S$76.3 million). Located on the prime Jalan MH Thamrin, Jakarta Pusat, Thamrin Nine is an integrated development comprising apartments, hotel, offices, retail and other facilities. The apartments, with estimated semi-gross floor area of 15,366 sqm are expected to be completed in 2021. They will be operated as serviced suites under the PARKROYAL brand.

### *ACQUISITION OF 72 CHRISTIE STREET IN ST LEONARDS, SYDNEY, AUSTRALIA*

In December 2018, an indirect wholly-owned subsidiary, Success Venture (CS) Pty Ltd completed the acquisition of a freehold eight-storey office building with four-storey basement parking at 72 Christie Street, St Leonards, Sydney, Australia for A$154.52 million (or approximately S$152.72 million). The property which has a net lettable area of approximately 11,259 sqm is fully tenanted with the lease expiring in 2028. The acquisition is in line with the Group's plan to increase its presence in Australia and to strengthen recurring income.

### *UPDATE AND INCREASE IN PROGRAMME LIMIT OF MULTICURRENCY MEDIUM TERM NOTE PROGRAMME*

In 2014, wholly-owned subsidiary UOL Treasury Services Pte. Ltd. ("UTS") established a $1 billion multicurrency medium term note programme ("Programme"), unconditionally and irrevocably guaranteed by the Company. In November 2018, UTS updated and increased the maximum aggregate principal amount of notes that may be issued under the Programme to $2 billion.

The updated Programme will offer the Group greater flexibility to tap an alternative source of funding as and when the need arises.

### *APPOINTMENT OF NEW GROUP CHIEF EXECUTIVE*

Mr Liam Wee Sin was promoted to Group Chief Executive with effect from 2 January 2019 in place of Mr Gwee Lian Kheng who retired on 31 January 2019. Mr Liam, an architect by training, joined the Group in 1993 and has extensive experience in the real estate industry.

## OUTLOOK FOR 2019

The global economy is fraught with uncertainties and the forecast by the Ministry of Trade and Industry is for the Singapore economy to grow between 1.5% and 3.5% in 2019. Buying sentiment for new homes is likely to remain subdued as the effects of cooling measures continue to linger over the market. Amid a tight supply, office rents are expected to remain healthy. Retail rents are showing signs of stabilisation after a period of decline although the challenges from growth of e-commerce and tight labour market will persist.

The London property market continues to be weighed down by uncertainties over Brexit. Nonetheless, rentals of office space in Midtown London are expected to hold up.

The Group's hotels in Singapore are expected to benefit from the healthy visitor arrivals and benign supply. The World Tourism Organization has projected that tourist arrivals to Asia and the Pacific would grow between 5% and 6% in 2019 and this should benefit the rest of the Group's hotels in the region. Nonetheless, trading conditions for the Group's hotels in Myanmar and the People's Republic of China are expected to remain challenging.

## ACKNOWLEDGEMENT

Mr Gwee Lian Kheng retired from his position as Group Chief Executive on 31 January 2019. He has also indicated that he would not be offering himself for re-appointment at the forthcoming annual general meeting. On behalf of the Board, I thank Mr Gwee for his 45 years of dedicated service and invaluable contributions to the Group. Dr Pongsak Hoontrakul has also indicated that he would not be offering himself for re-appointment at the forthcoming annual general meeting. On behalf of the Board, I would also like to thank Dr Hoontrakul for his invaluable contributions during the past 10 years.

I wish to thank my fellow board members for their wise counsel in the past year. On behalf of the Board, I also want to thank the management and staff for their hard work and to our shareholders, business associates and customers, for their continuing support.

**DR WEE CHO YAW**
Chairman
February 2019

# Board Of Directors

## WEE CHO YAW

Chairman
Non-Executive and Non-Independent Director

First appointed as a Director: 23 April 1973
Last appointed as a Director: 25 April 2018

Dr Wee, aged 90, is the Chairman of UOL. A banker with more than 60 years' experience and a veteran in the banking, insurance, real estate and hospitality industries, Dr Wee has received national and regional awards and industry accolades for his business achievements and support of education, community welfare and the business community.

**Length of service as a Director (as at 31 December 2018):**
45 years 8 months

**Board Committee(s) served on:**
- Executive Committee (Chairman)
- Remuneration Committee (Member)
- Nominating Committee (Member)

**Present Directorships in other listed companies (as at 31 December 2018):**
- United Overseas Insurance Limited (Chairman)
- Haw Par Corporation Limited (Chairman)
- United Industrial Corporation Limited (Chairman)

**Major Appointments/Principal Commitments:**
- United Overseas Bank Limited (Chairman Emeritus and Honorary Adviser)
- Pan Pacific Hotels Group Limited (Chairman)
- Marina Centre Holdings Private Limited (Chairman)
- Nanyang Technological University (Pro-Chancellor)
- Singapore Chinese Chamber of Commerce & Industry (Honorary President)
- Singapore Federation of Chinese Clan Associations (Honorary President)
- Singapore Hokkien Huay Kuan (Honorary President)
- Wee Foundation (Chairman)
- Chung Cheng High School (Chairman)

**Past Directorships in listed companies and Principal Commitments held over the preceding five years:**
- Far Eastern Bank (till May 2018)
- United Overseas Bank Limited (till April 2018)
- Singapore Land Limited (till October 2014)

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

## WEE EE LIM

Deputy Chairman
Non-Executive and
Non-Independent
Director

First appointed as a Director: 9 May 2006
Last appointed as a Director: 26 April 2017

Mr Wee, aged 57, is the Deputy Chairman of UOL. He was appointed as Deputy Chairman on 12 August 2015.

**Length of service as a Director (as at 31 December 2018):**
12 years 7 months

**Board Committee(s) served on:**
- Executive Committee (Deputy Chairman)
- Audit and Risk Committee (Member)

**Present Directorships in other listed companies (as at 31 December 2018):**
- United Overseas Bank Limited
- Haw Par Corporation Limited
- United Industrial Corporation Limited

**Major Appointments/Principal Commitments:**
- Haw Par Corporation Limited (President and Chief Executive Officer)
- Wee Foundation

**Past Directorships in listed companies and Principal Commitments held over the preceding five years:**
- Hua Han Health Industry Holdings Limited (formerly known as Hua Han Bio-Pharmaceutical Holdings Limited) (listed on the Hong Kong Stock Exchange) (till July 2015)
- Singapore Land Limited (till August 2014)

**Academic, Professional Qualification(s) & Achievement(s):**
- Bachelor of Arts (Economics), Clark University, USA

## GWEE LIAN KHENG

Group Chief Executive
Executive and
Non-Independent
Director*

First appointed as a Director: 20 May 1987
Last appointed as a Director: 28 April 2016

Mr Gwee, aged 78, the Group Chief Executive of UOL, joined UOL in 1973. He retired from his position as Group Chief Executive on 31 January 2019. He remains a Director of UOL.

**Length of service as a Director (as at 31 December 2018):**
31 years 7 months

**Board Committee(s) served on:**
- Executive Committee (Member)

**Present Directorships in other listed companies (as at 31 December 2018):**
- United Industrial Corporation Limited

**Major Appointments/Principal Commitments:**
- Nil

**Past Directorships in listed companies and Principal Commitments held over the preceding five years:**
- Various UOL subsidiaries (till December 2018)
- Singapore Land Limited (till August 2014)

**Academic, Professional Qualification(s) & Achievement(s):**
- Bachelor of Accountancy (Honours), University of Singapore
- Fellow of the Chartered Institute of Management Accountants (United Kingdom)
- Fellow of the Association of Chartered Certified Accountants (United Kingdom)
- Fellow of the Institute of Singapore Chartered Accountants
- Hotel Legends Hall of Fame Award at the 11th Australian New Zealand Pacific Hotel Industry Conference (2011)
- Asia Pacific Hotelier of the Year award (2003)
- Bintang Bakti Masyarakat (BBM) Public Service Star by the President of Singapore (2002)
- Pingat Bakti Masyarakat (PBM) Public Service Medal by the President of Singapore (1994)

* *Retired as Group Chief Executive on 31 January 2019 and considered as Non-Executive and Non-Independent Director from 1 February 2019.*

# Board Of Directors

## LOW WENG KEONG

Non-Executive and Independent Director

First appointed as a Director: 23 November 2005
Last appointed as a Director: 26 April 2017

Mr Low, aged 66, was formerly the country managing partner of Ernst & Young, Singapore, and a past global chairman and president of CPA Australia.

**Length of service as a Director (as at 31 December 2018):**
13 years 1 month

**Board Committee(s) served on:**
- Audit and Risk Committee (Chairman)
- Nominating Committee (Chairman)
- Executive Committee (Member)
- Remuneration Committee (Member)

**Present Directorships in other listed companies (as at 31 December 2018):**
- Riverstone Holdings Limited
- iX Biopharma Limited (listed on Catalist)

**Major Appointments/Principal Commitments:**
- Singapore Institute of Accredited Tax Professionals Limited
- Confederation of Asian and Pacific Accountants Limited
- NTUC Education and Training Fund (Member of Board of Trustees)

**Past Directorships in listed companies and Principal Commitments held over the preceding five years:**
- Bracell Limited (formerly known as Sateri Holdings Limited) (listed on the Hong Kong Stock Exchange) (till November 2016)

**Academic, Professional Qualification(s) & Achievement(s):**
- Fellow and Life member of CPA Australia
- Fellow of the Institute of Chartered Accountants in England & Wales
- Fellow of the Institute of Singapore Chartered Accountants
- Associate of the Chartered Institute of Taxation (United Kingdom)
- Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals

## WEE SIN THO

Non-Executive and Independent Director

First appointed as a Director: 13 May 2011
Last appointed as a Director: 26 April 2017

Mr Wee, aged 70, has extensive experience in the financial services industry where he held various senior positions during his past career. Early in his career, he was involved in corporate strategy, portfolio management policy and economic research with United Overseas Bank Limited. Mr Wee later served as chief executive officer of HLG Capital Bhd, managing director of United Industrial Corporation Limited, president of Vickers Capital Limited and chief executive officer of Vickers Ballas Holdings Limited.

**Length of service as a Director (as at 31 December 2018):**
7 years 7 months

**Board Committee(s) served on:**
- Remuneration Committee (Chairman)

**Present Directorships in other listed companies (as at 31 December 2018):**
- Nil

**Major Appointments/Principal Commitments:**
- National Gallery Singapore
- Farrer Way Pte Ltd

**Past Directorships in listed companies and Principal Commitments held over the preceding five years:**
- Leap Philanthropy Ltd (till February 2019)
- Raffles Institution (Member of the Board of Governors) (till December 2017)
- Senior adviser, Office of President, National University of Singapore (till September 2017)
- Keppel Telecommunications & Transportation Ltd (till April 2016)

**Academic, Professional Qualification(s) & Achievement(s):**
- Bachelor of Social Sciences (Honours), University of Singapore

## TAN TIONG CHENG

Non-Executive and
Independent
Director

First appointed as a Director: 29 May 2013
Last appointed as a Director: 25 April 2018

Mr Tan, aged 68, has amassed an extensive and in-depth knowledge of real estate, both in the public and private sectors over the last four decades. Mr Tan stepped down as President of Knight Frank Asia Pacific on 31 March 2019. Upon his retirement, Mr Tan assumed the role of senior adviser to Knight Frank Asia Pacific.

**Length of service as a Director (as at 31 December 2018):**
5 years 7 months

**Board Committee(s) served on:**
- Audit and Risk Committee (Member)

**Present Directorships in other listed companies (as at 31 December 2018):**
- Heeton Holdings Limited
- The Straits Trading Company Limited
- Amara Holdings Limited

**Major Appointments/Principal Commitments:**
- Knight Frank Pte Ltd (Adviser)

**Past Directorships in listed companies and Principal Commitments held over the preceding five years:**
- Knight Frank Asia Pacific (President) (till March 2019)
- Knight Frank Pte Ltd (Chairman) (till March 2017)
- Knight Frank group of companies (till March 2017)
- Valuation Review Board (Member) (till April 2016)

**Academic, Professional Qualification(s) & Achievement(s):**
- Diploma in Urban Valuation, University of Auckland, New Zealand
- Fellow of the Singapore Institute of Surveyors and Valuers
- Fellow of the Association of Property and Facility Managers
- Associate of the New Zealand Institute of Valuers

## WEE EE-CHAO

Non-Executive and
Non-Independent
Director

First appointed as a Director: 9 May 2006
Last appointed as a Director: 25 April 2018

Mr Wee, aged 64, was appointed chairman of the Singapore Tourism Board from January 2002 to December 2004. He was also the first vice-president of the Real Estate Developers' Association of Singapore ("REDAS") from 2005 to 2006 and continued to serve on the committee of REDAS from 2007 to 2010.

**Length of service as a Director (as at 31 December 2018)**
12 years 7 months

**Board Committee(s) served on:**
- Nil

**Present Directorships in other listed companies (as at 31 December 2018):**
- UOB-Kay Hian Holdings Limited
- Haw Par Corporation Limited

**Major Appointments/Principal Commitments:**
- UOB Kay Hian group of companies (Chairman and Managing Director)
- Kheng Leong Company (Private) Limited
- Wee Foundation

**Past Directorships in listed companies and Principal Commitments held over the preceding five years:**
- UOB Kay Hian Securities (Thailand) Public Co Limited (listed on the Stock Exchange of Thailand) (till April 2016)

**Academic, Professional Qualification(s) & Achievement(s):**
- Bachelor of Business Administration, American University Washington D.C., USA

# Board Of Directors

## PONGSAK HOONTRAKUL

Non-Executive and Independent Director

First appointed as a Director: 21 May 2008
Last appointed as a Director: 28 April 2016

Dr Hoontrakul, aged 58, was the adviser to the Senate Committee for Fiscal, Banking and Financial Institutions, Parliamentary Committee for Economic Affairs and Parliamentary Committee for Justice and Human Rights, in Thailand. Until April 2008, he served as an independent director of United Overseas Bank (Thai) Public Company Limited. He was also a senior research fellow at Sasin of Chulalongkorn University, Thailand until May 2013.

**Length of service as a Director (as at 31 December 2018):**
10 years 7 months

**Board Committee(s) served on:**
- Nominating Committee (Member)

**Present Directorships in other listed companies (as at 31 December 2018):**
- Nil

**Major Appointments/Principal Commitments:**
- Hoontrakul Holding Corporation Co. Ltd. (Chairman)
- Vimanmek Noi Co. Ltd. (Chairman)
- Four Kings Private Ltd. (Chairman)
- International Advisory Council of the Schulich School of Business, York University, Toronto, Canada (Member)
- Advisory Panel for the International Association of Deposit Insurance, Switzerland (Member)

**Past Directorships in listed companies and Principal Commitments held over the preceding five years:**
- Nil

**Academic, Professional Qualification(s) & Achievement(s):**
- Doctoral degree (Business Administration in Finance), Thammasat University
- Master in Business Administration from Sasin of Chulalongkorn University, Thailand
- Bachelor of Science degree (Industrial and System Engineering), San Jose State University, USA
- Fellow of the Thai Institute of Directors Association
- Recipient of the Best Research Paper Award for ASEAN Scholars at the annual Asia Pacific Finance Association (2001)

## POON HON THANG SAMUEL

Non-Executive and Independent Director

First appointed as a Director: 12 May 2016
Last appointed as a Director: 26 April 2017

Mr Poon, aged 69, has more than three decades of experience in the financial industry. From 1979 to 1988, Mr Poon served at Citibank N.A. (Singapore) where he was responsible for credit, marketing, remedial management and structured finance. From 1988 to 2006, before he retired as senior executive vice president from United Overseas Bank Limited ("UOB"), Mr Poon was responsible for consumer banking, corporate banking, commercial banking, corporate finance and international banking at UOB.

**Length of service as a Director (as at 31 December 2018):**
2 years 7 months

**Board Committee(s) served on:**
- Nil

**Present Directorships in other listed companies (as at 31 December 2018):**
- Enviro-Hub Holdings Ltd
- Soilbuild Construction Group Ltd

**Major Appointments/Principal Commitments:**
- Irodori Japanese Restaurant Pte Ltd
- Ping An UOB Fund Management Company Limited
- Raffles Town Club Pte Ltd

**Past Directorships in listed companies and Principal Commitments held over the preceding five years:**
- J.P. Nelson Holdings Ltd (listed on Taiwan Gretai Securities Market) (till June 2016)

**Academic, Professional Qualification(s) & Achievement(s):**
- Bachelor of Commerce (Honours), Nanyang University of Singapore

# Key Management Executives


## LIAM WEE SIN

Group Chief Executive
UOL Group Limited

Mr Liam was appointed as the Group Chief Executive on 2 January 2019. Prior to this, he was the Deputy Group Chief Executive Officer. He is also a Board Member of several UOL subsidiaries. Before joining UOL in 1993, Mr Liam was in the public sector for eight years, overseeing architectural works and facilities management. He also worked with Jones Lang Wootton for project management and consultancy work.

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

Mr Liam holds a Bachelor of Architecture degree from the National University of Singapore (NUS). He completed the Stanford-NUS Executive Programme in 2000. In 2015, Mr Liam was awarded the Singapore Real Estate Personality of the Year award by South East Asia Property Awards for his commitment to Singapore's real estate sector.

## LOTHAR WILHELM NESSMANN

Chief Executive Officer
Pan Pacific Hotels Group Limited

Mr Nessmann was appointed Chief Executive Officer of PPHG in March 2017. He is responsible for PPHG's day-to-day operations and its existing hotel management business, as well as business development and expansion of PPHG's management business. Mr Nessmann has nearly 30 years of luxury hospitality experience gained from working in various countries including Singapore, Malaysia, Hong Kong, China, the Middle East and Europe. Prior to joining PPHG, Mr Nessmann was with Shangri-La Hotels and Resorts, where as chief operations officer, he was instrumental in developing and positioning its Hotel Jen brand.

## FOO THIAM FONG WELLINGTON

Chief Financial Officer/Group Company Secretary
UOL Group Limited

Mr Foo began his career with UOL in 1977 and is currently the Chief Financial Officer/Group Company Secretary. He helms the Group's finance, tax, legal and secretariat, information technology, and corporate communications and investor relations departments. He is a Director of several UOL subsidiaries.

Mr Foo graduated from the University of Singapore with a Bachelor of Accountancy (Honours) degree. He is a fellow of the Institute of Singapore Chartered Accountants and CPA Australia, and an associate of both the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators.

# Key Management Executives

## GOH HWEE PENG JESLINE
Chief Investment and Asset Officer
UOL Group Limited

Ms Goh was appointed as Chief Investment and Asset Officer on 1 January 2019. She is responsible for all investment management, asset management and marketing strategies of the Group. Previously, she was the Senior General Manager, Asset Management and Marketing. Ms Goh has more than 20 years of extensive experience in real estate investment and asset management, and REIT management.

Before joining UOL in 2017, she was the chief executive officer of Keppel REIT Management Limited. Ms Goh was previously the deputy chief executive officer (Singapore) of Perennial Real Estate Holdings Limited. She had also held various senior positions at CapitaLand Group, where her last appointment was deputy chief executive officer of CapitaLand Mall Trust Management Limited and concurrently deputy country head (Singapore) of CapitaLand Mall Asia Limited.

Ms Goh graduated from the National University of Singapore with a Bachelor of Business Administration (First Class Honours) degree. She also completed the Executive Development Program at the University of Chicago Graduate School of Business, USA. Ms Goh is a Chartered Financial Analyst.

## NEO SOON HUP
Executive Vice-President, Operations
Pan Pacific Hotels Group Limited

Mr Neo was appointed as Executive Vice-President, Operations on 1 January 2019. Previously, he was the Senior Vice-President, Operations. Mr Neo drives the operational performance, systems management and development, and service quality standards across PPHG's global portfolio, and also oversees information technology and performance management. Prior to this, he was PPHG's Chief Financial Officer and Head of Business Development, and had spent more than a decade with Pricewaterhouse Coopers before joining PPHG in 2003. Mr Neo also serves as a Director of several PPHG subsidiaries.

## LISTING OF SENIOR MANAGEMENT

### UOL GROUP LIMITED

**KWA BING SENG**
Deputy Chief Financial Officer

**CHAN WENG KHOON**
Senior General Manager
Property & Engineering

**YEONG SIEN SEU**
Senior General Manager
Legal & Secretariat

**YEO BIN HONG**
Deputy General Manager
Internal Audit

### PAN PACIFIC HOTELS GROUP LIMITED

**WEE WEI LING**
Executive Director, Asset & Lifestyle

**KEVIN CROLEY**
Senior Vice President, Business Development

**ANDREAS SUNGAIMIN**
Senior Vice President, Human Capital & Development

**TAN SZE LING CINN**
Chief Sales & Marketing Officer

# Awards & Accolades

*The Clement Canopy (artist's impression) has received several awards for its landscape and design.*

## CORPORATE

**UOL Group Limited**
Brand Finance
- Top 100 Singapore Brands 2018 (#32)

**Pan Pacific Hotels Group Limited**
Travel Weekly Asia Readers' Choice Awards 2018
- Best Regional Hotel Chain

TTG Travel Awards 2018
- Best Regional Hotel Chain

National Volunteer & Philanthropy Centre
- Champions of Good 2018

## PRODUCT, DESIGN AND ARCHITECTURAL EXCELLENCE

**Riverbank@Fernvale, Singapore**
FIABCI Singapore Property Awards 2018
- Winner - Residential (Mid-rise)

**Amber45, Singapore**
PropertyGuru Asia Property Awards (Singapore) 2018
- Winner - Best Luxury Condo Interior Design
- Highly Commended - Best Luxury Condo Development

**The Clement Canopy, Singapore**
Singapore Excellence Awards 2018
- Top Development Award (Uncompleted - Non-Central)
- Landscape Excellence Award (Uncompleted - Non-Central)

**The Tre Ver, Singapore**
International Property Awards (Asia Pacific) 2018
- Winner - Residential High-rise Architecture, Singapore
- Winner - Residential High-rise Development, Singapore

PropertyGuru Asia Property Awards (Singapore) 2018
- Highly Commended - Best Private Condo Landscape Architectural Design
- Highly Commended - Best Private Condo Interior Design
- Highly Commended - Best Private Condo Architectural Design
- Highly Commended - Best Private Condo Development

**Novena Square, Singapore**
BCA Green Mark Awards 2018
- Green Mark Gold$^{Plus}$

**Pan Pacific Orchard, Singapore**
International Property Awards (Asia Pacific) 2018
- 5-star - Best New Hotel Construction & Design Singapore
- 5-star - Best Hotel Architecture Singapore

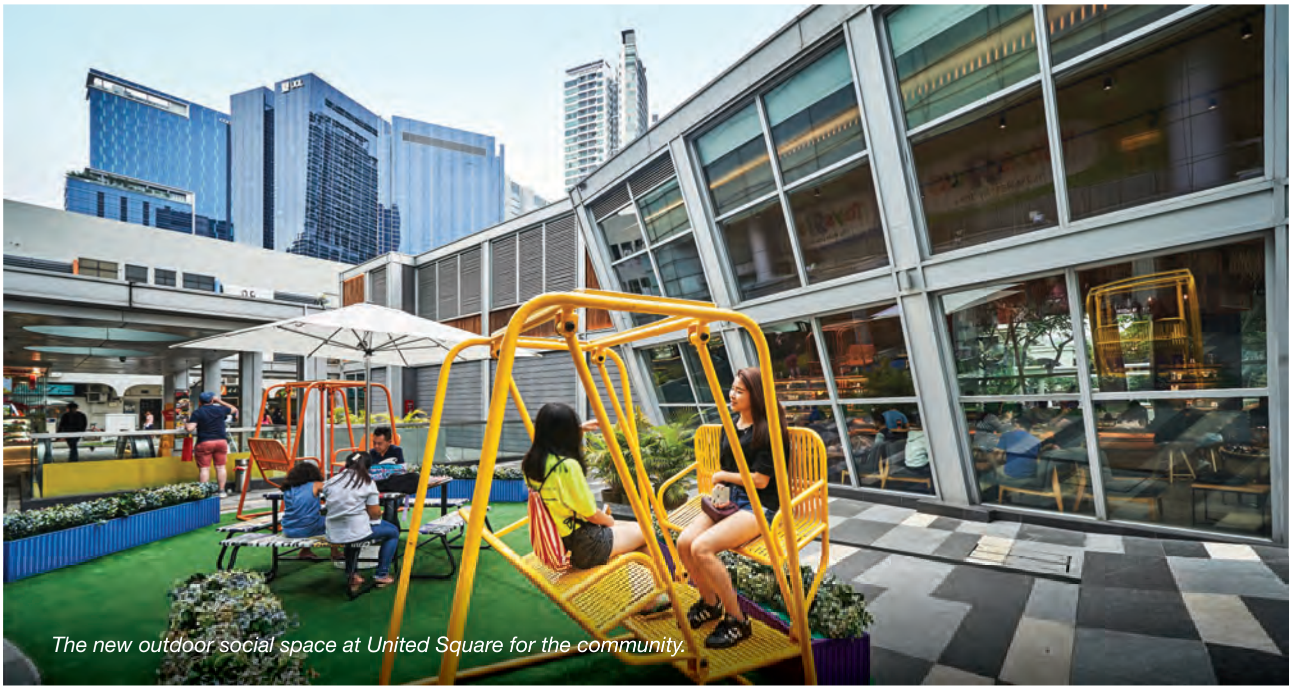
## SERVICE EXCELLENCE

**Pan Pacific Serviced Suites**
DestinAsian Readers' Choice Awards 2018
- Top 5 Serviced Residence Brands

**PARKROYAL on Pickering, Singapore**
World Travel Awards 2018
- The World's Leading Green City Hotel
- Asia's Leading Green Hotel

**PARKROYAL Darling Harbour, Australia**
2018 HM Awards for Hotel and Accommodation Excellence
- Winner - Upscale Hotel

# Operation Highlights



*The new outdoor social space at United Square for the community.*

## PROPERTY INVESTMENTS

### *COMMERCIAL PROPERTIES*

#### United Square

Strategically located in the Novena precinct, United Square is a 33-storey mixed-use development with a total lettable office area of 26,971 sqm and a retail area of 19,492 sqm. For 2018, the office and retail mall achieved an average occupancy rate of 94% and 98% respectively.

Known as "The Kids Learning Mall", United Square debuted new and exciting stores for children and young families during the year. Both H&M and Puma opened their first kids concept stores in Asia at the mall. There were also new food and beverage options such as Wine Connection and R&B Tea. An outdoor social space with seating area and swings was also provided for shoppers and office workers to relax and hang out. Popular character shows and learning activities for young children continued to be the mainstay.

#### Novena Square

A mixed-use development located above Novena MRT Station, Novena Square comprises two blocks of 18- and 25-storey offices with a total lettable area of 41,627 sqm and Velocity@Novena Square, a three-storey retail mall with a total lettable area of 15,896 sqm. For 2018, the development achieved an average occupancy rate of 97% for the office towers and an average occupancy rate of 100% for the retail mall.

During the year, the sports-themed mall saw the opening of an indoor wall climbing gym by Climb Central, which features a unique cylinder structure that is suitable for beginners and families. Other new tenants included sports retailer Decathlon, health food outlets Workspace Espresso Bar and A Poke Theory, as well as Fatburger, a popular 70-year-old burger joint from America, which opened its first location in Singapore at the mall.

Signature events such as Urban Attack continued to draw shoppers, and the mall remained a preferred venue for race kit collections for major runs. It also continued to work with its anchor tenant True Fitness to offer free workouts for the community to promote an active lifestyle.

*Free workouts for shoppers and office workers are held at the outdoor basketball court of Velocity@Novena Square.*

## KINEX

Located near Paya Lebar MRT station, KINEX (formerly known as OneKM) is a four-storey mall with a total lettable area of 19,187 sqm[1]. The mall achieved an average occupancy rate of 84% for 2018 due to asset enhancement works being carried out in the mall.

The mall was rebranded in August 2018 to become an experiential and community-centric mall. A series of events were launched to engage the community with food and entertainment, such as a lively carnival featuring street food, live band performances and regular craft workshops. New stores were also introduced, including Fatburger and The Green Collective SG, which features eco-friendly merchandise. Invade Industry will also open a first-of-its-kind indoor retail theme park of 1,300 sqm in the second quarter of 2019.

## Customer Loyalty Programme

In December 2018, the three malls of UOL - United Square, Velocity@Novena Square and KINEX - together launched a customer loyalty platform called U-POPP, which stands for UOL's Power of Purchase Program, to reward shoppers with vouchers and gifts.

## Marina Square shopping mall

Located at Raffles Boulevard, Marina Square shopping mall has an approximate net floor area of 72,846 sqm. The average occupancy rate was 86%.

## The Gateway

Located at Beach Road, The Gateway has an approximate net floor area of 69,803 sqm. The average occupancy rate was 88%. Its committed occupancy improved to 94% as at 31 December 2018.

## Singapore Land Tower

Located along Battery Road, Singapore Land Tower has an approximate net floor area of 57,500 sqm. The average occupancy rate was 97%.

## UIC Building

Located at 5 Shenton Way, UIC Building has an approximate net floor area of 26,373 sqm. The average occupancy rate for 2018 was 50%, as UIC Building obtained TOP in April 2017. The building achieved a committed occupancy of 100% as at 31 December 2018.

## SGX Centre 2

Located at 4 Shenton Way, SGX Centre 2 has an approximate net floor area of 25,800 sqm. The average occupancy rate was 98%.

## Clifford Centre

Facing Raffles Place and Collyer Quay, Clifford Centre has an approximate net floor area of 25,470 sqm. The average occupancy rate was 92%.

## Odeon Towers

Located at North Bridge Road, Odeon Towers has a total lettable office space of 18,357 sqm. The average occupancy rate was 99%.

## West Mall

Located at Bukit Batok Town Centre, West Mall has an approximate net floor area of 17,042 sqm. The average occupancy rate was 100%.

## Abacus Plaza and Tampines Plaza

Located at Tampines Finance Park, Abacus Plaza and Tampines Plaza have an approximate net floor area of 8,397 sqm each. Their average occupancy rates were 100% and 90% respectively.

## One Upper Pickering

Located at the junction of Upper Pickering Street and New Bridge Road, the 8,089 sqm office tower was fully leased to the Attorney-General's Chambers.

## Stamford Court

Located at the junction of Stamford Road and Hill Street, Stamford Court has an approximate net floor area of 5,990 sqm. The average occupancy rate was 97%.

## Faber House

Located along Orchard Road, Faber House has a total lettable office space of 3,956 sqm. The average occupancy rate was 100%.

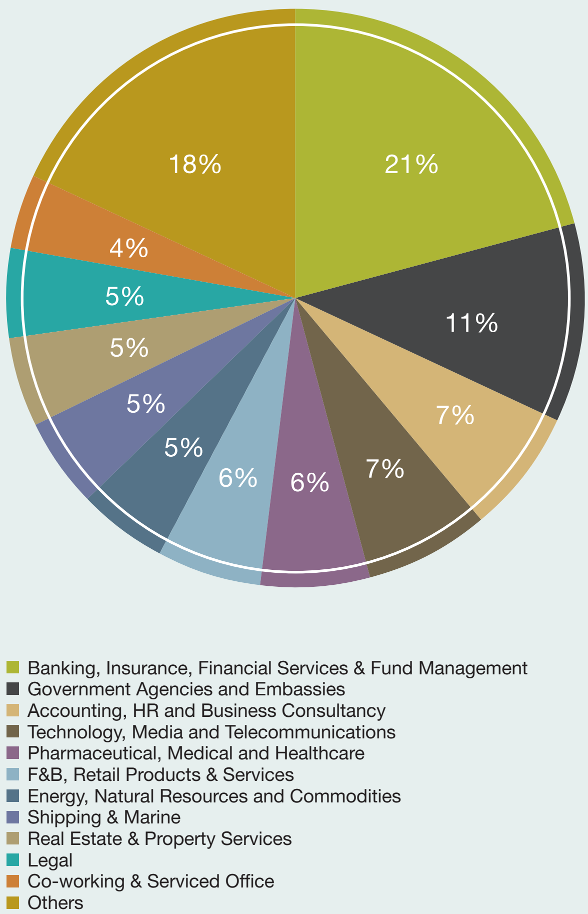

*Singapore Land Tower is a 47-storey office building along Battery Road.*

[1] *Estimated lettable area post-asset enhancement initiative works. Subject to formal survey.*

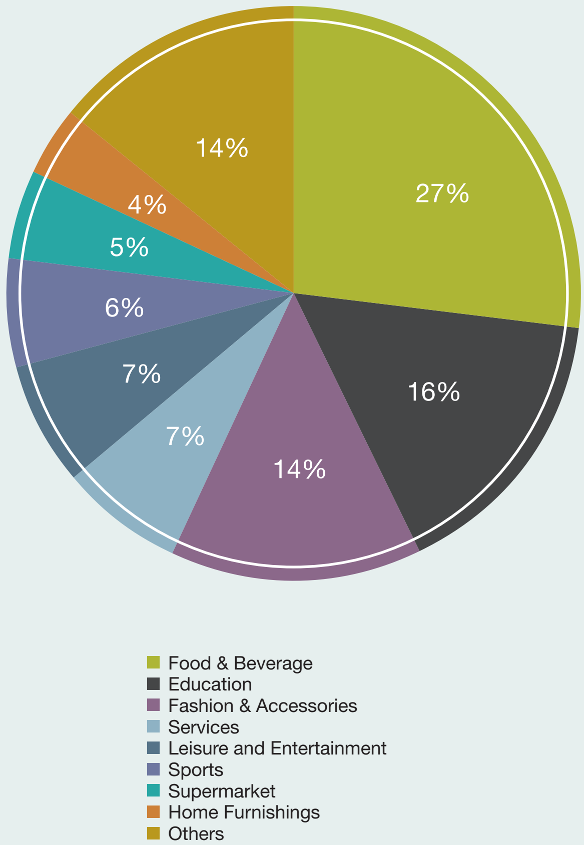
# Operation Highlights

## COMMERCIAL TENANT MIX FOR SINGAPORE PROPERTY INVESTMENTS

### OFFICE SPACE




### RETAIL SPACE*




* *Office use in retail malls is excluded*

***OVERSEAS***

**72 Christie Street, Australia**
Located in St Leonards, Sydney, the eight-storey office property was acquired in December 2018. It is 100% leased to a single tenant with the lease expiring in 2028.

**110 High Holborn, United Kingdom**
Located in Midtown London, 110 High Holborn achieved an average occupancy rate of 100% for the retail component and 96% for the office component.

**120 Holborn Island, United Kingdom**
Located in Midtown London, 120 Holborn Island is a 50:50 joint venture with UIC. The nine-storey building achieved an average occupancy rate of 98% for the retail component and 97% for the office component.

**The Esplanade, China**
The Esplanade (海河华鼎) is a three-storey retail mall in Tianjin with a total lettable retail area of 7,115 sqm. Its average occupancy rate was 64%.

## *SERVICED SUITES*

**Pan Pacific Serviced Suites Orchard, Singapore**
The 126-suite Pan Pacific Serviced Suites Orchard is strategically located next to Somerset MRT station. Extended-stay guests enjoy convenient access to the myriad of shopping and dining options in Orchard Road.

Due to an increase in supply of new serviced apartments, the occupancy rate and average daily rate declined by 2% and 1% respectively, as compared with 2017.

**Pan Pacific Serviced Suites Beach Road, Singapore**
Located close to the culturally rich neighbourhoods of Haji Lane and Arab Street, as well as the Marina Bay Central Business District, the 180-suite Pan Pacific Serviced Suites Beach Road caters to both leisure and business travellers. During the year, strong competition from new entrants in the market contributed to a 1% and 3% decline in occupancy rate and average daily rate respectively.

**PARKROYAL Serviced Suites, Singapore**
The 90-suite PARKROYAL Serviced Suites is located within walking distance to shopping options along Arab Street and the Central Business District. The property offers views of the Marina Bay skyline and heritage shophouses in the vicinity. In 2018, the occupancy rate rose by 12%, while average daily rate declined by 3% against 2017.

**PARKROYAL Serviced Suites Kuala Lumpur, Malaysia**
The 287-suite PARKROYAL Serviced Suites Kuala Lumpur is situated in the heart of Kuala Lumpur and within walking distance to the shopping and entertainment district of Bukit Bintang.

Due to challenging business conditions, the property's occupancy rate declined by 4% but maintained its average daily rate against 2017.

*Artist's impression of the 210-suite Pan Pacific Serviced Suites Kuala Lumpur (right).*

## *PIPELINE PROJECTS*

### *Owned*

**Pan Pacific Serviced Suites Kuala Lumpur, Malaysia**
Located in Bukit Bintang, the shopping and entertainment district of Kuala Lumpur, the 210-suite Pan Pacific Serviced Suites Kuala Lumpur is a redevelopment of the multi-storey car park at PARKROYAL Kuala Lumpur. The property is scheduled to open in 2021.

**PARKROYAL Serviced Suites Jakarta, Indonesia**
Located in central Jakarta, the 180-suite PARKROYAL Serviced Suites Jakarta is part of the mixed-use development Thamrin Nine. The property is slated to open in 2021.

### *Managed*

**Pan Pacific Serviced Suites Puteri Harbour, Malaysia**
The 205-suite Pan Pacific Serviced Suites Puteri Harbour is part of Puteri Cove Residences and Quayside, a mixed-use development in the Iskandar region of Johor. The property is scheduled to open in the third quarter of 2019.

**PARKROYAL Suites Bangkok, Thailand**
PARKROYAL Suites Bangkok is conveniently located within walking distance to Nana BTS skytrain station and several shopping malls. The 194-suite property is scheduled to open in the fourth quarter of 2019.

**Pan Pacific Serviced Suites Jakarta, Indonesia**
Located in central Jakarta, the 179-suite Pan Pacific Serviced Suites Jakarta is located at the North Tower of Indonesia 1. The property is expected to open in 2020.

# Operation Highlights

Principal Garden's 80:20 greenery to built-up space is the project's distinctive feature (photo credit: Timothy Nolan).

## PROPERTY DEVELOPMENT

### *REPLENISHMENT OF LANDBANK*

The Group, through a 50:30:20 joint venture with UIC and Kheng Leong, was awarded a 22,852 sqm residential site with commercial use along Silat Avenue for $1.035 billion in May 2018. The site will be developed into Avenue South Residence, an approximately 1,074-unit residential project with 1,300 sqm of commercial space.

### *COMPLETION OF PROJECTS*

A 70:30 joint venture with Kheng Leong, the 663-unit Principal Garden located along Prince Charles Crescent received TOP in December 2018.

### *LAUNCH OF PROJECTS*

During the year, there were two project launches. Launched in May, the 139-unit Amber45, is a freehold project located along Amber Road. The 729-unit The Tre Ver, a 50:50 joint venture with UIC, was launched in August.

### *UPCOMING PROJECTS*

The Group will launch two projects in the second quarter of 2019.

Located at Silat Avenue and adjacent to the 24-km long Rail Corridor, Avenue South Residence, an approximately 1,074-unit development with 1,300 sqm of commercial space offers views of the Greater Southern Waterfront area.

MEYERHOUSE, a 50:50 joint venture with Kheng Leong, is a 56-unit luxury freehold development along Meyer Road.

## SALES AND COMPLETION STATUS OF LAUNCHED PROJECTS

| PROJECTS | No. of Units | % Sold (as at 31 December 2018) | % Complete (as at 31 December 2018) | Actual/ Expected TOP Date |
|---|---|---|---|---|
| **SINGAPORE** | | | | |
| Principal Garden | 663 | 100 | 100 | Obtained |
| V on Shenton | 510 | 87.1 | 100 | Obtained |
| Mon Jervois | 109 | 80.7 | 100 | Obtained |
| Pollen & Bleu | 106 | 80.2 | 100 | Obtained |
| The Clement Canopy | 505 | 98.2 | 95 | 1Q2019 |
| Botanique at Bartley | 797 | 100 | 96 | 2Q2019 |
| Amber45 | 139 | 68.3 | 24 | 3Q2020 |
| The Tre Ver | 729 | 24.6 | 4 | 2Q2021 |
| **THE PEOPLE'S REPUBLIC OF CHINA** | | | | |
| Park Eleven, Shanghai | 398 | 37.7 | 100 | Obtained |
| The Excellency, Chengdu | 475 | 99.6 | 100 | Obtained |

*MEYERHOUSE (artist's impression) is a freehold development located along Meyer Road.*

# Operation Highlights

## HOTEL OPERATIONS

UOL currently owns and/or manages over 30 hotels in Asia, Oceania and North America with over 10,000 rooms. Through hotel subsidiary PPHG, it owns two acclaimed brands "Pan Pacific" and PARKROYAL.

### *NEW ACQUISITION AND HOTEL MANAGEMENT AGREEMENTS*

The Group strengthened its presence in key gateway cities in Asia through the acquisition of a 180-room PARKROYAL Serviced Suites Jakarta in July 2018. The year also saw the signing of two hotel management agreements for a 194-room PARKROYAL Suites Bangkok and a 185-room PARKROYAL Jakarta.

### *BRAND REFRESH*

In 2018, PPHG refreshed the "Pan Pacific" and PARKROYAL brands and carried out several customer-centric initiatives to highlight its commitment to service excellence. PPHG's new brand essence became "Sincerely Yours", while "Pan Pacific" was refreshed to "Find Your Balance" and PARKROYAL to "The Best of You, by Us". PPHG's website was revamped to feature a user-centred design that allows guests to complete their bookings for both Pan Pacific and PARKROYAL hotels in three simple steps.

### *MARKETING STRATEGY*

PPHG strengthened and expanded the reach of its digital marketing channels during the year. It launched a WeChat mini-programme, which provides its hotel portfolio access to more than one billion monthly active WeChat users. Efforts to deepen engagement with Chinese consumers continued, with partnership programmes inked with two of the world's largest card networks, Union Pay and VISA, in China.

To bring more benefits to guests, PPHG refreshed its consumer loyalty programme to Pan Pacific DISCOVERY, with new benefits for its members, such as a late check-out and room upgrade. Its serviced suites portfolio was also integrated into the programme. To capture a larger share of the corporate business, PPHG also launched Pan Pacific Connections, a by-invitation only corporate loyalty programme, which rewards corporate members for booking rooms, meetings and events at all PPHG properties.

PPHG's sales teams strengthened their client relationships through networking events in Singapore as well as Australia, China, Japan and South Korea. With its Global Sales Office launched in Hong Kong in 2017, networking events were also held for the first time in the city. PPHG also participated in leading travel trade shows, which included the Australian Tourism Exchange, IT&CMA in Bangkok, ITB Asia in Singapore, ITB Berlin, and ITB China in Shanghai.

### *SINGAPORE*

#### PARKROYAL on Beach Road

Located at the fringe of the Central Business District, the 346-room PARKROYAL on Beach Road is easily accessible to Singapore's downtown attractions, business hubs and convention facilities. During the year, the hotel completed its renovations of the guestrooms. In 2018, the hotel's revenue per available room remained unchanged against 2017.

#### PARKROYAL on Kitchener Road

The 532-room PARKROYAL on Kitchener Road is located in the heart of Little India and offers guests the experience of living in a vibrant ethnic enclave as well as the convenience of a wide variety of local food and shopping options within walking distance. Compared with 2017, the hotel's revenue per available room in 2018 increased by 1%, due to a 5% increase in occupancy, but was partially offset by a drop of 3% in average room rate. The hotel is currently undergoing renovation to its guestrooms and lobby areas, and the refurbishment is scheduled to complete by 2020.

#### PARKROYAL on Pickering

Recognised for its hotel-in-a garden concept, the 367-room PARKROYAL on Pickering was awarded The World's Leading Green City Hotel at the World Travel Awards 2018 for its biophilic design, which includes lush sky gardens along its facade. It is strategically located in the enclave of Chinatown and close to Singapore's Central Business District. The hotel's revenue per available room for 2018 dropped by 1% against 2017 due to a 1% decline in occupancy which was partially offset by a 1% increase in average room rate.

#### Pan Pacific Singapore

The 790-room Pan Pacific Singapore is a hotel located in the Marina Bay area. It is in close proximity to the Central Business District and provides easy access to a wide array of retail and entertainment options. Compared with 2017, the hotel's revenue per available room was 3% higher, due to a 4% increase in average room rate and a 1% decline in occupancy.


PARKROYAL Penang Resort completed renovation works in August 2018.

## Marina Mandarin

Marina Mandarin is a 575-room hotel in the Marina Bay area and is linked to Marina Square shopping mall. In 2018, the property's revenue per available room increased by 5% over the previous year, due to a 5% increase in average room rate.

## Mandarin Oriental

Mandarin Oriental offers 527 hotel rooms and is situated in the Marina Bay area. In 2018, the property's revenue per available room increased by 9% over the previous year, contributed by a 2% increase in occupancy and a 7% increase in average room rate.

| SINGAPORE | 2018 | 2017 |
|---|---|---|
| Hotel Occupancy | 84% | 84% |
| Average Room Rate | $272 | $253 |
| Revenue Per Available Room | $228 | $213 |

*Note:*
*Includes Pan Pacific Orchard which was closed on 1 April 2018 for redevelopment.*

***MALAYSIA***

## PARKROYAL Kuala Lumpur

The 426-room PARKROYAL Kuala Lumpur is located within the bustling shopping and entertainment precinct of Bukit Bintang. Business operations were affected due to ongoing demolition works to the multi-storey car park, which had commenced in January 2018. The car park will be redeveloped into an approximately 210-suite Pan Pacific Serviced Suites Kuala Lumpur, scheduled to open in 2021. The hotel's revenue per available room dropped by 7% against the previous year, due to a decline of 2% in occupancy and 5% in average room rate.

## PARKROYAL Penang Resort

Situated along Batu Ferringhi beach, the 310-room PARKROYAL Penang Resort overlooks the Andaman Sea and is the choice destination for business and leisure travellers. Renovation works to the hotel's main guestrooms, restaurants and other facilities were completed in August 2018. The hotel's revenue per available room improved by 32% from the previous year, contributed by a 35% increase in occupancy, but was partially offset by a decline of 2% in average room rate.

# Operation Highlights

***VIETNAM***

**PARKROYAL Saigon**

The 186-room PARKROYAL Saigon is a short drive away from Ho Chi Minh City's international airport and Tan Binh Exhibition and Convention Centre. The hotel is also easily accessible to popular tourist attractions such as the Mekong Delta and Cu Chi Tunnels. In 2018, the hotel's revenue per available room increased by 2% from the previous year, due to a 2% increase in occupancy rate.

**Pan Pacific Hanoi**

Pan Pacific Hanoi features 268 rooms and 56 serviced suites. The hotel is located in the city centre and offers scenic views of the West Lake and Red River. Affected by the ongoing construction works on the main road leading to the hotel, revenue per available room dropped by 12% in 2018, due to a 12% drop in occupancy rate.

**Sofitel Saigon Plaza**

The 286-room Sofitel Saigon Plaza is located on the historic Le Duan Boulevard and within walking distance to the city's commercial centre. During the year, the hotel's revenue per available room increased by 12% due to a 4% growth in occupancy rate, while average room rate increased by 7% from 2017.

***MYANMAR***

**PARKROYAL Yangon**

PARKROYAL Yangon is a 342-room hotel located in the heart of Yangon and a short walk away from iconic and historic attractions such as the Shwedagon Pagoda and Bogyoke Aung San Market. The property also has nine SOHO (small office home office) serviced suites that were launched in March 2018. Due to challenging trading conditions, the hotel's revenue per available room fell by 30% in 2018, resulting from a 18% drop in occupancy and a 15% decrease in average room rate, as compared with the year before.

**Pan Pacific Yangon**

Opened on 1 November 2017, Pan Pacific Yangon is a 336-room luxury hotel located within Junction City, Yangon's first integrated mixed-use development. Apart from its central location, the hotel is also close to the famous Shwedagon Pagoda and the popular Bogyoke Aung San Market.

| SOUTH EAST ASIA (excluding Singapore) | 2018 | 2017 |
|---|---|---|
| Hotel Occupancy | 62% | 67% |
| Average Room Rate | $130 | $131 |
| Revenue Per Available Room | $81 | $87 |

***OCEANIA***

**PARKROYAL Melbourne Airport**

The 276-room PARKROYAL Melbourne Airport is directly connected to Melbourne Tullamarine Airport and is a choice location for meetings, conferences as well as airport layovers. In 2018, the hotel's revenue per available room rose by 1% against the previous year due to a 4% higher average room rate, partially offset by a 3% decline in occupancy.

**Pan Pacific Melbourne**

Located near the scenic Yarra River, the 396-room Pan Pacific Melbourne completed its renovation to refresh the hotel's main lobby, club lounge and guestrooms during the year. Acquired in July 2017, the hotel's revenue per available room increased by 3% in 2018, attributed to an 11% increase in occupancy, but was partially offset by a 7% decline in average room rate.

**PARKROYAL Darling Harbour**

Located in central Sydney, PARKROYAL Darling Harbour is easily accessible to the Central Business District and popular destinations such as the Darling Harbour precinct, Chinatown and the International Convention Centre Sydney. During the year, the 340-room hotel's revenue per available room dropped 2% due to a 2% decline in occupancy and 1% decline in average room rate from 2017.

**PARKROYAL Parramatta**

The 286-room PARKROYAL Parramatta is located near the bank of the Parramatta River and within the Central Business District. The riverside hotel is a short drive away from signature landmarks such as the Sydney Opera House and the Rosehill Gardens Racecourse. In 2018, revenue per available room increased by 4% due to a 2% improvement in occupancy and a 2% increase in average room rate.

## Pan Pacific Perth

Located within walking distance from the city's major landmarks such as the Swan River and the iconic Kings Park Botanic Gardens, the 486-room Pan Pacific Perth is a choice destination for business and leisure travellers. Revenue per available room dropped by 7% in 2018, due to a 4% decline in average room rate and a decline of 3% in occupancy, as compared with the year before.

| OCEANIA | 2018 | 2017 |
|---|---|---|
| Hotel Occupancy | 83% | 84% |
| Average Room Rate | $213 | $210 |
| Revenue Per Available Room | $177 | $176 |

# *THE PEOPLE'S REPUBLIC OF CHINA*

## Pan Pacific Suzhou

Located close to tourist attractions such the Suzhou Museum and the Panmen scenic area, the 480-room Pan Pacific Suzhou fuses Chinese architecture with modern amenities. In 2018, revenue per available room rose 5% due to a 7% gain in occupancy, but was partially offset by a 1% drop in average room rate, as compared with the year before.

## Pan Pacific Xiamen

Pan Pacific Xiamen comprises 329 hotel rooms and 25 serviced suites. Offering views of the city's coastline, the hotel is located close to the financial district and major tourist attractions such as the Nan Putuo Temple and Overseas Chinese Museum. In 2018, the property's revenue per available room declined by 2% due to a drop of 5% in average room rate, but was partially offset by a 4% increase in occupancy, as compared with the previous year.

## Pan Pacific Tianjin

Part of the mixed-use development The Esplanade, Pan Pacific Tianjin is situated along the Haihe River and comprises 289 hotel rooms and 30 serviced suites. The hotel is a short drive away from the Tianjin Railway Station and close to tourist attractions such as the Tianjin Ancient Cultural Street. In 2018, revenue per available room grew by 8% over the previous year, contributed by a 4% increase in both occupancy and average room rate.

## The Westin Tianjin

The Westin Tianjin is a 275-room hotel in Tianjin's Heping district. During the year, the hotel's revenue per room was 5% higher due to an increase of 5% in average room rate, while occupancy remained unchanged from 2017.

## Sheraton Tianjin Hotel

Sheraton Tianjin Hotel offers 240 hotel rooms with 56 serviced suites and is located in Tianjin's Hexi district.


*The Westin Tianjin is located next to the city's historic concession precincts.*

In 2018, the property's revenue per available room decreased by 3%, due to a 6% decrease in occupancy partially offset by a 2% increase in average room rate, as compared to 2017.

| THE PEOPLE'S REPUBLIC OF CHINA | 2018 | 2017 |
|---|---|---|
| Hotel Occupancy | 66% | 63% |
| Average Room Rate | $106 | $103 |
| Revenue Per Available Room | $70 | $64 |

# Operation Highlights

***PIPELINE PROJECTS***

***Owned***

### Pan Pacific London
Pan Pacific London is located in Bishopsgate, London's Central Business District. The 237-room luxury hotel is part of the mixed-use development, One Bishopsgate Plaza, which is scheduled to open in 2020.

### Pan Pacific Orchard
Pan Pacific Orchard is located within walking distance to the prime Orchard Road shopping belt and a short drive to the Central Business District and the Singapore Botanic Gardens, a UNESCO World Heritage Site. The hotel had ceased operations on 1 April 2018 for redevelopment into a 350-room hotel, which is scheduled to reopen in 2021.

***Managed***

### PARKROYAL A'Famosa Melaka Resort
PARKROYAL A'Famosa Melaka Resort is an extension of the existing A'Famosa Resort. The 418-room resort is targeted to open in 2020.

### PARKROYAL Langkawi Resort
Located along Pantai Tengah beach, the 301-room PARKROYAL Langkawi Resort is a short drive from Langkawi's international airport and is scheduled to open in 2021.

### PARKROYAL Jakarta
The 185-room PARKROYAL Jakarta is located at Tower 2 of Thamrin Nine, a mixed-use development in central Jakarta. It is expected to open in 2021.


*The "Pan Pacific" brand will make its debut in Europe with the opening of Pan Pacific London (artist's impression) in 2020.*

## PORTFOLIO OVERVIEW

| | EXISTING | | PIPELINE | | TOTAL | |
|---|---|---|---|---|---|---|
| **BY BRAND** | **No. of hotels** | **No. of rooms** | **No. of hotels** | **No. of rooms** | **No. of hotels** | **No. of rooms** |
| Pan Pacific | 19 | 6,001 | 5 | 1,181 | 24 | 7,182 |
| PARKROYAL | 13 | 3,878 | 5 | 1,278 | 18 | 5,156 |
| Others | 5 | 1,959 | - | - | 5 | 1,959 |
| **Total** | **37** | **11,838** | **10** | **2,459** | **47** | **14,297** |
| **BY OWNERSHIP TYPE** | | | | | | |
| Owned | 27 | 9,538 | 4 | 977 | 31 | 10,515 |
| Managed | 10 | 2,300 | 6 | 1,482 | 16 | 3,782 |
| **Total** | **37** | **11,838** | **10** | **2,459** | **47** | **14,297** |

| | NO. OF HOTELS | REVENUE PER AVAILABLE ROOM | |
|---|---|---|---|
| | | **2018** | **2017** |
| **SINGAPORE[1]** | | | |
| Owned | 10 | $228 | $216 |
| **Total** | **10** | **$228** | **$216** |
| **SOUTH EAST ASIA (EXCLUDING SINGAPORE)** | | | |
| Owned | 8 | $82 | $88 |
| Managed | 3 | $96 | $88 |
| **Total** | **11** | **$84** | **$88** |
| **OCEANIA** | | | |
| Owned | 5 | $177 | $176 |
| **Total** | **5** | **$177** | **$176** |
| **THE PEOPLE'S REPUBLIC OF CHINA** | | | |
| Owned | 5 | $70 | $64 |
| Managed | 2 | $74 | $52 |
| **Total** | **7** | **$71** | **$60** |
| **NORTH AMERICA[2]** | | | |
| Managed | 4 | $251 | $238 |
| **Total** | **4** | **$251** | **$238** |
| **PORTFOLIO REVENUE PER AVAILABLE ROOM** | | | |
| Owned | 28 | $152 | $148 |
| Managed | 9 | $139 | $128 |
| **Total** | **37** | **$150** | **$144** |

*Note: Includes serviced suites and hotels held by associated companies.*
[1] *Includes revenue per available room figures for Pan Pacific Orchard which was closed on 1 April 2018 for redevelopment.*
[2] *Excludes revenue per available room figures for Pan Pacific Seattle.*

# Operation Highlights

## OVERSEAS DEVELOPMENT PROJECTS

### *SHANGHAI*

The Group's mixed-use development project in Shanghai comprises Park Eleven (沁和园), a 398-unit residential development and Park Eleven Mall, a retail mall with 4,103 sqm of net lettable area. A 40:30:30 joint venture between UOL, UIC and Kheng Leong, the project is located within Changfeng Ecological Business Park and close to Hongqiao Transportation Hub and The Bund. The whole project obtained TOP in the fourth quarter of 2018. The Group sold 37.7% during the first phase launch of Park Eleven and is expected to launch the second phase in the second half of 2019. Park Eleven Mall's soft launch is targeted for the second quarter of 2019 and will offer comprehensive retail offerings to residents of Park Eleven as well as those living and working in the vicinity.

### *LONDON*

One Bishopsgate Plaza is a freehold mixed-use development located in Bishopsgate, London's Central Business District. The 42-storey luxury tower comprises a 237-room Pan Pacific London, a 160-unit residential development The Sky Residences, and Bishopsgate Plaza, which offers a retail space of 1,631 sqm of net lettable area. The mixed-use project is located close to Liverpool Street Station and the upcoming Elizabeth Line Crossrail services. The launch of The Sky Residences and the opening of Pan Pacific London is expected in 2020.

*Park Eleven (artist's impression) will launch its second phase of sales in the second half of 2019.*

## INVESTMENTS IN SECURITIES

| | Percentage holdings in investee | | Fair value | | Gross dividend received | |
|---|---|---|---|---|---|---|
| | **2018 %** | 2017 % | **2018 $'m** | 2017 $'m | **2018 $'m** | 2017 $'m |
| **Listed Securities** | | | | | | |
| United Overseas Bank Limited | **2.4** | 2.3 | **978.8** | 1,029.2 | **37.5** | 27.0 |
| Others | | | **35.6** | 33.6 | **8.5** | 0.7 |
| | | | **1,014.4** | 1,062.8 | **46.0** | 27.7 |
| **Unlisted Securities** | | | **61.1** | 68.9 | **2.2** | 2.1 |
| **Total** | | | **1,075.5** | 1,131.7 | **48.2** | 29.8 |

The fair value of the Group's listed securities decreased from $1,062.8 million as at 31 December 2017 to $1,014.4 million as at 31 December 2018 due mainly to the decrease in the share price of United Overseas Bank Limited. Overall, an unrealised loss of $82.9 million arising from changes in the fair value of investments had been recognised in the fair value reserve account in 2018.

Dividend yield from investment in securities was 4.5% in 2018 (2017: 2.6%).

## MANAGEMENT SERVICES AND TECHNOLOGIES

### *MANAGEMENT SERVICES*

UOL Management Services Pte Ltd manages the Group's various properties in Singapore, while another wholly-owned subsidiary of the Group, UOL Project Management Services Pte Ltd, oversees project management and related services to the Group's development projects and properties.

### *TECHNOLOGIES*

UIC Technologies Group (UICT) focuses on three main IT offerings namely systems integrations, IT services and payroll software, and human resource outsourcing services. Its customers are from education, financial services, healthcare and public sectors. UICT will extend its offerings to include cloud computing, mobility, data centre transformation and security services in 2019.

### *SPA/LIFESTYLE-RELATED OPERATIONS*

#### "St. Gregory"

Known for its diverse selection of traditional healing therapies, comprehensive workout facilities, personal training programmes and fitness classes, "St. Gregory" is an established integrated lifestyle management brand with a presence in nine "Pan Pacific" and PARKROYAL hotels across Singapore, Malaysia, China, Vietnam and Myanmar.

#### "Si Chuan Dou Hua"

Renowned for authentic Sichuan cuisine, "Si Chuan Dou Hua" operates six restaurants in Singapore, Japan and Myanmar. It also operates Chuān @ The Sixtieth, a cocktail bar adjoined to the UOB Plaza outlet. During the year, the restaurant at PARKROYAL on Beach Road was the Silver winner at the Best Asian Restaurants 2018 jointly organised by The Straits Times and Lianhe Zaobao.

#### Tian Fu Tea Room

Tian Fu Tea Room is adjoined to the two "Si Chuan Dou Hua" restaurants in Singapore at PARKROYAL on Beach Road and PARKROYAL on Kitchener Road. The tearoom offers a wide selection of Chinese tea paired with a variety of handcrafted dim sum.

# Corporate Governance Report

For the Financial Year Ended 31 December 2018

UOL Group Limited (the "Company") is committed in its continuing efforts to achieve high standards of corporate governance and business conduct so as to enhance long-term shareholder value and safeguard the interests of its stakeholders.

This corporate governance report ("Report") sets out the framework of corporate governance policies and practices that have been adopted by the Company with reference to the principles and guidelines of the Code of Corporate Governance issued by the Monetary Authority of Singapore on 2 May 2012 (the "Code"). Where there are deviations from any guidelines of the Code, an explanation has been provided within this Report.

The Monetary Authority of Singapore issued the revised Code of Corporate Governance in August 2018 ("Code 2018") which applies to Annual Reports covering financial years commencing from 1 January 2019. The Singapore Exchange had also issued a transitional practice note 3 in November 2018 clarifying, *inter alia*, that (a) for any financial year commencing on or after 1 January 2019, an issuer must describe its corporate governance practices with specific reference to Code 2018 in accordance with the amended Rule 710 of the SGX Listing Manual and (b) for financial year commencing before 1 January 2019, an issuer may continue to describe its corporate governance practices with specific reference to the Code.

The Company will hence publish the Corporate Governance Report with reference to Code 2018 in compliance with the amended Rule 710 in the next Annual Report covering financial year 2019.

## STATEMENT OF COMPLIANCE

The Board of Directors (the "Board") of the Company confirms that for the financial year ended 31 December 2018, the Company has generally adhered to the principles and guidelines as set out in the Code.

## BOARD MATTERS

### *THE BOARD'S CONDUCT OF ITS AFFAIRS*

The principal responsibilities of the Board are to:

1. review the Company's strategic business plans, taking into account sustainability and environmental issues;
2. review and approve the corporate policies, budgets and financial plans of the Company;
3. monitor financial performance including approval of the annual and interim financial reports;
4. establish a framework of good corporate governance, values and ethics to safeguard Shareholders' interests and the Group's assets;
5. oversee and review the processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance;
6. approve major funding proposals, investments, acquisitions and divestment proposals;
7. review management performance and the resources needed for the Company to meet its objectives; and
8. plan succession for the Board and key management personnel and the remuneration policies.

To facilitate effective oversight, certain functions of the Board have been delegated to various board committees, which review and make recommendations to the Board on specific areas. Notwithstanding the delegation, the Board remains ultimately responsible for all matters which have been reserved in its written terms of reference. The management team (the "Management") also has clear directions on the matters which must be approved by the Board. In this regard, the Board will review and approve all material transactions and matters, including without limitation any expenditure, budget and variance, investment, acquisition or disposal which exceed specified limits.

There are currently four standing Board Committees appointed by the Board, namely:

- Executive Committee
- Nominating Committee
- Remuneration Committee
- Audit and Risk Committee

The Board has conferred upon the Executive Committee (the "EXCO") and the Group Chief Executive (the "GCE") certain discretionary limits and powers for capital expenditure, budgeting, treasury and investment activities. The levels of authorisation required for specified transactions are specified in the EXCO's terms of reference adopted by the Board.

The EXCO and the GCE are assisted by Management in the daily operations and administration of the business activities of the UOL group of companies (the "Group") and the effective implementation of the operating expenditures and the Group's strategies. The GCE in turn issues a chart of authority and limits for capital expenditure, budgets, investment and other activities for Management's compliance. Gwee Lian Kheng retired from his position as GCE on 31 January 2019 but remained a Director of the Company. Liam Wee Sin was promoted to GCE on 2 January 2019 to succeed Gwee Lian Kheng.

In addition to the GCE, the key personnel leading the Management are the Chief Executive Officer (Hotels) (the "CEO Hotels") and Chief Financial Officer (the "CFO"). The CEO Hotels and CFO have no familial relationship with each other, the Chairman or the GCE.

The EXCO currently comprises four members, namely:

- Wee Cho Yaw, Chairman
- Wee Ee Lim, Deputy Chairman
- Gwee Lian Kheng
- Low Weng Keong

The EXCO is chaired by the Chairman of the Board and has been given certain authority and functions such as the formulation and review of policies, approval of treasury and investments, overall planning and review of budgets, strategies as well as dealing with business of an urgent, important or extraordinary nature whilst the GCE is responsible for the day-to-day management, operations and administration of the Group.

The Directors discharge their duties and responsibilities in the interests of the Company. At Board meetings, the Directors not only review the financial performance of the Company, but also participate in detailed discussions of matters relating to corporate governance, business operations, risks as well as transactions undertaken by the Company.

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Company's Constitution ("Constitution") allows a board meeting to be conducted by way of telephonic and video conferencing. The attendance of Directors at Board and Board Committee meetings, as well as the frequency of such meetings in 2018, are disclosed on page 53. Directors who are unable to attend the Board meeting are also provided with the meeting materials.

New Directors receive comprehensive induction on their joining the Board. They are provided with information on the corporate background, key personnel, core businesses, group structure, financial statements of the Group and their scope of duties and responsibilities. They are also briefed on the Group's businesses and operations. All Directors are appointed to the Board by way of a formal letter of appointment. Guidance is also given to all Directors on regulatory requirements concerning disclosure of interests and restrictions on dealings in securities.

At the Company's cost and through the Company Secretaries, training is made available to Directors on the Company's business and governance practices, and updates/developments in the regulatory framework affecting the Company. Directors are provided with opportunities to attend courses and talks on Board matters organised by professional and reputable organisations including the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Singapore Institute of Directors. This aims to give Directors a better understanding of the corporate governance matters relating to the Group and allows them to integrate into their roles and duties. From time to time, the Company keeps the Directors apprised of any new laws, regulations, any latest changes to SGX-ST listing requirements or changes to legislation which may impact the Group's business or business outlook, or may change the risks affecting the Group. The external auditors would also brief and update Audit and Risk Committee Members on developments in accounting and governance standards and issues which have a direct impact on financial statements.

***BOARD COMPOSITION AND GUIDANCE***

Currently, five of the nine-member Board are independent. Details relating to the review of independence of our Board is set out in the "Board Membership" section on pages 43 to 44.

With a majority of the Board comprising Independent Directors and such Independent Directors having the requisite experience, expertise and standing, the Board is able to exercise objective judgment independently from its 10% Shareholders and Management, and no individual or small group of individuals dominate the Board's decision-making process.

The Constitution allows for a minimum of two Directors. The Board considers the current board size to be appropriate, taking into account the nature and scope of the Group's businesses and operations.

The Company has in place a board diversity policy as it believes in the benefits that diversity can bring to the Board. Diversity would bring different perspectives and insights, avoid groupthink and enables the Company to benefit from a combination of skills, experience, independence and knowledge. In this regard, the Board conducts an annual review of its composition. Diversity factors (such as skills, experience, qualifications, core competencies, age, gender, race and culture) are taken into account when existing Directors are being considered for re-election and when new Directors are being appointed as part of the Board's renewal process. The current Board comprises persons who possess diverse corporate experiences and as a group, proves an appropriate balance and diversity necessary to manage the Company and contribute effectively to the Company.

***CHAIRMAN AND GCE***

The Company has a separate Chairman and GCE as it believes that a distinctive separation of responsibilities between the Chairman and the GCE will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making in the best interest of the Company and its Shareholders. The Chairman and the GCE have no familial relationship with each other.

The Chairman provides leadership to the Board and ensures that Board meetings are held as and when necessary. He sets the meeting agenda in consultation with the GCE and ensures that Directors are provided with accurate, timely and clear information. He further ensures that adequate time is provided for each agenda item included in the Board papers to be reviewed and debated at the Board meetings. The Chairman also facilitates the communications between the Shareholders, Board and Management and between the Non-Independent and Independent Directors.

On the other hand, the GCE has the executive responsibility for the overall operations and administration of the Group.

While the Chairman is non-independent, the Company is of the view that it is not necessary to appoint a lead independent director as the Independent Directors are able to function effectively and provide objective feedback to the Chairman. The Company believes that there are sufficient channels of open communications and access to any of the Independent Directors by any Shareholder without the presence of the other Directors. Where necessary, the Independent Directors also have the discretion to meet without the presence of the other Directors and they are able to provide their feedback to the Chairman after such meetings. The Independent Directors chairing the Audit and Risk Committee, Nominating Committee and Remuneration Committee have sufficient standing and authority to look into any matter which the Chairman, the GCE or the CFO fails to resolve.

***BOARD MEMBERSHIP***

The Nominating Committee ("NC") currently comprises three Non-Executive Directors of whom two are independent. The NC Members are:

- Low Weng Keong, Chairman
- Wee Cho Yaw
- Pongsak Hoontrakul

Based on its written terms of reference which set out clearly its authority and duties, the NC will make its recommendations to the Board on all board appointments, evaluate the performance of the Board and its committees, review the adequacy of the Board's training and professional development programmes, and review the Board's succession plans for Directors, in particular, for the Chairman and the GCE.

The independence of the Board is also reviewed annually by the NC. The NC has adopted the Code and new Listing Manual of the SGX-ST's definition of what constitutes an independent director[1] in its review. The Independent Non-Executive Directors are Low Weng Keong, Wee Sin Tho, Tan Tiong Cheng, Pongsak Hoontrakul and Poon Hon Thang Samuel. Each NC Member has abstained from deliberations in respect of his own assessment.

Tan Tiong Cheng is an adviser to Knight Frank Pte Ltd and president of Knight Frank Asia Pacific. The Group engages the Knight Frank group of companies to provide the independent valuations of its investment properties and various real estate-related services, in respect of which the fees payable exceed $200,000 in the financial year ended 31 December 2018. Mr Tan has no financial interest in the Knight Frank group of companies. The NC regards Tan Tiong Cheng as an Independent Director because he is able to maintain his objectivity and independence at all times in the discharge of his duties as Director of the Company and the NC's views were endorsed by the Board, with Tan Tiong Cheng abstaining. Tan Tiong Cheng has no influence or control over the Company or Management in the selection and appointment processes leading to the Knight Frank group companies being appointed to provide the said services. In addition, Tan Tiong Cheng will step down as president of Knight Frank Asia Pacific on 31 March 2019. Upon his retirement, Mr Tan will be senior adviser to Knight Frank Asia Pacific on 1 April 2019.

For the financial year ended 31 December 2018, the effectiveness and independence of Low Weng Keong and Pongsak Hoontrakul who have served on the Board beyond nine years were subjected to particularly rigorous scrutiny. Despite their long periods of service, the NC found and recommended to the Board that Low Weng Keong and Pongsak Hoontrakul have, at all times, expressed their individual viewpoints, objectively debated issues brought up at meetings of the Board and/or Board Committees and closely scrutinised Board matters and Board Committee matters. They had sought clarification and advice, as and when they considered necessary, from Management, other employees and external advisors, and exercised strong independence in character and impartial judgment whilst discharging their duties as a member of the Board and Board Committees. Both the Board and NC noted that Low Weng Keong and Pongsak Hoontrakul have made decisions objectively in the best interests of the Group and its stakeholders. The Board, having considered the NC's recommendation and weighing the need for the Board's refreshment against tenure and familiarity with the Group's business and operations, deems Low Weng Keong and Pongsak Hoontrakul as independent and agrees that their years of service have not compromised their independence or ability to discharge their duties as a member to the Board and Board Committees. Low Weng Keong and Pongsak Hoontrakul have abstained from all deliberations by the NC and the Board regarding their own independence respectively.

Where a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. Taking into account the Directors' number of

[1] *A director who falls under the circumstances described in Rule 210(5)(d) of the SGX-ST Listing Rules (Mainboard) is not independent. These circumstances apply to the following: (i) a director being employed by the company or any of its related corporations for the current or any of the past three financial years; and (ii) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the Remuneration Committee; Rule 210(5)(d)(i) and (ii) of the SGX-ST Listing Rules (Mainboard) came into effect on 1 January 2019.*

listed company board representations and other principal committees and the contributions made by the Directors, the NC is satisfied that the Directors have given sufficient time and attention to the affairs of the Company. The Board does not set any prescribed maximum number of listed company board representations which any Director may hold. It is restrictive and not practical to do so, given that the demands and commitments on the individual Director will vary for every Director and each Director will be best able to assess for himself/herself if he/she is able to discharge his/her duties as a Director of the Company effectively. It is also noted in this regard that none of the Directors has more than five listed company board representations.

The Company does not have any alternate Directors appointed to the Board.

The NC makes recommendations to the Board on all board appointments and re-appointments. Suitable candidates are identified through contacts and recommendations, and nominated for appointment through an objective and comprehensive selection process. Where necessary, external consultants may be engaged to assist in the search and selection process. In recommending to the Board any re-nomination and re-election of existing Directors, the NC takes into consideration the Directors' contribution and performance at Board meetings, including attendance, preparedness, participation and candour.

Article 94 of the Constitution also requires one-third of the Directors, or the number nearest to one-third, to retire from office by rotation at every Annual General Meeting ("AGM"). Pursuant to Article 95 of the Constitution, the Directors to retire in every year by rotation shall be those who have been longest in office since their last re-election or appointment and as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election. Gwee Lian Kheng and Pongsak Hoontrakul, while eligible for re-election, have expressed their intention not to seek re-election at the AGM on 25 April 2019. The NC, with Wee Cho Yaw abstaining in respect the re-election of Wee Ee Lim and in accordance with the Company's Constitution, has recommended that Wee Ee Lim, who retire by rotation pursuant to Article 94 and selected in accordance with Article 95, be nominated for re-election.

The NC has also recommended the appointment of Sim Hwee Cher and Liam Wee Sin to the Board at the AGM on 25 April 2019. The detailed information as required under Rule 720(6) of the Listing Manual of SGX-ST can be found under the "Supplemental Information" section of the Annual Report.

Key information regarding the Directors' academic qualifications and principal commitments are set out in the "Board of Directors" section of the Annual Report. In addition, information on shareholdings in the Company held by each Director is set out in the "Directors' Statement" section of the Annual Report.

Information relating to Directors who are nominated for re-appointment or re-election, including any relationships between such Directors, and the other Directors, the Company, its related corporations, substantial shareholders or officers respectively, are set out as notes accompanying the relevant resolutions.

***BOARD PERFORMANCE***

The NC has assessed, on an annual basis, the contributions of the Chairman and each Director to the effectiveness of the Board and evaluated the performance of the Board as a whole and its Board Committees. In evaluating the performance of the Board as a whole, the NC has adopted certain quantitative indicators which include return on equity, return on assets and the Company's share price performance. These performance criteria allow the Company to make comparisons with its industry peers and are linked to long-term shareholder value. For consistency in assessment, the selected performance criteria are not changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the NC, in its consultation with the Board, will justify such changes. In the assessment of the Board Committees, the NC considered, *inter alia*, the frequency of Board Committee meetings and the matters considered by the Board Committees, and in assessing the contributions of the Chairman and each Director to the effectiveness of the Board, the NC takes into account various factors including the size and composition of the Board, the conduct of the Board meetings, the Director's attendance at the Board and Board Committee meetings, the rigour of debate and discussion at the Board and Board Committee meetings, the knowledge, experience and inputs provided by each Director. The Chairman shall review the NC's evaluation and act, where appropriate and in consultation with the NC, to propose new members to be appointed to the Board or seek the resignation of Directors.

### *ACCESS TO INFORMATION*

Currently, Directors receive regular financial and operational reports on the Group's businesses and briefings during its quarterly Board meetings. Management reports comparing actual performance with budget and highlighting key performance indicators, as well as accounts and reports on the financial performance of the Group are provided to Directors. Relevant Management staff make the appropriate presentations and answer any queries from Directors at Board meetings. Directors who require additional information may approach Management staff directly and independently. Directors have separate and independent access to the advice and services of the Company Secretaries and they may, either individually or as a group, in the furtherance of their duties and where necessary, obtain independent professional advice at the Company's expense. Such access to information is intended to enable the Directors to make informed decisions to discharge their duties and responsibilities.

### *COMPANY SECRETARIES*

Under the direction of the Chairman, both Company Secretaries are responsible for ensuring good information flow within the Board and Board Committees and between Management and Non-Executive Directors, advising the Board on all governance matters, facilitating the induction of new Directors and assisting with professional development as required. The Company Secretaries would, from time to time, circulate to the Board articles and press releases relevant to the Directors and the Group's business, and material announcements issued to/by SGX-ST and the Accounting & Corporate Regulatory Authority. The Company Secretaries keep the Board informed of relevant laws and regulations, industry issues, practices and trends pertaining to corporate governance affecting the Board and the Board Committees.

At least one of the Company Secretaries attends all Board and Board Committee meetings and ensures that all Board/Board Committee procedures are followed. The Company Secretaries, together with Management, ensure that the Company complies with all applicable statutory and regulatory rules. The minutes of all Board and Board Committee meetings are circulated to the Board. The appointment and removal of any Company Secretary is subject to the approval of the Board as a whole.

## REMUNERATION MATTERS

### *PROCEDURES FOR DEVELOPING REMUNERATION POLICIES*

The Remuneration Committee ("RC") currently comprises three Non-Executive Directors of whom two are independent. The RC Members are:

- Wee Sin Tho, Chairman
- Wee Cho Yaw
- Low Weng Keong

The RC is currently chaired by an Independent Director. The RC's written terms of reference set out the role and responsibilities of the RC. The RC is responsible for ensuring a formal procedure for developing the policy on executive remuneration and for fixing the remuneration packages for Directors and key management personnel. The RC reviews and recommends for the Board's endorsement the specific remuneration package for each Director and the key management personnel which covers all aspects of remuneration, including without limitation, Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. The RC aims to be fair and avoids rewarding poor performance. It also administers the UOL 2012 Share Option Scheme and such other incentive schemes as may be approved by Shareholders from time to time. None of the RC Members is involved in the deliberation on any remuneration, compensation or form of benefit to be granted to himself.

The RC Members are familiar with executive remuneration/compensation matters as they manage their own businesses and/or are serving on the boards of other listed companies. The RC has access to appropriate expert advice where necessary. For the financial year ended 31 December 2018, no remuneration consultant was appointed to review the Directors' remuneration.

The RC has reviewed the Company's obligations arising in the event of termination of the Executive Director's and key management personnel's contracts of service and ensures that such contracts contain fair and reasonable termination clauses which are not overly generous.

***LEVEL AND MIX OF REMUNERATION***

In determining remuneration packages, the RC takes into consideration industry practices and norms in compensation and the need for remuneration to be linked with the long-term interest and risk policies of the Company. There are appropriate measures in place to assess the performance of the Executive Director and key management personnel.

In relation to Directors, the performance-linked elements of the remuneration packages for the Executive Director and key management personnel, which constitute a significant and appropriate proportion of the entire package, are designed to align their interests with those of Shareholders and the long-term success of the Company and take into account the risk policies of the Company. In this regard, the Executive Director and key management personnel are eligible for share options under the UOL 2012 Share Option Scheme and are encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.

For Non-Executive Directors, their remuneration is appropriate to their level of contribution, taking into account factors such as effort and time spent as well as their respective responsibilities.

The Board recommends the fees to be paid to Directors for Shareholders' approval annually. The fees are divided on the basis that Directors with additional duties as members or chairmen of Board Committees would receive a higher portion of the total fees.

Gwee Lian Kheng, the then Executive Director of the Company (he retired as GCE on 31 January 2019), had an employment contract with the Company which may be terminated by either party giving three months' notice. His remuneration package included a variable bonus element (which is substantially linked to the performance of the Company) and share options under the UOL 2012 Share Option Scheme as mentioned above.

Currently, the Company does not have and does not deem it appropriate to have, any contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The RC reviews and makes recommendations to the Board in relation to Directors' fees and allowances. RC Members abstain from deliberations in respect of their remuneration.

The Company has disclosed the remuneration of the Directors in the Remuneration Report on page 54. Details of the share options granted to Gwee Lian Kheng, the only Executive Director, during the financial year ended 31 December 2018, are also disclosed on pages 54 and 55.

***DISCLOSURE ON REMUNERATION***

In relation to employees of the Group, the remuneration policy of the Company seeks to align the interests of such employees with those of the Company as well as to ensure that remuneration is commercially attractive to attract, retain and motivate employees. The typical remuneration package comprises both fixed and variable components, with base salary making up the fixed component and the variable component in the form of a performance bonus and/or share options. In general, the Group sets and reviews the key performance indicators of our employees on an annual basis and remuneration package of each employee is dependent on achieving these annual targets. The key performance indicators of each employee varies in accordance with his designation and responsibilities within the Group. The report on the remuneration of the top five key management personnel (who are not Directors) of the Company is disclosed on pages 54 to 55.

Details of the UOL 2000 and 2012 Share Option Schemes are disclosed on pages 81 to 83.

Save as disclosed on page 55, no employee who is an immediate family member of a Director or the GCE was paid more than $50,000 during the year under review. “Immediate family member” means spouse, child, adopted child, step-child, brother, sister and parent.

## ACCOUNTABILITY AND AUDIT

### *ACCOUNTABILITY*

The Company announces in advance when quarterly and annual financial results will be released and ensures the financial results are released to its Shareholders in a timely manner to provide Shareholders with an overview of the Company’s performance, position and prospects. The Board also ensures that announcements relating to the Group’s business are released in a timely manner in accordance with the listing rules of SGX-ST. The Board is also responsible for reports or confirmations provided to regulators at their requests.

The Board ensures that adequate steps are taken for compliance with legislative and regulatory requirements, including requirements under the listing rules of SGX-ST, by establishing written policies and procedures.

Management provides to members of the Board, for their endorsement, annual budgets and targets and management accounts on a regular basis and as and when the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company’s performance, position and prospects.

## RISK MANAGEMENT AND INTERNAL CONTROLS

### *INTERNAL CONTROLS*

The Board is responsible for the governance of risk and it recognises the importance of a sound system of risk management and internal controls as part of good corporate governance. It has delegated the Audit and Risk Committee (“ARC”) to assist the Board in the oversight of the risk management and internal control systems within the Group.

The ARC reviews and the Board endorses the Company’s levels of risk tolerances and risk policies taking into account the Company’s strategic and business objectives. The Board is responsible for ensuring that Management designs, implements and monitors the risk management and internal control systems to safeguard Shareholders’ investments and the assets of the Group.

The Board has received assurances from the GCE and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances, and on the effectiveness of the Company’s risk management and internal control systems.

Based on the internal controls currently in place, the work undertaken by the internal and external auditors, the assurances from the GCE and the CFO as well as reviews by the ARC and the Board, the Board, with the concurrence of the ARC, has commented that the Group’s internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at 31 December 2018.

The Board is also of the opinion that the Group’s risk management and internal control systems provide reasonable but not absolute assurance that the Group will not be adversely affected by the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities or other events arising from the business environment which the Group operates in.

***RISK MANAGEMENT***

The Group has in place an enterprise-wide risk management ("ERM") programme which has been implemented since 2009. The ERM Programme, which consolidates the Group's risk management practices in an enterprise-wide framework, aims to increase the confidence in the Group's strategies, businesses and operations, through assurance that key risks are properly and systematically managed. The ERM Programme would enable Management to have a formal structure to:

1. evaluate the risk appetite of the Group;
2. identify the key risks which the Group faces and the current controls and strategies for the Group to manage and/or mitigate these risks;
3. assess the effectiveness of the current controls and strategies and determine if further risk treatment plans are needed; and
4. set up and monitor key risk indicators ("KRIs") so that Management can evaluate and respond to risks that have a material impact on the Group's businesses and operations as and when they arise and take mitigating steps as necessary.

This ERM Programme is substantively in line with the best practices including those contained in the Risk Governance Guidance for Listed Boards ("Risk Governance Guide"). The Risk Governance Guide was released by the Corporate Governance Council on 10 May 2012 and sets out various guidelines and best practices for enterprise risk management.

Management reviews on a regular basis and is accountable for the key risks, both existing and emerging, the current controls and the KRIs and takes necessary measures to address and mitigate key risks. Management staff who are key risk and control owners review and provide assurances by way of sign-offs to the Group ERM Committee in respect of risks and controls under their charge or purview. The Group ERM Committee is chaired by the GCE and comprising senior management from both the property and hospitality businesses to oversee the direction, implementation and running of the ERM Programme. The Group ERM Committee reports to the ARC on a half-yearly basis or more frequently as needed on the status of the ERM Programme and the key risks and risk management controls and treatment plans. The Board also reviews annually the adequacy and effectiveness of the Company's risk management and internal control systems.

Management is continually reinforcing the "risk-aware" culture within the Group and progressively implementing the ERM Programme across all levels of the Group's businesses and operations, including the various property and hotel operations in Singapore. Key management staff in both the property and hospitality businesses of the Group have actively participated in the ERM Programme, including regular training and workshops. They have acquired an adequate understanding of ERM concepts, methodologies and tools to enable them to manage risks in their respective areas of work.

The above measures help to ensure a cohesive and comprehensive ERM Programme which employees of the Group can collectively participate in and contribute to, so as to enhance the Group's internal controls and enable the Group to remain sustainable in the long term.

***KEY RISKS***

The key risks identified from the ERM Programme can be broadly grouped as strategic/investment risks, financial risks, operational risks, compliance risks, and information technology risks.

- Strategic/Investment Risks

  The Group closely monitors developments and trends in the property and hospitality industries, and calibrates its strategies to achieve the Group's business objectives. In particular, risks associated with the Group's acquisitions, market conditions and competition are continually being monitored, analysed and managed.

The Board and the EXCO have overall responsibility for determining the level and type of business risk that the Group undertakes. The Group has a dedicated Investment Department that evaluates all new investment opportunities based on the criteria set out by the Board and the EXCO. All major investment proposals are submitted to the EXCO and the Board, as the case may be, for approval. Ongoing performance monitoring and asset management of new and existing investments are performed by the Group.

- Financial Risks

  The Group is exposed to a variety of financial risks, including interest rate, foreign currency, credit and liquidity risks. The management of financial risks is outlined under Note 36 of the Notes to the Financial Statements.

- Operational Risks

  The Group's development projects as well as investment and hotel properties are subject to operational risks that are common to the respective industries, and to the business environment of the countries in which the Group has presence in. The Group's operational risk framework, which is implemented at each operating unit, is designed to ensure that operational risks are continually identified, addressed and mitigated. With regard to development projects, it is recognised that risks can never be entirely eliminated and the Group must always weigh the cost and benefit in managing risks. The Group uses insurance as a tool to transfer and/or mitigate certain portions of risks, and maintains insurance covers at appropriate levels after taking into account the cost of cover and risk profiles of the businesses. Complementing Management's role is the Internal Audit function which provides an independent perspective on the controls that helps to mitigate major operational risks. Management reviews and implements further improvements to the current measures as and when any concern is identified.

- Compliance Risks

  The Group ensures compliance risks are adequately addressed as part of the enterprise risk management framework. The relevant policies and procedures are put in place to ensure compliance with the relevant laws and regulations in Singapore, including the SGX-ST listing requirements, as well as the laws and regulations of the jurisdictions where the Group operates in. Management is kept apprised of relevant changes to the law and regulations and takes adequate steps to ensure continuing compliance which is embedded in the day-to-day operations. In addition, the Company has in place a Code of Business Conduct which all employees are required to comply with.

- Information Technology ("IT") Risks

  IT being a business enabler has grown to become essential to the Group's operations and processes. Given the potential disruption to the Group's businesses during system down times, the management and maintenance of the Group's IT systems and software is critical. The Group implements adequate measures including the necessary back-up systems and equipment to safeguard any critical failure of its IT systems and conducts regular reviews and testing.

## AUDIT AND RISK COMMITTEE

The ARC comprises three members who have many years of recent and related accounting and financial management expertise and experience. All the ARC Members are Non-Executive Directors, and a majority of them (including the ARC Chairman) are independent. The ARC Members are:

- Low Weng Keong, Chairman
- Wee Ee Lim
- Tan Tiong Cheng

# Corporate Governance Report

For the Financial Year Ended 31 December 2018

The ARC carries out the functions set out in the Code and the Companies Act. The written terms of reference include reviewing the financial statements and any announcements relating to the Company's financial performance, the internal and external audit plans and audit reports, the external auditors' evaluation of the system of internal accounting controls, the scope and results of the internal audit procedures, the cost-effectiveness, independence and objectivity of the external auditors, and interested person transactions. The ARC also reviews and reports to the Board annually on the adequacy and effectiveness of the Company's internal controls.

In performing the functions, the ARC has reviewed the Group's audited consolidated financial statements and discussed with Management and the external auditor the significant matters which involved judgement by the Management. The ARC reviewed, amongst other matters, the following key audit matters as reported by the external auditors for the financial year ended 31 December 2018:

| Significant matters | How the ARC reviewed these matters |
|---|---|
| Valuation of investment properties | The ARC reviewed the outcomes of the valuation process with Management, focusing on the methodologies and key underlying assumptions applied to the valuation models in assessing the fair value of the investment properties of the Group.<br><br>The ARC also considered the findings of the external auditors and was satisfied in concluding that the valuation approaches were appropriate. |
| Valuation of development properties and revenue and cost of sales recognition from the sales of development properties | The ARC reviewed the approach taken by the Management in determining whether any provision for foreseeable losses should be recognised in the respective development properties, particularly how Management intended to sell the properties under prevailing market conditions and how total development costs were estimated.<br><br>In addition, the ARC considered the use of the percentage of completion method in recognising revenue and profit for the sale of development properties and discussed with Management the justifications for adopting the various revenue and cost of sales assumptions for each project.<br><br>The ARC also discussed with the external auditors the adequacy of any provision for foreseeable losses required and the bases in determining the profit recognised in respect of each project in the current year.<br><br>The ARC was satisfied that the valuation of development properties and the bases for revenue and cost of sales recognition from the sales of development properties were appropriate. |

The ARC has also met with the internal and external auditors, without the presence of Management, at least annually and reviewed the overall scope of the internal and external audits and the assistance given by Management to the auditors.

The ARC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of Management, and full discretion to invite any Director or executive officer to attend its meetings. It has reasonable resources to enable it to discharge its functions properly.

PricewaterhouseCoopers LLP is the Company's current external auditor. In accordance with Rule 1207(6) of the SGX-ST Listing Manual, details of the aggregate amount of fees paid to PricewaterhouseCoopers LLP and the breakdown of fees payable in respect of audit and non-audit services can be found under Note 5 of the Notes to the Financial Statements. Further to the above, the Company also complies with Rules 712 and 715 of the SGX-ST Listing Manual.

The ARC has reviewed and is satisfied with the independence and objectivity of the external auditor and has approved the remuneration and terms of engagement of PricewaterhouseCoopers LLP. In its review, the ARC has taken into account the non-audit services provided by the external auditor and is of the opinion that these services do not affect the auditor's independence. It recommends to the Board the nomination of PricewaterhouseCoopers LLP for re-appointment by the Shareholders.

As stated above, the Company has in place the Code of Business Conduct which has been adopted since 2006. The Code of Business Conduct is disseminated to employees who are required to affirm their compliance with the said code annually.

In relation to the Code, a whistle-blowing policy (the "Whistle-Blowing Policy") has been put in place to encourage and provide a channel to employees and any other persons to report, in good faith and in confidence, concerns about possible fraud, improprieties in financial reporting or other matters. The objective of such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. The Company has disclosed in its corporate website (http://www.uol.com.sg) the contact details of the Deputy General Manager (Group Internal Audit) so that employees and any other persons may report their concerns to him under the Whistle-Blowing Policy. The Deputy General Manager (Group Internal Audit) will be responsible for investigating any concerns raised and he reports his findings to the ARC independent of Management. The ARC is able to act independently to take such action as may be necessary to address the concerns raised and has the authority to instruct any senior Management staff to assist or co-operate in such action.

In addition, the ARC is also responsible for assisting the Board in terms of the oversight of the risk management and internal control systems within the Group (see Risk Management and Internal Controls above).

### *INTERNAL AUDIT*

The Deputy General Manager (Group Internal Audit) reports directly to the ARC and administratively to the GCE. The Internal Audit Department aims to meet or exceed the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. As part of its audit activities, the Internal Audit Department reviews all interested party transactions and ensure that the necessary controls are in place and are complied with. The Internal Audit Department conducted its audit reviews based on the approved internal audit plans and its audit reports containing findings and recommendations are provided to Management for their responses and follow-up action.

The Internal Audit function is adequately resourced and independent of the activities it audits, comprises persons with relevant qualifications and experience and has appropriate standing within the Group. The Deputy General Manager (Group Internal Audit), who joined the Group in October 1997, holds a Bachelor of Accountancy (Honours) Degree from the Nanyang Technological University. He is also a fellow of the Institute of Singapore Chartered Accountants and a member of the Institute of Internal Auditors (Singapore).

The ARC has reviewed and commented that the Group's Internal Audit function is independent, effective and adequately resourced.

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### *SHAREHOLDER RIGHTS*

The Company makes timely disclosures to Shareholders via SGXNET on the SGX-ST in accordance with the SGX-ST listing requirements on any changes in the Company or its business which would likely materially affect the price or value of the Company's shares.

Shareholders have the opportunity to participate effectively in and vote at the general meetings of Shareholders and may appoint up to two proxies, under the Constitution, to attend and vote on their behalf. Shareholders, who hold shares in the Company through corporations which provide nominee/custodial services and who provide satisfactory evidence of their share ownership, are allowed to attend and vote at the general meetings of Shareholders. The Company allows such corporations to appoint more than two proxies following revisions to the Companies Act.

At the general meetings, Shareholders are briefed on the poll voting procedures and the resolutions that they are voting on. For greater transparency and efficiency, Shareholders vote using an electronic polling system and will continue to do so for the upcoming general meeting. Notices of general meetings of Shareholders are issued within the periods prescribed under the SGX-ST Listing Manual.

## COMMUNICATION WITH SHAREHOLDERS

The Group engages in regular, effective and fair communication with its Shareholders through the quarterly release of the Group's results, the timely release of material information through SGXNET of SGX-ST and the publication of the Annual Report. Announcements of the Group's results are released and Annual Reports are issued within the periods prescribed under the SGX-ST Listing Manual. Shareholders and investors can also access information on the Company at its website at www.uol.com.sg which is updated regularly, and subscribe to email alerts made available on the Company's website for latest updates from the Company.

Further, the Company's Investor Relations team engages the investment community through regular dialogues and analysts' briefings and the team participates in investor seminars and conferences to keep the market and investors apprised of the Group's corporate development and financial performances as well as to solicit and understand the views of Shareholders.

### *CONDUCT OF SHAREHOLDERS' MEETINGS*

The Company encourages greater shareholder participation at its AGMs and allows Shareholders the opportunity to communicate their views on various matters affecting the Company. The notices of general meetings setting out the agenda are despatched to the Shareholders with the annual reports, explanatory notes and if necessary, letters to shareholders on the items of special businesses, at least 14 days before general meetings are called to pass ordinary resolutions, or 21 days before general meetings are called to pass special resolutions.

A Shareholder of the Company may appoint up to two proxies to attend and vote in his/her place at general meetings. Barring unforeseen circumstances, all Directors and in particular, the Chairpersons of the EXCO, NC, RC and ARC, as well as senior management personnel will be available to address questions at general meetings. The external auditors are also present to address any Shareholders' query on the conduct of audit and the preparation of the Auditors' Report. At least one of the Company Secretaries attends all general meetings of shareholders to ensure that procedures under the Constitution and the SGX-ST Listing Manual are followed. The Company Secretaries prepare the minutes of the general meetings and include all substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management. The minutes of the general meetings, when available, may be provided to Shareholders on reasonable request. Results of the general meetings are also released as an announcement via SGXNET.

The Code recommends that there should be separate resolutions at general meetings on each substantially separate issue and the Company uses its best endeavours to comply with this recommendation. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

For greater corporate transparency, the Company has implemented electronic poll voting since 2012. Under this approach, each Shareholder would vote on each of the resolutions by poll, instead of by hand, thereby enabling the Shareholders and proxies present at the AGM to vote on a one-share, one-vote basis. The results of the voting for each resolution were broadcast at the AGM and announced on SGXNET after the AGM. The Company intends to continue with electronic poll voting for the forthcoming AGM.

In line with maintaining communication with Shareholders, as and when briefings on the Company's performance and financial results are conducted for analysts and the media, the Company will disclose the presentation materials on SGXNET.

### *DIVIDEND POLICY*

The Company adopts the policy of declaring dividends at the rate of approximately 20-50% of the profit after tax and minority interest and excluding fair value gains and other non-cash exceptional gains. Barring any unforeseen circumstances and provided that cash is not required for major investments in the future, the Company will continue to declare dividends at sustainable rates. Major investments may include potential mergers and acquisitions and the development of new assets and capabilities to expand the existing operations.

The payment of dividends is communicated to Shareholders in announcements released through SGXNET. The Board is recommending the declaration and payment of a first and final tax exempt (one-tier) dividend of 17.5 cents per ordinary share for the financial year ended 31 December 2018 at the forthcoming AGM.

### DEALINGS IN SECURITIES

Pursuant to Listing Rule 1207(19) on Dealings in Securities, the Company issues circulars, memorandums, notifications and updates, on a regular basis and as-and-when required, to its Directors and employees to prohibit the dealing in listed securities of the Company in the following periods:

1. from two weeks to one month, as the case may be, before the announcement of the Group's quarterly and full-year financial results and ending on the date of announcement of the results; and

2. at any time when they are in possession of unpublished material price sensitive information.

The Company also issues announcements at least two weeks and one month before announcing the Group's quarterly and full-year financial results respectively to provide notice of when such financial results will be released.

Directors and employees are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the prohibited periods. They are discouraged from dealing in the Company's securities on short-term considerations and are reminded of the law on insider trading.

## ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

| | Number of meetings attended in 2018 | | | | | |
|---|---|---|---|---|---|---|
| **NAME OF DIRECTOR** | **AGM** | **BOARD** | **EXCO** | **ARC** | **RC** | **NC** |
| Wee Cho Yaw | 1 | 4 | 3 | NA | 1 | 3 |
| Wee Ee Lim | 1 | 4 | 3 | 6 | NA | NA |
| Gwee Lian Kheng[1] | 1 | 4 | 3 | NA | NA | NA |
| Low Weng Keong | 1 | 4 | 3 | 6 | 1 | 3 |
| Wee Sin Tho | 1 | 3 | NA | NA | 1 | NA |
| Tan Tiong Cheng | 1 | 3 | NA | 5 | NA | NA |
| Wee Ee-chao | 1 | 3 | NA | NA | NA | NA |
| Pongsak Hoontrakul[2] | 1 | 4 | NA | NA | NA | 3 |
| Samuel Poon Hon Thang | 1 | 4 | NA | NA | NA | NA |
| **Number of meetings held in 2018** | **1** | **4** | **3** | **6** | **1** | **3** |

*Notes:*
1 *Mr Gwee retired from his position as Group Chief Executive with effect from 31 January 2019 and will be retiring as Director at the AGM on 25 April 2019. Mr Liam Wee Sin, the then Deputy Group Chief Executive Officer of the Group, was appointed as the Group Chief Executive with effect from 2 January 2019.*
2 *Dr Pongsak Hoontrakul will be retiring at the AGM on 25 April 2019.*

# Corporate Governance Report

For the Financial Year Ended 31 December 2018

## REMUNERATION REPORT

The following table shows a breakdown (in percentage terms) of the remuneration of and details of share options granted to Directors and key management personnel for the year ended 31 December 2018:

| Name | Total remuneration $'000 | Salary % | Bonuses % | Directors' fees[1] % | Share option grants[2] % | Defined contribution plans % | Others % | Total remuneration % | Share options granted[3] number |
|---|---|---|---|---|---|---|---|---|---|
| **REMUNERATION OF DIRECTORS** | | | | | | | | | |
| Wee Cho Yaw | 154 | – | – | 100 | – | – | – | 100 | – |
| Wee Ee Lim | 107 | – | – | 100 | – | – | – | 100 | – |
| Gwee Lian Kheng | 2,648 | 31 | 57 | 3 | 6 | – | 3 | 100 | 120,000 |
| Low Weng Keong | 142 | – | – | 100 | – | – | – | 100 | – |
| Wee Sin Tho | 75 | – | – | 100 | – | – | – | 100 | – |
| Tan Tiong Cheng | 75 | – | – | 100 | – | – | – | 100 | – |
| Wee Ee-chao | 50 | – | – | 100 | – | – | – | 100 | – |
| Pongsak Hoontrakul | 63 | – | – | 100 | – | – | – | 100 | – |
| Poon Hon Thang Samuel | 50 | – | – | 100 | – | – | – | 100 | – |

| Name | Salary % | Bonuses % | Directors' fees[1] % | Share option grants[2] % | Defined contribution plans % | Others % | Total remuneration % | Share options granted[3] number |
|---|---|---|---|---|---|---|---|---|
| **REMUNERATION OF KEY MANAGEMENT PERSONNEL** | | | | | | | | |
| **$1,500,000 to $1,750,000** | | | | | | | | |
| **Liam Wee Sin**<br>*Group Chief Executive* | 35 | 50 | 2 | 5 | 1 | 7 | 100 | 60,000 |
| **$1,250,000 to $1,500,000** | | | | | | | | |
| **Lothar Wilhelm Nessmann**<br>*Chief Executive Officer (Hotels), PPHG* | 59 | 15 | 1 | – | 6 | 19 | 100 | – |
| **$500,000 to $750,000** | | | | | | | | |
| **Foo Thiam Fong Wellington**<br>*Chief Financial Officer/Group Company Secretary, UOL* | 53 | 24 | 4 | 11 | 1 | 7 | 100 | 54,000 |
| **Goh Hwee Peng (Jesline)**<br>*Chief Investment and Asset Officer, UOL* | 65 | 27 | – | – | 6 | 5 | 100 | – |
| **Neo Soon Hup**<br>*Executive Vice President, Operations, PPHG* | 67 | 17 | 3 | 7 | 3 | 3 | 100 | 32,000 |

*Notes:*

1 *Directors' fees are subject to approval by the Shareholders at the relevant annual general meetings and include fees payable by subsidiaries.*

2 *Fair value of share options is estimated using the Trinomial Tree model at the date of grant.*

3 *Refers to options granted on 9 March 2018 under the UOL 2012 Share Option Scheme to subscribe for ordinary shares in the capital of the Company. The options may be exercised at any time during the option period from 9 March 2019 to 8 March 2028 at the exercise price of $8.49 per ordinary share.*

Total remuneration paid to the top five key management personnel set out above amounted to $4,724,000 for the year ended 31 December 2018.

Gwee Lian Kheng, the then Executive Director of the Company for the financial year ended 31 December 2018, has retired with effect from 31 January 2019. His remuneration package included a variable bonus element (which is substantially linked to the performance of the Company) and grant of share options of the Company.

Details of the UOL 2012 Share Option Scheme can be found under the "Directors' Statement" section of the Annual Report.

**Remuneration of immediate family members of Directors**

The remuneration of employees who are immediate family members of Directors are as follows:

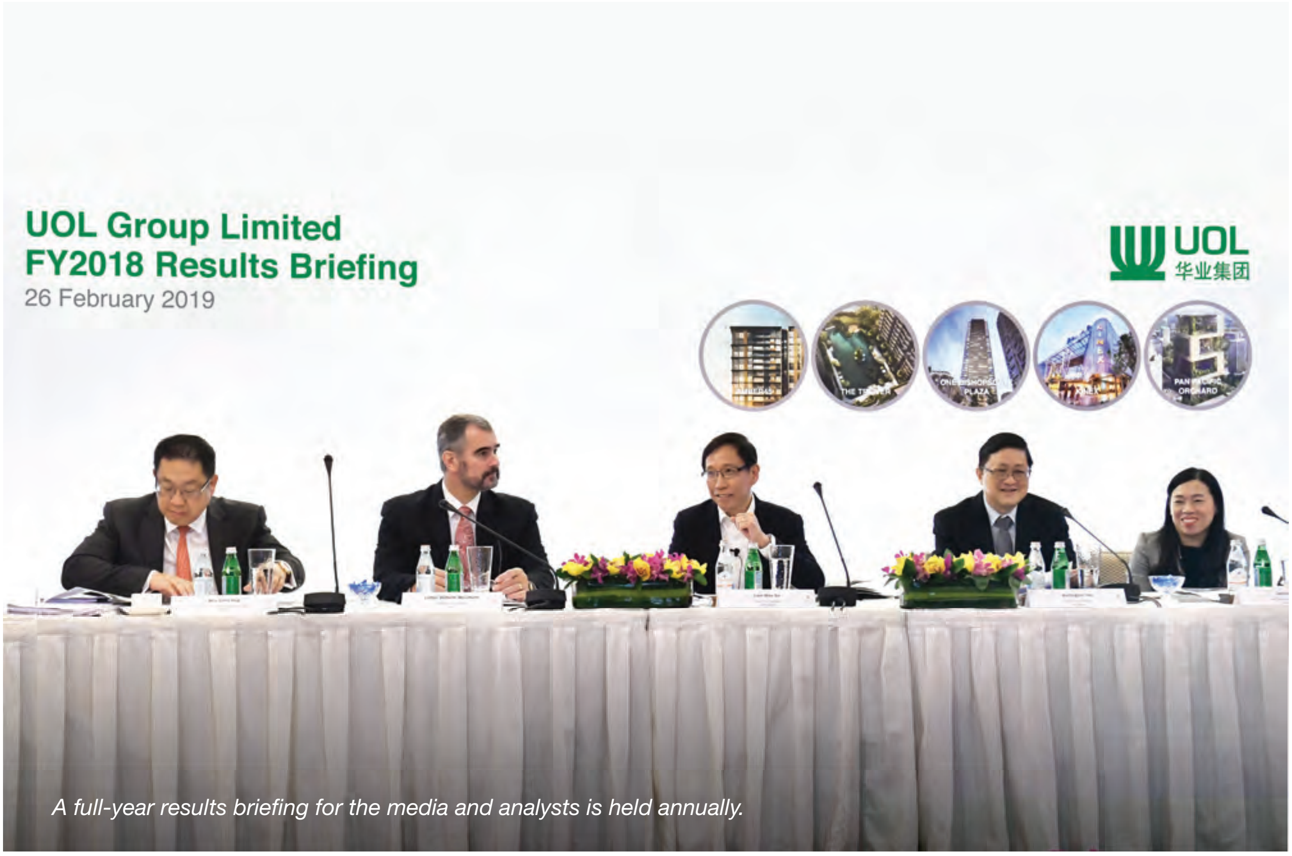
(a) Remuneration band of $450,000 to $500,000
- Wee Wei Ling (Executive Director (Asset & Lifestyle), PPHG, daughter of Wee Cho Yaw and sister of Wee Ee-chao and Wee Ee Lim)

(b) Remuneration band of $200,000 to $250,000
- Jonathan Eu (General Manager (Investment and Asset Management), UOL, grandson of Wee Cho Yaw)

(c) Remuneration band of $100,000 to $150,000
- Gwee Lian Chok (Senior SAP Data Administrator, UOL, brother of Gwee Lian Kheng)

Except as disclosed above, there were no employees of the Company and its subsidiaries who are immediate family members of Directors or the CEO and whose remuneration exceeded $50,000 during the financial year ended 31 December 2018.

# Investor Relations




*A full-year results briefing for the media and analysts is held annually.*

UOL is committed to cultivating strong and sustainable relationships with its shareholders, investors, analysts and the media through providing regular and relevant information on its corporate and business developments. The Group's Investor Relations Policy is available on its corporate website (www.uol.com.sg). It articulates the Group's principles of engagement and communication channels for its shareholders and the investment community.

To facilitate timely updates, all disclosures submitted to the Singapore Exchange Securities Trading Limited through SGXNET, are also disseminated via the "Investors and Media" section of the Group's corporate website. These disclosures include the Group's quarterly financial results, presentations, annual and sustainability reports, and other material announcements. Another communication platform is the quarterly newsletter UOL Channel that features awards and other achievements of the Group. Investors can also sign up online to receive email alerts on updates published on the website.

The Group engages with shareholders and the investment community through the Annual General Meeting (AGM), full-year results briefing, quarterly earnings calls, post-results luncheons, conferences, meetings and site visits. Through these engagements and dialogues, the Group can gain better understanding of investors' concerns and market perceptions.

In 2018, the Group met with more than 150 institutional shareholders and investors from countries such as Singapore, Malaysia, the United States and United Kingdom. During the year, UOL participated in Invest ASEAN Singapore organised by Maybank Kim Eng Securities and the Morgan Stanley Seventeenth Annual Asia Pacific Summit.

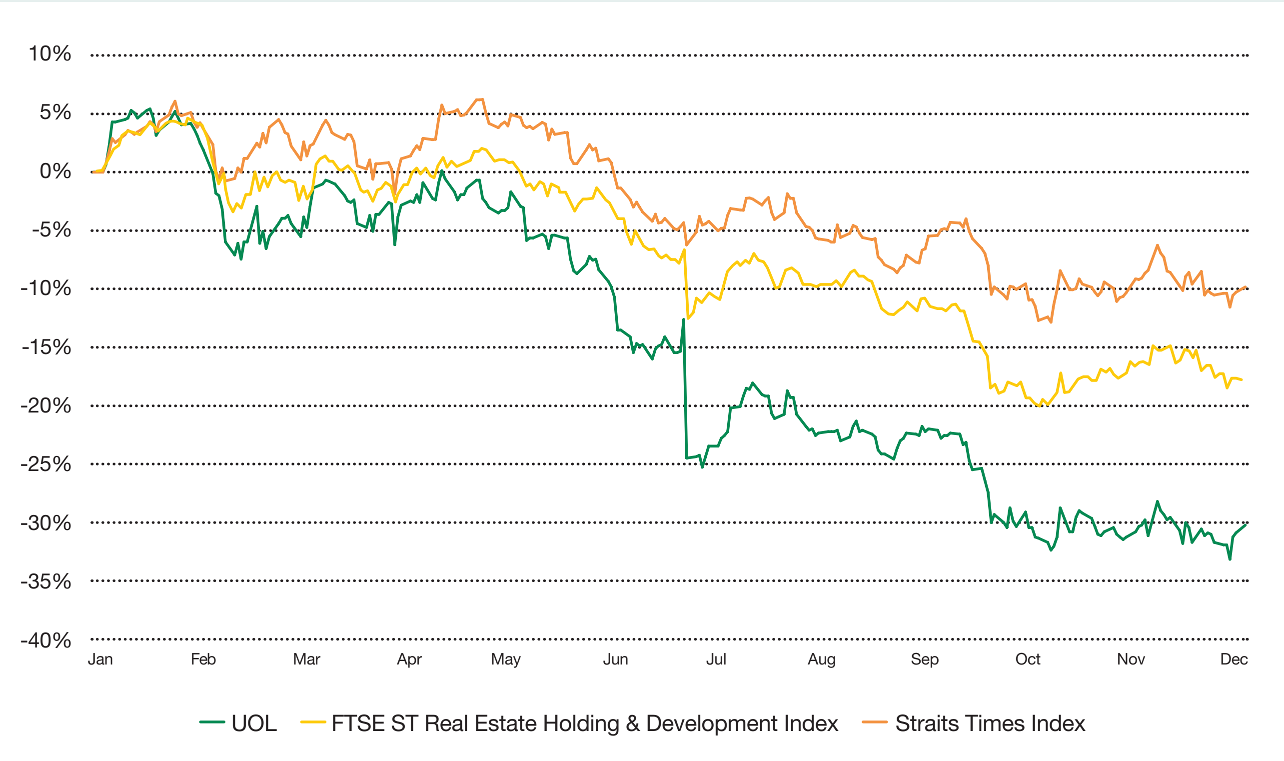
UOL also maintains a close relationship with 15 sell-side analysts that cover its stock. Through regular communications, the analysts have a better appreciation of the Group's business and market outlook.

As at 31 December 2018, UOL's issued share capital comprised 842.7 million ordinary shares of the Company. The majority of the Group's shareholders were Singapore-based, with the remaining from North America, Europe and the rest of the world. Against weakened residential market sentiment on the back of new property cooling measures implemented in Singapore and global political uncertainties, UOL's share price closed the year at $6.19, down by 30% from $8.87 in 2017. The FTSE ST Real Estate Holding & Development Index and the Straits Times Index (STI) fell by 18% and 10% respectively. UOL's share price traded at an average of $7.58, where the stock achieved a high of $9.35 on 16 January 2018 and a low of $5.93 on 26 December 2018. Average daily turnover was around 1,646,000 and market capitalisation closed at $5.2 billion, a decrease from $7.5 billion in 2017. Due to stronger business performance during the financial year, shareholders' funds increased to $9.65 billion, lifting net tangible asset per ordinary share to $11.30, a 3% increase from $11.01 in 2017.

UOL remained a constituent of the Straits Times Index, as well as other indices such as FTSE EPRA/NAREIT Developed Index, FTSE EPRA/NAREIT Developed Pure Asia Index and FTSE EPRA/NAREIT Singapore Index. For its good environmental, social and governance (ESG) practices, UOL remained on the iEdge SG ESG Indices (formerly known as SGX Sustainability Indices). UOL was also ranked 64th out of a total of 589 SGX-listed companies in the annual Singapore Governance and Transparency Index (SGTI) for 2018.

| FINANCIAL CALENDAR | 2018 | 2017 |
|---|---|---|
| Announcement of first quarter results | 11 May 2018 | 12 May 2017 |
| Announcement of second quarter results | 3 August 2018 | 4 August 2017 |
| Extraordinary General Meeting | – | 24 August 2017 |
| Announcement of third quarter results | 13 November 2018 | 9 November 2017 |
| Announcement of unaudited full year results | 26 February 2019 | 27 February 2018 |
| AGM | 25 April 2019 | 25 April 2018 |
| Books closure date | 6 May 2019 | 4 May 2018 |
| First & final dividend payment date | 15 May 2019 | 11 May 2018 |

## 2018 SHARE PRICE PERFORMANCE (BASED ON CLOSING)



# Sustainability

UOL's sustainability strategy is shaped by its core values. It is committed to enhancing the economic and social well-being of its stakeholders, as well as conserving the environment through responsible management of its business operations. UOL upholds high standards of corporate governance and enterprise risk management to safeguard shareholders' interests.

UOL published its first sustainability report in 2014 and was one of the first companies in Singapore to file a report on its environmental, social and governance (ESG) practices voluntarily. The Group's annual sustainability report, which is only available on its corporate website, covers its core businesses of property development, property investments and hotel operations in Singapore, excluding UIC group. For its efforts, UOL has been included as a constituent member of the iEdge SG ESG Indices (formerly known as SGX Sustainability Indices) since its launch in 2016.

## BOARD AND MANAGEMENT ROLES

The principal responsibilities of the Board include reviewing UOL's strategic business plans, taking into account ESG issues. Since 2016, the Board oversees the management of material issues (refer to the table on the right) and their performance indicators, and approves the annual sustainability reports. The Board is supported by the Sustainability Steering Committee and Sustainability Coordinating Committee.

The Steering Committee comprises the Group Chief Executive, Chief Executive Officer (Hotels) and other members of the Senior Management team. It makes key decisions, including materiality assessment. The Steering Committee is supported by two working committees, representing the property business and hospitality arm respectively. They include representatives across departments including Corporate Communications & Investor Relations, Finance, Human Resource, Investment, Legal & Secretariat, Marketing, Project Development, Property & Engineering and Hotel Operations. Each business has the autonomy to develop targets and plans, with due consideration to each unique operating environment. Industry benchmarking of environmental and social performance is conducted at least annually.

The governance structure of sustainability permeates functions and seniority, ensuring that sustainability is integrated both at strategic and operational levels.

## MATERIALITY

The Group identifies issues that are pertinent to its businesses and significant to its stakeholders, by reviewing its peers and the Global Reporting Initiative (GRI) framework, including the Construction and Real Estate Sector Supplement. The issues are prioritised according to the level of stakeholder concern and their impact on its business.

There are 12 key material issues that are considered in its business operations.

### UOL'S MATERIAL ISSUES

| ISSUES | | STAKEHOLDERS SIGNIFICANTLY IMPACTED |
|---|---|---|
| Economic Performance | ● ● | All |
| Compliance & Fair Competition | ● ● | All |
| Corruption & Bribery | ● ● | All |
| Data Privacy | ● ● | Guests, Home Buyers, Shoppers |
| Product Quality | ● ● | All |
| Carbon Footprint | ● ● | Business Partners, Regulators, Tenants |
| Water Consumption | ● ● | Tenants |
| Health & Safety | ● ● | All |
| Talent Attraction & Retention | ● ● | Business Partners, Guests, Tenants |
| Market Presence | ● | Business Partners, Guests |
| Service Quality | ● | Guests |
| Diversity & Equal Opportunities | ● | Guests |

● *Property* ● *Hospitality*

## COMMITMENT TO STAKEHOLDERS

UOL actively engages its key stakeholders to address their concerns and develop a deep understanding of their needs. The regular communication and feedback received from stakeholders enables the Group to make a positive impact across the industry value chain, beyond its immediate business activities.

## UOL'S COMMITMENT TO STAKEHOLDERS

| KEY STAKEHOLDERS | COMMITMENT |
|---|---|
| Business Partners | To provide far and competitive policies and practices in day-to-day dealings and, over time, cultivate beneficial long-term relationships |
| Communities | To support and contribute to the well-being of communities in which the company operates |
| Employees | To motivate and develop employees to their full potential in a safe work environment |
| Guests/Shoppers | To provide a safe and positive environment where quality services and products are offered, thereby creating a memorable experience |
| Home Buyers | To deliver quality, innovative products that meet the aspirations of home owners and investors |
| Investors | To generate long-term value and sustainable returns on investments |
| Regulators | To adhere to and comply with existing laws and legislation |
| Tenants | To offer prompt and continuous support to tenants' day-to-day business dealings and, over time, cultivate beneficial long-term relationships |

## HUMAN CAPITAL

UOL believes the quality of its people defines the organisation. Its culture of competitiveness, commitment, competency, creativity, collaboration and caring, shapes its people and drives the Group forward.

There are programmes in place to create a conducive work environment and development opportunities for its employees. The Group believes that a diversified team with different age groups, backgrounds and skillsets will bring forth broader and more enriching perspectives to the workplace. In 2018, the Group had close to 2,000 employees in Singapore, with about 86% employed in PPHG, its hospitality arm. The Group advocates gender diversity with men and women making up about 48% and 52% respectively of its workforce.

The Group is committed to building a talent pool that will support its business growth. UOL is active in the recruitment of talented individuals with relevant skillsets to build up its professional and managerial ranks. It participates regularly in industry-wide market surveys to ensure that it provides competitive remunerations and benefits, which are benchmarked against its industry peers. In addition, it provides internship opportunities to tertiary students so that they can see UOL as a potential employer of choice when they leave their respective institutes of learning. Training opportunities and competitive remuneration packages are also some of the programmes to attract, motivate and retain talent.

Beyond work, the Group supports work-life balance and maintains a family-friendly work environment. Recreational activities and lunch time health talks are also organised regularly for employees to promote their health and well-being.

As PPHG mainly has a global workforce, the Group is committed to a fair and inclusive work environment for its diverse employees. A pioneer of inclusive hiring in Singapore's hospitality sector, PPHG collaborates with community partners such as SG Enable to offer students with special needs internships and employment at its hotels. PPHG also collaborated with the University of Washington to measure the long-term impact of inclusive hiring on its workforce, so as to gain further insights on how to improve this initiative going forward.

## PRODUCT AND SERVICE QUALITY

UOL's brand is synonymous with quality and design excellence that enhances the built environment. The Group won numerous international and national awards for its projects in 2018. Riverbank@Fernvale was recognised as an outstanding residential project in the Residential (Mid-rise) category at the FIABCI Singapore Property Awards. Amber45, the boutique freehold development, won the Best Luxury Condo Interior Design award at the PropertyGuru Asia Property Awards (Singapore). The Clement Canopy was conferred two awards for its stunning architectural design at the Singapore Excellence

# Sustainability

Awards 2018. The Tre Ver won in the Residential High-rise Development (Singapore) and Residential High-rise Architecture (Singapore) categories at the International Property Awards (Asia Pacific).

PPHG won the Best Regional Hotel Chain at the TTG Travel Awards 2018. For the second consecutive year, PPHG was also named Best Regional Hotel Chain by Travel Weekly Asia Readers' Choice Awards 2018. In Singapore, PARKROYAL on Pickering has won multiple international awards for its 'hotel-in-a-garden' design. At the World Travel Awards 2018, it clinched two prestigious awards - The World's Leading Green City Hotel and Asia's Leading Green Hotel. Another upcoming green hotel by UOL is Pan Pacific Orchard, which is currently under redevelopment. At the International Property Awards (Asia Pacific), it clinched two awards in the Best New Hotel Construction and Design (Singapore) and Best Hotel Architecture (Singapore) categories. In Australia, PARKROYAL Darling Harbour in Sydney won accolades at the 2018 HM Awards for Hotel and Accommodation Excellence for its exemplary service.

## ENVIRONMENT, HEALTH AND SAFETY

### *ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM*

The Group demonstrates its commitment to the environment through its policies and developing management systems to measure, monitor and review environmental performance on at least a quarterly basis. The policies, management systems and targets were developed and tailored separately for its property and hospitality businesses. Its property business is also ISO14001 certified for its environmental management system.

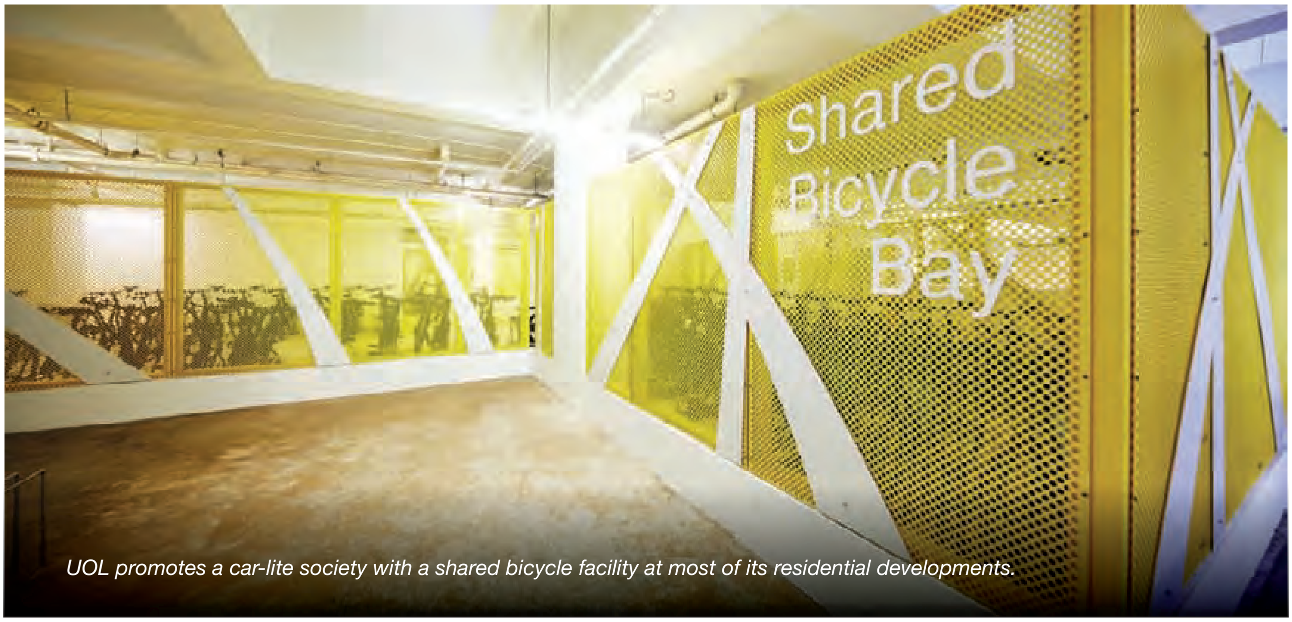
Managing the carbon footprint is part of the Group's environmental responsibility in response to climate change concerns, especially for land-scarce Singapore. In 2018, Novena Square was retrofitted with equipment to increase energy and water efficiencies, and it achieved the Green Mark Gold^Plus Award presented by the Building and Construction Authority.

### *ENVIRONMENTAL ADVOCACY*

UOL has been supportive of the government's push towards a car-lite society. The Group was also one of the key sponsors of URA's Car-free Sunday initiative in 2018. Recognising UOL as a key champion, Group Chief Executive Liam Wee Sin was invited to share on how Singapore could achieve this vision in URA's publicity video on the Walking Cycling Plan. In 2015, UOL launched the first-of-its-kind bicycle-sharing facility at Riverbank@Fernvale and it has since been incorporating this facility in most of its residential projects to encourage a car-lite lifestyle.

### *HEALTH AND SAFETY*

UOL is committed to working closely with main contractors to provide a safe and healthy workplace for its projects under construction. All main contractors engaged are to be OHSAS 18001 certified or equivalent. All accidents on the Group's premises reported to the property or hotel management are recorded, and its priority is to assist the injured, investigate these incidents thoroughly and institute measures to prevent recurrence.




*UOL promotes a car-lite society with a shared bicycle facility at most of its residential developments.*


*The children from Care Corner Student Care Centre had fun flipping pancakes at United Square and climbing obstacles at Velocity@Novena Square with UOL and UIC volunteers.*

## COMMUNITY

UOL's community efforts are focused on children, youth, education, sports and the arts. Its initiatives include cash donations, in-kind donations and staff volunteerism.

UOL supports Care Corner Student Care Centre, which provides before-and-after-school care for students. The programme is also available to underprivileged children. During the year, UOL sponsored the replacement of ceiling fans in its two centres, so that the children can learn and grow in a comfortable environment.

For the second year, UOL donated to KK Women's and Children's Hospital Health Fund to support its Art Therapy Programme to benefit young patients from low-income families. UOL also continued to support RDA Singapore with a sponsorship to help the latter in its mission to provide free horse-riding therapy to children and adults with physical and mental disabilities. Horses were brought to United Square for shoppers to interact with the horses and contribute to RDA Singapore's fundraising effort.

UOL is a long-term supporter of Very Special Arts (VSA), which seeks to create and provide access and opportunities for people with disabilities through the arts. UOL has been purchasing and displaying VSA paintings in its residential showflats. In 2018, VSA was invited to participate in a community event organised by UOL to exhibit their paintings. In the same year, UOL supported Gardens by the Bay by adopting an inspiring sculpture, Watching Clouds, for five years.

UOL employees are encouraged to volunteer their time to help the less fortunate through staff volunteering activities. Two activities were organised during the year for the children from Care Corner Student Care Centre and the elderly from AWWA Senior Community Home.

In 2018, PPHG marked World Food Day with a fund-raising campaign, where a portion of the dining bills from the restaurants within its hotels in Singapore, went towards the purchase of grocery vouchers for adults with intellectual disabilities from six Day Activity Centres operated by four charities. PPHG volunteers also engaged the beneficiaries with a Christmas art installation at Gardens by the Bay.

Throughout the year, PPHG continued to further its "Eat Well With Us" initiative, with the Senior Chefs imparting their culinary skills and recipes to the resident cooks at seven charity homes, and enabling a further 11 nursing homes to prepare nostalgic meals for their National Day celebrations. For its community contributions, PPHG was conferred the People's Association Community Spirit Award and recognised as Champion of Good by the National Volunteer & Philanthropy Centre for the first time.

# Geographical Presence

## REGIONAL

### MIXED DEVELOPMENTS

**CHINA**
The Esplanade (海河华鼎), Tianjin[1]
Park Eleven (沁和园), Shanghai[2]
The Excellency, Chengdu[3]

**UNITED KINGDOM**
One Bishopsgate Plaza, London[4]
110 High Holborn, London[5]
120 Holborn Island, London[6]

### OFFICE

**AUSTRALIA**
72 Christie Street, Sydney

### HOTELS/SERVICED SUITES

**AUSTRALIA**
Pan Pacific Perth
Pan Pacific Melbourne
PARKROYAL Darling Harbour
PARKROYAL Melbourne Airport
PARKROYAL Parramatta

**MALAYSIA**
Pan Pacific Serviced Suites Kuala Lumpur[7]
PARKROYAL Kuala Lumpur
PARKROYAL Serviced Suites Kuala Lumpur
PARKROYAL Penang
Pan Pacific Serviced Suites Puteri Harbour[8]
PARKROYAL A'Famosa Melaka Resort[9]
PARKROYAL Langkawi Resort[7]

**CHINA**
Pan Pacific Suzhou
Pan Pacific Tianjin
Pan Pacific Xiamen
Pan Pacific Beijing
Pan Pacific Ningbo
Pan Pacific Serviced Suites Ningbo
The Westin Tianjin[10]
Sheraton Tianjin Hotel[11]

**VIETNAM**
Pan Pacific Hanoi[12]
PARKROYAL Saigon
Sofitel Saigon Plaza[10]

**MYANMAR**
PARKROYAL Yangon
Pan Pacific Yangon[13]
PARKROYAL Nay Pyi Taw

**UNITED KINGDOM**
Pan Pacific London[9]

**INDONESIA**
PARKROYAL Serviced Suites Jakarta[7]
Pan Pacific Serviced Suites Jakarta[9]
PARKROYAL Jakarta[7]

**THAILAND**
PARKROYAL Suites Bangkok[8]

**PHILIPPINES**
Pan Pacific Manila

**BANGLADESH**
Pan Pacific Sonargaon Dhaka

**NORTH AMERICA**
Pan Pacific Seattle
Pan Pacific Vancouver
Pan Pacific Whistler Mountainside
Pan Pacific Whistler Village Centre

## SINGAPORE

### RESIDENTIAL

1. Principal Garden[14]
2. The Clement Canopy[12]
3. Botanique at Bartley
4. Amber45
5. The Tre Ver[12]
6. V on Shenton[3]
7. Mon Jervois[3]
8. Pollen & Bleu[3]
9. Avenue South Residence[15]
10. MEYERHOUSE[3]

### RETAIL MALLS

11. United Square
12. Velocity@Novena Square[14]
13. KINEX
14. West Mall[3]
15. Marina Square shopping mall[16]

### OFFICES

16. United Square
17. Novena Square[14]
18. Odeon Towers
19. Faber House
20. One Upper Pickering
21. UIC Building[3]
22. Stamford Court[3]
23. Clifford Centre[3]
24. The Gateway[3]
25. Singapore Land Tower[3]
26. SGX Centre 2[3]
27. Abacus Plaza and Tampines Plaza[3]

### HOTELS/SERVICED SUITES

28. Pan Pacific Orchard[7]
29. Pan Pacific Singapore[16]
30. Pan Pacific Serviced Suites Beach Road
31. Pan Pacific Serviced Suites Orchard
32. PARKROYAL on Beach Road
33. PARKROYAL on Kitchener Road
34. PARKROYAL Serviced Suites, Singapore
35. PARKROYAL on Pickering
36. Marina Mandarin[3]
37. Mandarin Oriental[17]

**LEGEND**
- Owned by the Group
- Partially owned by the Group
- Managed hotels

1. Comprises residential units, offices, retail space and Pan Pacific Tianjin.
2. 55% stake, comprises Park Eleven and Park Eleven Mall.
3. 50% stake.
4. Comprises The Sky Residences, Bishopsgate Plaza and Pan Pacific London.
5. Comprises offices and retail space.
6. 75% stake, comprises offices and retail space.
7. Opening in 2021.
8. Opening in 2019.
9. Opening in 2020.
10. 26% stake.
11. 18% stake.
12. 75% stake.
13. 40% stake.
14. 70% stake.
15. 65% stake.
16. 49% stake.
17. 25% stake.

# Property Summary

| | Completed | Purchased | Tenure of Land | Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm) | Car Park Facilities | 2018 Average Occupancy % | Present Capital Value ($m) | Effective percentage of Interest % |
|---|---|---|---|---|---|---|---|---|
| **INVESTMENT PROPERTIES OWNED BY THE GROUP** | | | | | | | | |
| **FABER HOUSE**<br>230 Orchard Road, Singapore<br>12-storey office building (excluding first storey which was sold) | 1973 | – | Freehold | 3,956 | 48 | 100 | 104.0 | 100 |
| **ODEON TOWERS**<br>331 North Bridge Road, Singapore<br>23-storey commercial building with 3 basement levels and a 2-storey podium block | 1992 & 2003 | – | 999-year lease from 1827 | 18,357 | 167 | 99 | 476.0 | 100 |
| **UNITED SQUARE**<br>101 Thomson Road, Singapore<br>Retail-cum-office building comprising a 4-storey retail podium with a basement, a 30-storey office tower and 7 carpark decks | | | | | | | | |
| Shops | 1982 & 2002 | 1987 | Freehold | 19,492 | 658 | 98 | 1,105.0 | 100 |
| Offices | 1982 | | | 26,971 | | 94 | | |
| **NOVENA SQUARE**<br>238/A/B Thomson Road, Singapore<br>A commercial building above the Novena MRT station, comprising 2 blocks of 18- and 25-storey office towers and a 3-storey retail podium with elevated carparks (excluding #01-38 which was sold) | | | | | | | | |
| Shops | 2000 & 2006 | – | 99-year lease from 1997 | 15,896 | 491 | 100 | 1,378.0 | 70 |
| Offices | 2000 | | | 41,627 | | 97 | | |
| **KINEX**<br>11 Tanjong Katong Road, Singapore<br>3-storey commercial podium with a basement located within a commercial/residential development | 2014 | 2011 | Freehold | 19,187[1] | 278 | 84 | 394.0 | 100 |
| **STAMFORD COURT**<br>61 Stamford Road, Singapore<br>A 4-storey commercial building of shops and offices | 1996 | – | 99-year lease from 1994 | 5,990 # | 36 | 97 | 96.0 | 50 |

[1] *Estimated lettable area post asset-enhancement initiative works. Subject to formal survey.*

| | Completed | Purchased | Tenure of Land | Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm) | Car Park Facilities | 2018 Average Occupancy % | Present Capital Value ($m) | Effective percentage of Interest % |
|---|---|---|---|---|---|---|---|---|
| **INVESTMENT PROPERTIES OWNED BY THE GROUP (continued)** | | | | | | | | |
| **WEST MALL**<br>1 Bukit Batok Central Link, Singapore<br>A 5-storey retail and entertainment complex with three basements of car parking space | 1998 | – | 99-year lease from 1995 | 17,042 # | 314 | 100 | 401.0 | 50 |
| **SINGAPORE LAND TOWER**<br>50 Raffles Place, Singapore<br>A 47-storey complex of banks and offices and three basements of car parking space | 1982 | – | 999-year lease from 1826 | 57,500 # | 288 | 97 | 1,580.0 | 50 |
| **SGX CENTRE 2**<br>4 Shenton Way, Singapore<br>A 29-storey office building with two basements of car parking space | 2001 | – | 99-year lease from 1995 | 25,800 # (inclusive of 3,336 sqm in SGX Centre 1) | 136 | 98 | 527.0 (UIC Group's interest in SGX Centre 1 & 2) | 50 |
| **CLIFFORD CENTRE**<br>24 Raffles Place, Singapore<br>A 29-storey complex of shops and offices | 1977 | – | 999-year lease from 1826 | 25,470 # | 268 | 92 | 563.0 | 50 |
| **THE GATEWAY**<br>152 Beach Rd, Singapore<br>A pair of 37-storey towers with two basements of car parking space | 1990 | – | 99-year lease from 1982 | 69,803 # | 689 | 88 | 1,123.0 | 50 |
| **ABACUS PLAZA AND TAMPINES PLAZA**<br>3 Tampines Central 1 and 5 Tampines Central 1, Singapore<br>A pair of 8-storey office buildings with two basements of car parking space | 1998 | – | 99-year lease from 1996 | 8,397 #<br>8,397 # | 87<br>79 | 100<br>90 | 95.5<br>95.0 | 50 |
| **MARINA SQUARE SHOPPING MALL**<br>6 Raffles Boulevard, Singapore<br>The 5-storey retail mall (including basement) is part of a mixed development that includes 3 hotels | 1986 | – | 99-year lease from 1980 | 72,846 # | 1,990 (shared with 3 hotels) | 86 | 1,068.0 | 49 |
| **UIC BUILDING**<br>5 Shenton Way, Singapore<br>Part of a mixed development (residential and commercial) with the residential component, V on Shenton | 2017 | – | 99-year lease from 2011 | 26,373 # | 591 (for the whole development) | 50[2] | 667.0 | 50 |

[2] *Average occupancy for 2018 was 50% as UIC Building obtained TOP in April 2017. The building achieved committed occupancy of 100% as at 31 December 2018.*

# Property Summary

| | Completed | Purchased | Tenure of Land | Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm) | Car Park Facilities | 2018 Average Occupancy % | Present Capital Value ($m) | Effective percentage of Interest % |
|---|---|---|---|---|---|---|---|---|
| **INVESTMENT PROPERTIES OWNED BY THE GROUP (continued)** | | | | | | | | |
| **THE PLAZA**<br>7500 Beach Road, Singapore<br>Retained interests in a 32-storey tower block comprising restaurants, function rooms, shops, offices and serviced suites, and a 15-storey Pan Pacific Serviced Suites Beach Road above the existing carpark block | | | | | | | | |
| Shops & Offices | 1974 & 1979 | – | | 4,311 | | 97 | 71.5 | 100 |
| **PARKROYAL SERVICED SUITES, SINGAPORE**<br>90 serviced suites and 1 owner-occupied apartment | 1979 | – | 99-year lease from 1968 | 6,125 & 165 respectively | 449 | 85 | 81.0 | 100 |
| **PAN PACIFIC SERVICED SUITES BEACH ROAD, SINGAPORE**<br>180 serviced suites | 2013 | – | | 8,100 | | 86 | 131.0 | 100 |
| **ONE UPPER PICKERING**<br>1 Upper Pickering Street, Singapore<br>15-storey office building with a roof terrace within a hotel and office development | 2012 | – | 99-year lease from 2008 | 8,089 | 51 | 100 | 212.0 | 100 |
| **THE ESPLANADE** (海河华鼎)<br>No. 1, Zhang Zi Zhong Road, Hong Qiao District, Tianjin, The People's Republic of China<br>3-storey retail mall with basement carparks within a commercial/residential development | 2014 | 2007 | 40-year lease from 2007 | 7,115 | 513 | 64 | 64.5 | 100 |
| **110 HIGH HOLBORN**<br>Midtown, London, WC1V 6JS, United Kingdom<br>A retail-cum-office building comprising basement and 1st storey retail space and a 9-storey office block with basement carpark | | | | | | | | |
| Shops | – | 2016 | Part freehold and part 999-leasehold from 1999 | 2,794 | 10 | 100 | 175.5 | 100 |
| Offices | | | | 7,955 | | 96 | | |

| | Completed | Purchased | Tenure of Land | Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm) | Car Park Facilities | 2018 Average Occupancy % | Present Capital Value ($m) | Effective percentage of Interest % |
|---|---|---|---|---|---|---|---|---|
| **INVESTMENT PROPERTIES OWNED BY THE GROUP (continued)** | | | | | | | | |
| **120 HOLBORN ISLAND**<br>Midtown, London, EC1N 2TD, United Kingdom<br>Comprises 120 Holborn, an office building with retail units, a gym and club/restaurant on part basement, ground floor and mezzanine level with nine upper floors of office, and 100 Hatton Garden, which has retail units and two floors of offices | | | | | | | | |
| Shops | – | 2016 | Freehold | 13,827 | 34 | 98 | 430.4 | 75 |
| Offices | | | | 18,323 | | 97 | | |
| **72 CHRISTIE STREET**<br>72 Christie Street, St Leonards Sydney, New South Wales 2065, Australia<br>8-storey office building with 4 floors of basement parking | – | 2018 | Freehold | 11,259 | 222 | 64[3] | 149.4 | 100 |
| **PARK ELEVEN (沁和园)**<br>Lane 368, Danba Road, Putuo District, Shanghai The People's Republic of China<br>3 storey retail podium with basement carpark | 2018 | 2011 | 70-year lease from 2011 | 3,900 | 80 | – | 54.3 | 55 |
| **PAN PACIFIC SERVICED SUITES ORCHARD, SINGAPORE**<br>96 Somerset Road, Singapore<br>16-storey tower block comprising 126 units of serviced suites, restaurants and a basement carpark | 2008 (redeveloped) | 1979 | Freehold | 8,821 | 40 | 81 | 157.0 | 100 |
| **PARKROYAL SERVICED SUITES KUALA LUMPUR**<br>No. 1 Jalan Nagasari, Off Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia<br>31-storey serviced suite with 287 units and a carpark | 2010 | 2005 | Freehold | 19,005 | 290 | 77 | 73.5 | 100 |

[3] *72 Christie Street is being leased out in phases. The committed occupancy is 100% as at 31 December 2018.*

# Property Summary

| | Completed | Purchased | Tenure of Land | Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm) | | Car Park Facilities | 2018 Average Occupancy % | Present Capital Value ($m) | Effective percentage of Interest % |
|---|---|---|---|---|---|---|---|---|---|
| **HOTELS OWNED AND MANAGED BY THE GROUP** | | | | | | | | | |
| **PARKROYAL ON BEACH ROAD**<br>7500C Beach Road, Singapore<br>7-storey hotel building with 346 rooms | 1971 & 1979 | – | 99-year lease from 1968 | 22,047 | * | 35 | 79 | 230.0 | 100 |
| **PARKROYAL ON KITCHENER ROAD**<br>181 Kitchener Road, Singapore<br>Comprising a 5-storey podium with a basement and a 16-storey Y-shaped tower with 532 rooms | 1976 & 1981 | 1989 | Freehold | 37,800 | * | 263 | 90 | 372.0 | 100 |
| **PARKROYAL ON PICKERING**<br>3 Upper Pickering Street, Singapore<br>16-storey hotel building with 367 rooms | 2012 | – | 99-Year lease from 2008 | 21,175 | * | 53 | 83 | 456.0 | 100 |
| **PAN PACIFIC SINGAPORE**<br>7 Raffles Boulevard, Singapore<br>790 rooms in a 38-storey hotel building with a basement level | 1986 | – | 99-Year lease from 1980 | 83,384 | * | – | 84 | 805.0 | 49 |
| **PAN PACIFIC XIAMEN**<br>19 Hubin Bei Road, Xiamen<br>The People's Republic of China<br>Comprising two towers of 19-storey and 29-storey with 329 hotel rooms and 25 serviced apartments, including a two-storey basement carpark | 2005 (redeveloped) | 2001 | 70-year lease from 1991 | 31,775 | * | 76 | 68 | 50.3 | 100 |
| **PAN PACIFIC SUZHOU**<br>259 Xin Shi Road, Suzhou<br>The People's Republic of China<br>A 480-room hotel built in the Ming Dynasty style within a cluster of low-rise buildings | 1998 | 2001 | 50-year lease from 1994 | 62,407 | * | 178 | 56 | 59.9 | 100 |
| **PAN PACIFIC TIANJIN**<br>No.1 Zhang Zi Zhong Road, Hong Qiao District, Tianjin,<br>The People's Republic of China<br>Hotel with 289 rooms and 30 serviced apartments | 2014 | 2007 | 40-year lease from 2007 | 40,132 | * | 176 | 75 | 90.9 | 100 |
| **PARKROYAL SAIGON**<br>309B-311 Nguyen Van Troi Street, Tan Binh District,<br>Ho Chi Minh City, Vietnam<br>Comprising 186 rooms in a 10-storey hotel building with a 9-storey extension wing and a 6-storey annex office building | 1997 | – | 49-year lease from 1994 | 12,165 | * | 25 | 77 | 29.5 | 100 |

| | Completed | Purchased | Tenure of Land | Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm) | Car Park Facilities | 2018 Average Occupancy % | Present Capital Value ($m) | Effective percentage of Interest % |
|---|---|---|---|---|---|---|---|---|
| **HOTELS OWNED AND MANAGED BY THE GROUP (continued)** | | | | | | | | |
| **PARKROYAL YANGON**<br>33 Alan Pya Phaya Road, Dagon Township, Yangon, Myanmar<br>8-storey V-shaped tower with 319 hotel rooms and 23 serviced suites | 1997 | 2001 | 50-year lease from 1998 | 17,700 * | 140 | 41 | 48.0 | 100 |
| **PARKROYAL KUALA LUMPUR AND PRESIDENT HOUSE**<br>Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia<br>Comprising a 23-storey tower with a 6-storey podium, the 426-room hotel occupies the tower and part of the podium and a parcel of commercial land with the benefit of approved proposed 24-storey serviced suites building | | | | | | | | |
| Hotel and President House | 1974 & 2008 | 1999 | Freehold | 56,707 * | 104 | 83 | 82.3 | 100 |
| Proposed 24-storey serviced suites | | | Leasehold, expiring in 2080 | 11,128 * | – | – | 9.0 | |
| **PARKROYAL PENANG RESORT**<br>Batu Ferringhi Beach, 11100 Penang, Malaysia<br>310-room 8-storey beachfront resort hotel | 1990 | 1999 | Freehold | 31,502 * | 149 | 61 | 61.8 | 100 |
| **PARKROYAL DARLING HARBOUR, SYDNEY**<br>150 Day Street, Sydney, Australia<br>13-level hotel with 340 rooms | 1991 | 1993 | Freehold | 24,126 * | 58 | 86 | 183.7 | 100 |
| **PARKROYAL MELBOURNE AIRPORT**<br>Arrival Drive, Melbourne Airport, Tullamarine, Victoria, Australia<br>6-level hotel with 276 rooms | 2001 | 2011 | Leasehold, expiring in 2047 (with an option to extend for a further 49 years subject to renewal of head lease) | 20,584 * | – | 92 | 117.5 | 100 |
| **PAN PACIFIC MELBOURNE**<br>2 Convention Centre Place, South Wharf, Victoria, Australia<br>20-level hotel with 396 rooms | 2009 | 2017 | 99-year lease from 2009 | 30,668 * | – | 81 | 231.1 | 100 |
| **PARKROYAL PARRAMATTA**<br>30 Phillip Street, Parramatta, New South Wales, Australia<br>A 286-room hotel in a 15-level hotel building with a 8-storey extension wing | 1986 | 1994 | Freehold | 19,798 * | 176 | 79 | 83.2 | 100 |

# Property Summary

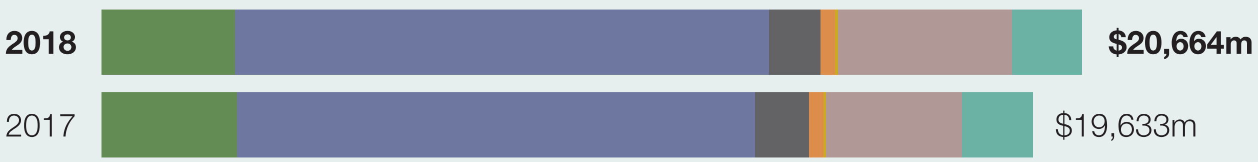
| | Completed | Purchased | Tenure of Land | Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm) | Car Park Facilities | 2018 Average Occupancy % | Present Capital Value ($m) | Effective percentage of Interest % |
|---|---|---|---|---|---|---|---|---|
| **HOTELS OWNED AND MANAGED BY THE GROUP (continued)** | | | | | | | | |
| **PAN PACIFIC PERTH**<br>207 Adelaide Terrace<br>Perth, Australia<br>Comprising 486 rooms in a 23-storey hotel tower and a 4-level extension wing | 1973 | 1995 | Freehold | 31,513 * | 220 | 80 | 117.0 | 100 |
| **PAN PACIFIC HANOI**<br>1 Thanh Nien Road, Ba Dinh District, Hanoi, Vietnam 10000<br>20-storey hotel with 270 rooms and 54 serviced apartments | 1998 | 2001 | 48-year lease from 1993 | 39,250 * | 45 | 71 | 86.4 | 75 |
| **HOTELS OWNED BY THE GROUP AND MANAGED BY THIRD PARTIES** | | | | | | | | |
| **MARINA MANDARIN**<br>6 Raffles Boulevard, Singapore<br>575 rooms in a 22-storey hotel building with a basement level | 1986 | – | 99-year lease from 1980 | 56,801 * | – | 82 | 580.0 | 50 |
| **THE WESTIN TIANJIN**<br>101 Nanjing Road, Heping District, Tianjin<br>The People's Republic of China<br>275 rooms located in B3 to 20th floor of a 41-storey building | 2009 | – | 50-year lease from 2005 | 39,495 * | – | 76 | 153.4 | 26 |
| **OTHER PROPERTIES OWNED BY THE GROUP FOR OWN USE** | | | | | | | | |
| **EUNOS WAREHOUSE COMPLEX**<br>1 Kaki Bukit Road 2, Singapore<br>Retained interests in 3 units of a 4-storey flatted warehouse | 1983 | – | 60-year lease from 1982 | 1,295 | – | – | 3.0 | 100 |
| **THE PLAZA**<br>7500A Beach Road, Singapore<br>Owner-occupied corporate office and lobby | 1979 | – | 99-year lease from 1968 | 1,824 | – | – | 21.9 | 100 |
| **CHINATOWN POINT**<br>133 New Bridge Road, Singapore<br>Owner-occupied back office for PARKROYAL on Pickering | 1980 | 2008 | 99-year lease from 1980 | 223 | – | – | 4.6 | 100 |

| | Purchased | Tenure of Land | Approximate Gross Floor Area (sqm) | Stage of Completion as at 31.12.2018 % | Expected Completion | Effective Percentage of Interest % |
|---|---|---|---|---|---|---|
| **PROPERTIES UNDER CONSTRUCTION** | | | | | | |
| **ONE BISHOPSGATE PLAZA**<br>London, EC2M 4HX, United Kingdom<br>Hotel with proposed 237 rooms<br>Proposed 160 units of residential apartments<br>Commercial component | 2014 | Freehold | 28,371<br><br>21,595<br>3,562 | 37 | 2nd Quarter 2020 | 100 |
| **PAN PACIFIC ORCHARD**<br>10 Claymore Road, Singapore<br>New 23-storey Hotel with proposed 350 rooms | 2006 | Freehold | 19,438 | 6% | 3rd Quarter 2021 | 100 |

| | Type of Development | Tenure of Land | Approximate Gross Floor Area (sqm) | Site Area (sqm) | Sales Status as at 31.12.2018 % | Stage of Completion as at 31.12.2018 % | Expected Completion | Effective Percentage of Interest % |
|---|---|---|---|---|---|---|---|---|
| **PROPERTIES FOR SALE UNDER DEVELOPMENT** | | | | | | | | |
| **THE CLEMENT CANOPY**<br>Clementi Avenue 1<br>505 units of condominium apartments | Residential | 99-year leasehold commencing 9.3.2016 | 50,196 | 13,038 | 98 | 95 | 1st Quarter 2019 | 75 |
| **BOTANIQUE AT BARTLEY**<br>Upper Paya Lebar Road<br>797 units of condominium apartments | Residential | 99-year leasehold commencing 14.4.2014 | 61,839 | 20,078 | 100 | 96 | 2nd Quarter 2019 | 100 |
| **AMBER45**<br>Amber Road<br>139 units of condominium apartments | Residential | Freehold | 14,992 | 6,490 | 68 | 24 | 3rd Quarter 2020 | 100 |
| **THE TRE VER**<br>Potong Pasir Avenue 1<br>729 units of condominium apartments | Residential | 99-year leasehold commencing 27.3.2018 | 52,391 | 18,711 | 25 | 4 | 2nd Quarter 2021 | 75 |
| **AVENUE SOUTH RESIDENCE**<br>Silat Avenue<br>1,074 units of condominium apartments | Residential | 99-year leasehold commencing 14.8.2018 | 92,876 | 22,852 | – | 1 | 2nd Quarter 2022 | 65 |

# Simplified Group Financial Position

## TOTAL ASSETS OWNED




| | 2018 $m | 2017 (restated) $m | 2018 % | 2017 (restated) % |
|---|---|---|---|---|
| Property, plant and equipment | **2,808** | 2,856 | **14** | 14 |
| Investment properties | **11,264** | 10,917 | **55** | 55 |
| Financial assets, at fair value through other comprehensive income/Available-for-sale financial assets | **1,076** | 1,132 | **5** | 6 |
| Associated companies | **309** | 308 | **1** | 2 |
| Joint venture companies | **67** | 54 | **0** | 0 |
| Development properties | **3,667** | 2,872 | **18** | 15 |
| Other assets and cash | **1,473** | 1,494 | **7** | 8 |
| | **20,664** | 19,633 | **100** | 100 |

## TOTAL LIABILITIES OWED AND CAPITAL INVESTED


| | 2018 $m | 2017 (restated) $m | 2018 % | 2017 (restated) % |
|---|---|---|---|---|
| Shareholders' funds | **9,648** | 9,451 | **46** | 48 |
| Non-controlling interests | **4,822** | 4,703 | **23** | 24 |
| Borrowings | **4,710** | 3,847 | **23** | 19 |
| Trade and other payables | **1,003** | 1,142 | **5** | 6 |
| Deferred income tax liabilities | **364** | 372 | **2** | 2 |
| Other liabilities | **117** | 118 | **1** | 1 |
| | **20,664** | 19,633 | **100** | 100 |

# Five-Year Financial Summary

| | 2018<br>$'000 | 2017 (restated)<br>$'000 | 2016<br>$'000 | 2015<br>$'000 | 2014<br>$'000 |
|---|---|---|---|---|---|
| **Group Revenue** | | | | | |
| Property development | **989,344** | 1,166,729 | 733,934 | 577,496 | 675,881 |
| Hotel operations | **678,655** | 526,221 | 429,613 | 419,417 | 437,574 |
| Property investments | **541,012** | 338,284 | 225,038 | 219,391 | 198,206 |
| Investments | **48,213** | 29,768 | 30,181 | 42,289 | 28,798 |
| Management services and technologies | **140,119** | 53,369 | 21,973 | 20,156 | 20,260 |
| | **2,397,343** | 2,114,371 | 1,440,739 | 1,278,749 | 1,360,719 |
| **Group Income Statement** | | | | | |
| Property development | **124,312** | 129,078 | 52,256 | 54,486 | 146,526 |
| Property investments | **377,970** | 218,001 | 151,242 | 144,717 | 137,296 |
| Hotel operations | **78,623** | 40,540 | 50,774 | 51,935 | 72,581 |
| Investments | **47,677** | 29,542 | 30,152 | 42,254 | 28,764 |
| Management services and technologies | **13,050** | 13,512 | 9,966 | 13,181 | 15,060 |
| | **641,632** | 430,673 | 294,390 | 306,573 | 400,227 |
| Unallocated costs | **(25,279)** | (18,086) | (14,549) | (15,111) | (14,892) |
| Profit from operations | **616,353** | 412,587 | 279,841 | 291,462 | 385,335 |
| Finance income | **13,936** | 11,666 | 5,406 | 6,039 | 5,466 |
| Finance expense | **(40,632)** | (37,942) | (30,292) | (41,664) | (34,009) |
| Share of profit of associated companies excluding fair value gains/(losses) of associated companies' investment properties | **5,442** | 107,099 | 131,993 | 126,633 | 119,776 |
| Share of profit of joint venture companies excluding other losses and fair value gains on a joint venture company's investment property | **125** | 11,605 | 4,256 | 29,117 | 38,590 |
| Profit before fair value and other gains/(losses) and income tax | **595,224** | 505,015 | 391,204 | 411,587 | 515,158 |
| Other losses of a joint venture company | **-** | - | (3,169) | - | - |
| Other (losses)/gains of the Group | **(34,418)** | 518,149 | (23,275) | (22,036) | 25,552 |
| Fair value (losses)/gains on associated and joint venture companies' investment properties | **-** | (1,094) | (1,144) | 9,920 | 78,408 |
| Fair value gains/(losses) on the Group's investment properties | **149,279** | 15,593 | (9,700) | 60,902 | 217,848 |
| Profit before income tax | **710,085** | 1,037,663 | 353,916 | 460,373 | 836,966 |
| Profit attributable to equity holders of the Company | **433,722** | 880,239 | 287,040 | 391,389 | 685,996 |

# Five-Year Financial Summary

| | 2018 $'000 | 2017 (restated) $'000 | 2016 $'000 | 2015 $'000 | 2014 $'000 |
|---|---|---|---|---|---|
| **Group Statement of Financial Position** | | | | | |
| Property, plant and equipment | **2,807,688** | 2,856,164 | 1,165,536 | 1,178,534 | 1,241,180 |
| Investment properties | **11,264,120** | 10,917,340 | 4,299,597 | 4,134,897 | 4,080,214 |
| Associated companies, joint venture companies, receivables and other assets (non-current) | **414,680** | 380,943 | 3,616,561 | 3,379,329 | 3,239,511 |
| Available-for-sale financial assets (non-current) | **–** | 1,131,702 | 855,051 | 804,872 | 340,272 |
| Financial assets at fair value through other comprehensive income | **1,075,536** | – | – | – | – |
| Intangibles | **122,691** | 180,951 | 24,361 | 23,336 | 25,677 |
| Deferred tax assets | **1,931** | 1,005 | 3,904 | 4,702 | 3,623 |
| Net current assets (excluding borrowings) | **4,066,394** | 3,127,239 | 1,339,306 | 1,695,501 | 2,561,037 |
| Non-current liabilities (excluding borrowings) | **(573,086)** | (594,553) | (259,509) | (250,018) | (332,073) |
| | **19,179,954** | 18,000,791 | 11,044,807 | 10,971,153 | 11,159,441 |
| Share capital | **1,556,201** | 1,549,744 | 1,269,853 | 1,216,099 | 1,151,512 |
| Reserves | **8,091,707** | 7,901,389 | 6,857,301 | 6,678,076 | 6,491,217 |
| Interests of the shareholders | **9,647,908** | 9,451,133 | 8,127,154 | 7,894,175 | 7,642,729 |
| Non-controlling interests | **4,822,230** | 4,702,674 | 508,210 | 506,941 | 488,170 |
| Borrowings | **4,709,816** | 3,846,984 | 2,409,443 | 2,570,037 | 3,028,542 |
| | **19,179,954** | 18,000,791 | 11,044,807 | 10,971,153 | 11,159,441 |

| **FINANCIAL RATIOS** | | | | | |
|---|---|---|---|---|---|
| Basic earnings per ordinary share* (cents) | **51.49** | 107.50 | 35.82 | 49.39 | 88.00 |
| Gross dividend declared ($'000) | **147,469** | 147,418 | 120,716 | 119,416 | 118,176 |
| Gross dividend declared | | | | | |
| First and final (cents) | **17.5** | 17.5 | 15.0 | 15.0 | 15.0 |
| Cover (times) | **2.9** | 6.0 | 2.4 | 3.3 | 5.8 |
| Net tangible asset backing per ordinary share ($) | | | | | |
| Before accounting for surplus on revaluation of hotel properties | **11.30** | 11.01 | 10.07 | 9.89 | 9.68 |
| After accounting for surplus on revaluation of hotel properties | **12.86** | 12.34 | 11.30 | 11.05 | 10.75 |
| Gearing ratio | **0.28** | 0.21 | 0.24 | 0.27 | 0.34 |

*Note:*
* *Basic earnings per ordinary share is calculated by reference to the weighted average number of ordinary shares in issue during the year*

# Segmental Performance Analysis

## TOTAL REVENUE BY BUSINESS SEGMENTS

| | 2018 | | 2017 (restated) | |
|---|---|---|---|---|
| | $'000 | % | $'000 | % |
| Property development | **989,344** | **41.3** | 1,166,729 | 55.2 |
| Hotel operations | **678,655** | **28.3** | 526,221 | 24.9 |
| Property investments | **541,012** | **22.6** | 338,284 | 16.0 |
| Investments | **48,213** | **2.0** | 29,768 | 1.4 |
| Management services & technologies | **140,119** | **5.8** | 53,369 | 2.5 |
| | **2,397,343** | **100.0** | 2,114,371 | 100.0 |

## ADJUSTED EBITDA* BY BUSINESS SEGMENTS

| | 2018 | | 2017 (restated) | |
|---|---|---|---|---|
| | $'000 | % | $'000 | % |
| Property development | **180,648** | **21.9** | 159,483 | 23.4 |
| Property investments | **381,906** | **46.4** | 327,554 | 48.2 |
| Hotel operations | **197,341** | **24.0** | 147,409 | 21.7 |
| Investments | **47,951** | **5.8** | 29,564 | 4.4 |
| Management services & technologies | **15,758** | **1.9** | 15,550 | 2.3 |
| | **823,604** | **100.0** | 679,560 | 100.0 |

** Excludes unallocated costs, other gains/losses and fair value gains on investment properties*

## TOTAL ASSETS BY BUSINESS SEGMENTS

| | 2018 | | 2017 (restated) | |
|---|---|---|---|---|
| | $'000 | % | $'000 | % |
| Property development | **5,001,048** | **24.2** | 3,908,922 | 19.9 |
| Property investments | **11,136,140** | **53.9** | 11,068,118 | 56.4 |
| Hotel operations | **3,349,357** | **16.2** | 3,361,729 | 17.1 |
| Investments | **1,074,006** | **5.2** | 1,130,949 | 5.8 |
| Management services & technologies | **88,055** | **0.4** | 76,067 | 0.4 |
| | **20,648,606** | **99.9** | 19,545,785 | 99.6 |
| Unallocated assets | **15,102** | **0.1** | 86,716 | 0.4 |
| | **20,663,708** | **100.0** | 19,632,501 | 100.0 |

# Segmental Performance Analysis

## TOTAL REVENUE BY GEOGRAPHICAL SEGMENTS

| | **2018** | | 2017 (restated) | |
|---|---|---|---|---|
| | **$'000** | **%** | $'000 | % |
| Singapore | **1,925,900** | **80.3** | 1,800,720 | 85.1 |
| Australia | **158,800** | **6.6** | 145,487 | 6.9 |
| The People's Republic of China | **187,969** | **7.9** | 56,577 | 2.7 |
| Malaysia | **44,684** | **1.9** | 41,684 | 2.0 |
| Vietnam | **30,006** | **1.3** | 32,505 | 1.5 |
| Myanmar | **13,103** | **0.5** | 16,920 | 0.8 |
| United Kingdom | **33,795** | **1.4** | 16,608 | 0.8 |
| Others | **3,086** | **0.1** | 3,870 | 0.2 |
| | **2,397,343** | **100.0** | 2,114,371 | 100.0 |

## ADJUSTED EBITDA* BY GEOGRAPHICAL SEGMENTS

| | **2018** | | 2017 (restated) | |
|---|---|---|---|---|
| | **$'000** | **%** | $'000 | % |
| Singapore | **692,246** | **84.1** | 587,656 | 86.5 |
| Australia | **37,876** | **4.6** | 35,466 | 5.2 |
| Vietnam | **11,357** | **1.4** | 12,320 | 1.8 |
| Malaysia | **10,172** | **1.2** | 9,283 | 1.4 |
| Myanmar | **(812)** | **(0.1)** | 3,715 | 0.5 |
| United Kingdom | **29,937** | **3.6** | 23,382 | 3.4 |
| The People's Republic of China | **41,282** | **5.0** | 3,898 | 0.6 |
| Others | **1,546** | **0.2** | 3,840 | 0.6 |
| | **823,604** | **100.0** | 679,560 | 100.0 |

** Excludes unallocated costs, other gains/losses and fair value gains on investment properties*

## TOTAL ASSETS BY GEOGRAPHICAL SEGMENTS

| | **2018** | | 2017 (restated) | |
|---|---|---|---|---|
| | **$'000** | **%** | $'000 | % |
| Singapore | **17,345,582** | **83.9** | 16,551,878 | 84.4 |
| The People's Republic of China | **1,378,752** | **6.7** | 1,347,715 | 6.9 |
| United Kingdom | **977,487** | **4.7** | 890,603 | 4.5 |
| Australia | **638,308** | **3.1** | 538,798 | 2.7 |
| Malaysia | **169,506** | **0.8** | 164,449 | 0.8 |
| Vietnam | **44,339** | **0.2** | 43,131 | 0.2 |
| Myanmar | **73,454** | **0.4** | 63,475 | 0.3 |
| Others | **36,280** | **0.2** | 32,452 | 0.2 |
| | **20,663,708** | **100.0** | 19,632,501 | 100.0 |

# Value-Added Statement

| | 2018<br>$'000 | 2017<br>(restated)<br>$'000 |
|---|---|---|
| Sales of goods and services | **2,349,130** | 2,084,603 |
| Purchase of materials and services | **(1,398,587)** | (1,122,672) |
| Gross value added | **950,543** | 961,931 |
| Share of profit of associated companies | **5,442** | 101,227 |
| Share of profit of joint venture companies | **125** | 16,383 |
| Income from investments and interest | **62,149** | 37,733 |
| Other (losses)/gains | **(34,418)** | 518,149 |
| Fair value gains on investment properties | **149,279** | 15,593 |
| Currency exchange differences | **(699)** | 3,701 |
| **Total Value Added** | **1,132,421** | 1,654,717 |
| **Distribution of Value Added:** | | |
| **To employees and directors** | | |
| Employees' salaries, wages and benefits | **291,429** | 225,687 |
| Directors' remuneration | **3,364** | 3,203 |
| | **294,793** | 228,890 |
| **To government** | | |
| Corporate and property taxes | **154,608** | 97,650 |
| **To providers of capital** | | |
| Interest expense | **97,890** | 61,859 |
| Dividend attributable to non-controlling interests | **27,378** | 3,775 |
| Dividend attributable to equity holders of the Company | **147,418** | 120,716 |
| | **272,686** | 186,350 |
| **Total Value Added Distributed** | **722,087** | 512,890 |
| **Retained in the business** | | |
| Depreciation | **118,458** | 105,946 |
| Retained earnings | **115,639** | 460,838 |
| | **234,097** | 566,784 |
| **Non-production cost and income** | | |
| Bad debts | **(74)** | (133) |
| Income from investments and interest | **62,149** | 37,733 |
| Other (losses)/gains | **(34,418)** | 518,149 |
| Fair value gains on investment properties | **149,279** | 15,593 |
| Currency exchange differences | **(699)** | 3,701 |
| | **176,237** | 575,043 |
| | **1,132,421** | 1,654,717 |
| **Productivity Ratios:** | **$** | $ |
| Value added per employee | **147,967** | 144,456 |
| Value added per $ employment costs | **3.22** | 4.20 |
| Value added per $ investment in property, plant and equipment and investment properties (before depreciation) | | |
| – at cost | **0.08** | 0.08 |
| – at valuation | **0.06** | 0.07 |
| Value added per $ net sales | **0.40** | 0.46 |

# Financial Contents



# Directors' Statement

For the Financial Year Ended 31 December 2018

The directors have pleasure in submitting this statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 90 to 214 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

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

Wee Cho Yaw – Chairman
Wee Ee Lim – Deputy Chairman
Gwee Lian Kheng – (retired as Group Chief Executive on 31 January 2019)
Low Weng Keong
Wee Sin Tho
Tan Tiong Cheng
Wee Ee-chao
Pongsak Hoontrakul
Poon Hon Thang Samuel

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" on pages 81 to 83 of this statement.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) The directors holding office at 31 December 2018 are also the directors holding office at the date of this statement. Their interests in the share capital of and options to subscribe for ordinary shares of the Company and related corporations, as recorded in the register of directors' shareholdings, were as follows:

| | Holdings registered in name of director | | Holdings in which director is deemed to have an interest | |
|---|---|---|---|---|
| | **At 31.12.2018** | **At 1.1.2018** | **At 31.12.2018** | **At 1.1.2018** |
| **UOL Group Limited ("UOL")** | | | | |
| – Ordinary Shares | | | | |
| Wee Cho Yaw | **3,661,566** | 3,661,566 | **305,715,597** | 298,355,597* |
| Wee Ee Lim | **260,975** | 260,975 | **118,235,315** | 110,875,315 |
| Gwee Lian Kheng | **830,596** | 830,596 | **–** | – |
| Low Weng Keong | **37,694** | 30,694 | **–** | – |
| Wee Sin Tho | **105,950** | 105,950 | **–** | – |
| Tan Tiong Cheng | **120,528*** | 115,528* | **–** | – |
| Wee Ee-chao | **31,735*** | 31,735* | **118,510,885*** | 111,150,885* |
| Pongsak Hoontrakul | **21,005*** | 21,005* | **–** | – |

* Includes shares registered in the name of nominees.

**DIRECTORS' INTERESTS IN SHARES OR DEBENTURES** (continued)

| | Holdings registered in name of director | | Holdings in which director is deemed to have an interest | |
|---|---|---|---|---|
| | **At 31.12.2018** | **At 1.1.2018** | **At 31.12.2018** | **At 1.1.2018** |
| **UOL Group Limited ("UOL")** | | | | |
| – Executives' Share Options | | | | |
| Gwee Lian Kheng | **620,000** | 720,000 | **–** | – |
| **United Industrial Corporation Limited ("UIC")** | | | | |
| – Ordinary Shares | | | | |
| Wee Cho Yaw | **–** | –# | **717,644,450** | 716,325,350# |
| Tan Tiong Cheng | **21,626** | 21,626# | **–** | –# |

\# Interest as at 13 June 2018, date on which UIC becomes a subsidiary of UOL pursuant to Section 5 of the Companies Act, (Cap. 50).

(b) The directors' interests in the share capital of and options to subscribe for ordinary shares of the Company and related corporations, as recorded in the register of directors' shareholdings at 21 January 2019, were the same as those at 31 December 2018 except for the following:

| | Holdings registered in name of director | |
|---|---|---|
| | **At 21.1.2019** | **At 31.12.2018** |
| **UOL** | | |
| – Ordinary Shares | | |
| Gwee Lian Kheng | **790,596** | 830,596 |
| – Executives' Share Options | | |
| Gwee Lian Kheng | **500,000** | 620,000 |

(c) Pursuant to Section 7 of the Companies Act (Cap. 50), Wee Cho Yaw is deemed to be interested in the shares of the subsidiaries of the Company.

(d) Save as disclosed above, none of the other directors holding office at 31 December 2018 has any interest in the ordinary shares and Executives' Share Options of the Company and any other related corporations of the Company, as recorded in the register of directors' shareholdings.

**SHARE OPTIONS**

**UOL Group Executives' Share Option Scheme**

(a) The UOL Group Executives' Share Option Scheme ("the 2000 Scheme") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 23 May 2000. The 2000 Scheme was replaced by a new scheme ("the 2012 Scheme") which was approved by the shareholders of the Company at the Annual General Meeting held on 19 April 2012. The termination of the 2000 Scheme and the adoption of the 2012 Scheme will not affect the rights of the holders of the options granted under the 2000 Scheme.

(b) Under the terms of the 2012 Scheme, the total number of shares granted shall not exceed 10% of the issued share capital of the Company (excluding treasury shares, if any) and the executives may exercise the options by giving notice in writing to the Company in the prescribed form during the option period, accompanied by remittance of the amount of the Exercise Price.

The Exercise Price is equal to the average of the last dealt prices per share as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited for a period of 5 consecutive trading days immediately prior to the relevant Date of Grant.

**SHARE OPTIONS** (continued)

**UOL Group Executives' Share Option Scheme** (continued)

(c) On 9 March 2018, options were granted pursuant to the 2012 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,523,000 ordinary shares in the Company (known as "the 2018 Options") at the exercise price of $8.49 per ordinary share. 1,499,000 options granted were accepted by the executives, including Gwee Lian Kheng. The total fair value of the options granted was estimated to be $2,099,000 using the Trinomial Tree Model.

The details of the options accepted are as follows:

| | **No. of employees** | **At exercise price of $8.49 per share** |
|---|---|---|
| Executive Director | 1 | 120,000 |
| Other Executives | 65 | 1,379,000 |
| | 66 | 1,499,000 |

(d) Statutory information regarding the 2018 Options is as follows:

(i) The option period begins on 9 March 2019 and expires on 8 March 2028 or on the date of termination of employment or in the case of the executive director, on the date he ceases to be the executive director of the Company, whichever is earlier, subject to the provisions of Rule 11 of the Rules of the 2012 Scheme.

(ii) The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price.

(iii) Except as set out in Rule 12.2 and subject to Rule 10 of the Rules of the 2012 Scheme, an option does not confer on a participant any right to participate in any new shares of the Company.

Details of options granted in previous financial years were set out in the Directors' Statement for the respective financial years.

(e) Other information required by the Singapore Exchange Securities Trading Limited:

Pursuant to Rule 852 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is reported that during the financial year:

(i) The Remuneration Committee, comprising the following directors, administers the 2012 Scheme:

| | | |
|---|---|---|
| Wee Sin Tho | Chairman | (Independent) |
| Wee Cho Yaw | Member | (Non-independent) |
| Low Weng Keong | Member | (Independent) |

(ii) The details of options granted to a director of the Company, Gwee Lian Kheng, under the 2000 and 2012 Scheme are as follows:

| **Aggregate options granted since commencement of the 2000 and 2012 Scheme to 31.12.2017** | **Options granted during the financial year** | **Aggregate options granted since commencement of the 2000 and 2012 Scheme to 31.12.2018** | **Aggregate options exercised since commencement of the 2000 and 2012 Scheme to 31.12.2018** | **Aggregate options outstanding at 31.12.2018** |
|---|---|---|---|---|
| 1,800,000 | 120,000 | 1,920,000 | 1,300,000 | 620,000 |

**SHARE OPTIONS** (continued)

**UOL Group Executives' Share Option Scheme** (continued)

(e) Other information required by the Singapore Exchange Securities Trading Limited: (continued)

(iii) Save as disclosed above, no options have been granted to controlling shareholders or their associates, parent group employees, and no employee has received 5% or more of the total options available under the 2012 Scheme. No options were granted at a discount during the financial year.

**Outstanding Share Options**

At 31 December 2018, the holders of the Executives' Share Options include a director of the Company as disclosed under "Directors' interests in shares or debentures".

The holders of the Executives' Share Options have no right to participate by virtue of the options in any share issue of any other company in the Group.

During the financial year, 1,036,000 ordinary shares of the Company were issued upon the exercise of options by:

| Holders of | Number of ordinary shares | Exercise price per share $ |
|---|---|---|
| 2009 Options | 10,000 | 1.65 |
| 2010 Options | 24,000 | 3.95 |
| 2011 Options | 21,000 | 4.62 |
| 2012 Options | 138,000 | 5.40 |
| 2013 Options | 100,000 | 6.55 |
| 2014 Options | 40,000 | 6.10 |
| 2015 Options | 127,000 | 7.67 |
| 2016 Options | 240,000 | 5.87 |
| 2017 Options | 336,000 | 6.61 |
| | 1,036,000 | |

Unissued ordinary shares under options at 31 December 2018 comprise:

| | At 1.1.2018 | Options granted in 2018 | Options exercised | Options forfeited | At 31.12.2018 | Exercise/ Subscription price/$ | Option period |
|---|---|---|---|---|---|---|---|
| **Executives' Share Options** | | | | | | | |
| 2009 Options | 10,000 | – | (10,000) | – | – | 1.65 | 06.03.2010 to 05.03.2019 |
| 2010 Options | 24,000 | – | (24,000) | – | – | 3.95 | 05.03.2011 to 04.03.2020 |
| 2011 Options | 121,000 | – | (21,000) | – | 100,000 | 4.62 | 04.03.2012 to 03.03.2021 |
| 2012 Options | 238,000 | – | (138,000) | – | 100,000 | 5.40 | 23.08.2013 to 22.08.2022 |
| 2013 Options | 569,000 | – | (100,000) | – | 469,000 | 6.55 | 08.03.2014 to 07.03.2023 |
| 2014 Options | 484,000 | – | (40,000) | – | 444,000 | 6.10 | 12.03.2015 to 11.03.2024 |
| 2015 Options | 831,000 | – | (127,000) | – | 704,000 | 7.67 | 11.03.2016 to 10.03.2025 |
| 2016 Options | 555,000 | – | (240,000) | – | 315,000 | 5.87 | 11.03.2017 to 10.03.2026 |
| 2017 Options | 1,292,000 | – | (336,000) | – | 956,000 | 6.61 | 10.03.2018 to 09.03.2027 |
| 2018 Options | – | 1,499,000 | – | (63,000) | 1,436,000 | 8.49 | 09.03.2019 to 08.03.2028 |
| | 4,124,000 | 1,499,000 | (1,036,000) | (63,000) | 4,524,000 | | |

# Directors' Statement

For the Financial Year Ended 31 December 2018

**AUDIT & RISK COMMITTEE**

The Audit & Risk Committee comprises three members as follows:

Independent and non-executive directors
Low Weng Keong – Chairman
Tan Tiong Cheng

Non-independent and non-executive director
Wee Ee Lim

The Audit & Risk Committee carries out the functions set out in the Companies Act (Cap.50). The terms of reference include reviewing the financial statements, the internal and external audit plans and audit reports, the scope and results of the internal audit procedures and proposals for improvements in internal controls, the cost effectiveness, independence and objectivity of the independent auditor and interested persons transactions.

In performing the functions, the Audit & Risk Committee has met with the internal and independent auditors and reviewed the overall scope of the internal and external audits and the assistance given by Management to the auditors.

The Audit & Risk Committee has nominated PricewaterhouseCoopers LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

**INDEPENDENT AUDITOR**

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

On behalf of the directors

**WEE CHO YAW**
Chairman

**GWEE LIAN KHENG**
Director

26 February 2019

# Independent Auditor’s Report

To the Members of UOL Group Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our Opinion

In our opinion, the accompanying consolidated financial statements of UOL Group Limited (“the Company”) and its subsidiaries (“the Group”) and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (“the Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

*What we have audited*

The financial statements of the Company and the Group comprise:
- the consolidated income statement of the Group for the financial year ended 31 December 2018;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the statements of financial position of the Group and of the Company as at 31 December 2018;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

### Basis for Opinion

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

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

*Independence*

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

# Independent Auditor's Report

To the Members of UOL Group Limited

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| *Valuation of investment properties*<br><br>Refer to Note 3(b) (Key accounting estimates, assumptions and judgements) and Note 21 (Investment properties) to the financial statements.<br><br>As at 31 December 2018, the carrying value of the Group's investment properties stated at fair value based on independent external valuation of $11.3 billion accounted for 55% of the Group's total assets.<br><br>The valuation of the investment properties is significant to our audit due to the use of estimates in the valuation techniques based on certain key assumptions. The key assumptions include adopted value per square foot, discount rates, capitalisation rates and growth rates. These assumptions are dependent on the prevailing market conditions. | Our audit procedures focused on the valuation process and included the following:<br><br>• assessed the competency and independence of the professional valuers engaged by the Group;<br>• discussed the key assumptions and critical judgemental areas with the professional valuers and understood the approaches taken by them in determining the valuation of each investment property;<br>• checked, on a sample basis, the accuracy of underlying lease and financial information provided to the valuers; and<br>• assessed the reasonableness of the adopted value per square foot, discount rates, capitalisation rates and growth rates assumptions by benchmarking the rates against specific property data, comparables and prior year's inputs.<br><br>We also assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the professional valuers.<br><br>The external valuers are members of recognised bodies for professional valuers. We found that the valuation methodologies used were in line with generally accepted market practices and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be appropriate. |

**Key Audit Matters** (continued)

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| <u>*Valuation of development properties and revenue and cost of sales recognition from sales of development properties*</u><br><br>Refer to Note 13 (Development properties) to the financial statements.<br><br>As at 31 December 2018, the carrying value of the Group's development properties of \$3.7 billion accounted for 18% of the Group's total assets. The Group recognised a net allowance for foreseeable losses of \$5.7 million for development properties for the financial year then ended.<br><br>For the year ended 31 December 2018, revenue from sales of development properties of \$989 million accounted for 41% of the Group's total revenue and the corresponding cost of sales of \$751 million accounted for 53% of the Group's total cost of sales.<br><br>The determination of the carrying value and whether to recognise any foreseeable losses for development properties is highly dependent on the estimated cost to complete each development and the estimated selling price as disclosed in Note 2.6.<br><br>Significant estimation uncertainty is involved in estimating the costs of each development. Management also utilised a number of different assumptions which were highly subjective to determine the estimated selling prices which are impacted by market demand for properties and local government policies. These estimates and assumptions impact the carrying value of development properties, and the revenue and cost of sales recognised from sales of development properties. | In assessing the valuation of development properties, we focused on development projects with slower than expected sales or low margins.<br><br>Our audit procedures to assess the adequacy of management's estimated development costs and the reasonableness of the assumptions used included the following:<br>• compared actual cost incurred against underlying contracts with vendors and supporting documents;<br>• assessed the reasonableness of cost to complete by substantiating costs that have been committed to quotations from and contracts with suppliers;<br>• discussed with the project managers the basis for the estimated cost to complete and challenged the underlying assumptions by benchmarking against the Group's past projects; and<br>• evaluated the competency and capabilities of the quantity surveyors used by management for the certification of proportion of construction cost to date.<br><br>We have also challenged management's key assumptions relating to the estimated selling prices by comparing against comparable market data and market price trends, taking into consideration the economic conditions in the respective countries where the Group has development properties. We have evaluated the sensitivity of the margins to changes in sales prices.<br><br>We have also recomputed the percentage of completion as at the reporting date to assess the appropriateness of the revenue and cost of sales recognised.<br><br>The evidence we obtained from performing our procedures indicated that management's estimates and assumptions were reasonable. |

### Other Information

Management is responsible for the other information. The other information comprises the Directors’ Statement (but does not include the financial statements and our auditor’s report thereon), which we obtained prior to the date of this auditor’s report, and the other sections of the annual report (“the Other Sections”), which are expected to be made available to us after that date.

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

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

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

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

### Responsibilities of Management and Directors for the Financial Statements

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

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

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

### Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 26 February 2019

# Consolidated Income Statement

For the Financial Year Ended 31 December 2018

| | Note | The Group 2018 $'000 | The Group 2017 $'000 |
|---|---|---|---|
| Revenue | 4 | **2,397,343** | 2,114,371 |
| Cost of sales | | **(1,409,800)** | (1,405,752) |
| **Gross profit** | | **987,543** | 708,619 |
| Other income | | | |
| – Finance income | 4 | **13,936** | 11,666 |
| – Miscellaneous income | 4 | **13,660** | 10,677 |
| Expenses | | | |
| – Marketing and distribution | | **(92,997)** | (96,381) |
| – Administrative | | **(123,167)** | (99,342) |
| – Finance | 7 | **(40,632)** | (37,942) |
| – Other operating | | **(168,612)** | (110,853) |
| Share of profit of associated companies | | **5,442** | 101,227 |
| Share of profit of joint venture companies | | **125** | 16,383 |
| | | **595,298** | 504,054 |
| Other (losses)/gains | | | |
| – Impairment loss on financial assets | | **(74)** | (133) |
| – Others | 8 | **(34,418)** | 518,149 |
| Fair value gains on investment properties | 21 | **149,279** | 15,593 |
| Profit before income tax | | **710,085** | 1,037,663 |
| Income tax expense | 9(a) | **(98,276)** | (61,188) |
| **Net profit** | | **611,809** | 976,475 |
| **Attributable to:** | | | |
| Equity holders of the Company | | **433,722** | 880,239 |
| Non-controlling interests | | **178,087** | 96,236 |
| | | **611,809** | 976,475 |
| **Earnings per share attributable to equity holders of the Company (expressed in cents per share)** | 10 | | |
| – Basic | | **51.49** | 107.50 |
| – Diluted | | **51.47** | 107.43 |

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

# Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2018

| | Note | The Group 2018 $'000 | The Group 2017 $'000 |
|---|---|---|---|
| Net profit | | **611,809** | 976,475 |
| **Other comprehensive income/(loss):** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Available-for-sale financial assets: | | | |
| – Fair value gains | 32(b) | **–** | 256,882 |
| Cash flow hedges | 32(f) | **(172)** | 2,997 |
| Currency translation differences arising from consolidation of foreign operations | 32(e) | **(21,240)** | (16,151) |
| Share of other comprehensive loss of an associated company | 32(a),(e) | **–** | (845) |
| | | **(21,412)** | 242,883 |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Financial assets, at fair value through other comprehensive income ("FVOCI") | | | |
| – Fair value losses | 32(b) | **(82,941)** | – |
| Currency translation differences arising from consolidation of foreign operations | 32(e) | **(10,759)** | (540) |
| **Other comprehensive (loss)/income, net of tax** | | **(115,112)** | 242,343 |
| **Total comprehensive income** | | **496,697** | 1,218,818 |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Company | | **329,421** | 1,122,841 |
| Non-controlling interests | | **167,276** | 95,977 |
| | | **496,697** | 1,218,818 |

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

# Statements of Financial Position – Group and Company

As at 31 December 2018

| | Note | The Group 31 December 2018 $'000 | The Group 31 December 2017 $'000 | The Group 1 January 2017 $'000 | The Company 31 December 2018 $'000 | The Company 31 December 2017 $'000 | The Company 1 January 2017 $'000 |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **Current assets** | | | | | | | |
| Cash and bank balances | 11 | **677,172** | 816,446 | 301,512 | **2,490** | 16,294 | 1,680 |
| Trade and other receivables | 12 | **575,648** | 395,299 | 99,597 | **4,269** | 3,566 | 1,579 |
| Derivative financial instrument | 27 | **1,958** | 14 | – | **–** | – | – |
| Development properties | 13 | **3,666,788** | 2,872,188 | 1,196,011 | **–** | – | – |
| Inventories | 14 | **4,248** | 4,991 | 651 | **–** | – | – |
| Other assets | 17 | **51,123** | 75,238 | 27,786 | **775** | 303 | 242 |
| Current income tax assets | 9(b) | **125** | 220 | 157 | **–** | – | – |
| | | **4,977,062** | 4,164,396 | 1,625,714 | **7,534** | 20,163 | 3,501 |
| **Non-current assets** | | | | | | | |
| Trade and other receivables | 12 | **108,654** | 92,924 | 128,780 | **1,096,239** | 1,152,269 | 783,355 |
| Other assets | 17 | **23,451** | – | – | **–** | – | – |
| Derivative financial instrument | 27 | **–** | 1,538 | 207 | **–** | – | – |
| Available-for-sale financial assets | 15 | **–** | 1,131,702 | 855,051 | **–** | 865,966 | 658,110 |
| Financial assets, at FVOCI | 16 | **1,075,536** | – | – | **820,642** | – | – |
| Investments in associated companies | 18 | **281,480** | 285,511 | 3,413,911 | **–** | – | 163,725 |
| Investments in joint venture companies | 19 | **1,095** | 970 | 77,747 | **–** | – | – |
| Investments in subsidiaries | 20 | **–** | – | – | **1,971,775** | 1,943,625 | 1,779,176 |
| Investment properties | 21 | **11,264,120** | 10,917,340 | 4,299,597 | **477,250** | 431,100 | 421,500 |
| Property, plant and equipment | 22 | **2,807,688** | 2,856,164 | 1,165,536 | **1,665** | 1,570 | 1,009 |
| Intangibles | 23 | **122,691** | 180,951 | 24,361 | **758** | 284 | – |
| Deferred income tax assets | 30 | **1,931** | 1,005 | 3,904 | **–** | – | – |
| | | **15,686,646** | 15,468,105 | 9,969,094 | **4,368,329** | 4,394,814 | 3,806,875 |
| **Total assets** | | **20,663,708** | 19,632,501 | 11,594,808 | **4,375,863** | 4,414,977 | 3,810,376 |
| **LIABILITIES** | | | | | | | |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 24 | **802,588** | 927,594 | 224,916 | **920,417** | 859,583 | 564,319 |
| Current income tax liabilities | 9(b) | **107,758** | 109,186 | 50,699 | **1,845** | 1,423 | 1,838 |
| Borrowings | 25 | **1,762,971** | 972,814 | 728,675 | **319,269** | 142,251 | 215,533 |
| Derivative financial instrument | 27 | **322** | 377 | – | **322** | – | – |
| Loan from non-controlling shareholder of a subsidiary (unsecured) | 28 | **80,168** | – | – | **–** | – | – |
| | | **2,753,807** | 2,009,971 | 1,004,290 | **1,241,853** | 1,003,257 | 781,690 |
| **Non-current liabilities** | | | | | | | |
| Trade and other payables | 24 | **200,633** | 214,879 | 157,013 | **2,430** | 2,310 | 4,491 |
| Borrowings | 25 | **2,765,116** | 2,811,161 | 1,617,759 | **–** | 179,040 | 176,417 |
| Derivative financial instrument | 27 | **2,419** | 1,708 | 4,272 | **–** | 1,708 | 3,596 |
| Loan from non-controlling shareholder of a subsidiary (unsecured) | 28 | **101,561** | 63,009 | 63,009 | **–** | – | – |
| Provision for retirement benefits | 29 | **6,203** | 5,621 | 4,927 | **–** | – | – |
| Deferred income tax liabilities | 30 | **363,831** | 372,345 | 95,122 | **3,717** | 3,381 | 2,960 |
| | | **3,439,763** | 3,468,723 | 1,942,102 | **6,147** | 186,439 | 187,464 |
| **Total liabilities** | | **6,193,570** | 5,478,694 | 2,946,392 | **1,248,000** | 1,189,696 | 969,154 |
| **NET ASSETS** | | **14,470,138** | 14,153,807 | 8,648,416 | **3,127,863** | 3,225,281 | 2,841,222 |
| **EQUITY** | | | | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | | | | |
| Share capital | 31 | **1,556,201** | 1,549,744 | 1,269,853 | **1,556,201** | 1,549,744 | 1,269,853 |
| Reserves | 32 | **814,629** | 916,889 | 916,785 | **642,560** | 703,865 | 503,144 |
| Retained earnings | | **7,277,078** | 6,984,500 | 5,952,320 | **929,102** | 971,672 | 1,068,225 |
| | | **9,647,908** | 9,451,133 | 8,138,958 | **3,127,863** | 3,225,281 | 2,841,222 |
| **Non-controlling interests** | | **4,822,230** | 4,702,674 | 509,458 | **–** | – | – |
| **Total equity** | | **14,470,138** | 14,153,807 | 8,648,416 | **3,127,863** | 3,225,281 | 2,841,222 |

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

# Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2018

| | | Attributable to equity holders of the Company | | | | | |
|---|---|---|---|---|---|---|---|
| | Note | Share capital $'000 | Reserves $'000 | Retained earnings $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
| **2018** | | | | | | | |
| Beginning of financial year | 2.2(b) | 1,549,744 | 916,889 | 6,984,500 | 9,451,133 | 4,702,674 | 14,153,807 |
| Profit for the year | | – | – | 433,722 | 433,722 | 178,087 | 611,809 |
| Other comprehensive loss for the year | | – | (104,301) | – | (104,301) | (10,811) | (115,112) |
| **Total comprehensive (loss)/income for the year** | | **–** | **(104,301)** | **433,722** | **329,421** | **167,276** | **496,697** |
| Employee share option scheme | | | | | | | |
| – Value of employee services | 32(a) | – | 2,041 | – | 2,041 | 126 | 2,167 |
| – Proceeds from shares issued | 31 | 6,457 | – | – | 6,457 | – | 6,457 |
| Dividends | 33 | – | – | (147,418) | (147,418) | (27,378) | (174,796) |
| Acquisition of interests from non-controlling shareholders | | – | – | 6,274 | 6,274 | (20,178) | (13,904) |
| Issue of shares to non-controlling shareholders | | – | – | – | – | 1,898 | 1,898 |
| Liquidation of a subsidiary | | – | – | – | – | (2,188) | (2,188) |
| **Total transactions with owners, recognised directly in equity** | | **6,457** | **2,041** | **(141,144)** | **(132,646)** | **(47,720)** | **(180,366)** |
| **End of financial year** | | **1,556,201** | **814,629** | **7,277,078** | **9,647,908** | **4,822,230** | **14,470,138** |
| **2017** | | | | | | | |
| Beginning of financial year | 2.2(b) | 1,269,853 | 916,785 | 5,952,320 | 8,138,958 | 509,458 | 8,648,416 |
| Profit for the year | | – | – | 880,239 | 880,239 | 96,236 | 976,475 |
| Other comprehensive income/(loss) for the year | | – | 242,602 | – | 242,602 | (259) | 242,343 |
| **Total comprehensive income for the year** | | **–** | **242,602** | **880,239** | **1,122,841** | **95,977** | **1,218,818** |
| Employee share option scheme | | | | | | | |
| – Value of employee services | 32(a) | – | 1,407 | – | 1,407 | 35 | 1,442 |
| – Proceeds from shares issued | 31 | 12,122 | – | – | 12,122 | – | 12,122 |
| Dividends | 33 | – | – | (120,716) | (120,716) | (3,775) | (124,491) |
| Issue of shares for the acquisition of shares in a subsidiary | 31 | 219,000 | – | – | 219,000 | – | 219,000 |
| Issue of shares under scrip dividend scheme | 31 | 48,769 | – | – | 48,769 | – | 48,769 |
| Acquisition of interests from non-controlling shareholders | | – | – | 27,092 | 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 | | – | (243,905) | 245,565 | 1,660 | 4,172,394 | 4,174,054 |
| **Total transactions with owners, recognised directly in equity** | | **279,891** | **(242,498)** | **151,941** | **189,334** | **4,097,239** | **4,286,573** |
| **End of financial year** | | **1,549,744** | **916,889** | **6,984,500** | **9,451,133** | **4,702,674** | **14,153,807** |

An analysis of movements in each category within "Reserves" is presented in Note 32.

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

# Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2018

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net profit | **611,809** | 976,475 |
| Adjustments for | | |
| – Income tax expense | **98,276** | 61,188 |
| – Depreciation and amortisation | **176,405** | 131,277 |
| – Allowance for foreseeable losses on development properties | **5,677** | – |
| – Allowance for impairment of loans and receivables – net | **74** | 133 |
| – Share of profit of associated companies | **(5,442)** | (101,227) |
| – Share of profit of joint venture companies | **(125)** | (16,383) |
| – Unrealised translation losses | **12,832** | 6,463 |
| – Net provision for retirement benefits | **669** | 589 |
| – Employee share option expense | **2,167** | 1,442 |
| – Dividend income and interest income | **(62,149)** | (37,733) |
| – Interest expense | **39,933** | 37,942 |
| – Fair value gains on the Group's investment properties | **(149,279)** | (15,593) |
| – Property, plant and equipment written off and net loss on disposals | **1,838** | 1,611 |
| – Negative goodwill on acquisition of subsidiaries, net of loss on derecognition of associated and joint venture companies | **–** | (535,610) |
| – Negative goodwill on acquisition of interests in an associated company | **–** | (2,814) |
| – Impairment of investment in an associated company | **2,932** | – |
| – Write-back of impairment charge on property, plant and equipment | **(5,977)** | (8,947) |
| – Impairment charge on property, plant and equipment | **36,928** | 14,050 |
| | **766,568** | 512,863 |
| Change in working capital | | |
| – Receivables | **20,919** | (88,495) |
| – Development properties | **(1,007,265)** | 474,814 |
| – Inventories | **743** | (749) |
| – Payables | **(151,842)** | 98,993 |
| | **(1,137,445)** | 484,563 |
| Cash (used in)/generated from operations | **(370,877)** | 997,426 |
| Income tax paid | **(106,271)** | (61,325) |
| Retirement benefits paid | **(57)** | (11) |
| **Net cash (used in)/from operating activities** | **(477,205)** | 936,090 |
| **Cash flows from investing activities** | | |
| Acquisition of a financial asset at fair value through other comprehensive income | **(4,418)** | – |
| Payment to non-controlling shareholders on liquidation of subsidiaries | **(2,188)** | – |
| Proceeds from liquidation of associated companies | **–** | 263 |
| Payments for intangibles | **(1,332)** | (1,180) |
| Payments for interests in associated and joint venture companies | **–** | (22,651) |
| Loans to an associated company and joint venture companies | **(14,441)** | (119,191) |
| Net proceeds from disposal of property, plant and equipment | **492** | 55 |
| Acquisition of subsidiaries, net of cash acquired (Note 39) | **–** | 474,358 |
| Acquisition of a business (Note 39) | **–** | (264,437) |
| Purchase of property, plant and equipment and investment properties | **(310,076)** | (123,861) |
| Interest received | **13,936** | 7,965 |
| Dividends received | **32,529** | 48,545 |
| **Net cash used in investing activities** | **(285,498)** | (134) |

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

# Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2018

| | Note | 2018 $'000 | 2017 $'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from shares issued | | **6,457** | 12,122 |
| Payment to non-controlling shareholders for purchase of shares in subsidiaries | | **(13,904)** | (45,035) |
| Net proceeds from issue of shares to non-controlling shareholders of subsidiaries | | **1,898** | 712 |
| Loans from non-controlling shareholders of subsidiaries | | **125,620** | – |
| Repayment of loan from non-controlling shareholder of a subsidiary | | **(6,900)** | – |
| Repayment of 2.5% unsecured fixed rate notes due 2018 | | **(175,000)** | – |
| Repayment of 3.043% unsecured fixed rate notes due 2017 | | **–** | (75,000) |
| Proceeds from borrowings | | **3,234,805** | 2,178,036 |
| Repayment of borrowings | | **(2,276,904)** | (2,352,558) |
| Expenditure relating to bank borrowings | | **(4,172)** | (5,540) |
| Interest paid | | **(91,937)** | (57,634) |
| Payment of finance lease liabilities | | **(263)** | (277) |
| Increase of bank deposits pledged as security | | **(754)** | (671) |
| Dividends paid to equity holders of the Company | | **(147,418)** | (71,947) |
| Dividends paid to non-controlling interests | | **(27,378)** | (3,775) |
| **Net cash from/(used in) financing activities** | | **624,150** | (421,567) |
| | | | |
| **Net (decrease)/increase in cash and cash equivalents** | | **(138,553)** | 514,389 |
| Cash and cash equivalents at the beginning of the financial year | | **813,446** | 299,183 |
| Effects of currency translation on cash and cash equivalents | | **(1,475)** | (126) |
| **Cash and cash equivalents at the end of the financial year** | 11(c) | **673,418** | 813,446 |

**Reconciliation of liabilities arising from financing activities**

| | 1 January 2018 $'000 | Principal and interest payments $'000 | Non-cash changes $'000 Acquisition | Interest expense | Foreign exchange movement | 31 December 2018 $'000 |
|---|---|---|---|---|---|---|
| Medium term notes | 416,741 | (183,182) | – | 7,586 | – | 241,145 |
| Bank borrowings | 3,372,557 | 877,369 | – | 87,295 | (42,834) | 4,294,387 |
| Loan from non-controlling shareholder | 68,174 | 111,324 | – | 3,818 | – | 183,316 |
| Finance lease liabilities | 3,884 | (263) | – | 262 | (264) | 3,619 |

| | 1 January 2017 $'000 | Principal and interest payments $'000 | Non-cash changes $'000 Acquisition | Interest expense | Foreign exchange movement | 31 December 2017 $'000 |
|---|---|---|---|---|---|---|
| Medium term notes | 491,655 | (86,507) | – | 11,593 | – | 416,741 |
| Bank borrowings | 1,856,809 | (224,597) | 1,670,738 | 51,888 | 17,719 | 3,372,557 |
| Loan from non-controlling shareholder | 66,667 | – | – | 1,507 | – | 68,174 |
| Finance lease liabilities | 3,906 | (277) | – | 275 | (20) | 3,884 |

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

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2018

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

## 1. GENERAL INFORMATION

UOL Group Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is as follows:

101 Thomson Road
#33-00 United Square
Singapore 307591

The principal activities of the Company are investments in properties, subsidiaries, associated companies and listed and unlisted securities. The principal activities of its subsidiaries are set out in Note 20.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

### 2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening statement of financial position has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Business combinations

SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The same classification as in its previous SFRS financial statements has been adopted.

The Group has not applied SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 Adoption of SFRS(I)** (continued)

(a) Optional exemptions applied (continued)

(ii) Deemed cost

The Group has elected to deem the carrying amount of certain property, plant and equipment as their deemed cost at the date of transition to SFRS(I) on 1 January 2017.

(iii) Cumulative translation differences

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017.

(iv) Leases

The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease.*

(v) Borrowing costs

The Group has elected to apply the requirements in the SFRS(I) 1-23 *Borrowing Costs* from the date of transition to SFRS(I) on 1 January 2017. Borrowing costs that were accounted for previously under SFRS prior to date of transition are not restated.

(vi) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments*: Disclosure to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

(vii) Practical expedients on adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 January 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- for the financial year ended 31 December 2017, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I)

| As at 1 January 2017 | Note | Reported under SFRS $'000 | Effects of applying SFRS(I) 1 $'000 | Effects of applying SFRS(I) 15 $'000 | Reported under SFRS(I) $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and bank balances | | 301,512 | – | – | 301,512 |
| Trade and other receivables | | 99,597 | – | – | 99,597 |
| Development properties | B2 | 1,174,220 | – | 21,791 | 1,196,011 |
| Inventories | | 651 | – | – | 651 |
| Other assets | B1 | 16,993 | – | 10,793 | 27,786 |
| Current income tax assets | | 157 | – | – | 157 |
| | | 1,593,130 | – | 32,584 | 1,625,714 |

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 Adoption of SFRS(I)** (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

| As at 1 January 2017 | Note | Reported under SFRS $'000 | Effects of applying SFRS(I) 1 $'000 | Effects of applying SFRS(I) 15 $'000 | Reported under SFRS(I) $'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Trade and other receivables | | 128,780 | – | – | 128,780 |
| Derivative financial instrument | | 207 | – | – | 207 |
| Available-for-sale financial assets | | 855,051 | – | – | 855,051 |
| Investments in associated companies | B1 | 3,409,827 | – | 4,084 | 3,413,911 |
| Investments in joint venture companies | | 77,747 | – | – | 77,747 |
| Investment properties | | 4,299,597 | – | – | 4,299,597 |
| Property, plant and equipment | | 1,165,536 | – | – | 1,165,536 |
| Intangibles | | 24,361 | – | – | 24,361 |
| Deferred income tax assets | | 3,904 | – | – | 3,904 |
| | | 9,965,010 | – | 4,084 | 9,969,094 |
| **Total assets** | | 11,558,140 | – | 36,668 | 11,594,808 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | B2 | 203,125 | – | 21,791 | 224,916 |
| Current income tax liabilities | | 50,699 | – | – | 50,699 |
| Borrowings | | 728,675 | – | – | 728,675 |
| | | 982,499 | – | 21,791 | 1,004,290 |
| **Non-current liabilities** | | | | | |
| Trade and other payables | | 157,013 | – | – | 157,013 |
| Borrowings | | 1,617,759 | – | – | 1,617,759 |
| Derivative financial instrument | | 4,272 | – | – | 4,272 |
| Loan from non-controlling shareholder of a subsidiary (unsecured) | | 63,009 | – | – | 63,009 |
| Provision for retirement benefits | | 4,927 | – | – | 4,927 |
| Deferred income tax liabilities | B1 | 93,297 | – | 1,825 | 95,122 |
| | | 1,940,277 | – | 1,825 | 1,942,102 |
| Total liabilities | | 2,922,776 | – | 23,616 | 2,946,392 |
| **NET ASSETS** | | 8,635,364 | – | 13,052 | 8,648,416 |
| **EQUITY** | | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | | |
| Share capital | | 1,269,853 | – | – | 1,269,853 |
| Reserves | A1, A2 | 912,147 | 4,638 | – | 916,785 |
| Retained profits | A1, A2, B1 | 5,945,154 | (4,638) | 11,804 | 5,952,320 |
| | | 8,127,154 | – | 11,804 | 8,138,958 |
| **Non-controlling interests** | B1 | 508,210 | – | 1,248 | 509,458 |
| **Total equity** | | 8,635,364 | – | 13,052 | 8,648,416 |

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 Adoption of SFRS(I)** (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

| | Note | As at 31 December 2017 reported under SFRS $'000 | Effects of applying SFRS(I) 1 $'000 | Effects of applying SFRS(I) 15 $'000 | As at 31 December 2017 reported under SFRS(I) $'000 | Effects of applying SFRS(I) 9^ $'000 | As at 1 January 2018 reported under SFRS(I) $'000 |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **Current assets** | | | | | | | |
| Cash and bank balances | | 816,446 | – | – | 816,446 | – | 816,446 |
| Trade and other receivables | | 395,299 | – | – | 395,299 | – | 395,299 |
| Derivative financial instrument | | 14 | – | – | 14 | – | 14 |
| Development properties | B2 | 2,872,188 | – | – | 2,872,188 | – | 2,872,188 |
| Inventories | | 4,991 | – | – | 4,991 | – | 4,991 |
| Other assets | B1 | 66,183 | – | 9,055 | 75,238 | – | 75,238 |
| Current income tax assets | | 220 | – | – | 220 | – | 220 |
| | | 4,155,341 | – | 9,055 | 4,164,396 | – | 4,164,396 |
| **Non-current assets** | | | | | | | |
| Trade and other receivables | | 92,924 | – | – | 92,924 | – | 92,924 |
| Derivative financial instrument | | 1,538 | – | – | 1,538 | – | 1,538 |
| Available-for-sale financial assets | C1 | 1,131,702 | – | – | 1,131,702 | (1,131,702) | – |
| Financial assets, at FVOCI | C1 | – | – | – | – | 1,131,702 | 1,131,702 |
| Investments in associated companies | | 285,511 | – | – | 285,511 | – | 285,511 |
| Investments in joint venture companies | | 970 | – | – | 970 | – | 970 |
| Investment properties | | 10,917,340 | – | – | 10,917,340 | – | 10,917,340 |
| Property, plant and equipment | | 2,856,164 | – | – | 2,856,164 | – | 2,856,164 |
| Intangibles | | 180,951 | – | – | 180,951 | – | 180,951 |
| Deferred income tax assets | | 1,005 | – | – | 1,005 | – | 1,005 |
| | | 15,468,105 | – | – | 15,468,105 | – | 15,468,105 |
| **Total assets** | | 19,623,446 | – | 9,055 | 19,632,501 | – | 19,632,501 |

^ The explanatory notes on the effects of applying the SFRS(I) 9 is detailed in Note 2.2C

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 Adoption of SFRS(I)** (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

| | Note | As at 31 December 2017 reported under SFRS $'000 | Effects of applying SFRS(I) 1 $'000 | Effects of applying SFRS(I) 15 $'000 | As at 31 December 2017 reported under SFRS(I) $'000 | Effects of applying SFRS(I) 9^ $'000 | As at 1 January 2018 reported under SFRS(I) $'000 |
|---|---|---|---|---|---|---|---|
| **LIABILITIES** | | | | | | | |
| **Current liabilities** | | | | | | | |
| Trade and other payables | B2 | 927,594 | – | – | 927,594 | – | 927,594 |
| Current income tax liabilities | | 109,186 | – | – | 109,186 | – | 109,186 |
| Borrowings | | 972,814 | – | – | 972,814 | – | 972,814 |
| Derivative financial instrument | | 377 | – | – | 377 | – | 377 |
| | | 2,009,971 | – | – | 2,009,971 | – | 2,009,971 |
| **Non-current liabilities** | | | | | | | |
| Trade and other payables | | 214,879 | – | – | 214,879 | – | 214,879 |
| Borrowings | | 2,811,161 | – | – | 2,811,161 | – | 2,811,161 |
| Derivative financial instrument | | 1,708 | – | – | 1,708 | – | 1,708 |
| Loan from non-controlling shareholder of a subsidiary (unsecured) | | 63,009 | – | – | 63,009 | – | 63,009 |
| Provision for retirement benefits | | 5,621 | – | – | 5,621 | – | 5,621 |
| Deferred income tax liabilities | B1 | 370,806 | – | 1,539 | 372,345 | – | 372,345 |
| | | 3,467,184 | – | 1,539 | 3,468,723 | – | 3,468,723 |
| **Total liabilities** | | 5,477,155 | – | 1,539 | 5,478,694 | – | 5,478,694 |
| **NET ASSETS** | | 14,146,291 | – | 7,516 | 14,153,807 | – | 14,153,807 |
| **EQUITY** | | | | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | | | | |
| Share capital | | 1,549,744 | – | – | 1,549,744 | – | 1,549,744 |
| Reserves | A1, A2 | 907,272 | 9,617 | – | 916,889 | – | 916,889 |
| Retained earnings | A1, A2, B1 | 6,988,104 | (9,617) | 6,013 | 6,984,500 | – | 6,984,500 |
| | | 9,445,120 | – | 6,013 | 9,451,133 | – | 9,451,133 |
| **Non-controlling interests** | B1 | 4,701,171 | – | 1,503 | 4,702,674 | – | 4,702,674 |
| **Total equity** | | 14,146,291 | – | 7,516 | 14,153,807 | – | 14,153,807 |

^ The explanatory notes on the effects of applying the SFRS(I) 9 is detailed in Note 2.2C

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Adoption of SFRS(I) (continued)

(c) Reconciliation of the Group's total comprehensive income reported in accordance with SFRS to SFRS(I)

| For the financial year ended 31 December 2017 | Note | Reported under SFRS $'000 | Effects of applying SFRS(I) 1 $'000 | Effects of applying SFRS(I) 15 $'000 | Reported under SFRS(I) $'000 |
|---|---|---|---|---|---|
| Revenue | | 2,114,371 | – | – | 2,114,371 |
| Cost of sales | | (1,405,752) | – | – | (1,405,752) |
| Gross profit | | 708,619 | – | – | 708,619 |
| Other income | | | | | |
| – Finance income | | 11,666 | – | – | 11,666 |
| – Miscellaneous income | | 10,677 | – | – | 10,677 |
| Expenses | | | | | |
| – Marketing and distribution | B1 | (91,514) | – | (4,867) | (96,381) |
| – Administrative | | (99,342) | – | – | (99,342) |
| – Finance | | (37,942) | – | – | (37,942) |
| – Other operating | | (110,853) | – | – | (110,853) |
| Share of profit of associated companies | B1 | 103,158 | | (1,931) | 101,227 |
| Share of profit of joint venture companies | B1 | 14,461 | | 1,922 | 16,383 |
| | | 508,930 | – | (4,876) | 504,054 |
| Other (losses)/gains | | | | | |
| – Impairment loss on financial assets | | (133) | – | – | (133) |
| – Others | A2, B1 | 524,615 | (4,979) | (1,487) | 518,149 |
| Fair value gains on investment properties | | 15,593 | – | – | 15,593 |
| Profit before income tax | | 1,049,005 | (4,979) | (6,363) | 1,037,663 |
| Income tax expense | B1 | (62,015) | – | 827 | (61,188) |
| **Net profit** | | 986,990 | (4,979) | (5,536) | 976,475 |
| **Other comprehensive income:** | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Available-for-sale financial assets: | | | | | |
| – Fair value gains | | 256,882 | – | – | 256,882 |
| Cash flow hedges | | 2,997 | – | – | 2,997 |
| Currency translation differences arising from consolidation of foreign operations | | (16,151) | – | – | (16,151) |
| Share of other comprehensive loss of an associated company | | (845) | – | – | (845) |
| | | 242,883 | – | – | 242,883 |
| Items that will not be reclassified subsequently to profit or loss: | | | | | |
| Currency translation differences arising from consolidation of foreign operations | | (540) | – | – | (540) |
| **Other comprehensive income, net of tax** | | 242,343 | – | – | 242,343 |
| **Total comprehensive income** | | 1,229,333 | (4,979) | (5,536) | 1,218,818 |

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 Adoption of SFRS(I)** (continued)

(d) There were no material adjustments to the Group's statement of cash flows arising from the transition from SFRS to SFRS(I).

Explanatory notes to reconciliations:

The effects of transition to SFRS(I) mainly arises from the optional exemptions provided for under SFRS(I) 1 and the adoption of SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*.

**A. Optional exemptions**

As disclosed in Note 2.2(a), the Group has applied certain exemptions in preparing this first set of financial statements in accordance with SFRS(I). The exemptions that resulted in adjustments to the previously issued SFRS financial statements are as follows:

A1. Deemed cost on certain property, plant and equipment

As disclosed in Note 2.2(a)(ii), the Group has elected to deem the carrying amount of certain property, plant and equipment as their deemed cost at the date of transition to SFRS(I) on 1 January 2017.

As a result, the Group's asset revaluation reserve was reclassified directly into retained earnings on 1 January 2017 and reserves and retained earnings as at 1 January 2017 and 31 December 2017 was reduced/increased by $20,790,000 respectively.

A2. Cumulative translation differences

As disclosed in Note 2.2(a)(iii), the Group has elected to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to SFRS(I) on 1 January 2017. As a result, reserves and retained earnings as at 1 January 2017 was increased/reduced by $25,428,000 respectively. For the year ended 31 December 2017, loss on derecognition of associated and joint venture companies increased by $4,979,000 as a result of the reduction in the cumulative translation reserve attributable to the associated and joint venture companies recognised as at 1 January 2017.

**B. Adoption of SFRS(I) 15**

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively. As disclosed in Note 2.2(a)(vii), the Group has also elected to apply the transition provisions under paragraph C5 of the SFRS(I) 15 at 1 January 2018.

The adoption of SFRS(I) 15 resulted in adjustments to the previously issued SFRS financial statements as explained below:

B1. Accounting for costs to obtain a contract

Under SFRS(I) 15, the Group capitalises sales commission paid to property agents on the sale of property which were previously recognised as expenses if these costs are recoverable. Sales commission will be amortised to profit or loss as the Group recognises the related revenue.

Accordingly, the following adjustments were effected:

| | **Increase/(decrease)** | |
|---|---|---|
| **Statement of financial position** | **As at 31 December 2017 $'000** | **As at 1 January 2017 $'000** |
| Other assets | **9,055** | 10,793 |
| Investments in associated companies | **–** | 4,084 |
| Deferred income tax liabilities | **1,539** | 1,825 |
| Retained profits | **6,013** | 11,804 |
| Non-controlling interests | **1,503** | 1,248 |

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 Adoption of SFRS(I)** (continued)

**B. Adoption of SFRS(I) 15** (continued)

B1. Accounting for costs to obtain a contract (continued)

| **Statement of comprehensive income** | **Year ended 31 December 2017 $'000** |
|---|---|
| Marketing and distribution expenses | 4,867 |
| Share of profit of associated companies | (1,931) |
| Share of profit of joint venture companies | 1,922 |
| Other gains/(losses) | (1,487) |
| Income tax expense | (827) |
| Net profit | (5,536) |

B2. Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the statement of financial position as at 31 December 2017 on adopting SFRS(I) 15:

(i) Unbilled revenue of $519,477,000 (1 January 2017: $228,597,000) relating to the Group's rights to consideration for work completed but not billed at the reporting date on sale of development properties were previously presented within "development properties".

(ii) Contract liabilities of $21,791,000 as of 1 January 2017 relating to payments received from customers for sale of development properties in excess of the value of goods transferred were previously presented within "development properties".

**C. Adoption of SFRS(I) 9**

As disclosed in Note 2.2(a)(vi), the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017.

At the same time, the Group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 2.12.

C1. Classification and measurement of financial assets

For financial assets held by the Group on 1 January 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under SFRS(I) 9. Material reclassifications resulting from management's assessment are disclosed below.

| | | **Financial assets** | |
|---|---|---|---|
| | **Note** | **AFS $'000** | **FVOCI $'000** |
| **Balance as at 31 December 2017 – before adoption of SFRS(I) 9** | | 1,131,702 | – |
| Reclassify non-trading equities from available-for-sale ("AFS") to FVOCI | (i) | (1,131,702) | 1,131,702 |
| **Balance as at 1 January 2018 – after adoption of SFRS(I) 9** | | – | 1,131,702 |

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 Adoption of SFRS(I)** (continued)

**C. Adoption of SFRS(I) 9** (continued)

C1. Classification and measurement of financial assets (continued)

*(i) Equity investments reclassified from AFS to FVOCI*

The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale, in other comprehensive income. As a result, assets with a fair value of $1,131,702,000 were reclassified from “available-for-sale financial assets” to “financial assets, at FVOCI” on 1 January 2018.

*(ii) Impairment of financial assets*

The Group has the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables and contract assets recognised under SFRS(I) 15;
- lease receivables recognised under SFRS(I) 1-17;
- debt instruments measured at amortised cost; and
- loans to related parties and other receivables at amortised cost.

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 2.12 and Note 36(b). There was no material impact on the financial statements from the application of the expected credit loss model on the above financial assets.

(e) Reconciliation of the Company’s equity reported in accordance with SFRS to SFRS(I)

The Company’s opening statement of financial position was prepared as at 1 January 2017, which was the Company’s date of transition to SFRS(I). There were no material impact to the Company’s balances on adoption of SFRS(I), except for the effects arising from the application of SFRS(I) 9, as follows.

A. Classification and measurement of financial assets

For financial assets held by the Company on 1 January 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under the SFRS(I) 9. Material reclassifications resulting from management’s assessment are as follows:

| | Note | Financial assets AFS $’000 | Financial assets FVOCI $’000 |
|---|---|---|---|
| **Balance as at 31 December 2017 – before adoption of SFRS(I) 9** | | 865,966 | – |
| Reclassify non-trading equities from AFS to FVOCI | (i) | (865,966) | 865,966 |
| **Balance as at 1 January 2018 – after adoption of SFRS(I) 9** | | – | 865,966 |

*(i) Equity investments reclassified from AFS to FVOCI*

The Company has elected to recognise changes in fair values of all its equity investments not held for trading and previously classified as available-for-sale, in other comprehensive income. As a result, assets with a fair value of $865,966,000 were reclassified from “available-for-sale financial assets” to “financial assets, at FVOCI” on 1 January 2018.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 Adoption of SFRS(I)** (continued)

**C. Adoption of SFRS(I) 9** (continued)

(e) Reconciliation of the Company's equity reported in accordance with SFRS to SFRS(I) (continued)

A. Classification and measurement of financial assets (continued)

*(ii) Impairment of financial assets*

The Company has the following types of financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables recognised under SFRS(I) 15;
- debt instruments measured at amortised cost;
- loans to subsidiaries and other receivables at amortised cost; and
- issued financial guarantees for bank borrowings of subsidiaries.

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 2.12 and Note 36(b). There was no material impact on the financial statements from the application of the expected credit loss model on the above financial assets.

**2.3 Revenue recognition**

*(a) Revenue from property development – sale of development properties*

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

For development properties where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, such as when the property is accepted by the customer, or deemed as accepted according to the contract, or when title has passed to the customer.

For development properties where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the stage of completion of the properties. The stage of completion is measured by reference to the proportion of the total construction cost incurred to date, as per certification by quantity surveyors, to the estimated total construction costs. Management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. Payment is typically due within two weeks. A contract asset is recognised as "unbilled revenue" under development properties when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised as "contract liability from development properties" under trade and other payables when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.3 Revenue recognition** (continued)

(a) *Revenue from property development – sale of development properties* (continued)

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

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

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, the Group adjusts the promised amount of consideration for the effect of a financing component, if significant.

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

(b) *Revenue from hotel ownership and operations*

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

(c) *Revenue from hotel and other management services*

Revenue from hotel and other management services includes property and project management fees, hotel management fees, franchise fees and other related fees.

(i) Property and project management fees

Property and project management fees are recognised over time as services are rendered under the terms of the contract. The customers are invoiced on monthly or on a progress payment schedule and payment is due within 30 days. A contract asset is recognised for the cumulative revenue recognised but not yet invoiced.

(ii) Hotel management fees

Management fees earned from hotels managed by the Group, usually under long-term contracts with the hotel owner, are recognised over time as services are rendered under the terms of the contract. The fees include a base fee, which is generally a percentage of hotel revenue, and/or an incentive fee, which is generally based on the hotel's profitability. Customers are invoiced on a monthly basis and payment is due within 30 days.

(iii) Franchise fees

Franchise fees received in connection with licensing of the Group's brand names, usually under long-term contracts with the hotel owner, are recognised over time over the license period. The Group generally charges franchise fees as a percentage of hotel revenue. Customers are invoiced on a monthly basis and payment is due within 30 days.

(iv) Other related fees

Other related fees earned from hotels managed by the Group are recognised when services are rendered under the terms of the contract. Payment of the transaction price is due immediately when the services are rendered.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.3 Revenue recognition** (continued)

*(d) Interest income*

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

*(e) Dividend income*

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

*(f) Revenue from property investments – rental income*

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

*(g) Revenue from information technology operations*

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

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

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

**2.4 Group accounting**

*(a) Subsidiaries*

*(i) Consolidation*

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

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.4 Group accounting** (continued)

*(a) Subsidiaries* (continued)

*(ii) Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from purchase. Please refer to the paragraph "Intangibles – Goodwill on acquisition" for the subsequent accounting policy on goodwill.

*(iii) Disposals*

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

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

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

*(b) Transactions with non-controlling interests*

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

*(c) Associated companies and joint venture companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

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

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.4 Group accounting** (continued)

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

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

(i) *Acquisitions*

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

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of its associated companies' and joint venture companies' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies and joint venture companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture company equals to or exceeds its interest in the associated company or joint venture company, the Group does not recognise further losses, unless it has legal or constructive obligations to make or has made payments on behalf of the associated company or joint venture company. If the associated company or joint venture company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies and joint venture companies are eliminated to the extent of the Group's interest in the associated companies and joint venture companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies and joint venture companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.5 Property, plant and equipment**

(a) *Measurement*

(i) *Land and buildings*

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Leasehold land and buildings are subsequently carried at cost or valuation less accumulated depreciation and accumulated impairment losses.

(ii) *Properties under development*

Hotel property under development is carried at cost less accumulated impairment losses until construction is completed at which time depreciation will commence over its estimated useful life.

(iii) *Other property, plant and equipment*

Plant, equipment, furniture and fittings and motor vehicles are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iv) *Component of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including borrowing costs incurred for the properties under development. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

(b) *Depreciation*

Freehold land, properties under development and renovation in progress are not depreciated. Leasehold land is amortised evenly over the term of the lease. Please refer to Note 22(e) for the lease period of each property.

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

| | Useful lives |
|---|---|
| Leasehold land and buildings | 45 to 93 years |
| Plant, equipment, furniture and fittings | 3 to 20 years |
| Motor vehicles | 5 to 7 years |

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

(c) *Subsequent expenditure*

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

(d) *Disposals*

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.6 Development properties

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

### 2.7 Intangibles

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference ("negative goodwill") is recognised directly in the income statement as a gain from purchase.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on associated companies and joint venture companies is included in the carrying amount of the investments.

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

(b) *Acquired trademarks*

Trademarks acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over their estimated useful lives of 10 to 20 years.

(c) *Acquired computer software costs*

Acquired computer software costs are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software under development is not amortised. Other computer software costs are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over their estimated useful life of 3 to 5 years.

(d) *Contract acquisition costs*

Directly attributable costs incurred in the securing of management contracts or franchise agreements are capitalised as intangibles. These costs do not represent a physical asset which the Group has legal title to. They represent costs incurred to obtain a legal contractual right.

The directly attributable costs are amortised to the income statement using the straight-line method over the number of years of the management contract or franchise agreement they relate to, which is generally within 5 to 10 years. They are also reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each financial year. The effects of any revision are recognised in the income statement when the changes arise.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.8 Borrowing costs**

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

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

**2.9 Investment properties**

Investment properties include those land and buildings or portions of buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

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

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

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

**2.10 Investments in subsidiaries, associated companies and joint venture companies**

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

**2.11 Impairment of non-financial assets**

*(a) Goodwill*

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

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

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

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

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.11 Impairment of non-financial assets** (continued)

*(b) Intangibles*
*Property, plant and equipment*
*Investments in subsidiaries, associated companies and joint venture companies*

Intangibles, property, plant and equipment and investments in subsidiaries, associated companies and joint venture companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement.

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

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

**2.12 Financial assets**

The accounting for financial assets before 1 January 2018 are as follows:

*(a) Classification*

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

*(i) Loans and receivables*

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

*(ii) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within twelve months after the end of the reporting period.

*(b) Recognition and derecognition*

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the income statement. Any amount in the fair value reserve relating to that asset is transferred to the income statement.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2018

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.12 <u>Financial assets</u>** (continued)

(c) *Measurement*

Financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Dividend income on available-for-sale financial assets are recognised separately in the income statement. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve.

(d) *Impairment*

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

(i) *Loans and receivables*

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

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

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

(ii) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note 2.12(d)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

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

The accounting for financial assets from 1 January 2018 are as follows:

(e) *Classification and measurement*

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.12 <u>Financial assets</u>** (continued)

*(e) Classification and measurement* (continued)

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

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

*<u>At initial recognition</u>*

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

*<u>At subsequent measurement</u>*

*(i) Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and loans to related parties.

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

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

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss.

  When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains/(losses)". Interest income from these financial assets is recognised using the effective interest rate method and presented in "finance income".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains/(losses)".

*(ii) Equity instruments*

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

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.12 Financial assets** (continued)

*(f) Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 36 details how the Group determines whether there has been a significant increase in credit risk.

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

*(g) Recognition and derecognition*

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

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

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

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

*(h) Offsetting financial instruments*

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

**2.13 Financial guarantees**

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially measured at fair value plus transaction costs, except when the fair value is determined to be insignificant, and subsequently measured at the higher of (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Prior to 1 January 2018, financial guarantees are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.14 Borrowings**

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the end of the reporting period, in which case they are presented as non-current liabilities.

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

**2.15 Trade and other payables**

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

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

**2.16 Derivative financial instruments and hedging activities**

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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

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

The fair value of various derivative financial instruments used for hedging purposes are disclosed in Note 27. The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

The Group has derivative financial instruments which are designated as cash flow hedges.

The following hedges in-placed as at 31 December 2017 qualified as cash flow hedges under SFRS(I) 9. The Group's management strategies and hedge documentation are aligned with the requirements of SFRS(I) 9 and are thus treated as continuing hedges.

*Cash flow hedge – Interest rate swaps*

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.17 <u>Fair value estimation of financial assets and liabilities</u>**

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

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

The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

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

**2.18 <u>Leases</u>**

*(a) When the Group is the lessee:*

The Group leases certain property, plant and equipment under finance leases and operating leases from non-related parties.

*(i) Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the income statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

*(ii) Lessee – Operating leases*

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

*(b) When the Group is the lessor:*

The Group leases certain investment properties under operating leases to non-related parties.

*Lessor – Operating leases*

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

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the income statement over the lease term on the same basis as the lease income.

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

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.19 Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

**2.20 Income taxes**

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period.

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

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

The Group accounts for investment tax credits (for example, productivity and innovation credit) similar to accounting for deductible temporary differences and tax losses where deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

**2.21 Provisions**

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

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

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

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.21 Provisions** (continued)

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the income statement when the changes arise, except for changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs, which are adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in the income statement immediately.

**2.22 Employee compensation**

*(a) Post-employment benefits*

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the country in which it operates. These benefit plans are either defined contribution or defined benefit plans.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

A subsidiary in Malaysia operates an unfunded defined benefit scheme under the Collective Union Agreement for unionised employees and certain management staff. Benefits payable on retirement are calculated by reference to the length of service and earnings over the employees' period of employment; that benefit is discounted to determine the present value. The discount rate is the market yield at the end of reporting period on high quality corporate bonds or government bonds. Provision for employee retirement benefits is made in the financial statements so as to provide for the accrued liability at year end. An actuarial valuation, based on the projected credit unit method, of the fund is conducted by a qualified independent actuary once in every three years as the directors are of the opinion that yearly movements in provision for the defined benefit plan is not likely to be significant.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.22 Employee compensation (continued)

(b) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan under the 2012 Share Option Scheme. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the income statement, with a corresponding adjustment to the share option reserve over the remaining vesting period.

### 2.23 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

Foreign exchange gains and losses that relate to borrowings are presented net in the income statement within "finance income" or "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "miscellaneous income".

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

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

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

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

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to the income statement on disposal or partial disposal of the entity giving rise to such reserve.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.23 Currency translation** (continued)

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

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

**2.24 Segment reporting**

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

**2.25 Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash and bank balances, highly liquid short-term deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts and exclude bank deposits pledged as security. Bank overdrafts are presented as current borrowings on the statement of financial position.

**2.26 Share capital**

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

When the Company purchases its own ordinary shares and cancels them upon purchase, the consideration paid including any directly attributable incremental cost is deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

**2.27 Dividends**

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

**3. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

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

(a) Classification of the Group's serviced suites as investment property or property, plant and equipment

Management applies judgement in determining the classification of the serviced suites owned by the Group. The key criteria used to distinguish the Group's serviced suites which are classified as investment properties and its other properties classified as property, plant and equipment, is the level of services provided to tenants of the serviced suites.

The Group's serviced suites have been classified as investment properties and the carrying amount at the end of the reporting period was $435,809,000.

(b) Fair values of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in the income statement. In determining fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, growth rate and discount rate. In relying on the valuation reports, management has assessed that the valuation methods and estimates are reflective of current market conditions. The carrying amount of investment properties and the key assumptions used to determine the fair value of the investment properties are disclosed in Note 21.

**3. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS** (continued)

(c) Other estimates and judgements applied

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

(i) the level of impairment of value of hotel properties;
(ii) the assessment of the stage of completion, extent of the construction costs incurred and the estimated total construction costs of development properties; and
(iii) the determination of the fair values of unquoted financial assets, at FVOCI and available-for-sale.

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

**4. REVENUE, FINANCE INCOME AND MISCELLANEOUS INCOME**

| | The Group 2018 $'000 | The Group 2017 $'000 |
|---|---|---|
| Revenue from contracts with customers under SFRS(I) 15 | | |
| Revenue from property development: | | |
| – recognised at a point in time | **195,857** | 2,704 |
| – recognised over time | **793,487** | 1,164,025 |
| Revenue from hotel ownership and operations | | |
| – recognised at a point in time | **232,655** | 178,762 |
| – recognised over time | **446,000** | 347,459 |
| Revenue from management services and technologies | | |
| – recognised at a point in time | **121,626** | 31,823 |
| – recognised over time | **18,493** | 21,546 |
| | **1,808,118** | 1,746,319 |
| Other revenue | | |
| Revenue from property investments | **541,012** | 338,284 |
| Dividend income from equity investments designated at FVOCI and available-for-sale | **48,213** | 29,768 |
| **Total revenue** | **2,397,343** | 2,114,371 |
| Interest income from financial assets measured at amortised cost | | |
| Fixed deposits with financial institutions | **11,238** | 5,623 |
| Loans to joint venture companies | **2,191** | 2,077 |
| Others | **507** | 265 |
| | **13,936** | 7,965 |
| Currency exchange gains – net | **–** | 3,701 |
| **Finance income** | **13,936** | 11,666 |
| **Miscellaneous income** | **13,660** | 10,677 |
| | **2,424,939** | 2,136,714 |

**4. REVENUE, FINANCE INCOME AND MISCELLANEOUS INCOME** (continued)

(a) Contract assets and liabilities

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 | 2017 | 2017 |
| | $'000 | $'000 | $'000 |
| Contract assets: Unbilled revenue (Note 13) | **581,222** | 519,477 | 228,597 |
| Contract liabilities for development properties (Note 24) | **(362,837)** | (431,119) | (21,791) |

Unbilled revenue primarily relates to the Group's rights to consideration for work completed but not billed at the reporting date on sale of development properties. Unbilled revenue is transferred to receivables when the rights to consideration become unconditional. Total unbilled revenue increased as the Group provided more services and transferred more goods ahead of the agreed payment schedules.

Contract liabilities primarily relates to advance consideration received from customers for sale of development properties. Contract liabilities have decreased due mainly to revenue recognised on the Group's development property project in China in the current financial year where control of the properties have been transferred to the customer.

*(i) Revenue recognised in relation to contract liabilities*

| | The Group | |
|---|---|---|
| | 2018 | 2017 |
| | $'000 | $'000 |
| Revenue recognised in current period that was included in the contract liability balance at the beginning of the period | | |
| – sale of development properties | **111,203** | 21,791 |

*(ii) Transaction price allocated to unsatisfied performance obligations*

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

| | The Group | | | |
|---|---|---|---|---|
| | 2019 | 2020 | 2021 | Total |
| | $'000 | $'000 | $'000 | $'000 |
| Revenue from property development | **578,211** | 140,331 | 1,584 | 720,126 |

There is no variable consideration that is subject to significant risk of reversal.

As permitted under the transitional provisions in SFRS(I) 15, the transaction price allocated to partially or fully unsatisfied performance obligations as of 31 December 2017 and 1 January 2017 is not disclosed.

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

**4. REVENUE, FINANCE INCOME AND MISCELLANEOUS INCOME** (continued)

(b) Assets recognised from costs to obtain contracts and costs to fulfil a contract

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

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 | 2017 | 2017 |
| | $'000 | $'000 | $'000 |
| Assets recognised from costs to obtain contracts | **6,122** | 9,055 | 10,793 |

| | The Group | |
|---|---|---|
| | 2018 | 2017 |
| | $'000 | $'000 |
| Amortisation recognised to marketing and distribution expense during the period | **6,154** | 3,186 |

**5. EXPENSES BY NATURE**

| | The Group | |
|---|---|---|
| | 2018 | 2017 |
| | $'000 | $'000 |
| Cost of inventories sold | **176,676** | 77,878 |
| Depreciation of property, plant and equipment (Note 22) | **118,458** | 105,946 |
| Amortisation of intangibles [Note 23(a),(b),(c),(d)] | **57,947** | 25,331 |
| Total depreciation and amortisation | **176,405** | 131,277 |
| Hospitality expenses | **110,391** | 86,803 |
| Property, plant and equipment written off and net loss on disposals | **1,838** | 1,611 |
| Auditors' remuneration paid/payable to: | | |
| – auditor of the Company | **1,208** | 985 |
| – other auditors | **752** | 690 |
| Other fees paid/payable to: | | |
| – auditor of the Company | **305** | 287 |
| – other auditors | **221** | 258 |
| Employees compensation (Note 6) | **294,078** | 228,176 |
| Rent paid to other parties | **4,234** | 3,605 |
| Heat, light and power | **38,654** | 27,715 |
| Property tax | **56,332** | 36,462 |
| Development cost included in cost of sales | **750,971** | 964,848 |
| Advertising and promotion | **52,894** | 51,411 |
| Management fees | **17,817** | 5,202 |
| IT related expenses | **6,791** | 2,316 |
| Repairs and maintenance | **40,664** | 38,848 |
| Other expenses | **64,345** | 53,956 |
| Total cost of sales, marketing and distribution, administrative and other operating expenses | **1,794,576** | 1,712,328 |

## 6. EMPLOYEES COMPENSATION

| | The Group 2018 $'000 | The Group 2017 $'000 |
|---|---|---|
| Wages and salaries | **267,851** | 208,956 |
| Employer's contribution to defined contribution plans including Central Provident Fund | **23,421** | 17,189 |
| Retirement benefits | **639** | 589 |
| Share options granted to directors and employees | **2,167** | 1,442 |
| | **294,078** | 228,176 |

## 7. FINANCE EXPENSE

| | The Group 2018 $'000 | The Group 2017 $'000 |
|---|---|---|
| Interest expense: | | |
| – bank loans, notes and overdrafts | **88,735** | 55,910 |
| – loans from non–controlling shareholders of subsidiaries | **3,818** | 1,506 |
| – finance lease liabilities | **262** | 275 |
| – bank facility fees | **5,075** | 4,168 |
| | **97,890** | 61,859 |
| Cash flow hedges, transfer from hedging reserve [Note 32(f)] | **1,071** | 3,385 |
| Less: | | |
| Borrowing costs capitalised in development properties [Note 13(a)] | **(57,360)** | (27,302) |
| Borrowing costs capitalised in property, plant and equipment [Note 22(b)] | **(1,668)** | – |
| | **39,933** | 37,942 |
| Currency exchange losses – net | **699** | – |
| | **40,632** | 37,942 |

## 8. OTHER GAINS/(LOSSES)

| | The Group 2018 $'000 | The Group 2017 $'000 |
|---|---|---|
| Negative goodwill on acquisition of subsidiaries, net of loss on derecognition of associated and joint venture companies (Note 39) | **–** | 535,610 |
| Negative goodwill on acquisition of interests in an associated company | **–** | 2,814 |
| Gain on liquidation of a subsidiary | **31** | – |
| Acquisition costs of a business | **(566)** | (15,172) |
| Write-back of impairment charge on property, plant and equipment | **5,977** | 8,947 |
| Impairment charge on property, plant and equipment | **(36,928)** | (14,050) |
| Impairment of investment in an associated company | **(2,932)** | – |
| | **(34,418)** | 518,149 |

## 9. INCOME TAXES

(a) Income tax expense

| | The Group 2018 $'000 | The Group 2017 $'000 |
|---|---|---|
| Tax expense attributable to profit is made up of: | | |
| – Profit for the financial year: | | |
| Current income tax [Note (b) below] | | |
| – Singapore | **94,616** | 58,589 |
| – Foreign | **15,559** | 7,154 |
| – Withholding tax paid | **758** | 456 |
| | **110,933** | 66,199 |
| Deferred income tax (Note 30) | **(5,887)** | (2,011) |
| | **105,046** | 64,188 |
| – (Over)/under provision in prior financial years: | | |
| Current income tax [Note (b) below] | | |
| – Singapore | **(4,712)** | (4,659) |
| – Foreign | **5** | 1,565 |
| | **(4,707)** | (3,094) |
| Deferred income tax (Note 30) | **(2,063)** | 94 |
| | **(6,770)** | (3,000) |
| | **98,276** | 61,188 |

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:

| | The Group 2018 $'000 | The Group 2017 $'000 |
|---|---|---|
| Profit before income tax | **710,085** | 1,037,663 |
| Share of profit of associated companies, net of tax | **(5,442)** | (101,227) |
| Share of profit of joint venture companies, net of tax | **(125)** | (16,383) |
| Profit before tax and share of profit of associated companies and joint venture companies | **704,518** | 920,053 |
| Tax calculated at a tax rate of 17% (2017: 17%) | **119,768** | 156,409 |
| Effects of: | | |
| – Singapore statutory stepped income exemption | **(1,100)** | (620) |
| – Tax rebates | **(383)** | (771) |
| – Different tax rates in other countries | **1,091** | 2,613 |
| – Income not subject to tax | **(42,029)** | (112,307) |
| – Expenses not deductible for tax purposes | **29,031** | 20,186 |
| – Utilisation of previously unrecognised tax losses | **(2,654)** | (1,219) |
| – Deferred tax assets not recognised in the current financial year | **1,322** | (103) |
| – Over provision in prior financial years | **(6,770)** | (3,000) |
| Tax charge | **98,276** | 61,188 |

**9. INCOME TAXES** (continued)

(b) Movements in current income tax (assets)/liabilities

| | The Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| At the beginning of the financial year | **108,966** | 50,542 |
| Currency translation differences | **(785)** | (98) |
| Income tax paid | **(106,271)** | (61,325) |
| Tax expense on profit [Note (a) above] | | |
| – current financial year | **110,933** | 66,199 |
| – Group tax relief | **(503)** | (442) |
| – over provision in prior financial years | **(4,707)** | (3,094) |
| Acquisition of subsidiaries (Note 39) | **–** | 57,184 |
| At the end of the financial year | **107,633** | 108,966 |
| Comprise: | | |
| Current income tax assets | **(125)** | (220) |
| Current income tax liabilities | **107,758** | 109,186 |
| | **107,633** | 108,966 |

**10. EARNINGS PER SHARE**

(a) Basic earnings per share

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

| | **2018** | **2017** |
|---|---|---|
| Net profit attributable to equity holders of the Company ($'000) | **433,722** | 880,239 |
| Weighted average number of ordinary shares in issue for basic earnings per share ('000) | **842,378** | 818,811 |
| Basic earnings per share (cents per share) | **51.49** | 107.50 |

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 31 December 2018, the Company's dilutive potential ordinary shares are its share options.

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

**10. EARNINGS PER SHARE** (continued)

(b) Diluted earnings per share (continued)

Diluted earnings per share attributable to equity holders of the Company are calculated as follows:

| | **2018** | **2017** |
|---|---|---|
| Net profit attributable to equity holders of the Company ($'000) | **433,722** | 880,239 |
| Weighted average number of ordinary shares in issue for basic earnings per share ('000) | **842,378** | 818,811 |
| Adjustments for share options ('000) | **371** | 543 |
| Weighted average number of ordinary shares for diluted earnings per share ('000) | **842,749** | 819,354 |
| Diluted earnings per share (cents per share) | **51.47** | 107.43 |

**11. CASH AND BANK BALANCES**

| | **The Group** | | | **The Company** | | |
|---|---|---|---|---|---|---|
| | **31 December** | | **1 January** | **31 December** | | **1 January** |
| | **2018 $'000** | **2017 $'000** | **2017 $'000** | **2018 $'000** | **2017 $'000** | **2017 $'000** |
| Cash at bank and on hand | **277,168** | 356,264 | 111,141 | **2,477** | 16,281 | 468 |
| Fixed deposits with financial institutions | **400,004** | 460,182 | 190,371 | **13** | 13 | 1,212 |
| | **677,172** | 816,446 | 301,512 | **2,490** | 16,294 | 1,680 |

(a) Included in cash and bank balances of the Group is an amount of $118,991,000 (31 December 2017: $237,205,000, 1 January 2017: $161,822,000) maintained in Project accounts. The funds in the Project Accounts can only be applied in accordance with Housing Developers (Project Account) Rules (1997 Ed.).

(b) Included in cash and bank balances of the Group is an amount of $5,837,000 (31 December 2017: $5,911,000, 1 January 2017: $851,000) maintained in maintenance fund accounts for completed development properties. The funds in the maintenance fund accounts can only be applied for the upkeep of the completed development properties.

(c) For the purposes of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised the following:

| | **The Group** | | |
|---|---|---|---|
| | **31 December** | | **1 January** |
| | **2018 $'000** | **2017 $'000** | **2017 $'000** |
| Cash and bank balances (as above) | **677,172** | 816,446 | 301,512 |
| Less: Bank deposits pledged as security [Note 25(b)] | **(3,754)** | (3,000) | (200) |
| Cash and cash equivalents per consolidated statement of cash flows | **673,418** | 813,446 | 301,312 |

**11. CASH AND BANK BALANCES** (continued)

(d) The fixed deposits with financial institutions for the Group and the Company mature on varying dates within 17 months (31 December 2017: 12 months, 1 January 2017: 11 months) from the end of the financial year and have the following weighted average effective interest rates as at the end of the reporting period:

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | 31 December | | 1 January | 31 December | | 1 January |
| | 2018 | 2017 | 2017 | 2018 | 2017 | 2017 |
| | % | % | % | % | % | % |
| Singapore Dollar | **1.6** | 1.1 | 0.5 | **0.3** | 0.2 | 0.2 |
| United States Dollar | **2.3** | 1.2 | – | **–** | – | – |
| Pound Sterling | **0.3** | 0.5 | 0.7 | **–** | – | – |
| Australian Dollar | **1.2** | 1.0 | 0.9 | **–** | – | – |
| Malaysian Ringgit | **2.9** | 3.2 | 3.2 | **–** | – | – |
| Vietnamese Dong | **3.4** | 2.7 | 3.7 | **–** | – | – |
| Chinese Renminbi | **1.4** | 1.5 | 1.7 | **–** | – | – |
| Indonesian Rupiah | **5.0** | 3.0 | 6.5 | **–** | – | – |

(e) Acquisition of subsidiaries and a business

Please refer to Note 39 for the effects of acquisition of subsidiaries and a business on the cash flows of the Group.

**12. TRADE AND OTHER RECEIVABLES**

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | 31 December | | 1 January | 31 December | | 1 January |
| | 2018 | 2017 | 2017 | 2018 | 2017 | 2017 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Current** | | | | | | |
| Trade receivables: | | | | | | |
| – non-related parties | **560,614** | 383,710 | 96,953 | **79** | 36 | 121 |
| – subsidiaries | **–** | – | – | **476** | 414 | 410 |
| – associated companies | **528** | 150 | – | **–** | – | – |
| Less: Allowance for impairment of receivables – non-related parties | **(1,007)** | (1,056) | (416) | **–** | – | – |
| Trade receivables – net | **560,135** | 382,804 | 96,537 | **555** | 450 | 531 |
| Other receivables: | | | | | | |
| – subsidiaries (non-trade) | **–** | – | – | **3,552** | 2,988 | 989 |
| – joint venture companies (non-trade) | **369** | 94 | 1,050 | **56** | 82 | 23 |
| – sundry debtors | **15,144** | 12,401 | 2,010 | **106** | 46 | 36 |
| Other receivables | **15,513** | 12,495 | 3,060 | **3,714** | 3,116 | 1,048 |
| | **575,648** | 395,299 | 99,597 | **4,269** | 3,566 | 1,579 |

## 12. TRADE AND OTHER RECEIVABLES (continued)

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | 31 December | | 1 January | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 | 2017 $'000 |
| **Non-current** | | | | | | |
| Trade receivables: | | | | | | |
| – non-related parties | **16,661** | 17,783 | 15,221 | **159** | 468 | 610 |
| Other receivables: | | | | | | |
| – joint venture companies (non-trade) | **1,833** | – | 1,484 | **–** | – | – |
| Loans to: | | | | | | |
| – subsidiaries (unsecured) | **–** | – | – | **1,096,080** | 1,151,801 | 782,745 |
| – associated companies (unsecured) | **26,665** | 22,646 | 4,375 | **–** | – | – |
| – joint venture companies (unsecured) | **63,495** | 52,495 | 107,719 | **–** | – | – |
| Less: Share of loss of an associated company taken against loan to the associated company | **–** | – | (19) | **–** | – | – |
| | **108,654** | 92,924 | 128,780 | **1,096,239** | 1,152,269 | 783,355 |
| Total trade and other receivables | **684,302** | 488,223 | 228,377 | **1,100,508** | 1,155,835 | 784,934 |

(a) An impairment of receivables of $74,000 (2017: $133,000) has been included in the income statement.

(b) Included within trade receivables are the balance of sales consideration to be billed for properties held for sale that has obtained temporary occupation permit.

(c) The non-trade amounts due from subsidiaries and joint venture companies are unsecured, interest-free and repayable on demand. The non-current loans to subsidiaries, associated companies and joint venture companies are unsecured, have no fixed terms of repayment and are not expected to be repaid within twelve months from the end of the reporting period.

(d) The loans to joint venture companies that are subordinated to the secured bank loans of the respective joint venture companies are as follows:

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 | 2017 $'000 |
| Loans subordinated to secured bank loans: | | | |
| – Loans to joint venture companies | **63,495** | 52,495 | 94,235 |

**12. TRADE AND OTHER RECEIVABLES** (continued)

(e) The fair values of non-current trade and other receivables are computed based on cash flows discounted using market borrowing rates. The fair values are within Level 2 of the fair values hierarchy. The fair values and market borrowing rates used are as follows:

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | 31 December | | 1 January | 31 December | | 1 January |
| | 2018 | 2017 | 2017 | 2018 | 2017 | 2017 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Fair value | | | | | | |
| Loans to subsidiaries: | | | | | | |
| – Interest-free | **–** | – | – | **1,064,050** | 1,125,369 | 763,307 |
| Loans to associated companies: | | | | | | |
| – Interest-free | **18,700** | 18,510 | 4,262 | **–** | – | – |
| Loans to joint venture companies: | | | | | | |
| – Floating rate | **63,495** | 52,495 | 107,719 | **–** | – | – |
| | **82,195** | 71,005 | 111,981 | **1,064,050** | 1,125,369 | 763,307 |

| | The Group and the Company | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 | 2017 | 2017 |
| | % | % | % |
| Market borrowing rate | | | |
| Loans to subsidiaries: | | | |
| – Interest-free | **3.0** | 2.3 | 2.5 |
| Loans to associated companies: | | | |
| – Interest-free | **4.0** | 3.1 | 2.7 |
| Loans to joint venture companies: | | | |
| – Floating rate | **3.5** | 2.6 | 2.3 |

**13. DEVELOPMENT PROPERTIES**

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 | 2017 | 2017 |
| | $'000 | $'000 | $'000 |
| Completed properties | **999,687** | 403,486 | 31,878 |
| Allowance for foreseeable losses | **(9,377)** | (3,700) | – |
| Development properties in progress | **2,095,256** | 1,952,925 | 935,536 |
| Unbilled revenue | **581,222** | 519,477 | 228,597 |
| | **3,666,788** | 2,872,188 | 1,196,011 |

(a) Borrowing costs of $57,360,000 (2017: $27,302,000) (Note 7) arising on financing specifically entered into for the development of properties were capitalised during the financial year.

(b) Bank borrowings and other banking facilities are secured on certain development properties of the Group amounting to $2,081,879,000 (31 December 2017: $1,582,031,000, 1 January 2017: $992,741,000) [Note 25(b)].

## 13. DEVELOPMENT PROPERTIES (continued)

(c) Details of the Group's development properties in progress as at 31 December 2018 are as follows:

| Property | Tenure of land | Stage of completion | Expected completion date | Site area/gross floor area (sq m) | Effective interest in property |
|---|---|---|---|---|---|
| **The Clement Canopy**<br>A residential development comprising 505 units of condominium apartments | 99-year leasehold | 95.0% | 1st Quarter 2019 | 13,038/50,196 | 75.0% |
| **Botanique at Bartley**<br>A residential development comprising 797 units of condominium apartments | 99-year leasehold | 96.3% | 2nd Quarter 2019 | 20,078/61,839 | 100% |
| **One Bishopsgate Plaza**<br>A residential development with proposed 160 units of apartments within a mixed development in London, The United Kingdom | Freehold | 37.0% | 2nd Quarter 2020 | 3,200/53,528 | 100% |
| **Amber45**<br>A residential development comprising 139 units of condominium apartments | Freehold | 23.7% | 3rd Quarter 2020 | 6,490/14,992 | 100% |
| **The Tre Ver**<br>A residential development comprising 729 units of condominium apartments | 99-year leasehold | 4.4% | 2nd Quarter 2021 | 18,711/52,391 | 75.0% |
| **Silat Avenue**<br>A residential development comprising 1,074 units of condominium apartments | 99-year leasehold | 1.4% | 2nd Quarter 2022 | 22,852/92,876 | 65.0% |

(d) Details of the Group's completed properties as at 31 December 2018 are as follows:

| Property | Tenure of land | Net saleable area (sq m) | Effective interest in property |
|---|---|---|---|
| **The Esplanade (Hai He Hua Ding)**<br>27 unsold office units within a mixed development in Tianjin, The People's Republic of China | 40-year leasehold | 9,521 | 100% |
| **The Excellency (Chengdu)**<br>2 unsold units in two residential towers of 51 storeys each at the junction of Dacisi Road and Tian Xian Qiao Road North | 70-year leasehold | 1,614 | 50.0% |
| **Mon Jervois**<br>21 unsold units in a 109-unit condominium development at Jervois Road | 99-year leasehold | 4,034 | 50.0% |
| **Pollen & Bleu**<br>21 unsold units in a 106-unit condominium development at Farrer Drive | 99-year leasehold | 2,045 | 50.0% |
| **V on Shenton**<br>66 unsold units in a 510-unit condominium development at Shenton Way, part of a mixed residential and commercial development at Shenton Way | 99-year leasehold | 10,995 | 50.0% |
| **Park Eleven**<br>103 sold units awaiting handover and 248 unsold units in a mixed-use development comprising 398 residential apartments, with a retail component in Shanghai | 70-year leasehold | 73,098 | 55.0% |

## 14. INVENTORIES

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 | 2017 $'000 |
| Food and beverages | **1,024** | 1,189 | 640 |
| Other supplies | **3,224** | 3,802 | 11 |
| | **4,248** | 4,991 | 651 |

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $176,676,000 (2017: $77,878,000).

## 15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 |
| At the beginning of the financial year | **1,131,702** | 855,051 | **865,966** | 658,110 |
| Reclassification at 1 January 2018* | **(1,131,702)** | – | **(865,966)** | – |
| Scrip dividends from an available-for-sale financial asset | **–** | 13,404 | **–** | 10,076 |
| Acquisition of subsidiaries (Note 39) | **–** | 6,365 | **–** | – |
| Fair value gains recognised in other comprehensive income [Note 32(b)] | **–** | 256,882 | **–** | 197,780 |
| At the end of the financial year | **–** | 1,131,702 | **–** | 865,966 |

* See Note 2.2 for details of reclassification as at 1 January 2018 on adoption of SFRS(I) 9.

| | The Group | | The Company | |
|---|---|---|---|---|
| | 31 December 2017 $'000 | 1 January 2017 $'000 | 31 December 2017 $'000 | 1 January 2017 $'000 |
| Listed securities: | | | | |
| – Equity shares – Singapore | **1,062,758** | 807,667 | **803,387** | 610,726 |
| Unlisted securities: | | | | |
| – Equity shares – Singapore | **62,579** | 47,384 | **62,579** | 47,384 |
| – Equity shares – China | **6,365** | – | **–** | – |
| | **1,131,702** | 855,051 | **865,966** | 658,110 |

## 16. FINANCIAL ASSETS, AT FVOCI

| | The Group 2018 $'000 | The Group 2017 $'000 | The Company 2018 $'000 | The Company 2017 $'000 |
|---|---|---|---|---|
| At the beginning of the financial year | **–** | – | **–** | – |
| Reclassification at 1 January 2018* | **1,131,702** | – | **865,966** | – |
| Scrip dividends from a financial asset, at FVOCI | **25,339** | – | **19,046** | – |
| Acquisition | **4,418** | – | **–** | – |
| Dividends paid by an investee | **(2,982)** | – | **–** | – |
| Fair value losses recognised in other comprehensive income [Note 32(b)] | **(82,941)** | – | **(64,370)** | – |
| At the end of the financial year | **1,075,536** | – | **820,642** | – |

* See Note 2.2 for details of reclassification as at 1 January 2018 on adoption of SFRS(I) 9.

| | The Group 2018 $'000 | The Group 2017 $'000 | The Company 2018 $'000 | The Company 2017 $'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Listed equity securities: | | | | |
| – United Overseas Bank Limited | **978,802** | – | **735,734** | – |
| – Haw Par Corporation Limited | **35,591** | – | **31,567** | – |
| | **1,014,393** | – | **767,301** | – |
| Unlisted equity securities: | | | | |
| – OUB Centre Pte Ltd | **53,341** | – | **53,341** | – |
| – Others | **7,802** | – | **–** | – |
| | **61,143** | – | **53,341** | – |
| | **1,075,536** | – | **820,642** | – |

## 17. OTHER ASSETS

| | The Group 31 December 2018 $'000 | The Group 31 December 2017 $'000 | The Group 1 January 2017 $'000 | The Company 31 December 2018 $'000 | The Company 31 December 2017 $'000 | The Company 1 January 2017 $'000 |
|---|---|---|---|---|---|---|
| **Current** | | | | | | |
| Deposits | **6,190** | 12,385 | 1,626 | **22** | 21 | 27 |
| Prepayments | **44,933** | 62,853 | 26,160 | **753** | 282 | 215 |
| | **51,123** | 75,238 | 27,786 | **775** | 303 | 242 |
| **Non-current** | | | | | | |
| Prepayment | **23,451** | – | – | **–** | – | – |
| Total other assets | **74,574** | 75,238 | 27,786 | **775** | 303 | 242 |

## 18. INVESTMENTS IN ASSOCIATED COMPANIES

| | The Company 2018 $'000 | The Company 2017 $'000 |
|---|---|---|
| Equity investments at cost: | | |
| At the beginning of the financial year | – | 163,725 |
| Liquidation of associated companies | – | (300) |
| Scrip dividends from an associated company | – | 999 |
| De-recognition of associated companies due to step acquisition | – | (164,424) |
| At the end of the financial year | – | – |

(a) The associated companies are:

| Name of companies | Principal activities | Country of business/ incorporation | Equity holding 31 December 2018 % | Equity holding 31 December 2017 % | Equity holding 1 January 2017 % |
|---|---|---|---|---|---|
| United Industrial Corporation Limited ("UIC") (Note 39) | Property investment, development and management and information technology related products and services | Singapore | –[&] | –[&] | 2.34 by UOL and 42.26 by UEI |
| Marina Centre Holdings Pte Ltd (Note 39) | Hotelier and property investment | Singapore | –[&] | –[&] | 22.67 by UOL |
| Aquamarina Hotel Private Limited (Note 39) | Hotelier | Singapore | –[&] | –[&] | 25 by UEI |
| Shanghai Jin Peng Realty Co. Ltd* (Note 39) | Property development | The People's Republic of China | –[&] | –[&] | 40 by UCI |
| Peak Venture Pte. Ltd.^ (Note 39) | Dormant | Singapore | –[&] | –[&] | 40 by UCI |
| Marina Bay Hotel Private Limited | Hotelier | Singapore | 50 by MCH | 50 by MCH | – |
| Avenue Park Development Pte. Ltd. | Property development | Singapore | 48 by SLD | 48 by SLD | – |
| Tianjin Yanyuan International Grand Hotel (formerly known as Tianjin Yan Yuan International Hotel)^ | Hotel investment | The People's Republic of China | 20 by ABCC 16 by NW | 20 by ABCC 16 by NW | – |
| City Square Hotel Co. Ltd.^ | Hotelier | Myanmar | 40 by PPHH | 40 by PPHH | 20 by PPHH |
| Pilkon Development Company Limited** | Investment holding | The British Virgin Islands | 39.35 by PPHG | 39.35 by PPHG | 39.35 by PPHG |
| PPHR (Thailand) Company Limited^ | Marketing agent | Thailand | 48.97 by PPH | 48.97 by PPH | 48.97 by PPH |
| Brendale Pte Ltd | Liquidated | Singapore | – | – | 30 by UOL |
| Ardenis Pte Ltd | Liquidated | Singapore | – | – | 35 by UOD |

**18. INVESTMENTS IN ASSOCIATED COMPANIES** (continued)

(a) The associated companies are: (continued)

PricewaterhouseCoopers LLP Singapore is the auditor of all associated companies of the Group unless otherwise indicated.

* Audited by a PricewaterhouseCoopers firm outside Singapore.

** Not required to be audited under the laws of the country of incorporation.

^ Audited by other auditors. The associated companies not audited by PricewaterhouseCoopers LLP Singapore or PricewaterhouseCoopers firms outside Singapore are not significant associated companies as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

& In 2017, the Group increased its shareholding interests in UIC (Note 39) which resulted in these entities becoming subsidiaries of the Group. Accordingly, the Group's equity interests in these entities as at 31 December 2018 are as disclosed in Note 20.

The Group and the Company have complied with Rule 712 and Rule 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited in relation to the appointment of auditing firms for the financial year ended 31 December 2018.

The associated companies are, in the opinion of the directors, not material to the Group except for UIC as at 1 January 2017 and up to 30 August 2017. UIC which is listed on the Singapore Stock Exchange and has Singapore Land Limited as its subsidiary, is one of Singapore's biggest office landlords and the Group's investment in UIC allows the Group to benefit from its significant exposure to quality commercial assets in the Singapore Central Business District.

(b) As at 1 January 2017, the carrying amounts and published price quotations of UIC are as follows:

| | **The Group 1 January 2017 $'000** | **The Company 1 January 2017 $'000** |
|---|---|---|
| Carrying amount | 2,794,056 | 51,942 |
| Published price quotation | 1,753,190 | 92,189 |

The fair value measurement based on published price quotations was classified within Level 1 of the fair value hierarchy.

No impairment in value of investment in UIC was required as at 1 January 2017 as the Group's share of the recoverable amount of UIC after considering its unrecognised revaluation surplus on property, plant and equipment, was higher than the carrying amount.

**18. INVESTMENTS IN ASSOCIATED COMPANIES** (continued)

(c) Summarised financial information of UIC as an associated company as at 1 January 2017

| | **1 January 2017 (restated) $'000** |
|---|---|
| **Current assets** | 1,237,813 |
| Includes: | |
| – Cash and cash equivalents | 86,508 |
| **Non-current assets** | 7,390,828 |
| **Current liabilities** | (1,463,205) |
| Includes: | |
| – Financial liabilities (excluding trade payables) | (1,229,148) |
| – Other liabilities | (46,345) |
| **Non-current liabilities** | (124,204) |
| Includes: | |
| – Financial liabilities (excluding trade payables) | (12,480) |
| – Other liabilities | (54,943) |
| **Net assets** | 7,041,232 |
| Revenue | 1,036,584 |
| Interest income | 3,929 |
| Expenses includes: | |
| – Depreciation | (24,068) |
| – Interest expense | (9,204) |
| Profit before tax | 334,385 |
| Income tax expense | (49,560) |
| Profit after tax | 284,825 |
| Other comprehensive loss | (11,997) |
| Total comprehensive income | 272,828 |
| Dividends received from UIC | 18,667 |

The information above reflects the amounts presented in the financial statements of UIC (and not the Group's share of those amounts). No adjustments for differences in accounting policies between the Group and UIC were necessary. There were no contingent liabilities relating to the Group's interest in UIC as at 1 January 2017. Information on UIC for 2017 are included in Note 20.

**18. INVESTMENTS IN ASSOCIATED COMPANIES** (continued)

(c) Summarised financial information of UIC as an associated company as at 1 January 2017 (continued)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in UIC:

| | 1 January 2017 (restated) $'000 |
|---|---|
| Net assets attributable to equity holders of the Company | |
| **At 1 January 2016** | 6,781,019 |
| Profit for the year | 284,825 |
| Other comprehensive loss | (11,997) |
| Movement in share capital | 38,677 |
| Movement in reserves | 424 |
| Effect of purchase of shares from non-controlling shareholders | (455) |
| Dividends paid | (51,261) |
| **At 31 December 2016 and 1 January 2017** | 7,041,232 |
| Less: Amounts attributable to non-controlling interests | (803,123) |
| | 6,238,109 |
| Interest in UIC (44.60%) | 2,782,197 |
| Revaluation gains of hotel properties recognised during step acquisitions | 11,859 |
| Carrying value | 2,794,056 |

(d) The aggregate of the Group's share in the net profit and total comprehensive income of other immaterial associated companies and their carrying amounts as at 1 January 2017 are as follows:

| | 1 January 2017 $'000 |
|---|---|
| Net profit and total comprehensive income | 1,859 |
| Carrying value | 619,855 |

(e) There is no share of an associated company's contingent liabilities incurred jointly with other investors. Contingent liabilities relating to borrowings of an associated company in which the Group is severally liable (Note 34) amounted to $1,083,000 (31 December 2017: $1,857,000, 1 January 2017: $2,856,000).

## 19. INVESTMENTS IN JOINT VENTURE COMPANIES

(a) The joint venture companies are:

| Name of companies | Principal activities | Country of business/ incorporation | Equity holding 31 December 2018 % | Equity holding 31 December 2017 % | Equity holding 1 January 2017 % |
|---|---|---|---|---|---|
| United Venture Development (Bedok) Pte. Ltd. ("UVDB") (Note 39) | Property development | Singapore | **–[&]** | –[&] | 50 by UVI |
| United Venture Development (Thomson) Pte. Ltd. ("UVDT") (Note 39) | Property development | Singapore | **–[&]** | –[&] | 50 by UVI |
| UVD (Projects) Pte. Ltd. ("UVDP") (Note 39) | Property development | Singapore | **–[&]** | –[&] | 50 by UVI |
| United Venture Investments (HI) Pte. Ltd. ("UVIHI") (Note 39) | Property investment | United Kingdom/ Singapore | **–[&]** | –[&] | 50 by UVI |
| Secure Venture Development (No. 1) Pte. Ltd. | Property development | Singapore | **50 by UVI** | 50 by UVI | – |

PricewaterhouseCoopers LLP Singapore is the auditor of the joint venture companies.
[&] In 2017, the Group increased its shareholding interests in UIC (Note 39) which resulted in these entities becoming subsidiaries of the Group. Accordingly, the Group's equity interests in these entities as at 31 December 2018 are as disclosed in Note 20.

(b) The joint venture companies are, in the opinion of the directors, not material to the Group as at 31 December 2018, 31 December 2017 and 1 January 2017. There is no share of joint venture companies' contingent liabilities incurred jointly with other investors.

## 20. INVESTMENTS IN SUBSIDIARIES

| | The Company 31 December 2018 $'000 | The Company 31 December 2017 $'000 | The Company 1 January 2017 $'000 |
|---|---|---|---|
| Listed investments at cost | **52,940** | 52,940 | – |
| Unlisted investments at cost | **1,920,079** | 1,920,779 | 1,807,295 |
| | **1,973,019** | 1,973,719 | 1,807,295 |
| Less accumulated impairment charge: | | | |
| At the beginning of the financial year | **(30,094)** | (28,119) | (6,581) |
| Impairment charge for the financial year | **–** | (1,975) | (26,875) |
| Write-back of impairment charge for the financial year | **28,850** | – | 5,337 |
| | **(1,244)** | (30,094) | (28,119) |
| At the end of the financial year | **1,971,775** | 1,943,625 | 1,779,176 |

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(a) Impairment charge

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

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

(b) The subsidiaries are:

| | | | Cost of investment | | | Proportion of ordinary shares held by the Group | | | Proportion of ordinary shares held by non-controlling interests | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 31 December | | 1 January | 31 December | | 1 January | 31 December | | 1 January |
| **Name of companies** | **Principal activities** | **Country of business/ incorporation** | **2018 $'000** | **2017 $'000** | **2017 $'000** | **2018 %** | **2017 %** | **2017 %** | **2018 %** | **2017 %** | **2017 %** |
| **Held by the Company** | | | | | | | | | | | |
| Pan Pacific Hotels Group Limited ("PPHG") | Hotelier, property owner, rental of serviced suites and investment holding | Singapore | **690,038** | 690,038 | 690,038 | **100** | 100 | 100 | **–** | – | – |
| United Industrial Corporation Limited ("UIC") (Note 39) | Property investment, development and management and information technology related products and services | Singapore | **52,940** | 52,940 | – | **2.35 by UOL and 47.75 by UEI** | 2.35 by UOL and 47.49 by UEI | See Note 18 | **49.90** | 50.16 | – |
| Marina Centre Holdings Pte Ltd (Note 39) | Hotelier and property investment | Singapore | **111,484** | 111,484 | – | **22.67 by UOL 18.67 by SKR 10.00 by PSPL 5.33 by SLP and 19.07 by SLD** | 22.67 by UOL 18.67 by SKR 10.00 by PSPL 5.33 by SLP and 19.07 by SLD | See Note 18 | **50.81** | 50.95 | – |
| UOL Claymore Investment Pte. Ltd. | Hotelier | Singapore | **50,000** | 50,000 | 50,000 | **100** | 100 | 100 | **–** | – | – |
| UOL Somerset Investments Pte. Ltd. | Rental of serviced suites | Singapore | **75,000** | 75,000 | 75,000 | **100** | 100 | 100 | **–** | – | – |

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(b) The subsidiaries are: (continued)

| | | | Cost of investment | | | Proportion of ordinary shares held by the Group | | | Proportion of ordinary shares held by non-controlling interests | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 31 December | | 1 January | 31 December | | 1 January | 31 December | | 1 January |
| Name of companies | Principal activities | Country of business/ incorporation | 2018 $'000 | 2017 $'000 | 2017 $'000 | 2018 % | 2017 % | 2017 % | 2018 % | 2017 % | 2017 % |
| **Held by the Company** (continued) | | | | | | | | | | | |
| UOL Property Investments Pte Ltd | Property investment | Singapore | **76,006** | 76,006 | 76,006 | **100** | 100 | 100 | **–** | – | – |
| Novena Square Investments Ltd | Property investment | Singapore | **162,000** | 162,000 | 162,000 | **60 by UOL 20 by SLP** | 60 by UOL 20 by SLP | 60 | **30.06** | 30.06 | 40 |
| Novena Square Development Ltd | Property investment | Singapore | **42,000** | 42,000 | 42,000 | **60 by UOL 20 by SLP** | 60 by UOL 20 by SLP | 60 | **30.06** | 30.06 | 40 |
| UOL Development Pte Ltd | Property development | Singapore | **20,000** | 20,000 | 20,000 | **100** | 100 | 100 | **–** | – | – |
| UOL Development (Dakota) Pte. Ltd. | Property development | Singapore | **41,436** | 41,436 | 41,436 | **100** | 100 | 100 | **–** | – | – |
| Duchess Walk Pte. Ltd. | Liquidated | Singapore | **–** | 700 | 700 | **–** | 70 | 70 | **–** | 30 | 30 |
| Secure Venture Development (Simei) Pte. Ltd. | Property development | Singapore | **600** | 600 | 600 | **60** | 60 | 60 | **40** | 40 | 40 |
| UOL Residential Development Pte. Ltd. | Property development | Singapore | **1,000** | 1,000 | 1,000 | **100** | 100 | 100 | **–** | – | – |
| UOL Development (St Patrick) Pte. Ltd. | Property development | Singapore | **1,000** | 1,000 | 1,000 | **100** | 100 | 100 | **–** | – | – |
| UOL Development (Sengkang) Pte. Ltd. | Property development | Singapore | **1,000** | 1,000 | 1,000 | **100** | 100 | 100 | **–** | – | – |

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(b) The subsidiaries are: (continued)

| Name of companies | Principal activities | Country of business/ incorporation | Cost of investment 31 December 2018 $'000 | Cost of investment 31 December 2017 $'000 | Cost of investment 1 January 2017 $'000 | Proportion of ordinary shares held by the Group 31 December 2018 % | Proportion of ordinary shares held by the Group 31 December 2017 % | Proportion of ordinary shares held by the Group 1 January 2017 % | Proportion of ordinary shares held by non-controlling interests 31 December 2018 % | Proportion of ordinary shares held by non-controlling interests 31 December 2017 % | Proportion of ordinary shares held by non-controlling interests 1 January 2017 % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Held by the Company** (continued) | | | | | | | | | | | |
| UOL Development (Bartley) Pte. Ltd. | Property development | Singapore | **30,500** | 30,500 | 30,500 | **100** | 100 | 100 | **–** | – | – |
| UOL Management Services Pte Ltd | Property management services and property investment | Singapore | **2,041** | 2,041 | 2,041 | **100** | 100 | 100 | **–** | – | – |
| UOL Project Management Services Pte. Ltd. | Project management services | Singapore | **115** | 115 | 115 | **100** | 100 | 100 | **–** | – | – |
| UOL Treasury Services Pte. Ltd. | Treasury services | Singapore | **1,000** | 1,000 | 1,000 | **100** | 100 | 100 | **–** | – | – |
| UOL Equity Investments Pte Ltd ("UEI") | Investment holding | Singapore | **480,000** | 480,000 | 480,000 | **100** | 100 | 100 | **–** | – | – |
| UOL Overseas Development Pte. Ltd. ("UOD") | Investment holding | Singapore | **50,000** | 50,000 | 50,000 | **100** | 100 | 100 | **–** | – | – |
| UOL Capital Investments Pte. Ltd. ("UCI") | Investment holding | Singapore | **52,000** | 52,000 | 52,000 | **100** | 100 | 100 | **–** | – | – |
| UOL Venture Investments Pte. Ltd. ("UVI") | Investment holding | Singapore | **2,651** | 2,651 | 2,651 | **100** | 100 | 100 | **–** | – | – |
| Secure Venture Investments Limited ("SVIL")** | Investment holding | Hong Kong | **28,208** | 28,208 | 28,208 | **100** | 100 | 100 | **–** | – | – |
| UOL Development (Amber) Pte. Ltd. | Property development | Singapore | **2,000** | 2,000 | ~ | **100** | 100 | 100 | **–** | – | – |

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(b) The subsidiaries are: (continued)

| Name of companies | Principal activities | Country of business/ incorporation | Cost of investment 31 December 2018 $'000 | Cost of investment 31 December 2017 $'000 | Cost of investment 1 January 2017 $'000 | Proportion of ordinary shares held by the Group 31 December 2018 % | Proportion of ordinary shares held by the Group 31 December 2017 % | Proportion of ordinary shares held by the Group 1 January 2017 % | Proportion of ordinary shares held by non-controlling interests 31 December 2018 % | Proportion of ordinary shares held by non-controlling interests 31 December 2017 % | Proportion of ordinary shares held by non-controlling interests 1 January 2017 % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Held by the Company*** (continued) | | | | | | | | | | | |
| UOL Ventures Holdings Pte. Ltd. | Investment holding | Singapore | **~** | ~ | – | **100** | 100 | – | **–** | – | – |
| UOL Retail Management Pte. Ltd.^ | Retail management consultancy services | Singapore | **~** | – | – | **100** | – | – | **–** | – | – |
| UOL Investments (Australia) Pte. Ltd. ("UIA")^ | Investment holding | Singapore | **~** | – | – | **100** | – | – | **–** | – | – |
| | | | **1,973,019** | 1,973,719 | 1,807,295 | | | | | | |

| Name of companies | Principal activities | Country of business/ incorporation | Proportion of ordinary shares held by the Group 31 December 2018 % | Proportion of ordinary shares held by the Group 31 December 2017 % | Proportion of ordinary shares held by the Group 1 January 2017 % | Proportion of ordinary shares held by non-controlling interests 31 December 2018 % | Proportion of ordinary shares held by non-controlling interests 31 December 2017 % | Proportion of ordinary shares held by non-controlling interests 1 January 2017 % |
|---|---|---|---|---|---|---|---|---|
| ***Held by subsidiaries*** | | | | | | | | |
| UIC Development (Private) Limited ("UICD") | Investment holding | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |
| UIC Enterprise Pte Ltd ("UICE") | Investment holding | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |
| UIC Investment Pte Ltd ("UICI") | Property development | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |
| UIC Investments (Properties) Pte Ltd | Property investment | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |
| UIC Management Services Pte. Ltd. | Property management agents | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |
| Active Building & Civil Construction (1985) Pte. Ltd. ("ABCC") | Investment holding | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2018

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(b) The subsidiaries are: (continued)

| Name of companies | Principal activities | Country of business/ incorporation | Proportion of ordinary shares held by the Group 31 December 2018 % | 31 December 2017 % | 1 January 2017 % | Proportion of ordinary shares held by non-controlling interests 31 December 2018 % | 31 December 2017 % | 1 January 2017 % |
|---|---|---|---|---|---|---|---|---|
| ***Held by subsidiaries*** (continued) | | | | | | | | |
| Networld Pte Ltd ("NW") | Investment holding | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |
| UIC China Realty Pte. Ltd. ("UICCR") | Investment holding | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |
| UIC Overseas Investments Pte. Ltd. ("UICOI") | Investment holding | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |
| UIC Homes Pte. Ltd. ("UICH") | Investment holding | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |
| UIC Supplies Pte Ltd | Liquidated | Singapore | **–** | 100 by UIC | – | **–** | 50.16 | – |
| Networld Realty Pte Ltd | Liquidated | Singapore | **–** | 100 by UIC | – | **–** | 50.16 | – |
| UIC Commodities Pte Ltd@ | Dormant | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |
| UIC Printedcircuits Pte Ltd@ | Dormant | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |
| UIC Commercial Properties Pte. Ltd. ("UCP") (formerly known as Union Commodities Pte Ltd)@ | Dormant | Singapore | **100 by UIC** | 100 by UIC | – | **49.90** | 50.16 | – |
| UIC Land Pte Ltd | Property investment | Singapore | **100 by UICD** | 100 by UICD | – | **49.90** | 50.16 | – |
| Singapore Land Limited ("SLL") | Investment holding | Singapore | **78.88 by UICE 20.76 by UICD 0.037 by UICI** | 78.88 by UICE 20.76 by UICD 0.037 by UICI | – | **50.02** | 50.29 | – |
| Gateway Land Limited | Property investment | Singapore | **100 by SLL** | 100 by SLL | – | **50.02** | 50.29 | – |
| Realty Management Services (Pte) Ltd. | Property management agents | Singapore | **100 by SLL** | 100 by SLL | – | **50.02** | 50.29 | – |
| RMA-Land Development Private Ltd | Investment holding | Singapore | **100 by SLL** | 100 by SLL | – | **50.02** | 50.29 | – |
| Shing Kwan Realty (Pte.) Limited ("SKR") | Property investment and investment holding | Singapore | **100 by SLL** | 100 by SLL | – | **50.02** | 50.29 | – |

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(b) The subsidiaries are: (continued)

| Name of companies | Principal activities | Country of business/ incorporation | Proportion of ordinary shares held by the Group | | | Proportion of ordinary shares held by non-controlling interests | | |
|---|---|---|---|---|---|---|---|---|
| | | | 31 December | | 1 January | 31 December | | 1 January |
| | | | 2018 % | 2017 % | 2017 % | 2018 % | 2017 % | 2017 % |
| ***Held by subsidiaries*** (continued) | | | | | | | | |
| S.L. Home Loans Pte. Ltd. | Investment holding | Singapore | **100 by SLL** | 100 by SLL | – | **50.02** | 50.29 | – |
| S.L. Development Pte. Limited ("SLD") | Property investment and investment holding | Singapore | **100 by SLL** | 100 by SLL | – | **50.02** | 50.29 | – |
| Singland China Holdings Pte. Ltd. ("SCH") | Investment holding | Singapore | **100 by SLL** | 100 by SLL | – | **50.02** | 50.29 | – |
| Singland Homes Pte. Ltd. ("SLH") | Investment holding | Singapore | **100 by SLL** | 100 by SLL | – | **50.02** | 50.29 | – |
| S.L. Properties Limited ("SLP") | Property investment and investment holding | Singapore | **100 by SLL** | 100 by SLL | – | **50.02** | 50.29 | – |
| S.L. Management Services Pte Limited | Liquidated | Singapore | **–** | 100 by SLL | – | **–** | 50.29 | – |
| Interpex Services Private Limited @ | Dormant | Singapore | **100 by SKR** | 100 by SKR | – | **50.02** | 50.29 | – |
| Alprop Pte Ltd | Property investment | Singapore | **50 by SLD 50 by UICD** | 50 by SLD 50 by UICD | – | **50.02** | 50.29 | – |
| Ideal Homes Pte. Limited | Property development | Singapore | **100 by SLD** | 100 by SLD | – | **50.02** | 50.29 | – |
| Singland Development (Farrer Drive) Pte. Ltd. | Property development | Singapore | 100 by SLD | 100 by SLD | – | 50.02 | 50.29 | – |
| Singland Development (Jervois) Pte. Ltd. | Property development | Singapore | 100 by SLD | 100 by SLD | – | 50.02 | 50.29 | – |
| Singland (Chengdu) Development Co., Ltd.* | Property development | The People's Republic of China | 100 by SCH | 100 by SCH | – | 50.02 | 50.29 | – |
| Singland Homes (Alexandra) Pte. Ltd. | Property development | Singapore | 100 by SLH | 100 by SLH | – | 50.02 | 50.29 | – |
| Singland Homes (London 90) Pte. Ltd. @ | Dormant | Singapore | 100 by SLH | 100 by SLH | – | 50.02 | 50.29 | – |
| Pothonier Singapore Pte Ltd ("PSPL") | Investment holding | Singapore | 100 by SLP | 100 by SLP | – | 50.02 | 50.29 | – |
| Shenton Holdings Private Limited ("SH") | Investment holding | Singapore | 100 by SLP | 100 by SLP | – | 50.02 | 50.29 | – |
| S L Prime Properties Pte Ltd | Property investment | Singapore | 100 by SH | 100 by SH | – | 50.02 | 50.29 | – |
| S L Prime Realty Pte Ltd | Property investment | Singapore | 100 by SH | 100 by SH | – | 50.02 | 50.29 | – |

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(b) The subsidiaries are: (continued)

| Name of companies | Principal activities | Country of business/ incorporation | Proportion of ordinary shares held by the Group 31 December 2018 % | Proportion of ordinary shares held by the Group 31 December 2017 % | Proportion of ordinary shares held by the Group 1 January 2017 % | Proportion of ordinary shares held by non-controlling interests 31 December 2018 % | Proportion of ordinary shares held by non-controlling interests 31 December 2017 % | Proportion of ordinary shares held by non-controlling interests 1 January 2017 % |
|---|---|---|---|---|---|---|---|---|
| ***Held by subsidiaries*** (continued) | | | | | | | | |
| UIC Technologies Pte Ltd ("UICT") | Investment holding | Singapore | 60 by UIC | 60 by UIC | – | 69.94 | 70.10 | – |
| UIC Asian Computer Services Pte Ltd | Retailing of computer hardware and software | Singapore | 100 by UICT | 100 by UICT | – | 69.94 | 70.10 | – |
| UIC Investments (Equities) Pte Ltd@ | Dormant | Singapore | 100 by UICT | 100 by UICT | – | 69.94 | 70.10 | – |
| Marina Management Services Pte Ltd | Property management agents | Singapore | 100 by MCH | 100 by MCH | – | 50.81 | 50.95 | – |
| Hotel Marina City Private Limited | Hotelier | Singapore | 100 by MCH | 100 by MCH | – | 50.81 | 50.95 | – |
| UIC JinTravel (Tianjin) Co., Ltd* | Property investment and trading | The People's Republic of China | **51 by UICCR** | 51 by UICCR | – | **74.45** | 74.58 | – |
| Aquamarina Hotel Private Limited ("AHPL") | Hotelier | Singapore | **25 by UEI 50 by MCH** | 25 by UEI 50 by MCH | See Note 18 | **50.40** | 50.48 | – |
| Shanghai Jin Peng Realty Co. Ltd*("SJP") | Property development | The People's Republic of China | **40 by UCI 30 by SCH** | 40 by UCI 30 by SCH | See Note 18 | **45.01** | 45.09 | – |
| United Venture Development (Bedok) Pte. Ltd. ("UVDB") | Property development | Singapore | **50 by UVI 50 by SLD** | 50 by UVI 50 by SLD | See Note 19 | **25.01** | 25.14 | – |
| United Venture Development (Thomson) Pte. Ltd. ("UVDT") | Property development | Singapore | **50 by UVI 50 by SLH** | 50 by UVI 50 by SLH | See Note 19 | **25.01** | 25.14 | – |
| United Venture Development (Clementi) Pte. Ltd. ("UVDC") | Property development | Singapore | **50 by UVI 50 by SLH** | 50 by UVI 50 by SLH | See Note 19 | **25.01** | 25.14 | – |
| United Venture Development (Silat) Pte. Ltd. | Property development | Singapore | **50 by UVI 30 by UICH** | – | – | **35.01** | – | – |
| UVD (Projects) Pte. Ltd. ("UVDP") | Property development | Singapore | **50 by UVI 50 by SLH** | 50 by UVI 50 by SLH | See Note 19 | **25.01** | 25.14 | – |
| United Venture Development (No. 1) Pte. Ltd. | Dormant | Singapore | **42.5 by UVI 42.5 by SLH** | 42.5 by UVI 42.5 by SLH | – | **36.26** | 36.37 | – |
| United Venture Development (No. 2) Pte. Ltd. | Dormant | Singapore | **70 by UVI 30 by SLH** | 70 by UVI 30 by SLH | – | **15.01** | 15.09 | – |

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(b) The subsidiaries are: (continued)

| Name of companies | Principal activities | Country of business/ incorporation | Proportion of ordinary shares held by the Group 31 December 2018 % | 31 December 2017 % | 1 January 2017 % | Proportion of ordinary shares held by non-controlling interests 31 December 2018 % | 31 December 2017 % | 1 January 2017 % |
|---|---|---|---|---|---|---|---|---|
| ***Held by subsidiaries*** (continued) | | | | | | | | |
| United Venture Development (No. 3) Pte. Ltd.^ | Dormant | Singapore | **70 by UVI 30 by UICH** | – | – | **15.01** | – | – |
| United Venture Investments (No.1) Pte. Ltd.^ | Dormant | Singapore | **70 by UVI 30 by UCP** | – | – | **15.01** | – | – |
| United Venture Investments (HI) Pte. Ltd. ("UVIHI") | Property investment | United Kingdom/ Singapore | **50 by UVI 50 by UICOI** | 50 by UVI 50 by UICOI | See Note 19 | **24.95** | 25.08 | – |
| Secure Venture Development (Alexandra) Pte. Ltd. | Property development | Singapore | **70 by UVI** | 70 by UVI | 70 by UVI | **30** | 30 | 30 |
| Promatik Emas Sdn. Bhd.* | Property development | Malaysia | **55 by UOD** | 55 by UOD | 55 by UOD | **45** | 45 | 45 |
| UOL Serviced Residences Sdn. Bhd.* | Rental of serviced suites | Malaysia | **100 by UOD** | 100 by UOD | 100 by UOD | **–** | – | – |
| Suasana Simfoni Sdn. Bhd.* | Liquidated | Malaysia | **–** | 60 by UCI | 60 by UCI | **–** | 40 | 40 |
| Tianjin UOL Xiwang Real Estate Development Co., Ltd.* | Property development, hotelier and property investment | The People's Republic of China | **100 by UCI** | 100 by UCI | 100 by UCI | **–** | – | – |
| UOL Business Consulting (Shanghai) Co., Ltd.** | Liquidated | The People's Republic of China | **–** | 100 by UCI | 100 by UCI | **–** | – | – |
| United Venture Investment (Thomson) Pte. Ltd. | Dormant | Singapore | **60 by UVI 40 by SLD** | 60 by UVI 40 by SLD | 60 by UVI 40 by SLD | **20.01** | 20.11 | 20.11 |
| Hua Ye Xiamen Hotel Limited* | Hotelier | The People's Republic of China | **100 by SVIL** | 100 by SVIL | 100 by SVIL | **–** | – | – |
| Success Venture Investments (Jersey) Limited ("SVIJ")# | Investment holding | Jersey | **100 by UOD** | 100 by UOD | 100 by UOD | **–** | – | – |
| Success Venture Development (Jersey) Limited ("SVDJ")# | Dormant | Jersey | **100 by UOD** | 100 by UOD | 100 by UOD | **–** | – | – |
| Success Venture Nominees (No. 1) Limited # | Dormant | United Kingdom | **100 by SVIJ** | 100 by SVIJ | 100 by SVIJ | **–** | – | – |
| Pan Pacific London Hotel Limited# | Dormant | United Kingdom | **100 by ULH** | 100 by ULH | 100 by ULH | **–** | – | – |

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2018

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(b) The subsidiaries are: (continued)

| Name of companies | Principal activities | Country of business/ incorporation | Proportion of ordinary shares held by the Group 31 December 2018 % | 31 December 2017 % | 1 January 2017 % | Proportion of ordinary shares held by non-controlling interests 31 December 2018 % | 31 December 2017 % | 1 January 2017 % |
|---|---|---|---|---|---|---|---|---|
| ***Held by subsidiaries*** (continued) | | | | | | | | |
| UOL Development (UK) Limited* | Property development | United Kingdom | **100 by UVI** | 100 by UVI | 100 by UVI | **–** | – | – |
| Success Venture Property Investments Limited | Property investment | United Kingdom/ Hong Kong | **100 by UOD** | 100 by UOD | 100 by UOD | **–** | – | – |
| Peak Venture Pte. Ltd. ** | Dormant | Singapore | **40 by UCI 30 by SCH** | 40 by UCI 30 by SCH | 40 by UCI 30 by SCH | **45.01** | 45.09 | 45.09 |
| Success Venture (CS) Pty Ltd*^ | Property investment | Australia | **100 by UIA** | – | – | **–** | – | – |
| Parkroyal Kitchener Hotel Pte. Ltd. | Hotelier | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| Parkroyal Pickering Hotel Pte. Ltd. | Hotelier and property investment | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| Parkroyal Serviced Residences Pte. Ltd. | Management of serviced suites | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| United Lifestyle Holdings Pte Ltd ("ULH") | Investment holding | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| St Gregory Spa Pte Ltd | Management and operator of health and beauty retreats and facilities | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| Dou Hua Restaurants Pte Ltd | Operator of restaurants | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| Pan Pacific Shared Services Centre Pte. Ltd. | Provision of accounting services to hotels and serviced suites within the Group | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| Parkroyal International Pte. Ltd. | Managing and licensing of trademark | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| Pan Pacific International Pte. Ltd. | Managing and licensing of trademark | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| PPHG Ventures Pte. Ltd. | Dormant | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| Garden Plaza Company Limited* | Hotelier | Vietnam | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(b) The subsidiaries are: (continued)

| Name of companies | Principal activities | Country of business/ incorporation | Proportion of ordinary shares held by the Group 31 December 2018 % | 31 December 2017 % | 1 January 2017 % | Proportion of ordinary shares held by non-controlling interests 31 December 2018 % | 31 December 2017 % | 1 January 2017 % |
|---|---|---|---|---|---|---|---|---|
| ***Held by subsidiaries*** (continued) | | | | | | | | |
| Success City Pty Limited* | Hotelier | Australia | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| Success Venture Investments (Australia) Ltd ("SVIA") | Investment holding | The British Virgin Islands | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| Success Venture Pty Limited* | Trustee company | Australia | **100 by SVIA** | 100 by SVIA | 100 by SVIA | **–** | – | – |
| Success Venture Investments (WA) Limited ("SVIWA") | Investment holding | The British Virgin Islands | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| HPL Properties (Malaysia) Sdn. Bhd. ("HPM")* | Investment holding | Malaysia | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| President Hotel Sdn Berhad ("PHSB")* | Hotelier | Malaysia | **66.67 by HPM and 33.33 by PPHG** | 66.67 by HPM and 33.33 by PPHG | 66.67 by HPM and 33.33 by PPHG | **–** | – | – |
| Grand Elite Sdn. Bhd.* | Dormant | Malaysia | **100 by PHSB** | 100 by PHSB | 100 by PHSB | **–** | – | – |
| Grand Elite (Penang) Sdn. Bhd.* | Dormant | Malaysia | **100 by PHSB** | 100 by PHSB | 100 by PHSB | **–** | – | – |
| Hotel Investments (Suzhou) Pte. Ltd. ("HIS") | Investment holding | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| Suzhou Wugong Hotel Co., Ltd* | Hotelier | The People's Republic of China | **100 by HIS** | 100 by HIS | 100 by HIS | **–** | – | – |
| Hotel Investments (Hanoi) Pte. Ltd. ("HIH") | Investment holding | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| Westlake International Company* | Hotelier | Vietnam | **75 by HIH** | 75 by HIH | 75 by HIH | **25** | 25 | 25 |
| YIPL Investment Pte. Ltd. ("YIPL") | Investment holding | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |
| Yangon Hotel Limited** | Hotelier | Myanmar | **100 by YIPL** | 100 by YIPL | 100 by YIPL | **–** | – | – |
| Pan Pacific Hospitality Holdings Pte. Ltd. ("PPHH") | Investment holding | Singapore | **100 by PPHG** | 100 by PPHG | 100 by PPHG | **–** | – | – |

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(b) The subsidiaries are: (continued)

| Name of companies | Principal activities | Country of business/ incorporation | Proportion of ordinary shares held by the Group 31 December 2018 % | 31 December 2017 % | 1 January 2017 % | Proportion of ordinary shares held by non-controlling interests 31 December 2018 % | 31 December 2017 % | 1 January 2017 % |
|---|---|---|---|---|---|---|---|---|
| ***Held by subsidiaries*** (continued) | | | | | | | | |
| Pan Pacific Hospitality Pte. Ltd. ("PPH") | Manage and operate serviced suites and investment holding | Singapore | **100 by PPHH** | 100 by PPHH | 100 by PPHH | **–** | – | – |
| Pan Pacific Technical Services Pte. Ltd. | Provision of technical services to hotels and serviced suites | Singapore | **100 by PPHH** | 100 by PPHH | 100 by PPHH | **–** | – | – |
| Pan Pacific Marketing Services Pte. Ltd. | Provision of marketing and related services to hotels and serviced suites | Singapore | **100 by PPHH** | 100 by PPHH | 100 by PPHH | **–** | – | – |
| Pan Pacific Hotels and Resorts Pte. Ltd. ("PPHR") | Hotel manager and operator | Singapore | **100 by PPHH** | 100 by PPHH | 100 by PPHH | **–** | – | – |
| Pan Pacific Hotels and Resorts Japan Co., Ltd# | Hotel manager and operator | Japan | **100 by PPHH** | 100 by PPHH | 100 by PPHH | **–** | – | – |
| Pan Pacific (Shanghai) Hotels Management Co., Ltd.** | Hotel manager and operator | The People's Republic of China | **100 by PPHR** | 100 by PPHR | 100 by PPHR | **–** | – | – |
| Pan Pacific Hotels and Resorts America, Inc. ("PPHRA")# | Hotel manager and operator | United States of America | **100 by PPHR** | 100 by PPHR | 100 by PPHR | **–** | – | – |
| Pan Pacific Hotels and Resorts Seattle Limited Liability Co# | Hotel manager and operator | United States of America | **100 by PPHRA** | 100 by PPHRA | 100 by PPHRA | **–** | – | – |
| PT. Pan Pacific Hotels & Resorts Indonesia** | Hotel manager and operator | Indonesia | **99 by PPHR and 1 by PPHRA** | 99 by PPHR and 1 by PPHRA | 99 by PPHR and 1 by PPHRA | **–** | – | – |
| PT Success Venture Serviced Suites Investments*^ | Business development | Indonesia | **100 by PPHG** | – | – | **–** | – | – |

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(c) The following unit trusts are held by:

| Name of unit trusts | Principal activities | Country of business/ constitution | Proportion of units held by the Group 31 December 2018 % | 31 December 2017 % | 1 January 2017 % | Proportion of units held by non-controlling interests 31 December 2018 % | 31 December 2017 % | 1 January 2017 % |
|---|---|---|---|---|---|---|---|---|
| Success Venture (Darling Harbour) Unit Trust* | Hotelier | Australia | **100 by SVIA** | 100 by SVIA | 100 by SVIA | **–** | – | – |
| Success Venture (Parramatta) Unit Trust* | Hotelier | Australia | **100 by SVIA** | 100 by SVIA | 100 by SVIA | **–** | – | – |
| Success Venture (WA) Unit Trust* | Hotelier | Australia | **100 by SVIWA** | 100 by SVIWA | 100 by SVIWA | **–** | – | – |
| Success Venture (Melbourne) Unit Trust~* | Hotelier | Australia | **100 by SVIWA** | 100 by SVIWA | 100 by SVIWA | **–** | – | – |
| Heron Plaza Property Unit Trust ("HPPUT") # | Investment holding | Jersey | **60 by SVIJ and 40 by SVDJ** | 60 by SVIJ and 40 by SVDJ | 60 by SVIJ and 40 by SVDJ | **–** | – | – |

PricewaterhouseCoopers LLP Singapore is the auditor of all subsidiaries of the Group unless otherwise indicated.
~ Less than $1,000.
* Audited by PricewaterhouseCoopers firms outside Singapore.
** Audited by other auditors. The subsidiaries not audited by PricewaterhouseCoopers LLP Singapore or PricewaterhouseCoopers firms outside Singapore are not significant subsidiaries as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.
\# Not required to be audited under the laws of the country of incorporation.
^ Newly incorporated during the financial year.
@ Not required to be audited as these companies are considered dormant and exempted from audit under the Companies' Act.

The Group and the Company have complied with Rule 712 and Rule 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited in relation to the appointment of auditing firms for the financial year ended 31 December 2018.

The non-controlling interests for subsidiaries are, in the opinion of the directors, not material to the Group except for UIC and its subsidiary companies in 2018 and 2017 and NSI as at 1 January 2017.

(d) Carrying value of non-controlling interests

| | 31 December 2018 $'000 | 31 December 2017 $'000 | 1 January 2017 $'000 |
|---|---|---|---|
| UIC and its subsidiary companies ("UIC Group") | **4,152,124** | 4,084,273 | – |
| NSI | **–** | – | 382,393 |
| Other subsidiaries with immaterial non-controlling interests | **670,106** | 618,401 | 127,065 |

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(e) Summarised aggregate financial information of subsidiaries with material non-controlling interests, presented before inter-company eliminations:

| | UIC Group | | NSI |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 (Restated) | 2017 $'000 |
| **Current** | | | |
| Assets | **697,431** | 816,673 | 1,586 |
| Liabilities | **(362,485)** | (315,978) | (12,094) |
| **Total current net assets/(liabilities)** | **334,946** | 500,695 | (10,508) |
| **Non-current** | | | |
| Assets | **7,724,220** | 7,444,500 | 983,232 |
| Liabilities | **(425,760)** | (598,559) | (16,742) |
| **Total non-current net assets** | **7,298,460** | 6,845,941 | 966,490 |
| **Net assets** | **7,633,406** | 7,346,636 | 955,982 |

| | UIC Group | |
|---|---|---|
| | For the year ended 31 December | |
| | 2018 $'000 | 2017 $'000 |
| Revenue | **656,967** | 1,292,169 |
| Profit before income tax | **380,726** | 369,788 |
| Income tax expense | **(41,227)** | (49,071) |
| Profit after tax | **339,499** | 320,717 |
| Total comprehensive income | **330,905** | 317,897 |
| Total comprehensive income allocated to non-controlling interests | **170,544** | 57,533 |
| Dividends paid to non-controlling interests | **21,555** | 23,536 |
| Cash flows from operating activities | | |
| Cash generated from operations | **417,468** | 912,064 |
| Income tax paid | **(37,762)** | (43,361) |
| Net cash generated from operating activities | **369,141** | 852,595 |
| Net cash used in investing activities | **(174,572)** | (36,604) |
| Net cash used in financing activities | **(124,813)** | (725,989) |
| Net increase in cash and cash equivalents | **69,756** | 90,002 |
| Cash and cash equivalents at beginning of year | **174,381** | 84,379 |
| Cash and cash equivalents at end of year | **244,137** | 174,381 |

**20. INVESTMENTS IN SUBSIDIARIES** (continued)

(f) Acquisition of additional interest in a subsidiary

On 31 August 2017, the Group increased its shareholding interests in UIC (Note 39) which resulted in UIC becoming a subsidiary of the Group.

(i) From 1 September 2017 to 31 December 2017, the Group acquired an additional 12,701,520 shares in UIC for a purchase consideration of $42,012,000. The Group holds 49.84% of the equity share capital of UIC as at 31 December 2017. The carrying amount of the non-controlling interests in UIC and the common associated and joint venture companies of the Group and UIC Group prior to the acquisitions was $4,463,414,000. The Group derecognised non-controlling interests of $66,692,000 and recorded an increase in equity attributable to owners of the parent of $24,680,000.

(ii) In 2018, the Group acquired an additional 3,894,000 shares in UIC for a purchase consideration of $12,558,000. The Group holds 50.096% of the equity share capital of UIC as at 31 December 2018. The carrying amount of the non-controlling interests in UIC and the common associated and joint venture companies of the Group and UIC Group prior to the acquisitions was $4,416,347,000. The Group derecognised non-controlling interests of $17,802,000 and recorded an increase in equity attributable to owners of the parent of $5,244,000.

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

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| Carrying amount of non-controlling interests acquired | **17,802** | 66,692 |
| Consideration paid to non-controlling interests | **(12,558)** | (42,012) |
| Excess of carrying amount over consideration paid recognised in parent's equity | **5,244** | 24,680 |

**21. INVESTMENT PROPERTIES**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2018<br>$'000 | 2017<br>$'000 | 2018<br>$'000 | 2017<br>$'000 |
| At the beginning of the financial year | **10,917,340** | 4,299,597 | **431,100** | 421,500 |
| Currency translation differences | **(21,065)** | 15,505 | **–** | – |
| Additions | **168,933** | 8,363 | **195** | 64 |
| Acquisition of subsidiaries (Note 39) | **–** | 6,578,245 | **–** | – |
| Transfer from hotel properties | **–** | 37 | **–** | 37 |
| Transfer from development properties | **49,633** | – | **–** | – |
| Fair value gains recognised in income statement | **149,279** | 15,593 | **45,955** | 9,499 |
| At the end of the financial year | **11,264,120** | 10,917,340 | **477,250** | 431,100 |

(a) The investment properties are leased to non-related parties [Note 35(c)] and related parties [Note 37(a)] under operating leases.

(b) Bank borrowings are secured on certain investment properties of the Group amounting to $1,441,192,000 (31 December 2017: $1,430,773,000, 1 January 2017: $1,416,062,000) [Note 25(b)].

**21. INVESTMENT PROPERTIES** (continued)

(c) The following amounts are recognised in the income statements:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 |
| Rental income (Note 4) | **541,012** | 338,284 | **19,809** | 19,026 |
| Direct operating expenses arising from investment properties that generated rental income | **89,257** | 62,164 | **2,716** | 2,308 |

The Group and the Company do not have any investment properties that do not generate rental income.

(d) The details of the Group's investment properties at 31 December 2018 were:

| | | Tenure of land |
|---|---|---|
| Faber House | – retained interests in a 12-storey office building and a 48-lot carpark at Orchard Road, Singapore | Freehold |
| Odeon Towers | – a 23-storey commercial building with 3 basement levels and a 2-storey podium block at North Bridge Road, Singapore | 999-year leasehold from 1827 |
| United Square | – a retail-cum-office building comprising a 4-storey retail podium with a basement, a 30-storey office tower and 7 carpark decks at Thomson Road, Singapore | Freehold |
| Novena Square | – retained interests in a commercial building comprising two blocks of 18- and 25-storey office towers and a 3-storey retail podium with elevated carparks at Thomson Road, Singapore | 99-year lease from 1997 |
| The Plaza | – retained interests in a 32-storey tower block comprising restaurants, a function room, shops, offices and 90 units of serviced suites (PARKROYAL Serviced Suites) at Beach Road, Singapore | 99-year lease from 1968 |
| | – a 15-storey building comprising 180 units of serviced suites (Pan Pacific Serviced Suites Beach Road) above the existing carpark block at Beach Road, Singapore | 99-year lease from 1968 |
| Pan Pacific Serviced Suites Orchard | – a 16-storey tower block comprising 126 units of serviced suites, restaurants and a basement carpark at Somerset Road, Singapore | Freehold |
| One Upper Pickering | – a 15-storey office building with a roof terrace within a hotel and office development at Upper Pickering Street, Singapore | 99-year lease from 2008 |
| KINEX | – a 3-storey commercial podium with a basement located within a commercial/residential development at Tanjong Katong Road, Singapore | Freehold |
| PARKROYAL Serviced Suites Kuala Lumpur | – a 31-storey serviced suite with 287 units and a carpark at Jalan Nagasari, Kuala Lumpur, Malaysia | Freehold |
| The Esplanade (Hai He Hua Ding) | – a 3-storey retail mall with basement carparks located within a commercial/residential development in Hong Qiao District, Tianjin, The People's Republic of China | 40-year lease from 2007 |

**21. INVESTMENT PROPERTIES** (continued)

(d) The details of the Group's investment properties at 31 December 2018 were: (continued)

| | | | Tenure of land |
|---|---|---|---|
| Park Eleven | – | a 3-storey retail podium with basement carpark within a commercial/ residential development at Danba Road, Putuo District, The People's Republic of China | 70-year lease from 2011 |
| 72 Christie Street | – | an 8-storey office building with four floors of basement parking at Christie Street, St Leonards, Sydney, New South Wales, Australia | Freehold |
| 110 High Holborn | – | a retail-cum-office building comprising basement and 1st storey retail space and a 9 storey office block with basement carpark at Midtown, London, United Kingdom | Part freehold and part 999-leasehold from 1999 |
| 120 Holborn Island | – | Comprises 120 Holborn, an office building with retail units, a gym and club/restaurant on part basement, ground floor and mezzanine level with nine upper floors of office, and 100 Hatton Garden, which has retail units and two floors of office at Midtown, London, United Kingdom | Freehold |
| Stamford Court | – | a 4-storey commercial building of shops and offices at Stamford Road, Singapore | 99-year lease from 1994 |
| West Mall | – | a 5-storey retail and entertainment complex with three basements of car parking space at Bukit Batok Central Link, Singapore | 99-year lease from 1995 |
| Singapore Land Tower | – | a 47-storey complex of banks and offices and three basements of car parking space at Raffles Place, Singapore | 999-year lease from 1826 |
| Clifford Centre | – | a 29-storey complex of shops and offices at Raffles Place, Singapore | 999-year lease from 1826 |
| The Gateway | – | a pair of 37-storey towers with two basements of car parking space at Beach Road, Singapore | 99-year lease from 1982 |
| SGX Centre 2 | – | a 29-storey office building with two basements of car parking space at Shenton Way, Singapore | 99-year lease from 1995 |
| ABACUS Plaza and Tampines Plaza | – | a pair of 8-storey office buildings with two basements of car parking space at Tampines Central 1, Singapore | 99-year lease from 1996 |
| Marina Square Shopping Mall | – | a 5-storey retail mall (including basement) that is part of a mixed development that includes three hotels at Raffles Boulevard, Singapore | 99-year lease from 1980 |
| UIC Building | – | Part of a mixed development (residential and commercial) at Shenton Way, Singapore, with the residential component, V on Shenton, classified under development properties | 99-year lease from 2011 |

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2018

## 21. INVESTMENT PROPERTIES (continued)

(e) Fair value hierarchy – Recurring fair value measurements

| | The Group Fair value measurements using significant unobservable inputs (Level 3) | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 | 2017 $'000 |
| Description | | | |
| Singapore: | | | |
| – Shops | **2,804,890** | 2,805,440 | 1,328,100 |
| – Offices | **7,150,560** | 7,002,370 | 2,300,170 |
| – Serviced Suites | **363,395** | 353,308 | 353,996 |
| Malaysia: | | | |
| – Serviced Suites | **72,415** | 73,240 | 72,466 |
| The People's Republic of China: | | | |
| – Shops | **90,957** | 44,490 | 47,326 |
| – Carpark | **26,566** | 20,684 | 20,837 |
| United Kingdom: | | | |
| – Shops | **170,454** | 170,445 | 24,033 |
| – Offices | **435,449** | 447,363 | 152,669 |
| Australia: | | | |
| – Offices | **149,434** | – | – |

**Valuation processes of the Group**

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties semi-annually based on the properties' highest and best use.

Changes in Level 3 fair values as assessed by the external valuers are reviewed by the Group Chief Executive and the Chief Financial Officer and are presented at the relevant Board meetings for adoption.

**Valuation techniques used to derive Level 3 fair values**

Level 3 fair values of the Group's completed investment properties have been generally derived using one or more of the following valuation approach:

(i) the Direct Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant input to the valuation approach would be the adopted value per square foot.

(ii) the Discounted Cash Flow Method where the future income stream over a period is discounted to arrive at a present value. Significant inputs to the valuation approach would be the growth rate, capitalisation rate and discount rate.

(iii) the Income Method approach where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth and over the unexpired lease term. The most significant input to the valuation approach would be the capitalisation rate.

**21. INVESTMENT PROPERTIES** (continued)

(e) Fair value hierarchy – Recurring fair value measurements (continued)

**Valuation techniques and inputs used in Level 3 fair value measurements**

The valuations are estimated by independent professional valuers based on market conditions as at 31 December 2018. The estimates are largely consistent with the budgets and other financial projections developed internally by the Group based on management's experience and knowledge of market conditions.

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

| Description | Fair value as at 31 December 2018 $'000 | Fair value as at 31 December 2017 $'000 | Fair value as at 1 January 2017 $'000 | Valuation technique(s) | Unobservable inputs@ | Range of unobservable inputs (probability weighted average) | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|
| **Singapore** | | | | | | | |
| Shops | **2,804,890** | 2,805,440 | 1,328,100 | Direct Comparison Method | – Adopted value per square foot | $1,464 to $2,392 ($2,178) [31 December 2017: $1,428 to $2,556 ($2,207), 1 January 2017: $1,420 to $2,455 ($2,139)] | The higher the adopted value, the higher the fair value. |
| | | | | Income Method | – Capitalisation rate | 5% (5%) [31 December 2017: 4% to 5% (5%), 1 January 2017: 5% (5%)] | The lower the capitalisation rate, the higher the fair value. |
| Offices | **7,150,560** | 7,002,370 | 2,300,170 | Direct Comparison Method | – Adopted value per square foot | $989 to $2,740 ($2,156) [31 December 2017: $1,368 to $2,692 ($2,157), 1 January 2017: $1,400 to $2,594 ($2,403)] | The higher the adopted value, the higher the fair value. |
| | | | | Income Method | – Capitalisation rate | 3% to 4% (4%) [31 December 2017: 3% to 4% (4%), 1 January 2017: 4% (4%)] | The lower the capitalisation rate, the higher the fair value. |

**21. INVESTMENT PROPERTIES** (continued)

(e) Fair value hierarchy – Recurring fair value measurements (continued)

**Valuation techniques and inputs used in Level 3 fair value measurements** (continued)

| Description | Fair value as at 31 December 2018 $'000 | 31 December 2017 $'000 | 1 January 2017 $'000 | Valuation technique(s) | Unobservable inputs@ | Range of unobservable inputs (probability weighted average) | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|
| **Singapore** (continued) | | | | | | | |
| Serviced Suites | **363,395** | 353,308 | 353,996 | Discounted Cash Flow Method | – Growth rate | 4% (4%) [31 December 2017: 3% (3%), 1 January 2017: 3% to 4% (3%)] | The higher the growth rate, the higher the fair value. |
| | | | | | – Discount rate | 6% to 8% (7%) [31 December 2017: 7% (7%), 1 January 2017: 7% to 8% (7%)] | The higher the discount rate or capitalisation rate, the lower the fair value. |
| | | | | | – Capitalisation rate | 4% to 5% (5%) [31 December 2017: 4% (4%), 1 January 2017: 4% to 5% (5%)] | |
| | | | | #Direct Comparison Method | – Adopted value per square foot | – (–) [31 December 2017: $1,165 ($1,165), 1 January 2017: $1,111 ($1,111)] | The higher the adopted value, the higher the fair value. |
| | | | | #Income Method | – Capitalisation rate | 4% (4%) [31 December 2017: 5% (5%), 1 January 2017: 6% (6%)] | The lower the capitalisation rate, the higher the fair value. |
| **Malaysia** | | | | | | | |
| Serviced Suites | **72,415** | 73,240 | 72,466 | Discounted Cash Flow Method | – Growth rate | 5% (5%) [31 December 2017: 5% (5%), 1 January 2017: 5% (5%)] | The higher the growth rate, the higher the fair value. |
| | | | | | – Discount rate | 9% (9%) [31 December 2017: 9% (9%), 1 January 2017: 9% (9%)] | The higher the discount rate or capitalisation rate, the lower the fair value. |
| | | | | | – Capitalisation rate | 7% (7%) [31 December 2017: 7% (7%), 1 January 2017: 7% (7%)] | |
| | | | | Direct Comparison Method | – Adopted value per square foot | $369 ($369) [31 December 2017: $370 ($370), 1 January 2017: nil] | The higher the adopted value, the higher the fair value. |

**21. INVESTMENT PROPERTIES** (continued)

(e) Fair value hierarchy – Recurring fair value measurements (continued)

**Valuation techniques and inputs used in Level 3 fair value measurements** (continued)

| Description | Fair value as at 31 December 2018 $'000 | 31 December 2017 $'000 | 1 January 2017 $'000 | Valuation technique(s) | Unobservable inputs@ | Range of unobservable inputs (probability weighted average) | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|
| **The People's Republic of China** | | | | | | | |
| Shops | **90,957** | 44,490 | 47,326 | Direct Comparison Method | – Adopted value per square foot | $404 to $1,142 ($581) [31 December 2017: $411 ($411), 1 January 2017: $415 ($415)] | The higher the adopted value, the higher the fair value. |
| | | | | Income Method | – Capitalisation rate | 6% (6%) [31 December 2017: 6% (6%), 1 January 2017: 6% (6%)] | The lower the capitalisation rate, the higher the fair value. |
| Carpark | **26,566** | 20,684 | 20,837 | Direct Comparison Method | – Adopted value per square foot | $107 to $121 ($110) [31 December 2017: $110 ($110), 1 January 2017: $112 ($112)] | The higher the adopted value, the higher the fair value. |
| | | | | Income Method | – Capitalisation rate | 4% to 6% (4%) [31 December 2017: 4% (4%), 1 January 2017: 4% (4%)] | The lower the capitalisation rate, the higher the fair value. |
| **United Kingdom** | | | | | | | |
| Shops | **170,454** | 170,445 | 24,033 | Income Method | – Capitalisation rate | 5% to 7% (5%) [31 December 2017: 5% to 6% (5%), 1 January 2017: 5% to 6% (5%)] | The lower the capitalisation rate, the higher the fair value. |
| Offices | **435,449** | 447,363 | 152,669 | Income Method | – Capitalisation rate | 5% to 7% (6%) [31 December 2017: 5% to 7% (6%), 1 January 2017: 5% to 6% (6%)] | The lower the capitalisation rate, the higher the fair value. |
| **Australia** | | | | | | | |
| Offices | **149,434** | – | – | Income Method | – Capitalisation rate | 5% [31 December 2017: nil 1 January 2017: nil] | The lower the capitalisation rate, the higher the fair value. |
| | | | | Discounted Cash Flow Method | – Growth rate | 4% [31 December 2017: nil 1 January 2017: nil] | The higher the growth rate, the higher the fair value. |
| | | | | | – Discount rate | 7% [31 December 2017: nil 1 January 2017: nil] | The higher the discount rate or capitalisation rate, the lower the fair value. |
| | | | | | – Capitalisation rate | 5% [31 December 2017: nil 1 January 2017: nil] | |

# Only applicable for PARKROYAL Serviced Suites which is situated inside The Plaza (Block A).The direct comparison method was only used for the financial year ended 31 December 2017.

@ There were no significant inter-relationships between unobservable inputs except that under the Discounted Cash Flow Method, the discount rate should conceptually approximate the summation of the capitalisation rate and the growth rate.

## 22. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land $'000 | Freehold buildings $'000 | Leasehold land and buildings $'000 | Plant, equipment, furniture and fittings $'000 | Motor vehicles $'000 | Properties under development $'000 | Renovation in progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | | |
| **Cost** | | | | | | | | |
| At 1 January 2018 | 175,382 | 231,103 | 2,242,990 | 749,701 | 2,754 | 159,565 | 9,492 | 3,570,987 |
| Currency translation differences | (1,582) | (7,001) | (29,461) | (15,157) | (34) | (4,203) | (353) | (57,791) |
| Additions | – | – | 1,535 | 32,417 | 270 | 95,450 | 13,139 | 142,811 |
| Disposals/write-offs | – | (34,961) | (223) | (35,053) | (415) | – | (101) | (70,753) |
| Reclassification | – | – | 2,170 | 17,448 | – | – | (19,618) | – |
| At 31 December 2018 | 173,800 | 189,141 | 2,217,011 | 749,356 | 2,575 | 250,812 | 2,559 | 3,585,254 |
| **Accumulated depreciation and impairment** | | | | | | | | |
| At 1 January 2018 | – | 103,803 | 161,192 | 374,881 | 2,100 | 72,847 | – | 714,823 |
| Currency translation differences | – | (2,332) | (2,791) | (9,706) | (29) | (3,385) | – | (18,243) |
| Charge for the financial year | – | 9,942 | 38,599 | 69,590 | 327 | – | – | 118,458 |
| Disposals/write-offs | – | (34,321) | (128) | (33,574) | (400) | – | – | (68,423) |
| Write-back of impairment charge (Note 8) | – | – | (5,977) | – | – | – | – | (5,977) |
| Impairment charge (Note 8) | – | – | 4,288 | – | – | 32,640 | – | 36,928 |
| Reclassification | – | 41 | 205 | (246) | – | – | – | – |
| At 31 December 2018 | – | 77,133 | 195,388 | 400,945 | 1,998 | 102,102 | – | 777,566 |
| **Net book value at 31 December 2018** | **173,800** | **112,008** | **2,021,623** | **348,411** | **577** | **148,710** | **2,559** | **2,807,688** |
| **Cost** | | | | | | | | |
| At 1 January 2017 | 175,199 | 232,848 | 714,054 | 581,002 | 2,340 | 92,167 | 3,088 | 1,800,698 |
| Currency translation differences | 183 | 402 | (17,218) | (8,525) | (53) | 1,104 | 6 | (24,101) |
| Additions | – | 38 | 252 | 25,439 | 66 | 66,294 | 23,178 | 115,267 |
| Acquisition of a business (Note 39) | – | – | 253,435 | 11,002 | – | – | – | 264,437 |
| Acquisition of subsidiaries (Note 39) | – | – | 1,292,969 | 145,691 | 516 | – | 643 | 1,439,819 |
| Transfer from development properties | – | – | – | – | – | – | (37) | (37) |
| Disposals/write-offs | – | (2,185) | (502) | (22,178) | (115) | – | (116) | (25,096) |
| Reclassification | – | – | – | 17,270 | – | – | (17,270) | – |
| At 31 December 2017 | 175,382 | 231,103 | 2,242,990 | 749,701 | 2,754 | 159,565 | 9,492 | 3,570,987 |
| **Accumulated depreciation and impairment** | | | | | | | | |
| At 1 January 2017 | – | 80,569 | 152,136 | 342,491 | 1,850 | 58,116 | – | 635,162 |
| Currency translation differences | – | 166 | (3,331) | (5,437) | (37) | 681 | – | (7,958) |
| Charge for the financial year | – | 25,007 | 21,542 | 58,995 | 402 | – | – | 105,946 |
| Disposals/write-offs | – | (1,939) | (208) | (21,168) | (115) | – | – | (23,430) |
| Write-back of impairment charge (Note 8) | – | – | (8,947) | – | – | – | – | (8,947) |
| Impairment charge (Note 8) | – | – | – | – | – | 14,050 | – | 14,050 |
| At 31 December 2017 | – | 103,803 | 161,192 | 374,881 | 2,100 | 72,847 | – | 714,823 |
| **Net book value at 31 December 2017** | **175,382** | **127,300** | **2,081,798** | **374,820** | **654** | **86,718** | **9,492** | **2,856,164** |

**22. PROPERTY, PLANT AND EQUIPMENT** (continued)

| | Plant, equipment, furniture and fittings $'000 | Motor vehicles $'000 | Renovation in progress $'000 | Total $'000 |
|---|---|---|---|---|
| **The Company** | | | | |
| **Cost** | | | | |
| At 1 January 2018 | 5,765 | 100 | – | 5,865 |
| Additions | 545 | – | – | 545 |
| Disposals/write-offs | (112) | – | – | (112) |
| At 31 December 2018 | 6,198 | 100 | – | 6,298 |
| **Accumulated depreciation** | | | | |
| At 1 January 2018 | 4,200 | 95 | – | 4,295 |
| Charge for the financial year | 445 | 5 | – | 450 |
| Disposals/write-offs | (112) | – | – | (112) |
| At 31 December 2018 | 4,533 | 100 | – | 4,633 |
| **Net book value at 31 December 2018** | **1,665** | **–** | **–** | **1,665** |
| **Cost** | | | | |
| At 1 January 2017 | 5,573 | 100 | 37 | 5,710 |
| Additions | 1,057 | – | – | 1,057 |
| Disposals/write-offs | (865) | – | – | (865) |
| Transfer to investment property | – | – | (37) | (37) |
| At 31 December 2017 | 5,765 | 100 | – | 5,865 |
| **Accumulated depreciation** | | | | |
| At 1 January 2017 | 4,626 | 75 | – | 4,701 |
| Charge for the financial year | 387 | 20 | – | 407 |
| Disposals/write-offs | (813) | – | – | (813) |
| At 31 December 2017 | 4,200 | 95 | – | 4,295 |
| **Net book value at 31 December 2017** | **1,565** | **5** | **–** | **1,570** |

(a) At 31 December 2018, the open market value of the hotel properties of the Group (including plant, equipment, furniture and fittings) was $4,216,092,000 (31 December 2017: $4,094,147,000, 1 January 2017: $2,234,044,000) and the net book value was $2,635,927,000 (31 December 2017: $2,681,282,000, 1 January 2017: $1,140,647,000). The valuations were carried out by firms of independent professional valuers on an open market existing use basis. The surplus on valuation of these hotel properties amounting to $1,580,165,000 (31 December 2017: $1,412,865,000, 1 January 2017: $1,093,397,000) has not been incorporated in the financial statements.

The fair values derived using the Discounted Cash Flow Method where the future income stream over a period is discounted to arrive at a present value are within Level 3 of the fair values hierarchy. The key assumptions to determine the fair value include capitalisation rate, growth rate and discount rate.

(b) Borrowing costs of $1,668,000 (Note 7) (2017: nil) arising on financing incurred for the property under development were capitalised during the financial year.

(c) Bank borrowings and other banking facilities are secured on certain hotel properties of the Group [Note 25(b)] amounting to $625,966,000 (31 December 2017: $684,793,000, 1 January 2017: $478,854,000).

**22. PROPERTY, PLANT AND EQUIPMENT** (continued)

(d) The carrying amount of leasehold land and building held under finance leases was $3,619,000 (31 December 2017: $3,884,000, 1 January 2017: $3,906,000) (Note 26) at the end of the reporting period.

(e) The details of the Group's properties in property, plant and equipment at 31 December 2018 were:

| | | | **Tenure of land** | **Remaining lease term** |
|---|---|---|---|---|
| PARKROYAL on Beach Road | – | a 346-room hotel at Beach Road, Singapore | 99-year lease from 1968 | 49 years |
| PARKROYAL on Kitchener Road | – | a 532-room hotel at Kitchener Road, Singapore | Freehold | – |
| PARKROYAL on Pickering | – | a 367-room hotel at Upper Pickering Street, Singapore | 99-year lease from 2008 | 89 years |
| Pan Pacific Orchard | – | a new 23-storey hotel with proposed 350 rooms under development | Freehold | – |
| Eunos Warehouse Complex | – | retained interests in 3 units of a 4-storey flatted warehouse at Kaki Bukit Road, Singapore | 60-year lease from 1982 | 24 years |
| PARKROYAL Darling Harbour, Sydney | – | a 340-room hotel at Darling Harbour, Sydney, Australia | Freehold | – |
| PARKROYAL Parramatta | – | a 286-room hotel at Parramatta, Phillip Street, New South Wales, Australia | Freehold | – |
| Pan Pacific Perth | – | a 486-room hotel at Adelaide Terrace, Perth, Australia | Freehold | – |
| PARKROYAL Kuala Lumpur and President House | – | a 426-room hotel and a 6-storey podium office block at Jalan Sultan Ismail, Kuala Lumpur, Malaysia | Freehold | – |
| | – | a 320-lot carpark at Jalan Sultan Ismail, Kuala Lumpur, Malaysia, approved to be developed into a 24-storey serviced suites | Leasehold expiring in 2080 | 62 years |
| PARKROYAL Penang Resort | – | a 310-room resort hotel at Batu Ferringhi Beach, Penang, Malaysia | Freehold | – |
| PARKROYAL Saigon | – | a 186-room hotel and a 6-storey annex office building at Nguyen Van Troi Street, Tan Binh District, Ho Chi Minh City, Vietnam | 49-year lease from 1994 | 25 years |
| Pan Pacific Hanoi | – | a 270-room hotel and 54 serviced suites at Thanh Nien Road, Hanoi, Vietnam | 48-year lease from 1993 | 23 years |
| Pan Pacific Suzhou | – | a 480-room hotel at Xin Shi Road, Suzhou, The People's Republic of China | 50-year lease from 1994 | 26 years |
| Pan Pacific Xiamen | – | a 329-room hotel and 25 serviced apartments at Hubin Bei Road, Xiamen, The People's Republic of China | 70-year lease from 1991 | 43 years |
| Pan Pacific Tianjin | – | a 289-room hotel and 30 serviced apartments in Hong Qiao District, Tianjin, The People's Republic of China | 40-year lease from 2007 | 29 years |

**22. PROPERTY, PLANT AND EQUIPMENT** (continued)

(e) The details of the Group's properties in property, plant and equipment at 31 December 2018 were: (continued)

| | | **Tenure of land** | **Remaining lease term** |
|---|---|---|---|
| PARKROYAL Yangon | – a 319-room hotel and 23 serviced suites at Alan Pya Phaya Road, Dagon Township, Yangon, Myanmar | 50-year lease from 1998 | 30 years |
| PARKROYAL Melbourne Airport | – a 276-room hotel opposite Melbourne Airport, Victoria, Australia | 50-year lease from 1997 with an option to extend for a further 49 years subject to renewal of head lease | 29+49 years |
| Pan Pacific Melbourne | – a 396-room hotel at South Wharf, Victoria, Australia | 99-year lease from 2009 | 90 years |
| One Bishopsgate Plaza | – a proposed hotel with an estimated 237 rooms with a commercial component at Bishopsgate, London, United Kingdom | Freehold | – |
| Pan Pacific Singapore | – a 790-room hotel at Raffles Boulevard, Singapore | 99-year lease from 1980 | 61 years |
| Marina Mandarin | – a 575-room hotel at Raffles Boulevard, Singapore | 99-year lease from 1980 | 61 years |
| The Westin Tianjin | – a 275-room hotel in Heping District, Tianjin, The People's Republic of China | 50-year lease from 2005 | 36 years |

(f) The reversal of impairment charge for the financial year of $5,977,000 (2017: $8,947,000) was in respect of Pan Pacific Tianjin. The impairment charge for the financial year was in respect of the hotel property under development at Bishopsgate, London for an amount of $32,640,000 (2017: $14,050,000) and Pan Pacific Melbourne for an amount of $4,288,000 (2017: nil). The reversal of impairment charge for Pan Pacific Tianjin and the impairment charge for Pan Pacific Melbourne were due to the fair values of the properties as appraised by professional valuers exceeding/below their carrying amounts respectively.

The impairment charge for the hotel property under development at Bishopsgate, London arose from difference between the recoverable amount and the estimated total development cost of the hotel. The recoverable amount represents 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. Certain assumptions and judgement were applied to estimate the gross development value of the hotel as if it is completed and operational. The terminal capitalisation rate and discount rate used were 5.5% (2017: 5.5%) and 7.5% (2017: 7.5%) respectively.

Management has estimated the total development costs in consultation with quantity surveyors and other professional consultants. Certain judgement was exercised as there are costs to complete and to be contracted for as at 31 December 2018.

Impairment charges and write-back of impairment charge were included within "other gains/(losses)" in the consolidated income statement.

## 23. INTANGIBLES

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | 31 December | | 1 January | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 | 2017 $'000 |
| Trademarks [Note (a) below] | **6,542** | 7,268 | 7,995 | **–** | – | – |
| Computer software costs [Note (b) below] | **1,163** | 569 | 1,131 | **758** | 284 | – |
| Contract acquisition costs [Note (c) below] | **4,861** | 5,175 | 4,033 | **–** | – | – |
| Development property backlog [Note (d) below] | **76,397** | 132,572 | – | **–** | – | – |
| Goodwill arising on consolidation [Note (e) below] | **33,728** | 35,367 | 11,202 | **–** | – | – |
| | **122,691** | 180,951 | 24,361 | **758** | 284 | – |

(a) Trademarks

| | The Group | |
|---|---|---|
| | 2018 $'000 | 2017 $'000 |
| **Cost** | | |
| At the beginning and end of the financial year | **14,806** | 14,806 |
| **Accumulated amortisation** | | |
| At the beginning of the financial year | **7,538** | 6,811 |
| Amortisation for the financial year | **726** | 727 |
| At the end of the financial year | **8,264** | 7,538 |
| **Net book value** | **6,542** | 7,268 |

(b) Computer software costs

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 |
| **Cost** | | | | |
| At the beginning of the financial year | **7,819** | 8,693 | **1,445** | 1,461 |
| Currency translation differences | **(68)** | (88) | **–** | – |
| Additions | **772** | 494 | **554** | 348 |
| Disposals | **(15)** | (371) | **–** | (364) |
| Reclassifications | **–** | (909) | **–** | – |
| At the end of the financial year | **8,508** | 7,819 | **1,999** | 1,445 |
| **Accumulated amortisation** | | | | |
| At the beginning of the financial year | **7,250** | 7,562 | **1,161** | 1,461 |
| Currency translation differences | **(62)** | (86) | **–** | – |
| Amortisation for the financial year | **172** | 145 | **80** | 64 |
| Disposals | **(15)** | (371) | **–** | (364) |
| At the end of the financial year | **7,345** | 7,250 | **1,241** | 1,161 |
| **Net book value** | **1,163** | 569 | **758** | 284 |

23. **INTANGIBLES** (continued)

(c) Contract acquisition costs

| | The Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| **Cost** | | |
| At the beginning of the financial year | **7,758** | 6,165 |
| Currency translation differences | **(18)** | (2) |
| Additions | **560** | 686 |
| Reclassifications | **–** | 909 |
| At the end of the financial year | **8,300** | 7,758 |
| **Accumulated amortisation** | | |
| At the beginning of the financial year | **2,583** | 2,132 |
| Currency translation differences | **(18)** | (2) |
| Amortisation for the financial year | **874** | 453 |
| At the end of the financial year | **3,439** | 2,583 |
| Net book value | **4,861** | 5,175 |

(d) Development property backlog

| | The Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| **Cost** | | |
| At the beginning of the financial year | **156,578** | – |
| Additions | **–** | 156,578 |
| At the end of the financial year | **156,578** | 156,578 |
| **Accumulated amortisation** | | |
| At the beginning of the financial year | **24,006** | – |
| Amortisation for the financial year | **56,175** | 24,006 |
| At the end of the financial year | **80,181** | 24,006 |
| **Net book value** | **76,397** | 132,572 |

Development property backlog relates to the recognition of fair value on sold development properties of acquired subsidiaries in accordance with SFRS(I) 3 Business Combinations and will be amortised as and when such profits are recorded by the acquired subsidiaries.

**23. INTANGIBLES** (continued)

(e) Goodwill arising on consolidation

| | The Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| At the beginning of the financial year | **35,367** | 11,202 |
| Acquisition of a business (Note 39) | **–** | 25,087 |
| Currency translation differences | **(1,639)** | (922) |
| At the end of financial year | **33,728** | 35,367 |

*Impairment tests for goodwill*

Goodwill is allocated to the Group's cash generating units ("CGUs") identified according to countries of operation and business segment. A segment-level summary of the goodwill allocation is analysed as follows:

| | Hotel operations | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | **2018** | **2017** | **2017** |
| | **$'000** | **$'000** | **$'000** |
| Singapore | **10,371** | 10,371 | 10,371 |
| Malaysia | **831** | 831 | 831 |
| Australia | **22,526** | 24,165 | – |
| | **33,728** | 35,367 | 11,202 |

*Impairment tests for goodwill*

The recoverable amount of the above CGUs were determined based on fair value less cost to sell calculations. The fair value less cost to sell reflects the best estimate of the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The fair values were determined by independent professional valuers using the cash flows projections of 5 to 10 years (31 December 2017 and 1 January 2017: 5 to 10 years) which were prepared based on the expected future market trend. The key assumptions include the revenue growth rate for the next 5 to 10 years and the discount rate.

*Key assumptions used for fair value less cost to sell calculations:*

| | Australia | Malaysia | Singapore |
|---|---|---|---|
| | % | % | % |
| **31 December 2018** | | | |
| Growth rate | **3.1** | **2.9** | **4.0** |
| Discount rate | **7.0** | **9.0** | **7.4** |
| **31 December 2017** | | | |
| Growth rate | 2.6 | 3.1 | 5.1 |
| Discount rate | 7.5 | 9.0 | 7.6 |
| **1 January 2017** | | | |
| Growth rate | – | 3.3 | 4.8 |
| Discount rate | – | 9.0 | 7.7 |

## 24. TRADE AND OTHER PAYABLES

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | 31 December | | 1 January | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 | 2017 $'000 |
| **Current** | | | | | | |
| Trade payables: | | | | | | |
| – non-related parties | **163,198** | 158,658 | 69,542 | **2,249** | 1,184 | 951 |
| Other payables: | | | | | | |
| – rental and other deposits | **59,952** | 59,490 | 32,479 | **2,557** | 2,889 | 666 |
| – accrued interest payable | **11,064** | 9,377 | 5,935 | **709** | 697 | 1,056 |
| – retention monies | **38,735** | 41,516 | 10,863 | **28** | 49 | 46 |
| – accrued development expenditure | **5,717** | 19,810 | 4,105 | **–** | – | – |
| – accruals for completed projects | **37,072** | 66,139 | 11,000 | **–** | – | – |
| – accrued operating expenses | **100,981** | 119,008 | 56,722 | **10,450** | 9,165 | 8,493 |
| – sundry creditors | **17,957** | 17,648 | 7,856 | **3,244** | 3,065 | 2,938 |
| – deferred revenue | **4,837** | 4,829 | 4,623 | **–** | – | – |
| – contract liabilities for development properties | **362,837** | 431,119 | 21,791 | **–** | – | – |
| – subsidiaries (non-trade) | **–** | – | – | **792** | 1,434 | 1,164 |
| – associated company (non-trade) | **3** | – | – | **–** | – | – |
| – non-controlling shareholder (non-trade) | **235** | – | – | **–** | – | – |
| | **639,390** | 768,936 | 155,374 | **17,780** | 17,299 | 14,363 |
| Loans from subsidiaries | **–** | – | – | **900,388** | 841,100 | 549,005 |
| | **802,588** | 927,594 | 224,916 | **920,417** | 859,583 | 564,319 |
| **Non-current** | | | | | | |
| Deferred revenue | **98,998** | 101,338 | 105,361 | **–** | – | – |
| Rental deposits | **85,389** | 82,959 | 29,442 | **2,430** | 2,310 | 4,491 |
| Retention monies | **14,658** | 25,416 | 18,551 | **–** | – | – |
| Accrued interest payable to non-controlling shareholder | **1,588** | 5,166 | 3,659 | **–** | – | – |
| | **200,633** | 214,879 | 157,013 | **2,430** | 2,310 | 4,491 |
| Total trade and other payables | **1,003,221** | 1,142,473 | 381,929 | **922,847** | 861,893 | 568,810 |

(a) The loans from subsidiaries and non-trade amounts due to subsidiaries, an associated company and a non-controlling shareholder are unsecured, interest-free and repayable on demand.

(b) The carrying amounts of rental deposits and retention monies approximate their fair values.

(c) Deferred revenue includes advance rental in respect of operating leases where amounts are recognised in the income statement on a straight-line basis over the lease term.

## 25. BORROWINGS

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | 31 December | | 1 January | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 | 2017 $'000 |
| **Current** | | | | | | |
| Bank loans (secured) | **99,996** | 255,109 | 111,995 | **–** | – | – |
| Bank loans (unsecured) | **1,662,723** | 542,474 | 541,434 | **319,269** | 142,251 | 140,559 |
| 2.50% unsecured fixed rate notes due 2018 [Note (aii) below] | **–** | 174,961 | – | **–** | – | – |
| 3.043% unsecured fixed rate notes due 2017 [Note (ai) below] | **–** | – | 74,974 | **–** | – | 74,974 |
| Finance lease liabilities (Note 26) | **252** | 270 | 272 | **–** | – | – |
| | **1,762,971** | 972,814 | 728,675 | **319,269** | 142,251 | 215,533 |
| **Non-current** | | | | | | |
| Bank loans (secured) | **1,213,294** | 843,300 | 567,118 | **–** | – | – |
| Bank loans (unsecured) | **1,308,855** | 1,724,887 | 633,084 | **–** | 179,040 | 176,417 |
| 2.50% unsecured fixed rate notes due 2018 [Note (aii) below] | **–** | – | 174,803 | **–** | – | – |
| 2.50% unsecured fixed rate notes due 2020 [Note (aii) below] | **239,600** | 239,360 | 239,120 | **–** | – | – |
| Finance lease liabilities (Note 26) | **3,367** | 3,614 | 3,634 | **–** | – | – |
| | **2,765,116** | 2,811,161 | 1,617,759 | **–** | 179,040 | 176,417 |
| Total borrowings | **4,528,087** | 3,783,975 | 2,346,434 | **319,269** | 321,291 | 391,950 |

(a) Medium term notes

(i) On 1 July 2010, the Company established a S$1 billion Multicurrency Medium Term Note Programme (the "2010 Programme"). Under the 2010 Programme, the Company may issue Notes (the "Notes") denominated in Singapore Dollars and/or any other currencies agreed with the dealers. The Notes may be issued on a syndicated or non-syndicated basis and will rank pari passu with all other unsecured obligations. Each series of Notes may be issued in one or more tranches, on the same or different terms such as issue dates, interest rates, maturities, etc. as agreed between the Company and the relevant dealers.

(ii) On 3 November 2014, a wholly-owned subsidiary of the Group established a S$1 billion Multicurrency Medium Term Note Programme (the "2014 Programme") with similar terms as the 2010 Programme. The 2014 Programme is unconditionally and irrevocably guaranteed by the Company.

(iii) On 22 November 2018, the 2014 Programme was updated and increased to a S$2 billion Multicurrency Medium Term Note Programme (the "2018 Programme") with similar terms as the earlier 2014 Programme. The 2018 Programme is unconditionally and irrevocably guaranteed by the Company.

**25. BORROWINGS** (continued)

(b) Securities granted

The bank loans are secured by mortgages on certain subsidiaries' bank deposits, hotel properties, investment properties and development properties; and/or assignment of all rights and benefits with respect to the properties. The carrying amounts of bank deposits, hotel properties, investment properties and development properties which have been pledged as securities are as follows:

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 | 2017 $'000 |
| Bank deposits | **3,754** | 3,000 | 200 |
| Hotel properties | **625,966** | 684,793 | 478,854 |
| Investment properties | **1,441,192** | 1,430,773 | 1,416,062 |
| Development properties | **2,081,879** | 1,582,031 | 992,741 |
| | **4,152,791** | 3,700,597 | 2,887,857 |

(c) Included within unsecured non-current bank loans are revolving credit loans drawn under various committed floating rate revolving credit facilities. The amounts advanced under the revolving credit facilities were included as non-current liabilities as the Group has the discretion to rollover the facilities for at least 12 months after the statement of financial position date. For the purposes of liquidity risk disclosure (Note 36(c)), the revolving credit facilities had been classified as current as the disclosures was based on actual contractual drawdowns to be repaid within a year.

(d) Effective interest rates

The weighted average effective interest rates of floating rate borrowings at the end of the reporting period were as follows:

**The Group**

| | SGD % | USD % | RMB % | GBP % | EUR % | AUD % |
|---|---|---|---|---|---|---|
| **31 December 2018** | | | | | | |
| Bank loans (secured) | **2.6** | **–** | **5.1** | **–** | **–** | **3.3** |
| Bank loans (unsecured) | **2.4** | **3.5** | **–** | **1.9** | **1.0** | **3.0** |
| **31 December 2017** | | | | | | |
| Bank loans (secured) | 1.9 | – | 5.1 | – | – | 3.0 |
| Bank loans (unsecured) | 1.9 | 2.5 | – | 1.6 | 1.0 | 2.4 |
| **1 January 2017** | | | | | | |
| Bank loans (secured) | 1.9 | – | 5.1 | – | – | 3.0 |
| Bank loans (unsecured) | 1.9 | 2.5 | – | 1.6 | – | 2.4 |

**25. BORROWINGS** (continued)

(d) Effective interest rates (continued)

**The Company**

| | GBP % | SGD % | EUR % | AUD % |
|---|---|---|---|---|
| **31 December 2018** | | | | |
| Bank loans (unsecured) | **2.5** | **2.2** | **1.0** | **3.0** |
| **31 December 2017** | | | | |
| Bank loans (unsecured) | 2.0 | 2.1 | 1.0 | – |
| **1 January 2017** | | | | |
| Bank loans (unsecured) | 2.0 | 2.1 | 1.0 | – |

(e) The fair values of secured and unsecured bank loans approximate their carrying values except for the unsecured fixed rate notes. The fair values of the unsecured fixed rate notes are computed based on cash flows discounted using market borrowing rates at the end of the reporting period. The fair values are within Level 2 of the fair values hierarchy. The fair values and market borrowing rates used are as follows:

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | 31 December | | 1 January | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 | 2017 $'000 |
| Fair value | | | | | | |
| 3.043% unsecured fixed rate notes due 2017 | **–** | – | 75,000 | **–** | – | 75,000 |
| 2.50% unsecured fixed rate notes due 2018 | **–** | 175,000 | 174,874 | **–** | – | – |
| 2.50% unsecured fixed rate notes due 2020 | **239,094** | 239,651 | 239,320 | **–** | – | – |
| | **239,094** | 414,651 | 489,194 | **–** | – | 75,000 |

| | 31 December | | 1 January | 31 December | | 1 January |
|---|---|---|---|---|---|---|
| | 2018 % | 2017 % | 2017 % | 2018 % | 2017 % | 2017 % |
| Market borrowing rate | | | | | | |
| 3.043% unsecured fixed rate notes due 2017 | **–** | – | 3.0 | **–** | – | 3.0 |
| 2.50% unsecured fixed rate notes due 2018 | **–** | 2.5 | 2.6 | **–** | – | – |
| 2.50% unsecured fixed rate notes due 2020 | **2.7** | 2.6 | 3.1 | **–** | – | – |

## 26. FINANCE LEASE LIABILITIES

The Group leases certain leasehold land and building from non-related parties under finance leases. The lease approximates the useful life of the building and the lease agreement has renewal clauses at the end of the lease term.

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 | 2017 | 2017 |
| | $'000 | $'000 | $'000 |
| Minimum lease payments due | | | |
| – Not later than one year | **253** | 271 | 273 |
| – Between one and five years | **1,012** | 1,086 | 1,091 |
| – Later than five years | **18,343** | 19,949 | 20,329 |
| | **19,608** | 21,306 | 21,693 |
| Less: Future finance charges | **(15,989)** | (17,422) | (17,787) |
| Present value of finance lease liabilities | **3,619** | 3,884 | 3,906 |

The present values of finance lease liabilities are analysed as follows:

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 | 2017 | 2017 |
| | $'000 | $'000 | $'000 |
| Not later than one year (Note 25) | **252** | 270 | 272 |
| Later than one year (Note 25) | | | |
| – Between one and five years | **1,006** | 1,080 | 1,086 |
| – Later than five years | **2,361** | 2,534 | 2,548 |
| | **3,367** | 3,614 | 3,634 |
| Total | **3,619** | 3,884 | 3,906 |

## 27. DERIVATIVE FINANCIAL INSTRUMENTS

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | Contract notional amount $'000 | Fair value Asset $'000 | Fair value Liability $'000 | Contract notional amount $'000 | Fair value Asset $'000 | Fair value Liability $'000 |
| **31 December 2018** | | | | | | |
| *Cash flow hedges – interest rate risk* | | | | | | |
| – Interest rate swaps | 1,253,586 | 1,958 | (2,741) | 174,110 | – | (322) |
| Less: Current portion | (719,741) | (1,958) | 322 | (174,110) | – | 322 |
| Non-current portion | **533,845** | **–** | **(2,419)** | **–** | **–** | **–** |
| **31 December 2017** | | | | | | |
| Cash flow hedges | | | | | | |
| – Interest rate swaps | 837,070 | 1,552 | (2,085) | 179,700 | – | (1,708) |
| Less: Current portion | (200,000) | (14) | 377 | – | – | – |
| Non-current portion | 637,070 | 1,538 | (1,708) | 179,700 | – | (1,708) |
| **1 January 2017** | | | | | | |
| Cash flow hedges | | | | | | |
| – Interest rate swaps | 377,590 | 207 | (4,272) | 177,590 | – | (3,596) |
| Less: Current portion | – | – | – | – | – | – |
| Non-current portion | 377,590 | 207 | (4,272) | 177,590 | – | (3,596) |

The interest rate swaps of the Group and the Company mature on varying dates within 36 months (31 December 2017: 24 months, 1 January 2017: 28 months) from the end of the financial year and have a weighted average effective interest rates of 1.34% (31 December 2017: 0.99%, 1 January 2017: 1.38%) as at the end of the reporting period. Fair value gains and losses on the interest rate swaps recognised in the hedging reserve are transferred to the income statement as part of interest expense over the period of the borrowings.

## 28. LOANS FROM NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY (UNSECURED)

The loans from non-controlling shareholders of subsidiaries of $181,729,000 (31 December 2017 and 1 January 2017: $63,009,000) bears interest at 1.5% (31 December 2017 and 1 January 2017: 1.5%) per annum over the bank quoted three-month swap rate on the first business day of each quarter of the calendar year and the effective interest rate as at the end of the reporting period was 3.45% (31 December 2017: 2.62%, 1 January 2017: 2.23%) per annum. The loan, including accrued interest payable, is subordinated to the bank loan of the subsidiary, has no fixed terms of repayment and except for an amount of $80,168,000 (31 December 2017 and 1 January 2017: nil), is not expected to be repaid within the next twelve months from the end of the reporting period. The fair value of the loan from non-controlling shareholder approximates its carrying value.

## 29. PROVISION FOR RETIREMENT BENEFITS

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 | 2017 | 2017 |
| | $'000 | $'000 | $'000 |
| Non-current | **6,203** | 5,621 | 4,927 |

(a) A subsidiary in Malaysia operates an unfunded defined benefit scheme under the Collective Union Agreement for unionised employees and certain management staff. Benefits payable on retirement are calculated by reference to length of service and earnings over the employees' year of employment. Provision for post-employment benefit obligations is made in the financial statements so as to provide for the accrued liability at the end of the reporting period. An actuarial valuation, based on the projected credit unit method, of the fund is conducted by a qualified independent actuary once in every three years as the directors are of the opinion that yearly movements in provision are not likely to be significant. The most recent valuation was on 7 February 2017.

(b) The movements during the financial year recognised in the statement of financial position were as follows:

| | The Group | |
|---|---|---|
| | 2018 | 2017 |
| | $'000 | $'000 |
| At the beginning of the financial year | **5,621** | 4,927 |
| Benefits paid | **(57)** | (11) |
| Current service cost | **363** | 324 |
| Interest on obligation | **306** | 265 |
| Currency translation differences | **(30)** | 116 |
| At the end of the financial year | **6,203** | 5,621 |

(c) The principal actuarial assumptions used in respect of the Group's defined benefit plan were as follows:

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 | 2017 | 2017 |
| | % | % | % |
| Discount rate | **5.4** | 5.4 | 5.4 |
| Future salary increase | **6.9** | 6.9 | 6.9 |
| Inflation rate | **3.5** | 3.5 | 3.5 |
| Normal retirement age (years) | | | |
| – Male | **60** | 60 | 60 |
| – Female | **60** | 60 | 60 |

## 30. DEFERRED INCOME TAXES

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

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | 31 December | | 1 January | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 | 2017 $'000 |
| Deferred income tax assets | **(1,931)** | (1,005) | (3,904) | **–** | – | – |
| Deferred income tax liabilities | **363,831** | 372,345 | 95,122 | **3,717** | 3,381 | 2,960 |
| Net deferred tax liabilities | **361,900** | 371,340 | 91,218 | **3,717** | 3,381 | 2,960 |

The movements in the deferred income tax account are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 |
| At the beginning of the financial year | **371,340** | 89,393 | **3,381** | 2,960 |
| Currency translation differences | **(1,954)** | (330) | **–** | – |
| Effects of adoption of new accounting standards | **–** | 1,825 | **–** | – |
| Tax (credit)/charge to: | | | | |
| – income statement [Note 9(a)] | **(5,887)** | (2,011) | **100** | 100 |
| – other comprehensive income [Note 32(f)] | **(39)** | 535 | **236** | 321 |
| Group tax relief | **503** | 442 | **–** | – |
| Acquisition of a business (Note 39) | **–** | 25,087 | **–** | – |
| Acquisition of subsidiaries (Note 39) | **–** | 256,305 | **–** | – |
| (Over)/under provision in prior financial year [Note 9(a)] | **(2,063)** | 94 | **–** | – |
| At the end of the financial year | **361,900** | 371,340 | **3,717** | 3,381 |

Deferred income tax credited/(charged) against other comprehensive income (Note 32) during the financial year are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 |
| Hedging reserve [Note 32(f)] | **(39)** | 535 | **236** | 321 |

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $97,739,000 (31 December 2017: $73,121,000, 1 January 2017: $58,927,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to those subsidiary companies meeting certain statutory requirements in their respective countries of incorporation. Tax losses incurred by subsidiaries of $97,739,000 (31 December 2017: $73,121,000, 1 January 2017: $58,927,000) can be carried forward for a period of up to five years subsequent to the year of the loss.

## 30. DEFERRED INCOME TAXES (continued)

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

**The Group**

*Deferred income tax liabilities*

| | Fair value gains from business combinations $'000 | Fair value gains on derivative financial instruments $'000 | Accelerated tax depreciation $'000 | Fair value gains on hotel properties and investment properties $'000 | Unremitted foreign income, interest and dividends $'000 | Development profit $'000 | Other temporary differences $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **2018** | | | | | | | | |
| At the beginning of the financial year | 183,827 | 254 | 109,823 | 38,600 | 1,213 | 50,759 | 355 | 384,831 |
| Currency translation differences | – | (8) | (2,322) | (127) | – | – | – | (2,457) |
| Tax (credit)/charge to income statement | (15,431) | – | (580) | (797) | 204 | 17,878 | 1,368 | 2,642 |
| Tax charge to other comprehensive income | – | 67 | – | – | – | – | – | 67 |
| Group tax relief | – | – | 126 | – | – | – | – | 126 |
| At the end of the financial year | **168,396** | **313** | **107,047** | **37,676** | **1,417** | **68,637** | **1,723** | **385,209** |
| **2017** | | | | | | | | |
| At the beginning of the financial year | – | (135) | 56,179 | 18,747 | 1,219 | 18,806 | 493 | 95,309 |
| Currency translation differences | – | 3 | 307 | (1,253) | – | 541 | (19) | (421) |
| Effects of adoption of new accounting standards | – | – | – | – | – | 1,825 | – | 1,825 |
| Acquisition of a business (Note 39) | – | – | 25,087 | – | – | – | – | 25,087 |
| Acquisition of subsidiaries (Note 39) | 187,368 | 101 | 25,075 | 23,321 | – | 23,142 | – | 259,007 |
| Tax (credit)/charge to income statement | (3,541) | – | 3,175 | (2,215) | (6) | 6,445 | (119) | 3,739 |
| Tax charge to other comprehensive income | – | 285 | – | – | – | – | – | 285 |
| At the end of the financial year | 183,827 | 254 | 109,823 | 38,600 | 1,213 | 50,759 | 355 | 384,831 |

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2018

**30. DEFERRED INCOME TAXES** (continued)

**The Group** (continued)

*Deferred income tax assets*

| | Fair value losses on derivative financial instruments $'000 | Excess of depreciation over capital allowances $'000 | Tax losses $'000 | Provisions $'000 | Total $'000 |
|---|---|---|---|---|---|
| **2018** | | | | | |
| At the beginning of the financial year | (361) | (1,991) | (9,434) | (1,705) | (13,491) |
| Currency translation differences | – | – | 471 | 32 | 503 |
| Tax charge/(credit) to income statement | – | 1,991 | (12,433) | (150) | (10,592) |
| Tax credit to other comprehensive income | (106) | – | – | – | (106) |
| Group tax relief | – | – | 377 | – | 377 |
| At the end of the financial year | **(467)** | **–** | **(21,019)** | **(1,823)** | **(23,309)** |
| **2017** | | | | | |
| At the beginning of the financial year | (611) | (1,825) | (3,213) | (267) | (5,916) |
| Currency translation differences | – | – | 91 | – | 91 |
| Acquisition of subsidiaries (Note 39) | – | – | (1,727) | (975) | (2,702) |
| Tax credit to income statement | – | (166) | (5,027) | (463) | (5,656) |
| Tax charge to other comprehensive income | 250 | – | – | – | 250 |
| Group tax relief | – | – | 442 | – | 442 |
| At the end of the financial year | (361) | (1,991) | (9,434) | (1,705) | (13,491) |

**The Company**

*Deferred income tax liabilities*

| | Accelerated tax depreciation $'000 | Total $'000 |
|---|---|---|
| **2018** | | |
| At the beginning of the financial year | 3,671 | 3,671 |
| Tax charge to income statement | 100 | 100 |
| At the end of the financial year | **3,771** | **3,771** |
| **2017** | | |
| At the beginning of the financial year | 3,571 | 3,571 |
| Tax charge to income statement | 100 | 100 |
| At the end of the financial year | 3,671 | 3,671 |

**30. DEFERRED INCOME TAXES** (continued)

**The Company** (continued)

*Deferred income tax assets*

| | Fair value loss on derivative financial instruments $'000 | Total $'000 |
|---|---|---|
| **2018** | | |
| At the beginning of the financial year | (290) | (290) |
| Tax charge to other comprehensive income | 236 | 236 |
| At the end of the financial year | **(54)** | **(54)** |
| **2017** | | |
| At the beginning of the financial year | (611) | (611) |
| Tax charge to other comprehensive income | 321 | 321 |
| At the end of the financial year | (290) | (290) |

**31. SHARE CAPITAL OF UOL GROUP LIMITED**

| | Number of shares '000 | Amount $'000 |
|---|---|---|
| **2018** | | |
| At the beginning of the financial year | 841,643 | 1,549,744 |
| Proceeds from shares issued: | | |
| – to holders of share options | 1,036 | 6,457 |
| At the end of the financial year | **842,679** | **1,556,201** |
| **2017** | | |
| At the beginning of the financial year | 804,611 | 1,269,853 |
| Proceeds from shares issued: | | |
| – to holders of share options | 2,233 | 12,122 |
| Issue of shares under scrip dividend scheme | 7,526 | 48,769 |
| Issue of shares for acquisition of subsidiaries (Note 39) | 27,273 | 219,000 |
| At the end of the financial year | 841,643 | 1,549,744 |

(a) All issued ordinary shares have no par value and are fully paid.

(b) During the financial year, the Company issued 1,036,000 (2017: 2,233,000) ordinary shares pursuant to the options under the UOL 2000 and 2012 Share Option Scheme. The newly issued shares rank pari passu in all respects with the previously issued shares.

**31. SHARE CAPITAL OF UOL GROUP LIMITED** (continued)

**UOL Group Executives' Share Option Scheme**

The UOL Group Executives' Share Option Scheme ("the 2000 Scheme") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 23 May 2000. The 2000 Scheme was replaced by a new scheme ("the 2012 Scheme") which was approved by the shareholders of the Company at the Annual General Meeting held on 19 April 2012. The termination of the 2000 Scheme and the adoption of the 2012 Scheme will not affect the rights of the holders of the options granted under the 2000 Scheme.

Under the terms of the 2012 Scheme, the total number of shares granted shall not exceed 10% of the issued share capital of the Company (excluding treasury shares, if any) and the executives may exercise the options by giving notice in writing to the Company in the prescribed form during the option period, accompanied by remittance of the amount of the Exercise Price.

The Exercise Price is equal to the average of the last dealt prices per share as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited for a period of 5 consecutive trading days immediately prior to the relevant Date of Grant.

On 9 March 2018, options were granted pursuant to the 2012 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,523,000 ordinary shares in the Company (known as "the 2018 Options") at the exercise price of $8.49 per ordinary share. 1,499,000 options granted were accepted.

Statutory information regarding the 2018 Options is as follows:

(i) The option period begins on 9 March 2019 and expires on 8 March 2028 or on the date of termination of employment or in the case of the executive director, on the date he ceases to be the executive director of the Company, whichever is earlier, subject to the provisions of Rule 11 of the Rules of the 2012 Scheme.

(ii) The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price.

(iii) Except as set out in Rule 12.2 and subject to Rule 10 of the Rules of the 2012 Scheme, an option does not confer on a participant any right to participate in any new shares of the Company.

Movements in the number of ordinary shares outstanding under options at the end of the financial year and their exercise prices were as follows:

| The Group and the Company | At the beginning of the financial year | Options granted during the financial year | Options exercised during the financial year | Options forfeited during the financial year | At the end of the financial year | Exercise/ Subscription price/$ | Option period |
|---|---|---|---|---|---|---|---|
| **Executives' Share Options** | | | | | | | |
| **2018** | | | | | | | |
| 2009 Options | 10,000 | – | (10,000) | – | – | 1.65 | 06.03.2010 to 05.03.2019 |
| 2010 Options | 24,000 | – | (24,000) | – | – | 3.95 | 05.03.2011 to 04.03.2020 |
| 2011 Options | 121,000 | – | (21,000) | – | 100,000 | 4.62 | 04.03.2012 to 03.03.2021 |
| 2012 Options | 238,000 | – | (138,000) | – | 100,000 | 5.40 | 23.08.2013 to 22.08.2022 |
| 2013 Options | 569,000 | – | (100,000) | – | 469,000 | 6.55 | 08.03.2014 to 07.03.2023 |
| 2014 Options | 484,000 | – | (40,000) | – | 444,000 | 6.10 | 12.03.2015 to 11.03.2024 |
| 2015 Options | 831,000 | – | (127,000) | – | 704,000 | 7.67 | 11.03.2016 to 10.03.2025 |
| 2016 Options | 555,000 | – | (240,000) | – | 315,000 | 5.87 | 11.03.2017 to 10.03.2026 |
| 2017 Options | 1,292,000 | – | (336,000) | – | 956,000 | 6.61 | 10.03.2018 to 09.03.2027 |
| 2018 Options | – | 1,499,000 | – | (63,000) | 1,436,000 | 8.49 | 09.03.2019 to 08.03.2028 |
| | **4,124,000** | **1,499,000** | **(1,036,000)** | **(63,000)** | **4,524,000** | | |

## 31. SHARE CAPITAL OF UOL GROUP LIMITED (continued)

### UOL Group Executives' Share Option Scheme (continued)

| The Group and the Company | At the beginning of the financial year | Options granted during the financial year | Options exercised during the financial year | Options forfeited during the financial year | At the end of the financial year | Exercise/ Subscription price/$ | Option period |
|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | |
| 2007 Options | 2,000 | – | (2,000) | – | – | 4.91 | 16.03.2008 to 15.03.2017 |
| 2008 Options | 112,000 | – | (112,000) | – | – | 3.68 | 07.03.2009 to 06.03.2018 |
| 2009 Options | 62,000 | – | (52,000) | – | 10,000 | 1.65 | 06.03.2010 to 05.03.2019 |
| 2010 Options | 304,000 | – | (280,000) | – | 24,000 | 3.95 | 05.03.2011 to 04.03.2020 |
| 2011 Options | 340,000 | – | (219,000) | – | 121,000 | 4.62 | 04.03.2012 to 03.03.2021 |
| 2012 Options | 641,000 | – | (403,000) | – | 238,000 | 5.40 | 23.08.2013 to 22.08.2022 |
| 2013 Options | 787,000 | – | (218,000) | – | 569,000 | 6.55 | 08.03.2014 to 07.03.2023 |
| 2014 Options | 699,000 | – | (215,000) | – | 484,000 | 6.10 | 12.03.2015 to 11.03.2024 |
| 2015 Options | 1,105,000 | – | (158,000) | (116,000) | 831,000 | 7.67 | 11.03.2016 to 10.03.2025 |
| 2016 Options | 1,129,000 | – | (574,000) | – | 555,000 | 5.87 | 11.03.2017 to 10.03.2026 |
| 2017 Options | – | 1,336,000 | – | (74,000) | 1,292,000 | 6.61 | 10.03.2018 to 09.03.2027 |
| | **5,181,000** | **1,336,000** | **(2,233,000)** | **(190,000)** | **4,124,000** | | |

Out of the outstanding options for 4,524,000 (31 December 2017: 4,124,000, 1 January 2017: 5,181,000) shares, options for 3,088,000 (31 December 2017: 2,832,000, 1 January 2017: 4,052,000) shares are exercisable at the end of the reporting period. The weighted average share price at the time of exercise was $8.36 (2017: $7.97) per share.

The fair value of options granted on 9 March 2018 (2017: 10 March 2017), determined using the Trinomial Tree Model was $2,099,000 (2017: $1,544,000). The significant inputs into the model were share price of $8.75 (2017: $6.92) at the grant date, exercise price of $8.49 (2017: $6.61), standard deviation of expected share price returns of 17.44% (2017: 17.49%), option life from 9 March 2019 to 8 March 2028 (2017: 10 March 2018 to 9 March 2027), annual risk-free interest rate of 2.25% (2017: 2.30%) and dividend yield of 2.12% (2017: 2.33%). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last three years.

## 32. RESERVES

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | 31 December | | 1 January | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 | 2017 $'000 |
| Composition: | | | | | | |
| Share option reserve [Note (a) below] | **18,761** | 16,720 | 17,097 | **18,602** | 16,687 | 15,314 |
| Fair value reserve [Note (b) below] | **761,503** | 844,444 | 587,562 | **623,627** | 687,997 | 490,217 |
| Asset revaluation reserve [Note (c) below] | **–** | – | 22,188 | **–** | – | – |
| Capital reserves [Note (d) below] | **70,203** | 70,203 | 293,580 | **–** | – | – |
| Currency translation reserve [Note (e) below] | **(34,275)** | (13,035) | – | **–** | – | – |
| Hedging reserve [Note (f) below] | **(1,563)** | (1,443) | (3,642) | **(267)** | (1,417) | (2,985) |
| Others | **–** | – | – | **598** | 598 | 598 |
| | **814,629** | 916,889 | 916,785 | **642,560** | 703,865 | 503,144 |

Revaluation and capital reserves are non-distributable.

**32. RESERVES** (continued)

(a) Share option reserve

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2018 $'000** | **2017 $'000** | **2018 $'000** | **2017 $'000** |
| At the beginning of the financial year | **16,720** | 17,097 | **16,687** | 15,314 |
| Employee share option scheme of the Company: | | | | |
| – Value of employee services | **2,167** | 1,407 | **1,915** | 1,373 |
| Share of associated company | **–** | 58 | **–** | – |
| Acquisition of subsidiaries and derecognition of associated companies | **–** | (1,842) | **–** | – |
| | **2,167** | (377) | **1,915** | 1,373 |
| Less: Amount attributable to non-controlling interests | **(126)** | – | **–** | – |
| | **2,041** | (377) | **1,915** | 1,373 |
| At the end of the financial year | **18,761** | 16,720 | **18,602** | 16,687 |

(b) Fair value reserve

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2018 $'000** | **2017 $'000** | **2018 $'000** | **2017 $'000** |
| At the beginning of the financial year | **844,444** | 587,562 | **687,997** | 490,217 |
| Fair value (losses)/gains on financial assets, at FVOCI/ available-for-sale (Note 15 and 16) | **(82,941)** | 256,882 | **(64,370)** | 197,780 |
| At the end of the financial year | **761,503** | 844,444 | **623,627** | 687,997 |

(c) Asset revaluation reserve

| | The Group | |
|---|---|---|
| | **2018 $'000** | **2017 $'000** |
| At the beginning of the financial year | **–** | 42,978 |
| Effects of adoption of accounting standards | **–** | (20,790) |
| Acquisition of subsidiaries and derecognition of associated companies | **–** | (22,188) |
| At the end of the financial year | **–** | – |

The asset revaluation reserve of the Group does not take into account the surplus of $1,580,165,000 (31 December 2017: $1,412,865,000, 1 January 2017: $1,093,397,000) arising from the revaluation of the hotel properties of the Group [Note 22(a)].

**32. RESERVES** (continued)

(d) Capital reserves

Composition of capital reserves is as follows:

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 | 2017 | 2017 |
| | $'000 | $'000 | $'000 |
| Transfer from asset revaluation reserve for bonus issue of shares by a subsidiary | **55,846** | 55,846 | 55,846 |
| Share premium in a subsidiary attributable to the Group | **13,360** | 13,360 | 13,360 |
| Goodwill on consolidation | **997** | 997 | 997 |
| Acquisitions of associated companies (See below) | **–** | – | 223,377 |
| | **70,203** | 70,203 | 293,580 |

The movement in capital reserves is as follows:

| | The Group | |
|---|---|---|
| | 2018 | 2017 |
| | $'000 | $'000 |
| At the beginning of the financial year | **70,203** | 293,580 |
| Acquisition of subsidiaries and derecognition of associated companies (See below) | **–** | (223,377) |
| At the end of the financial year | **70,203** | 70,203 |

The capital reserves arising from the acquisitions of associated companies relate to the increase in the fair value of identifiable net assets and liabilities of the investee companies attributable to the Group's previously held interest in those investee companies on the date they became associated companies. These capital reserves were reversed when the Group increased its shareholding interests in UIC (Note 39) which resulted in these associated companies becoming subsidiaries of the Group.

**32. RESERVES** (continued)

(e) Currency translation reserve

| | The Group 2018 $'000 | The Group 2017 $'000 |
|---|---|---|
| At the beginning of the financial year | **(13,035)** | (25,428) |
| Net currency translation differences of financial statements of foreign subsidiaries and an associated company | **(31,999)** | (16,691) |
| Share of an associated company's other comprehensive loss | **–** | (903) |
| Acquisition of subsidiaries and derecognition of associated companies | **–** | (960) |
| Effects of adoption of accounting standards | **–** | 30,407 |
| | **(31,999)** | (11,853) |
| Less: Amount attributable to non-controlling interests | **10,759** | 540 |
| | **(21,240)** | (12,393) |
| At the end of the financial year | **(34,275)** | (13,035) |

(f) Hedging reserve

| | The Group 2018 $'000 | The Group 2017 $'000 | The Company 2018 $'000 | The Company 2017 $'000 |
|---|---|---|---|---|
| **Interest rate risk** | | | | |
| At the beginning of the financial year | **(1,443)** | (3,642) | **(1,417)** | (2,985) |
| Fair value (losses)/gains | **(1,322)** | 147 | **139** | 96 |
| Currency translation differences | **40** | – | **–** | – |
| Deferred tax on fair value (Note 30) | **39** | (535) | **(236)** | (321) |
| Acquisition of subsidiaries and derecognition of a joint venture company | **–** | (517) | **–** | – |
| | **(1,243)** | (905) | **(97)** | (225) |
| Transfer to income statement | | | | |
| – Finance expense (Note 7) | **1,071** | 3,385 | **1,247** | 1,793 |
| Less: Amount attributable to non-controlling interests | **52** | (281) | **–** | – |
| | **(120)** | 2,199 | **1,150** | 1,568 |
| At the end of the financial year | **(1,563)** | (1,443) | **(267)** | (1,417) |

The hedging reserve comprised the effective portion of the accumulated net change in the fair value of interest rate swaps for hedged transactions that had not occurred.

## 33. DIVIDENDS

| | The Group and the Company | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Final one-tier dividend paid in respect of the previous financial year of 17.5 cents (2017: 15.0 cents) per share | **147,418** | 120,716 |

At the forthcoming Annual General Meeting on 25 April 2019, a final one-tier dividend of 17.5 cents per share amounting to a total of $147,469,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2019.

## 34. CONTINGENT LIABILITIES

The Company has guaranteed the borrowings of subsidiaries in the following currencies:

| | 31 December | | 1 January |
|---|---|---|---|
| | **2018** | **2017** | **2017** |
| | **$'000** | **$'000** | **$'000** |
| Singapore Dollar | **1,721,700** | 1,145,000 | 1,069,400 |
| United States Dollar | **6,757** | 16,701 | 25,439 |
| Pound Sterling | **618,858** | 581,124 | 161,439 |
| Australian Dollar | **283,302** | 310,786 | 18,015 |
| Euro | **19,824** | – | – |
| | **2,650,441** | 2,053,611 | 1,274,293 |

The Company has also given undertakings to provide financial support to certain subsidiaries. At the end of the reporting period, the Group has given a guarantee of $1,083,000 (31 December 2017: $1,857,000, 1 January 2017: $2,856,000) in respect of banking facilities granted to an associated company.

The directors are of the view that no material losses will arise from these contingent liabilities.

**35. COMMITMENTS**

(a) Capital and other commitments

Expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 | 2017 | 2017 |
| | $'000 | $'000 | $'000 |
| Expenditure contracted for: | | | |
| – property, plant and equipment | **349,328** | 186,088 | 83,947 |
| – development properties | **625,679** | 459,391 | 289,795 |
| – investment properties | **3,515** | 2,919 | – |
| | **978,522** | 648,398 | 373,742 |

(b) Operating lease commitments – where a group company is a lessee

The Group leases various premises from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payable under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are analysed as follows:

| | The Group | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 | 2017 | 2017 |
| | $'000 | $'000 | $'000 |
| Not later than one year | **3,010** | 2,995 | 3,143 |
| Later than one year but not later than five years | **5,414** | 8,007 | 6,417 |
| Later than five years | **21,053** | 20,638 | 25,245 |
| | **29,477** | 31,640 | 34,805 |

**35. COMMITMENTS** (continued)

(c) Operating lease commitments – where a group company is a lessor

The Group and the Company lease out retail and office space to non-related parties under non-cancellable operating agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease receivable under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are analysed as follows:

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | 31 December | | 1 January | 31 December | | 1 January |
| | 2018 $'000 | 2017 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 | 2017 $'000 |
| Not later than one year | **435,142** | 404,239 | 161,886 | **14,945** | 15,445 | 18,059 |
| Later than one year but not later than five years | **795,838** | 696,993 | 248,596 | **14,996** | 18,904 | 27,457 |
| Later than five years | **163,209** | 126,876 | 93,544 | **–** | – | 2,318 |
| | **1,394,189** | 1,228,108 | 504,026 | **29,941** | 34,349 | 47,834 |

The future minimum lease payments receivable under non-cancellable operating leases exclude the portion of lease payments receivable which are computed based on a percentage of the revenue of some of the lessees. The contingent lease payments received during the financial year and recognised in the Group's and the Company's revenue from property investments were $3,058,000 (2017: $3,174,000) and $145,000 (2017: $113,000) respectively.

**36. FINANCIAL RISK MANAGEMENT**

*Financial risk factors*

The Board of Directors provides guidance for overall risk management. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. When necessary, the Group uses financial instruments such as interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures.

(a) Market risk

*(i) Currency risk*

The Group operates in the Asia Pacific region and in the United Kingdom. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Australian Dollar ("AUD"), Malaysian Ringgit ("MYR"), Chinese Renminbi ("RMB"), United States Dollar ("USD") and Pound Sterling ("GBP").

The Group has a number of investments in foreign subsidiaries and associated companies whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's subsidiaries, associated companies and a joint venture company in Australia, Malaysia, Myanmar, The People's Republic of China ("PRC"), Vietnam and the United Kingdom are managed through borrowings, as far as is reasonably practical, in foreign currencies which broadly match those in which the net assets are denominated or in currencies that are freely convertible.

**36. FINANCIAL RISK MANAGEMENT** (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Group's currency exposure based on the information provided to key management is as follows:

| | SGD $'000 | USD $'000 | AUD $'000 | MYR $'000 | RMB $'000 | GBP $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | | |
| **31 December 2018** | | | | | | | | |
| **Financial assets** | | | | | | | | |
| Cash and bank balances | 566,300 | 19,456 | 6,463 | 10,139 | 52,093 | 5,985 | 16,736 | 677,172 |
| Trade and other receivables | 587,694 | 35,859 | 7,408 | 4,312 | 10,350 | 36,366 | 2,313 | 684,302 |
| Receivables from subsidiaries | 886,755 | 1,121 | – | – | – | 212,231 | – | 1,100,107 |
| Derivative financial instrument | 1,958 | – | – | – | – | – | – | 1,958 |
| Other assets – deposits | 3,102 | 18 | – | 239 | 57 | 2,774 | – | 6,190 |
| | 2,045,809 | 56,454 | 13,871 | 14,690 | 62,500 | 257,356 | 19,049 | 2,469,729 |
| **Financial liabilities** | | | | | | | | |
| Borrowings | (3,168,580) | (6,757) | (405,141) | – | (37,855) | (882,572) | (27,182) | (4,528,087) |
| Trade and other payables | (102,209) | (15,432) | (18,823) | (9,706) | (373,035) | (10,834) | (6,510) | (536,549) |
| Payables to subsidiaries | (886,755) | (1,121) | – | – | – | (212,231) | – | (1,100,107) |
| Derivative financial instrument | (2,741) | – | – | – | – | – | – | (2,741) |
| Loans from non-controlling shareholders of subsidiaries | (181,729) | – | – | – | – | – | – | (181,729) |
| | (4,342,014) | (23,310) | (423,964) | (9,706) | (410,890) | (1,105,637) | (33,692) | (6,349,213) |
| Net financial (liabilities)/ assets | (2,296,205) | 33,144 | (410,093) | 4,984 | (348,390) | (848,281) | (14,643) | (3,879,484) |
| Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies | 2,256,521 | (8,231) | 410,493 | (4,984) | 348,351 | 848,281 | (3,935) | 3,846,496 |
| Add: Firm commitments and highly probable forecast transactions in foreign currencies | 637,780 | – | 1,514 | 46,276 | – | 292,171 | 781 | 978,522 |
| Less: Firm commitments and highly probable forecast transactions denominated in the respective entities' functional currencies | (637,780) | – | (1,514) | (46,276) | – | (292,171) | (781) | (978,522) |
| Currency exposure | **(39,684)** | **24,913** | **400** | **–** | **(39)** | **–** | **(18,578)** | **(32,988)** |

**36. FINANCIAL RISK MANAGEMENT** (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

| | SGD $'000 | USD $'000 | AUD $'000 | MYR $'000 | RMB $'000 | GBP $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | | |
| **31 December 2017** | | | | | | | | |
| **Financial assets** | | | | | | | | |
| Cash and bank balances | 713,426 | 26,781 | 10,634 | 9,046 | 45,842 | 4,248 | 6,469 | 816,446 |
| Trade and other receivables | 403,127 | 26,004 | 6,813 | 1,666 | 10,921 | 36,250 | 3,442 | 488,223 |
| Receivables from subsidiaries | 784,955 | 14,659 | – | – | – | 355,589 | – | 1,155,203 |
| Derivative financial instrument | 1,552 | – | – | – | – | – | – | 1,552 |
| Other assets – deposits | 11,833 | 24 | 2 | 241 | 63 | – | 222 | 12,385 |
| | 1,914,893 | 67,468 | 17,449 | 10,953 | 56,826 | 396,087 | 10,133 | 2,473,809 |
| **Financial liabilities** | | | | | | | | |
| Borrowings | (2,408,195) | (16,701) | (384,685) | – | (45,886) | (913,021) | (15,487) | (3,783,975) |
| Trade and other payables | (474,414) | (44,563) | (2,985) | (20,605) | (44,061) | (8,147) | (10,412) | (605,187) |
| Payables to subsidiaries | (784,955) | (14,659) | – | – | – | (355,589) | – | (1,155,203) |
| Derivative financial instrument | (2,085) | – | – | – | – | – | – | (2,085) |
| Loans from non-controlling shareholders of subsidiaries | (63,009) | – | – | – | – | – | – | (63,009) |
| | (3,732,658) | (75,923) | (387,670) | (20,605) | (89,947) | (1,276,757) | (25,899) | (5,609,459) |
| Net financial liabilities | (1,817,765) | (8,455) | (370,221) | (9,652) | (33,121) | (880,670) | (15,766) | (3,135,650) |
| Less: Net financial assets denominated in the respective entities' functional currencies | 1,778,346 | 30,629 | 370,726 | 9,646 | 33,093 | 880,670 | 494 | 3,103,604 |
| Add: Firm commitments and highly probable forecast transactions in foreign currencies | 383,925 | 1,200 | 7,090 | 36,722 | 338 | 218,149 | 974 | 648,398 |
| Less: Firm commitments and highly probable forecast transactions denominated in the respective entities' functional currencies | (383,925) | (1,200) | (7,090) | (36,722) | (338) | (218,149) | (974) | (648,398) |
| Currency exposure | (39,419) | 22,174 | 505 | (6) | (28) | – | (15,272) | (32,046) |

**36. FINANCIAL RISK MANAGEMENT** (continued)

(a) Market risk (continued)

*(i) Currency risk* (continued)

| | SGD $'000 | USD $'000 | AUD $'000 | MYR $'000 | RMB $'000 | GBP $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | | |
| **1 January 2017** | | | | | | | | |
| **Financial assets** | | | | | | | | |
| Cash and bank balances | 197,993 | 16,238 | 25,424 | 15,869 | 35,386 | 3,773 | 6,829 | 301,512 |
| Trade and other receivables | 201,126 | 7,200 | 11,154 | 1,163 | 2,588 | 2,042 | 3,104 | 228,377 |
| Receivables from subsidiaries | 491,496 | 17,649 | – | – | – | 274,998 | – | 784,143 |
| Derivative financial instrument | 207 | – | – | – | – | – | – | 207 |
| Other assets – deposits | 1,110 | 28 | 2 | 218 | 24 | – | 244 | 1,626 |
| | 891,932 | 41,115 | 36,580 | 17,250 | 37,998 | 280,813 | 10,177 | 1,315,865 |
| **Financial liabilities** | | | | | | | | |
| Borrowings | (1,697,689) | (25,439) | (103,713) | – | (40,005) | (479,588) | – | (2,346,434) |
| Trade and other payables | (193,622) | (3,635) | (14,254) | (7,621) | (21,749) | (1,593) | (7,680) | (250,154) |
| Payables to subsidiaries | (491,496) | (17,649) | – | – | – | (274,998) | – | (784,143) |
| Derivative financial instrument | (4,272) | – | – | – | – | – | – | (4,272) |
| Loans from non-controlling shareholders of subsidiaries | (63,009) | – | – | – | – | – | – | (63,009) |
| | (2,450,088) | (46,723) | (117,967) | (7,621) | (61,754) | (756,179) | (7,680) | (3,448,012) |
| Net financial (liabilities)/ assets | (1,558,156) | (5,608) | (81,387) | 9,629 | (23,756) | (475,366) | 2,497 | (2,132,147) |
| Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies | 1,518,936 | (5,637) | 81,529 | (9,655) | 23,745 | 475,366 | (2,375) | 2,081,909 |
| Add: Firm commitments and highly probable forecast transactions in foreign currencies | 243,831 | – | 1,729 | 12,300 | – | 115,526 | 356 | 373,742 |
| Less: Firm commitments and highly probable forecast transactions denominated in the respective entities' functional currencies | (243,831) | – | (1,729) | (12,300) | – | (115,526) | (356) | (373,742) |
| Currency exposure | (39,220) | (11,245) | 142 | (26) | (11) | – | 122 | (50,238) |

**36. FINANCIAL RISK MANAGEMENT** (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Group does not have significant exposure to currency risk other than USD. Assuming that the USD changes against SGD by 5% (31 December 2017 and 1 January 2017: 5%), with all other variables including tax rate being held constant, the effects on the profit after tax will be as follows:

| | The Group Increase/(Decrease) | | |
|---|---|---|---|
| | 31 December | | 1 January |
| | 2018 | 2017 | 2017 |
| | $'000 | $'000 | $'000 |
| USD against SGD | | | |
| – strengthens | **1,034** | 920 | (467) |
| – weakens | **(1,034)** | (920) | 467 |

The Company's revenue, purchases, receivables and borrowings were contracted or denominated in Singapore Dollar which is the functional and presentation currency of the Company, except for the following:

| | USD $'000 | GBP $'000 | EUR $'000 | AUD $'000 |
|---|---|---|---|---|
| **The Company** | | | | |
| **31 December 2018** | | | | |
| **Financial assets** | | | | |
| Loans to subsidiaries | 14,954 | 244,066 | – | 68,166 |
| **Financial liabilities** | | | | |
| Bank borrowings | – | (213,891) | (7,358) | (68,166) |
| Currency exposure | **14,954** | **30,175** | **(7,358)** | **–** |
| **31 December 2017** | | | | |
| **Financial assets** | | | | |
| Loans to subsidiaries | 14,659 | 355,589 | – | – |
| **Financial liabilities** | | | | |
| Bank borrowings | – | (280,862) | (15,489) | – |
| Currency exposure | 14,659 | 74,727 | (15,489) | – |
| **1 January 2017** | | | | |
| **Financial assets** | | | | |
| Loans to subsidiaries | 17,649 | 274,998 | – | – |
| **Financial liabilities** | | | | |
| Bank borrowings | – | (318,149) | – | – |
| Currency exposure | 17,649 | (43,151) | – | – |

**36. FINANCIAL RISK MANAGEMENT** (continued)

(a) Market risk (continued)

*(i) Currency risk* (continued)

Assuming that the USD, GBP and EUR changes against SGD by 5% (31 December 2017 and 1 January 2017: 5%), with all other variables including tax rate being held constant, the effects on the profit after tax of the Company will be as follows:

| | **The Company Increase/(Decrease)** | | |
|---|---|---|---|
| | **31 December** | | **1 January** |
| | **2018** | **2017** | **2017** |
| | **$'000** | **$'000** | **$'000** |
| USD against SGD | | | |
| – strengthens | **621** | 608 | 732 |
| – weakens | **(621)** | (608) | (732) |
| GBP against SGD | | | |
| – strengthens | **1,252** | 3,101 | (1,791) |
| – weakens | **(1,252)** | (3,101) | 1,791 |
| EUR against SGD | | | |
| – strengthens | **(305)** | (643) | – |
| – weakens | **305** | 643 | – |

*(ii) Price risk*

The Group and the Company are exposed to equity securities price risk due to their investments in quoted securities listed in Singapore, which have been classified in the consolidated statement of financial position as financial assets, at FVOCI and available-for-sale.

Based on the portfolio of quoted equity securities held by the Group and the Company as at 31 December 2018, if prices for equity securities listed in Singapore change by 10% (31 December 2017 and 1 January 2017: 10%) with all other variables being held constant, the fair value reserve will be higher/lower by $101,439,000 (31 December 2017: $106,276,000, 1 January 2017: $$80,767,000) and $76,730,000 (31 December 2017: $80,339,000, 1 January 2017: $61,073,000) for the Group and the Company respectively.

*(iii) Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and the Company's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings. The Group and the Company monitor closely the changes in interest rates on borrowings and when appropriate, manage their exposure to changes in interest rates by entering into borrowings on a fixed rate basis over a longer term.

The Group enters into interest rate swaps with the same critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding amount of the borrowings. As all critical terms matched during the year, the economic relationship was 100% effective.

**36. FINANCIAL RISK MANAGEMENT** (continued)

(a) Market risk (continued)

*(iii) Cash flow and fair value interest rate risks* (continued)

*Hedge effectiveness*

Hedge effectiveness is determined at the inception of the hedging relationship, and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

There was no ineffectiveness during 2018 in relation to the cash flow hedge.

The Group's and the Company's variable-rate financial assets and liabilities for which effective hedges have not been entered into, are denominated mainly in SGD, USD, GBP, EUR and AUD. If the SGD, USD, GBP, EUR and AUD interest rates increase/decrease by 1% (31 December 2017 and 1 January 2017: 1%) with all other variables including tax rate being held constant, the profit after tax of the Group and the Company will be lower/higher by $14,430,000 (31 December 2017: $13,502,000, 1 January 2017: $7,953,000) and $1,320,067 (31 December 2017: $1,411,000, 1 January 2017: $2,220,000) respectively as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and the Company's major classes of financial assets subject to credit risks are loans and receivables which include cash and bank balances. For trade and other receivables, the Group adopts the policy of dealing only with customers and counterparties of appropriate credit history, and obtaining sufficient security such as deposits and bankers' guarantees where appropriate to mitigate credit risk. Bank deposits were mainly placed with financial institutions which have high credit ratings.

Credit exposure to individual customers or counterparties for the revenue streams mentioned above are also generally restricted by credit limits that are approved by the respective management at the entity level based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and by Group management.

For trade receivables and unbilled revenue from sale of development properties, the Group has policies in place to ensure that sales are made to purchasers with appropriate financial strength and after obtaining sufficient security such as deposits. If a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may resume possession of the units, retain a portion of the purchaser's deposits from payments made to date, and resell the property. Unless the selling price falls by more than the portion of purchaser's deposits retained, which is remote, the Group would not be in a loss position in selling those properties.

For trade receivables from property investments, the Group typically collects deposits or banker's guarantees amounting to three to five months of the monthly lease rental. All late payments are monitored closely and followed up with active chasing or legal action if necessary. The Group also regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's revenue from hotel ownership and operations do not give rise to significant trade receivables as the value of transactions are low and transactions are mainly settled through cash or credit card which have a short collection period. For all other trade receivables from hotel ownership and operations, management makes periodic collective assessments as well as individual assessment on the recoverability of trade receivables based on historical settlement records and past experience.

**36. FINANCIAL RISK MANAGEMENT** (continued)

(b) Credit risk (continued)

For trade receivables from management services and technologies, the Group has monitoring procedures in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

There is no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

As the Group and the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except for corporate guarantees provided by the Company to banks on subsidiaries' loans as disclosed in Note 34.

The movements in credit loss allowance are as follows:

| **The Group** | **Trade receivables[(a)] $'000** | **Total $'000** |
|---|---|---|
| **Balance at 1 January 2018 under SFRS and SFRS(I) 9** | 1,056 | 1,056 |
| Loss allowance recognised in profit or loss during the year on: | | |
| – Reversal of unutilised amounts | (53) | (53) |
| – Assets acquired/originated | 127 | 127 |
| | 74 | 74 |
| Receivables written off as uncollectible | (123) | (123) |
| Balance at 31 December 2018 | 1,007 | 1,007 |

(a) Loss allowance measured at lifetime ECL

The Group's cash and cash equivalents and loans to subsidiaries and joint venture companies are subject to immaterial credit loss.

*(i) Trade receivables and unbilled revenue*

In measuring the expected credit losses, the trade receivables and unbilled revenue are grouped based on shared credit risk characteristics and days past due. The unbilled revenue relate to unbilled work in progress, which has substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the unbilled revenue.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, including property development, property investment, hotel ownership and operations and management services and technology, and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables, and accordingly adjusts the historical loss rates based on expected changes in these factors. Management has considered, among other factors (including forward-looking information), the Group's and Company's historical loss pattern over the last three financial years, its ability to resume possession of units for the property development business, the existence of deposits and banker's guarantees for the property investment business, as well as the relatively low value of transactions and manner in which these are settled i.e. by cash and credit card for the Group's hotel ownership and operation business. Based on the above, management concluded that the expected credit loss rate for trade receivables and unbilled revenue is close to zero. The loss allowance provision for trade receivables and unbilled revenue was assessed as not material.

**36. FINANCIAL RISK MANAGEMENT** (continued)

(b) Credit risk (continued)

(i) *Trade receivables and unbilled revenue* (continued)

Trade receivables and unbilled revenue are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

(ii) *Other trade and other receivables and loans to subsidiaries, associated companies and joint venture companies*

For other trade and other receivables and loans to subsidiaries, associated companies and joint venture companies, management has considered, among other factors (including forward-looking information), the Group's and Company's historical loss pattern over the last three financial years to assess the expected credit loss.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical payment experience and the corresponding historical credit loss rates, and adjusted for forward-looking macroeconomic factors.

These financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about events, including but not limited to significant financial difficulty of the borrower or a breach of contract, such as a default or past due event.

(iii) *Financial guarantee contracts*

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

***Previous accounting policy for impairment of trade and other receivables***

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 60 days overdue).

The Group's credit risk exposure in relation to trade and other receivables under SFRS 39 as at 31 December 2017 and 1 January 2017 are set out as follows:

| | The Group | |
|---|---|---|
| | **31 December 2017 $'000** | **1 January 2017 $'000** |
| Past due 0 to 3 months | 19,612 | 4,996 |
| Past due 3 to 6 months | 1,944 | 1,533 |
| Past due over 6 months | 2,579 | 3,102 |
| | 24,135 | 9,631 |

**36. FINANCIAL RISK MANAGEMENT** (continued)

(b) Credit risk (continued)

***Financial assets that are neither past due nor impaired***

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

Other than the above, there are no credit loss allowance for other financial assets at amortised costs as at 31 December 2017 and 1 January 2017.

(c) Liquidity risk

The Group and the Company manage the liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments, having an adequate amount of committed credit facilities and the ability to close market positions at a short notice.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

| | Less than 1 year $'000 | Between 1 to 2 years $'000 | Between 2 to 5 years $'000 | Over 5 years $'000 |
|---|---|---|---|---|
| **The Group** | | | | |
| **31 December 2018** | | | | |
| Trade and other payables | 434,914 | 44,212 | 44,624 | 12,799 |
| Derivative financial instruments | 1,006 | 709 | 185 | – |
| Borrowings | 2,133,608 | 1,586,927 | 961,091 | – |
| Loans from non-controlling shareholders of subsidiaries | 83,676 | 3,508 | 107,251 | – |
| Financial guarantees for borrowings of associated companies | – | – | 1,083 | – |
| | **2,653,204** | **1,635,356** | **1,114,234** | **12,799** |
| **31 December 2017** | | | | |
| Trade and other payables | 491,646 | 36,675 | 69,063 | 7,803 |
| Derivative financial instrument | 2,282 | 871 | – | – |
| Borrowings | 1,501,946 | 1,035,231 | 1,381,226 | – |
| Loans from non-controlling shareholders of subsidiaries | – | 64,661 | – | – |
| Financial guarantees for borrowings of associated companies | – | – | 1,857 | – |
| | 1,995,874 | 1,137,438 | 1,452,146 | 7,803 |
| **1 January 2017** | | | | |
| Trade and other payables | 198,502 | 22,205 | 29,447 | – |
| Derivative financial instrument | 3,149 | 2,155 | 486 | – |
| Borrowings | 759,738 | 889,009 | 775,345 | – |
| Loans from non-controlling shareholders of subsidiaries | – | – | 65,818 | – |
| Financial guarantees for borrowings of associated companies | – | – | 2,856 | – |
| | 961,389 | 913,369 | 873,952 | – |

**36. FINANCIAL RISK MANAGEMENT** (continued)

(c) Liquidity risk (continued)

| | Less than 1 year $'000 | Between 1 to 2 years $'000 | Between 2 to 5 years $'000 | Over 5 years $'000 |
|---|---|---|---|---|
| **The Company** | | | | |
| **31 December 2018** | | | | |
| Trade and other payables | 920,417 | 1,060 | 1,370 | – |
| Derivative financial instrument | 231 | – | – | – |
| Borrowings | 321,227 | – | – | – |
| Financial guarantees for borrowings of subsidiaries and associated companies | 1,204,323 | 838,380 | 607,738 | – |
| | **2,446,198** | **839,440** | **609,108** | **–** |
| **31 December 2017** | | | | |
| Trade and other payables | 859,583 | 1,154 | 1,156 | – |
| Derivative financial instrument | 1,485 | 427 | – | – |
| Borrowings | 147,977 | 181,282 | – | – |
| Financial guarantees for borrowings of subsidiaries and associated companies | 524,482 | 568,859 | 960,270 | – |
| | 1,533,527 | 751,722 | 961,426 | – |
| **1 January 2017** | | | | |
| Trade and other payables | 564,319 | 2,779 | 1,712 | – |
| Derivative financial instrument | 1,688 | 1,688 | 486 | – |
| Borrowings | 221,982 | 5,504 | 179,138 | – |
| Financial guarantees for borrowings of subsidiaries and associated companies | 401,101 | 375,000 | 498,193 | – |
| | 1,189,090 | 384,971 | 679,529 | – |

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and aim to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may, subject to the necessary approvals from the shareholders, the lending bank, other creditors and/or the regulatory authorities, adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are also required under their note issuance programmes to maintain a gearing ratio of not exceeding 200% (31 December 2017 and 1 January 2017: 200%). The Group's and the Company's strategies, which were unchanged from 2017, are to maintain a gearing ratio below 150%.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings (including loans from non-controlling shareholders of subsidiaries) less cash and bank balances.

**36. FINANCIAL RISK MANAGEMENT** (continued)

(d) Capital risk (continued)

| | The Group | | | The Company | | |
|---|---|---|---|---|---|---|
| | 31 December | | 1 January | 31 December | | 1 January |
| | 2018 | 2017 | 2017 | 2018 | 2017 | 2017 |
| Net debt ($'000) | **4,032,644** | 3,030,538 | 2,107,931 | **316,779** | 304,997 | 390,270 |
| Total equity ($'000) | **14,470,138** | 14,153,807 | 8,648,416 | **3,127,863** | 3,225,281 | 2,841,222 |
| Gearing ratio | **28%** | 21% | 24% | **10%** | 9% | 14% |

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2018 and 2017.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

See Note 21 for disclosure of the investment properties that are measured at fair value.

| | Level 1<br>$'000 | Level 2<br>$'000 | Level 3<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **The Group** | | | | |
| **31 December 2018** | | | | |
| **Assets** | | | | |
| Financial assets, at FVOCI | 1,014,393 | – | 61,143 | 1,075,536 |
| Derivative financial instruments | – | 1,958 | – | 1,958 |
| **Liabilities** | | | | |
| Derivative financial instruments | – | (2,741) | – | (2,741) |
| **31 December 2017** | | | | |
| **Assets** | | | | |
| Available-for-sale financial assets | 1,062,758 | – | 68,944 | 1,131,702 |
| Derivative financial instruments | – | 1,552 | – | 1,552 |
| **Liabilities** | | | | |
| Derivative financial instruments | – | (2,085) | – | (2,085) |
| **1 January 2017** | | | | |
| **Assets** | | | | |
| Available-for-sale financial assets | 807,667 | – | 47,384 | 855,051 |
| Derivative financial instruments | – | 207 | – | 207 |
| **Liabilities** | | | | |
| Derivative financial instruments | – | (4,272) | – | (4,272) |

**36. FINANCIAL RISK MANAGEMENT** (continued)

(e) Fair value measurements (continued)

| | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **The Company** | | | | |
| **31 December 2018** | | | | |
| **Assets** | | | | |
| Financial assets, at FVOCI | 767,301 | – | 53,341 | 820,642 |
| **Liabilities** | | | | |
| Derivative financial instruments | – | (322) | – | (322) |
| **31 December 2017** | | | | |
| **Assets** | | | | |
| Available-for-sale financial assets | 803,387 | – | 62,579 | 865,966 |
| **Liabilities** | | | | |
| Derivative financial instruments | – | (1,708) | – | (1,708) |
| **1 January 2017** | | | | |
| **Assets** | | | | |
| Available-for-sale financial assets | 610,726 | – | 47,384 | 658,110 |
| **Liabilities** | | | | |
| Derivative financial instruments | – | (3,596) | – | (3,596) |

The fair value of financial instruments traded in active markets (such as financial assets, at FVOCI and available-for-sale) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group and the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group and the Company use a variety of methods and make assumptions that are based on market conditions existing at the end of each reporting period. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. These investments are classified as Level 2. The fair value of certain unquoted financial assets, at FVOCI is calculated using the net asset value method.

Other financial assets, at FVOCI of the Group and the Company where the fair value is calculated using a significant unobservable input is classified as Level 3. In the valuation model, the net asset value of the financial assets, at FVOCI is multiplied by a discount factor. The discount factor is derived from the average of quoted prices of a basket of similar instruments against their net asset value. The discount factor applied for 2018 was 21% (31 December 2017: 5%, 1 January 2017: 27%). If the discount factor increases/decreases by 5% points (31 December 2017 and 1 January 2017: 5% points), the fair value of the Level 3 unquoted financial assets, at FVOCI and available-for-sale will decrease/increase by $3,372,000 (31 December 2017: $3,291,000, 1 January 2017: $3,241,000).

**36. FINANCIAL RISK MANAGEMENT** (continued)

(e) Fair value measurements (continued)

The following table presents the changes in Level 3 instruments:

| | The Group and the Company | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| At the beginning of the financial year | **68,944** | 47,384 |
| Acquisition | **4,418** | – |
| Capital reduction by an investee | **(2,981)** | – |
| Acquisition of subsidiaries (Note 39) | **–** | 6,365 |
| Fair value (losses)/gains recognised in other comprehensive income | **(9,238)** | 15,195 |
| At the end of the financial year | **61,143** | 68,944 |

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of current borrowings approximates their carrying amount except for unsecured fixed rate notes as disclosed in Note 25(e).

There is no transfer between Level 1, Level 2, and Level 3 of the fair value hierarchy for the financial years ended 31 December 2018 and 2017.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 15, Note 16 and Note 27 to the financial statements, except for the following:

| | **The Group $'000** | **The Company $'000** |
|---|---|---|
| **31 December 2018** | | |
| Financial assets, at amortised cost | 1,367,664 | 1,103,020 |
| Financial liabilities, at amortised cost | 5,246,365 | 1,242,116 |
| **31 December 2017** | | |
| Loans and receivables | 1,317,054 | 1,172,150 |
| Financial liabilities, at amortised cost | 4,452,171 | 1,183,184 |
| **1 January 2017** | | |
| Loans and receivables | 531,515 | 786,641 |
| Financial liabilities, at amortised cost | 2,659,597 | 960,760 |

**37. RELATED PARTY TRANSACTIONS**

(a) 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 year on terms agreed between the parties concerned:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 |
| **Transactions with directors and their associates** | | | | |
| Proceeds from sale of development properties | **1,140** | 250 | **–** | – |
| Rental received | **488** | 450 | **390** | 353 |
| Interest paid/payable on shareholder's loan | **3,818** | 1,507 | **–** | – |
| Commission paid for sale of development properties | **460** | 997 | **–** | – |
| Project handover costs payable | **15** | – | **–** | – |
| **Transactions with associated companies and joint venture companies** | | | | |
| Fees received for management of development properties | **243** | 265 | **–** | – |
| Fees received for management of hotels | **–** | 5,294 | **–** | – |
| Fees received for operation of spas | **–** | 14 | **–** | – |
| Fees received for finance sourcing services | **60** | – | **–** | – |
| Accounting and corporate secretarial fee received | **–** | 371 | **–** | 96 |
| Commission received | **–** | 1,049 | **–** | – |
| Interest receivable on loans to joint venture companies | **1,833** | 2,109 | **–** | – |
| Purchase and maintenance of computers and software | **–** | 737 | **–** | 150 |
| Expenses for hotel and function room facilities | **–** | 195 | **–** | 6 |

(b) Key management personnel compensation is analysed as follows:

| | The Group | |
|---|---|---|
| | 2018 $'000 | 2017 $'000 |
| Salaries and other short-term employee benefits | **6,715** | 5,602 |
| Directors' fees | **860** | 863 |
| Post-employment benefits – contribution to CPF | **139** | 104 |
| Share options granted | **373** | 300 |
| | **8,087** | 6,869 |

Total compensation to directors of the Company included in above amounted to $3,364,000 (2017: $3,203,000).

## 38. 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 two 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 and available-for-sale.
- Management services and technologies – provision of hotel management services under the "Pan Pacific" and PARKROYAL brands, project management and related services and the distribution of computers and related products including the provision of systems integration and networking infrastructure services.

The property development activities of the Group are concentrated in Singapore, PRC and the United Kingdom while the property investment activities are concentrated in Singapore.

The hotel operations of the Group are located in Singapore, Australia, 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 the United Kingdom.

The Group's quoted and unquoted financial assets, at FVOCI and available-for-sale relates to equity shares with country exposures in Singapore, PRC and United Arab Emirates.

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

**38. GROUP SEGMENTAL INFORMATION** (continued)

The segment information provided to the Exco for the reportable segments for the year ended 31 December 2018 is as follows:

| | Property development | | | |
|---|---|---|---|---|
| | **Singapore $'000** | **Malaysia $'000** | **PRC $'000** | **United Kingdom $'000** |
| **2018** | | | | |
| **Revenue** | | | | |
| Total segment sales | | | | |
| – recognised at a point in time | 74,984 | – | 120,873 | – |
| – recognised over time | 793,487 | – | – | – |
| – others | – | – | – | – |
| Inter-segment sales | – | – | – | – |
| Sales to external parties | 868,471 | – | 120,873 | – |
| **Adjusted EBITDA** | 147,704 | (22) | 34,011 | (1,045) |
| Depreciation and amortisation | (21,240) | – | (34,971) | – |
| Other gains/(losses) | – | 31 | – | – |
| Fair value gains on investment properties | – | – | – | – |
| Share of profit/(loss) of associated companies | – | – | – | – |
| Share of profit of joint venture companies | 125 | – | – | – |
| **Segment assets** | 3,785,613 | 1,889 | 962,258 | 251,288 |
| Unallocated assets | | | | |
| **Total assets** | | | | |
| Total assets include: | | | | |
| Investment in associated companies | 388 | – | – | – |
| Investment in joint venture companies | 1,095 | – | – | – |
| Additions during the financial year to: | | | | |
| – property, plant and equipment | – | – | 1 | – |
| – investment properties | – | – | – | – |
| – intangibles | – | – | – | – |
| **Segment liabilities** | 1,420,634 | 106 | 340,113 | 283,666 |
| Unallocated liabilities | | | | |
| **Total liabilities** | | | | |

* Included within are Malaysia, PRC, United Kingdom, Australia and Indonesia operating segments which are not reportable segments individually.

^ Included within are Vietnam, Malaysia, PRC and Myanmar operating segments which are not reportable segments individually.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2018

| Property investments* $'000 | Hotel operations Singapore $'000 | Australia $'000 | Others^ $'000 | Investments $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| – | 134,622 | 43,242 | 54,961 | – | 121,626 | 550,308 |
| – | 242,724 | 115,396 | 87,880 | – | 62,131 | 1,301,618 |
| 546,332 | – | – | – | 94,280 | – | 640,612 |
| (5,320) | (170) | – | – | (46,067) | (43,638) | (95,195) |
| 541,012 | 377,176 | 158,638 | 142,841 | 48,213 | 140,119 | 2,397,343 |
| 381,906 | 135,240 | 37,712 | 24,389 | 47,951 | 15,758 | 823,604 |
| (3,936) | (61,210) | (19,483) | (32,581) | (274) | (2,710) | (176,405) |
| – | – | (4,854) | (29,595) | – | – | (34,418) |
| 149,279 | – | – | – | – | – | 149,279 |
| – | 8,227 | – | (2,783) | – | (2) | 5,442 |
| – | – | – | – | – | – | 125 |
| 11,136,140 | 2,251,691 | 486,342 | 611,324 | 1,074,006 | 88,055 | 20,648,606 |
| | | | | | | 15,102 |
| | | | | | | 20,663,708 |
| – | 239,833 | – | 40,733 | – | 526 | 281,480 |
| – | – | – | – | – | – | 1,095 |
| 2,280 | 32,266 | 11,202 | 96,567 | 37 | 458 | 142,811 |
| 168,933 | – | – | – | – | – | 168,933 |
| 697 | – | – | 75 | – | 560 | 1,332 |
| 814,693 | 157,630 | 266,989 | 226,681 | 4,878 | 34,833 | 3,550,223 |
| | | | | | | 2,643,347 |
| | | | | | | 6,193,570 |

**38. GROUP SEGMENTAL INFORMATION** (continued)

The segment information provided to the Exco for the reportable segments for the year ended 31 December 2017 is as follows:

| | Property development | | | |
|---|---|---|---|---|
| | **Singapore $'000** | **Malaysia $'000** | **PRC $'000** | **United Kingdom $'000** |
| **2017** | | | | |
| **Revenue** | | | | |
| Total segment sales | | | | |
| – recognised at a point in time | – | – | 2,704 | – |
| – recognised over time | 1,164,025 | – | – | – |
| – others | – | – | – | – |
| Inter-segment sales | – | – | – | – |
| Sales to external parties | 1,164,025 | – | 2,704 | – |
| **Adjusted EBITDA** | 160,925 | (27) | (903) | (512) |
| Depreciation and amortisation | (24,006) | – | (37) | – |
| Other gains/(losses) | – | – | – | – |
| Fair value gains on investment properties | – | – | – | – |
| Share of (loss)/profit of associated companies | (3) | – | (63) | – |
| Share of profit of joint venture companies | 6,428 | – | – | – |
| **Segment assets** | 2,545,910 | 3,118 | 1,072,897 | 286,997 |
| Unallocated assets | | | | |
| **Total assets** | | | | |
| Total assets include: | | | | |
| Investment in associated companies | 391 | – | – | – |
| Investment in joint venture companies | 970 | – | – | – |
| Additions during the financial year to: | | | | |
| – property, plant and equipment | – | – | – | – |
| – investment properties | – | – | – | – |
| – intangibles | 48,057 | – | 108,521 | – |
| **Segment liabilities** | 1,179,185 | 115 | 47,346 | 251,634 |
| Unallocated liabilities | | | | |
| **Total liabilities** | | | | |

* Included within are Malaysia, PRC and United Kingdom operating segments which are not reportable segments individually.
^ Included within are Vietnam, Malaysia, PRC and Myanmar operating segments which are not reportable segments individually.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2018

| Property investments* $'000 | Hotel operations Singapore $'000 | Hotel operations Australia $'000 | Hotel operations Others^ $'000 | Investments $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| – | 87,075 | 40,406 | 51,710 | – | 31,823 | 213,718 |
| – | 160,677 | 105,081 | 81,701 | – | 49,109 | 1,560,593 |
| 342,968 | – | – | – | 127,204 | – | 470,172 |
| (4,684) | (429) | – | – | (97,436) | (27,563) | (130,112) |
| 338,284 | 247,323 | 145,487 | 133,411 | 29,768 | 53,369 | 2,114,371 |
| 327,554 | 85,067 | 35,466 | 26,876 | 29,564 | 15,550 | 679,560 |
| (3,758) | (55,511) | (18,245) | (27,658) | (22) | (2,040) | (131,277) |
| 538,423 | – | (15,171) | (5,103) | – | – | 518,149 |
| 15,593 | – | – | – | – | – | 15,593 |
| 95,840 | 3,093 | – | 2,362 | – | (2) | 101,227 |
| 9,955 | – | – | – | – | – | 16,383 |
| 11,068,118 | 2,240,255 | 538,798 | 582,676 | 1,130,949 | 76,067 | 19,545,785 |
| | | | | | | 86,716 |
| | | | | | | 19,632,501 |
| – | 237,259 | – | 47,347 | – | 514 | 285,511 |
| – | – | – | – | – | – | 970 |
| 7,251 | 1,375,288 | 274,240 | 161,912 | 4 | 828 | 1,819,523 |
| 6,586,608 | – | – | – | – | – | 6,586,608 |
| 348 | 17 | 25,192 | 23 | – | 687 | 182,845 |
| 1,252,994 | 199,390 | 302,749 | 38,481 | 6,261 | 35,627 | 3,313,782 |
| | | | | | | 2,164,912 |
| | | | | | | 5,478,694 |

**38. GROUP SEGMENTAL INFORMATION** (continued)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Exco is measured in a manner consistent with that in the income statements.

The Exco assesses the performance of the operating segments based on a measure of Earnings before interest, tax, depreciation and amortisation excluding the effects of fair value and other gains and losses which are not operational in nature ("adjusted EBITDA"). Finance income and finance expenses are not allocated to segments, as these types of activities are driven by the Group's treasury function, which manages the cash position of the Group.

A reconciliation of adjusted EBITDA to profit before income tax is provided as follows:

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| Adjusted EBITDA for reportable segments | **823,604** | 679,560 |
| Depreciation and amortisation | **(176,405)** | (131,277) |
| Other (losses)/gains | **(34,418)** | 518,149 |
| Fair value gains on investment properties | **149,279** | 15,593 |
| Unallocated costs | **(25,279)** | (18,086) |
| Finance income | **13,936** | 11,666 |
| Finance expense | **(40,632)** | (37,942) |
| Profit before income tax | **710,085** | 1,037,663 |

Reportable segments' assets are reconciled to total assets as follows:

The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of these financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Exco monitors the development properties, property, plant and equipment, intangible assets, inventories, receivables, operating cash and investment properties attributable to each segment. All assets are allocated to reportable segments other than tangible and intangible assets at corporate level and current and deferred income tax assets.

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| Segment assets for reportable segments | **20,648,606** | 19,545,785 |
| Unallocated: | | |
| Cash and bank balances | **10,331** | 83,486 |
| Derivative financial instruments | **420** | 282 |
| Receivables and other assets | **210** | 246 |
| Current income tax assets | **125** | 220 |
| Property, plant and equipment | **1,327** | 1,193 |
| Intangibles | **758** | 284 |
| Deferred income tax assets | **1,931** | 1,005 |
| | **20,663,708** | 19,632,501 |

**38. GROUP SEGMENTAL INFORMATION** (continued)

Reportable segments' liabilities are reconciled to total liabilities as follows:

The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of these financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than accruals for expenses and borrowings at corporate level, current and deferred income tax liabilities and derivative financial instruments.

| | 2018 $'000 | 2017 $'000 |
|---|---|---|
| Segment liabilities for reportable segments | **3,550,223** | 3,313,782 |
| Unallocated: | | |
| Other payables | **24,744** | 17,309 |
| Current income tax liabilities | **107,758** | 109,186 |
| Borrowings | **2,144,273** | 1,663,987 |
| Derivative financial instruments | **2,741** | 2,085 |
| Deferred income tax liabilities | **363,831** | 372,345 |
| | **6,193,570** | 5,478,694 |

**Revenue from major products and services**

Revenue from external customers are derived mainly from the Group's property development, property investments, hotel operations, investment holdings, management services and technologies. A breakdown of the revenues from external customers for each of these categories is shown in Note 4.

**Geographical information**

The Group's six business segments operate in seven main geographical areas. In Singapore, where the Company is located, the areas of operation of the Group are principally hotel operations, property development, property investments and investment holdings. The Group also engages in the provision of management services in Singapore and in various overseas locations.

The main activities in Australia, Vietnam, Malaysia, PRC, Myanmar and the United Kingdom consist of hotel operations, operation of serviced suites and investment holdings. The Group also engages in property development in PRC and the United Kingdom.

Revenue and non-current assets (excluding financial instruments and deferred income tax assets) are shown by the geographical areas where the assets are located.

| | Revenue | |
|---|---|---|
| | 2018 $'000 | 2017 $'000 |
| Singapore | **1,925,900** | 1,800,720 |
| Australia | **158,800** | 145,487 |
| Malaysia | **44,684** | 41,684 |
| PRC | **187,969** | 56,577 |
| Vietnam | **30,006** | 32,505 |
| Myanmar | **13,103** | 16,920 |
| United Kingdom | **33,795** | 16,608 |
| Others | **3,086** | 3,870 |
| | **2,397,343** | 2,114,371 |

**38. GROUP SEGMENTAL INFORMATION** (continued)

**Geographical information** (continued)

| | Non-current assets | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Singapore | **12,423,318** | 12,442,868 |
| Australia | **621,756** | 519,815 |
| Vietnam | **36,983** | 36,486 |
| Malaysia | **157,427** | 153,454 |
| PRC | **489,250** | 367,805 |
| Myanmar | **38,320** | 37,697 |
| United Kingdom | **711,783** | 681,229 |
| Others | **21,688** | 1,582 |
| | **14,500,525** | 14,240,936 |

There is no single external customer who contributes 10 per cent or more of the Group's revenue during the financial years ended 31 December 2018 and 2017.

**39. BUSINESS COMBINATIONS**

(a) During the financial period 1 January 2017 to 30 August 2017, the Group increased its shareholding interests in UIC from 632,920,400 ordinary shares (44.60%) to 641,048,530 ordinary shares (44.77%). The increase in shareholdings arose from the acquisition of an additional 1,760,100 ordinary shares by UEI with cash and the election by the Company and UEI to receive 333,926 ordinary shares and 6,034,104 ordinary shares respectively, under the UIC Scrip Dividend Scheme in lieu of cash dividend at an issue price of S$2.99 per share. The acquisitions were accounted for as additional investments in an associated company.

On 25 August 2017, the Company exercised a call option for the acquisition of 60,000,000 ordinary shares from a wholly owned subsidiary of Haw Par Corporation Limited in consideration for which 27,272,727 ordinary shares in the Company were issued. The acquisition was completed on 31 August 2017. Subsequent to the acquisition, the Group's shareholding interests in UIC increased to 701,048,530 ordinary shares, representing 48.96% of the total issued share capital of UIC.

Although the Group holds less than 50% of the total share capital in UIC, management has assessed that UOL's shareholding interest of 48.96% will allow it to exercise de facto control over UIC. Accordingly, UIC Group has been consolidated as a subsidiary commencing 31 August 2017 under SFRS(I) 10 - Consolidated Financial Statements.

The increased ownership interest in UIC will indirectly increase the Group's access to UIC's commercial property portfolio and, in particular, UIC's office properties in the Singapore Central Business District. Taken together, the Group and the UIC Group will have highly complementary property interests across the residential, office, retail and hospitality segments, and the geographic footprint of both groups' property portfolios is well balanced across Singapore and other markets, including The People's Republic of China and the United Kingdom.

An increased ownership interest in UIC will eventually allow the Group to exercise greater influence over the deployment of UIC's resources, thereby enhancing the ability of the Group and UIC to leverage on the benefits of each other's track records, market positions, organisational capabilities, management resources and human capital, business strategies, and institutional knowledge.

**39. BUSINESS COMBINATIONS** (continued)

(a) (continued)

As two of the leading property players in Singapore, the acquisition would enable the Company and UIC to further align their respective strategic interests and enhance their ability to collaborate on joint acquisitions of land banks and office and retail investments in Singapore and elsewhere.

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 were also consolidated as subsidiaries:

| **Company** | **Hotel/Project** |
|---|---|
| Aquamarina Hotel Private Limited ("AHPL")[1] | Marina Mandarin Hotel |
| Shanghai Jin Peng Realty Co Ltd ("SJP")[1] | Park Eleven |
| United Venture Development (Bedok) Pte. Ltd. ("UVDB")[2] | Archipelago |
| United Venture Development (Thomson) Pte. Ltd. ("UVDT")[2] | Thomson Three |
| United Venture Development (Clementi) Pte. Ltd. ("UVDC")[2] | The Clement Canopy |
| UVD (Projects) Pte. Ltd. ("UVDP")[2] | Potong Pasir |
| United Venture Investments (HI) Pte. Ltd. ("UVIHI")[2] | Holborn Island |

1 The Group's direct interests when combined with the interests of UIC Group in MCH, AHPL and SJP also resulted in these entities becoming subsidiaries of the Group.

2 UVDB, UVDT, UVDC, UVDP and UVIHI are 50:50 joint ventures with wholly owned subsidiaries of Singapore Land Limited, which is a 99.68% subsidiary of UIC Group. With UIC consolidated as a subsidiary of the Group, these entities have also been consolidated as subsidiaries of the Group.

The principal activities of the companies acquired are set out in Note 20 of the financial statements.

Details of the loss on derecognition of previously held interests, consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(i) Loss on derecognition of previously held interests

| | **$'000** |
|---|---|
| Fair value of previously held interests | 3,067,921 |
| Less: carrying value of previously held interests | (3,566,392) |
| Loss on derecognition of previously held interests | (498,471) |

(ii) Purchase consideration

| | **$'000** |
|---|---|
| 27,272,727 new shares allotted for the acquisition of 60 million UIC shares | 219,000 |
| Fair value of previously held interests | 3,067,921 |
| Settlement of pre-existing relationships | 165,038 |
| Consideration transferred for the business | 3,451,959 |

*Equity interests issued as purchase consideration*

The fair value of the 27,272,727 new shares was based on the last traded price on the date of exercise of the option on 25 August 2017 for the acquisition of 60,000,000 UIC shares.

**39. BUSINESS COMBINATIONS** (continued)

(a) (continued)

(ii) Purchase consideration (continued)

*Settlement of pre-existing relationships*

As at the date of the acquisition, the Group has existing loans to joint venture companies and receivables from joint venture companies amounting to $165,038,000. This pre-existing relationship was effectively settled at the recorded amount when the Group acquired control of the joint venture companies.

(iii) Effect on cash flows of the Group

| | **$'000** |
|---|---|
| Cash paid | – |
| Less: cash and cash equivalents in subsidiaries acquired | (474,358) |
| Cash inflow on acquisition | 474,358 |

(iv) Identifiable assets acquired and liabilities assumed

| | **At fair value $'000** |
|---|---|
| Cash and bank balances | 474,358 |
| Trade and other receivables | 83,236 |
| Derivative financial instruments | 501 |
| Development properties | 2,319,222 |
| Inventories | 3,591 |
| Available-for-sale financial assets | 6,365 |
| Investment in associated companies | 261,031 |
| Investment properties | 6,578,245 |
| Property, plant and equipment | 1,439,819 |
| Intangibles | 156,578 |
| Total assets | 11,322,946 |
| Trade and other payables | (680,286) |
| Current tax liabilities | (57,184) |
| Deferred tax liabilities | (256,305) |
| Borrowings | (1,670,738) |
| Total liabilities | (2,664,513) |
| Total identifiable net assets | 8,658,433 |
| Less: Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable assets | (4,172,394) |
| Less: Negative goodwill on acquisition | (1,034,081) |
| Consideration transferred for the business | 3,451,958 |

(v) Acquisition-related costs

Acquisition-related costs of $650,000 were included in "administrative expenses" in the consolidated income statement and in operating cash flows in the consolidated statement of cash flows for the financial year ended 31 December 2017.

**39. BUSINESS COMBINATIONS** (continued)

(a) (continued)

(vi) Acquired receivables

The fair value of trade and other receivables is $83,236,000 and there are no significant amounts expected to be uncollectible.

(vii) Negative goodwill

The negative goodwill of $1,034,081,000 arising from the acquisition is attributable to the difference between the fair value of the identifiable net assets acquired at acquisition date and the consideration for the acquisition and is recorded in 'other gains/losses' in the consolidated income statement. The negative goodwill arose as the quoted share price of UIC, for which forms the basis for determining the consideration for the acquisition, is at a discount to its net asset value.

After taking into account the loss on derecognition of previously held interests computed as the fair value less carrying value of the previously held interests, the net negative goodwill on acquisition is $535,610,000 (Note 8).

(viii) Revenue and profit contribution

The acquired business contributed revenue of $544,716,000 and net profit of $37,093,000 to the Group from the period from 1 September 2017 to 31 December 2017.

Had the acquired business been consolidated from 1 January 2017, consolidated revenue and consolidated profit for the year ended 31 December 2017 would have been $3,274,716,000 and $1,142,142,000 respectively.

(b) On 28 July 2017, the Group completed the acquisition of Hilton Melbourne South Wharf via its wholly-owned subsidiary, Success Venture (Melbourne) Unit Trust, whose principal activity is that of a hotelier. The property was renamed as "Pan Pacific Melbourne" concurrently with the completion.

The acquisition is part of the Group's plans to expand its hotel property portfolio and hotel management businesses in the Oceania region, allowing the Group the opportunity to enhance the collective operating efficiency of the Group's current hotels in Australia.

The transaction was deemed a business combination under SFRS(I) 3 Business Combinations and details of the consideration paid and the asset acquired, at the acquisition date, are as follows:

| | | **$'000** |
|---|---|---|
| (i) | Purchase consideration: | |
| | Cash paid and consideration transferred for the business | 264,437 |
| (ii) | Effect on cash flows of the Group: | |
| | Cash paid and cash outflow on acquisition | 264,437 |

**39. BUSINESS COMBINATIONS** (continued)

(b) (continued)

| | At fair value $'000 |
|---|---|
| (iii) Identifiable assets acquired and liabilities assumed: | |
| Property, plant and equipment | 264,437 |
| Deferred tax liabilities | (25,087) |
| Total identifiable net assets | 239,350 |
| Goodwill (Note 23(e)) | 25,087 |
| Consideration transferred for the business | 264,437 |

(iv) Acquisition-related costs

Acquisition-related costs of $15,172,000 were included in "Other gains/losses" in the consolidated income statement and in operating cash flows in the consolidated statement of cash flows in the financial year ended 31 December 2017.

(v) Goodwill

The goodwill of $25,087,000 arising from the acquisition corresponds with the deferred tax liabilities recognised on the fair value adjustments of the net assets acquired.

(vi) Revenue and profit contribution

The acquired business contributed revenue of $15,490,000 and net loss of $14,165,000 to the Group from the period from 28 July 2017 to 31 December 2017.

Had the business been consolidated from 1 January 2017, consolidated revenue and consolidated profit for the year ended 31 December 2017 would have been $2,123,674,000 and $988,324,000 respectively.

**40. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS**

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

(a) SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 December 2018, the Group has non-cancellable operating lease commitments of $29.5 million [Note 35(b)]. Of these commitments, approximately $1.5 million relate to short-term leases and low-value leases which will both be recognised on a straight-line basis as expense in profit or loss.

**40. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS** (continued)

(a) SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019) (continued)

For the remaining lease commitments the Group expects to recognise right-of-use assets and lease liabilities of approximately $12.9 million respectively on 1 January 2019. Overall net assets will not change materially, while net current assets will be $1.4 million lower due to the presentation of a portion of the liability as a current liability.

The Group expects that net profit after tax will not change significantly for 2019 as a result of adopting the new rules. Adjusted EBITDA used to measure segment results is expected to increase by approximately $1.9 million, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

Operating cash flows will increase and financing cash flows decrease by approximately $1.9 million as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group does not expect any significant impact on the financial statements from its activities as a lessor. However, some additional disclosures will be required from next year.

(b) SFRS(I) INT 23 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

(i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

(ii) that the entity should assume a tax authority will examine, the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

(iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

(iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

(v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised on the adoption of the interpretation on 1 January 2019.

(c) SFRS(I) 1-23 Borrowing costs

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

In November 2018, the Committee tentatively decided not to add this matter to its standard-setting agenda and issued a Tentative Agenda Decision containing explanatory material for the decision and how the applicable principles and requirements in IAS 23 *Borrowing Costs* apply to the fact pattern in the submission. The Interpretations Committee tentatively concluded that, the entity should not capitalise borrowing costs.

As SFRS(I) 1-23 and SFRS(I) 15 are aligned to IAS 23 and IFRS 15 respectively, the above Tentative Agenda Decision would be relevant to the Group. However, given that the tentative agenda decision (including explanatory material) is subject to finalisation by the Interpretations Committee after consideration of the comments received, these financial statements have not reflected the tentative agenda decision.

**40. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS** (continued)

(c) SFRS(I) 1-23 Borrowing costs (continued)

Management has assessed that should the tentative agenda decision be finalised in its current form, i.e. with no amendments to the content of the agenda decision, the provisional impact on the line items in the Group's financial statements that may be adjusted as a result of the change in accounting policy are summarised below:

| | (Decrease)/Increase | |
|---|---|---|
| | For the financial year ended 31 December 2018 $'000 | For the financial year ended 31 December 2017 $'000 |
| **The Group** | | |
| **Consolidated Income Statement** | | |
| Cost of sales | (32,867) | (29,149) |
| Finance costs | 52,472 | 24,160 |
| Share of profit of associated companies | – | 2,598 |
| Share of profit of joint venture companies | – | (496) |
| Other gains/(losses) | – | 8,434 |
| Income tax expense | (3,445) | 848 |
| Net profit | (16,160) | 14,677 |
| | | |
| Net profit attributable to: | | |
| – Equity holders of the Company | (11,988) | 15,626 |
| – Non-controlling interests | (4,172) | (949) |

| | | (Decrease)/Increase | |
|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 | 1 January 2017 $'000 |
| **Statement of financial position** | | | |
| Development properties in progress | (35,225) | (13,615) | (25,761) |
| Completed development properties | (5,152) | (7,158) | – |
| Investment in associated companies | – | – | (7,927) |
| Investment in joint venture companies | – | – | (2,610) |
| Current income tax liabilities | (476) | (604) | – |
| Deferred tax liabilities | (6,361) | (2,787) | (4,379) |
| Retained earnings | (23,794) | (11,807) | (27,363) |
| Non-controlling interests | (9,746) | (5,575) | (4,556) |

**41. AUTHORISATION OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of UOL Group Limited on 26 February 2019.

# Interested Person Transactions

For the financial year ended 31 December 2018

| Name of interested person | | **Aggregate value of all interested person transactions during the financial year under review** (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) **$'000** |
|---|---|---|
| Directors and their associates | | |
| 1 | Renewal of lease - Unit #03-07 at Odeon Towers by an associate of a director | 823 |
| 2 | Purchase of property - Unit #09-03 at No.45 Amber Road by an associate of a director | 3,583 |
| Kheng Leong Co (Pte) Ltd ("KLC") and/or its subsidaries | | |
| 3 | Secure Venture Development (Alexandra) Pte. Ltd. ("SVDA"), a joint venture with an associate of director for the development of Principal Garden[1]<br>– receipt of project management fee and accounting fee income<br>– receipt of shareholders' loans and interest income on shareholders' loans | 61,754 |
| 4 | Secure Venture Development (No. 1) Pte. Ltd. ("SVD1"), a joint venture with an associate of director for the development of MEYERHOUSE[1]<br>– receipt of project management fee and accounting fee income<br>– receipt of shareholders' loans and interest income on shareholders' loans | 13,157 |
| 5 | United Venture Development (Silat) Pte. Ltd. ("UVDS"), a joint venture with an associate of director[1]<br>– contribution of equity and shareholders' loans (including interest income) for the acquisition and development of site at Silat Avenue<br>– receipt of accounting fee income | 559,948 |
| 6 | Jin Qing (Shanghai) Investment Consultancy Co., Ltd, an associate of director<br>– payment of shared payroll costs of project management team by Shanghai JinPeng Realty Co., Ltd ("SJRCL"), a joint venture with an associate of director for the development of Park Eleven[2] | 532 |

**Footnotes**

1 The amounts disclosed do not include amounts paid to Kheng Leong Co (Pte) Ltd ("KLC") by UIC, a listed subsidary of the Company, and the relevant joint venture entity (i.e. SVDA, SVD1 and UVDS) for services provided by KLC to SVDA, SVD1 and UVDS.

2 Based on the average rate of RMB$1: S$0.20378 for 2018. The amount disclosed is the amount at risk for the Group based on the proportion of the Group's investment in SJRCL, namely its 40% stake in SJRCL's equity held through the Group's wholly-owned subsidiary UOL Capital Investments Pte. Ltd.

## MATERIAL CONTRACTS

Except as disclosed under the section on Interested Person Transactions above and in Note 37 (Related Party Transactions) of the Notes to the Financial Statements, there were no other material contracts of the Company or its subsidiaries involving the interests of the Group Chief Executive (as defined in the SGX-ST Listing Manual), each director or controlling shareholder, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

# Shareholding Statistics

As at 8 March 2019

Class of shares : Ordinary shares
Voting rights : One vote per share

**SIZE OF SHAREHOLDERS**

| RANGE | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 – 99 | 5,721 | 21.44 | 159,077 | 0.02 |
| 100 – 1,000 | 9,386 | 35.17 | 4,081,825 | 0.48 |
| 1,001 – 10,000 | 9,324 | 34.94 | 32,917,772 | 3.91 |
| 10,001 – 1,000,000 | 2,224 | 8.33 | 93,664,880 | 11.11 |
| 1,000,001 AND ABOVE | 32 | 0.12 | 712,247,678 | 84.48 |
| **TOTAL** | **26,687** | **100.00** | **843,071,232** | **100.00** |

**LOCATION OF SHAREHOLDERS**

| COUNTRY | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| SINGAPORE | 17,201 | 64.46 | 809,302,125 | 95.99 |
| MALAYSIA | 2,803 | 10.50 | 8,301,991 | 0.99 |
| OTHERS | 6,683 | 25.04 | 25,467,116 | 3.02 |
| **TOTAL** | **26,687** | **100.00** | **843,071,232** | **100.00** |

**TWENTY LARGEST SHAREHOLDERS**

| NO. | NAME | NO. OF SHARES | % |
|---|---|---|---|
| 1. | WEE INVESTMENTS (PTE) LIMITED | 118,215,836 | 14.02 |
| 2. | CITIBANK NOMINEES SINGAPORE PTE LTD | 117,483,754 | 13.94 |
| 3. | C. Y. WEE & COMPANY PRIVATE LIMITED | 115,162,017 | 13.66 |
| 4. | DBS NOMINEES (PRIVATE) LIMITED | 102,460,153 | 12.15 |
| 5. | TYE HUA NOMINEES (PTE) LTD | 59,258,209 | 7.03 |
| 6. | DBSN SERVICES PTE. LTD. | 38,682,195 | 4.59 |
| 7. | HAW PAR CAPITAL PTE LTD | 38,649,505 | 4.58 |
| 8. | HSBC (SINGAPORE) NOMINEES PTE LTD | 29,690,501 | 3.52 |
| 9. | HAW PAR INVESTMENT HOLDINGS PRIVATE LIMITED | 28,705,436 | 3.40 |
| 10. | RAFFLES NOMINEES (PTE) LIMITED | 16,283,095 | 1.93 |
| 11. | BPSS NOMINEES SINGAPORE (PTE.) LTD. | 7,432,110 | 0.88 |
| 12. | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 4,168,640 | 0.49 |
| 13. | WEE CHO YAW | 3,661,566 | 0.43 |
| 14. | KAH MOTOR CO SDN BHD | 3,477,010 | 0.41 |
| 15. | HO HAN LEONG CALVIN | 2,765,000 | 0.33 |
| 16. | DOMITIAN INVESTMENT PTE LTD | 2,733,449 | 0.32 |
| 17. | NGEE ANN DEVELOPMENT PTE LTD | 2,154,334 | 0.26 |
| 18. | PICKWICK SECURITIES PRIVATE LIMITED | 1,888,037 | 0.22 |
| 19. | UOB KAY HIAN PRIVATE LIMITED | 1,772,862 | 0.21 |
| 20. | MAYBANK KIM ENG SECURITIES PTE LTD | 1,765,896 | 0.21 |
| | **TOTAL** | **696,409,605** | **82.58** |

Based on information available to the Company as at 8 March 2019, approximately 55.65% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual is complied with.

# Shareholding Statistics

As at 8 March 2019

**SUBSTANTIAL SHAREHOLDERS OF UOL GROUP LIMITED**
as shown in the Register of Substantial Shareholders

| | | NO. OF SHARES FULLY PAID | | | |
|---|---|---|---|---|---|
| **NO.** | **NAME** | **DIRECT INTEREST** | **DEEMED INTEREST** | **TOTAL** | **%[1]** |
| 1. | Wee Cho Yaw | 3,661,566 | 305,440,739 [2] | 309,102,305 | 36.66 |
| 2. | Wee Ee Cheong | 318,417 | 233,475,947 [3] | 233,794,364 | 27.73 |
| 3. | Wee Ee-chao | 31,735 | 118,508,057 [4] | 118,539,792 | 14.06 |
| 4. | Wee Ee Lim | 260,975 | 118,233,954 [5] | 118,494,929 | 14.06 |
| 5. | Wee Investments (Pte) Limited | 118,215,836 | – | 118,215,836 | 14.02 |
| 6. | C. Y. Wee & Company Private Limited | 115,162,017 | – | 115,162,017 | 13.66 |
| 7. | Haw Par Corporation Limited | – | 72,044,768 [6] | 72,044,768 | 8.55 |
| 8. | United Overseas Bank Limited ("UOB") | – | 59,840,998 [7] | 59,840,998 | 7.10 |

**Notes:**

1 As a percentage of the issued share capital of the Company, comprising 843,071,232 shares.

2 Dr Wee Cho Yaw's deemed interest in the shares arises as follows:
(a) 115,162,017 shares held by C. Y. Wee & Company Private Limited
(b) 118,215,836 shares held by Wee Investments (Pte) Limited
(c) 72,044,768 shares which Haw Par Corporation Limited is deemed to be interested in
(d) 18,118 shares held by Kheng Leong Company (Private) Limited

3 Mr Wee Ee Cheong's deemed interest in the shares arises as follows:
(a) 115,162,017 shares held by C. Y. Wee & Company Private Limited
(b) 118,215,836 shares held by Wee Investments (Pte) Limited
(c) 79,976 shares held by E. C. Wee Pte Ltd
(d) 18,118 shares held by Kheng Leong Company (Private) Limited

4 Mr Wee Ee-chao's deemed interest in the shares arises as follows:
(a) 118,215,836 shares held by Wee Investments (Pte) Limited
(b) 274,103 shares held by Protheus Investment Holdings Pte Ltd
(c) 18,118 shares held by Kheng Leong Company (Private) Limited

5 Mr Wee Ee Lim's deemed interest in the shares arises as follows:
(a) 118,215,836 shares held by Wee Investments (Pte) Limited
(b) 18,118 shares held by Kheng Leong Company (Private) Limited

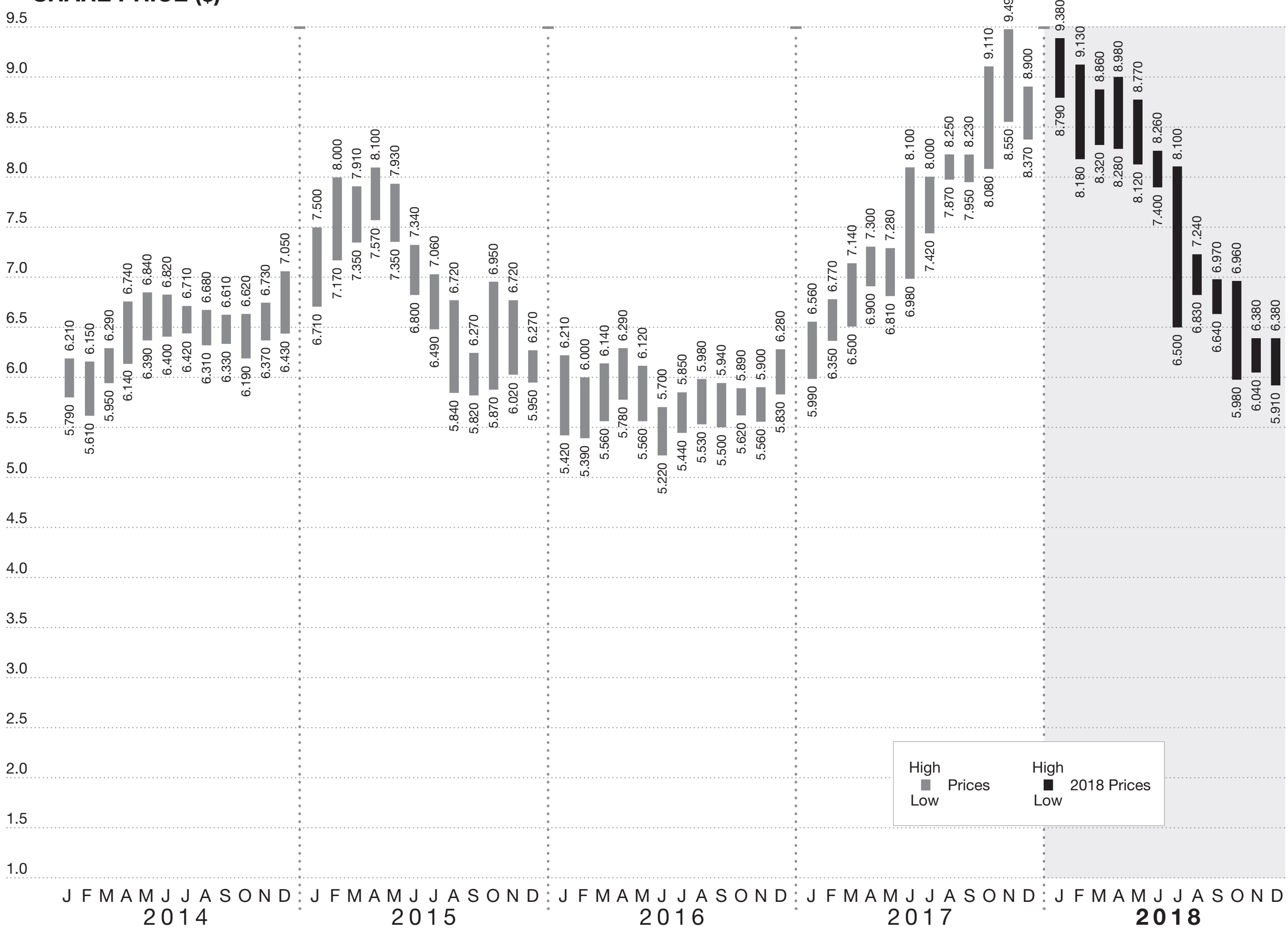
6 Haw Par Corporation Limited's deemed interest in the shares arises as follows:
(a) 28,705,436 shares held by Haw Par Investment Holdings Private Limited
(b) 38,649,505 shares held by Haw Par Capital Pte Ltd
(c) 1,888,037 shares held by Pickwick Securities Private Limited
(d) 695,598 shares held by Haw Par Equities Pte Ltd
(e) 1,539,974 shares held by Straits Maritime Leasing Private Limited
(f) 324,209 shares held by Haw Par Trading Pte Ltd
(g) 242,009 shares held by M & G Maritime Services Pte. Ltd.

7 UOB's deemed interest in the shares arises as follows:
(a) 59,245,898 shares held in the name of Tye Hua Nominees (Private) Limited for the benefit of UOB
(b) 595,100 shares held by UOB Asset Management Ltd ("UOBAM") as client portfolios managed by UOBAM (Discretionary)

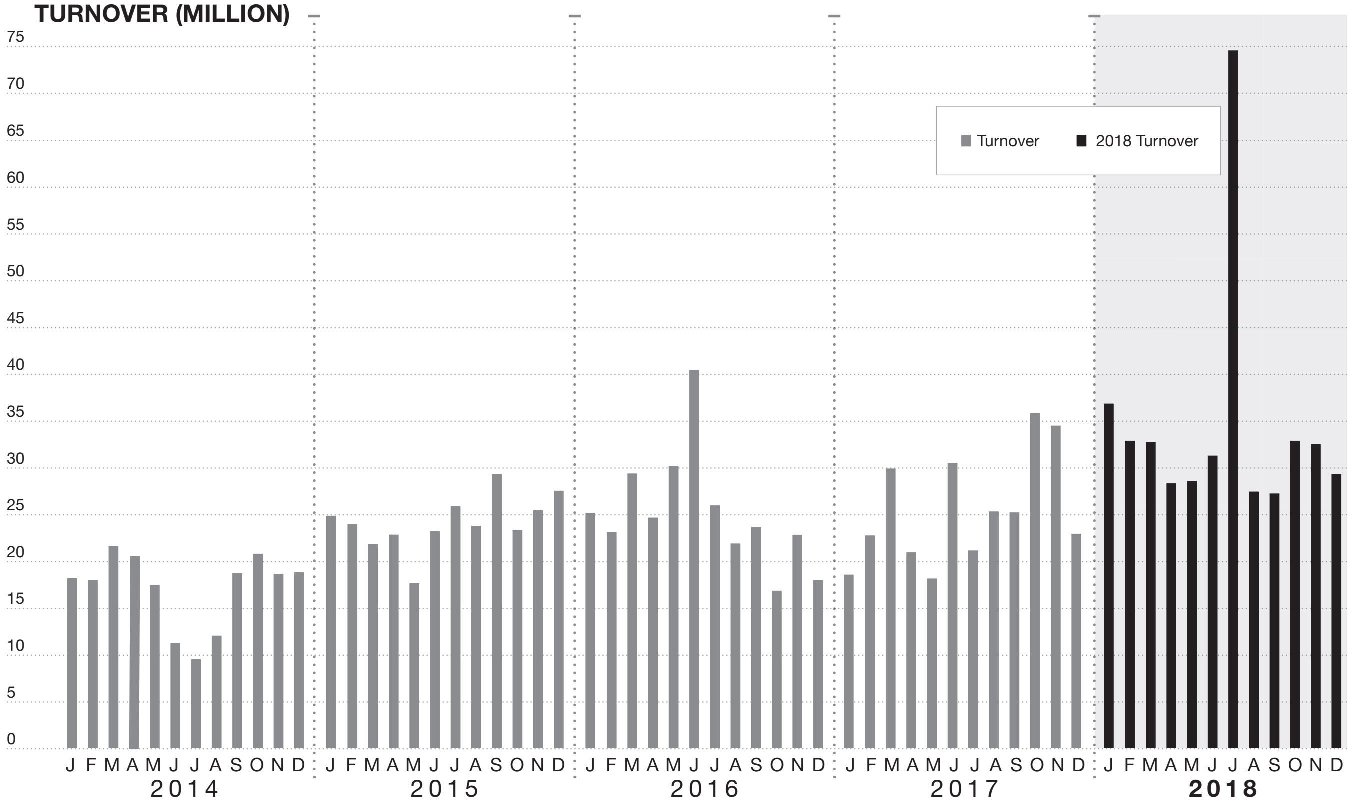
# Share Price and Turnover

for the period from 1 January 2014 to 31 December 2018

**SHARE PRICE ($)**




**TURNOVER (MILLION)**



# Notice of Annual General Meeting

Notice is hereby given that the 56th Annual General Meeting of UOL Group Limited (the "Company") will be held at PARKROYAL on Beach Road, Grand Ballroom, 7500 Beach Road, Singapore 199591 on Thursday, 25 April 2019, at 3.00 p.m. to transact the following business:

**AS ORDINARY BUSINESS**

**Resolution 1** To receive and adopt the Directors' Statement and the Audited Financial Statements for the year ended 31 December 2018 together with the Auditor's Report.

**Resolution 2** To declare a first and final tax exempt (one-tier) dividend of 17.5 cents per ordinary share for the year ended 31 December 2018.

**Resolution 3** To approve Directors' fees of $760,500 for 2018 (2017: $760,500).

**Resolution 4** To re-elect Mr Wee Ee Lim, who retires by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company.

**Resolution 5** To re-appoint PricewaterhouseCoopers LLP as Auditor of the Company and authorise the Directors to fix its remuneration.

**AS SPECIAL BUSINESS**

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

**Resolution 6** "That Mr Sim Hwee Cher be and is hereby appointed as a Director of the Company pursuant to Article 100 of the Company's Constitution."

**Resolution 7** "That Mr Liam Wee Sin be and is hereby appointed as a Director of the Company pursuant to Article 100 of the Company's Constitution."

**Resolution 8** "That approval be and is hereby given to the Directors of the Company to offer and grant options in accordance with the rules of the UOL 2012 Share Option Scheme (the "2012 Scheme") and to allot and issue such number of shares of the Company as may be required to be issued pursuant to the exercise of share options under the 2012 Scheme, provided that the aggregate number of shares to be issued pursuant to the 2012 Scheme shall not exceed 10% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited)) from time to time."

**Resolution 9** "That authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions, and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares,

and, in paragraph (1) above and this paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

**Resolution 10** "That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or

(ii) off-market purchase(s) (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

(b) the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date in which the authority conferred by the Share Buyback Mandate is revoked or varied by shareholders of the Company in a general meeting; and

(iii) the date on which purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Maximum Limit" means that number of issued Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)) as at the date of the passing of this Resolution;

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

where:

"Average Closing Price" means the average of the closing market prices of the Shares over the last 5 market days on which transactions in the Shares were recorded, before the date on which Market Purchase was made, or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 market days;

"date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme(s) for effecting the Off-Market Purchase; and

"market day" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

**BY ORDER OF THE BOARD**

Foo Thiam Fong Wellington
Yeong Sien Seu
Secretaries

Singapore, 2 April 2019

# Notice of Annual General Meeting

**Notes:**

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the office of Complete Corporate Services Pte Ltd, at 10 Anson Road #29-07, International Plaza, Singapore 079903 not less than 72 hours before the time for holding the Meeting.

**Personal Data Privacy:**

All personal data collected by the Company (including its agents/service providers) shall be subject to the Company's data protection policy, which is published on its corporate website (www.uol.com.sg). In particular, by attending, speaking, voting or submitting any instrument to appoint any proxy and/or representative to attend, speak and vote at the Meeting (including any adjournment thereof), a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (including its agents/service providers) for the purposes of processing, administration and analysis in relation to the appointment of any proxy and/or representative by that member, preparation and compilation of attendance lists, minutes and any other document related to the Meeting (including any adjournment thereof), general administration and analysis undertaken in connection with the Meeting, and compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of any proxy and/or representative to the Company (including its agents/service providers), the member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (including its agents/service providers) of the personal data of such proxy and/or representative for the Purposes; and (iii) agrees that the member will indemnify the Company against any claim, cost (including legal cost), damage, demand, expense, liability, loss, penalty or proceeding arising from the member's breach of warranty.

**Notes to Resolutions**

1. In relation to **Resolution 4**, Mr Wee Ee Lim will, upon re-election, continue as the Deputy Chairman of the Board of Directors, the Deputy Chairman of the Executive Committee and a Member of the Audit and Risk Committee. He is considered a non-independent Director. Mr Wee is the son of Dr Wee Cho Yaw, Chairman and substantial shareholder[1] of the Company. Mr Wee is also the brother of Mr Wee Ee-chao, Director and substantial shareholder[1] of the Company and Mr Wee Ee Cheong, substantial shareholder[1] of the Company. Please refer to the "Board of Directors", "Corporate Governance Report" and "Supplemental Information" sections of the Company's Annual Report 2018 for information on Mr Wee.

   Mr Gwee Lian Kheng, a non-independent Director, will also retire by rotation at this Meeting pursuant to Article 94 of the Company's Constitution and, although eligible, has indicated that he is not offering himself for re-election. His retirement from the Board will take effect upon the conclusion of the Meeting. Upon retirement, Mr Gwee will cease to be a Member of the Executive Committee.

   Dr Pongsak Hoontrakul, an independent Director, will also retire by rotation at this Meeting pursuant to Article 94 of the Company's Constitution and, although eligible, has indicated that he is not offering himself for re-election. His retirement from the Board will take effect upon the conclusion of the Meeting. Upon retirement, Dr Pongsak will cease to be a Member of the Nominating Committee.

# Notice of Annual General Meeting

2. **Resolution 6** is to appoint Mr Sim Hwee Cher as an additional Director pursuant to Article 100 of the Company's Constitution. Mr Sim will be considered an independent and non-executive Director. There are no relationships (including immediate family relationships) between Mr Sim and the other Directors, the Company, its related corporations, its substantial shareholders[1] or its officers. Please refer to the "Supplemental Information" section of the Company's Annual Report 2018 for information on Mr Sim.

3. **Resolution 7** is to appoint Mr Liam Wee Sin as an additional Director pursuant to Article 100 of the Company's Constitution. Mr Liam will be considered an executive and non-independent Director. There are no relationships (including immediate family relationships) between Mr Liam and the other Directors, the Company, its related corporations, its substantial shareholders[1] or its officers. Please refer to the "Supplemental Information" section of the Company's Annual Report 2018 for information on Mr Liam.

4. **Resolution 8** is to empower the Directors to offer and grant options and to issue shares of the Company pursuant to the 2012 Scheme, which was approved at the 49th Annual General Meeting of the Company on 19 April 2012. A copy of the rules governing the 2012 Scheme is available for inspection by shareholders during normal office hours at the Company's Registered Office.

5. **Resolution 9** is to authorise the Directors from the date of this Meeting until the next Annual General Meeting is held or required by law to be held, whichever is the earlier (unless such authority is revoked or varied at a general meeting), to issue, or agree to issue shares and/or grant instruments that might require shares to be issued, up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (calculated as described) of which the total number of shares to be issued other than on a *pro rata* basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (calculated as described). As at 8 March 2019, the Company did not have treasury shares or subsidiary holdings.

6. **Resolution 10** is to renew the Share Buyback Mandate, which was approved at the 55th Annual General Meeting of the Company on 25 April 2018.

   The Company intends to use its internal resources or external borrowings, or combination of both, to finance its purchase or acquisition of the Shares. The amount of financing required for the Company to purchase or acquire its Shares and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of Annual General Meeting as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

   Purely for illustrative purposes only, the financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Buyback Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2018, based on certain assumptions, are set out in Appendix A of the Letter to Shareholders dated 2 April 2019 (the "Letter").

   Please refer to the Letter for more details.

[1] A "substantial shareholder" is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the Company.

# Supplemental Information

The following information relating to Mr Wee Ee Lim, who is standing for re-election as a Director, and Mr Sim Hwee Cher and Mr Liam Wee Sin, each of whom is proposed to be appointed as a Director for the first time, at the upcoming 56th Annual General Meeting of UOL Group Limited ("**UOL**" or the "**Company**") to be held on 25 April 2019, is provided pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

| **Name** | **Mr Wee Ee Lim** |
|---|---|
| Date of Appointment | 9 May 2006 |
| Date last Re-Elected | 26 April 2017 |
| Age | 57 |
| Country of principal residence | Singapore |
| The Board's comments on the re-election/appointment | Mr Wee has extensive business experience which will continue to benefit UOL. |
| Whether appointment is executive and if so, the area of responsibility | Non-executive |
| Job title | • Deputy Chairman<br>• Non-independent and non-executive Director<br>• Executive Committee (Deputy Chairman)<br>• Audit and Risk Committee (Member) |
| Professional qualifications | Bachelor of Arts (Economics), Clark University, USA |

# Supplemental Information

| Mr Sim Hwee Cher | Mr Liam Wee Sin |
|---|---|
| – | – |
| – | – |
| 61 | 59 |
| Singapore | Singapore |
| Mr Sim has over 30 years of audit experience and has been actively involved in planning, executing and managing audits of large companies in the manufacturing, real estate, construction, health care, insurance and trading industries. His knowledge and experience will be valuable to UOL. | Mr Liam has been overseeing the UOL Group's property investment, property development, product, engineering, marketing and human resources departments. Mr Liam has been with the UOL Group for the last 26 years, and has held several appointments within the UOL Group. His contribution and leadership will augment the core competencies of the Board. |
| Non-executive | Executive. Mr Liam is the Group Chief Executive of the Company. He is responsible for managing the business of UOL and its subsidiaries, and developing and implementing Board approved strategies. |
| Independent and non-executive Director | • Group Chief Executive<br>• Non-independent and executive Director |
| • Bachelor of Accountancy (Honours), National University of Singapore; concurrently completed the Association of Chartered Certified Accountants (United Kingdom) examinations in 1981<br>• Fellow of the Chartered Public Accountants of Australia<br>• Fellow of the Association of Chartered Certified Accountants of the United Kingdom<br>• Completed INSEAD International Directors Programme in 2018 | Bachelor of Architecture, National University of Singapore |

# Supplemental Information

| Name | Mr Wee Ee Lim |
|---|---|
| Working experience and occupation(s) during the past 10 years | **2009 – 2013**<br>President, Chief Executive Officer and Director of Haw Par Corporation Limited<br><br>**2014 – 2019**<br>Please refer to Mr Wee's profile under the "Board of Directors" section |
| Shareholding interest in the Company and its subsidiaries | **Company**<br>Direct – 260,975 shares<br>Deemed – 118,235,315 shares |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries | Mr Wee is the son of Dr Wee Cho Yaw, Chairman and substantial shareholder of the Company. Mr Wee is also the brother of Mr Wee Ee-chao, Director and substantial shareholder of the Company and Mr Wee Ee Cheong, substantial shareholder of the Company. |
| Conflict of interest (including any competing business) | Mr Wee is a substantial shareholder (direct and deemed interest) of approximately 14.06% of the shares of the Company. |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company | Yes |

# Supplemental Information

| Mr Sim Hwee Cher | Mr Liam Wee Sin |
|---|---|
| **2009 – 2017**<br>• Member of the PwC Executive Board for Singapore, China, Hong Kong and Taiwan<br>• Leader of PwC Singapore's Assurance practice<br>• Vice Chairman (Operations) at PwC Singapore<br><br>**1992 – 2018**<br>Partner of PwC Singapore (Retired on 1 July 2018) | **2006 – 2010**<br>Chief Operating Officer of UOL<br><br>**2011 – 2015**<br>President (Property) of UOL<br><br>**2015 – 2018**<br>Deputy Group Chief Executive Officer of UOL<br><br>**2019**<br>Group Chief Executive of UOL |
| No | **Company**<br>Direct – 288,777 shares<br>Share options:<br>• 80,000 UOL Share Option 2013<br>• 60,000 UOL Share Option 2014<br>• 60,000 UOL Share Option 2015<br>• 60,000 UOL Share Option 2016<br>• 60,000 UOL Share Option 2017<br>• 60,000 UOL Share Option 2018 |
| No | No |
| No | Mr Liam has a direct interest of approximately 0.03% of the shares of the Company. |
| Yes | Yes |

# Supplemental Information

| Name | Mr Wee Ee Lim |
| --- | --- |
| Other principal commitments (including directorships) - Present | Please refer to Mr Wee's profile under the "Board of Directors" section. |

# Supplemental Information

| Mr Sim Hwee Cher | Mr Liam Wee Sin |
|---|---|
| • Community Chest (Member)<br>• National University of Singapore School of Accounting Advisory Council (Member)<br>• Mandai Park Holdings Pte Ltd (Director)<br>• NTUC Income Insurance Co-operative Limited (Director)<br>• The Esplanade Company Ltd (Director)<br>• Duke-NUS Medical School: Centre for Aging Research & Education (Advisory Council Member) | • Garden Plaza Company Limited (Chairman)<br>• Hotel Investments (Hanoi) Pte. Ltd. (Director)<br>• Novena Square Development Ltd (Chairman)<br>• Novena Square Investments Ltd (Chairman)<br>• Pan Pacific Hotels Group Limited (Director)<br>• Parkroyal Pickering Hotel Pte. Ltd. (Director)<br>• Pan Pacific Hotels and Resorts Pte. Ltd. (Director)<br>• Pan Pacific Hospitality Holdings Pte. Ltd. (Director)<br>• Pilkon Development Company Limited (Director)<br>• Promatik Emas Sdn. Bhd. (Director)<br>• Secure Venture Development (No.1) Pte. Ltd. (Chairman)<br>• Secure Venture Development (Alexandra) Pte. Ltd. (Chairman)<br>• Secure Venture Development (Simei) Pte. Ltd. (Chairman)<br>• Secure Venture Investments Limited (Director)<br>• Success City Pty Limited (Director)<br>• Success Venture Development (Jersey) Limited (Director)<br>• Success Venture Investments (Australia) Ltd (Director)<br>• Success Venture Property Investments Limited (Director)<br>• Success Venture Pty Limited (Director)<br>• Success Venture (CS) Pty Ltd (Director)<br>• Suzhou Wugong Hotel Co., Ltd (Director)<br>• Shanghai Jin Peng Realty Co., Ltd (Director)<br>• Tianjin UOL Xiwang Real Estate Development Co., Ltd (Director)<br>• United Venture Development (No.1) Pte. Ltd. (Director)<br>• United Venture Development (No.2) Pte. Ltd. (Director)<br>• United Venture Development (No.3) Pte. Ltd. (Director)<br>• United Venture Development (Bedok) Pte. Ltd. (Chairman)<br>• United Venture Development (Clementi) Pte. Ltd. (Chairman)<br>• United Venture Development (Silat) Pte. Ltd. (Chairman)<br>• United Venture Development (Thomson) Pte. Ltd. (Chairman)<br>• United Venture Investment (Thomson) Pte. Ltd. (Director)<br>• United Venture Investments (HI) Pte. Ltd. (Chairman)<br>• United Venture Investments (No.1) Pte. Ltd. (Director)<br>• UOL Capital Investments Pte. Ltd. (Chairman)<br>• UOL Claymore Investment Pte. Ltd. (Director)<br>• UOL Development Pte Ltd (Director)<br>• UOL Development (Amber) Pte. Ltd. (Director)<br>• UOL Development (Bartley) Pte. Ltd. (Director)<br>• UOL Development (Dakota) Pte. Ltd. (Director)<br>• UOL Development (St Patrick) Pte. Ltd. (Director)<br>• UOL Development (Sengkang) Pte. Ltd. (Director)<br>• UOL Development (UK) Ltd. (Chairman)<br>• UOL Equity Investments Pte Ltd (Director)<br>• UOL Management Services Pte Ltd (Director)<br>• UOL Overseas Development Pte Ltd (Director)<br>• UOL Project Management Services Pte Ltd (Director)<br>• UOL Property Investments Pte Ltd (Director)<br>• UOL Residential Development Pte. Ltd. (Director)<br>• UOL Retail Management Pte. Ltd. (Director)<br>• UOL Serviced Residences Sdn. Bhd. (Director)<br>• UOL Somerset Investments Pte. Ltd. (Director)<br>• UOL Treasury Services Pte. Ltd. (Director)<br>• UOL Venture Investments Pte. Ltd. (Director)<br>• UOL Ventures Holdings Pte. Ltd. (Director)<br>• UVD (Projects) Pte. Ltd. (Chairman)<br>• Westlake International Company Limited (Chairman)<br>• Yangon Hotel Limited (Director)<br>• City Square Hotel Co., Ltd (Director)<br>• Marina Centre Holdings Private Limited (Director)<br>• Peak Venture Pte. Ltd. (Director)<br>• Aquamarina Hotel Private Limited (Director)<br>• OUB Centre Limited (Director)<br>• Marina Bay Hotel Private Limited (Director)<br>• Hotel Marina City Private Limited (Director) |

# Supplemental Information

| Name | | Mr Wee Ee Lim |
|---|---|---|
| Other principal commitments (including directorships) - Past, for the last 5 years | | Please refer to Mr Wee's profile under the "Board of Directors" section. |
| Disclosure on the following matters concerning the Director/proposed Director: | | |
| (a) | Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No |
| (b) | Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No |
| (c) | Whether there is any unsatisfied judgment against him? | No |
| (d) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No |

# Supplemental Information

| | Mr Sim Hwee Cher | Mr Liam Wee Sin |
|---|---|---|
| | • Financial Statement Review Committee (Member) (1993 – 1999)<br>• Annual Report Award Committee of the Institute of Singapore Chartered Accountants (ISCA) (Member) (2014)<br>• ISCA Insurance Committee (Member) (1994 – 1999)<br>• The Fare Review Mechanism Committee (Protem) (2012)<br>• National Council of Social Service (Honorary General Secretary and Council Member) (2010 – 2018)<br>• Professional Education Council of Singapore Accountancy Commission (Member) (2017 – 2018)<br>• ISCA (Council Member) (2014 – 2018)<br>• Financial Reporting Committee (ISCA) (Member) (2015 – 2018) | • Ardenis Pte Ltd (Director) (2004 – 2018)<br>• Brendale Pte Ltd (Director) (2008 – 2017)<br>• Duchess Walk Pte. Ltd. (Director) (2006 – 2018)<br>• Hua Ye Xiamen Hotel Limited (Chairman, Director, Legal Representative) (2007 – 2015)<br>• Kings & Queens Development Pte Ltd (Director) (2003 – 2015)<br>• Nassim Park Developments Pte. Ltd. (Director) (2006 – 2016)<br>• Premier Land Development Pte. Ltd. (Director) (2010 – 2016)<br>• Regency One Development Pte Ltd (Director) (2004 – 2014)<br>• Suasana Simfoni Sdn Bhd (Director) (2007 – 2018)<br>• United Regency Pte Ltd (Director) (2005 – 2014)<br>• UOL Business Consulting (Shanghai) Co., Ltd (Director, Legal Representative) (2015 – 2017) |
| | | |
| | No | No |
| | No | No |
| | No | No |
| | No | No |

# Supplemental Information

| Name | | Mr Wee Ee Lim |
|---|---|---|
| (e) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No |
| (f) | Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No |
| (g) | Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No |
| (h) | Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No |
| (i) | Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No |

| Mr Sim Hwee Cher | Mr Liam Wee Sin |
|---|---|
| No | No |
| No | No |
| No | No |
| No | No |
| No | No |

# Supplemental Information

| Name | Mr Wee Ee Lim |
|---|---|
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—<br>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or<br>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or<br>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or<br>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,<br>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No |
| Disclosure applicable to the proposed appointment of Director only: | |
| Any prior experience as a director of an issuer listed on the Exchange? | – |
| If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. | – |

# Supplemental Information

| | Mr Sim Hwee Cher | Mr Liam Wee Sin |
|---|---|---|
| | No | No |
| | No | No |
| | | |
| | No | No |
| | Mr Sim has attended and completed the INSEAD International Directors Programme in 2018, and will attend such other prescribed training as may be required. | Mr Liam will be attending the prescribed training within one year from his date of appointment to the Board. |

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# Proxy Form

Annual General Meeting

## UOL GROUP LIMITED

(Incorporated in Singapore)
Company Registration No. 196300438C

**Data Protection Statement**
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 April 2019.

**IMPORTANT:**
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy UOL Group Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/ SRS Operators if they have any queries regarding their appointment as proxies.

I/We, ______________________________________ (Name) ____________________________ (NRIC/Passport/Co. Reg. No.(s))

of ______________________________________________________________________________________ (Address)

being a member/members of UOL GROUP LIMITED (the "Company"), hereby appoint:

| Name | Address | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|---|
| | | | No. of shares | % |
| | | | | |

and/or (please delete as appropriate)

| | | | | |
|---|---|---|---|---|
| | | | No. of shares | % |
| | | | | |

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the 56th Annual General Meeting of the Company (the "AGM") to be held at PARKROYAL on Beach Road, Grand Ballroom, 7500 Beach Road, Singapore 199591, on Thursday, 25 April 2019 at 3.00 p.m. and at any adjournment thereof. I/We direct my/ our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM, as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

| No. | Resolutions | No. of Votes For * | No. of Votes Against * |
|---|---|---|---|
| **Ordinary Business** | | | |
| 1 | Adoption of Directors' Statement, Audited Financial Statements and Auditor's Report | | |
| 2 | Declaration of a First and Final Dividend | | |
| 3 | Approval of Directors' Fees | | |
| 4 | Re-election of Mr Wee Ee Lim as Director | | |
| 5 | Re-appointment of PricewaterhouseCoopers LLP as Auditor | | |
| **Special Business** | | | |
| 6 | Appointment of Mr Sim Hwee Cher as Director | | |
| 7 | Appointment of Mr Liam Wee Sin as Director | | |
| 8 | Authority for Directors to Issue Shares (UOL 2012 Share Option Scheme) | | |
| 9 | Authority for Directors to Issue Shares (General Share Issue Mandate) | | |
| 10 | Renewal of Share Buyback Mandate | | |

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

Dated this ____________ day of ____________ 2019

| Shares in: | Total No. of Shares Held |
|---|---|
| (a) Depository Register | |
| (b) Register of Members | |
| **Total** | |

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

**IMPORTANT: PLEASE READ NOTES ON THE REVERSE**

**Notes:**

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM in his stead. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.
2. A proxy need not be a member of the Company.
3. This instrument appointing a proxy or proxies must be signed by the appointor or his duly authorised attorney or, if the appointor is a body corporate, signed by its duly authorised officer or attorney or executed under its common seal.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by the member.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the AGM.
6. This instrument appointing a proxy or proxies must be deposited at the office of Complete Corporate Services Pte Ltd, at 10 Anson Road, #29-07, International Plaza, Singapore 079903, not less than 72 hours before the time fixed for holding the AGM.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. Any alteration made in this instrument appointing a proxy or proxies must be initialled by the person who signs it.
9. A body corporate which is a member may appoint by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered against his name in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies lodged if such member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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# PROXY FORM

Please
Affix
Postage
Stamp

The Company Secretary
**UOL GROUP LIMITED**

c/o

**Complete Corporate Services Pte Ltd**
10 Anson Road, #29-07
International Plaza
Singapore 079903

3rd fold here

Fold this flap for sealing

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UOL
华业集团

Company Registration No.: 196300438C

101 Thomson Road
#33-00 United Square
Singapore 307591
T: (65) 6255 0233
F: (65) 6252 9822

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