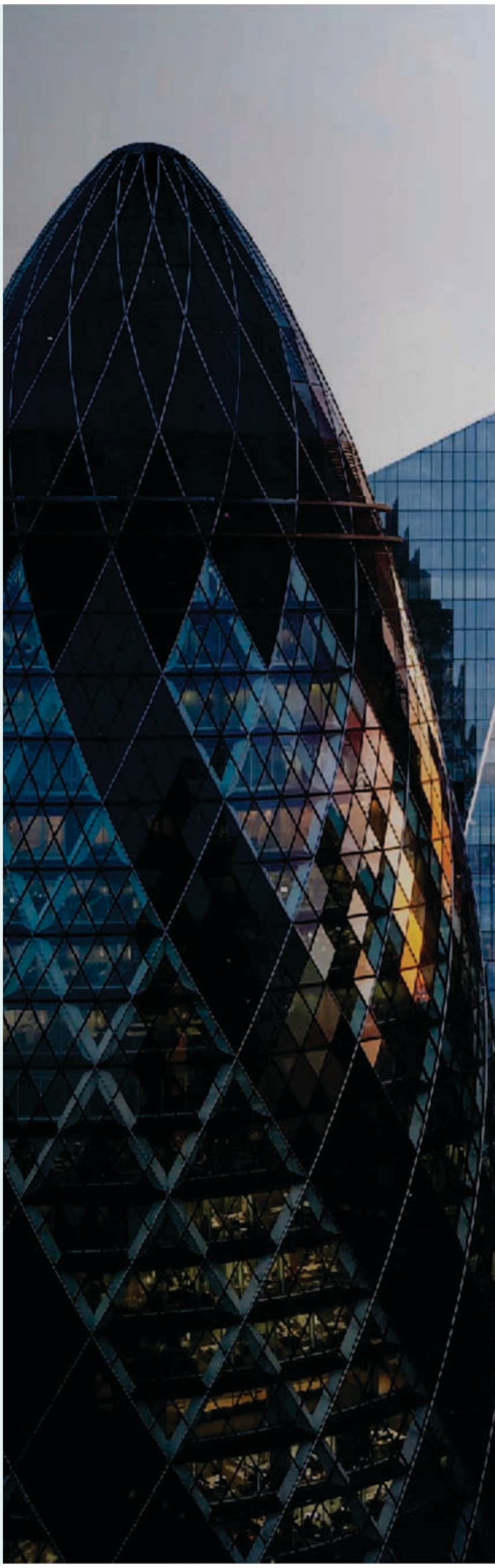
UOL
华业集团

At The Forefront

ANNUAL REPORT 2017

Contents

Cover: Riverbank@Fernvale



This page: One Bishopsgate Plaza (artist's impression)

PARKROYAL Penang Resort

About Us

UOL Group Limited (UOL) is one of Singapore's leading public-listed property companies with an extensive portfolio of development and investment properties, hotels and serviced suites.

With a track record of over 50 years, UOL strongly believes in delivering product excellence and quality service in all our business ventures. Our list of property development projects includes residential units, office towers and shopping malls, hotels and serviced suites.

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 our hotel subsidiary Pan Pacific Hotels Group Limited (PPHG), owns two acclaimed brands namely "Pan Pacific" and PARKROYAL. PPHG now owns and/or manages over 30 hotels in Asia, Oceania and North America with over 10,000 rooms in its portfolio.

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

The Clement Canopy (artist's impression)

Transformation

We embrace innovative technologies to transform the real estate industry so as to build smart cities for the future.

Investments

V on Shenton and UIC Building

Expansion

Pan Pacific Melbourne

We adopt a consistent growth strategy by expanding our diversified portfolio and building up a strong recurrent income base.

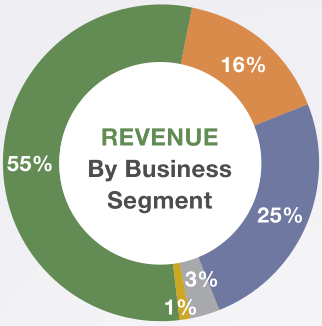
Teambuilding Activity

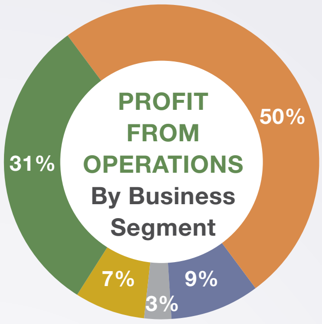
Community

Staff Volunteerism

We believe the quality of our people defines the way we work and operate in our community.

Financial Highlights





REVENUE
$2.10b
Increased 46% from FY2016's $1.44b

PRE-TAX PROFIT
(BEFORE FAIR VALUE AND OTHER GAINS/LOSSES)
$509.9m
Increased 30% from FY2016's $391.2m

NET ATTRIBUTABLE PROFIT
$891.0m
Increased 210% from FY2016's $287.0m

RETURN ON EQUITY
10.14%
Increased 187% from FY2016's 3.53%

Quarterly Result	1st Quarter $'000	%	2nd Quarter $'000	%	3rd Quarter $'000	%	4th Quarter $'000	%	Total $'000	%
Revenue										
2017	**350,681**	**17**	**399,094**	**19**	**537,891**	**25**	**815,486**	**39**	**2,103,152**	**100**
2016	330,117	23	363,551	25	393,392	27	353,679	25	1,440,739	100
Profit before income tax										
2017	**97,596**	**9**	**132,434**	**13**	**656,734**	**63**	**162,241**	**15**	**1,049,005**	**100**
2016	93,729	26	79,316	22	103,865	29	77,006	23	353,916	100
Net profit										
2017	**86,318**	**9**	**121,836**	**12**	**639,745**	**65**	**139,091**	**14**	**986,990**	**100**
2016	81,360	26	68,614	22	91,537	30	64,089	22	305,600	100
Net attributable profit										
2017	**80,280**	**9**	**109,414**	**12**	**618,061**	**70**	**83,254**	**9**	**891,009**	**100**
2016	77,075	27	68,806	24	87,124	30	54,035	19	287,040	100
Basic earnings per ordinary share (in cents)										
2017	**10.0**	**9**	**13.6**	**13**	**76.3**	**70**	**8.9**	**8**	**108.8**	**100**
2016	9.7	27	8.6	24	10.9	30	6.6	19	35.8	100

Property Development

Revenue (+59%)

Year	Revenue
2017	$1,166.7m
2016	$733.9m

Profit From Operations (+156%)

Year	Profit
2017	$133.9m
2016	$52.3m

Residential developments under UOL, as well as those held under United Industrial Corporation (UIC).

Key Facts

- Sale of 1,090 residential units with a total value of more than $1.5 billion based on bookings
- Achieved Temporary Occupation Permit (TOP) for Riverbank@ Fernvale, V on Shenton and Alex Residences
- Launched The Clement Canopy in Singapore
- Completed the en-bloc purchase of Raintree Gardens and Nanak Mansions
- Successfully acquired a freehold residential site at 45 Amber Road for $156.0 million

Property Investments

Revenue (+45%)

Year	Revenue
2017	$327.1m
2016	$225.0m

Profit From Operations (+44%)

Year	Profit
2017	$218.0m
2016	$151.2m

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 – United Square, Novena Square, Odeon Towers, Faber House and One Upper Pickering, with a total net lettable area of 98,622 sqm and holds a portfolio of seven commercial offices – 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 227,751 sqm
- Five shopping malls – Velocity@ Novena Square, United Square, OneKM, Marina Square shopping mall and West Mall with a total net lettable area of 142,998 sqm
- Four owned serviced suites properties – Pan Pacific Serviced Suites Orchard, Pan Pacific Serviced Suites Beach Road, PARKROYAL Serviced Suites, Singapore and PARKROYAL Serviced Suites Kuala Lumpur totalling 683 units
- Two commercial properties in London – 110 High Holborn and 120 Holborn Island with a total net lettable area of 42,894 sqm
- Has direct and indirect interests in Marina Square shopping mall

Hotel Operations

Revenue (+22%)

Year	Revenue
2017	$526.2m
2016	$429.6m

Profit From Operations (-20%)

Year	Profit
2017	$40.5m
2016	$50.8m

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 20 hotels and resorts including those under development
- PARKROYAL's portfolio comprises 13 hotels and resorts including those under development
- Has direct and indirect interests in Marina Mandarin and The Westin Tianjin
- Acquired the 396-room Hilton Melbourne South Wharf and rebranded to Pan Pacific Melbourne
- Opened two flagship hotels, Pan Pacific Beijing and Pan Pacific Yangon

Two-Year Financial Highlights

	2017 $'000	2016 $'000	Increase/ (Decrease) %
For the financial year			
Revenue	**2,103,152**	1,440,739	46
Profit before income tax	**1,049,005**	353,916	196
Profit after income tax and non-controlling interests	**891,009**	287,040	210
Return on equity (%)	**10.14**	3.53	187
At 31 December			
Share capital	**1,549,744**	1,269,853	22
Reserves	**907,272**	912,147	(1)
Retained earnings	**6,988,104**	5,945,154	18
Shareholders' funds	**9,445,120**	8,127,154	16
Total assets	**19,632,446**	11,558,140	70
Per ordinary share			
Basic earnings before fair value and other gains/(losses) (cents)	**43.5**	40.5	7
Basic earnings (cents)	**108.8**	35.8	204
Gross dividend declared (cents)	**17.5**	15.0	17
Dividend cover (times)	**6.0**	2.4	150
Net tangible asset backing ($)	**11.01**	10.07	9

PARKROYAL on Pickering has clinched multiple architecture and service excellence awards over the years

Corporate Information

Board of Directors

Wee Cho Yaw
Chairman

Wee Ee Lim
Deputy Chairman

Gwee Lian Kheng
Group Chief Executive

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

Gwee Lian Kheng
Group Chief Executive

Liam Wee Sin
Deputy Group Chief Executive Officer

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

Foo Thiam Fong Wellington
Chief Financial Officer

Neo Soon Hup
Chief Financial Officer
(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:
Chua Lay See
Year of appointment: 2016

Principal Bankers

United Overseas Bank Limited

DBS Bank Ltd

Oversea-Chinese Banking Corporation Limited

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Bank of China

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

Shoppers interacted with the therapy horses brought in by the RDA Singapore to United Square

February
- The 505-unit The Clement Canopy, a 50:50 joint venture between UOL and UIC was launched. About 200 units out of the 250 units released were snapped up.

March
- Velocity@Novena Square hosted players from HSBC Singapore Rugby 7s who played tag rugby with underprivileged youths from Sport Singapore's SportCares programme at the mall's outdoor court.
- The 555-unit Riverbank@Fernvale obtained TOP.

April
- UOL completed the acquisition of a freehold residential site at 45 Amber Road.

May
- UOL completed the en-bloc purchase of Raintree Gardens at Potong Pasir Avenue 1, through a 50:50 joint venture with UIC.
- The Clement Canopy won two awards for its high-rise architecture and landscape at the Asia Pacific edition of the International Property Awards. Park Eleven in Shanghai, China, which comprises 398 residential units and a retail component, emerged winner for the Mixed-use Development category.

June
- Therapy horses made an appearance at United Square, as part of UOL's support for the Riding for the Disabled Association Singapore (RDA Singapore) which provides free horse-riding therapy to those with physical and mental disabilities. UOL also sponsored one horse for a year.

July
- UOL acquired a hotel property in Melbourne's South Wharf, which was rebranded to Pan Pacific Melbourne. It comprises 396 rooms that offer a panoramic view of the city.
- PPHG signed a management contract to operate the 181-unit Pan Pacific Serviced Suites Jakarta which is scheduled to open by 2020.

August
- UOL completed a share swap exercise with Haw Par for UIC shares, which saw UOL increasing its stake in UIC to 49.0%.
- The "Pan Pacific" brand made its debut in Beijing with the opening of Pan Pacific Beijing, a 220-room hotel in Beijing's Xicheng

district. Owned by Huitong Investments Co., the hotel offers convenient access to the city's administrative centre and financial district.

September

- The 429-unit Alex Residences under UIC's portfolio received TOP.
- UOL hosted National Development Minister Lawrence Wong and Government Parliamentary Committee members for a study visit to The Clement Canopy construction site. Built using the Prefabricated Prefinished Volumetric Construction (PPVC) method, the two 40-storey block development will be the world's tallest PPVC project when completed.
- PARKROYAL Darling Harbour won the Best Superior Accommodation category at the Australian Hotels Association National Awards for Excellence 2017.
- Pan Pacific Serviced Suites Orchard was voted second runner-up in the Best Serviced Residence in Asia-Pacific at the Business Traveller Asia-Pacific Awards 2017 while PARKROYAL on Pickering won Asia's Leading Green Hotel at the World Travel Awards 2017.

October

- V on Shenton, a residential development under UIC's portfolio received TOP. The 510-unit tower is located at 5A Shenton Way and is connected to UIC Building, an office development.
- The 186-unit Seventy Saint Patrick's and 445-unit Thomson Three won the top award in the Residential (Low-rise) category and Residential (Mid-rise) category respectively at the FIABCI Singapore Property Awards 2017.
- PPHG was voted the best regional hotel chain at the annual Travel Weekly Asia Readers' Choice Awards for 2017.
- One Bishopsgate Plaza won the Mixed-use Development category and a five-star rating for Best Mixed-use Architecture London at the UK edition of the International Property Awards. Its hotel component, Pan Pacific London received five-star ratings for the Best New Hotel Construction & Design UK and Best Hotel Architecture London categories.

November

- PPHG opened Pan Pacific Yangon, its first "Pan Pacific" branded hotel in Myanmar.
- UOL's stake in UIC increased to 49.8%.
- UOL Equity Investments Pte Ltd announced a mandatory unconditional cash offer for all ordinary shares in the issued share capital of Singapore Land Limited ("Singland Shares") other than those Singland Shares already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it at an offer price of $11.85 per Singland Share.

December

- United Square flew in Santa Claus from Santa Village in Lapland, Finland to meet shoppers and underprivileged children from Beyond Social Services for Christmas. This was a joint collaboration with the Embassy of Finland.
- UOL through a 50:50 joint venture with Kheng Leong, completed the en-bloc purchase of Nanak Mansions.

Seventy Saint Patrick's emerged winner for the Residential (Low-rise) category at the FIABCI Singapore Property Awards 2017

The Clement Canopy will be the world's tallest PPVC development upon completion

Chairman's Statement

DR WEE CHO YAW
Chairman

2017 Review

The Singapore economy grew by 3.6% in 2017, higher than the 2.4% growth in 2016. For the first time since 2013, prices of private residential properties in Singapore grew by 1.1% in 2017, in contrast with the 3.1% decline in 2016. Sales volume had increased with 10,566 new homes sold in 2017 as compared with 7,972 homes sold in 2016. On the back of a more positive economic outlook, rentals of office space increased by 0.4% compared with the 8.2% decline in 2016. Rentals of retail space continued to fall, albeit at a slower pace of 4.7% compared with the 8.3% decline in 2016.

Total visitor arrivals in Singapore increased by 6.2% in 2017 to 17.4 million from 16.4 million in 2016. Average occupancy for the hotel industry in Singapore for 2017 increased by 1.5 percentage points to 84.7% while average room rate fell by 3.3% to $216 from $223 in 2016. Consequently, revenue per available room declined by 1.5% to $183 from $185 in 2016.

Profit and Dividend

For the year ended 31 December 2017, pre-tax profit before fair value and other gains/losses was $509.9 million, an increase of 30% or $118.7 million as compared with the profit of $391.2 million in 2016. The increase was due mainly to higher contribution from property development and the consolidation of United Industrial Corporation Limited ("UIC") as a subsidiary as from 31 August 2017. Arising from the consolidation, the Group recognised a net gain on acquisition and consolidation of $542.1 million as the relevant accounting standard requires a company to recognise the assets acquired and the liabilities assumed at their acquisition-date fair values. Consequently, profit before income tax increased from $353.9 million in 2016 to $1,049.0 million in 2017.

The Group shareholders' funds increased from $8.1 billion as at 31 December 2016 to $9.4 billion as at 31 December 2017 due mainly to profits recognised in 2017. Net tangible asset per ordinary share of the Group increased to $11.01 as at 31 December 2017 from $10.07 as at 31 December 2016.

The Board is recommending a first and final dividend of 17.5 cents per share, up 2.5 cents compared to last year's dividend of 15.0 cents per share. Total dividend pay-out amounts to $147.3 million as against $120.7 million in 2016.

Corporate Developments

Increase in interest in Pan Pacific Yangon, Myanmar

In February 2017, wholly-owned subsidiary Pan Pacific Hospitality Pte Ltd increased its interest in City Square Hotel Co. Ltd ("CSH") from 20% to 40% by the acquisition of an additional 6,951,600 ordinary shares in the capital of CSH for an aggregate cash consideration of US$8,951,600. CSH, a company incorporated in Myanmar, owns the 336-room Pan Pacific Yangon which soft-opened in November 2017.

Acquisition of Hilton Melbourne South Wharf, Australia

In July 2017, wholly-owned subsidiary, Success Venture Pty Limited (acting in its capacity as trustee for Success Venture (Melbourne) Unit Trust) completed the acquisition of the Hilton Melbourne South Wharf for a consideration of A$230.0 million (or approximately $247.7 million). The 99-year leasehold property is located on the South Wharf, Melbourne, along the scenic Yarra River within a precinct that includes the Melbourne Convention and Exhibition Centre. The property has been renamed "Pan Pacific Melbourne" and features 396 rooms and two dining outlets.

Acquisition of Property at 45 Amber Road, Singapore

In April 2017, wholly-owned subsidiary UOL Development (Amber) Pte Ltd (formerly known as UOL Ventures Pte Ltd) completed the acquisition of the property at 45 Amber Road for a consideration of $156.0 million. The freehold property with a site area of 6,490 sqm can be developed into approximately 139 units of residential apartment.

Acquisition of Nanak Mansions at 92-128 Meyer Road, Singapore

In December 2017, Secure Venture Development (No. 1) Pte Ltd, a 50:50 joint venture between wholly-owned subsidiary UOL Venture Investments Pte Ltd and Kheng Leong Company (Private) Limited completed the en-bloc acquisition of the freehold property known as Nanak Mansions at 92-128 Meyer Road Singapore for a consideration of $201.1 million. It is proposed that the 10,185 sqm site be developed into approximately 57 units of residential apartment.

Acquisition of Additional Interests in United Industrial Corporation Limited

On 31 August 2017, the UOL Group completed the acquisition of 60,000,000 ordinary shares ("UIC Shares") in the capital of United Industrial Corporation Limited ("UIC") from Haw Par Corporation Limited ("Haw Par") in consideration which the Company issued 27,272,727 new ordinary shares in the capital of UOL. Together with other UIC shares acquired in the course of the year, the UOL Group's interest in UIC increased to 713,750,050 UIC Shares or approximately 49.84% of UIC's share capital as at 31 December 2017. Arising from the increase in UOL's shareholding interest in UIC following the acquisition of the 60.0 million UIC shares from Haw Par, the accounts of UIC and its subsidiaries as well as certain common associated and joint venture companies of UOL and UIC were consolidated as from 31 August 2017 in accordance with Financial Reporting Standard (FRS) 110 Consolidated Financial Statements. It is the Company's objective to increase its interest in UIC with a view to achieving statutory control of UIC in the future.

Mandatory Unconditional Cash Offer for Singapore Land Limited

On 21 November 2017, UOL Equity Investments Pte Ltd (the "Offeror"), a wholly-owned subsidiary, announced a mandatory unconditional cash offer for all ordinary shares in the issued share capital of Singapore Land Limited ("Singland Shares") other than those Singland Shares already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it at an offer price of $11.85 per Singland Share. The Offer was made pursuant to the chain principle set out in Note 7 on Rule 14.1 of The Singapore Code on Take-overs and Mergers when the interest of UOL and parties acting in concert with UOL in the issued share capital of UIC increased to approximately 50.025% of UIC's issued share capital. At the close of the Offer on 3 January 2018, the Offeror received acceptances for 368,557 Singland Shares.

Outlook for 2018

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

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

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

Acknowledgement

I wish to thank my fellow board members for their invaluable contributions during the past year. On behalf of the Board, I would also like 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 2018

Board Of Directors

Wee Cho Yaw

Chairman
Non-Executive and Non-Independent Director

Dr Wee, 89, the Chairman of UOL, was first appointed to the Board on 23 April 1973 and last re-appointed as Director at UOL's Annual General Meeting on 28 April 2016. A banker with more than 60 years' experience and a veteran in the banking, insurance, real estate and hospitality industries, Dr Wee was conferred the Legacy Award for Singapore at the ASEAN Business Awards 2017 in recognition of his business achievements in the region. For his outstanding contributions to the economic, education, social and community development fields in Singapore, Dr Wee received the Distinguished Service Order, Singapore's highest National Day Award from the President of Singapore in 2011.

Length of service as a Director (as at 31 December 2017):
44 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 2017):
- United Overseas Bank Limited (Chairman Emeritus and Adviser)
- United Overseas Insurance Limited (Chairman)
- Haw Par Corporation Limited (Chairman)
- United Industrial Corporation Limited (Chairman)

Major Appointments/Principal Commitments:
- 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 held over the preceding three years:
- Nil

Academic & Professional Qualification(s) & Achievements:
- Chinese high school education
- Honorary Doctor of Letters, National University of Singapore
- Honorary Doctor of Letters, Nanyang Technological University, Singapore
- The Asian Banker Lifetime Achievement Award (2009)
- Credit Suisse-Ernst & Young Lifetime Achievement Award (2006)
- Businessman of the Year, Singapore Business Awards (1990 and 2001)

Wee Ee Lim

Deputy Chairman
Non-Executive and Non-Independent Director

Mr Wee, 56, the Deputy Chairman of UOL, was appointed as Deputy Chairman on 12 August 2015. He was first appointed to the Board on 9 May 2006 and was last re-elected as Director at UOL's Annual General Meeting held on 26 April 2017.

Length of service as a Director (as at 31 December 2017):
11 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 2017):
- 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 held over the preceding three 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)

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

Gwee Lian Kheng

Group Chief Executive
Executive and Non-Independent Director

Mr Gwee, 77, the Group Chief Executive of UOL, was first appointed to the Board on 20 May 1987 and was last re-appointed as Director at UOL's Annual General Meeting held on 28 April 2016. He has been with UOL since 1973. Mr Gwee received the Asia Pacific Hotelier of the Year award in 2003 and the Hotel Legends Hall of Fame Award at the 11th Australian New Zealand Pacific Hotel Industry Conference in 2011. He was awarded the Pingat Bakti Masyarakat (PBM) Public Service Medal and the Bintang Bakti Masyarakat (BBM) Public Service Star by the President of Singapore in 1994 and 2002 respectively.

Length of service as a Director (as at 31 December 2017):
30 years 7 months

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

Present Directorships in other listed companies (as at 31 December 2017):
- United Industrial Corporation Limited

Major Appointments/Principal Commitments:
- UOL (Group Chief Executive)
- Various UOL subsidiaries

Past Directorships in listed companies held over the preceding three years:
- Nil

Academic & Professional Qualification(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

Board Of Directors

Low Weng Keong

Non-Executive and Independent Director

Mr Low, 65, was first appointed to the Board on 23 November 2005 and was last re-elected as Director at UOL's Annual General Meeting held on 26 April 2017. He 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 2017):
12 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 2017):
- 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 held over the preceding three years:
- Bracell Limited (formerly known as Sateri Holdings Limited, listed on the Hong Kong Stock Exchange) (till November 2016)

Academic & Professional Qualification(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

Mr Wee, 69, was first appointed to the Board on 13 May 2011 and was last re-elected as Director at UOL's Annual General Meeting held on 26 April 2017. He 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 with 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. Until 30 September 2017, Mr Wee was a senior adviser, Office of President, National University of Singapore.

Length of service as a Director (as at 31 December 2017):
6 years 7 months

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

Present Directorships in other listed companies (as at 31 December 2017):
- Nil

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

Past Directorships in listed companies held over the preceding three years:
- Keppel Telecommunications & Transportation Ltd (till April 2016)

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

Tan Tiong Cheng

Non-Executive and Independent Director

Mr Tan, 67, was first appointed to the Board on 29 May 2013 and was last re-elected as Director at UOL's Annual General Meeting on 28 April 2016. Over the last four decades, he has amassed an extensive and in-depth knowledge of real estate, both in the public and private sectors. Until 30 April 2016, Mr Tan was a member of the Valuation Review Board. Mr Tan stepped down as chairman of Knight Frank Pte Ltd on 31 March 2017. Upon his retirement, Mr Tan assumed the role of president – Knight Frank Asia Pacific and was also appointed as an adviser to Knight Frank Singapore.

Length of service as a Director (as at 31 December 2017):
4 years 7 months

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

Present Directorships in other listed companies (as at 31 December 2017):
- Heeton Holdings Limited
- The Straits Trading Company Limited

Major Appointments/Principal Commitments:
- Knight Frank Pte Ltd (Adviser)
- Knight Frank Asia Pacific (President)

Past Directorships in listed companies held over the preceding three years:
- Nil

Academic & Professional Qualification(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

Mr Wee, 63, was first appointed to the Board on 9 May 2006 and was last re-elected as Director at UOL's Annual General Meeting held on 22 April 2015. Mr Wee 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 2017):
11 years 7 months

Board Committee(s) served on:
- Nil

Present Directorships in other listed companies (as at 31 December 2017):
- 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 held over the preceding three years:
- UOB Kay Hian Securities (Thailand) Public Co Limited (listed on the Stock Exchange of Thailand) (till July 2016)

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

Board Of Directors

Pongsak Hoontrakul
Non-Executive and Independent Director

Dr Hoontrakul, 57, was first appointed to the Board on 21 May 2008 and was last re-elected as Director at UOL's Annual General Meeting held on 28 April 2016. Dr Hoontrakul was the recipient of the Best Research Paper Award for ASEAN Scholars at the annual Asia Pacific Finance Association in 2001. Dr Hoontrakul 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 2017):
9 years 7 months

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

Present Directorships in other listed companies (as at 31 December 2017):
- 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 held over the preceding three years:
- Nil

Academic & Professional Qualification(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

Poon Hon Thang Samuel
Non-Executive and Independent Director

Mr Poon, 68, was appointed to the Board on 12 May 2016 and was last re-elected as Director at UOL's Annual General Meeting held on 26 April 2017. He 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, when 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 2017):
1 year 7 months

Board Committee(s) served on:
- Nil

Present Directorships in other listed companies (as at 31 December 2017):
- Enviro-Hub Holdings Ltd
- Soilbuild Construction Group Ltd

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

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

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

Key Management Executives

Foo Thiam Fong Wellington Liam Wee Sin Gwee Lian Kheng Lothar Wilhelm Nessmann Neo Soon Hup

Gwee Lian Kheng

Group Chief Executive
UOL Group Limited

Information on Mr Gwee is found in the "Board of Directors" section of this report.

Liam Wee Sin

Deputy Group Chief Executive Officer
UOL Group Limited

Mr Liam joined the Group in 1993 and is currently the Deputy Group Chief Executive Officer. He is also a Board Member of several UOL subsidiaries. Prior to joining UOL, 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. In January 2017, Mr Liam was appointed as first vice-president of the Real Estate Developers' Association of Singapore.

Mr Liam holds a Bachelor of Architecture degree from the National University of Singapore (NUS). He attended 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 (Hotels)
Pan Pacific Hotels Group Limited

Mr Nessmann was appointed Chief Executive Officer (Hotels), 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 the Group's management business. Mr Nessmann has 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.

Key Management Executives

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 leads 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.

Neo Soon Hup

Chief Financial Officer
Pan Pacific Hotels Group Limited

Mr Neo, the Chief Financial Officer of PPHG, has been with the Group since 2003. Mr Neo also serves as a Director of several of its subsidiaries. As the Chief Financial Officer of PPHG, he has charge of PPHG's corporate finance, financial control, information technology system, performance management, information management and procurement. From 12 February 2018, Mr Neo has assumed the role of Senior Vice President, Operations.

Before joining the Group, Mr Neo was with the audit firm PricewaterhouseCoopers for over 13 years. He is a fellow of both the Institute of Singapore Chartered Accountants and the Institute of Chartered Secretaries and Administrators.

Listing Of Senior Management

UOL Group Limited

Chan Weng Khoon
Senior General Manager
Property & Engineering

Jesline Goh
Senior General Manager
Asset Management & Marketing

Ho Wui Leung
Senior General Manager
Investment

Yeong Sien Seu
Senior General Manager
Legal & Secretariat

Hauw Kheng Lip
General Manager
Marketing – Commercial

Kwa Bing Seng
General Manager
Finance

Tai Mern Yee
General Manager
Human Resource

Wong Kuan Yuen Anthony
General Manager
Marketing – Residential

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

Cinn Tan
Chief Sales & Marketing Officer

Awards & Accolades

Corporate

UOL Group Limited
Brand Finance
- Top 100 Singapore Brands 2017 (#47)

Pan Pacific Hotels Group Limited
Travel Weekly Asia Readers' Choice Awards 2017
- Best Regional Hotel Chain

Product, Design and Architectural Excellence

Seventy Saint Patrick's, Singapore
FIABCI Singapore Property Awards 2017
- Winner – Residential (Low-rise)

Thomson Three, Singapore
FIABCI Singapore Property Awards 2017
- Winner – Residential (Mid-rise)

The Clement Canopy, Singapore
International Property Awards (Asia Pacific) 2017
- Winner – Residential High-rise Architecture, Singapore
- 5-star – Best Residential Landscape Architecture, Singapore

Park Eleven, China
International Property Awards (Asia Pacific) 2017
- Winner – Mixed-use Development, China

One Bishopsgate Plaza, United Kingdom
International Property Awards (United Kingdom) 2017
- Winner – Mixed-use Development, UK
- 5-star – Best Mixed-use Architecture London

Pan Pacific London, United Kingdom
International Property Awards (United Kingdom) 2017
- 5-star – Best New Hotel Construction & Design, UK
- 5-star – Best Hotel Architecture London

Service Excellence

PARKROYAL on Pickering, Singapore
World Travel Awards 2017
- Asia's Leading Green Hotel

Pan Pacific Serviced Suites Orchard, Singapore
Business Traveller Asia-Pacific Awards 2017
- 2nd runner-up – Best Serviced Residence in Asia-Pacific

PARKROYAL Darling Harbour, Australia
Australian Hotels Association National Awards for Excellence 2017
- Best Superior Accommodation

2017 HM Awards for Hotel and Accommodation Excellence
- Winner – Upscale Hotel

Tourism Accommodation Australia NSW Awards for Excellence 2017
- Winner – Metropolitan Superior Hotel

The 445-unit Thomson Three emerged winner for the Residential (Mid-rise) category at the FIABCI Singapore Property Awards 2017

Operation Highlights

Shoppers and their children interacted with all the superstars from The Little Big Club Christmas Carnival at OneKM

PROPERTY INVESTMENTS

COMMERCIAL PROPERTIES

United Square

United Square is a 33-storey mixed-use development comprising an office tower and a shopping mall located in the Novena precinct. With a total lettable office area of 26,910 sqm and retail area of 19,431 sqm, United Square maintained healthy average occupancy rates for office and retail at 90% and 98% respectively for 2017.

Positioned as "The Kids Learning Mall", United Square continued to attract young families with a line-up of learn through play character-licensed events and activities.

Novena Square

Novena Square is a premier mixed-use development located above the Novena MRT station. It has a total lettable office area of 41,375 sqm and retail area of 15,993 sqm. Novena Square maintained high average occupancy rates of 94% and 100% respectively for its office and retail components.

During the year, Velocity@Novena Square introduced new concepts to the mall while keeping signature activities such as the all-time favourite Urban Attack.

Despite strong competition from other locations, Velocity@Novena Square remained a preferred venue for race kit collections for major runs including Spartan Race and Mizuno Run.

OneKM

Located in Paya Lebar Central, OneKM has a net lettable area of 19,062 sqm. The mall achieved an average occupancy rate of 95%.

During the year, OneKM worked with partners such as Health Promotion Board to organise regular aerobics exercise events and activities for shoppers.

Marina Square shopping mall

Located at Raffles Boulevard, Marina Square shopping mall has a total lettable retail space of 71,473 sqm. The average occupancy rate was 84%.

The Gateway

Located at Beach Road, The Gateway has an approximate net floor area of 69,803 sqm. The average occupancy rate was 89%.

Singapore Land Tower

Located along Battery Road, Singapore Land Tower has an approximate net floor area of 57,500 sqm. It maintained an average occupancy rate of 96%.

UIC Building

Located at 5 Shenton Way, UIC Building received its TOP in April 2017. The 23-storey office tower has an approximate net floor area of 26,394 sqm. It achieved a committed occupancy of 91% as at 31 December 2017.

SGX Centre 2

Located at 4 Shenton Way, SGX Centre 2 has an approximate net floor area of 25,800 sqm inclusive of 3,336 sqm in SGX Centre 1. It achieved an average occupancy rate of 98%.

Clifford Centre

Facing Raffles Place and Collyer Quay, Clifford Centre has an approximate net floor area of 25,470 sqm. It maintained an average occupancy rate of 95%.

Odeon Towers

Located at North Bridge Road, Odeon Towers has a total lettable office space of 18,292 sqm. It maintained an average occupancy rate of 98%.

Abacus Plaza and Tampines Plaza

Located in the Tampines Finance Park, Abacus Plaza and Tampines Plaza have an approximate net floor area of 8,397 sqm each. The average occupancy rate was 100%.

West Mall

Located at Bukit Batok Town Centre, West Mall has an approximate net floor area of 17,042 sqm. It maintained a high average occupancy rate of 99%.

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

Situated at the junction of Stamford Road and Hill street, Stamford Court has an approximate net floor area of 5,990 sqm. It achieved an average occupancy rate of 97%.

Faber House

Located along Orchard Road, Faber House has a total lettable office space of 3,956 sqm. It achieved an average occupancy rate of 98%.

110 High Holborn, United Kingdom

Located in Midtown London, 110 High Holborn achieved an average occupancy rate of 89% and 100% respectively for its office and retail components.

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 of 100% and 98% respectively for its office and retail components.

The Esplanade, China

The Esplanade is a three-storey retail mall in Tianjin and has a total lettable retail area of 6,164 sqm. It had an average occupancy of 58%.

Operation Highlights

Average Occupancy Rate (%) for Singapore Property Investments

Office

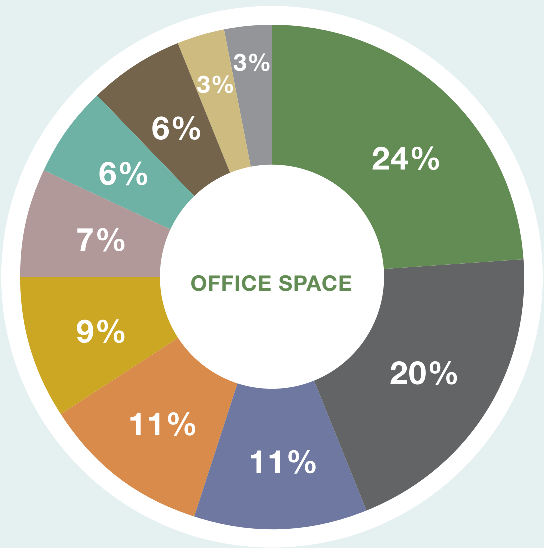
United Square	90%
Novena Square	94%
The Gateway	89%
Singapore Land Tower	96%
UIC Building	91%[1]
SGX Centre 2	98%
Clifford Centre	95%
Odeon Towers	98%
Abacus Plaza and Tampines Plaza	100%
One Upper Pickering	100%
Stamford Court	97%
Faber House	98%

Shopping Mall/Retail

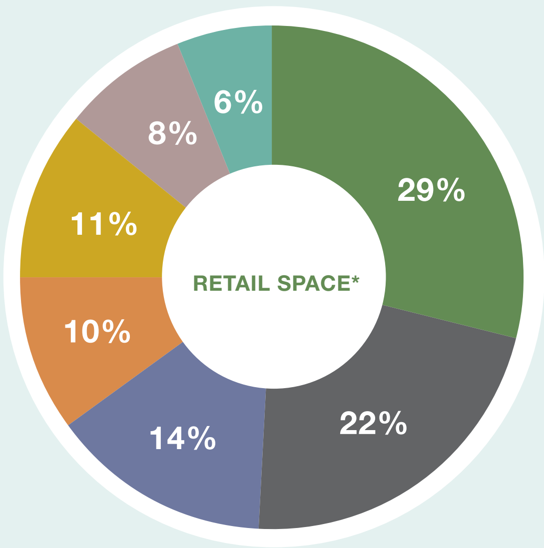
United Square	98%
Velocity@Novena Square	100%
OneKM	95%
Marina Square shopping mall	84%
West Mall	99%

[1] *UIC Building attained TOP in April 2017 and the figure refers to committed occupancy as at 31 December 2017*

Commercial Tenant Mix for Singapore Property Investments (%)



- Banking, Insurance & Financial Services
- Others
- Property, Construction & Transportation
- Embassies/Government-Linked
- Energy, Resources & Engineering
- Pharmaceutical & Medical Services
- Electronics, IT, Telco
- Consumer Goods
- Education & Training
- Hospitality & Leisure



- Food & Beverage
- Others
- Health & Beauty
- Education
- Sports & Fashion
- Supermarket
- Children

** Excludes Marina Square shopping mall*

SERVICED SUITES

Pan Pacific Serviced Suites Orchard, Singapore

Strategically located in the heart of Singapore's prime shopping belt of Orchard Road, the 126-suite Pan Pacific Serviced Suites Orchard offers a premium extended-stay experience and easy access to a variety of shopping and dining options.

Due to increased supply of serviced apartment offerings in the vicinity, both the property's occupancy rate and average daily rate declined by 3% from the previous year.

Pan Pacific Serviced Suites Beach Road, Singapore

Situated in the rich cultural enclave of Haji Lane and Arab Street, the 180-suite Pan Pacific Serviced Suites Beach Road is in close proximity to the Central Business District as well as tourist attractions. Offering hotel-style hospitality in an extended-stay experience, the property caters to both business and leisure travellers.

The property's occupancy rate declined marginally by 1% in 2017 while its average daily rate remained unchanged from the previous year.

PARKROYAL Serviced Suites, Singapore

Located along Beach Road, the 90-suite PARKROYAL Serviced Suites is minutes away from the Central Business District and offers panoramic views of the Marina Bay skyline and the Singapore Sports Hub.

The occupancy rate of the property dropped by 8% from the year before due to refurbishment works while its average daily rate rose by 4%. Refurbishment works to the serviced apartments which had commenced in the later part of 2016 were completed in February 2017.

PARKROYAL Serviced Suites Kuala Lumpur, Malaysia

The 287-suite PARKROYAL Serviced Suites Kuala Lumpur is located in the heart of Kuala Lumpur's Golden Triangle, the city's premier shopping, entertainment and dining hub.

The property's occupancy rate improved by 3% while its average daily rate improved by 1% from 2016.

PARKROYAL Serviced Suites completed the refurbishment of its serviced apartments in February 2017

Operation Highlights

The Clement Canopy will feature a distinctive lush landscape when completed

PROPERTY DEVELOPMENT

Replenishment of Landbank

The Group completed the acquisition of a freehold site at 45 Amber Road and the en-bloc purchase of Raintree Gardens at Potong Pasir Avenue 1 through a 50:50 joint venture with UIC in April and May respectively. In December 2017, the en-bloc purchase of Nanak Mansions at 92-128 Meyer Road was completed. A 50:50 joint venture with Kheng Leong, the freehold site is near the upcoming Tanjong Katong MRT station. The Group plans to develop the 10,185 sqm site into an estimated 57-unit residential project.

Completion of Projects

The year saw the completion of three developments. Riverbank@Fernvale, a 555-unit development located along Sengkang West Way, received TOP in March 2017. The 429-unit Alex Residences and the 510-unit V on Shenton under UIC's portfolio attained TOP in September and October respectively. The former is located at Alexandra View while the latter is located along Shenton Way.

Launch of Project

A 50:50 joint venture with UIC, the 505-unit The Clement Canopy was launched in February 2017. Located in Clementi and near Jurong which is earmarked as Singapore's second CBD, the project garnered 78% sales as at 31 December 2017.

Upcoming Projects

The Group will launch Amber 45 at 45 Amber Road in the second quarter of 2018. The estimated 139-unit development is located close to the upcoming Marine Parade and Tanjong Katong MRT stations. While over at Potong Pasir Ave 1, the estimated 729-unit development is expected to launch in the second half of 2018.

Sale and Completion Status of Launched Projects

PROJECTS	No. of Units	% Sold (as at 31 December 2017)	% Complete (as at 31 December 2017)	Actual/Expected TOP Date
Singapore				
Riverbank@Fernvale	555	100	100	Obtained
Alex Residences	429	100	100	Obtained
V on Shenton	510	84	100	Obtained
Mon Jervois	109	73	100	Obtained
Pollen & Bleu	106	75	100	Obtained
Principal Garden	663	95	74	4Q2018
Botanique at Bartley	797	100	78	1Q2019
The Clement Canopy	505	78	57	2Q2019
The People's Republic of China				
Park Eleven, Shanghai	398	37	99	3Q2018
The Excellency, Chengdu	475	99	100	Obtained

Mon Jervois is a five-storey 109-unit development in District 10

Riverbank@ Fernvale, a 555-unit development located in Sengkang attained TOP in March and was fully sold by November 2017

Operation Highlights

HOTEL OPERATIONS

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 renovated its restaurants and commenced renovations of its guestrooms on levels four and five in November. In 2017, the hotel's revenue per available room was 2% below 2016 due to a 2% decline in occupancy rate.

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 food and shopping options within walking distance. Compared with 2016, the hotel's revenue per available room in 2017 dropped 2% due to a 4% decline in average room rate. However, its decline was offset by a 3% gain in occupancy.

PARKROYAL on Pickering

An award-winning hotel recognised for its hotel-in-a garden concept, the 367-room PARKROYAL on Pickering is strategically located in the traditional enclave of Chinatown and close to Singapore's Central Business District. The hotel's revenue per available room for 2017 fell by 1% from 2016 due to a 1% decline in occupancy rate.

Pan Pacific Orchard

Set in the heart of the city, the 206-room Pan Pacific Orchard is within walking distance to the prime shopping belt on Orchard Road and a short drive away to the Central Business District and the Singapore Botanic Gardens, a UNESCO World Heritage Site. In 2017, its revenue per available room rose 4% from the previous year due to a 8% increase in average room rate, which was partially offset by a 4% decline in occupancy. The hotel is to be redeveloped into a 340-room hotel. It will cease operations from 1 April 2018 and scheduled to reopen in 2021.

Pan Pacific Singapore

The 790-room Pan Pacific Singapore is a five-star hotel located in the Marina Bay area. It is located in close proximity to the Central Business District and provides easy access to a wide array of retail and entertainment options. Compared with 2016, the hotel's revenue per available room was 4% higher due to a 2% increase in average room rate as well as a 2% increase in occupancy. During the year, the hotel completed the renovation of its Pacific ballrooms and foyer areas.

Marina Mandarin Singapore

Marina Mandarin Singapore is a 575-room luxury hotel in the Marina Bay area and is connected directly to retail mall Marina Square. In 2017, the property's revenue per available room increased by 2% over the previous year, due to a 2% increase in occupancy.

Mandarin Oriental

Mandarin Oriental Singapore offers 468 hotel rooms with 59 serviced suites and is situated in the Marina Bay area. In 2017, the property's revenue per available room increased by 5% over the previous year, contributed by a 5% increase in average room rate.

SINGAPORE	2017	2016
Hotel Occupancy	84%	83%
Average Room Rate	$253	$246
Revenue Per Available Room	$213	$204

Pan Pacific Orchard will feature three unique levels of experiential sky gardens when completed

MALAYSIA

PARKROYAL Kuala Lumpur

The 426-room PARKROYAL Kuala Lumpur is located within the bustling shopping and entertainment precinct of Bukit Bintang. In 2017, the hotel's revenue per available room rose by 7% against the previous year due primarily to a 6% growth in average room rate. Demolition works to the multi-storey car park commenced in January 2018 to transform it into a new 206-suite property over a period of three years.

PARKROYAL Penang Resort

Situated along Batu Ferringhi beach, the 309-room PARKROYAL Penang Resort overlooks the Andaman Sea and is the choice destination for business and leisure travellers. Due to the ongoing renovation works which had commenced in late 2016, the hotel's revenue per available room dropped by 29% from the previous year, contributed by a 34% decline in occupancy and partially mitigated by a 7% increase in average room rate. The refurbishment is slated for completion by end April 2018.

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 2017, 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 is 75% owned by PPHG and features 268 rooms and 56 serviced suites. The hotel offers scenic views of the West Lake and Red River and is located in the city centre. Revenue per available room rose by 9% in 2017 due to a 6% increase in occupancy and a 3% growth in average room rate.

Sofitel Saigon Plaza

The 286-room Sofitel Saigon Plaza is 26% owned by PPHG and is located on the historic Le Duan Boulevard, within walking distance to the city's commercial centre. During the year, the hotel's revenue per available room increased by 1% due to a 1% growth in occupancy rate while average room rate remained unchanged from 2016.

MYANMAR

PARKROYAL Yangon

PARKROYAL Yangon is located in the heart of Myanmar's capital and a short walk away from iconic and historic attractions such as the Shwedagon Pagoda and Bogyoke Aung San Market. Against the backdrop of a challenging

PARKROYAL Penang Resort is currently undergoing renovation works to refresh its guestrooms, restaurants and other facilities

Operation Highlights

HOTEL OPERATIONS

business environment, the 334-room hotel's revenue per available room fell by 20% in 2017, due to a 13% drop in occupancy and a 9% decrease in average room rate as compared to the year before. During the year, renovation works commenced to redevelop the existing tennis court space into an extension building for nine SOHO (small office home office) units and were completed in February 2018.

Pan Pacific Yangon

Pan Pacific Yangon, which PPHG has a 40% interest in, opened on 1 November 2017. The 336-room luxury hotel is 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)	2017	2016
Hotel Occupancy	67%	71%
Average Room Rate	$131	$128
Revenue Per Available Room	$87	$92

Pan Pacific Yangon is the first foray by the Pan Pacific brand into Myanmar

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 2017, the hotel's revenue per available room rose by 5% against the previous year due to a 5% higher average room rate, while occupancy remained unchanged.

Pan Pacific Melbourne

PPHG acquired and rebranded the 396-room Hilton Melbourne South Wharf to Pan Pacific Melbourne in July 2017. Offering panoramic views of Melbourne's city skyline, Port Philip Bay and the Yarra River, renovation works to refresh the hotel's main lobby, guestrooms, guestroom corridors and club lounge began in October 2017 and are expected to be completed by end of March 2018.

PARKROYAL Darling Harbour

Located in central Sydney, PARKROYAL Darling Harbour is easily accessible to the Central Business District, major tourist attractions such as the Darling Harbour precinct, as well as a variety of dining and entertainment options. During the year, the 340-room hotel's revenue per available room rose 9% due to a 9% improvement in the average room rate while occupancy remained unchanged from 2016.

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 Olympic Park and the Rosehill Gardens Racecourse. In 2017, revenue per available room dropped by 2% due to a 1% decline in both average room rate and occupancy rate.

Pan Pacific Perth

Offering scenic views of the Swan River and the iconic Kings Park Botanic Gardens, the 486-room Pan Pacific Perth is a short walk from the city centre and main retail, dining and entertainment areas. The hospitality market in Western Australia continued to be impacted by the slowdown in the mining industry during the year. Revenue per available room dropped by 13% in 2017, due to a 11% decline in average room rate and a decline of 2% in occupancy compared with the year before.

OCEANIA	2017	2016
Hotel Occupancy	84%	86%
Average Room Rate	$221	$210
Revenue Per Available Room	$185	$181

THE PEOPLE'S REPUBLIC OF CHINA

Pan Pacific Suzhou

Located near to the famous Panmen scenic area, the 480-room Pan Pacific Suzhou fuses Chinese architecture with modern amenities. In 2017, revenue per available room rose 10%, comprising 3% and 7% gains in occupancy and average room rate respectively when compared to 2016.

Pan Pacific Xiamen

The 29-storey Pan Pacific Xiamen features 329 hotel rooms and 25 serviced suites. Offering views of the city's coastline, the hotel is in close proximity to the financial district and major tourist attractions such as the Nan Putuo Temple. In 2017, the property's revenue per available room declined by 13% due to a drop of 16% in occupancy, which was partially offset by a 4% increase in average room rate compared to the previous year.

Pan Pacific Tianjin

Part of mixed-use development The Esplanade, Pan Pacific Tianjin is situated along the Haihe River and offers a combination of 289 hotel rooms and 30 serviced suites. The hotel is located close to the Central Business District and tourist attractions such as the Tianjin Ancient Cultural Street. In 2017, revenue per available room grew by 24% over the previous year, contributed by 17% and 7% increases in occupancy and average room rate respectively.

The Westin Tianjin

The Westin Tianjin is a 275-room hotel in Nanjing Road Central Business District of Tianjin. The hotel's revenue per room was 10% higher due to an increase of 17% in occupancy which was partially offset by a decrease of 5% in average room rate as compared to 2016.

Sheraton Tianjin Hotel

Sheraton Tianjin Hotel offers 240 hotel rooms with 56 serviced suites and is located in Tianjin's Hexi district. In 2017, the property's revenue per available room increased by 5% over the previous year, contributed by a 11% increase in occupancy and a 5% decrease in average room rate respectively.

THE PEOPLE'S REPUBLIC OF CHINA	2017	2016
Hotel Occupancy	63%	62%
Average Room Rate	$103	$97
Revenue Per Available Room	$64	$60

Operation Highlights

Pan Pacific Beijing is a 220-room new-build hotel located in the prime Xicheng district

HOTEL MANAGEMENT

Pan Pacific Hotels and Resorts

Pan Pacific Hotels and Resorts is a premium hotel brand with a presence in Asia, Greater China, Oceania, Europe and North America. Its portfolio comprises over 7,000 rooms from 24 hotels, resorts and serviced suites, including those under development. In 2017, the "Pan Pacific" brand debuted in the global cities of Beijing, China and Melbourne, Australia with the opening of Pan Pacific Beijing and Pan Pacific Melbourne. Additionally, the brand made its debut in the country of Myanmar with the opening of Pan Pacific Yangon.

Pan Pacific Melbourne's location on the South Wharf offers easy access to a diverse array of dining and retail options housed in heritage cargo sheds. Apart from offering panoramic views of the city, Port Phillip Bay and the Yarra River, the 396-room hotel is directly connected to the Melbourne Convention and Exhibition Centre. With Pan Pacific Melbourne, PPHG operates five properties in Australia.

When Pan Pacific Beijing opened in the Xicheng district in Beijing, it marked PPHG's entry into a first-tier city in China. With the addition of Pan Pacific Beijing, PPHG has six hotels in China, making it the largest operating country after Singapore. Designed to the highest specifications, the new-build Pan Pacific Beijing offers 220 guestrooms and has several distinctive features such as a retractable roof over its 20-metre indoor swimming pool and a conservatory-style Winter Garden connected to its all-day dining restaurant.

Located in Junction City, Yangon's first integrated commercial and luxury lifestyle development, Pan Pacific Yangon is a stroll away from Yangon River and the Shwedagon Pagoda. At 25 storeys high, Pan Pacific Yangon offers magnificent views of the bustling city.

In Singapore, Pan Pacific Singapore underwent a refurbishment where the lighting and technology systems of its Pacific Ballrooms were upgraded. The hotel also launched a new Hospitality Lounge, as a dedicated lounge for guests who arrive early or have late night departures to rest in. In addition, the 206-room Pan Pacific Orchard will be redeveloped into a 340-room hotel. It will cease operations from 1 April 2018 and is scheduled to reopen in 2021.

PARKROYAL Hotels & Resorts

PARKROYAL properties are located in gateway cities of Singapore, Australia, China, Malaysia, Myanmar and Vietnam. The portfolio comprises more than 4,000 rooms from 15 upscale leisure and business hotels, resorts and serviced suites, including those under development. During the year, PARKROYAL on Beach Road renovated its all-day dining outlet and was relaunched as Ginger, a restaurant which offers local fare with roots in traditional Asian cooking. In addition, the renovation of its guestrooms on levels four and five was completed in January 2018.

Marketing Strategy

In 2017, as part of PPHG's ongoing digital marketing strategy, "Pan Pacific" and PARKROYAL properties were listed on Trivago and Google Hotel Ads, aimed at enlarging the brands' marketing distribution network as online bookings are channelled back to the brand websites. This was further augmented through a strong social media presence, where fresh and relevant content was delivered across the brands' social media channels regularly. In addition, efforts were made to intensify engagement with Chinese consumers. "Pan Pacific" and PARKROYAL stay vouchers were made available on Fliggy (formerly known as Alitrip), giving both brands direct access to customers shopping on Singles' Day, a 24-hour online shopping mega sales fest.

To strengthen its global sales network, PPHG opened a Global Sales Office in Hong Kong, covering the Hong Kong, Shenzhen, Guangzhou and Taiwan markets. PPHG's sales team also actively engaged and strengthened client relationships through Customer Connection networking events, in addition to participating in leading travel trade shows such as the Australian Tourism Exchange, IT&CMA in Bangkok, PAICE in Auckland, and the inaugural ITB China held in Shanghai.

Portfolio Overview

	EXISTING		PIPELINE		TOTAL	
BY BRANDS	**No. of Hotels**	**No. of rooms**	**No. of hotels**	**No. of rooms**	**No. of hotels**	**No. of rooms**
Pan Pacific	20	6,210	4	1,128	24	7,338
PARKROYAL	13	3,869	2	748	15	4,617
Others	2	850	–	–	2	850
Total	35	10,929	6	1,876	41	12,805
BY OWNERSHIP TYPE						
Owned	24	8,290	1	237	25	8,527
Managed	11	2,639	5	1,639	16	4,278
Total	35	10,929	6	1,876	41	12,805

Note: Serviced suites are included in the above tally

Operation Highlights

MIXED-USE DEVELOPMENTS & INVESTMENTS

MIXED-USE DEVELOPMENTS

Shanghai

The Group's mixed-use development is located within Shanghai's Changfeng Ecological Park and comprises Park Eleven, a 398-unit residential development and Park Eleven Mall, a retail mall with an estimated 4,000 sqm of net lettable area. The project is a 40:30:30 joint venture between UOL, UIC and Kheng Leong and is close to Hongqiao Transportation Hub and The Bund. The whole project is expected to obtain TOP by the third quarter of 2018. As at 31 December 2017, the Group had sold 37% of the units of Park Eleven during the first phase and is targeted to launch the second phase in the second half of 2018.

London

One Bishopsgate Plaza, a freehold development of 3,200 sqm, was acquired in 2014 and is the Group's first venture into the United Kingdom. Located in London's Central Business District, the mixed-use development comprises the 237-room hotel Pan Pacific London, a 160-unit residential development and a retail component with 1,631 sqm of net lettable area. The marketing launch for the residential component is expected for 2018, while the hotel is expected to open in 2020.

INVESTMENTS IN SECURITIES

	Percentage holdings in investee		Fair value		Gross dividend received	
	2017 %	2016 %	**2017 $'m**	2016 $'m	**2017 $'m**	2016 $'m
Listed Securities						
United Overseas Bank Limited	2.3	2.3	**1,029.2**	780.8	**27.0**	26.2
Others			**33.6**	26.9	**0.7**	1.2
			1,062.8	807.7	**27.7**	27.4
Unlisted Securities			**68.9**	47.4	**2.1**	2.8
Total			**1,131.7**	855.1	**29.8**	30.2

The fair value of the Group's listed securities increased from $807.7 million as at 31 December 2016 to $1,062.8 million as at 31 December 2017 due mainly to the increase in the share price of United Overseas Bank Limited. Overall, an unrealised gain of $256.9 million arising from changes in the fair value of investments has been credited to the fair value reserve account in 2017.

Dividend yield from investment in securities was 2.6% in 2017 (2016: 3.5%).

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.

For the year ended 31 December 2017, UICT's revenue increased by 13% from $88.2 million in 2016 to $99.2 million. Pre-tax profit was $2.65 million with a return on total equity of 15%, a slight increase from the $2.5 million achieved in 2016.

SPA/LIFESTYLE-RELATED OPERATIONS

"St. Gregory"

"St. Gregory" is an integrated lifestyle management brand known for its traditional healing therapies, comprehensive workout facilities, personal training programmes and fitness classes. The established brand has a presence in 10 locations in "Pan Pacific" and PARKROYAL hotels across Singapore, Malaysia, China, Vietnam and Myanmar, with its latest opening in Pan Pacific Yangon.

"Si Chuan Dou Hua"

Serving authentic Sichuan cuisine, "Si Chuan Dou Hua" operates seven restaurants in Singapore, Malaysia, Japan and Myanmar. During the year, the outlets at UOB Plaza and PARKROYAL on Beach Road were renovated. Chuān @ The Sixtieth, a bar adjoined to the outlet at UOB Plaza opened and serves craft cocktails paired with the restaurant's signature food.

Tian Fu Tea Room

Tian Fu Tea Room operates from three locations adjoined to "Si Chuan Dou Hua" in Singapore. The tea room offers a wide selection of Chinese tea paired with handcrafted dim sum.

"Si Chuan Dou Hua" is known for serving authentic Sichuan cuisine

Operation Highlights

UOL employees received their long service awards at UOL's Dinner and Dance on 6 October 2017

HUMAN RESOURCE

The Group recognises that human capital is its leading asset. To achieve this, Human Resource policies and programmes aimed at attracting, developing, engaging and retaining its talents are in place. In 2017, the Group had close to 2,000 employees in Singapore, with over 90% employed in PPHG, its hospitality arm.

ATTRACTING TALENT

As part of ongoing talent attraction and staff retention efforts, UOL participates regularly in industry-wide market surveys to ensure that its compensation and benefits are competitive. The Group also provides internship opportunities to tertiary students with potential, aimed at profiling the organisation as an employer of choice. UOL is continually on a lookout for talented individuals with relevant work experience to join its professional and managerial ranks.

DEVELOPING PEOPLE

A competent workforce is critical to the growth of the organisation. Regular training sessions are organised to refresh the managerial skills of the leadership teams within UOL and PPHG, as well as learning and development courses aimed at providing training opportunities to its diverse workforce.

Over at PPHG, there was continued support for the SkillsFuture Hotel Sectoral Manpower Plan which seeks to develop a skilled and stable local workforce in the hospitality industry. In addition to regular talent assessment exercises, talent development programmes aimed at nurturing leaders in both operational and non-operational roles are in place. This brought about several internal promotions to fill senior positions within PPHG's properties during the year.

BUILDING A COLLABORATIVE AND CARING CULTURE

Internal communication platforms such as townhall meetings and the intranet are used to communicate the latest news and developments in the Group as part of knowledge sharing. These platforms are also used to develop a strong people culture within the Group, aimed at encouraging employees to be collaborative, caring, committed, creative, competent and competitive. In addition, team building workshops are also organised regularly to foster team spirit and good working relationships.

Apart from its commitment to fair employment practices for its workforce, the Group strives to be a caring member in the local community. PPHG is a supporter of SG Enable's School-to-Work transition programme, where special needs students are offered internships in PPHG's hotels and receive customised training in both guest-facing and back-end roles. During the year, some of these students were offered employment at the hotels after graduation. Additionally, the Group also takes care of the well-being of its employees. Apart from complimentary health screenings and health talks, recreational activities such as an annual Dinner and Dance and festive celebrations are organised.

Corporate Governance Report

For the Financial Year Ended 31 December 2017

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. It has adopted a framework of corporate governance policies and practices in line with the principles and guidelines set out in the Code of Corporate Governance issued by the Monetary Authority of Singapore on 2 May 2012 (the "Code").

This corporate governance report sets out the corporate governance practices that have been adopted by the Company with reference to the principles and guidelines of the Code, as well as the explanation for any deviation from any guideline of the Code.

STATEMENT OF COMPLIANCE

The Board of Directors (the "Board") of the Company confirms that for the financial year ended 31 December 2017, 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 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 ("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.

Corporate Governance Report

For the Financial Year Ended 31 December 2017

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.

In addition to the GCE, the key personnel leading the Management are the Deputy Group Chief Executive Officer ("Deputy Group CEO"), Chief Executive Officer (Hotels) ("CEO Hotels") and Chief Financial Officer ("CFO"). The Deputy Group CEO, 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 investments, overall planning and review of budgets, strategy 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 meetings and Board Committees, as well as the frequency of such meetings, is disclosed on page 55.

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 legislations which may impact the Group's business or business outlook, and changing 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 44 to 45.

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 Board takes cognizance of the importance of diversity on the Board and conducts an annual review on its composition. The current Board comprises persons who possess diverse corporate experiences and as a group, provide an appropriate balance and diversity of skills, experience, qualifications, core competencies, and knowledge of the Company necessary to manage the Company and contribute effectively to the Company. The Board will continue to review its composition and diversity. Diversity factors (such as skills, experience, qualifications, core competencies, age, gender, race, culture) are considered when existing Directors are re-elected and when new Directors are appointed as part of the Board's renewal process.

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. Finally, the Chairman facilitates the communications between the 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's definition of what constitutes an independent director 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. He stepped down as chairman of Knight Frank Pte Ltd on 31 March 2017. The Group engages the Knight Frank group of companies to provide various real estate-related services, in respect of which the fees payable exceed $200,000 in the financial year ended 31 December 2017. 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.

For the financial year ended 31 December 2017, 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 period 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 independence.

In view of the above, the Independent Directors constitute a majority of the Board.

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 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 each Director and each Director will be best able to assess 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 six 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 shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that 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. The NC, with each member abstaining in respect of his own re-appointment and in accordance with the Company's Constitution, has recommended that Wee Cho Yaw, Tan Tiong Cheng and Wee Ee-chao, who retire by rotation pursuant to Article 94 and selected in accordance with Article 95, be nominated for re-election.

Key information regarding the Directors' academic qualifications and principal commitments are set out in the "Board of Directors" section on pages 18 to 22. 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 or its 10% Shareholders, 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, 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 2017, 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 Options 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 only Executive Director of the Company, has an employment contract with the Company which may be terminated by either party giving three months' notice. His remuneration package includes a variable bonus element (which is substantially linked to the performance of the Company) and share options of the Company.

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 56. Details of the share options granted to Gwee Lian Kheng, GCE and the only Executive Director, during the financial year ended 31 December 2017 are also disclosed on pages 56 and 57.

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 56 and 57.

Details of the UOL 2000 and 2012 Share Option Schemes are disclosed on pages 85 to 87.

Save as disclosed on page 57, 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

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, is of the opinion that the Group's financial, operational, compliance and information technology controls are adequate and effective as at 31 December 2017.

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 cascading the ERM Programme down to 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 35 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

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 2017:

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. The ARC also considered the findings of the external auditors 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 impairment charge 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. 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. 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.
Acquisition of shares in United Industrial Corporation Limited and purchase price allocation	The ARC reviewed the approach on purchase price allocation ("PPA") and the key assumptions applied in arriving at the fair value of the assets acquired and liabilities assumed. In addition to the valuation reports issued by the various appointed valuers, the ARC also considered a PPA report issued by Ernst & Young which was specially engaged to assist Management in the process including the determination of the respective fair values of development projects and previously unrecognised intangible assets, if any. The ARC also discussed with the external auditors the reasonableness of the key estimates and assumptions used in purchase price allocation and the accuracy of all material accounting entries in relation to the acquisition and the year-end consolidation.

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 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 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, 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 is satisfied with the adequacy and effectiveness of the Internal Audit function.

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 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 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 Shareholder 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 Shareholders' meetings to ensure that procedures under the Constitution and the SGX 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 does not have a formal dividend policy. Historically, the Company has, for the last five years, declared 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, the Company will endeavour to declare dividends at sustainable rates. The payment of dividends are 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 2017 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; or

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 2017							
NAME OF DIRECTOR	AGM	EGM	BOARD	EXCO	ARC	RC	NC	IBC*
Wee Cho Yaw	1	1	4	3	NA	1	1	NA
Wee Ee Lim	1	1	4	3	5	NA	NA	NA
Gwee Lian Kheng	1	1	4	3	NA	NA	NA	4
Low Weng Keong	1	1	4	2	6	1	1	4
Wee Sin Tho	1	1	4	NA	NA	1	NA	NA
Tan Tiong Cheng	1	1	4	NA	5	NA	NA	3
Wee Ee-chao	1	0	3	NA	NA	NA	NA	NA
Pongsak Hoontrakul	1	1	4	NA	NA	NA	1	NA
Poon Hon Thang Samuel	1	1	4	NA	NA	NA	NA	4
Number of meetings held in 2017	1	1	4	3	6	1	1	4

Notes:

* *On 12 May 2017, the Company formed an independent board committee ("IBC") comprising Low Weng Keong (Chairman), Gwee Lian Kheng, Tan Tiong Cheng and Poon Hon Thang Samuel to evaluate, negotiate and agree on the terms in respect of the option agreement with Haw Par Corporation Limited ("Haw Par"), pursuant to which (i) Haw Par granted the Company a call option over 60,000,000 ordinary shares (the "UIC Shares") in the capital of United Industrial Corporation Limited ("UIC" and such UIC Shares, the "UIC Sale Shares") held by Straits Maritime Leasing Private Limited, a wholly-owned subsidiary of Haw Par, and (ii) the Company granted Haw Par a put option over the UIC Sale Shares (the sale and purchase of the UIC Sale Shares, being the "Proposed Transaction"). IBC was dissolved upon the completion of the Proposed Transaction.*

Corporate Governance Report

For the Financial Year Ended 31 December 2017

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 for the year ended 31 December 2017:

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	2,489	32	56	3	5	–	4	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								
$1,250,000 to $1,500,000								
Liam Wee Sin *Deputy Group Chief Executive Officer*	37	48	2	5	1	7	100	60,000
$750,000 to $1,000,000								
Lothar Wilhelm Nessmann[4] *Chief Executive Officer (Hotels), PPHG*	60	16	–	–	6	18	100	–
$500,000 to $750,000								
Foo Thiam Fong Wellington *Chief Financial Officer/Group Company Secretary, UOL*	56	22	4	9	1	8	100	54,000
Neo Soon Hup *Chief Financial Officer, PPHG*	67	17	4	6	3	3	100	32,000
Erik Anderouard[5] *Senior Vice President, (Operations), PPHG*	62	7	–	3	6	22	100	21,000

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 10 March 2017 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 10 March 2018 to 9 March 2027 at the offer price of $6.61 per ordinary share.*

4 *Joined on 1 March 2017.*

5 *Resigned on 10 April 2018.*

Total remuneration paid to the top five key management personnel set out above amounted to $4,347,000 for the year ended 31 December 2017.

Mr Gwee Lian Kheng, an Executive Director of the Company, has an employment contract with the Company which may be terminated by either party giving three months' notice. His remuneration package includes 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 is as follows:

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

(b) Remuneration band of $150,000 to $200,000
- Jonathan Eu (Deputy General Manager (Investment), UOL, grandson of Dr Wee Cho Yaw)

(c) Remuneration band of $100,000 to $150,000
- Gwee Lian Chok (Senior SAP Data Administrator, UOL, brother of Mr 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 2017.

Stakeholders Communications

UOL is committed to building long-term relationships with its shareholders, investors, analysts, media and regulators. To achieve this, the Group communicates to all stakeholders in a regular and timely manner. For its good corporate governance practices, UOL was ranked 43rd out of a total of 606 SGX-listed companies in the annual Singapore Governance and Transparency Index (SGTI) for 2017.

Shareholders are regularly updated on the Group's financial and operational performance, with all announcements relating to UOL's financial results and other material matters readily available on the corporate website and on SGXnet. There is a dedicated investor relations section on the website which provides corporate information and financial data. Investors can also sign up online for email alerts to receive latest updates on the Group. Other sections of the website provide more information about the company's core businesses and its sustainability practices. In addition, the "UOL Channel", an e-newsletter is published every quarter and is available for download on the corporate website.

Throughout the year, UOL actively engaged with the investor community through an Annual General Meeting, an Extraordinary General Meeting, a full year results briefing, quarterly earnings calls, post-results luncheons, conferences, meetings and site visits.

The Group met over 150 shareholders and investors through meetings and conferences which included the 8th Annual dbAccess Asia Conference and Morgan Stanley Sixteenth Annual Asia Pacific Summit during the year. To familiarise the investor community with the Group's upcoming developments, site visits to Park Eleven in Shanghai and The Clement Canopy in Singapore were conducted for fund managers and analysts.

Besides the regular briefings, UOL cultivates a close relationship with analysts and the media through one-on-one meetings, so as to allow them to have a better appreciation of the Group's operations and execution of its strategy. Currently, there are 14 research houses covering its stock.

A briefing by management is organised annually to update the media and analysts on the Group's full year results and future growth plans

During the year, UOL's share price performed strongly on the back of a recovering property market and an improved economic outlook. While the FTSE Real Estate Index and Straits Times Index (STI) recorded an increase of 23% and 18% respectively, UOL's share price experienced a larger increase, closing the year at $8.87, up by 48% from $5.99 in 2016. For 2017, the share price traded at an average of $7.63, achieving a high of $9.13 on 1 November 2017 and a low of $6.12 on 4 January 2017, with an average daily turnover of 1,241,110. UOL's market capitalisation closed at $7.5 billion, up from $4.8 billion in 2016. The net tangible asset per ordinary share was $11.01 as at 31 December 2017, a 9% increase from $10.07 the year before.

The Group remained as one of the 30 constituents within the STI and was the fourth[1] best performing STI stock in terms of price returns for 2017. UOL also continued to be part of the SGX Sustainability Leaders Index established in 2016 which recognises companies with best practices in environmental, social and governance matters. Other indices which included UOL as a constituent are the FTSE EPRA/NAREIT Developed Index, FTSE EPRA/NAREIT Developed Pure Asia Index and FTSE EPRA/NAREIT Singapore Index.

1 *SGX Market Updates, January 2018*

Financial Calendar	2017	2016
Announcement of first quarter results	12 May 2017	12 May 2016
Announcement of second quarter results	4 August 2017	4 August 2016
Extraordinary General Meeting	24 August 2017	–
Announcement of third quarter results	9 November 2017	10 November 2016
Announcement of unaudited full year results	27 February 2018	24 February 2017
Annual General Meeting	25 April 2018	26 April 2017
Books closure date	4 May 2018	5 May 2017
First & final dividend payment date	11 May 2018	20 June 2017

2017 Share Price Performance (based on closing)

Sustainability

The Clement Canopy is an example of how UOL uses technology to achieve higher productivity, quality and safety for its developments

UOL is committed to conducting its business operations in a manner that upholds high standards of corporate governance, and considers the environmental and social impact for sustainable growth. A committee comprising senior representatives from key departments is responsible for formulating and implementing the Group's sustainability roadmap.

UOL has been publishing its sustainability reports annually since 2014. In 2016, the Group's third report expanded in scope to include its Singapore hotel operations, covering all three core businesses of property development, property investments and hotel operations. It further raised reporting standards by appointing an external auditor to obtain assurance for its fifth report that will be published in May 2018.

In recognition of its efforts, UOL has been included as a constituent member of the SGX Sustainability Leaders Index since its launch in 2016, affirming the Group's status as one of the leading organisations in economic, social and governance (ESG) practices in Singapore. UOL's sustainability efforts are communicated to stakeholders through various channels such as the media, newsletters and corporate website.

Business

UOL believes that good business ethics foster trust among its stakeholders and enhance its reputation. The Group also makes it a priority to deliver innovative designs and high quality product specifications across its portfolio of residential developments, offices, shopping malls, hotels and serviced suites, ensuring that its business operations are conducted with integrity and professionalism.

Enterprise-wide Risk Management

The Board is responsible for the governance of risk, with the assistance of the Audit and Risk Committee (ARC), which provides oversight and review on matters relating to the Group's Enterprise-wide Risk Management (ERM) programme. The ERM programme consolidates the Group's risk management practices in a structured framework, and is substantively in line with best practices, including those contained in the Risk Governance Guidance for Listed Boards, as released by the Corporate Governance Council on 10 May 2012. Employees across the Group collectively participate in and contribute to the ERM programme. To reinforce a risk-centric culture within the Group, ERM workshops are held for both UOL and PPHG staff on a regular basis.

In 2017, UOL completed its Business Continuity Plan, which helps management decide how to respond in times of crisis to ensure that its employees are protected and key business operations can recover.

Product and Service Excellence

UOL prides itself on using design and innovation to enhance the built environment. As a testament to its architectural excellence, the Group won numerous international and national awards for its projects in 2017. Seventy Saint Patrick's and Thomson Three emerged winners at the FIABCI Singapore Property Awards for the Residential (Low-rise) category and Residential (Mid-rise) category respectively. At the Asia Pacific edition of the International Property Awards, The Clement Canopy clinched two awards for its high-rise architecture and landscape. The Clement Canopy is the world's tallest PPVC project, and an example of how UOL is harnessing technology to achieve higher productivity, quality and safety for its developments. Other international projects by UOL also won awards in the year, such as Park Eleven in Shanghai and One Bishopsgate Plaza in London.

PPHG won the Best Regional Hotel Chain at the Travel Weekly Asia Readers' Choice Awards 2017. In Australia, PPHG was recognised for its pursuit of service excellence with PARKROYAL Darling Harbour garnering awards and commendations at the 2017 HM Awards for Accommodation Excellence.

UOL organises recreational activities for employees such as the annual bowling tournament

Sustainability

one-north Residences was completed in 2009 and is Singapore's first fenceless condominium

Code of Business Conduct

All employees are required to review and affirm their compliance with the Code of Business Conduct every year. UOL seeks to maintain the right culture among its employees, educating them on good business conduct and ethical values.

Whistle-blowing Policy

A whistle-blowing policy is in place to encourage and provide a channel for employees to report concerns of possible fraud, improprieties in financial reporting, and any other suspected improper conduct by employees of UOL or its subsidiaries. The Head of Internal Audit works closely with the ARC to investigate reported matters, and remedial measures are taken where warranted. The whistle-blowers are protected from reprisals within the limits of the law throughout the process.

Human Capital

UOL believes its employees are its most valuable asset. The Group is committed to developing the full potential of its employees with training programmes, and also aims to attract and retain talent by providing a conducive work environment, a competitive remuneration package and work-life balance. To ensure their well-being, recreational activities are organised regularly for employees.

As its hospitality arm PPHG mainly has a global workforce, the Group is committed to a fair and inclusive work environment for its diverse employees.

Environment

UOL is conscientious in conserving and protecting the environment. Its environmental policy shows its commitment to minimise carbon footprint by improving operational efficiency, which translates into energy and water savings. UOL is certified for ISO 14001, which is an internationally-recognised standard for the environmental management of a business.

The Group incorporates sustainable features where commercially feasible, into its developments. The Clement Canopy, launched in February 2017, infuses lush landscaping and a canopy of trees in its design and incorporates smart technology for its facilities.

At the corporate office, environmentally-friendly tips are shared with employees regularly. Signs and stickers are displayed prominently to remind users to save water and switch off lights and computers when not in use to conserve energy.

Community

UOL's community efforts are focused on children, youth, education, sports and the arts. The Group advocates staff volunteerism and has cultivated a pool of regular volunteers over the years.

UOL supported CARE Singapore's StarKidz! Programme, which aims to help vulnerable primary school children to become responsible and caring adults. In addition to making a donation towards the programme, the Group also organised two educational outings for the students to the Army Museum of Singapore to understand the history of the Singapore Army and to United Square to participate in its Come Get Wild With Us event, where they learnt more about exotic animal species.

In January 2017, OneKM partnered SingYouth Hub, a non-profit organisation that champions the cause of youth development and social engagement, to operate a first-of-its-kind box shop which sold items handmade by beneficiaries from various Voluntary Welfare Organisations, helping them create awareness and raise funds for their causes. Dr Mohamad Maliki Bin Osman, Senior Minister of State for Defence and Foreign Affairs, and Mayor of South East District, graced the opening.

UOL supported the RDA Singapore with a horse sponsorship to help in its mission to provide free horse-riding therapy to children and adults with physical and mental disabilities. The Group also brought the horses to United Square, where shoppers got the chance to interact with the horses.

For the second year in a row, PPHG partnered People's Association and Food Bank Singapore to support World Food Day. As part of their Eat Well Do Good initiative, PPHG distributed food bundles containing healthy and nutritious produce to more than 1,700 low-income households, using funds raised from their hotels' dinner proceeds. The food bundles were curated by PPHG's senior chefs and contained ingredients sustainably farmed and grown by local farms. Some low-income households were invited to lunch at PARKROYAL on Beach Road to mark the food bundle distribution.

Business Community

UOL participated in the Urban Redevelopment Authority's (URA) "Our Neighbourhoods: A Look Into The Future" exhibition in October 2017, which showcased URA's masterplan for more sustainable precincts in the future. Deputy Group CEO Liam Wee Sin shared UOL's early experience in developing one-north Residences, a residential project that has its commercial facilities open to the public. In the same month, at the Building Information Modelling (BIM) Symposium organised by Real Estate Developers' Association of Singapore, Mr Liam who was one of the speakers, also called on the industry to raise standards by adopting technology such as BIM for construction.

UOL volunteers helped children from CARE Singapore build their dream catcher at the Come Get Wild With Us event at United Square

Geographical Presence

Regional

MIXED DEVELOPMENT

CHINA
The Esplanade (海河华鼎), Tianjin[1]
Changfeng, Shanghai[2]
The Excellency, Chengdu[3]

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

HOTELS/SERVICED SUITES

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

MALAYSIA
PARKROYAL Kuala Lumpur
PARKROYAL Serviced Suites Kuala Lumpur
PARKROYAL Penang
PARKROYAL Langkawi[7]
PARKROYAL A'Famosa Melaka Resort[8]

CHINA
Pan Pacific Beijing
Pan Pacific Suzhou
Pan Pacific Tianjin
Pan Pacific Xiamen
Pan Pacific Ningbo
Pan Pacific Serviced Suites Ningbo
The Westin Tianjin[9]
Sheraton Tianjin Hotel[10]

VIETNAM
Pan Pacific Hanoi[11]
PARKROYAL Saigon
Pan Pacific Danang Resort[12]
Pan Pacific Nha Trang[12]
Sofitel Saigon Plaza[13]

MYANMAR
PARKROYAL Yangon
PARKROYAL Nay Pyi Taw
Pan Pacific Yangon[14]

UNITED KINGDOM
Pan Pacific London[7]

INDONESIA
Pan Pacific Serviced Suites Jakarta[7]

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. Riverbank@Fernvale (Fully Sold)
2. Alex Residences (Fully Sold)[3]
3. V on Shenton[3]
4. Mon Jervois[3]
5. Pollen & Bleu[3]
6. Principal Garden[15]
7. Botanique at Bartley
8. The Clement Canopy[11]
9. Amber 45
10. Potong Pasir Avenue 1 site[11]

RETAIL MALLS

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

OFFICES

16. Novena Square[15]
17. United Square
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
29. Pan Pacific Singapore[16]
30. Pan Pacific Serviced Suites Orchard
31. Pan Pacific Serviced Suites Beach Road
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[9]

LEGEND
- Owned and managed by the Group
- Owned by the Group and managed by Third Parties
- 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 residential units, retail space and Pan Pacific London.
[5] Comprises offices and retail space.
[6] 75% stake, comprises offices and retail space.
[7] Opening in 2020.
[8] Opening in 2019.
[9] 25% stake.
[10] 18% stake.
[11] 75% stake.
[12] Opening in 2021.
[13] 26% stake.
[14] 40% stake.
[15] 70% stake.
[16] 49% stake.

Property Summary

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm)	Car Park Facilities	2017 Average Occupancy %	Present Capital Value ($m)	Effective percentage of Interest %
INVESTMENT PROPERTIES OWNED BY THE GROUP								
FABER HOUSE 230 Orchard Road, Singapore 12-storey office building (excluding first storey which was sold)	1973	–	Freehold	3,956	48	98	93.8	100
ODEON TOWERS 331 North Bridge Road, Singapore 23-storey commercial building with 3 basement levels and a 2-storey podium block	1992 & 2003	–	999-year lease from 1827	18,292	167	98	429.9	100
UNITED SQUARE 101 Thomson Road, Singapore 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	19,431	658	98	1,075.8	100
Offices	1982			26,910		90		
NOVENA SQUARE 238/A/B Thomson Road, Singapore 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	15,993	491	100	1,365.6	70
Offices	2000			41,375		94		
ONEKM 11 Tanjong Katong Road, Singapore 3-storey commercial podium with a basement located within a commercial/residential development	2014	2011	Freehold	19,062	278	95	423.2	100
STAMFORD COURT 61 Stamford Road, Singapore A 4-storey commercial building of shops and offices	1996	–	99-year lease from 1994	5,990 #	36	97	93.5	49.7

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm)	Car Park Facilities	2017 Average Occupancy %	Present Capital Value ($m)	Effective percentage of Interest %
INVESTMENT PROPERTIES OWNED BY THE GROUP (continued)								
WEST MALL 1 Bukit Batok Central Link, Singapore A 5-storey retail and entertainment complex with three basements of car parking space	1998	–	99-year lease from 1995	17,042 #	314	99	401.0	49.7
SINGAPORE LAND TOWER 50 Raffles Place, Singapore A 47-storey complex of banks and offices and three basements of car parking space	1982	–	999-year lease from 1826	57,500 #	288	96	1,550.0	49.7
SGX CENTRE 2 4 Shenton Way, Singapore 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	519.5 (UIC Group's interest in SGX Centre 1 & 2)	49.7
CLIFFORD CENTRE 24 Raffles Place, Singapore A 29-storey complex of shops and offices	1977	–	999-year lease from 1826	25,470 #	268	95	559.0	49.7
THE GATEWAY 152 Beach Rd, Singapore A pair of 37-storey towers with two basements of car parking space	1990	–	99-year lease from 1982	69,803 #	689	89	1,110.0	49.7
ABACUS PLAZA AND TAMPINES PLAZA 3 Tampines Central 1 and 5 Tampines Central 1, Singapore A pair of 8-storey office buildings with two basements of car parking space	1998	–	99-year lease from 1996	8,397 # 8,397 #	87 79	100 100	93.7 93.2	49.7
MARINA SQUARE SHOPPING MALL 6 Raffles Boulevard, Singapore The 5-storey retail mall (including basement) is part of a mixed development that includes 3 hotels	1986	–	99-year lease from 1980	71,473	1,990 (shared with 3 hotels)	84	1,087.0	49.1

Property Summary

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm)	Car Park Facilities	2017 Average Occupancy %	Present Capital Value ($m)	Effective percentage of Interest %
INVESTMENT PROPERTIES OWNED BY THE GROUP (continued)								
UIC BUILDING 5 Shenton Way, Singapore Part of a mixed development (residential and commercial) with the residential component, V on Shenton	2017	–	99-year lease from 2011	26,394 # (inclusive of 2 F&B units and before final survey)	591 (for the whole develop-ment)	91[1]	654.0	49.7
THE PLAZA 7500 Beach Road, Singapore 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		89	63.3	100
PARKROYAL SERVICED SUITES, SINGAPORE 90 serviced suites and 1 owner-occupied apartment	1979	–	99-year lease from 1968	6,125 & 165 respectively	484	76	79.0	100
PAN PACIFIC SERVICED SUITES BEACH ROAD, SINGAPORE 180 serviced suites	2013	–		8,100		87	131.0	100
ONE UPPER PICKERING 1 Upper Pickering Street, Singapore 15-storey office building with a roof terrace within a hotel and office development	2012	–	99-year lease from 2008	8,089	27	100	195.3	100
THE ESPLANADE (海河华鼎) No. 1, Zhang Zi Zhong Road, Hong Qiao District, Tianjin, The People's Republic of China 3-storey retail mall with basement carparks within a commercial/residential development	2014	2007	40-Year lease from 2007	6,164	513	58	66.8	100

[1] *UIC Building attained TOP in April 2017 and the figure refers to committed occupancy as at 31 December 2017*

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm)	Car Park Facilities	2017 Average Occupancy %	Present Capital Value ($m)	Effective percentage of Interest %
INVESTMENT PROPERTIES OWNED BY THE GROUP (continued)								
110 HIGH HOLBORN Midtown, London, WC1V 6JS, United Kingdom 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	2,792	10	100	178.8	100
Offices				7,977		89		
120 HOLBORN ISLAND Midtown, London, EC1N 2TD, United Kingdom 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	13,802	34	98	439.0	74.9
Offices				18,323		100		
PAN PACIFIC SERVICED SUITES ORCHARD, SINGAPORE 96 Somerset Road, Singapore 16-storey tower block comprising 126 units of serviced suites, restaurants and a basement carpark	2008 (redeveloped)	1979	Freehold	8,821	40	83	150.0	100
PARKROYAL SERVICED SUITES KUALA LUMPUR No. 1 Jalan Nagasari, Off Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia 31-storey serviced suite with 287 units and a carpark	2010	2005	Freehold	19,005	290	80	74.3	100

Property Summary

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm)	Car Park Facilities	2017 Average Occupancy %	Present Capital Value ($m)	Effective percentage of Interest %
HOTELS OWNED AND MANAGED BY THE GROUP								
PAN PACIFIC ORCHARD 10 Claymore Road, Singapore 21-storey hotel with 206 rooms	1995	2006	Freehold	17,597 *	76	90	238.0@	100
PARKROYAL ON BEACH ROAD 7500C Beach Road, Singapore 7-storey hotel building with 346 rooms	1971 & 1979	–	99-year lease from 1968	22,047 *	35	78	218.0	100
PARKROYAL ON KITCHENER ROAD 181 Kitchener Road, Singapore Comprising a 5-storey podium with a basement and a 16-storey Y-shaped tower with 532 rooms	1976 & 1981	1989	Freehold	37,800 *	266	86	357.0	100
PARKROYAL ON PICKERING 3 Upper Pickering Street, Singapore 16-storey hotel building with 367 rooms	2012	–	99-Year lease from 2008	21,175 *	53	84	415.0	100
PAN PACIFIC SINGAPORE 7 Raffles Boulevard, Singapore 790 rooms in a 38-storey hotel building with a basement level	1986	–	99-Year lease from 1980	83,384 *	–	85	780.0	49.0
PAN PACIFIC XIAMEN 19 Hubin Bei Road, Xiamen The People's Republic of China 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	65	51.6	100
PAN PACIFIC SUZHOU 259 Xin Shi Road, Suzhou The People's Republic of China 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	52	61.4	100

@ *Valuation is on an "as is" basis*

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm)	Car Park Facilities	2017 Average Occupancy %	Present Capital Value ($m)	Effective percentage of Interest %
HOTELS OWNED AND MANAGED BY THE GROUP (continued)								
PAN PACIFIC TIANJIN No. 1, Zhang Zi Zhong Road, Hong Qiao District, Tianjin, The People's Republic of China Hotel with 289 rooms and 30 serviced apartments	2014	2007	40-year lease from 2007	40,132 *	116	74	94.6	100
PARKROYAL SAIGON 309B-311 Nguyen Van Troi Street, Tan Binh District, Ho Chi Minh City, Vietnam 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	76	29.6	100
PARKROYAL YANGON 33 Alan Pya Phaya Road, Dagon Township, Yangon, Myanmar 8-storey V-shaped tower with 319 hotel rooms and 15 serviced suites	1997	2001	50-year lease from 1998	17,700 *	140	49	56.3	100
PARKROYAL KUALA LUMPUR AND PRESIDENT HOUSE Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia Comprising a 23-storey tower with a 6-storey podium and an annexed 8-storey carpark building, the 426-room hotel occupies the tower and part of the podium Hotel and President House			Freehold	56,707 *	–			
	1974 & 2008	1999	Leasehold, expiring in 2080			85	82.7	100
Car Park Annexe				11,128 *	320			
PARKROYAL PENANG RESORT Batu Ferringhi Beach, 11100 Penang, Malaysia 309-room 8-storey beachfront resort hotel	1990	1999	Freehold	31,502 *	149	46	61.3	100

Property Summary

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm)	Car Park Facilities	2017 Average Occupancy %	Present Capital Value ($m)	Effective percentage of Interest %
HOTELS OWNED AND MANAGED BY THE GROUP (continued)								
PARKROYAL DARLING HARBOUR, SYDNEY 150 Day Street, Sydney, Australia 13-level hotel with 340 rooms	1991	1993	Freehold	24,126 *	58	88	192.9	100
PARKROYAL MELBOURNE AIRPORT Arrival Drive, Melbourne Airport, Tullamarine, Victoria, Australia 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 *	–	94	121.9	100
PAN PACIFIC MELBOURNE 2 Convention Centre Place, South Wharf, Victoria, Australia 20-level hotel with 396 rooms	2009	2017	99-year lease from 2009	30,668 *	–	73	258.3	100
PARKROYAL PARRAMATTA 30 Phillip Street, Parramatta, New South Wales, Australia A 286-room hotel in a 15-level hotel building with a 8-storey extension wing	1986	1994	Freehold	19,798 *	176	77	86.1	100
PAN PACIFIC PERTH 207 Adelaide Terrace Perth, Australia Comprising 486 rooms in a 23-storey hotel tower and a 4-level extension wing	1973	1995	Freehold	31,513 *	160	82	139.5	100
PAN PACIFIC HANOI 1 Thanh Nien Road, Ba Dinh District, Hanoi, Vietnam 10000 20-storey hotel with 268 rooms and 56 serviced apartments	1998	2001	48-year lease from 1993	39,250 *	45	80	84.6	75

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Net Floor# Gross Floor* Area (sqm)	Car Park Facilities	2017 Average Occupancy %	Present Capital Value ($m)	Effective percentage of Interest %
HOTELS OWNED BY THE GROUP AND MANAGED BY THIRD PARTIES								
MARINA MANDARIN 6 Raffles Boulevard, Singapore 575 rooms in a 22-storey hotel building with a basement level	1986	–	99-Year lease from 1980	56,801 *	–	82	550.0	49.5
THE WESTIN TIANJIN 101 Nanjing Road, Heping District, Tianjin The People's Republic of China 275 rooms located in B3 to 20th floor of a 41-storey building	2009	–	50-Year lease from 2005	39,495 *	–	76	153.4	25.4
OTHER PROPERTIES OWNED BY THE GROUP								
EUNOS WAREHOUSE COMPLEX 1 Kaki Bukit Road 2, Singapore Retained interests in 3 units of a 4-storey flatted warehouse	1983	–	60-year lease from 1982	1,295	–	–	3.0	100
THE PLAZA 7500A Beach Road, Singapore Owner-occupied corporate office and lobby	1979	–	99-year lease from 1968	1,824	–	–	21.9	100
CHINATOWN POINT 133 New Bridge Road, Singapore Owner-occupied back office for PARKROYAL on Pickering	1980	2008	99-year lease from 1980	223	–	–	4.6	100

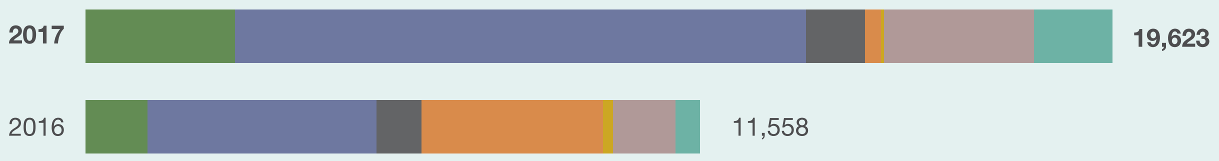
	Purchased	Tenure of Land	Approximate Gross Floor Area (sqm)	Stage of Completion as at 31.12.2017 %	Expected Completion	Effective Percentage of Interest %
PROPERTIES UNDER CONSTRUCTION						
ONE BISHOPSGATE PLAZA London, EC2M 4HX, United Kingdom Hotel with proposed 237 rooms Proposed 160 units of residential apartments Commercial component	2014	Freehold	28,371 21,595 3,562	13	2nd Quarter 2020	100

Property Summary

	Type of Development	Tenure of Land	Approximate Gross Floor Area (sqm)	Site Area (sqm)	Sales Status as at 31.12.2017 %	Stage of Completion as at 31.12.2017 %	Expected Completion	Effective Percentage of Interest %
PROPERTIES FOR SALE UNDER DEVELOPMENT								
BOTANIQUE AT BARTLEY Upper Paya Lebar Road 797 units of condominium apartments	Residential	99-Year leasehold commencing 14.4.2014	61,839	20,078	100	78	1st Quarter 2019	100
PRINCIPAL GARDEN Prince Charles Crescent 663 units of condominium apartments	Residential	99-Year leasehold commencing 21.7.2014	57,668	24,964	95	74	4th Quarter 2018	70
AMBER 45 Amber Road 139 units of condominium apartments	Residential	Freehold	14,992	6,490	–	1	2nd Quarter 2020	100
THE CLEMENT CANOPY Clementi Avenue 1 505 units of condominium apartments	Residential	99-Year leasehold commencing 9.3.2016	50,196	13,038	78	57	2nd Quarter 2019	74.9
SITE AT POTONG PASIR Potong Pasir Avenue 1 729 units of condominium apartments	Residential	99-Year leasehold commencing 1.4.1987 (lease top-up is in progress)	52,391	18,711	–	–	2nd Quarter 2021	74.9
PARK ELEVEN Chang Feng, Shanghai Mixed Development with 398 units of condominium apartments and 4,000 sqm of net lettable area of retail	Mixed residential and retail	70-Year leasehold commencing 23.1.2011	135,339	39,540	37	99	3rd Quarter 2018	54.9

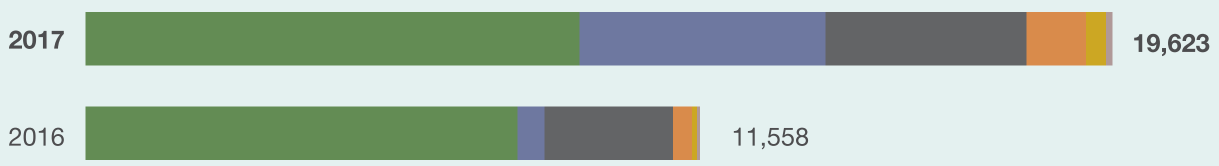
Simplified Group Financial Position

Total Assets Owned



	2017 $m	2016 $m	2017 %	2016 %
Property, plant and equipment	**2,856**	1,166	**14**	10
Investment properties	**10,917**	4,300	**56**	37
Available-for-sale financial assets	**1,132**	855	**6**	7
Associated companies	**308**	3,414	**2**	30
Joint venture companies	**54**	188	**0**	2
Development properties	**2,872**	1,174	**14**	10
Other assets and cash	**1,484**	461	**8**	4
	19,623	11,558	**100**	100

Total Liabilities Owed And Capital Invested



	2017 $m	2016 $m	2017 %	2016 %
Shareholders' funds	**9,445**	8,127	**48**	70
Non-controlling interests	**4,701**	508	**24**	4
Borrowings	**3,847**	2,409	**19**	21
Trade and other payables	**1,142**	360	**6**	3
Deferred income tax liabilities	**371**	93	**2**	1
Other liabilities	**117**	61	**1**	1
	19,623	11,558	**100**	100

Five-Year Financial Summary

	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000
Group Revenue					
Property development	409,984	675,881	577,496	733,934	**1,166,729**
Hotel operations	420,425	437,574	419,417	429,613	**526,221**
Property investments	180,241	198,206	219,391	225,038	**327,065**
Investments	27,446	28,798	42,289	30,181	**29,768**
Management services and technologies	20,512	20,260	20,156	21,973	**53,369**
	1,058,608	1,360,719	1,278,749	1,440,739	**2,103,152**
Group Income Statement					
Property development	133,235	146,526	54,486	52,256	**133,945**
Property investments	126,369	137,296	144,717	151,242	**218,001**
Hotel operations	66,310	72,581	51,935	50,774	**40,540**
Investments	27,402	28,764	42,254	30,152	**29,542**
Management services and technologies	11,757	15,060	13,181	9,966	**13,512**
	365,073	400,227	306,573	294,390	**435,540**
Unallocated costs	(14,381)	(14,892)	(15,111)	(14,549)	**(18,086)**
Profit from operations	350,692	385,335	291,462	279,841	**417,454**
Finance income	4,488	5,466	6,039	5,406	**11,666**
Finance expense	(42,815)	(34,009)	(41,664)	(30,292)	**(37,942)**
Share of profit of associated companies excluding fair value gains/(losses) of associated and joint venture companies' investment properties	96,383	119,776	126,633	131,993	**109,030**
Share of profit of joint venture companies	18,506	38,590	29,117	4,256	**9,683**
Profit before fair value and other gains/(losses) and income tax	427,254	515,158	411,587	391,204	**509,891**
Other losses of a joint venture company	–	–	–	(3,169)	**–**
Other gains/(losses) of the Group	23,813	25,552	(22,036)	(23,275)	**524,615**
Fair value gains/(losses) on associated and joint venture companies' investment properties	91,459	78,408	9,920	(1,144)	**(1,094)**
Fair value gains/(losses) on the Group's investment properties	409,425	217,848	60,902	(9,700)	**15,593**
Profit before income tax	951,951	836,966	460,373	353,916	**1,049,005**
Profit attributable to equity holders of the Company	785,820	685,996	391,389	287,040	**891,009**

	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000
Group Statement of Financial Position					
Property, plant and equipment	1,169,105	1,241,180	1,178,534	1,165,536	**2,856,164**
Investment properties	3,814,190	4,080,214	4,134,897	4,299,597	**10,917,340**
Associated companies, joint venture companies, receivables and other assets (non-current)	2,944,304	3,239,511	3,379,329	3,616,561	**380,943**
Available-for-sale financial assets (non-current)	274,854	340,272	804,872	855,051	**1,131,702**
Intangibles	26,117	25,677	23,336	24,361	**180,951**
Deferred tax assets	3,160	3,623	4,702	3,904	**1,005**
Net current assets (excluding borrowings)	1,660,264	2,561,037	1,695,501	1,339,306	**3,118,184**
Non-current liabilities (excluding borrowings)	(328,861)	(332,073)	(250,018)	(259,509)	**(593,014)**
	9,563,133	11,159,441	10,971,153	11,044,807	**17,993,275**
Share capital	1,050,897	1,151,512	1,216,099	1,269,853	**1,549,744**
Reserves	5,708,801	6,491,217	6,678,076	6,857,301	**7,895,376**
Interests of the shareholders	6,759,698	7,642,729	7,894,175	8,127,154	**9,445,120**
Non-controlling interests	467,272	488,170	506,941	508,210	**4,701,171**
Borrowings	2,336,163	3,028,542	2,570,037	2,409,443	**3,846,984**
	9,563,133	11,159,441	10,971,153	11,044,807	**17,993,275**

Financial Ratios

	2013	2014	2015	2016	2017
Basic earnings per ordinary share* (cents)	102.01	88.00	49.39	35.82	**108.82**
Gross dividend declared ($'000)	154,172	118,176	119,416	120,716	**147,288**
Gross dividend declared					
First and final (cents)	15.0	15.0	15.0	15.0	**17.5**
Special (cents)	5.0	–	–	–	**–**
Cover (times)	5.1	5.8	3.3	2.4	**6.0**
Net tangible asset backing per ordinary share ($)					
Before accounting for surplus on revaluation of hotel properties	8.73	9.68	9.89	10.07	**11.01**
After accounting for surplus on revaluation of hotel properties	9.71	10.75	11.05	11.30	**12.34**
Gearing ratio	0.28	0.34	0.27	0.24	**0.21**

*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

	2017		2016	
	$'000	%	$'000	%
Property development	**1,166,729**	**55.5**	733,934	51.0
Hotel operations	**526,221**	**25.0**	429,613	29.8
Property investments	**327,065**	**15.6**	225,038	15.6
Investments	**29,768**	**1.4**	30,181	2.1
Management services & technologies	**53,369**	**2.5**	21,973	1.5
	2,103,152	**100.0**	1,440,739	100.0

ADJUSTED EBITDA* BY BUSINESS SEGMENTS

	2017		2016	
	$'000	%	$'000	%
Property development	**163,049**	**23.8**	54,638	11.1
Property investments	**328,864**	**48.1**	278,435	56.5
Hotel operations	**147,409**	**21.5**	117,541	23.9
Investments	**29,564**	**4.3**	30,152	6.1
Management services & technologies	**15,550**	**2.3**	11,798	2.4
	684,436	**100.0**	492,564	100.0

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

TOTAL ASSETS BY BUSINESS SEGMENTS

	2017		2016	
	$'000	%	$'000	%
Property development	**3,899,867**	**19.9**	1,766,505	15.3
Property investments	**11,068,118**	**56.4**	7,543,301	65.3
Hotel operations	**3,361,729**	**17.1**	1,322,828	11.3
Investments	**1,130,949**	**5.8**	855,072	7.4
Management services & technologies	**76,067**	**0.4**	52,970	0.5
	19,536,730	**99.6**	11,540,676	99.8
Unallocated assets	**86,716**	**0.4**	17,464	0.2
	19,623,446	**100.0**	11,558,140	100.0

TOTAL REVENUE BY GEOGRAPHICAL SEGMENTS

	2017 $'000	2017 %	2016 $'000	2016 %
Singapore	**1,789,501**	**85.1**	1,156,986	80.3
Australia	**145,487**	**6.9**	122,297	8.5
The People's Republic of China	**56,577**	**2.7**	53,194	3.7
Malaysia	**41,684**	**2.0**	47,212	3.3
Vietnam	**32,505**	**1.5**	31,856	2.2
Myanmar	**16,920**	**0.8**	20,735	1.4
United Kingdom	**16,608**	**0.8**	4,943	0.3
Others	**3,870**	**0.2**	3,516	0.3
	2,103,152	**100.0**	1,440,739	100.0

ADJUSTED EBITDA* BY GEOGRAPHICAL SEGMENTS

	2017 $'000	2017 %	2016 $'000	2016 %
Singapore	**592,538**	**86.6**	431,944	87.7
Australia	**35,466**	**5.2**	29,192	5.9
Vietnam	**12,320**	**1.8**	11,587	2.4
Malaysia	**9,283**	**1.3**	10,595	2.2
Myanmar	**3,715**	**0.5**	7,629	1.5
United Kingdom	**23,382**	**3.4**	519	0.1
The People's Republic of China	**3,891**	**0.6**	(910)	(0.2)
Others	**3,841**	**0.6**	2,008	0.4
	684,436	**100.0**	492,564	100.0

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

TOTAL ASSETS BY GEOGRAPHICAL SEGMENTS

	2017 $'000	2017 %	2016 $'000	2016 %
Singapore	**16,542,825**	**84.4**	10,082,299	87.2
The People's Republic of China	**1,347,715**	**6.9**	518,566	4.5
United Kingdom	**890,603**	**4.5**	415,842	3.6
Australia	**538,798**	**2.7**	281,905	2.4
Malaysia	**164,449**	**0.8**	153,453	1.3
Vietnam	**43,131**	**0.2**	48,538	0.4
Myanmar	**40,830**	**0.2**	29,048	0.3
Others	**55,095**	**0.3**	28,489	0.3
	19,623,446	**100.0**	11,558,140	100.0

Value-Added Statement

	2017 $'000	2016 $'000
Sales of goods and services	**2,073,384**	1,410,558
Purchase of materials and services	**(1,106,331)**	(879,057)
Gross value added	**967,053**	531,501
Share of profit of associated companies	**103,158**	130,849
Share of profit of joint venture companies	**14,461**	1,087
Income from investments and interest	**37,733**	35,587
Other gains/(losses)	**524,615**	(23,275)
Fair value gains/(losses) on investment properties	**15,593**	(9,700)
Currency exchange differences	**3,701**	(1,036)
Total Value Added	**1,666,314**	665,013
Distribution of Value Added:		
To employees and directors		
Employees' salaries, wages and benefits	**225,687**	186,132
Directors' remuneration	**3,203**	2,996
	228,890	189,128
To government		
Corporate and property taxes	**98,477**	76,087
To providers of capital		
Interest expense	**61,859**	57,233
Dividend attributable to non-controlling interests	**3,775**	2,000
Dividend attributable to equity holders of the Company	**120,716**	119,416
	186,350	178,649
Total Value Added Distributed	**513,717**	443,864

	2017 $'000	2016 $'000
Retained in the business		
Depreciation	**105,946**	65,242
Retained earnings	**465,142**	154,391
	571,088	219,633
Non-production cost and income		
Bad debts	**(133)**	(60)
Income from investments and interest	**37,733**	35,587
Other gains/(losses)	**524,615**	(23,275)
Fair value gains/(losses) on investment properties	**15,593**	(9,700)
Currency exchange differences	**3,701**	(1,036)
	581,509	1,516
	1,666,314	665,013

Productivity Ratios:	**$**	$
Value added per employee	**145,247**	107,244
Value added per $ employment costs	**4.22**	2.81
Value added per $ investment in property, plant and equipment and investment properties (before depreciation)		
– at cost	**0.08**	0.14
– at valuation	**0.07**	0.09
Value added per $ net sales	**0.47**	0.38

Financial Contents

Directors' Statement

For the Financial Year Ended 31 December 2017

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 2017 and the statement of financial position of the Company as at 31 December 2017.

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 95 to 197 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 2017 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 – Group Chief Executive
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 85 to 87 of this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) The directors holding office at 31 December 2017 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 31.12.2017	**At 1.1.2017**	**At 31.12.2017**	**At 1.1.2017**
UOL Group Limited ("UOL")				
– Ordinary Shares				
Wee Cho Yaw	**3,661,566**	3,661,566	**298,355,597***	271,082,870*
Wee Ee Lim	**260,975**	260,975	**110,875,315**	110,875,315
Gwee Lian Kheng	**830,596**	616,330	**–**	–
Low Weng Keong	**30,694**	30,000	**–**	–
Wee Sin Tho	**105,950**	105,950	**–**	–
Tan Tiong Cheng	**115,528***	112,915	**–**	–
Wee Ee–chao	**31,735***	31,735*	**111,150,885***	111,150,885*
Pongsak Hoontrakul	**21,005***	20,530*	**–**	–
– Executives' Share Options				
Gwee Lian Kheng	**720,000**	900,000	**–**	–

* Includes shares registered in the name of nominees.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

(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 2018, were the same as those at 31 December 2017 except for the following:

	Holdings registered in name of director	
	At 21.1.2018	**At 31.12.2017**
UOL		
– Executives' Share Options		
Gwee Lian Kheng	**600,000**	720,000

(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 2017 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.

(c) On 10 March 2017, options were granted pursuant to the 2012 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,366,000 ordinary shares in the Company (known as "the 2017 Options") at the exercise price of $6.61 per ordinary share. 1,366,000 options granted were accepted by the executives, including Gwee Lian Kheng. The total fair value of the options granted was estimated to be $1,544,000 using the Trinomial Tree Model.

The details of the options accepted are as follows:

	No. of employees	**At exercise price of $6.61 per share**
Executive Director	1	120,000
Other Executives	59	1,246,000
	60	1,366,000

SHARE OPTIONS (continued)

UOL Group Executives' Share Option Scheme (continued)

(d) Statutory information regarding the 2017 Options is as follows:

(i) The option period begins on 10 March 2018 and expires on 9 March 2027 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 31.12.2016	Options granted during the financial year	Aggregate options granted since commencement of the 2000 and 2012 Scheme to 31.12.2017	Aggregate options exercised since commencement of the 2000 and 2012 Scheme to 31.12.2017	Aggregate options outstanding at 31.12.2017
1,680,000	120,000	1,800,000	1,080,000	720,000

(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.

SHARE OPTIONS (continued)

UOL Group Executives' Share Option Scheme (continued)

Outstanding Share Options

At 31 December 2017, 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, 2,233,000 ordinary shares of the Company were issued upon the exercise of options by:

Holders of	Number of ordinary shares	Exercise price per share $
2007 Options	2,000	4.91
2008 Options	112,000	3.68
2009 Options	52,000	1.65
2010 Options	280,000	3.95
2011 Options	219,000	4.62
2012 Options	403,000	5.40
2013 Options	218,000	6.55
2014 Options	215,000	6.10
2015 Options	158,000	7.67
2016 Options	574,000	5.87
	2,233,000	

Unissued ordinary shares under options at 31 December 2017 comprise:

	At 1.1.2017	Options granted in 2017	Options exercised	Options forfeited	At 31.12.2017	Exercise/ Subscription price/$	Option period
Executives' Share Options							
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	–	1,366,000	–	(74,000)	1,292,000	6.61	10.03.2018 to 09.03.2027
	5,181,000	1,366,000	(2,233,000)	(190,000)	4,124,000		

Directors' Statement

For the Financial Year Ended 31 December 2017

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

27 February 2018

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 Financial Reporting Standards in Singapore ("FRSs") 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 2017 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 year ended 31 December 2017;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the statements of financial position of the Group and of the Company as at 31 December 2017;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority 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.

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 2017. 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.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td><u>Valuation of investment properties</u>

Refer to Note 3(b) (Key accounting estimates, assumptions and judgements) and Note 20 (Investment properties) to the financial statements.

As at 31 December 2017, the carrying value of the Group's investment properties stated at fair value based on independent external valuation of $10.9 billion accounted for 56% of the Group's total assets.

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 and capitalisation rates for shops and offices and growth rates, discount rates and capitalisation rates for serviced suites. These assumptions are dependent on the prevailing market conditions.</td><td>

Our audit procedures focused on the valuation process and included the following:

• assessed the competency and independence of the professional valuers engaged by the Group;
• 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;
• checked, on a sample basis, the accuracy of underlying lease and financial information provided to the valuers; and
• 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.

We also assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the professional valuers.

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.</td></tr>
</table>

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of development properties and revenue and cost of sales recognition from sales of development properties	
Refer to Note 13 (Development properties) to the financial statements. As at 31 December 2017, the carrying value of the Group's development properties of $2.9 billion accounted for 15% of the Group's total assets. The Group did not record any impairment charge for development properties for the financial year then ended. For the year ended 31 December 2017, revenue from sales of development properties recognised as construction progresses of $1,164 million accounted for 55% of the Group's total revenue and the corresponding cost of sales of $964.8 million accounted for 69% of the Group's total cost of sales. No foreseeable loss arising from total development cost exceeding total revenue has been recognised as expense for the financial year then ended. The determination of the carrying value and whether to recognise any impairment charge for development properties is highly dependent on the estimated cost to complete each development and the estimated selling price as disclosed in Note 2.5. 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 valuation of development properties, we focused on development projects with slower than expected sales or low margins. Our audit procedures to assess the adequacy of management's estimated development costs and the reasonableness of the assumptions used included the following: • compared actual cost incurred against underlying contracts with vendors and supporting documents; • assessed the reasonableness of cost to complete by substantiating costs that have been committed to quotations from and contracts with suppliers; • 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 • evaluated the competency and capabilities of the quantity surveyors used by management for the certification of proportion of construction cost to date. 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. 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 from sales of development properties. The evidence we obtained from performing our procedures indicated that management's estimates and assumptions were reasonable.

Independent Auditor's Report

To the Members of UOL Group Limited (continued)

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td><u>Accounting for acquisition of controlling interest in United Industrial Corporation Limited ("UIC") and purchase price allocation</u>

Refer to Note 3(c) and 3(d) (Key accounting estimates, assumptions and judgments) and Note 38 (Business combinations) to the financial statements.

On 31 August 2017, the Group increased its equity interest in UIC from 44.77% to 48.96%. Although the Group holds less than 50% of the total share capital of UIC, management had assessed under Financial Reporting Standard ("FRS") 110 Consolidated Financial Statements that the Group's shareholding interest of 48.96% allows it to exercise de facto control over UIC. Significant judgement is involved in the determination of control, including the extent of the Group's voting rights against the remaining shareholders, and its ability to appoint members of UIC's Board of Directors.

Following the acquisition, FRS 103 Business Combinations requires the Group to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition. A net gain from bargain purchase of $542.1 million was recognised as disclosed in Note 38 to the financial statements.

Estimating the fair values of the identifiable assets acquired and liabilities assumed, including intangible assets, requires the use of significant judgement and assumptions on the valuation inputs and external market conditions that affect fair value. The key assumptions include the adopted value per square foot, discount rates, capitalisation rates for investment properties and hotel properties, as well as estimated selling prices for development properties.</td><td>

We evaluated management's conclusion that the Group has de facto control over UIC by examining information relating to the composition of the shareholders and Board of Directors of UIC. We also examined minutes of annual shareholder meetings of UIC and evaluated the Group's representation at past shareholder meetings and the rights of shareholders to vote on key matters, including the right to appointment and re-elect the Board of Directors.

We have discussed with management and their external experts on the purchase price allocation, and engaged our valuation specialists to assist in the audit of the purchase price allocation. Our audit procedures included the following:
• checked the purchase consideration for the acquisition;
• discussed the key assumptions and critical judgemental areas with management and the professional valuers, and understood the approaches taken by them in deriving the allocated values of assets acquired and liabilities assumed, including intangible assets identified; and
• compared the methodologies and key assumptions used in deriving the allocated values of assets acquired and liabilities assumed to generally accepted market practices and market data relevant to the assets and liabilities being acquired.

We tested the accuracy of all material accounting entries recorded in relation to the acquisition and reviewed the disclosures relating to the Group's acquisition of shares in UIC in Note 38 to the financial statements.

We also tested the accuracy of the Group's year-end consolidation of UIC and the associated and joint venture companies jointly held by UOL Group and UIC Group.

The evidence we obtained from performing our procedures indicated that management's estimates and assumptions were reasonable. We also found the accounting entries recorded in relation to the acquisition and the year-end consolidation to be accurate, and disclosures in the financial statements to be adequate.</td></tr>
</table>

To the Members of UOL Group Limited (continued)

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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

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.

Independent Auditor's Report

To the Members of UOL Group Limited (continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 Chua Lay See.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 27 February 2018

Consolidated Income Statement

For the Financial Year Ended 31 December 2017

	Note	The Group 2017 $'000	2016 $'000
Revenue	4	**2,103,152**	1,440,739
Cost of sales		**(1,403,111)**	(955,729)
Gross profit		**700,041**	485,010
Other income			
– Finance income	4	**11,666**	5,406
– Miscellaneous income	4	**19,255**	17,175
Expenses			
– Marketing and distribution		**(91,514)**	(63,374)
– Administrative		**(99,342)**	(77,660)
– Finance	7	**(37,942)**	(30,292)
– Other operating		**(110,986)**	(81,310)
Share of profit of associated companies		**103,158**	130,849
Share of profit of joint venture companies		**14,461**	1,087
		508,797	386,891
Other gains/(losses)	8	**524,615**	(23,275)
Fair value gains/(losses) on investment properties	20	**15,593**	(9,700)
Profit before income tax		**1,049,005**	353,916
Income tax expense	9(a)	**(62,015)**	(48,316)
Net profit		**986,990**	305,600
Attributable to:			
Equity holders of the Company		**891,009**	287,040
Non-controlling interests		**95,981**	18,560
		986,990	305,600
Earnings per share attributable to equity holders of the Company (expressed in cents per share)	10		
– Basic		**108.82**	35.82
– Diluted		**108.75**	35.81

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

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2017

	Note	The Group 2017 $'000	The Group 2016 $'000
Net profit		**986,990**	305,600
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
– Fair value gains	31(b)	**256,882**	37,066
Cash flow hedges	31(f)	**2,997**	(3,941)
Currency translation differences arising from consolidation of foreign operations	31(e)	**(16,691)**	(7,210)
Share of other comprehensive loss of an associated company	31(a),(e)	**(845)**	(4,569)
Other comprehensive income, net of tax		**242,343**	21,346
Total comprehensive income		**1,229,333**	326,946
Total comprehensive income attributable to:			
Equity holders of the Company		**1,133,611**	308,216
Non-controlling interests		**95,722**	18,730
		1,229,333	326,946

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

Statements of Financial Position – Group and Company

As at 31 December 2017

	Note	The Group 2017 $'000	The Group 2016 $'000	The Company 2017 $'000	The Company 2016 $'000
ASSETS					
Current assets					
Cash and bank balances	11	**816,446**	301,512	**16,294**	1,680
Trade and other receivables	12	**395,299**	99,597	**3,566**	1,579
Derivative financial instrument	26	**14**	–	**–**	–
Development properties	13	**2,872,188**	1,174,220	**–**	–
Inventories	14	**4,991**	651	**–**	–
Other assets	16	**66,183**	16,993	**303**	242
Current income tax assets	9(b)	**220**	157	**–**	–
		4,155,341	1,593,130	**20,163**	3,501
Non-current assets					
Trade and other receivables	12	**92,924**	128,780	**1,152,269**	783,355
Derivative financial instrument	26	**1,538**	207	**–**	–
Available-for-sale financial assets	15	**1,131,702**	855,051	**865,966**	658,110
Investments in associated companies	17	**285,511**	3,409,827	**–**	163,725
Investments in joint venture companies	18	**970**	77,747	**–**	–
Investments in subsidiaries	19	**–**	–	**1,943,625**	1,779,176
Investment properties	20	**10,917,340**	4,299,597	**431,100**	421,500
Property, plant and equipment	21	**2,856,164**	1,165,536	**1,570**	1,009
Intangibles	22	**180,951**	24,361	**284**	–
Deferred income tax assets	29	**1,005**	3,904	**–**	–
		15,468,105	9,965,010	**4,394,814**	3,806,875
Total assets		**19,623,446**	11,558,140	**4,414,977**	3,810,376
LIABILITIES					
Current liabilities					
Trade and other payables	23	**927,594**	203,125	**859,583**	564,319
Current income tax liabilities	9(b)	**109,186**	50,699	**1,423**	1,838
Borrowings	24	**972,814**	728,675	**142,251**	215,533
Derivative financial instrument	26	**377**	–	**–**	–
		2,009,971	982,499	**1,003,257**	781,690
Non-current liabilities					
Trade and other payables	23	**214,879**	157,013	**2,310**	4,491
Borrowings	24	**2,811,161**	1,617,759	**179,040**	176,417
Derivative financial instrument	26	**1,708**	4,272	**1,708**	3,596
Loan from non-controlling shareholder of a subsidiary (unsecured)	27	**63,009**	63,009	**–**	–
Provision for retirement benefits	28	**5,621**	4,927	**–**	–
Deferred income tax liabilities	29	**370,806**	93,297	**3,381**	2,960
		3,467,184	1,940,277	**186,439**	187,464
Total liabilities		**5,477,155**	2,922,776	**1,189,696**	969,154
NET ASSETS		**14,146,291**	8,635,364	**3,225,281**	2,841,222
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	30	**1,549,744**	1,269,853	**1,549,744**	1,269,853
Reserves	31	**907,272**	912,147	**703,865**	503,144
Retained earnings		**6,988,104**	5,945,154	**971,672**	1,068,225
		9,445,120	8,127,154	**3,225,281**	2,841,222
Non-controlling interests		**4,701,171**	508,210	**–**	–
Total equity		**14,146,291**	8,635,364	**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 2017

	Note	Share capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non–controlling interests $'000	Total equity $'000
		Attributable to equity holders of the Company					
2017							
Beginning of financial year		**1,269,853**	**912,147**	**5,945,154**	**8,127,154**	**508,210**	**8,635,364**
Profit for the year		–	–	891,009	891,009	95,981	986,990
Other comprehensive income for the year		–	242,602	–	242,602	(259)	242,343
Total comprehensive income for the year		**–**	**242,602**	**891,009**	**1,133,611**	**95,722**	**1,229,333**
Employee share option scheme							
– Value of employee services	31(a)	–	1,407	–	1,407	35	1,442
– Proceeds from shares issued	30	12,122	–	–	12,122	–	12,122
Dividends	32	–	–	(120,716)	(120,716)	(3,775)	(124,491)
Issue of shares for the acquisition of shares in a subsidiary	30	219,000	–	–	219,000	–	219,000
Issue of shares under scrip dividend scheme	30	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		–	(248,884)	245,565	(3,319)	4,172,394	4,169,075
Total transactions with owners, recognised directly in equity		**279,891**	**(247,477)**	**151,941**	**184,355**	**4,097,239**	**4,281,594**
End of financial year		**1,549,744**	**907,272**	**6,988,104**	**9,445,120**	**4,701,171**	**14,146,291**
2016							
Beginning of financial year		1,216,099	889,866	5,788,210	7,894,175	506,941	8,401,116
Profit for the year		–	–	287,040	287,040	18,560	305,600
Other comprehensive income for the year		–	21,176	–	21,176	170	21,346
Total comprehensive income for the year		–	21,176	287,040	308,216	18,730	326,946
Employee share option scheme							
– Value of employee services	31(a)	–	1,103	–	1,103	–	1,103
– Proceeds from shares issued	30	1,095	–	–	1,095	–	1,095
Dividends	32	–	–	(119,416)	(119,416)	(2,000)	(121,416)
Issue of shares under scrip dividend scheme	30	55,138	–	–	55,138	–	55,138
Shares cancelled upon buy-back		(2,479)	–	(6,384)	(8,863)	–	(8,863)
Acquisition of interests from non-controlling shareholder		–	–	(4,404)	(4,404)	(15,461)	(19,865)
Share of an associated company's acquisition of interests from non-controlling shareholders		–	2	108	110	–	110
Total transactions with owners, recognised directly in equity		53,754	1,105	(130,096)	(75,237)	(17,461)	(92,698)
End of financial year		1,269,853	912,147	5,945,154	8,127,154	508,210	8,635,364

An analysis of movements in each category within "Reserves" is presented in Note 31.

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2017

	2017 $'000	2016 $'000
Cash flows from operating activities		
Net profit	**986,990**	305,600
Adjustments for		
– Income tax expense	**62,015**	48,316
– Depreciation and amortisation	**131,277**	66,604
– Allowance for impairment of loans and receivables – net	**133**	60
– Share of profit of associated companies	**(103,158)**	(130,849)
– Share of profit of joint venture companies	**(14,461)**	(1,087)
– Unrealised translation losses/(gains)	**6,463**	(69)
– Net provision for retirement benefits	**589**	1,165
– Employee share option expense	**1,442**	1,102
– Dividend income and interest income	**(37,733)**	(35,587)
– Interest expense	**37,942**	29,256
– Fair value (gains)/losses on the Group's investment properties	**(15,593)**	9,700
– Property, plant and equipment written off and net loss on disposals	**1,611**	1,152
– Negative goodwill on acquisition of interests in an associated company	**(2,814)**	(7,400)
– Negative goodwill on acquisition of subsidiaries, net of loss on derecognition of associated and joint venture companies	**(542,076)**	–
– Write-back of impairment charge on property, plant and equipment	**(8,947)**	(2,741)
– Impairment charge on property, plant and equipment	**14,050**	26,700
– Gain on purchase of a business	**–**	(3,518)
	517,730	308,404
Change in working capital		
– Receivables	**(93,362)**	13,593
– Development properties	**474,814**	244,626
– Inventories	**(749)**	83
– Payables	**98,993**	1,738
	479,696	260,040
Cash generated from operations	**997,426**	568,444
Income tax paid	**(61,325)**	(33,475)
Retirement benefits paid	**(11)**	(16)
Release of bank deposits pledged as security	**200**	3,562
Net cash from operating activities	**936,290**	538,515
Cash flows from investing activities		
Proceeds from liquidation of associated companies	**263**	1,100
Payments for intangibles	**(1,180)**	(2,286)
Payments for interests in associated and joint venture companies	**(22,651)**	(36,287)
Payment to non-controlling shareholder for purchase of shares in a subsidiary	**(45,035)**	(19,865)
Loans to an associated company and joint venture companies	**(119,191)**	(113,797)
Repayment of loan by a joint venture company	**–**	87,313
Net proceeds from disposal of property, plant and equipment	**55**	235
Acquisition of subsidiaries, net of cash acquired (Note 38)	**474,358**	–
Acquisition of a business (Note 38)	**(264,437)**	(181,749)
Purchase of property, plant and equipment and investment properties	**(123,861)**	(66,337)
Interest received	**7,965**	5,406
Dividends received	**48,545**	57,391
Net cash used in investing activities	**(45,169)**	(268,876)

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from financing activities			
Proceeds from shares issued		12,122	1,095
Net proceeds from issue of shares to non-controlling shareholders of a subsidiary		712	–
Proceeds from 2.5% unsecured fixed rate notes due 2020		–	240,000
Repayment of 3.043% unsecured fixed rate notes due 2017		(75,000)	–
Proceeds from borrowings		2,178,036	1,459,712
Repayment of borrowings		(2,352,558)	(1,804,891)
Expenditure relating to bank borrowings		(5,540)	(2,127)
Interest paid		(57,634)	(57,041)
Payment of finance lease liabilities		(277)	(269)
Dividends paid to equity holders of the Company		(71,947)	(64,278)
Dividends paid to non-controlling interests		(3,775)	(2,000)
Payments for share buy-back		–	(8,863)
Net cash used in financing activities		(375,861)	(238,662)
Net increase in cash and cash equivalents		515,260	30,977
Cash and cash equivalents at the beginning of the financial year		301,312	272,546
Effects of currency translation on cash and cash equivalents		(126)	(2,211)
Cash and cash equivalents at the end of the financial year	11(c)	816,446	301,312

Reconciliation of liabilities arising from financing activities

	1 January 2017 $'000	Principal and interest payments $'000	Non–cash changes $'000 Acquisition	Non–cash changes $'000 Interest expense	Non–cash changes $'000 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 minority 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.

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 19.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain 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.

Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows to the Financial Statement.

2.2 Revenue recognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

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

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

For sales of development properties of the Group that are within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 – Agreements for the Construction of Real Estate, the Group recognises revenue for sales of such development properties 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. No revenue is recognised for unsold units.

For sales of overseas development properties, the Group recognises revenue upon the transfer of significant risks and rewards of ownership on a completed contract basis.

(b) Revenue from hotel ownership and operations

Revenue from the ownership and operation of hotels is recognised at the point at which the accommodation and related services are provided.

(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 when services are rendered under the terms of the contract.

(ii) Hotel management fees

Management fees earned from hotels managed by the Group, usually under long-term contracts with the hotel owner, are recognised when 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.

(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 when services are rendered under the terms of the agreement. The Group generally charges franchise fees as a percentage of hotel revenue.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2.3 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)

2.3 <u>Group accounting</u> (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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 <u>Group accounting</u> (continued)

(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.

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)

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Certain leasehold land and buildings comprising hotel properties were subsequently revalued in 1985, in accordance with a valuation carried out by an independent professional firm of valuers on their existing use basis. However, a decision was then made that future valuations of hotel properties would not be recognised in the financial statements.

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 21(d) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 <u>Property, plant and equipment</u> (continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the 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.

2.5 <u>Development properties</u>

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.

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

For sales of development properties of the Group that are within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 – *Agreements for the Construction of Real Estate*, the Group recognises revenue for sales of such development properties 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 estimated total construction costs. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as expense immediately.

The aggregated costs incurred and the profit/loss recognised in each development property that has been sold are compared against progress billings up to the financial year-end. Where the costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as development properties under "current assets". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on development projects, under "trade and other payables".

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

Refer to Note 2.2(a) for revenue recognition of properties for sale under development.

2.6 <u>Intangibles</u>

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 <u>Intangibles</u> (continued)

(a) *Goodwill on acquisitions* (continued)

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.

2.7 <u>Borrowing costs</u>

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 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.

2.9 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.

2.10 Impairment of non-financial assets

(a) Goodwill

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

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

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

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

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets (continued)

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

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.

2.11 Financial assets

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (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 2.11(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.

(e) 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 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 guarantees are initially recognised at their fair values plus transaction costs, in the Company's statement of financial position except when the fair value is determined to be insignificant.

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.

2.13 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.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Derivative financial instruments and hedging activities (continued)

The Group has derivative financial instruments which are designated as cash flow hedges and derivative financial instruments which do not qualify for hedge accounting.

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 fair value 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.

2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the 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.

2.17 Leases

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Leases (continued)

(a) When the Group is the lessee (continued)*:*

(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.

2.18 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.

2.19 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Income taxes (continued)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the 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.

2.20 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.

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.

2.21 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 <u>Employee compensation</u> (continued)

(a) Post-employment benefits (continued)

<u>Defined benefit plans</u>

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.

(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.

2.22 <u>Currency translation</u>

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Currency translation (continued)

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the 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.

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.

2.23 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.

2.24 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 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.

2.26 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 $426,548,000 (2016: $426,463,000).

(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 20.

(c) Acquisition of subsidiaries

The initial accounting on the acquisition of subsidiaries involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. The fair values of development property backlog, development properties, property, plant and equipment and investment properties are determined by independent valuers by reference to market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amount of these assets acquired.

(d) Control without majority equity interest and voting power

On initial acquisition or acquisition of further interests in an entity, an assessment of the level of control or influence exercised by the Group is required. For entities where the Group has a shareholding of less than 50%, an assessment of the Group's level of voting rights, board representation and other indicators of influence is performed to consider whether the Group has de facto control, requiring consolidation of that entity, or significant influence, requiring classification as an associate.

3. **KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS** (continued)

(d) Control without majority equity interest and voting power (continued)

On 31 August 2017, the Group completed the acquisition of 60,000,000 United Industrial Corporation Limited ("UIC") Shares in consideration of which 27,272,727 new UOL Shares were issued and allotted to a subsidiary of Haw Par Corporation Limited. As a result of this acquisition, the Group's aggregate interest in UIC increased to 701,048,530 UIC Shares or 48.96 % of UIC's issued share capital.

The management assessed whether or not the Group has control over UIC based on whether it has the practical ability to direct the relevant activities of UIC. In exercising its judgement, management considers the historical representation at previous shareholders' meetings and the relative size and dispersion of the shareholdings owned by the other shareholders. Management concluded that the Group has sufficient interest to exert control over UIC and therefore has consolidated UIC into the financial statements for the year ended 31 December 2017. Summarised financial information of UIC is disclosed in Note 19. Information about acquisition of subsidiaries during the year are disclosed in Note 38.

(e) 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 available-for-sale financial assets.

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	
	2017 $'000	**2016 $'000**
Revenue from property development		
– recognised on a completed contract basis	**2,704**	7,708
– recognised as construction progresses	**1,164,025**	726,226
	1,166,729	733,934
Revenue from property investments	**327,065**	225,038
Revenue from hotel ownership and operations	**526,221**	429,613
Revenue from management services and technologies	**53,369**	21,973
Dividend income from available-for-sale financial assets	**29,768**	30,181
Total revenue	**2,103,152**	1,440,739
Interest income		
– fixed deposits with financial institutions	**5,623**	1,827
– loans to joint venture companies	**2,077**	3,324
– others	**265**	255
	7,965	5,406
Currency exchange gains – net	**3,701**	–
Finance income	**11,666**	5,406
Miscellaneous income	**19,255**	17,175
	2,134,073	1,463,320

5. EXPENSES BY NATURE

	The Group	
	2017 $'000	2016 $'000
Cost of inventories sold	77,878	43,090
Depreciation of property, plant and equipment (Note 21)	105,946	65,242
Amortisation of intangibles [Note 22(a),(b),(c),(d)]	25,331	1,362
Total depreciation and amortisation	131,277	66,604
Hospitality expenses	86,803	73,857
Property, plant and equipment written off and net loss on disposals	1,611	1,152
Auditors' remuneration paid/payable to:		
– auditor of the Company	985	856
– other auditors	690	647
Other fees paid/payable to:		
– auditor of the Company	287	93
– other auditors	258	204
Employees compensation (Note 6)	228,176	188,556
Rent paid to other parties	3,605	2,741
Heat, light and power	25,074	20,742
Property tax	36,462	27,771
Development cost included in cost of sales	964,848	652,936
Advertising and promotion	46,544	46,733
Management fees	5,202	610
IT related expenses	2,316	1,837
Repairs and maintenance	38,848	29,921
Allowance of loans and receivables – net	133	60
Other expenses	53,956	19,663
Total cost of sales, marketing and distribution, administrative and other operating expenses	1,704,953	1,178,073

6. EMPLOYEES COMPENSATION

	The Group	
	2017 $'000	2016 $'000
Wages and salaries	208,956	172,641
Employer's contribution to defined contribution plans including Central Provident Fund	17,189	13,648
Retirement benefits	589	1,165
Share options granted to directors and employees	1,442	1,102
	228,176	188,556

7. FINANCE EXPENSE

	The Group	
	2017 **$'000**	**2016** **$'000**
Interest expense:		
– bank loans, notes and overdrafts	**55,910**	51,858
– loans from non-controlling shareholders of subsidiaries	**1,506**	1,558
– finance lease liabilities	**275**	268
– bank facility fees	**4,168**	3,549
	61,859	57,233
Cash flow hedges, transfer from hedging reserve [Note 31(f)]	**3,385**	1,891
Less:		
Borrowing costs capitalised in development properties [Note 13(c)]	**(27,302)**	(29,868)
	37,942	29,256
Currency exchange losses – net	**–**	1,036
	37,942	30,292

8. OTHER GAINS/(LOSSES)

	The Group	
	2017 **$'000**	**2016** **$'000**
Negative goodwill on acquisition of subsidiaries, net of loss on derecognition of associated and joint venture companies (Note 38)	**542,076**	–
Negative goodwill on acquisition of interests in an associated company	**2,814**	7,400
Gain on purchase of a business	**–**	3,518
Acquisition costs of a business	**(15,172)**	(10,234)
Write-back of impairment charge on property, plant and equipment	**8,947**	2,741
Impairment charge on property, plant and equipment	**(14,050)**	(26,700)
	524,615	(23,275)

9. INCOME TAXES

(a) Income tax expense

	The Group	
	2017 **$'000**	**2016** **$'000**
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax [Note (b) below]		
– Singapore	**58,589**	36,901
– Foreign	**7,154**	8,125
– Withholding tax paid	**456**	582
	66,199	45,608
Deferred income tax (Note 29)	**(1,184)**	4,106
	65,015	49,714
– (Over)/under provision in prior financial years:		
Current income tax [Note (b) below]		
– Singapore	**(4,659)**	(1,487)
– Foreign	**1,565**	9
	(3,094)	(1,478)
Deferred income tax (Note 29)	**94**	80
	(3,000)	(1,398)
	62,015	48,316

9. INCOME TAXES (continued)

(a) Income tax expense (continued)

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	
	2017 **$'000**	**2016** **$'000**
Profit before income tax	**1,049,005**	353,916
Share of profit of associated companies, net of tax	**(103,158)**	(130,849)
Share of profit of joint venture companies, net of tax	**(14,461)**	(1,087)
Profit before tax and share of profit of associated companies and joint venture companies	**931,386**	221,980
Tax calculated at a tax rate of 17% (2016: 17%)	**158,336**	37,737
Effects of:		
– Singapore statutory stepped income exemption	**(620)**	(538)
– Tax rebates	**(771)**	(397)
– Different tax rates in other countries	**2,613**	1,134
– Income not subject to tax	**(112,307)**	(10,735)
– Expenses not deductible for tax purposes	**19,086**	16,971
– Utilisation of previously unrecognised tax losses	**(1,219)**	(9)
– Deferred tax assets not recognised in the current financial year	**(103)**	5,551
– Over provision in prior financial years	**(3,000)**	(1,398)
Tax charge	**62,015**	48,316

(b) Movements in current income tax (assets)/liabilities

	The Group	
	2017 **$'000**	**2016** **$'000**
At the beginning of the financial year	**50,542**	41,663
Currency translation differences	**(98)**	74
Income tax paid	**(61,325)**	(33,475)
Tax expense on profit [Note (a) above]		
– current financial year	**66,199**	45,608
– Group tax relief	**(442)**	(1,850)
– over provision in prior financial years	**(3,094)**	(1,478)
Acquisition of subsidiaries (Note 38)	**57,184**	–
At the end of the financial year	**108,966**	50,542
Comprise:		
Current income tax assets	**(220)**	(157)
Current income tax liabilities	**109,186**	50,699
	108,966	50,542

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.

	2017	2016
Net profit attributable to equity holders of the Company ($'000)	**891,009**	287,040
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**818,811**	801,252
Basic earnings per share (cents per share)	**108.82**	35.82

(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 2017, 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.

Diluted earnings per share attributable to equity holders of the Company are calculated as follows:

	2017	2016
Net profit attributable to equity holders of the Company ($'000)	**891,009**	287,040
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**818,811**	801,252
Adjustments for share options ('000)	**543**	276
Weighted average number of ordinary shares for diluted earnings per share ('000)	**819,354**	801,528
Diluted earnings per share (cents per share)	**108.75**	35.81

11. CASH AND BANK BALANCES

	The Group		The Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Cash at bank and on hand	**356,264**	111,141	**16,281**	468
Fixed deposits with financial institutions	**460,182**	190,371	**13**	1,212
	816,446	301,512	**16,294**	1,680

(a) Included in cash and bank balances of the Group is an amount of $237,205,000 (2016: $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.).

11. CASH AND BANK BALANCES (continued)

(b) Included in cash and bank balances of the Group is an amount of $5,911,000 (2016: $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	
	2017 $'000	**2016 $'000**
Cash and bank balances (as above)	**816,446**	301,512
Less: Bank deposits pledged as security [Note 24(b)]	**–**	(200)
Cash and cash equivalents per consolidated statement of cash flows	**816,446**	301,312

(d) The fixed deposits with financial institutions for the Group and the Company mature on varying dates within 12 months (2016: 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	
	2017 %	**2016 %**	**2017 %**	**2016 %**
Singapore Dollar	**1.1**	0.5	**0.2**	0.2
United States Dollar	**1.2**	–	**–**	–
Pound Sterling	**0.5**	0.7	**–**	–
Australian Dollar	**1.0**	0.9	**–**	–
Malaysian Ringgit	**3.2**	3.2	**–**	–
Vietnamese Dong	**2.7**	3.7	**–**	–
Chinese Renminbi	**1.5**	1.7	**–**	–
Indonesian Rupiah	**3.0**	6.5	**–**	–

(e) Acquisition of subsidiaries and a business

Please refer to Note 38 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	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Current				
Trade receivables:				
– non-related parties	**383,710**	96,953	**36**	121
– subsidiaries	**–**	–	**414**	410
– associated companies	**150**	–	**–**	–
Less: Allowance for impairment of receivables				
– non-related parties	**(1,056)**	(416)	**–**	–
Trade receivables – net	**382,804**	96,537	**450**	531
Other receivables:				
– subsidiaries (non-trade)	**–**	–	**2,988**	989
– joint venture companies (non-trade)	**94**	1,050	**82**	23
– sundry debtors	**12,401**	2,010	**46**	36
Other receivables	**12,495**	3,060	**3,116**	1,048
	395,299	99,597	**3,566**	1,579

12. TRADE AND OTHER RECEIVABLES (continued)

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current				
Trade receivables:				
– non-related parties	**17,783**	15,221	**468**	610
Other receivables:				
– joint venture companies (non-trade)	**–**	1,484	**–**	–
Loans to:				
– subsidiaries (unsecured)	**–**	–	**1,151,801**	782,745
– associated companies (unsecured)	**22,646**	4,375	**–**	–
– joint venture companies (unsecured)	**52,495**	107,719	**–**	–
Less: Share of loss of an associated company taken against loan to the associated company	**–**	(19)	**–**	–
	92,924	128,780	**1,152,269**	783,355
Total trade and other receivables	**488,223**	228,377	**1,155,835**	784,934

(a) An impairment of receivables of $133,000 (2016: $60,000) 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	
	2017 $'000	2016 $'000
Loans subordinated to secured bank loans:		
– Loans to joint venture companies	**52,495**	94,235

(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		Borrowing rates	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 %	2016 %
Loans to subsidiaries:						
– Interest-free	**–**	–	**1,125,369**	763,307	**2.3**	2.5
Loans to associated companies:						
– Interest-free	**18,510**	4,262	**–**	–	**3.1**	2.7
Loans to joint venture companies:						
– Floating rate	**52,495**	107,719	**–**	–	**2.6**	2.3
	71,005	111,981	**1,125,369**	763,307		

13. DEVELOPMENT PROPERTIES

	The Group 2017 $'000	2016 $'000
Completed properties	**399,786**	31,878
Development properties in progress	**2,472,402**	1,142,342
	2,872,188	1,174,220

(a) Development properties in progress where revenue is recognised as construction progresses are as follows:

	The Group 2017 $'000	2016 $'000
Aggregate costs incurred and development profits recognised	**2,603,822**	1,708,794
Less: Progress billings	**(1,011,886)**	(716,053)
	1,591,936	992,741

Progress billings relating to properties held for sale sold but accounted for using the completion of construction method has been included in "deferred revenue" under current trade and other payables.

(b) Borrowing costs of $27,302,000 (2016: $29,868,000) (Note 7) arising on financing specifically entered into for the development of properties were capitalised during the financial year.

(c) Bank borrowings and other banking facilities are secured on certain development properties of the Group amounting to $1,582,031,000 (2016: $992,741,000) [Note 24(b)].

(d) Details of the Group's development properties in progress are as follows:

Property	Tenure of land	Stage of completion	Expected completion date	Site area/gross floor area (sq m)	Effective interest in property
Botanique at Bartley A residential development comprising 797 units of condominium apartments	99-year leasehold	77.8%	1st Quarter 2019	20,078/61,839	100%
Principal Garden A residential development comprising 663 units of condominium apartments	99-year leasehold	74.3%	4th Quarter 2018	24,964/57,668	70%
Bishopsgate site A residential development with proposed 160 units of apartments within a mixed development in London, The United Kingdom	Freehold	13.4%	2nd Quarter 2020	3,200/53,528	100%
The Clement Canopy A residential development comprising 505 units of condominium apartments	99-year leasehold	57.3%	2nd Quarter 2019	13,038/50,196	74.9%

13. DEVELOPMENT PROPERTIES (continued)

(d) Details of the Group's development properties in progress are as follows: (continued)

Property	Tenure of land	Stage of completion	Expected completion date	Site area/gross floor area (sq m)	Effective interest in property
Potong Pasir Avenue 1 site A residential development comprising 729 units of condominium apartments	99-year leasehold	–	2nd Quarter 2021	18,711/52,391	74.9%
Amber 45 A residential development comprising 139 units of condominium apartments	Freehold	1.0%	2nd Quarter 2020	6,490/14,992	100%
Park Eleven A proposed mixed-use development comprising 398 residential apartments, with a retail component in Shanghai	70-year leasehold	99.0%	3rd Quarter 2018	39,540/135,339	54.9%

(e) Details of the Group's completed properties are as follows:

Property	Tenure of land	Net saleable area (sq m)	Effective interest in property
The Esplanade (Hai He Hua Ding) 29 unsold office units within a mixed development in Tianjin, The People's Republic of China	40-year leasehold	10,235	100%
The Excellency (Chengdu) 5 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	3,136	49.7%
Mon Jervois 29 unsold units in a 109-unit condominium development at Jervois Road	99-year leasehold	5,129	49.7%
Pollen & Bleu 26 unsold units in a 106-unit condominium development at Farrer Drive	99-year leasehold	2,651	49.7%
V on Shenton 81 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	12,620	49.7%

14. INVENTORIES

	The Group	
	2017 $'000	2016 $'000
Food and beverages	1,189	640
Other supplies	3,802	11
	4,991	651

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $77,878,000 (2016: $43,090,000).

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2017 **$'000**	**2016** **$'000**	**2017** **$'000**	**2016** **$'000**
At the beginning of the financial year	**855,051**	804,872	**658,110**	619,647
Scrip dividends from an available-for-sale financial asset	**13,404**	13,113	**10,076**	9,857
Acquisition of subsidiaries (Note 38)	**6,365**	–	**–**	–
Fair value gains recognised in other comprehensive income [Note 31(b)]	**256,882**	37,066	**197,780**	28,606
At the end of the financial year	**1,131,702**	855,051	**865,966**	658,110

At the end of the reporting period, available-for-sale financial assets included the following:

	The Group		The Company	
	2017 **$'000**	**2016** **$'000**	**2017** **$'000**	**2016** **$'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. OTHER ASSETS

	The Group		The Company	
	2017 **$'000**	**2016** **$'000**	**2017** **$'000**	**2016** **$'000**
Deposits	**12,385**	1,626	**21**	27
Prepayments	**53,798**	15,367	**282**	215
	66,183	16,993	**303**	242

17. INVESTMENTS IN ASSOCIATED COMPANIES

	The Company	
	2017 **$'000**	**2016** **$'000**
Equity investments at cost:		
At the beginning of the financial year	**163,725**	162,737
Liquidation of associated companies	**(300)**	–
Scrip dividends from an associated company	**999**	988
De-recognition of associated companies due to step acquisition	**(164,424)**	–
At the end of the financial year	**–**	163,725

17. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

(a) The associated companies are:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2017 %	2016 %	Accounting year end
United Industrial Corporation Limited ("UIC") (Note 38)	Property investment, development and management and information technology related products and services	Singapore	**–[&]**	2.34 by UOL and 42.26 by UEI	31 December
Marina Centre Holdings Pte Ltd (Note 38)	Hotelier and property investment	Singapore	**–[&]**	22.67 by UOL	31 December
Aquamarina Hotel Private Limited (Note 38)	Hotelier	Singapore	**–[&]**	25 by UEI	31 December
Shanghai Jin Peng Realty Co. Ltd* (Note 38)	Property development	The People's Republic of China	**–[&]**	40 by UCI	31 December
Peak Venture Pte. Ltd.^	Dormant	Singapore	**–[&]**	40 by UCI	31 December
Marina Bay Hotel Private Limited	Hotelier	Singapore	**50 by MCH**	–	31 December
Avenue Park Development Pte. Ltd.	Property development	Singapore	**48 by SLD**	–	31 December
Tianjin Yan Yuan International Hotel^	Hotel investment	The People's Republic of China	**20 by ABCC 16 by NW**	–	31 December
City Square Hotel Co. Ltd.^	Hotelier	Myanmar	**40 by PPHH**	20 by PPHH	31 December
Pilkon Development Company Limited**	Investment holding	The British Virgin Islands	**39.35 by PPHG**	39.35 by PPHG	31 December
PPHR (Thailand) Company Limited^	Marketing agent	Thailand	**48.97 by PPH**	48.97 by PPH	31 December
Brendale Pte Ltd	Liquidated	Singapore	**–**	30 by UOL	31 December
Ardenis Pte Ltd	Liquidated	Singapore	**–**	35 by UOD	31 December

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.

& During the financial year, the Group increased its shareholding interests in UIC (Note 38) which resulted in these entities becoming subsidiaries of the Group. Accordingly, the Group's equity interests in these entities as at 31 December 2017 are as disclosed in Note 19.

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 2017.

17. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

(a) The associated companies are: (continued)

The associated companies are, in the opinion of the directors, not material to the Group except for UIC in 2016 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 31 December 2016, the carrying amounts and published price quotations of UIC are as follows:

	The Group 2016 $'000	The Company 2016 $'000
Carrying amount	2,791,307	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 in 2016 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.

(c) Summarised financial information of UIC as an associated company in 2016

	2016 $'000
Current assets	1,231,792
Includes:	
– Cash and cash equivalents	86,508
Non-current assets	7,390,011
Current liabilities	(1,463,205)
Includes:	
– Financial liabilities (excluding trade payables)	(1,229,148)
– Other liabilities	(46,345)
Non-current liabilities	(123,536)
Includes:	
– Financial liabilities (excluding trade payables)	(12,480)
– Other liabilities	(54,275)
Net assets	7,035,062

17. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

(c) Summarised financial information of UIC as an associated company in 2016 (continued)

	2016 $'000
Revenue	1,036,584
Interest income	3,929
Expenses includes:	
– Depreciation	(24,068)
– Interest expense	(9,204)
Profit before tax	328,215
Income tax expense	(49,560)
Profit after tax	278,655
Other comprehensive loss	(11,997)
Total comprehensive income	266,658
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 31 December 2016. Information on UIC for 2017 are included in Note 19.

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in UIC:

	2016 $'000
Net assets attributable to equity holders of the Company	
At 1 January	6,781,019
Profit for the year	278,655
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	7,035,062
Less: Amounts attributable to non-controlling interests	(803,115)
	6,231,947
Interest in UIC (44.60%)	2,779,448
Revaluation gains of hotel properties recognised during step acquisitions	11,859
Carrying value	2,791,307

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For the Financial Year Ended 31 December 2017

17. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

(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 in 2016 are as follows:

	2016 $'000
Net profit and total comprehensive income	1,859
Carrying value	618,520

(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 33) amounted to $1,857,000 (2016: $2,856,000).

18. INVESTMENTS IN JOINT VENTURE COMPANIES

(a) The joint venture companies are:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2017 %	Equity holding 2016 %	Accounting year end
United Venture Development (Bedok) Pte. Ltd. ("UVDB") (Note 38)	Property development	Singapore	–&	50 by UVI	31 December
United Venture Development (Thomson) Pte. Ltd. ("UVDT") (Note 38)	Property development	Singapore	–&	50 by UVI	31 December
United Venture Development (Clementi) Pte. Ltd. ("UVDC") (Note 38)	Property development	Singapore	–&	50 by UVI	31 December
UVD (Projects) Pte. Ltd. ("UVDP") (Note 38)	Property development	Singapore	–&	50 by UVI	31 December
United Venture Investments (HI) Pte. Ltd. ("UVIHI") (Note 38)	Property investment	United Kingdom/ Singapore	–&	50 by UVI	31 December
Secure Venture Development (No. 1) Pte. Ltd.^	Property development	Singapore	**50 by UVI**	–	31 December

PricewaterhouseCoopers LLP Singapore is the auditor of the joint venture companies.

^ Newly incorporated during the financial year.

& During the financial year, the Group increased its shareholding interests in UIC (Note 38) which resulted in these entities becoming subsidiaries of the Group. Accordingly, the Group's equity interests in these entities as at 31 December 2017 are as disclosed in Note 19.

(b) There is no share of joint venture companies' contingent liabilities incurred jointly with other investors. Contingent liabilities relating to capital commitments of joint venture companies in which the Group is severally liable amounted to $77,376,000 in 2016.

19. INVESTMENTS IN SUBSIDIARIES

	The Company 2017 $'000	2016 $'000
Listed investments at cost	**52,940**	–
Unlisted investments at cost	**1,920,779**	1,807,295
Less accumulated impairment charge:		
At the beginning of the financial year	**(28,119)**	(6,581)
Impairment charge for the financial year	**(1,975)**	(26,875)
Write-back of impairment charge for the financial year	**–**	5,337
	(30,094)	(28,119)
At the end of the financial year	**1,943,625**	1,779,176

(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:

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment 2017 $'000	Cost of investment 2016 $'000	Proportion of ordinary shares held by the Group 2017 %	Proportion of ordinary shares held by the Group 2016 %	Proportion of ordinary shares held by non-controlling interests 2017 %	Proportion of ordinary shares held by non-controlling interests 2016 %
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	**100**	100	**–**	–
United Industrial Corporation Limited ("UIC") (Note 38)	Property investment, development and management and information technology related products and services	Singapore	**52,940**	–	**2.35 by UOL and 47.49 by UEI**	See Note 17	**50.16**	–
Marina Centre Holdings Pte Ltd (Note 38)	Hotelier and property investment	Singapore	**111,484**	–	**22.67 by UOL 18.67 by SKR 10.00 by PSPL 5.33 by SLP and 19.07 by SLD**	See Note 17	**50.95**	–

19. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment 2017 $'000	Cost of investment 2016 $'000	Proportion of ordinary shares held by the Group 2017 %	Proportion of ordinary shares held by the Group 2016 %	Proportion of ordinary shares held by non-controlling interests 2017 %	Proportion of ordinary shares held by non-controlling interests 2016 %
Held by the Company *(continued)*								
UOL Claymore Investment Pte. Ltd.	Hotelier	Singapore	**50,000**	50,000	**100**	100	**–**	–
UOL Somerset Investments Pte. Ltd.	Rental of serviced suites	Singapore	**75,000**	75,000	**100**	100	**–**	–
UOL Property Investments Pte Ltd	Property investment	Singapore	**76,006**	76,006	**100**	100	**–**	–
Novena Square Investments Ltd ("NSI")	Property investment	Singapore	**162,000**	162,000	**60 by UOL 20 by SLP**	60	**30.06**	40
Novena Square Development Ltd	Property investment	Singapore	**42,000**	42,000	**60 by UOL 20 by SLP**	60	**30.06**	40
UOL Development Pte Ltd	Property development	Singapore	**20,000**	20,000	**100**	100	**–**	–
UOL Development (Dakota) Pte. Ltd.	Property development	Singapore	**41,436**	41,436	**100**	100	**–**	–
Duchess Walk Pte. Ltd.	Property development	Singapore	**700**	700	**70**	70	**30**	30
Secure Venture Development (Simei) Pte. Ltd.	Property development	Singapore	**600**	600	**60**	60	**40**	40
UOL Residential Development Pte. Ltd.	Property development	Singapore	**1,000**	1,000	**100**	100	**–**	–
UOL Development (St Patrick) Pte. Ltd.	Property development	Singapore	**1,000**	1,000	**100**	100	**–**	–
UOL Development (Sengkang) Pte. Ltd.	Property development	Singapore	**1,000**	1,000	**100**	100	**–**	–
UOL Development (Bartley) Pte. Ltd.	Property development	Singapore	**30,500**	30,500	**100**	100	**–**	–
UOL Management Services Pte Ltd	Property management services and property investment	Singapore	**2,041**	2,041	**100**	100	**–**	–
UOL Project Management Services Pte. Ltd.	Project management services	Singapore	**115**	115	**100**	100	**–**	–
UOL Treasury Services Pte. Ltd.	Treasury services	Singapore	**1,000**	1,000	**100**	100	**–**	–
UOL Equity Investments Pte Ltd ("UEI")	Investment holding	Singapore	**480,000**	480,000	**100**	100	**–**	–
UOL Overseas Development Pte. Ltd. ("UOD")	Investment holding	Singapore	**50,000**	50,000	**100**	100	**–**	–
UOL Capital Investments Pte. Ltd. ("UCI")	Investment holding	Singapore	**52,000**	52,000	**100**	100	**–**	–
UOL Venture Investments Pte. Ltd. ("UVI")	Investment holding	Singapore	**2,651**	2,651	**100**	100	**–**	–

19. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment 2017 $'000	Cost of investment 2016 $'000	Proportion of ordinary shares held by the Group 2017 %	Proportion of ordinary shares held by the Group 2016 %	Proportion of ordinary shares held by non-controlling interests 2017 %	Proportion of ordinary shares held by non-controlling interests 2016 %
Held by the Company *(continued)*								
Secure Venture Investments Limited ("SVIL")**	Investment holding	Hong Kong	**28,208**	28,208	**100**	100	**–**	–
UOL Development (Amber) Pte. Ltd. (formerly known as UOL Ventures Pte. Ltd.)	Property development	Singapore	**2,000**	~	**100**	100	**–**	–
UOL Ventures Holdings Pte. Ltd.^	Investment holding	Singapore	**~**	–	**100**	–	**–**	–
			1,973,719	1,807,295				

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group 2017 %	Proportion of ordinary shares held by the Group 2016 %	Proportion of ordinary shares held by non-controlling interests 2017 %	Proportion of ordinary shares held by non-controlling interests 2016 %
Held by subsidiaries						
UIC Development (Private) Limited ("UICD")	Investment holding	Singapore	**100 by UIC**	–	**50.16**	–
UIC Enterprise Pte Ltd ("UICE")	Investment holding	Singapore	**100 by UIC**	–	**50.16**	–
UIC Investment Pte Ltd ("UICI")	Property development	Singapore	**100 by UIC**	–	**50.16**	–
UIC Investments (Properties) Pte Ltd	Property investment	Singapore	**100 by UIC**	–	**50.16**	–
UIC Management Services Pte. Ltd.	Property management agents	Singapore	**100 by UIC**	–	**50.16**	–
Active Building & Civil Construction (1985) Pte. Ltd. ("ABCC")	Investment holding	Singapore	**100 by UIC**	–	**50.16**	–
Networld Pte Ltd ("NW")	Investment holding	Singapore	**100 by UIC**	–	**50.16**	–
China Realty Pte. Ltd. ("UICCR")	Investment holding	Singapore	**100 by UIC**	–	**50.16**	–
UIC Overseas Investments Pte. Ltd. ("UICOI")	Investment holding	Singapore	**100 by UIC**	–	**50.16**	–
UIC Homes Pte. Ltd. (formerly known as UIC China Resources Pte. Ltd.)@	Dormant	Singapore	**100 by UIC**	–	**50.16**	–
UIC Supplies Pte Ltd	Under liquidation	Singapore	**100 by UIC**	–	**50.16**	–
Networld Realty Pte Ltd	Under liquidation	Singapore	**100 by UIC**	–	**50.16**	–
UIC Commodities Pte Ltd@	Dormant	Singapore	**100 by UIC**	–	**50.16**	–
UIC Printedcircuits Pte Ltd@	Dormant	Singapore	**100 by UIC**	–	**50.16**	–

19. 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 2017 %	Proportion of ordinary shares held by the Group 2016 %	Proportion of ordinary shares held by non-controlling interests 2017 %	Proportion of ordinary shares held by non-controlling interests 2016 %
Held by subsidiaries (continued)						
Union Commodities Pte Ltd@	Dormant	Singapore	**100 by UIC**	–	**50.16**	–
UIC Land Pte Ltd	Property investment	Singapore	**100 by UICD**	–	**50.16**	–
Singapore Land Limited ("SLL")	Investment holding	Singapore	**78.88 by UICE 20.76 by UICD 0.037 by UICI**	–	**50.29**	–
Gateway Land Limited	Property investment	Singapore	**100 by SLL**	–	**50.29**	–
Realty Management Services (Pte) Ltd.	Property management agents	Singapore	**100 by SLL**	–	**50.29**	–
RMA-Land Development Private Ltd	Property investment	Singapore	**100 by SLL**	–	**50.29**	–
Shing Kwan Realty (Pte.) Limited ("SKR")	Property investment and investment holding	Singapore	**100 by SLL**	–	**50.29**	–
S.L. Home Loans Pte. Ltd.	Investment holding	Singapore	**100 by SLL**	–	**50.29**	–
S.L. Development Pte. Limited ("SLD")	Property investment and investment holding	Singapore	**100 by SLL**	–	**50.29**	–
Singland China Holdings Pte. Ltd. ("SCH")	Investment holding	Singapore	**100 by SLL**	–	**50.29**	–
Singland Homes Pte. Ltd. ("SLH")	Investment holding	Singapore	**100 by SLL**	–	**50.29**	–
S.L. Properties Limited ("SLP")	Property investment and investment holding	Singapore	**100 by SLL**	–	**50.29**	–
S.L. Management Services Pte Limited	Under liquidation	Singapore	**100 by SLL**	–	**50.29**	–
Interpex Services Private Limited	Dormant	Singapore	**100 by SKR**	–	**50.29**	–
Alprop Pte Ltd	Property investment	Singapore	**50 by SLD 50 by UICD**	–	**50.29**	–
Ideal Homes Pte. Limited	Property development	Singapore	**100 by SLD**	–	**50.29**	–
Singland Development (Farrer Drive) Pte. Ltd.	Property development	Singapore	**100 by SLD**	–	**50.29**	–
Singland Development (Jervois) Pte. Ltd.	Property development	Singapore	**100 by SLD**	–	**50.29**	–
Singland (Chengdu) Development Co., Ltd.*	Property development	The People's Republic of China	**100 by SCH**	–	**50.29**	–
Singland Homes (Alexandra) Pte. Ltd.	Property development	Singapore	**100 by SLH**	–	**50.29**	–
Singland Homes (London 90) Pte. Ltd.@	Dormant	Singapore	**100 by SLH**	–	**50.29**	–

19. 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 2017 %	2016 %	Proportion of ordinary shares held by non-controlling interests 2017 %	2016 %
Held by subsidiaries (continued)						
Pothonier Singapore Pte Ltd ("PSPL")	Investment holding	Singapore	**100 by SLP**	–	**50.29**	–
Shenton Holdings Private Limited ("SH")	Investment holding	Singapore	**100 by SLP**	–	**50.29**	–
S L Prime Properties Pte Ltd	Property investment	Singapore	**100 by SH**	–	**50.29**	–
S L Prime Realty Pte Ltd	Property investment	Singapore	**100 by SH**	–	**50.29**	–
UIC Technologies Pte Ltd ("UICT")	Investment holding	Singapore	**60 by UIC**	–	**70.10**	–
UIC Asian Computer Services Pte Ltd	Retailing of computer hardware and software	Singapore	**100 by UICT**	–	**70.10**	–
UIC Investments (Equities) Pte Ltd[@]	Dormant	Singapore	**100 by UICT**	–	**70.10**	–
Marina Management Services Pte Ltd	Property management agents	Singapore	**100 by MCH**	–	**50.95**	–
Hotel Marina City Private Limited	Hotelier	Singapore	**100 by MCH**	–	**50.95**	–
UIC JinTravel (Tianjin) Co., Ltd*	Property investment and trading	The People's Republic of China	**51 by UICCR**	–	**74.58**	–
Aquamarina Hotel Private Limited ("AHPL")	Hotelier	Singapore	**25 by UEI 50 by MCH**	See Note 17	**50.48**	–
Shanghai Jin Peng Realty Co. Ltd*("SJP")	Property development	The People's Republic of China	**40 by UCI 30 by SCH**	See Note 17	**45.09**	–
United Venture Development (Bedok) Pte. Ltd. ("UVDB")	Property development	Singapore	**50 by UVI 50 by SLD**	See Note 18	**25.14**	–
United Venture Development (Thomson) Pte. Ltd. ("UVDT")	Property development	Singapore	**50 by UVI 50 by SLH**	See Note 18	**25.14**	–
United Venture Development (Clementi) Pte. Ltd. ("UVDC")	Property development	Singapore	**50 by UVI 50 by SLH**	See Note 18	**25.14**	–
UVD (Projects) Pte. Ltd. ("UVDP")	Property development	Singapore	**50 by UVI 50 by SLH**	See Note 18	**25.14**	–
United Venture Development (No. 1) Pte. Ltd.^	Dormant	Singapore	**42.5 by UVI 42.5 by SLH**	–	**36.37**	–
United Venture Development (No. 2) Pte. Ltd. ^	Dormant	Singapore	**70 by UVI 30 by SLH**	–	**25.14**	–
United Venture Investments (HI) Pte. Ltd. ("UVIHI")	Property investment	United Kingdom/ Singapore	**50 by UVI 50 by UICOI**	See Note 18	**25.08**	–
Secure Venture Development (Alexandra) Pte. Ltd.	Property development	Singapore	**70 by UVI**	70 by UVI	**30**	30
Promatik Emas Sdn. Bhd.*	Property development	Malaysia	**55 by UOD**	55 by UOD	**45**	45

19. 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 2017 %	Proportion of ordinary shares held by the Group 2016 %	Proportion of ordinary shares held by non-controlling interests 2017 %	Proportion of ordinary shares held by non-controlling interests 2016 %
Held by subsidiaries (continued)						
UOL Serviced Residences Sdn. Bhd.*	Rental of serviced suites	Malaysia	**100 by UOD**	100 by UOD	**–**	–
Suasana Simfoni Sdn. Bhd.*	Under liquidation	Malaysia	**60 by UCI**	60 by UCI	**40**	40
Tianjin UOL Xiwang Real Estate Development Co., Ltd.* [Note (g) below]	Property development, hotelier and property investment	The People's Republic of China	**100 by UCI**	100 by UCI	**–**	–
UOL Business Consulting (Shanghai) Co., Ltd.**	Under liquidation	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	**20.11**	40
Hua Ye Xiamen Hotel Limited*	Hotelier	The People's Republic of China	**100 by SVIL**	100 by SVIL	**–**	–
Success Venture Investments (Jersey) Limited ("SVIJ")#	Investment holding	Jersey	**100 by UOD**	100 by UOD	**–**	–
Success Venture Development (Jersey) Limited ("SVDJ")#	Dormant	Jersey	**100 by UOD**	100 by UOD	**–**	–
Success Venture Nominees (No. 1) Limited #	Dormant	United Kingdom	**100 by SVIJ**	100 by SVIJ	**–**	–
Pan Pacific London Hotel Limited#	Dormant	United Kingdom	**100 by ULH**	100 by ULH	**–**	–
UOL Development (UK) Limited*	Property development	United Kingdom	**100 by UVI**	100 by UVI	**–**	–
Success Venture Property Investments Limited	Property investment	United Kingdom/ Hong Kong	**100 by UOD**	100 by UOD	**–**	–
Peak Venture Pte. Ltd.**	Dormant	Singapore	**40 by UCI 30 by SCH**	–	**45.09**	–
Parkroyal Kitchener Hotel Pte. Ltd.	Hotelier	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
Parkroyal Pickering Hotel Pte. Ltd.	Hotelier and property investment	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
Parkroyal Serviced Residences Pte. Ltd.	Management of serviced suites	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
United Lifestyle Holdings Pte Ltd ("ULH")	Investment holding	Singapore	**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	**–**	–
Dou Hua Restaurants Pte Ltd	Operator of restaurants	Singapore	**100 by PPHG**	100 by PPHG	**–**	–

19. 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 2017 %	Proportion of ordinary shares held by the Group 2016 %	Proportion of ordinary shares held by non-controlling interests 2017 %	Proportion of ordinary shares held by non-controlling interests 2016 %
Held by subsidiaries (continued)						
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	**–**	–
Parkroyal International Pte. Ltd.	Managing and licensing of trademark	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
Pan Pacific International Pte. Ltd.	Managing and licensing of trademark	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
PPHG Ventures Pte. Ltd.^	Dormant	Singapore	**100 by PPHG**	–	**–**	–
Garden Plaza Company Limited*	Hotelier	Vietnam	**100 by PPHG**	100 by PPHG	**–**	–
Success City Pty Limited*	Hotelier	Australia	**100 by PPHG**	100 by PPHG	**–**	–
Success Venture Investments (Australia) Ltd (“SVIA”)	Investment holding	The British Virgin Islands	**100 by PPHG**	100 by PPHG	**–**	–
Success Venture Pty Limited*	Trustee company	Australia	**100 by SVIA**	100 by SVIA	**–**	–
Success Venture Investments (WA) Limited (“SVIWA”)	Investment holding	The British Virgin Islands	**100 by PPHG**	100 by PPHG	**–**	–
HPL Properties (Malaysia) Sdn. Bhd. (“HPM”)*	Investment holding	Malaysia	**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	**–**	–
Grand Elite Sdn. Bhd.*	Dormant	Malaysia	**100 by PHSB**	100 by PHSB	**–**	–
Grand Elite (Penang) Sdn. Bhd.*	Dormant	Malaysia	**100 by PHSB**	100 by PHSB	**–**	–
Hotel Investments (Suzhou) Pte. Ltd. (“HIS”)	Investment holding	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
Suzhou Wugong Hotel Co., Ltd*	Hotelier	The People’s Republic of China	**100 by HIS**	100 by HIS	**–**	–
Hotel Investments (Hanoi) Pte. Ltd. (“HIH”)	Investment holding	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
Westlake International Company*	Hotelier	Vietnam	**75 by HIH**	75 by HIH	**25**	25
YIPL Investment Pte. Ltd. (“YIPL”)	Investment holding	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
Yangon Hotel Limited**	Hotelier	Myanmar	**100 by YIPL**	100 by YIPL	**–**	–

19. 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	
			2017 %	**2016 %**	**2017 %**	**2016 %**
Held by subsidiaries (continued)						
Pan Pacific Hospitality Holdings Pte. Ltd. ("PPHH")	Investment holding	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
Pan Pacific Hospitality Pte. Ltd. ("PPH")	Manage and operate serviced suites and investment holding	Singapore	**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	**–**	–
Pan Pacific Marketing Services Pte. Ltd.	Provision of marketing and related services to hotels and serviced suites	Singapore	**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	**–**	–
Pan Pacific Hotels and Resorts Japan Co., Ltd#	Hotel manager and operator	Japan	**100 by PPHR**	100 by PPHR	**–**	–
Pan Pacific (Shanghai) Hotels Management Co., Ltd.**	Hotel manager and operator	The People's Republic of China	**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	**–**	–
Pan Pacific Hotels and Resorts Seattle Limited Liability Co#	Hotel manager and operator	United States of America	**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	**–**	–

19. 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 2017 %	2016 %	Proportion of units held by non-controlling interests 2017 %	2016 %
Success Venture (Darling Harbour) Unit Trust*	Hotelier	Australia	**100 by SVIA**	100 by SVIA	**–**	–
Success Venture (Parramatta) Unit Trust*	Hotelier	Australia	**100 by SVIA**	100 by SVIA	**–**	–
Success Venture (WA) Unit Trust*	Hotelier	Australia	**100 by SVIWA**	100 by SVIWA	**–**	–
Success Venture (Melbourne) Unit Trust^,*	Hotelier	Australia	**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	**–**	–

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 2017.

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 2017 and NSI in 2016.

(d) Carrying value of non-controlling interests

	2017 $'000	2016 $'000
UIC and its subsidiary companies ("UIC Group")	**4,084,273**	–
NSI	**–**	382,393
Other subsidiaries with immaterial non-controlling interests	**616,898**	125,817

19. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Summarised aggregate financial information of UIC Group for 2017 and NSI for 2016, presented before inter-company eliminations:

	UIC Group 2017 $'000	NSI 2016 $'000
Current		
Assets	**816,673**	1,586
Liabilities	**(315,978)**	(12,094)
Total current net liabilities	**500,695**	(10,508)
Non-current		
Assets	**7,442,478**	983,232
Liabilities	**(598,559)**	(16,742)
Total non-current net assets	**6,843,919**	966,490
Net assets	**7,344,614**	955,982
Revenue	**1,292,169**	48,104
Profit before income tax	**374,604**	37,925
Income tax expense	**(49,739)**	(6,375)
Profit after tax and total comprehensive income	**324,865**	31,550
Total comprehensive income allocated to non-controlling interests	**57,533**	12,620
Dividends paid to non-controlling interests	**23,536**	2,000
Cash flows from operating activities		
Cash generated from operations	**895,958**	36,353
Income tax paid	**(43,361)**	(5,697)
Net cash generated from operating activities	**852,597**	30,656
Net cash used in investing activities	**(36,605)**	(23,668)
Net cash used in financing activities	**(725,118)**	(7,004)
Net increase/(decrease) in cash and cash equivalents	**90,874**	(16)
Cash and cash equivalents at beginning of year	**86,508**	453
Cash and cash equivalents at end of year	**177,382**	437

(f) Acquisition of additional interest in a subsidiary

On 31 August 2017, the Group increased its shareholding interests in UIC (Note 38) which resulted in UIC becoming a subsidiary of the Group. 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. 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:

	2017 $'000
Carrying amount of non-controlling interests acquired	**66,692**
Consideration paid to non-controlling interests	**(42,012)**
Excess of carrying amount over consideration paid recognised in parent's equity	**24,680**

19. INVESTMENTS IN SUBSIDIARIES (continued)

(g) On 17 March 2016, a wholly-owned subsidiary of the Group, UOL Capital Investments Pte. Ltd. ("UCI"), acquired Tianjin Xiwang Real Estate Construction and Developments Co., Ltd's 10% stake in Tianjin UOL Xiwang Real Estate Development Co., Ltd. ("Tianjin UOL Xiwang"), for an aggregate cash consideration of RMB93.0 million pursuant to a conditional equity transfer agreement. With the acquisition, Tianjin UOL Xiwang became a wholly-owned subsidiary of the Company (held through UCI).

20. INVESTMENT PROPERTIES

	The Group		The Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
At the beginning of the financial year	**4,299,597**	4,134,897	**421,500**	421,500
Currency translation differences	**15,505**	(13,329)	**–**	–
Additions	**8,363**	2,446	**64**	–
Acquisition of a business (Note 38)	**–**	185,283	**–**	–
Acquisition of subsidiaries (Note 38)	**6,578,245**	–	**–**	–
Transfer from hotel properties	**37**	–	**37**	–
Fair value gains/(losses) recognised in income statement	**15,593**	(9,700)	**9,499**	–
At the end of the financial year	**10,917,340**	4,299,597	**431,100**	421,500

(a) The investment properties are leased to non-related parties [Note 34(c)] and related parties [Note 36(a)] under operating leases.

(b) Bank borrowings are secured on certain investment properties of the Group amounting to $1,430,773,000 (2016: $1,416,062,000) [Note 24(b)].

(c) The following amounts are recognised in the income statements:

	The Group		The Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Rental income (Note 4)	**327,065**	225,038	**19,026**	18,795
Direct operating expenses arising from investment properties that generated rental income	**62,164**	34,919	**2,308**	2,669

The Group and the Company do not have any investment properties that do not generate rental income.

20. INVESTMENT PROPERTIES (continued)

(d) The details of the Group's investment properties at 31 December 2017 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
OneKM	–	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
110 High Holborn	–	a retail-cum-office building comprising basement and 1st storey retail space, a 9 storey office block with basement carpark and bicycle storage at the junction of A40 High Holborn and Proctor Street, 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 120 Holborn, Midtown, London, United Kingdom	Freehold
Stamford Court	–	a 4-storey office building with shops at Stamford Road, Singapore	99-year lease from 1994
West Mall	–	a retail and family entertainment complex at Bukit Batok Central Link, Singapore	99-year lease from 1995
Singapore Land Tower	–	a 47-storey office building at Raffles Place, Singapore	999-year lease from 1826
Clifford Centre	–	a 29-storey shopping cum office building at Raffles Place, Singapore	999-year lease from 1826
The Gateway	–	two 37-storey office buildings at Beach Road, Singapore	99-year lease from 1982

20. INVESTMENT PROPERTIES (continued)

(d) The details of the Group's investment properties at 31 December 2017 were: (continued)

			Tenure of land
SGX Centre 2	–	a 29-storey office building at Shenton Way Singapore 068807	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) at Raffles Boulevard, Singapore	99-year lease from 1980
UIC Building	–	a 23-storey office tower which is part of a mixed residential and commercial development at Shenton Way, Singapore	99-year lease from 2011

(e) Fair value hierarchy – Recurring fair value measurements

	The Group Fair value measurements using significant unobservable inputs (Level 3)	
	2017 $'000	**2016 $'000**
Description		
Singapore:		
– Shops	**2,805,440**	1,328,100
– Offices	**7,002,370**	2,300,170
– Serviced Suites	**353,308**	353,996
Malaysia:		
– Serviced Suites	**73,240**	72,466
The People's Republic of China:		
– Shops	**44,490**	47,326
– Carpark	**20,684**	20,837
United Kingdom:		
– Shops	**170,445**	24,033
– Offices	**447,363**	152,669

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 approval.

20. INVESTMENT PROPERTIES (continued)

(e) Fair value hierarchy – Recurring fair value measurements (continued)

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.

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value as at 31 December 2017 $'000	2016 $'000	Valuation technique(s)	Unobservable inputs@	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Singapore						
Shops	**2,805,440**	1,328,100	Direct Comparison Method	– Adopted value per square foot	$1,428 to $2,556 ($2,207) [2016: $1,420 to $2,455 ($2,139)]	The higher the adopted value, the higher the fair value.
			Income Method	– Capitalisation rate	4% to 5% (5%) [2016: 5% (5%)]	The lower the capitalisation rate, the higher the fair value.
Offices	**7,002,370**	2,300,170	Direct Comparison Method	– Adopted value per square foot	$1,368 to $2,692 ($2,157) [2016: $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%) [2016: 4% (4%)]	The lower the capitalisation rate, the higher the fair value.

20. 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 2017 $'000	Fair value as at 31 December 2016 $'000	Valuation technique(s)	Unobservable inputs@	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Singapore (continued)						
Serviced Suites	**353,308**	353,996	Discounted Cash Flow Method	– Growth rate	3% (3%) [2016: 3% to 4% (3%)]	The higher the growth rate, the higher the fair value.
				– Discount rate	7% (7%) [2016: 7% to 8% (7%)]	The higher the discount rate or capitalisation rate, the lower the fair value.
				– Capitalisation rate	4% (4%) [2016: 4% to 5% (5%)]	
			#Direct Comparison Method	– Adopted value per square foot	$1,165 ($1,165) [2016: $1,111 ($1,111)]	The higher the adopted value, the higher the fair value.
			#Income Method	– Capitalisation rate	5% (5%) [2016: 6% (6%)]	The lower the capitalisation rate, the higher the fair value.
Malaysia						
Serviced Suites	**73,240**	72,466	Discounted Cash Flow Method	– Growth rate	5% (5%) [2016: 5% (5%)]	The higher the growth rate, the higher the fair value.
				– Discount rate	9% (9%) [2016: 9% (9%)]	The higher the discount rate or capitalisation rate, the lower the fair value.
				– Capitalisation rate	7% (7%) [2016: 7% (7%)]	
			Direct Comparison Method	– Adopted value per square foot	$370 ($370) [2016: nil]	The higher the adopted value, the higher the fair value.

20. 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 2017 $'000	Fair value as at 31 December 2016 $'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	**44,490**	47,326	Direct Comparison Method	– Adopted value per square foot	$411 ($411) [2016: $415 ($415)]	The higher the adopted value, the higher the fair value.
			Income Method	– Capitalisation rate	6% (6%) [2016: 6% (6%)]	The lower the capitalisation rate, the higher the fair value.
Carpark	**20,684**	20,837	Direct Comparison Method	– Adopted value per square foot	$110 ($110) [2016: $112 ($112)]	The higher the adopted value, the higher the fair value.
			Income Method	– Capitalisation rate	4% (4%) [2016: 4% (4%)]	The lower the capitalisation rate, the higher the fair value.
United Kingdom						
Shops	**170,445**	24,033	Income Method	– Capitalisation rate	5% to 6% (5%) [2016: 5% to 6% (5%)]	The lower the capitalisation rate, the higher the fair value.
Offices	**447,363**	152,669	Income Method	– Capitalisation rate	5% to 7% (6%) [2016: 5% to 6% (6%)]	The lower the capitalisation rate, the higher the fair value.

[#] Only applicable for PARKROYAL Serviced Suites which is situated inside The Plaza (Block A).

[@] 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.

The valuations are estimated by independent professional valuers based on market conditions as at 31 December 2017. 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.

21. 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 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 38)	–	–	253,435	11,002	–	–	–	264,437
Acquisition of subsidiaries (Note 38)	–	–	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**
Cost								
At 1 January 2016	174,849	214,340	719,388	557,349	2,266	60,323	12,932	1,741,447
Currency translation differences	350	1,375	(5,159)	(2,274)	6	(8,181)	282	(13,601)
Additions	–	5,917	222	32,682	68	20,526	4,476	63,891
Transfer from development properties	–	–	–	–	–	19,499	–	19,499
Disposals/write-offs	–	(817)	(397)	(9,324)	–	–	–	(10,538)
Reclassification	–	12,033	–	2,569	–	–	(14,602)	–
At 31 December 2016	175,199	232,848	714,054	581,002	2,340	92,167	3,088	1,800,698
Accumulated depreciation and impairment								
At 1 January 2016	–	75,026	144,801	304,491	1,595	37,000	–	562,913
Currency translation differences	–	449	(2,145)	(534)	13	(5,584)	–	(7,801)
Charge for the financial year	–	5,368	12,471	47,161	242	–	–	65,242
Disposals/write-offs	–	(274)	(250)	(8,627)	–	–	–	(9,151)
Write-back of impairment charge (Note 8)	–	–	(2,741)	–	–	–	–	(2,741)
Impairment charge (Note 8)	–	–	–	–	–	26,700	–	26,700
At 31 December 2016	–	80,569	152,136	342,491	1,850	58,116	–	635,162
Net book value at 31 December 2016	**175,199**	**152,279**	**561,918**	**238,511**	**490**	**34,051**	**3,088**	**1,165,536**

21. 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 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**
Cost				
At 1 January 2016	5,305	100	–	5,405
Additions	312	–	37	349
Disposals/write-offs	(44)	–	–	(44)
At 31 December 2016	5,573	100	37	5,710
Accumulated depreciation				
At 1 January 2016	4,237	55	–	4,292
Charge for the financial year	433	20	–	453
Disposals/write-offs	(44)	–	–	(44)
At 31 December 2016	4,626	75	–	4,701
Net book value at 31 December 2016	**947**	**25**	**37**	**1,009**

(a) At 31 December 2017, the open market value of the hotel properties of the Group (including plant, equipment, furniture and fittings) was $4,094,147,000 (2016: $2,234,329,000) and the net book value was $2,681,282,000 (2016: $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 $1,412,865,000 (2016: $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) Bank borrowings and other banking facilities are secured on certain hotel properties of the Group [Note 24(b)] amounting to $684,793,000 (2016: $478,854,000).

(c) The carrying amount of leasehold land and building held under finance leases was $3,884,000 (2016: $3,906,000) (Note 25) at the end of the reporting period.

21. PROPERTY, PLANT AND EQUIPMENT (continued)

(d) The details of the Group's properties in property, plant and equipment at 31 December 2017 were:

		Tenure of land	Remaining lease term
PARKROYAL on Beach Road	– a 346-room hotel at Beach Road, Singapore	99-year lease from 1968	50 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	90 years
Pan Pacific Orchard	– a 206-room hotel at Claymore Road, Singapore	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	25 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 and carpark 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	Leasehold expiring in 2080	63 years
PARKROYAL Penang Resort	– a 309-room resort hotel at Jalan Batu Ferringhi, Penang, Malaysia	Freehold	–
PARKROYAL Saigon	– a 186-room hotel and 6-storey annex block at Nguyen Van Troi Street, Ho Chi Minh City, Vietnam	49-year lease from 1994	26 years
Pan Pacific Hanoi	– a 268-room hotel and 56 serviced suites at Thanh Nien Road, Hanoi, Vietnam	48-year lease from 1993	24 years
Pan Pacific Suzhou	– a 480-room hotel at Xinshi Road, Suzhou, Jiangsu, The People's Republic of China	50-year lease from 1994	27 years
Pan Pacific Xiamen	– a 329-room hotel and 25 serviced apartments at Hubin North Road, Xiamen, The People's Republic of China	70-year lease from 1991	44 years
Pan Pacific Tianjin	– a 289-room hotel and 30 serviced apartments in Tianjin, The People's Republic of China	40-year lease from 2007	30 years
PARKROYAL Yangon	– a 319-room hotel and 15 serviced suites at the corner of Alan Pya Phaya Road and Yaw Min Gyi Road, Yangon, Union of Myanmar	50-year lease from 1998	31 years

21. PROPERTY, PLANT AND EQUIPMENT (continued)

(d) The details of the Group's properties in property, plant and equipment at 31 December 2017 were: (continued)

		Tenure of land	Remaining lease term
PARKROYAL Melbourne Airport	– a 276-room hotel opposite Melbourne Airport, Australia	50-year lease from 1997 with an option to extend for a further 49 years subject to renewal of head lease	30+49 years
Pan Pacific Melbourne	– a 396-room hotel at South Wharf, Victoria, Australia	99-year lease from 2009	91 years
Proposed hotel at Bishopsgate site	– a proposed hotel with an estimated 237 rooms with a commercial component at Bishopsgate in the City of London	Freehold	–
Pan Pacific Singapore	– a 790-room hotel at Raffles Boulevard, Singapore	99-year lease from 1980	62 years
Marina Mandarin	– a 575-room hotel at Raffles Boulevard, Singapore	99-year lease from 1980	62 years
Westin Tianjin	– a 275-room hotel in Tianjin, The People's Republic of China	50-year lease from 2005	37 years

(e) The impairment charge for the financial year was in respect of the hotel property under development at Bishopsgate, London for an amount of $14,050,000 (2016: $26,700,000). The write-back of impairment charge for the financial year of $8,947,000 (2016: $2,741,000) was for Pan Pacific Tianjin.

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% (2016: 5.5%) and 7.5% (2016: 7.5%) respectively.

In 2017, there was an increase in total development cost estimate which resulted in the further impairment charge of $14,050,000 for the current financial year. 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 2017.

22. INTANGIBLES

	The Group 2017 $'000	The Group 2016 $'000	The Company 2017 $'000	The Company 2016 $'000
Trademarks [Note (a) below]	**7,268**	7,995	**–**	–
Computer software costs [Note (b) below]	**1,478**	1,131	**284**	–
Contract acquisition costs [Note (c) below]	**4,266**	4,033	**–**	–
Development property backlog [Note (d) below]	**132,572**	–	**–**	–
Goodwill arising on consolidation [Note (e) below]	**35,367**	11,202	**–**	–
	180,951	24,361	**284**	–

(a) Trademarks

	The Group 2017 $'000	The Group 2016 $'000
Cost		
At the beginning and end of the financial year	**14,806**	14,806
Accumulated amortisation		
At the beginning of the financial year	**6,811**	6,084
Amortisation for the financial year	**727**	727
At the end of the financial year	**7,538**	6,811
Net book value	**7,268**	7,995

(b) Computer software costs

	The Group 2017 $'000	The Group 2016 $'000	The Company 2017 $'000	The Company 2016 $'000
Cost				
At the beginning of the financial year	**8,693**	8,579	**1,461**	1,461
Currency translation differences	**(88)**	102	**–**	–
Additions	**494**	34	**348**	–
Disposals	**(371)**	(22)	**(364)**	–
At the end of the financial year	**8,728**	8,693	**1,445**	1,461
Accumulated amortisation				
At the beginning of the financial year	**7,562**	7,333	**1,461**	1,447
Currency translation differences	**(86)**	1	**–**	–
Amortisation for the financial year	**145**	250	**64**	14
Disposals	**(371)**	(22)	**(364)**	–
At the end of the financial year	**7,250**	7,562	**1,161**	1,461
Net book value	**1,478**	1,131	**284**	–

22. **INTANGIBLES** (continued)

(c) Contract acquisition costs

	The Group	
	2017 $'000	**2016 $'000**
Cost		
At the beginning of the financial year	**6,165**	3,907
Currency translation differences	**(2)**	6
Additions	**686**	2,252
At the end of the financial year	**6,849**	6,165
Accumulated amortisation		
At the beginning of the financial year	**2,132**	1,741
Currency translation differences	**(2)**	6
Amortisation for the financial year	**453**	385
At the end of the financial year	**2,583**	2,132
Net book value	**4,266**	4,033

(d) Development property backlog

	The Group	
	2017 $'000	**2016 $'000**
Cost		
Additions	**156,578**	–
At the end of the financial year	**156,578**	–
Accumulated amortisation		
Amortisation for the financial year	**24,006**	–
At the end of the financial year	**24,006**	–
Net book value	**132,572**	–

Development property backlog relates to the recognition of fair value on sold development properties of acquired subsidiaries in accordance with FRS103 Business Combinations and will be amortised as and when such profits are recorded by the acquired subsidiaries.

22. INTANGIBLES (continued)

(e) Goodwill arising on consolidation

	The Group	
	2017 $'000	**2016 $'000**
At the beginning of the financial year	**11,202**	11,202
Acquisition of a business (Note 38)	**25,087**	–
Currency translation differences	**(922)**	–
At the end of financial year	**35,367**	11,202

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	
	2017 $'000	**2016 $'000**
Singapore	**10,371**	10,371
Malaysia	**831**	831
Australia	**24,165**	–
	35,367	11,202

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 years (2016: 5 to 10 years) which were prepared based on the expected future market trend.

Key assumptions used for fair value less cost to sell calculations:

	Australia %	**Malaysia %**	**Singapore %**
2017			
Growth rate	**2.6**	**3.1**	**5.1**
Discount rate	**7.5**	**9.0**	**7.6**
2016			
Growth rate	–	3.3	4.8
Discount rate	–	9.0	7.7

23. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Current				
Trade payables:				
– non-related parties	**158,658**	69,542	**1,184**	951
Other payables:				
– rental and other deposits	**59,490**	32,479	**2,889**	666
– accrued interest payable	**9,377**	5,935	**697**	1,056
– retention monies	**41,516**	10,863	**49**	46
– accrued development expenditure	**19,810**	4,105	**–**	–
– accruals for completed projects	**66,139**	11,000	**–**	–
– accrued operating expenses	**119,008**	56,722	**9,165**	8,493
– sundry creditors	**17,648**	7,856	**3,065**	2,938
– deferred revenue	**435,948**	4,623	**–**	–
– subsidiaries (non-trade)	**–**	–	**1,434**	1,164
	768,936	133,583	**17,299**	14,363
Loans from subsidiaries	**–**	–	**841,100**	549,005
	927,594	203,125	**859,583**	564,319
Non-current				
Deferred revenue	**101,338**	105,361	**–**	–
Rental deposits	**82,959**	29,442	**2,310**	4,491
Retention monies	**25,416**	18,551	**–**	–
Accrued interest payable to non-controlling shareholder	**5,166**	3,659	**–**	–
	214,879	157,013	**2,310**	4,491
Total trade and other payables	**1,142,473**	360,138	**861,893**	568,810

(a) The loans from subsidiaries and non-trade amounts due to subsidiaries 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 progress billings relating to properties held for sale sold but accounted for using the completion of construction method and advance rental in respect of an operating lease where amounts are recognised in the income statement on a straight-line basis over the lease term.

24. BORROWINGS

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Bank loans (secured)	**255,109**	111,995	**–**	–
Bank loans (unsecured)	**542,474**	541,434	**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 25)	**270**	272	**–**	–
	972,814	728,675	**142,251**	215,533
Non-current				
Bank loans (secured)	**843,300**	567,118	**–**	–
Bank loans (unsecured)	**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]	**239,360**	239,120	**–**	–
Finance lease liabilities (Note 25)	**3,614**	3,634	**–**	–
	2,811,161	1,617,759	**179,040**	176,417
Total borrowings	**3,783,975**	2,346,434	**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.

(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	
	2017 $'000	2016 $'000
Bank deposits	**–**	200
Hotel properties	**684,793**	478,854
Investment properties	**1,430,773**	1,416,062
Development properties	**1,582,031**	992,741
	3,697,597	2,887,857

24. BORROWINGS (continued)

(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 35(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

	2017						2016				
	SGD %	USD %	RMB %	GBP %	EUR %	AUD %	SGD %	USD %	RMB %	GBP %	AUD %
Bank loans (secured)	**1.9**	**–**	**5.1**	**–**	**–**	**3.0**	1.6	–	5.0	–	3.2
Bank loans (unsecured)	**1.9**	**2.5**	**–**	**1.6**	**1.0**	**2.4**	1.6	2.1	–	1.6	2.4

The Company

	2017			2016	
	GBP %	SGD %	EUR %	GBP %	SGD %
Bank loans (unsecured)	**2.0**	**2.1**	**1.0**	1.8	–

(e) The fair values of non-current 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			
	2017 $'000	2016 $'000	2017 %	2016 %	2017 $'000	2016 $'000	2017 %	2016 %
3.043% unsecured fixed rate notes due 2017	**–**	75,000	**–**	3.0	**–**	75,000	**–**	3.0
2.50% unsecured fixed rate notes due 2018	**175,000**	174,874	**2.5**	2.6	**–**	–	**–**	–
2.50% unsecured fixed rate notes due 2020	**239,651**	239,320	**2.6**	3.1	**–**	–	**–**	–
	414,651	489,194			**–**	75,000		

25. 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	
	2017 $'000	**2016 $'000**
Minimum lease payments due		
– Not later than one year	**271**	273
– Between one and five years	**1,086**	1,091
– Later than five years	**19,949**	20,329
	21,306	21,693
Less: Future finance charges	**(17,422)**	(17,787)
Present value of finance lease liabilities	**3,884**	3,906

The present values of finance lease liabilities are analysed as follows:

	The Group	
	2017 $'000	**2016 $'000**
Not later than one year (Note 24)	**270**	272
Later than one year (Note 24)		
– Between one and five years	**1,080**	1,086
– Later than five years	**2,534**	2,548
	3,614	3,634
Total	**3,884**	3,906

26. DERIVATIVE FINANCIAL INSTRUMENT

	The Group			The Company		
	Contract notional amount $'000	**Fair value Asset $'000**	**Liability $'000**	**Contract notional amount $'000**	**Fair value Asset $'000**	**Liability $'000**
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)**
2016						
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 cash flow hedges – interest rate swaps are transacted to hedge variable interest expense on borrowings payable between October 2018 and August 2020 (2016: October 2018 and April 2019). 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.

27. LOANS FROM NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY (UNSECURED)

The loan from non-controlling shareholder of a subsidiary of $63,009,000 (2016: $63,009,000) bears interest at 1.5% (2016: 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 2.62% (2016: 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 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.

28. PROVISION FOR RETIREMENT BENEFITS

	The Group	
	2017	**2016**
	$'000	**$'000**
Non-current	**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	
	2017	**2016**
	$'000	**$'000**
At the beginning of the financial year	**4,927**	3,854
Benefits paid	**(11)**	(16)
Current service cost	**324**	327
Interest on obligation	**265**	277
Actuarial loss	**–**	561
Currency translation differences	**116**	(76)
At the end of the financial year	**5,621**	4,927

(c) The principal actuarial assumptions used in respect of the Group's defined benefit plan were as follows:

	The Group	
	2017	**2016**
	%	%
Discount rate	**5.4**	5.4
Future salary increase	**6.9**	6.9
Inflation rate	**3.5**	3.5
Normal retirement age (years)		
– Male	**60**	60
– Female	**60**	60

29. 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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deferred income tax assets				
– to be recovered within one year	**(728)**	(1,287)	**–**	–
– to be recovered after one year	**(277)**	(2,617)	**–**	–
	(1,005)	(3,904)	**–**	–
Deferred income tax liabilities				
– to be settled within one year	**3,133**	7,571	**–**	–
– to be settled after one year	**367,673**	85,726	**3,381**	2,960
	370,806	93,297	**3,381**	2,960

The movements in the deferred income tax account are as follows:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At the beginning of the financial year	**89,393**	84,457	**2,960**	3,490
Currency translation differences	**(871)**	(293)	**–**	–
Tax (credit)/charge to:				
– income statement [Note 9(a)]	**(1,184)**	4,106	**100**	(85)
– other comprehensive income [Note 31(f)]	**535**	(807)	**321**	(445)
Group tax relief	**442**	1,850	**–**	–
Acquisition of a business (Note 38)	**25,087**	–	**–**	–
Acquisition of subsidiaries (Note 38)	**256,305**	–	**–**	–
Under provision in prior financial year [Note 9(a)]	**94**	80	**–**	–
At the end of the financial year	**369,801**	89,393	**3,381**	2,960

Deferred income tax credited/(charged) against other comprehensive income (Note 31) during the financial year are as follows:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Hedging reserve [Note 31(f)]	**535**	(807)	**321**	(445)

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 $73,121,000 (2016: $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 $73,121,000 (2016: $58,927,000) can be carried forward for a period of up to five years subsequent to the year of the loss.

29. 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 comb-inations $'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
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)	–	–	(19)	(962)
Acquisition of a business (Note 38)	–	–	25,087	–	–	–	–	25,087
Acquisition of subsidiaries (Note 38)	187,368	101	25,075	23,321	–	23,142	–	259,007
Tax (credit)/charge to income statement	(3,541)	–	3,175	(2,215)	(6)	7,272	(119)	4,566
Tax charge to other comprehensive income	–	285	–	–	–	–	–	285
At the end of the financial year	**183,827**	**254**	**109,823**	**38,600**	**1,213**	**49,220**	**355**	**383,292**
2016								
At the beginning of the financial year	–	227	52,226	19,224	1,284	16,271	778	90,010
Currency translation differences	–	–	61	(349)	–	–	11	(277)
Tax charge/(credit) to income statement	–	–	3,892	(128)	(65)	2,535	(296)	5,938
Tax credit to other comprehensive income	–	(362)	–	–	–	–	–	(362)
At the end of the financial year	–	(135)	56,179	18,747	1,219	18,806	493	95,309

29. 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
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 38)	–	–	(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)**
2016					
At the beginning of the financial year	(166)	(1,825)	(2,836)	(726)	(5,553)
Currency translation differences	–	–	(16)	–	(16)
Tax (credit)/charge to income statement	–	–	(2,201)	449	(1,752)
Tax credit to other comprehensive income	(445)	–	–	–	(445)
Group tax relief	–	–	1,840	10	1,850
At the end of the financial year	(611)	(1,825)	(3,213)	(267)	(5,916)

The Company

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Total $'000
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**
2016		
At the beginning of the financial year	3,656	3,656
Tax credit to income statement	(85)	(85)
At the end of the financial year	3,571	3,571

29. DEFERRED INCOME TAXES (continued)

The Company (continued)

Deferred income tax assets

	Fair value loss on derivative financial instruments $'000	Total $'000
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)**
2016		
At the beginning of the financial year	(166)	(166)
Tax credit to other comprehensive income	(445)	(445)
At the end of the financial year	(611)	(611)

30. SHARE CAPITAL OF UOL GROUP LIMITED

	Number of shares '000	Amount $'000
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 38)	27,273	219,000
At the end of the financial year	**841,643**	**1,549,744**
2016		
At the beginning of the financial year	796,219	1,216,099
Proceeds from shares issued:		
– to holders of share options	222	1,095
Issue of shares under scrip dividend scheme	9,741	55,138
Shares cancelled upon buy-back	(1,571)	(2,479)
At the end of the financial year	804,611	1,269,853

30. SHARE CAPITAL OF UOL GROUP LIMITED (continued)

(a) All issued ordinary shares have no par value and are fully paid.

(b) During the financial year, the Company issued 2,233,000 (2016: 222,000) 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.

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 10 March 2017, options were granted pursuant to the 2012 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,366,000 ordinary shares in the Company (known as "the 2017 Options") at the exercise price of $6.61 per ordinary share. 1,366,000 options granted were accepted.

Statutory information regarding the 2017 Options is as follows:

(i) The option period begins on 10 March 2018 and expires on 9 March 2027 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.

30. SHARE CAPITAL OF UOL GROUP LIMITED (continued)

UOL Group Executives' Share Option Scheme (continued)

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							
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**		
2016							
2007 Options	204,000	–	(202,000)	–	2,000	4.91	16.03.2008 to 15.03.2017
2008 Options	130,000	–	–	(18,000)	112,000	3.68	07.03.2009 to 06.03.2018
2009 Options	62,000	–	–	–	62,000	1.65	06.03.2010 to 05.03.2019
2010 Options	304,000	–	–	–	304,000	3.95	05.03.2011 to 04.03.2020
2011 Options	346,000	–	(6,000)	–	340,000	4.62	04.03.2012 to 03.03.2021
2012 Options	655,000	–	(14,000)	–	641,000	5.40	23.08.2013 to 22.08.2022
2013 Options	853,000	–	–	(66,000)	787,000	6.55	08.03.2014 to 07.03.2023
2014 Options	795,000	–	–	(96,000)	699,000	6.10	12.03.2015 to 11.03.2024
2015 Options	1,225,000	–	–	(120,000)	1,105,000	7.67	11.03.2016 to 10.03.2025
2016 Options	–	1,224,000	–	(95,000)	1,129,000	5.87	11.03.2017 to 10.03.2026
	4,574,000	**1,224,000**	**(222,000)**	**(395,000)**	**5,181,000**		

Out of the outstanding options for 4,124,000 (2016: 5,181,000) shares, options for 2,832,000 (2016: 4,052,000) shares are exercisable at the end of the reporting period. The weighted average share price at the time of exercise was $7.97 (2016: $5.77) per share.

The fair value of options granted on 10 March 2017 (2016: 11 March 2016), determined using the Trinomial Tree Model was $1,544,000 (2016: $1,077,000). The significant inputs into the model were share price of $6.92 (2016: $5.88) at the grant date, exercise price of $6.61 (2016: $5.87), standard deviation of expected share price returns of 17.49% (2016: 19.53%), option life from 10 March 2018 to 9 March 2027 (2016: 11 March 2017 to 10 March 2026), annual risk-free interest rate of 2.30% (2016: 2.12%) and dividend yield of 2.33% (2016: 2.79%). 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.

31. RESERVES

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Composition:				
Share option reserve [Note (a) below]	**16,720**	17,097	**16,687**	15,314
Fair value reserve [Note (b) below]	**844,444**	587,562	**687,997**	490,217
Asset revaluation reserve [Note (c) below]	**20,790**	42,978	**–**	–
Capital reserves [Note (d) below]	**70,203**	293,580	**–**	–
Currency translation reserve [Note (e) below]	**(43,442)**	(25,428)	**–**	–
Hedging reserve [Note (f) below]	**(1,443)**	(3,642)	**(1,417)**	(2,985)
Others	**–**	–	**598**	598
	907,272	912,147	**703,865**	503,144

Revaluation and capital reserves are non-distributable.

(a) Share option reserve

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At the beginning of the financial year	**17,097**	15,806	**15,314**	14,211
Employee share option scheme of the Company:				
– Value of employee services	**1,407**	1,103	**1,373**	1,103
Share of associated company	**58**	188	**–**	–
Acquisition of subsidiaries and derecognition of associated companies	**(1,842)**	–	**–**	–
At the end of the financial year	**16,720**	17,097	**16,687**	15,314

(b) Fair value reserve

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At the beginning of the financial year	**587,562**	550,496	**490,217**	461,611
Fair value gains on available-for-sale financial assets (Note 15)	**256,882**	37,066	**197,780**	28,606
At the end of the financial year	**844,444**	587,562	**687,997**	490,217

(c) Asset revaluation reserve

	The Group	
	2017 $'000	2016 $'000
At the beginning of the financial year	**42,978**	42,976
Share of an associated company's acquisition of interests from non-controlling shareholders	**–**	2
Acquisition of subsidiaries and derecognition of associated companies	**(22,188)**	–
At the end of the financial year	**20,790**	42,978

The asset revaluation reserve of the Group does not take into account the surplus of $1,412,864,000 (2016: $1,093,397,000) arising from the revaluation of the hotel properties of the Group [Note 21(a)].

31. RESERVES (continued)

(d) Capital reserves

Composition of capital reserves is as follows:

	The Group	
	2017 **$'000**	**2016** **$'000**
Transfer from asset revaluation reserve for bonus issue of shares by a subsidiary	**55,846**	55,846
Share premium in a subsidiary attributable to the Group	**13,360**	13,360
Goodwill on consolidation	**997**	997
Acquisitions of associated companies (See below)	**–**	223,377
	70,203	293,580

The movement in capital reserves is as follows:

	The Group	
	2017 **$'000**	**2016** **$'000**
At the beginning of the financial year	**293,580**	293,580
Acquisition of subsidiaries and derecognition of associated companies (See below)	**(223,377)**	–
At the end of the financial year	**70,203**	293,580

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 38) which resulted in these associated companies becoming subsidiaries of the Group.

(e) Currency translation reserve

	The Group	
	2017 **$'000**	**2016** **$'000**
At the beginning of the financial year	**(25,428)**	(13,291)
Net currency translation differences of financial statements of foreign subsidiaries and an associated company	**(16,691)**	(7,210)
Share of an associated company's other comprehensive loss	**(903)**	(4,757)
Acquisition of subsidiaries and derecognition of associated companies	**(960)**	–
	(18,554)	(11,967)
Less: Amount attributable to non-controlling interests	**540**	(170)
	(18,014)	(12,137)
At the end of the financial year	**(43,442)**	(25,428)

31. RESERVES (continued)

(f) Hedging reserve

	The Group		The Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
At the beginning of the financial year	**(3,642)**	299	**(2,985)**	(812)
Fair value gains/(losses)	**147**	(6,639)	**96**	(3,831)
Deferred tax on fair value (Note 29)	**(535)**	807	**(321)**	445
Acquisition of subsidiaries and derecognition of a joint venture company	**(517)**	–	**–**	–
	(905)	(5,832)	**(225)**	(3,386)
Transfer to income statement				
– Finance expense (Note 7)	**3,385**	1,891	**1,793**	1,213
Less: Amount attributable to non-controlling interests	**(281)**	–	**–**	–
	2,199	(3,941)	**1,568**	(2,173)
At the end of the financial year	**(1,443)**	(3,642)	**(1,417)**	(2,985)

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.

32. DIVIDENDS

	The Group and the Company	
	2017 $'000	2016 $'000
Final one-tier dividend paid in respect of the previous financial year of 15.0 cents (2016: 15.0 cents) per share	**120,716**	119,416

At the forthcoming Annual General Meeting on 25 April 2018, a final one-tier dividend of 17.5 cents per share amounting to a total of $147,288,000 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 2018.

33. CONTINGENT LIABILITIES

The Company has guaranteed the borrowings of subsidiaries amounting to $2,053,611,000 (2016: $1,274,293,000). The borrowings of subsidiaries were denominated in Singapore Dollar except for an amount of $16,701,000 (2016: $25,439,000) which was denominated in United States Dollar, an amount of $581,124,000 (2016: $161,439,000) which was denominated in Pound Sterling and an amount of $310,786,000 (2016: $18,015,000) which was denominated in Australian Dollar.

At the end of the reporting period, the Group has given a guarantee of $1,857,000 (2016: $2,856,000) in respect of banking facilities granted to an associated company.

The Company has also given undertakings to provide financial support to certain subsidiaries.

The directors are of the view that no material losses will arise from these contingent liabilities.

34. 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 2017 $'000	The Group 2016 $'000
Expenditure contracted for:		
– property, plant and equipment	**186,088**	83,947
– development properties	**459,391**	289,795
– investment properties	**2,919**	–
	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 2017 $'000	The Group 2016 $'000
Not later than one year	**2,995**	3,143
Later than one year but not later than five years	**8,007**	6,417
Later than five years	**20,638**	25,245
	31,640	34,805

(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 2017 $'000	The Group 2016 $'000	The Company 2017 $'000	The Company 2016 $'000
Not later than one year	**404,239**	161,886	**15,445**	18,059
Later than one year but not later than five years	**696,993**	248,596	**18,904**	27,457
Later than five years	**126,876**	93,544	**–**	2,318
	1,228,108	504,026	**34,349**	47,834

34. COMMITMENTS (continued)

(c) Operating lease commitments – where a group company is a lessor (continued)

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 $3,174,000 (2016: $3,479,000) and $113,000 (2016: $138,000) respectively.

35. 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, currency forwards 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, associated companies and a joint venture company 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.

35. 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								
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)**

35. 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								
2016								
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)**

35. 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% (2016: 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)	
	2017 $'000	**2016 $'000**
USD against SGD		
– strengthens	**920**	(467)
– weakens	**(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**
The Company			
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)**
2016			
Financial assets			
Loans to subsidiaries	17,649	274,998	–
Financial liabilities			
Bank borrowings	–	(318,149)	–
Currency exposure	17,649	(43,151)	–

Assuming that the USD and GBP changes against SGD by 5% (2016: 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)	
	2017 $'000	**2016 $'000**
USD against SGD		
– strengthens	**608**	732
– weakens	**(608)**	(732)
GBP against SGD		
– strengthens	**3,101**	(1,791)
– weakens	**(3,101)**	1,791
EUR against SGD		
– strengthens	**(643)**	–
– weakens	**643**	–

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(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 available-for-sale financial assets.

Based on the portfolio of quoted equity securities held by the Group and the Company as at 31 December 2017, if prices for equity securities listed in Singapore change by 10% (2016: 10%) with all other variables being held constant, the fair value reserve will be higher/lower by $106,276,000 (2016: $80,767,000) and $80,339,000 (2016: $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'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 and AUD. If the SGD, USD, GBP and AUD interest rates increase/decrease by 1% (2016: 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 $13,502,000 (2016: $7,953,000) and $1,411,000 (2016: $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 an individual customer or counterparty is 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.

The Group's and the Company's maximum exposure to credit risk on corporate guarantees provided to banks on subsidiaries' loans are disclosed in Note 33.

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The credit risk of trade and other receivables based on the information provided to key management is as follows:

	The Group		The Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
By geographical areas				
Singapore	**457,807**	206,984	**1,139,897**	766,453
Australia	**6,367**	11,031	**472**	13
Vietnam	**1,421**	2,506	**86**	92
Malaysia	**1,671**	1,189	**5**	3
PRC	**10,870**	2,514	**15,374**	18,373
Myanmar	**766**	1,202	**1**	–
United Kingdom	**6,913**	2,042	**–**	–
Others	**2,408**	909	**–**	–
	488,223	228,377	**1,155,835**	784,934
By operating segments				
Property development	**311,090**	151,057	**406,936**	297,278
Property investments	**65,752**	20,838	**35,341**	35,086
Hotel operations	**31,284**	16,725	**17,059**	18,882
Management services and technologies	**80,097**	39,757	**370**	97
Investments	**–**	–	**696,129**	433,591
	488,223	228,377	**1,155,835**	784,934

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

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

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

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

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

	The Group		The Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Past due 0 to 3 months	**19,612**	4,996	**51**	17
Past due 3 to 6 months	**1,944**	1,533	**–**	–
Past due over 6 months	**2,579**	3,102	**–**	48
	24,135	9,631	**51**	65

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

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

	The Group		The Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Gross amount	**1,100**	416	**–**	–
Less: Allowance for impairment	**(1,056)**	(416)	**–**	–
	44	–	**–**	–
Beginning of financial year	**416**	359	**–**	–
Currency translation difference	**(25)**	–	**–**	–
Acquisition of subsidiaries	**745**	–	**–**	–
Allowance made – net	**133**	60	**–**	–
Allowance utilised	**(213)**	(3)	**–**	–
End of financial year	**1,056**	416	**–**	–

(c) Liquidity risk

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				
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	**1,137,708**	**1,452,146**	**7,803**
2016				
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	–

35. 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				
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**	**–**
2016				
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	–

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.

(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% (2016: 200%). The Group's and the Company's strategies, which were unchanged from 2016, 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.

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
Net debt ($'000)	**3,030,538**	2,107,931	**304,997**	390,270
Total equity ($'000)	**14,146,291**	8,635,364	**3,225,281**	2,841,222
Gearing ratio	**21%**	24%	**9%**	14%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

(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).

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

See Note 20 for disclosure of the investment properties that are measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2017				
The Group				
Assets				
Available-for-sale financial assets				
– Equity securities	1,062,758	–	68,944	1,131,702
– Derivative financial instrument	–	1,552	–	1,552
Liabilities				
Available-for-sale financial assets				
– Derivative financial instrument	–	(2,085)	–	(2,085)
The Company				
Assets				
Available-for-sale financial assets				
– Equity securities	803,387	–	62,579	865,966
Liabilities				
Available-for-sale financial assets				
– Derivative financial instrument	–	(1,708)	–	(1,708)
2016				
The Group				
Assets				
Available-for-sale financial assets				
– Equity securities	807,667	–	47,384	855,051
– Derivative financial instrument	–	207	–	207
Liabilities				
Available-for-sale financial assets				
– Derivative financial instrument	–	(4,272)	–	(4,272)
The Company				
Assets				
Available-for-sale financial assets				
– Equity securities	610,726	–	47,384	658,110
Liabilities				
Available-for-sale financial assets				
– Derivative financial instrument	–	(3,596)	–	(3,596)

The fair value of financial instruments traded in active markets (such as available-for-sale securities) 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 available-for-sale financial assets is calculated using the net asset value method.

Other available-for-sale financial assets 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 available-for-sale financial assets 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 2017 was 5% (2016: 27%). If the discount factor increases/decreases by 5% points (2016: 5% points), the fair value of the Level 3 unquoted available-for-sale financial assets will decrease/increase by $3,291,000 (2016: $3,241,000).

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

The following table presents the changes in Level 3 instruments:

	The Group and the Company	
	2017 $'000	**2016 $'000**
At the beginning of the financial year	**47,384**	45,659
Acquisition of subsidiaries (Note 38)	**6,365**	–
Fair value gains recognised in other comprehensive income	**15,195**	1,725
At the end of the financial year	**68,944**	47,384

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial assets and financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group and the Company for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

There is no transfer between Level 1, Level 2, and Level 3 of the fair value hierarchy for the financial years ended 31 December 2017 and 2016.

(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 and Note 26 to the financial statements, except for the following:

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Loans and receivables	**1,317,054**	531,515	**1,172,150**	786,641
Financial liabilities at amortised cost	**4,452,171**	2,659,597	**1,183,184**	960,760

36. 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	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Transactions with directors and their associates				
Proceeds from sale of development properties	**250**	621	**–**	–
Rental received	**451**	450	**353**	355
Interest paid/payable on shareholder's loan	**1,507**	1,558	**–**	–
Commission paid for sale of development properties	**997**	908	**–**	–
Transactions with associated companies and joint venture companies				
Fees received for management of development properties	**265**	449	**–**	–
Fees received for management of hotels	**5,294**	7,909	**–**	–
Fees received for operation of spas	**14**	53	**–**	–
Sale of gift vouchers	**–**	104	**–**	–
Accounting and corporate secretarial fee received	**371**	387	**96**	20
Commission received	**1,049**	46	**–**	–
Interest receivable on loans to joint venture companies	**2,109**	3,324	**–**	–
Purchase and maintenance of computers and software	**737**	884	**150**	187
Expenses for hotel and function room facilities	**195**	230	**6**	–

36. RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation is analysed as follows:

	The Group	
	2017 **$'000**	**2016** **$'000**
Salaries and other short-term employee benefits	**5,602**	5,884
Directors' fees	**863**	710
Post-employment benefits – contribution to CPF	**104**	135
Share options granted	**300**	234
	6,869	6,963

Total compensation to directors of the Company included in above amounted to $3,203,000 (2016: $2,946,000).

37. 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 investment – leasing of commercial properties and serviced suites.
- Hotel operations – operation of owned hotels.
- Investments – investment in quoted and unquoted available-for-sale financial assets.
- 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 Myammar 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 available-for-sale financial assets relates to equity shares in Singapore and The People's Republic of China.

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017

37. 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	1,166,687	–	42	–
Inter-segment sales	–	–	–	–
Sales to external parties	1,166,687	–	42	–
Adjusted EBITDA	164,498	(27)	(910)	(512)
Depreciation and amortisation	(24,006)	–	(37)	–
Other gains/(losses)	–	–	–	–
Fair value gains on investment properties	–	–	–	–
Share of (loss)/profit of associated companies	(3)	–	(70)	–
Share of profit of joint venture companies	5,134	–	–	–
Segment assets	2,536,855	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.

	Hotel operations					
Property investments* $'000	Singapore $'000	Australia $'000	Others^ $'000	Investments $'000	Others $'000	Total $'000
331,749	253,546	145,487	127,617	127,204	80,932	2,233,264
(4,684)	(429)	–	–	(97,436)	(27,563)	(130,112)
327,065	253,117	145,487	127,617	29,768	53,369	2,103,152
328,864	85,067	35,466	26,876	29,564	15,550	684,436
(3,758)	(55,511)	(18,245)	(27,658)	(22)	(2,040)	(131,277)
544,889	–	(15,171)	(5,103)	–	–	524,615
15,593	–	–	–	–	–	15,593
97,778	3,093	–	2,362	–	(2)	103,158
9,327	–	–	–	–	–	14,461
11,068,118	2,240,255	538,798	582,676	1,130,949	76,067	19,536,730
						86,716
						19,623,446
–	237,259	–	26,621	–	21,240	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
						2,163,373
						5,477,155

37. GROUP SEGMENTAL INFORMATION (continued)

The segment information provided to the Exco for the reportable segments for the year ended 31 December 2016 is as follows:

	Property development			
	Singapore $'000	Malaysia $'000	PRC $'000	United Kingdom $'000
2016				
Revenue				
Total segment sales	726,225	–	7,709	–
Inter-segment sales	–	–	–	–
Sales to external parties	726,225	–	7,709	–
Adjusted EBITDA	56,311	(28)	(1,477)	(168)
Depreciation and amortisation	–	–	(60)	–
Other gains/(losses)	–	–	–	–
Fair value losses on investment properties	–	–	–	–
Share of profit/(loss) of associated companies	149	–	(1,192)	–
Share of profit/(loss) of joint venture companies	3,365	–	–	–
Segment assets	1,353,034	2,645	258,528	152,298
Unallocated assets				
Total assets				
Total assets include:				
Investment in associated companies	263	–	188,724	–
Investment in joint venture companies	58,714	–	–	–
Additions during the financial year to:				
– property, plant and equipment	–	–	–	–
– investment properties	–	–	–	–
– intangibles	–	–	–	–
Segment liabilities	598,663	117	52,897	147,797
Unallocated liabilities				
Total liabilities				

* Included within are Malaysia and PRC operating segments which are not reportable segments individually.
^ Included within are Vietnam, Malaysia, PRC and Myanmar operating segments which are not reportable segments individually.

Property investments* $'000	Hotel operations Singapore $'000	Australia $'000	Others^ $'000	Investments $'000	Others $'000	Total $'000
230,569	172,904	122,297	134,848	124,107	54,099	1,572,758
(5,531)	(436)	–	–	(93,926)	(32,126)	(132,019)
225,038	172,468	122,297	134,848	30,181	21,973	1,440,739
278,435	60,160	29,192	28,189	30,152	11,798	492,564
(3,549)	(21,638)	(13,485)	(25,976)	–	(1,896)	(66,604)
684	–	–	(23,959)	–	–	(23,275)
(9,700)	–	–	–	–	–	(9,700)
125,922	4,839	–	1,195	–	(64)	130,849
(2,278)	–	–	–	–	–	1,087
7,543,301	637,275	281,905	403,648	855,072	52,970	11,540,676
						17,464
						11,558,140
3,156,172	46,200	–	8,108	–	10,360	3,409,827
19,033	–	–	–	–	–	77,747
1,869	6,044	24,340	31,238	–	400	63,891
187,729	–	–	–	–	–	187,729
–	–	–	34	–	2,252	2,286
322,118	131,872	100,269	31,135	90	14,312	1,399,270
						1,523,506
						2,922,776

37. 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:

	2017 $'000	2016 $'000
Adjusted EBITDA for reportable segments	**684,436**	492,564
Depreciation and amortisation	**(131,277)**	(66,604)
Other gains/(losses)	**524,615**	(23,275)
Fair value gains/(losses) on investment properties	**15,593**	(9,700)
Unallocated costs	**(18,086)**	(14,183)
Finance income	**11,666**	5,406
Finance expense	**(37,942)**	(30,292)
Profit before income tax	**1,049,005**	353,916

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.

	2017 $'000	2016 $'000
Segment assets for reportable segments	**19,536,730**	11,540,676
Unallocated:		
Cash and bank balances	**83,486**	12,393
Derivative financial instruments	**282**	207
Receivables and other assets	**246**	243
Current income tax assets	**220**	157
Property, plant and equipment	**1,193**	560
Intangibles	**284**	–
Deferred income tax assets	**1,005**	3,904
	19,623,446	11,558,140

37. 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.

	2017 $'000	2016 $'000
Segment liabilities for reportable segments	**3,313,782**	1,399,270
Unallocated:		
Other payables	**17,309**	16,720
Current income tax liabilities	**109,186**	50,699
Borrowings	**1,663,987**	1,358,518
Derivative financial instruments	**2,085**	4,272
Deferred income tax liabilities	**370,806**	93,297
	5,477,155	2,922,776

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 and Myanmar 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	
	2017 $'000	2016 $'000
Singapore	**1,789,501**	1,156,986
Australia	**145,487**	122,297
Malaysia	**41,684**	47,212
PRC	**56,577**	53,194
Vietnam	**32,505**	31,856
Myanmar	**16,920**	20,735
United Kingdom	**16,608**	4,943
Others	**3,870**	3,516
	2,103,152	1,440,739

37. GROUP SEGMENTAL INFORMATION (continued)

Geographical information (continued)

	Non-current assets	
	2017	**2016**
	$'000	**$'000**
Singapore	**12,391,277**	7,768,177
Australia	**519,815**	256,675
Vietnam	**82,198**	90,221
Malaysia	**153,454**	141,941
PRC	**367,805**	440,078
Myanmar	**43,576**	49,132
United Kingdom	**681,229**	228,941
Others	**1,582**	1,903
	14,240,936	8,977,068

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 2017 and 2016.

38. BUSINESS COMBINATION

(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 [Note 3(d)]. Accordingly, UIC Group has been consolidated as a subsidiary commencing 31 August 2017 under Financial Reporting Standards 110 – 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.

38. BUSINESS COMBINATION (continued)

(a) (continued)

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.

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 are now 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 19 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	(3,559,926)
Loss on derecognition of previously held interests	**(492,005)**

(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**

38. BUSINESS COMBINATION (continued)

(a) (continued)

(ii) Purchase consideration (continued)

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.

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 are included in "administrative expenses" in the consolidated income statement and in operating cash flows in the consolidated statement of cash flows.

38. BUSINESS COMBINATION (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 $542,075,000 (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 Financial Reporting Standards 103 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**

38. BUSINESS COMBINATION (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 22(e))	25,087
	Consideration transferred for the business	**264,437**

(iv) Acquisition-related costs

Acquisition-related costs of $15,172,000 are included in "Other gains/losses" in the consolidated income statement and in operating cash flows in the consolidated statement of cash flows.

(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.

(c) The Group completed the acquisition of a property investment business in London, 110 High Holborn on 15 June 2016, via its wholly owned subsidiary Success Venture Property Investments Limited, whose principal activity is that of property investment.

The transaction was deemed a business combination under Financial Reporting Standards 103 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	**181,749**
(ii)	Effect on cash flows of the Group:	
	Cash paid and cash outflow on acquisition	**181,749**

38. BUSINESS COMBINATION (continued)

(c) (continued)

	At fair value $'000
(iii) Identifiable assets acquired and liabilities assumed:	
Investment property (Note 20)	185,283
Total identifiable net assets	**185,283**
Less: Gain on purchase (Note 8)	(3,518)
Exchange differences	(16)
Consideration transferred for the business	**181,749**

(iv) Acquisition-related costs

Acquisition-related costs of $10,234,000 are shown as 'Other gains/losses' in the consolidated income statement and in operating cash flows in the consolidated statement of cash flows.

(v) Revenue and profit contribution

The acquired business contributed revenue of $4,943,000 and net profit of $3,577,000 to the Group from the period from 16 June 2016 to 31 December 2016.

Had the acquired business been consolidated from 1 January 2016, consolidated revenue and consolidated profit for the year ended 31 December 2016 would have been $1,444,922,000 and $308,696,000 respectively.

(vi) Gain on purchase

The gain on purchase of $3,518,000 from the acquisition is attributable to the difference between the fair value of the investment property at acquisition date and the consideration for the property and is recorded in the consolidated income statement (Note 8).

39. 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 2018 and which the Group has not early adopted:

(a) FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

(a) FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018) (continued)

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.

Under FRS 109, there were no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair changes arising from changes in own credit risk. For liabilities designed at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

There is also now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 40). The new accounting framework has similar requirements of FRS 109. The impact arising from the adoption of this standard has been assessed to be immaterial.

(b) FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

This is the converged standard on revenue recognition. It replaces FRS 11 Construction Contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

(b) FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018) (continued)

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group has assessed the effects of applying the new standard on the Group's financial statements and has identified that the Group is likely to be affected by the accounting for certain costs incurred in fulfilling a contract where certain costs which are currently expensed may need to be recognised as an asset under FRS 115. The impact arising from the adoption of this standard has been assessed to be immaterial.

(c) INT FRS 122 Foreign Currency Transactions and Advance Considerations (effective for annual periods beginning on or after 1 January 2018)

INT FRS 122 Foreign Currency Transactions and Advance Considerations considers how to determine the date of the transactions when applying the standard on foreign currency transactions, FRS 21 The Effect of Changes in Foreign Exchange Rates. The Interpretation applies where the Group either pays or receives consideration in advance for foreign currency-denominated contracts.

For single upfront payment/receipt, the Interpretation states that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of the related item, should be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity should determine the date of the transaction for each payment or receipt.

The Interpretation is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The impact arising from the adoption of the Interpretation has been assessed to be immaterial.

(d) FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, 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.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

(d) FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019) (continued)

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 40). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

40. ADOPTION OF SFRS(I)S

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)s") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I)s on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I)s for the quarter ended 31 March 2018 in April 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group will also concurrently apply new major SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers. The estimated impact arising from the adoption of SFRS(I)s on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. The Group plans to elect relevant optional exemptions and the exemptions resulting in adjustments to the Group's financial statements prepared under SFRS(I)s are as follows:

(i) Cumulative translation differences

The Group plans to elect to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, reserves and retained earnings as at 1 January 2017 and 31 December 2017 will be increased/reduced by $25,428,000 respectively.

(i) Deemed cost exemption

The Group plans to elect and regard 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 is reclassified directly into retained earnings on the date of initial adoption and reserves and retained earnings as at 1 January 2017 and 31 December 2017 will be reduced/increased by $20,790,000 respectively.

40. ADOPTION OF SFRS(I)S (continued)

(b) Adoption of SFRS(I) 9

The Group plans to elect to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 December 2017.

(i) Classification and measurement

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9. 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.

(ii) Impairment of financial assets

The following financial assets will be subject to the expected credit loss model under the SFRS(I) 9:

– trade receivables and contract assets recognised under the SFRS(I) 15;
– debt instruments carried at amortised cost; and
– loans to related parties and other receivables at amortised cost.

An increase in provision for impairment for the above financial assets and corresponding decrease in opening retained earnings may arise from the application of the expected credit loss impairment model.

The impact arising from the adoption of this standard has been assessed to be immaterial.

(c) Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively. The impact arising from the adoption of SFRS(I) 15 has been assessed to be immaterial (Note 39(b)).

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 27 February 2018.

Interested Person Transactions

For the financial year ended 31 December 2017

	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**
	United Industrial Corporation Limited ("UIC") and/or its subsidiaries*	
1	UVD (Projects) Pte. Ltd. ("UVDP"), a joint venture with an associate of director[1] – contribution of equity and shareholders' loans (including interest income) for the acquisition and redevelopment of Raintree Gardens at Potong Pasir Ave 1 – receipt of project management fee and accounting fee income	51,105
2	United Venture Investments (HI) Pte. Ltd. ("UVIHI"), a joint venture with an associate of director[1] – receipt of interest income on shareholders' loans – receipt of accounting fee income	323
3	United Venture Development (Clementi) Pte. Ltd. ("UVDC"), a joint venture with an associate of director for the development of The Clement Canopy[1] – contribution of shareholders' loans (including interest income) – receipt of project management fee, accounting fee and marketing fee income	5,586
4	United Venture Development (Thomson) Pte. Ltd. ("UVDT"), a joint venture with an associate of director for the development of Thomson Three[1] – receipt of project management fee, accounting fee and marketing fee income	126
5	Hotel Marina City Private Limited, an associate of director – receipt of hotel management fee and related income	3,911
	Kheng Leong Co (Pte) Ltd ("KLC") and/or its subsidiaries	
6	Jin Qing (Shanghai) Investment Consultancy Co., Ltd, an associate of director – 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]	125
7	Secure Venture Development (Alexandra) Pte. Ltd. ("SVDA"), a joint venture with an associate of director for the development of Principal Garden[3] – receipt of interest income on shareholders' loans – receipt of project management fee and accounting fee income	3,350
8	Secure Venture Development (No. 1) Pte. Ltd. ("SVD1"), a joint venture with an associate of director for the enbloc acquisition and redevelopment of Nanak Mansion at Meyer Road[3] – contribution of equity and shareholders' loans (including interest income)	13,139
	Acquisition of UIC shares	
9	Subsidiaries of Haw Par Corporation Limited, associates of directors	
	– 27,272,727 new shares allotted for the acquisition of 60,000,000 UIC shares	219,000
	– acquisition of 9,571,883 UIC shares	31,656
	Dr Wee Cho Yaw, Chairman and Director of the Company	
	– acquisition of 1,891,719 UIC shares	6,256
	Associate of Mr Gwee Lian Kheng, Group Chief Executive and Director of the Company	
	– acquisition of 70,640 UIC shares	234
	Mr Wee Sin Tho, Director of the Company	
	– acquisition of 143,417 UIC shares	474

Interested Person Transactions

For the financial year ended 31 December 2017

Footnotes

* With effect from 29 June 2017:

(a) other than shareholding interest held through the Company, Dr Wee Cho Yaw has less than 5% interest in UIC; and

(b) on that basis, transactions with UIC and/or its subsidiaries would fall within the exception set out in Rule 915(3) of the Listing Manual, and the Company would not be required to comply with the requirements set out in Rules 905, 906 and 907 of the Listing Manual relating to "interested parties transactions" for these transactions.

Accordingly, the disclosures above relating to interested parties transactions entered into with UIC and/or its subsidiaries are computed up to 29 June 2017.

1 The amounts disclosed do not include amounts paid to UIC's subsidiaries by the relevant joint venture entity (being UVDP, UVIHI, UVDC, UVDT or UVDB, as the case may be) for services provided by UIC's subsidiaries to that joint venture entity.

2 Based on the effective rate of RMB0.20836: S$1 as at 31 December 2017. 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.

3 The amounts disclosed do not include amount paid to KLC by the relevant joint venture entity (i.e. SVDA and SVD1) for services provided by KLC to SVDA and SVD1.

MATERIAL CONTRACTS

Except as disclosed under the section on Interested Person Transactions above and in Note 36 (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 2018

Class of shares : Ordinary shares
Voting rights : One vote per share

SIZE OF SHAREHOLDERS

RANGE	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	5,815	23.22	162,708	0.02
100 – 1,000	8,998	35.93	3,665,904	0.43
1,001 – 10,000	8,187	32.70	28,610,593	3.40
10,001 – 1,000,000	2,013	8.04	83,943,873	9.97
1,000,001 AND ABOVE	27	0.11	725,604,154	86.18
TOTAL	**25,040**	**100.00**	**841,987,232**	**100.00**

LOCATION OF SHAREHOLDERS

COUNTRY	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
SINGAPORE	21,719	86.74	829,965,933	98.57
MALAYSIA	2,833	11.31	10,517,992	1.25
OTHERS	488	1.95	1,503,307	0.18
TOTAL	**25,040**	**100.00**	**841,987,232**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	127,398,488	15.13
2.	C. Y. WEE & COMPANY PRIVATE LIMITED	115,162,017	13.68
3.	WEE INVESTMENTS (PTE) LIMITED	110,855,836	13.17
4.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	95,345,249	11.32
5.	DBS NOMINEES (PRIVATE) LIMITED	79,972,992	9.50
6.	TYE HUA NOMINEES (PTE) LTD	59,258,209	7.04
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	44,856,017	5.33
8.	DBSN SERVICES PTE. LTD.	32,004,778	3.80
9.	RAFFLES NOMINEES (PTE) LIMITED	19,082,540	2.27
10.	BPSS NOMINEES SINGAPORE (PTE.) LTD.	9,328,931	1.11
11.	WEE CHO YAW	3,661,566	0.43
12.	KAH MOTOR CO SDN BHD	3,477,010	0.41
13.	DB NOMINEES (SINGAPORE) PTE LTD	3,345,844	0.40
14.	HO HAN LEONG CALVIN	2,765,000	0.33
15.	DOMITIAN INVESTMENT PTE LTD	2,733,449	0.32
16.	NGEE ANN DEVELOPMENT PTE LTD	2,154,334	0.26
17.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,714,374	0.20
18.	MERRILL LYNCH (SINGAPORE) PTE LTD	1,478,833	0.18
19.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,390,472	0.17
20.	UOB NOMINEES (2006) PRIVATE LIMITED	1,352,697	0.16
	TOTAL	**717,338,636**	**85.21**

Based on information available to the Company as at 8 March 2018, approximately 56.51% 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 2018

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	298,080,739 [2]	301,742,305	35.84
2.	Wee Ee Cheong	318,417	226,115,947 [3]	226,434,364	26.89
3.	C. Y. Wee & Company Private Limited	115,162,017	–	115,162,017	13.68
4.	Wee Ee-chao	31,735	111,148,057 [4]	111,179,792	13.20
5.	Wee Ee Lim	260,975	110,873,954 [5]	111,134,929	13.20
6.	Wee Investments (Pte) Limited	110,855,836	–	110,855,836	13.17
7.	Haw Par Corporation Limited	–	72,044,768 [6]	72,044,768	8.56
8.	United Overseas Bank Limited ("UOB")	–	60,104,898 [7]	60,104,898	7.14

Notes:

1 As a percentage of the issued share capital of the Company, comprising 841,987,232 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) 110,855,836 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) 110,855,836 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) 110,855,836 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

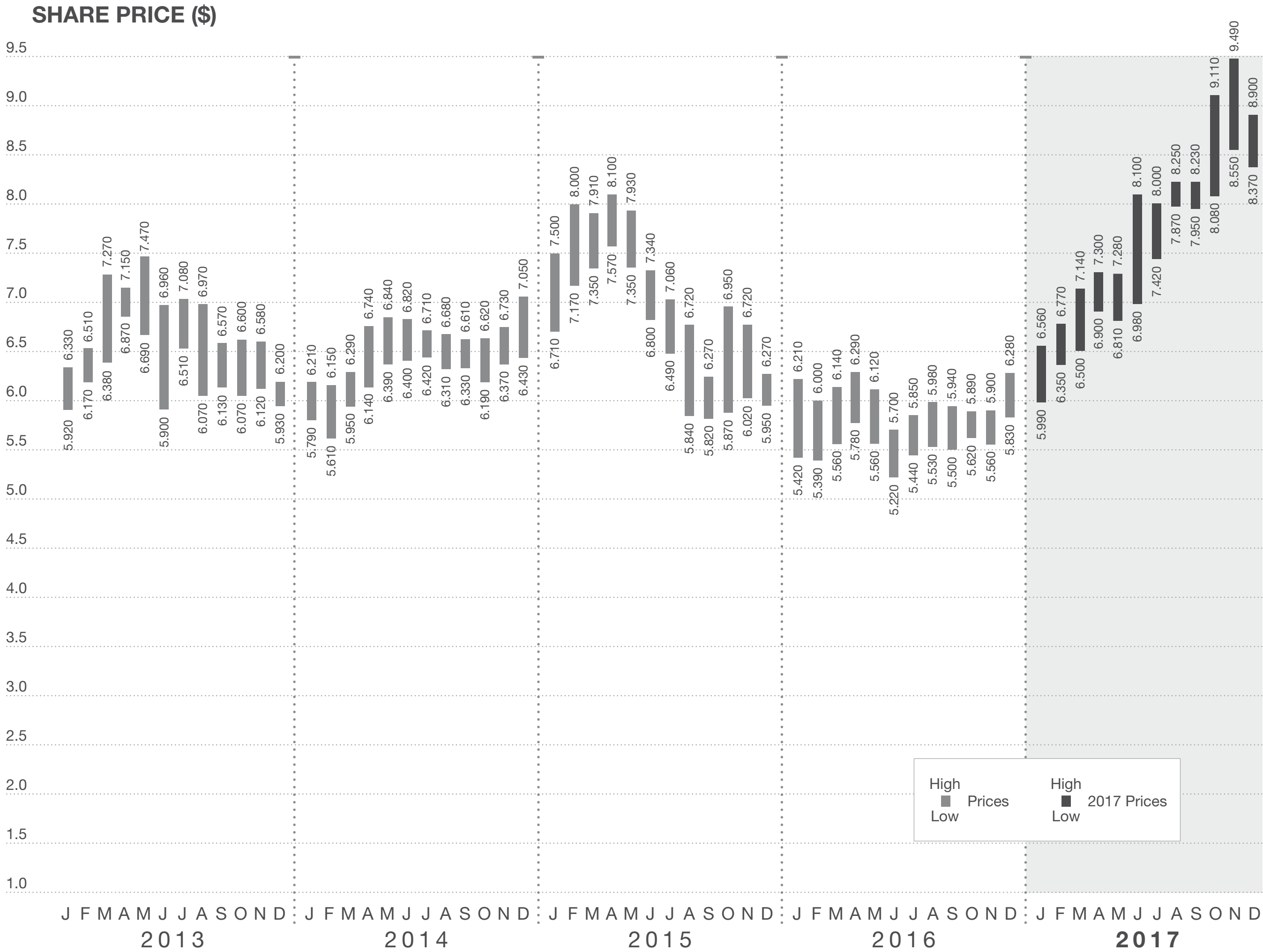
5 Mr Wee Ee Lim's deemed interest in the shares arises as follows:
(a) 110,855,836 shares held by Wee Investments (Pte) Limited
(b) 18,118 shares held by Kheng Leong Company (Private) Limited

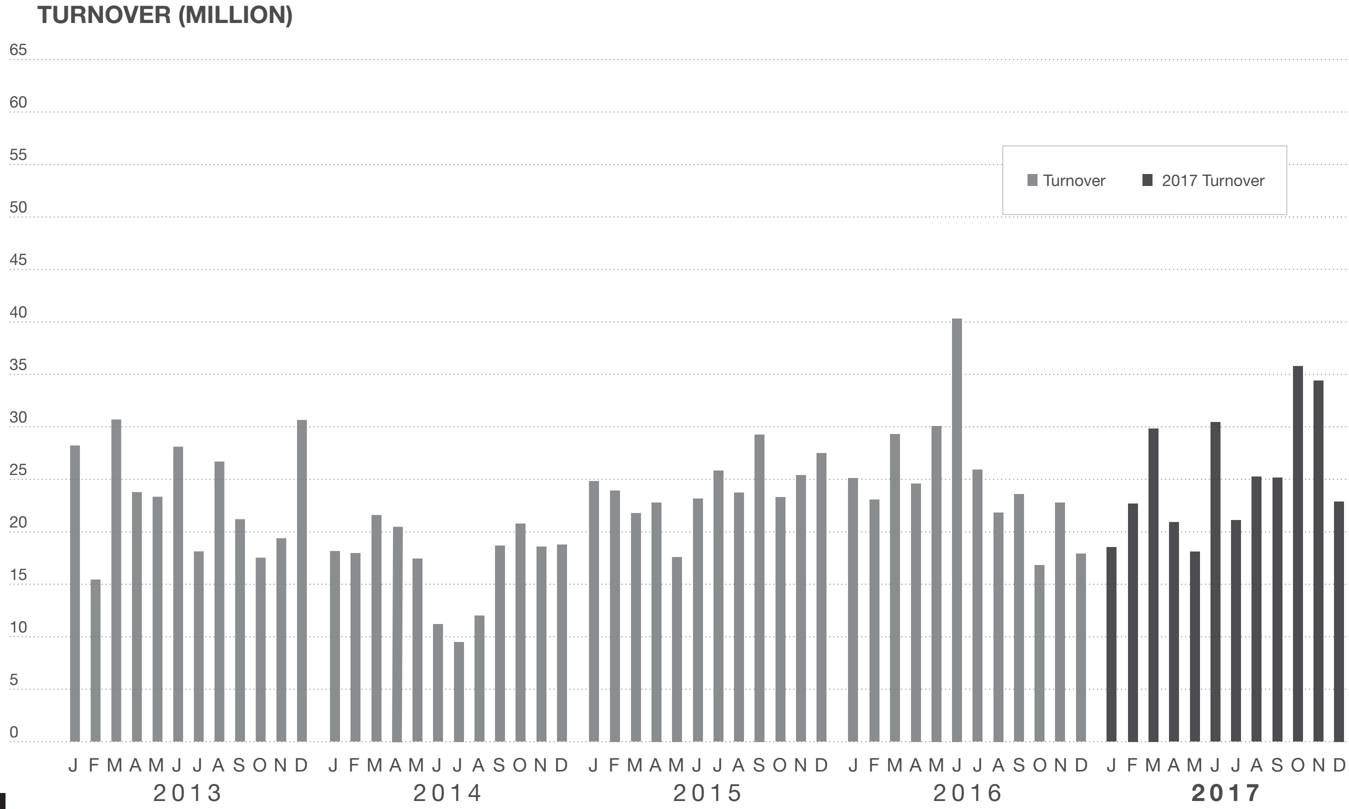
6 Haw Par Corporation Limited's deemed interest in the shares arises as follows:
(a) 28,705,436 shares held by Haw Par Investment Holdings Private Limited
(b) 38,649,505 shares held by Haw Par Capital Pte Ltd
(c) 1,888,037 shares held by Pickwick Securities Private Limited
(d) 695,598 shares held by 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) 859,000 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 2013 to 31 December 2017





Notice of Annual General Meeting

Notice is hereby given that the 55th 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 Wednesday, 25 April 2018, 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 2017 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 2017.

Resolution 3 To approve Directors' fees of $760,500 for 2017 (2016: $608,400).

Resolution 4 To re-elect Dr Wee Cho Yaw, who retires by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company.

Resolution 5 To re-elect Mr Tan Tiong Cheng, who retires by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company.

Resolution 6 To re-elect Mr Wee Ee-chao, who retires by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company.

Resolution 7 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 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 2018

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 the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 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**, Dr Wee Cho Yaw will, upon re-election, continue as the Chairman of the Board of Directors and the Executive Committee, and as a Member of the Remuneration and Nominating Committees. He is considered a non-independent Director. Dr Wee is the father of Mr Wee Ee Lim and Mr Wee Ee-chao, who are both Directors and substantial shareholders of the Company. Dr Wee is also the father of Mr Wee Ee Cheong, substantial shareholder of the Company. Please refer to the 'Board of Directors' section of the Company's Annual Report 2017 for information on the current directorships in other listed companies and other principal commitments of Dr Wee.

2. In relation to **Resolution 5**, Mr Tan Tiong Cheng will, upon re-election, continue as a Member of the Audit and Risk Committee. He is considered an independent Director. There are no relationships (including immediate family relationships) between Mr Tan and the other Directors, the Company or its 10% Shareholders*. Please refer to the 'Board of Directors' section of the Company's Annual Report 2017 for information on the current directorships in other listed companies and other principal commitments of Mr Tan.

3. In relation to **Resolution 6**, Mr Wee Ee-chao will, upon re-election, continue as a Member of the Board of Directors. He is considered a non-independent Director. 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 Lim, Director and substantial shareholder of the Company and Mr Wee Ee Cheong, substantial shareholder of the Company. Please refer to the 'Board of Directors' section of the Company's Annual Report 2017 for information on the current directorships in other listed companies and other principal commitments of Mr Wee.

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 2018, 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 54th Annual General Meeting of the Company on 26 April 2017.

   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 2017, based on certain assumptions, are set out in Appendix A of the Letter to Shareholders dated 2 April 2018 (the "Letter").

   Please refer to the Letter for more details.

* "10% Shareholder" is a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the Company. "Voting shares" exclude treasury shares.

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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 2018.

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 55th Annual General Meeting of the Company (the "AGM") to be held at PARKROYAL on Beach Road, Grand Ballroom, 7500 Beach Road, Singapore 199591, on Wednesday, 25 April 2018 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 Dr Wee Cho Yaw as Director		
5	Re-election of Mr Tan Tiong Cheng as Director		
6	Re-election of Mr Wee Ee-chao as Director		
7	Re-appointment of PricewaterhouseCoopers LLP as Auditor		
Special Business			
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 __________ 2018

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 the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, 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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Please
Affix
Postage
Stamp

PROXY FORM

The Company Secretary
UOL GROUP LIMITED

c/o

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

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UOL
华业集团

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At The Forefront

UOL GROUP LIMITED / ANNUAL REPORT 2017