UOL 华业集团

CREATING VALUE SUSTAINING GROWTH

ANNUAL REPORT **2015**

CREATING VALUE
SUSTAINING GROWTH

CONTENTS

Principal Garden (artist's impression)

VISION

A ROBUST PROPERTY GROUP DEDICATED TO CREATING VALUE, SHAPING FUTURE.

MISSION

DRIVING INSPIRATIONS, FULFILLING ASPIRATIONS.

CORE VALUES

PASSION DRIVES US

INNOVATION DEFINES US

ENTERPRISE PROPELS US

CORPORATE SOCIAL RESPONSIBILITY SHAPES US

PEOPLE, OUR LEADING ASSET

ABOUT US

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

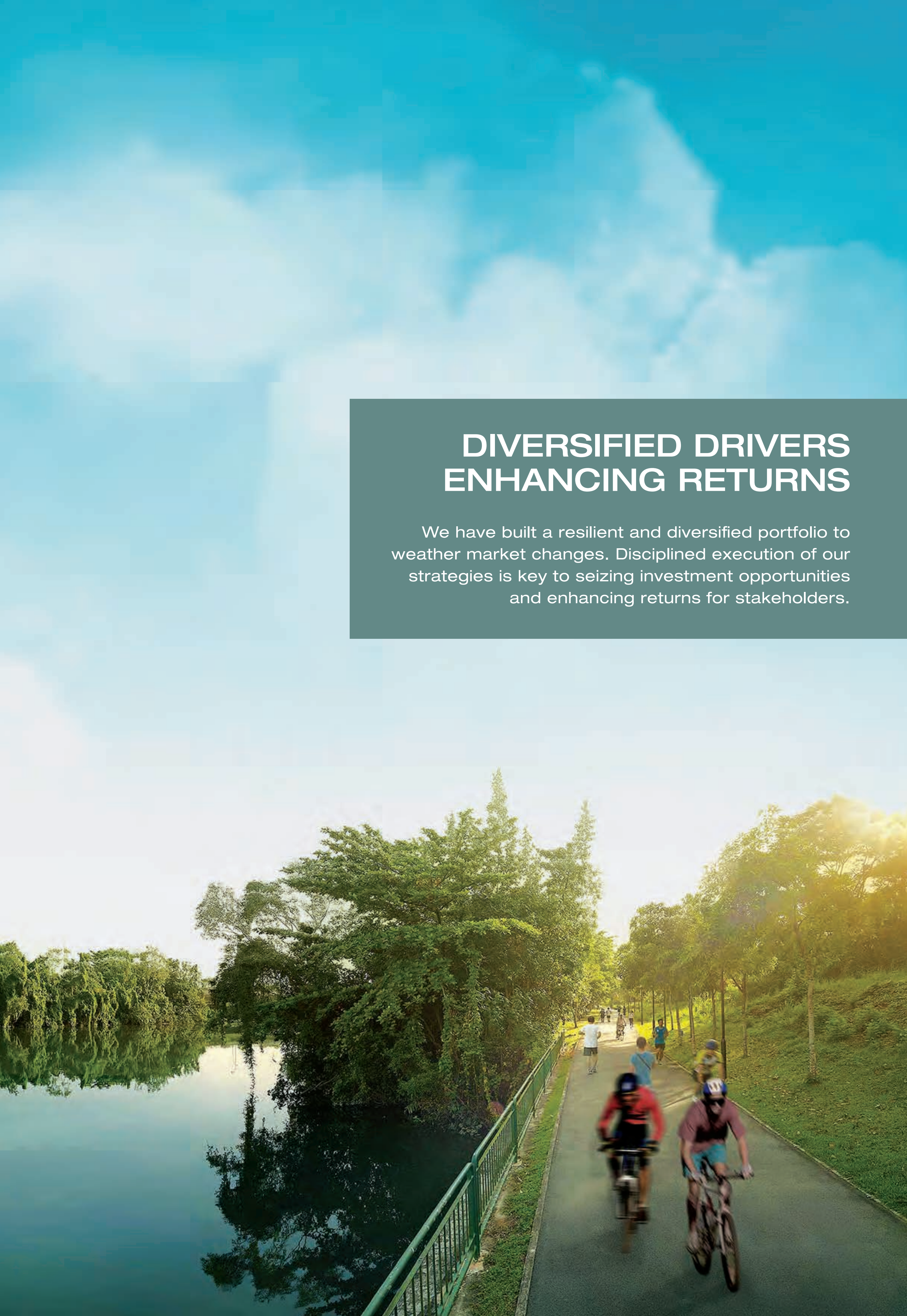
With a track record of over 50 years, UOL strongly believes in delivering product excellence and quality service in all our business ventures. Our list of property development projects includes residential units, office towers and shopping malls, hotels and serviced suites.

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 9,800 rooms in its portfolio.

Even as we venture into new markets, we stay true to our core values, building on Passion, Innovation, Enterprise, Corporate Social Responsibility and People.

Riverbank@Fernvale (artist's impression)



DIVERSIFIED DRIVERS ENHANCING RETURNS

We have built a resilient and diversified portfolio to weather market changes. Disciplined execution of our strategies is key to seizing investment opportunities and enhancing returns for stakeholders.

Pan Pacific Serviced Suites Beach Road and The Plaza (right)

STRENGTHENING BRAND GROWING FOOTPRINT

Our expertise and experience allow us to build a strong brand that personifies innovative products and quality service. With our brand equity, we seek to grow our footprint across the globe.

OneKM and Katong Regency (above the mall)

CREATING IMPACT ENRICHING LIVES

We have a responsibility to the environment and the communities in which we live, work and play. Through our sound business practices and corporate social responsibility programme, we aim to be a socially responsible company that creates a positive impact and enriches lives.

FINANCIAL HIGHLIGHTS

REVENUE
$1.28b
Decreased 6% from FY2014's $1.36b

PROFIT BEFORE INCOME TAX
$460.4m
Decreased 45% from FY2014's $837.0m

NET ATTRIBUTABLE PROFIT
$391.4m
Decreased 43% from FY2014's $686.0m

DIVIDEND PER SHARE
15 cents
First and final of 15 cents
(FY2014's dividend was 15 cents)

EARNINGS PER SHARE
49.4 cents
Decreased 44% from FY2014's 88 cents

TWO-YEAR FINANCIAL HIGHLIGHTS

	2015 $'000	2014 $'000	Increase/ (Decrease) %
For the financial year			
Revenue	**1,278,749**	1,360,719	(6)
Profit before income tax	**460,373**	836,966	(45)
Profit after income tax and non-controlling interests	**391,389**	685,996	(43)
Return on equity (%)	**4.96**	8.98	(45)
At 31 December			
Share capital	**1,216,099**	1,151,512	6
Reserves	**889,866**	977,032	(9)
Retained earnings	**5,788,210**	5,514,185	5
Shareholders' funds	**7,894,175**	7,642,729	3
Total assets	**11,501,281**	11,848,461	(3)
Per ordinary share			
Basic earnings before fair value and other gains/(losses) (cents)	**44.2**	51.0	(13)
Basic earnings (cents)	**49.4**	88.0	(44)
Gross dividend declared (cents)	**15.0**	15.0	-
Dividend cover (times)	**3.3**	5.8	(43)
Net tangible asset backing ($)	**9.89**	9.68	2

RETURN ON EQUITY
4.96%
Decreased 45% from FY2014's 8.98%

GEARING RATIO
0.27
Decreased 21% from FY2014's 0.34

INTEREST COVER RATIO
10x
Down from FY2014's 15x

SHAREHOLDERS' FUNDS
$7.89b
Increased 3% from FY2014's $7.64b

TOTAL ASSETS
$11.50b
Decreased 3% from FY2014's $11.85b

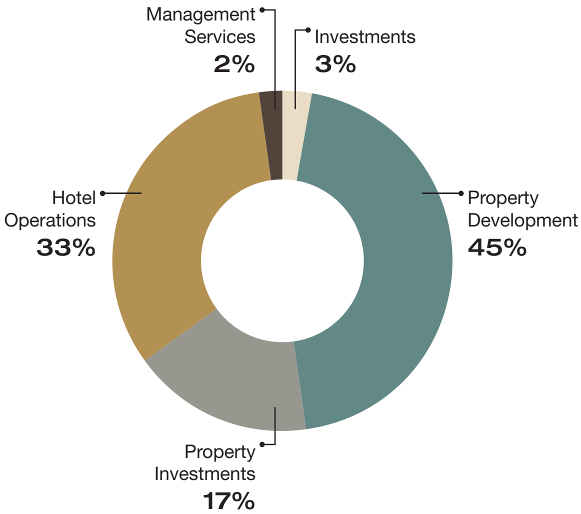
Principal Garden's Clubhouse (artist's impression)

QUARTERLY RESULT

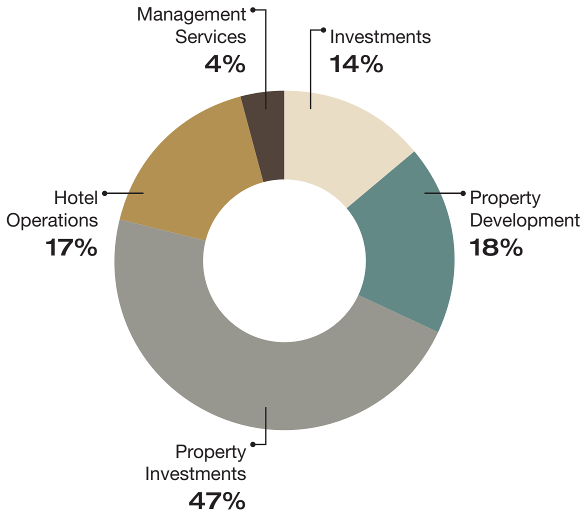
	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Total	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Revenue										
2015	**238,270**	**18**	**342,227**	**27**	**353,988**	**28**	**344,264**	**27**	**1,278,749**	**100**
2014	408,776	30	213,618	16	433,542	32	304,783	22	1,360,719	100
Profit before income tax										
2015	**89,625**	**19**	**175,704**	**38**	**118,490**	**26**	**76,554**	**17**	**460,373**	**100**
2014	191,106	23	242,699	29	124,306	15	278,855	33	836,966	100
Net profit										
2015	**77,852**	**19**	**164,454**	**40**	**104,773**	**25**	**66,099**	**16**	**413,178**	**100**
2014	154,980	20	231,066	31	108,533	14	265,696	35	760,275	100
Net attributable profit										
2015	**74,231**	**19**	**152,497**	**39**	**100,828**	**26**	**63,833**	**16**	**391,389**	**100**
2014	120,825	18	211,722	31	102,567	15	250,882	36	685,996	100
Basic earnings per ordinary share (in cents)										
2015	**9.4**	**19**	**19.4**	**39**	**12.8**	**26**	**7.9**	**16**	**49.4**	**100**
2014	15.7	18	27.4	31	13.2	15	31.7	36	88.0	100

BUSINESS AT A GLANCE

REVENUE BY BUSINESS SEGMENT



PROFIT FROM OPERATIONS BY BUSINESS SEGMENT



The Group's key revenue drivers are property development, property investments and hotel operations.

Revenue

$1.28b

-6% (y-o-y)

Decrease mainly due to lower property development and hotel operations' revenue

Net Attributable Profit

$391.4m

-43% (y-o-y)

Decrease mostly due to lower fair value gains on investment properties (including those of associated companies)

Pre-tax Profit

(Before Fair Value and Other Gains/Losses)

$411.6m

-20% (y-o-y)

Due to one-time profit of $98.9m from the sale of Jalan Conlay land in 2014

Return On Equity

4.96%

-45% (y-o-y)

Archipelago

PROPERTY DEVELOPMENT

Revenue (-15%)

2015	$577.5m
2014	$675.9m

Profit from Operations (-63%)

2015	$54.5m
2014	$146.5m

UOL is committed to architectural and quality excellence as reflected in its award-winning residential developments.

Key Facts

- Sale of about 850 residential units with a total value of more than $900 million based on bookings
- Achieved Temporary Occupation Permit (TOP) for Katong Regency and Archipelago
- Launched two projects – Botanique at Bartley and Principal Garden
- Successfully tendered for the land parcel on Clementi Avenue 1 for a sum of $302.1 million through a 50:50 joint venture

PROPERTY INVESTMENTS

Revenue (+11%)

2015	$219.4m
2014	$198.2m

Profit from Operations (+5%)

2015	$144.7m
2014	$137.3m

UOL's owned and managed investment properties include commercial offices, retail malls and serviced suites.

Key Facts

- Five commercial offices – Novena Square, United Square, Odeon Towers, Faber House and One Upper Pickering, with a total net lettable area of 98,885 sqm
- Three themed shopping malls – Velocity@Novena Square, United Square and OneKM, with a total net lettable area of 54,227 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 rooms
- Largest single stakeholder, owning 44.3% stake, of listed company United Industrial Corporation Limited
- Holds 22.7% stake in Marina Centre Holdings Pte Ltd which has interests in Marina Square Shopping Mall, Mandarin Oriental, Marina Mandarin and Pan Pacific Singapore

HOTEL OPERATIONS

Revenue (-4%)

2015	$419.4m
2014	$437.6m

Profit from Operations (-28%)

2015	$51.9m
2014	$72.6m

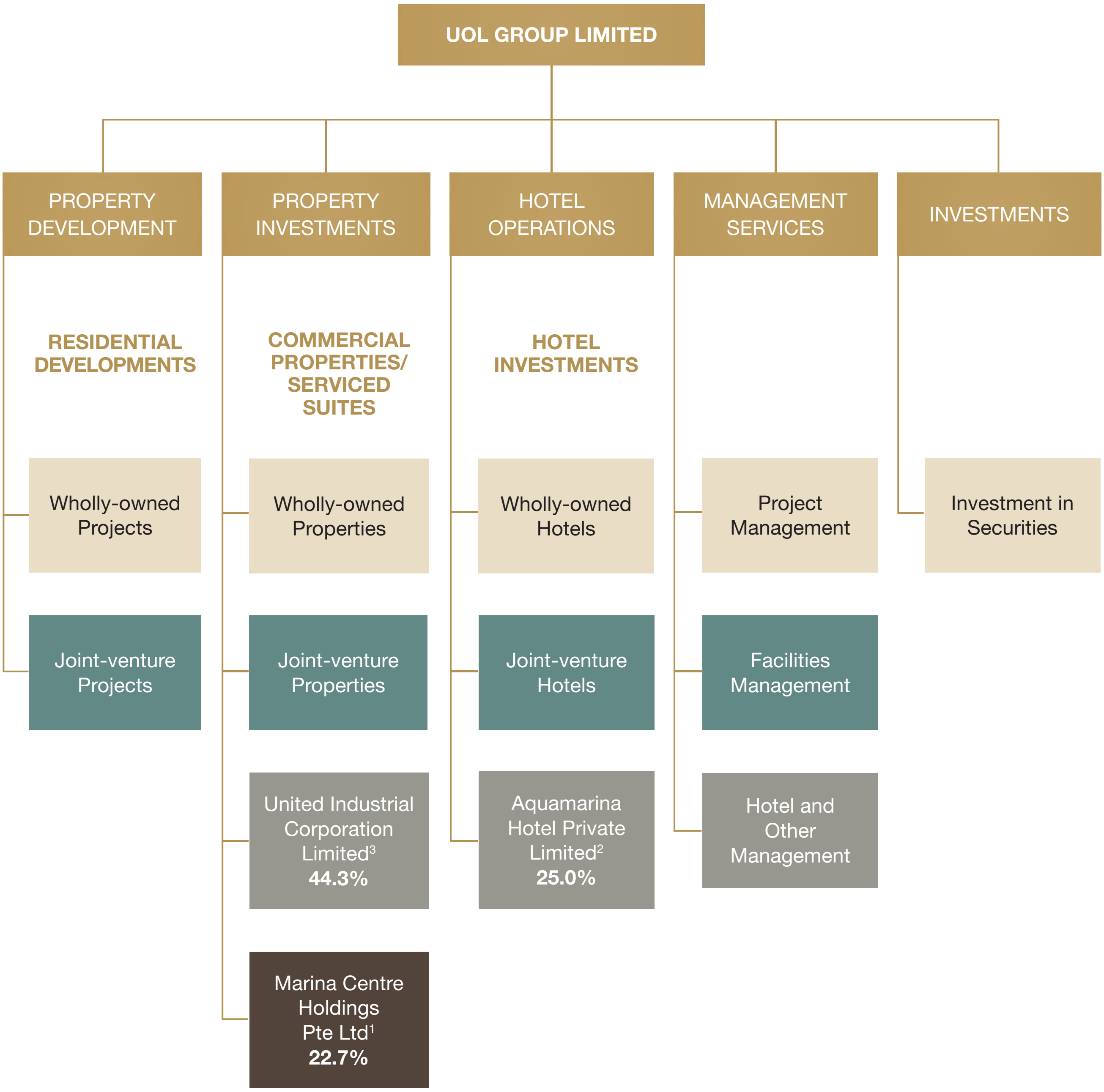
Through PPHG, UOL owns "Pan Pacific" and PARKROYAL brands. PPHG owns and/or manages over 30 hotels, resorts and serviced suites in Asia, Oceania and North America.

Key Facts

- Pan Pacific's portfolio comprises 22 hotels, resorts and serviced suites, including those under development
- PARKROYAL's portfolio comprises 16 hotels, resorts and serviced suites, including those under development
- PPHG signed a management agreement with Pearl Discovery Development Sdn Bhd to open Pan Pacific Serviced Suites Puteri Harbour, which features 205 luxury serviced suites scheduled to open in early 2018
- Holds 25.0% stake in Aquamarina Hotel Private Limited which owns Marina Mandarin

GROUP BUSINESS

As at 2 March 2016



Notes:

1 Marina Centre Holdings Pte Ltd has interests in Marina Square Shopping Mall, Pan Pacific Singapore, Mandarin Oriental and Marina Mandarin.

2 Aquamarina Hotel Private Limited owns Marina Mandarin.

3 Listed on the Singapore Exchange.

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

EXECUTIVE COMMITTEE

Wee Cho Yaw
Chairman

Wee Ee Lim

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

Bernold Olaf Schroeder
Chief Executive Officer (Hotels)

Foo Thiam Fong Wellington
Chief Financial Officer

Neo Soon Hup
Chief Financial Officer &
Head of Business Development
(Pan Pacific Hotels Group Limited)

COMPANY SECRETARIES

Foo Thiam Fong Wellington

Yeong Sien Seu

AUDITORS

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-charge:
Tan Khiaw Ngoh
Year of appointment: 2011

PRINCIPAL BANKERS

United Overseas Bank Limited

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

DBS Bank Ltd

Sumitomo Mitsui Banking Corporation

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
Website : 6536 1360

HIGHLIGHTS

Botanique at Bartley (artist's impression) has strong locational attributes and high-quality specifications

MARCH

- UOL participated and shared its success in using good design to drive innovation and create value for its products at the Singapore Design Business Summit.

APRIL

- Botanique at Bartley, a 797-unit condominium in the city fringe, saw healthy sales during its weekend launch. It was also the top-selling development in May and June.
- United Square was the first shopping mall to partner the National Environment Agency in its Project EARTH initiative to have a host of green activities for shoppers under one roof. Dr Yaacob Ibrahim, Minister for Communications and Information and Minister-in-charge of Muslim Affairs, graced the launch event. The partnership showed UOL's commitment towards conserving and protecting the environment.
- UOL staff and retailers at United Square and OneKM participated in the countdown to the 28th SEA Games (Southeast Asian Games) and the videos were broadcast on the SEA Games website.

MAY

- Pan Pacific Serviced Suites Beach Road was the World Silver Winner at the FIABCI World Prix d'Excellence Awards 2015.
- In celebration of Singapore's Golden Jubilee, the Group's three malls – United Square, Velocity@ Novena Square and OneKM offered attractive SG50 promotions and jointly held a Festive Celebration Draw for shoppers to win the grand prize – a luxury Mercedes Benz C180.
- PPHG partnered the National Council of Social Service to launch Eat Well With Us. Eight chefs from PPHG designed healthy recipes to bring a wider variety of meals to six charity homes, benefitting more than 1,000 elderly, disabled and underprivileged children.

JULY

- Singapore's first bicycle-sharing facility in a condominium was launched at Riverbank@Fernvale. Residents of the 555-unit condominium can book bicycles for free and use them to enjoy scenic rides around the Sengkang estate.
- UOL's second sustainability report entitled "Future. Now." was published, outlining the Group's improvements in operational efficiency.

AUGUST

- The 244-unit Katong Regency along Tanjong Katong Road, received TOP.
- PARKROYAL on Pickering was showcased in two exhibitions – Green Living 2015 and Build Eco Xpo Asia 2015 – held during the Singapore Green Building

Week, organised by the Building and Construction Authority of Singapore (BCA). The exhibitions saw a total turnout of over 15,000 visitors. The hotel was also featured in a "Green Mark 10th Year Commemorative Book" launched by BCA, documenting the best green building projects in Singapore.

SEPTEMBER

- The 577-unit Archipelago near Bedok Reservoir, received TOP.
- UOL joined the Straits Times Index as one of the 30 blue-chip constituent stocks listed in Singapore.
- UOL was conferred the Best Property Portfolio Management Team Award by Capital Finance International, which is a print and online publication for markets worldwide.
- PPHG announced extensive refurbishments to four of its properties across Asia Pacific, namely PARKROYAL on Beach Road in Singapore, PARKROYAL Yangon in Myanmar, as well as PARKROYAL Parramatta and Pan Pacific Perth in Australia.
- United Square was the sole venue in Singapore to hold, with its tenant Toys "R" Us, the worldwide release of the new line of Star Wars toys based on the new chapter of the Star Wars saga. Over 300 fans flocked to the mall to join in the midnight opening festivities.

OCTOBER

- Over 60% of the 200 units released were sold in the initial launch of Principal Garden. The 663-unit development at Prince Charles Crescent was jointly developed by UOL and Kheng Leong Company. It was the top-selling development during its debut month.
- PPHG clinched a management contract to operate the 205-room Pan Pacific Serviced Suites Puteri Harbour in Iskandar, Johor. This would be its first Pan Pacific-branded serviced suites in Malaysia and is due to open in early 2018.
- PARKROYAL on Pickering was awarded Business Event Venue of the Year at the Singapore Experience Awards by the Singapore Tourism Board.
- Pan Pacific Orchard, Singapore, Pan Pacific Serviced Suites Orchard, Pan Pacific Nirwana Bali Resort and PARKROYAL on Pickering secured awards at the World Travel Awards.

NOVEMBER

- OneKM and Spottiswoode Residences clinched the winning title for the Retail and Residential (High-rise) categories respectively at the FIABCI Singapore Property Awards 2015. In addition, PARKROYAL on Pickering was presented with the FIABCI Singapore SG50 Special Award in acknowledgement as one of the best entries submitted since the launch of FIABCI Singapore Property Awards in 2011.

DECEMBER

- UOL's senior management team was awarded the Real Estate Management Team of the Year Award at the Singapore Business Review's Management Excellence Awards 2015 for their contributions towards the Group's profitability and growth in the last 50 years.
- PARKROYAL on Pickering was the Gold Winner in the Best Hotel and Tourism Development category at the MIPIM Asia Awards 2015 for its architectural design and sustainable features.
- UOL was featured as one of the developers which shaped the landscape of Singapore at the SG50 exhibition by the Real Estate Developers' Association of Singapore (REDAS).
- UOL was awarded the 99-year leasehold site at Clementi Avenue 1 through a joint venture with Singland Homes.

PARKROYAL on Pickering was showcased at Green Living 2015 to introduce its sustainable features

CHAIRMAN'S STATEMENT

2015 REVIEW

The Singapore economy grew by 2.0% in 2015, slower than the 3.3% growth in 2014. Sales of new homes remained lacklustre with 7,440 homes sold in 2015, marginally higher than the 7,316 homes sold in 2014 but much lower than the 14,948 homes sold in 2013. For 2015, home prices fell by 3.7%, compared with the 4.0% fall in 2014. Office rents declined by 6.5% in 2015 while retail rents fell by 4.1%.

Total visitor arrivals in Singapore increased marginally by 0.9% to 15.2 million from 15.1 million in 2014. Average occupancy for the hotel industry in Singapore remained largely unchanged at 85.0% while average room rate declined by 4.8% to $246 from $258 in 2014. Consequently, revenue per available room declined by 5.4% to $209 from $221 in 2014.

PROFIT AND DIVIDEND

For the year ended 31 December 2015, pre-tax profit before fair value and other gains (including those of associated companies) was $411.6 million, a decrease of $103.6 million or 20% compared with the profit of $515.2 million in 2014. The decrease was attributed mainly to the recognition of one-time pre-tax profit of $98.9 million from the sale of the land at Jalan Conlay in 2014. Fair value and other gains/(losses) (including the fair value gains of associated companies) was $48.8 million as compared to $321.8 million in 2014. Consequently, profit before income tax was $460.4 million, a 45% decrease from the profit of $837.0 million in 2014. Profit after tax and non-controlling interest was $391.4 million or a 43% decrease from the profit of $686.0 million in 2014.

The Group's shareholders' funds increased from $7.6 billion as at 31 December 2014 to $7.9 billion as at 31 December 2015 due mainly to profits recognised in 2015. Net tangible asset per ordinary share of the Group increased to $9.89 as at 31 December 2015 from $9.68 as at 31 December 2014.

The Board is recommending a first and final dividend of 15 cents per share (unchanged from 2014) amounting to $119.4 million (2014: $118.1 million).

CORPORATE DEVELOPMENTS

Acquisition of Residential Site at Clementi Avenue 1, Singapore

In December 2015, wholly-owned subsidiary UOL Venture Investments Pte. Ltd. ("UVI") and Singland Homes Pte. Ltd., a subsidiary of United Industrial Corporation Limited, successfully tendered for the residential site at Clementi Avenue 1 for a sum of $302.1 million. The 99-year leasehold site with an area of 13,037.8 sqm can be developed into approximately 505 units of apartments. A joint venture company United Venture Development (Clementi) Pte. Ltd. in which UVI has a 50% interest, has been incorporated to undertake the proposed development.

Issue of $175.0 million Notes

On 20 April 2015, UOL Treasury Services Pte. Ltd., a wholly-owned subsidiary, issued $175.0 million in principal amount of 2.5% notes due 2018 under its $1 billion multicurrency medium term note programme and which are unconditionally and irrevocably guaranteed by the Company. The net proceeds from the issue were used for refinancing of existing borrowings of the Group.

SUCCESSION PLANNING

In August 2015, the Board appointed Mr Wee Ee Lim as Deputy Chairman of the Board and a Member of the Executive Committee as part of succession planning. Concurrently, Mr Wee Ee-chao relinquished his role as an Executive Committee Member.

At the same time, the Board announced the promotion of Mr Liam Wee Sin to Deputy Group Chief Executive Officer of the Company. With the promotion, Mr Liam was given full responsibility for the day-to-day management of the Group including the hospitality division. Mr Liam will continue to report to the Group Chief Executive, Mr Gwee Lian Kheng.

OUTLOOK FOR 2016

The year 2016 started with turbulence in the global financial markets amidst renewed concerns about risks to global economic growth. Of concern are China's slower growth and the fall in commodity prices. In Singapore, the forecast is for the economy to grow between 1.0 and 3.0% in 2016. In the residential property market, sale of new homes in Singapore is expected to remain subdued in light of slowing economic growth and the continuing effects of the cooling measures. Office rentals will continue to face the pressure as more new supply is expected to come on-stream in the second half of 2016. Similarly, retail rentals could soften further with new supply and weak retail sales. With an uncertain global economic outlook, the hospitality sector in the Asia Pacific will continue to face competitive pressures.

ACKNOWLEDGEMENT

I wish to thank my fellow Board members for their invaluable contributions during the 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 2016

BOARD OF DIRECTORS

1. WEE CHO YAW

Chairman

Non-Executive and Non-Independent Director

Dr Wee, 87, was first appointed to the Board on 23 April 1973 and last re-appointed as Director at UOL's Annual General Meeting on 22 April 2015. Dr Wee chairs the UOL Board and its Executive Committee. He is a Member of the Nominating and Remuneration Committees. Dr Wee also chairs Pan Pacific Hotels Group Limited ("PPHG"), a wholly-owned subsidiary of UOL which was delisted from the Official List of the Singapore Exchange Securities Trading Limited on 2 October 2013.

Dr Wee is a veteran banker with more than 50 years of banking experience. Dr Wee is the chairman emeritus and adviser of United Overseas Bank Limited and Far Eastern Bank Limited. He is also the chairman of United Overseas Insurance Limited, Haw Par Corporation Limited, United Industrial Corporation Limited, Marina Centre Holdings Private Limited, Wee Foundation and Chung Cheng High School. Previously, he chaired the boards of United International Securities Limited and Singapore Land Limited.

Dr Wee is the honorary president of Singapore Chinese Chamber of Commerce & Industry, Singapore Federation of Chinese Clan Associations and Singapore Hokkien Huay Kuan.

Dr Wee received a Chinese high school education. He had served on numerous school management committees, and on the Nanyang University Council and the Council of the National University of Singapore. Dr Wee is the pro-chancellor of Nanyang Technological University, a position he has held since 2004.

Dr Wee was conferred an Honorary Doctor of Letters by the National University of Singapore in 2008 and received a second Honorary Doctor of Letters in 2014 from the Nanyang Technological University. Both Honorary Doctor of Letters were conferred in recognition of his long-standing support of education and outstanding contributions to community welfare and the Singapore business community. In 2011, he received the Distinguished Service Order, Singapore's highest National Day Award, from the President of Singapore for his outstanding contributions to the economic, education, social and community development fields in Singapore. He was a recipient of the inaugural Credit Suisse-Ernst & Young Lifetime Achievement Award in 2006, and was named Businessman of the Year twice at the Singapore Business Awards in 1990 and 2001. He was also conferred the Lifetime Achievement Award by The Asian Banker in 2009.

2. WEE EE LIM

Deputy Chairman

Non-Executive and Non-Independent Director

Mr Wee, 54, was appointed as the Deputy Chairman of the Board of Directors of UOL 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 22 April 2014. Mr Wee, who is a Non-Executive and Non-Independent Director, is also a Member of the Executive Committee and Audit and Risk Committee.

Mr Wee holds a Bachelor of Arts (Economics) degree from the Clark University, USA.

Mr Wee joined Haw Par Corporation Limited in 1986 and is currently its president and chief executive officer. He is also a director of United Industrial Corporation Limited and Wee Foundation. Until 24 July 2015, Mr Wee was a director of Hua Han Bio-Pharmaceutical Holdings Limited (a company listed on the Hong Kong Stock Exchange) and previously a director of PPHG and Singapore Land Limited (both of which have been delisted).

3. GWEE LIAN KHENG

Group Chief Executive

Executive and Non-Independent Director

Mr Gwee, 75, 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 22 April 2015. Mr Gwee is the Group Chief Executive of UOL and PPHG and has been with UOL since 1973. Mr Gwee is an Executive and Non-Independent Director, and a Member of the Executive Committee.

BOARD OF DIRECTORS

Mr Gwee holds a Bachelor of Accountancy (Honours) degree from the University of Singapore. He is a fellow of the Chartered Institute of Management Accountants (United Kingdom), the Association of Chartered Certified Accountants (United Kingdom), and the Institute of Singapore Chartered Accountants.

Mr Gwee holds directorships in various UOL subsidiaries and is a director of United Industrial Corporation Limited. Previously, he was a director of Singapore Land Limited.

Mr Gwee was also awarded the Pingat Bakti Masyarakat (PBM) Public Service Medal and the Bintang Bakti Masyarakat (BBM) Public Service Star.

4. LOW WENG KEONG

Non-Executive and Independent Director

Mr Low, 63, 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 22 April 2015. As an Independent and Non-Executive Director, Mr Low chairs the Audit and Risk Committee and Nominating Committee, and is also a Member of the Executive Committee and Remuneration Committee.

Mr Low is a life member of CPA Australia, a fellow of the Institute of Chartered Accountants in England & Wales and the Institute of Singapore Chartered Accountants, an associate of the Chartered Institute of Taxation (United Kingdom) and an accredited tax adviser of the Singapore Institute of Accredited Tax Professionals.

Mr Low is an independent director of Riverstone Holdings Limited, Bracell Limited (formerly known as Sateri Holdings Limited, a company listed on the Hong Kong Stock Exchange) and iX Biopharma Limited (a company listed on Catalist). He is also a director of the Singapore Institute of Accredited Tax Professionals Limited and the Confederation of Asian and Pacific Accountants Limited. He was formerly the country managing partner of Ernst & Young, Singapore, and the past global chairman and president of CPA Australia. Mr Low was previously an independent director of Unionmet (Singapore) Limited and PPHG.

5. WEE SIN THO

Non-Executive and Independent Director

Mr Wee, 67, 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 22 April 2014. He is an Independent and Non-Executive Director and the Chairman of the Remuneration Committee.

Mr Wee holds a Bachelor of Social Sciences (Honours) degree from the University of Singapore.

Mr Wee is the senior adviser of the Office of the President of the National University of Singapore and an independent director of the National Gallery Singapore, Farrer Way Pte Ltd, Leap Philanthropy Ltd and Acru China+Absolute Return Fund Limited. He also sits on the board of directors of Keppel Telecommunications & Transportations Ltd. Mr Wee was a director of Hwa Hong Corporation Limited and the chief executive officer of HLG Capital Bhd, a holding company listed in Bursa Malaysia which is involved in asset management and stockbroking.

6. TAN TIONG CHENG

Non-Executive and Independent Director

Mr Tan, 65, was first appointed to the Board on 29 May 2013 and was last re-elected as Director at UOL's Annual General Meeting on 22 April 2014. He is an Independent and Non-Executive Director, and a Member of the Audit and Risk Committee.

A Colombo Plan Scholar, Mr Tan graduated top of his class with a Diploma in Urban Valuation from the University of Auckland, New Zealand. Mr Tan is a fellow of the Singapore Institute of Surveyors and Valuers, a fellow of the Association of Property and Facility Managers, and an associate of the New Zealand Institute of Valuers. He is a member of the Valuation Review Board.

Mr Tan is an independent director of Heeton Holdings Limited and Straits Trading Co. Ltd., and also the chairman of Knight Frank Pte Ltd. Over the last four decades, Mr Tan has amassed an extensive and in-depth knowledge of real estate, both in the public and private sectors.

7. WEE EE-CHAO

Non-Executive and Non-Independent Director

Mr Wee, 61, 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 is a Non-Executive and Non-Independent Director. He relinquished his role as an Executive Committee Member on 12 August 2015.

Mr Wee holds a Bachelor of Business Administration degree from the American University Washington D.C., USA.

Mr Wee is currently the chairman and managing director of UOB-Kay Hian Holdings Limited and holds directorships in most of the UOB Kay Hian group of companies. He has led the management of UOB-Kay Hian Holdings Limited for more than 25 years. Mr Wee also manages Kheng Leong Company (Private) Limited, which is involved in real estate development and investments, and is a non-executive director of Haw Par Corporation Limited. Mr Wee is also the chairman of UOB Kay Hian Securities (Thailand) Public Co Limited, a company listed on the Stock Exchange of Thailand. Mr Wee was previously a Director of PPHG.

8. PONGSAK HOONTRAKUL

Non-Executive and Independent Director

Dr Hoontrakul, 55, 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 19 April 2013. He is an Independent and Non-Executive Director, and a Member of the Nominating Committee.

Dr Hoontrakul is currently a member of the International Advisory Council of the Schulich School of Business, York University, Toronto, Canada, and a member of the Advisory Panel for the International Association of Deposit Insurance, Switzerland.

Dr Hoontrakul received a Doctoral degree in Business Administration in Finance, Thammasat University, a Master in Business Administration from Sasin Institute, Chulalongkorn University and a Bachelor of Science degree in Industrial and System Engineering from San Jose State University, USA. He was also the recipient of the Best Research Paper Award for ASEAN Scholars at the annual Asia Pacific Finance Association in 2001. He is a fellow member of the Institution of Director, Thailand.

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 Institute, Chulalongkorn University, Thailand until May 2013.

KEY MANAGEMENT EXECUTIVES

As at 2 March 2016

Foo Thiam Fong Wellington   Liam Wee Sin   Gwee Lian Kheng   Bernold Olaf Schroeder   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 was appointed as the Deputy Group Chief Executive Officer on 12 August 2015. He is also a Board Member of several UOL subsidiaries.

Prior to joining UOL in 1993, Mr Liam spent eight years in the public sector overseeing architectural works and facilities management. He also worked with Jones Lang Wootton, taking on project management and consultancy work.

As an advocate of good design and green architecture, Mr Liam is a member of URA Architecture and Urban Design Excellence Committee. He also serves as an executive committee member of the Real Estate Developers' Association of Singapore. Previously, he held positions as a member of URA Design Advisory Committee, Preservation of Monuments Board and National Crime Prevention Council.

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

BERNOLD OLAF SCHROEDER

Chief Executive Officer (Hotels)
Pan Pacific Hotels Group Limited

Mr Schroeder was appointed as the Chief Executive Officer of Pan Pacific Hotels Group Limited on 2 January 2014. With over 20 years of executive management experience in the hotel industry, Mr Schroeder oversees PPHG's operations, strategy and performance. Prior to joining PPHG, Mr Schroeder was based in Shanghai as Chief Executive Officer of Jin Jiang International Hotels. He has also held senior management positions with Banyan Tree Hotels and Resorts, and worked with Hyatt Corporation in New York and Holiday Inn Asia Pacific in Hong Kong.

Mr Schroeder received his education in the hospitality industry in Germany and has completed executive programmes at Cornell University and Stanford-NUS. He also holds a director certificate from the Thai Institute of Directors Association.

Mr Schroeder was awarded Best Leader in China's Hospitality Industry at the 10th Golden-Pillow Award of China Hotels. He also received the Platinum Five-Star Medal (Top 10 Men in China's Hotel Industry) at the 13th China Hotel Golden Horse Award in 2013.

FOO THIAM FONG WELLINGTON

Chief Financial Officer/Group Company Secretary
UOL Group Limited

Mr Foo joined UOL in 1977, and is currently the Chief Financial Officer/Group Company Secretary. He manages the Group's finance, and legal and secretariat departments. He is a Director of several UOL subsidiaries.

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

NEO SOON HUP

Chief Financial Officer and Head of Business Development
Pan Pacific Hotels Group Limited

Mr Neo was appointed as the Chief Financial Officer of PPHG in 2005 and has recently taken on another portfolio as Head of Business Development. He is currently a Director of several of its subsidiaries. He oversees PPHG's corporate finance, financial control, information technology system, performance management, information management, procurement and business development.

Mr Neo brought with him 13 years of experience in auditing from PricewaterhouseCoopers before joining the Group in 2003. He is a fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Chartered Secretaries and Administrators.

LISTING OF SENIOR MANAGEMENT

UOL GROUP LIMITED

CHAN WENG KHOON
Senior General Manager
Property & Engineering

KWAN WENG FOON
Senior General Manager
Development

HAUW KHENG LIP
General Manager
Marketing

KOH AI LANE SOFIAH
General Manager
Human Resource

KWA BING SENG
General Manager
Finance

DAVID WILLIAM MCLEOD
General Manager
Project Development

WONG KUAN YUEN ANTHONY
General Manager
Marketing

YEONG SIEN SEU
General Counsel/Company Secretary

YEO BIN HONG
Deputy General Manager
Internal Audit

PAN PACIFIC HOTELS GROUP LIMITED

WEE WEI LING
Executive Director
Asset & Lifestyle

ERIK ANDEROUARD
Senior Vice President
Operations

KEVIN CROLEY
Senior Vice President
Marketing

ANDREAS SUNGAIMIN
Senior Vice President
Human Capital & Development

KAREN TAN
Senior Vice President
Sales & Revenue Performance

AWARDS & ACCOLADES

Terrene at Bukit Timah

CORPORATE

UOL GROUP LIMITED

BCI ASIA
Top 10 Developer Awards (Singapore)

CFI AWARD 2015
Best Property Portfolio Management Team

SINGAPORE BUSINESS REVIEW'S MANAGEMENT EXCELLENCE AWARDS 2015
Real Estate Management Team of the Year Award

SOUTH EAST ASIA PROPERTY AWARDS 2015
Special Recognition in Corporate Social Responsibility

PRODUCT, DESIGN AND ARCHITECTURAL EXCELLENCE

BOTANIQUE AT BARTLEY, SINGAPORE

INTERNATIONAL PROPERTY AWARDS (ASIA PACIFIC 2015)
Highly Commended – Condominium, Singapore
Highly Commended – Residential High-rise Development, Singapore
Highly Commended – Residential Landscape Architecture

DUCHESS RESIDENCES, SINGAPORE

SINGAPORE LANDSCAPE ARCHITECTURE AWARDS 2015
Silver Award, Residential category

RIVERBANK@FERNVALE, SINGAPORE

SOUTH EAST ASIA PROPERTY AWARDS 2015
Best Mid-range Condo Development (Singapore)

SPOTTISWOODE RESIDENCES, SINGAPORE

FIABCI SINGAPORE PROPERTY AWARDS 2015
Winner – Residential (High-rise) category

TERRENE AT BUKIT TIMAH, SINGAPORE

BCA CONSTRUCTION EXCELLENCE AWARD 2015
Excellence Award – Residential Buildings, Above $1,800/m^2 category

ONEKM SHOPPING MALL, SINGAPORE

FIABCI SINGAPORE PROPERTY AWARDS 2015
Winner – Retail category

PAN PACIFIC SERVICED SUITES BEACH ROAD, SINGAPORE

FIABCI WORLD PRIX D'EXCELLENCE AWARDS 2015
Silver Winner – Hotel category

INTERNATIONAL PROPERTY AWARDS (ASIA PACIFIC)
Best Hotel Architecture, Singapore (5-star)
Best New Hotel Construction & Design, Singapore (5-star)

PAN PACIFIC SINGAPORE
SINGAPORE GREEN HOTEL AWARD 2015

PARKROYAL ON PICKERING, SINGAPORE
FIABCI SINGAPORE PROPERTY AWARDS 2015
SG50 Special Award

MIPIM ASIA AWARDS 2015
Gold Winner, Best Hotel and Tourism Development category

COUNCIL ON TALL BUILDINGS AND URBAN HABITAT (CTBUH) AWARDS 2015
Urban Habitat Award Winner

WORLD TRAVEL AWARDS
Asia's Leading Green Hotel 2015

SINGAPORE GREEN HOTEL AWARD 2015

SERVICE EXCELLENCE

PAN PACIFIC ORCHARD, SINGAPORE
WORLD TRAVEL AWARDS
Singapore's Leading Business Hotel 2015

PAN PACIFIC SERVICED SUITES ORCHARD, SINGAPORE
WORLD TRAVEL AWARDS
Singapore's Leading Hotel Residences 2015

PAN PACIFIC NIRWANA BALI RESORT
WORLD TRAVEL AWARDS
Bali's Leading Spa Resort 2015

PARKROYAL ON PICKERING, SINGAPORE
SINGAPORE EXPERIENCE AWARDS
Winner of Business Event Venue of the Year

PARKROYAL DARLING HARBOUR, AUSTRALIA
2015 HM AWARDS FOR ACCOMMODATION EXCELLENCE
Winner – Hotel Chef category

PARKROYAL PARRAMATTA, AUSTRALIA
2015 HM AWARDS FOR ACCOMMODATION EXCELLENCE
Winner – Revenue Management Associate category
Highly Commended – Food and Beverage Associate category
Highly Commended – Rising Star category

Spottiswoode Residences

OPERATION HIGHLIGHTS

Peppa Pig's first 'live' show in Singapore at United Square

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 Novena. With a total lettable office space of 26,897 sqm and retail space of 19,328 sqm, United Square maintained high occupancy rates for office and retail at 89% and 99% respectively.

Positioned as a kids learning mall, United Square continued to attract young families with many first-of-its-kind events throughout the year. United Square became the first shopping mall to be part of the National Environment Agency (NEA)'s Project EARTH initiative to organise green activities for shoppers. During the June school holidays, 12 life-sized dinosaurs set in a prehistoric world made up the educational trail for children to learn about the extinct animals. Hi-5 put up high energy live performances to entertain and delight its young audience. Hundreds of Star Wars fans queued up at United Square, as it was the only mall in Singapore to hold the worldwide release of the new line of Star Wars merchandise based on the latest chapter of the Star Wars movie. The December holidays concluded on a high note as Peppa Pig and Mike the Knight from The Little Big Club performed in Singapore for the first time.

As part of the effort to strengthen its brand positioning as a mall which offers more than just shopping, United Square unveiled a new educational zone for kids entitled "Around the World". Vibrant visuals, icons and fun facts about different countries line the walls, while the zone was fitted with new rubber flooring. The nursing rooms were also refurbished to provide space for families.

NOVENA SQUARE

Novena Square is a premier office and retail development located conveniently above Novena MRT station. With a total lettable office space of 41,579 sqm and retail space of 15,854 sqm, the mall maintained high occupancy rates of 92% for office and 100% for the retail component, Velocity@Novena Square.

In 2015, the dedicated sports mall brought back a series of immensely popular sports events that continued to draw participants and audiences. The annual Velocity B-ball Battle proved to be a hot favourite with a record number of 100 teams taking part in the caged basketball competition. After a three-year hiatus, the outdoor obstacle race Urban Attack made a comeback and saw an influx of 194 former and new contenders. The heart-stopping mountain biking competition Red Bull Downmall Challenge returned after one year with over 175 riders manoeuvring through obstacles within the mall premises.

Velocity@Novena Square remains as an attractive location for strategic partners to hold their events. The Singapore Table Tennis Association held the finals of its annual Crocodile Cup tournament at the mall, while the National Heritage Board's yearly Singapore Heritagefest set up the Kampong Spirit, Kampong Fun Travelling Exhibition at the mall for shoppers to experience playing with traditional games such as five stones and hopscotch. Velocity@Novena Square's sponsorship of The Castlewood Group Battle of the Reds 2015 brought football legends from Liverpool and Manchester United to meet fans at the mall.

Football fans got up close and personal with football legends at Velocity@Novena Square

Throughout 2015, Velocity@Novena Square was the preferred venue for race kit collection for major runs such as the Race Against Cancer, Garfield Run, Meiji Run, NS Home Team Run, 2XU Compression Run and Pocari Run.

ONEKM

Located in Paya Lebar Central, OneKM is a one-stop family mall for wellness, gastronomy and leisure pursuits. Spanning 19,045 sqm of retail space with over 150 shops, the mall not only caters to workers, students and residents within the vicinity, but also to the residents of the 244-unit Katong Regency situated above the retail podium. The mall achieved a high occupancy rate of 95%.

OneKM collaborated with Singapore's Child magazine and its tenant - I Can Read - in the annual Page to Stage Competition and Singapore Child's Superstar Contest. The events attracted over 7,000 supporters. The mall was also the venue for the South East Clean and Green SG50 Carnival, organised by NEA South East Regional Office and South East Community Development Council in October. The carnival was graced by Mr Tan Chuan-Jin, Minister for Social and Family Development.

During the year, OneKM played host to a myriad of events and activities that drew a wide profile of shoppers. The Little Big Club Live Show, Peppa Pig's meet-and-greet session and interactive workshops, Hi-5 House of Dreams Meet and Greet, STTA-PCF Table Tennis Carnival and the Global Art Competition were among the many activities targeted at young children. For the teenagers, there were the Singapore BBoy Championships, Taekwondonomics Championship and BMX Lion City Spin 2015. Shoppers also took part in the Jurassic Challenge, an obstacle course comprising plank walking, parachute jump and flying fox, among others.

As consumers are getting more health-conscious, OneKM expanded its offering of health-related products and services. The mall also organised regular community events and activities such as line dancing and aerobic exercise for its shoppers.

OPERATION HIGHLIGHTS

PROPERTY INVESTMENTS

ODEON TOWERS

Odeon Towers has a total lettable office space of 18,364 sqm with an occupancy rate of 96%.

FABER HOUSE

Faber House has a total lettable office space of 3,956 sqm with an occupancy rate of 91%.

ONE UPPER PICKERING

The 8,089 sqm office tower was fully leased to the Attorney-General's Chambers.

Occupancy Rate (%)

Office

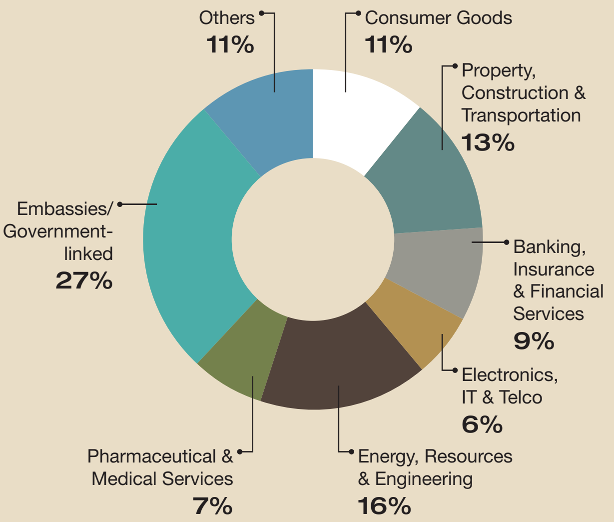
Novena Square	92%
United Square	89%
Odeon Towers	96%
Faber House	91%
One Upper Pickering	100%

Shopping Mall

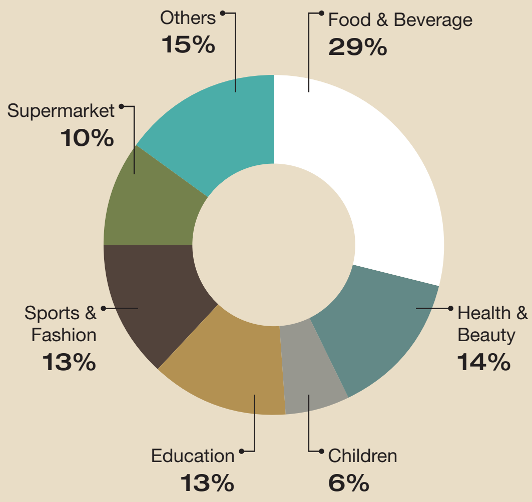
Velocity@Novena Square	100%
United Square	99%
OneKM	95%

Commercial Tenant Mix (%)

OFFICE SPACE



RETAIL SPACE



SERVICED SUITES

PAN PACIFIC SERVICED SUITES ORCHARD, SINGAPORE

The 126-suite Pan Pacific Serviced Suites Orchard offers access to a variety of shopping and dining options with its strategic location in Somerset, close to Singapore's premium shopping destination.

Since its opening in 2008, the property continues to command one of the highest rental and occupancy rates in the premium extended-stay segment in Singapore. The property saw a marginal increase in occupancy rate to 85% in 2015. The average daily rate declined 2% from the year before.

PAN PACIFIC SERVICED SUITES BEACH ROAD, SINGAPORE

Launched in 2013, the 180-suite Pan Pacific Serviced Suites Beach Road is located close to the charming cultural enclaves of Haji Lane and Arab Street, and is easily accessible to the Marina Bay Central Business District.

Pan Pacific Serviced Suites Beach Road clinched the Silver Award at the FIABCI World Prix d'Excellence Awards 2015 for its excellence in design and functionality. In addition, at the International Property Awards, it won the Best Hotel Architecture, Singapore (5-star) and Best New Hotel Construction & Design, Singapore (5-star) awards.

The property's occupancy rate rose 3% to 88% in 2015 from the year before. The average daily rate maintained the same.

Pan Pacific Serviced Suites Beach Road clinched the Silver Award at the FIABCI World Prix d'Excellence Awards 2015 in the Hotel Category

PARKROYAL SERVICED SUITES, SINGAPORE

Located along Beach Road and occupying the 18th to 22nd level of The Plaza, PARKROYAL Serviced Suites offers a panoramic view of the Marina Bay skyline and Singapore's latest landmark, the Singapore Sports Hub.

PARKROYAL Serviced Suites retained a healthy occupancy rate of 89%, up 2% from the year before. The average daily rate declined by 3%.

PARKROYAL SERVICED SUITES KUALA LUMPUR, MALAYSIA

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

The occupancy rate decreased by 5% to 80% compared with the previous year. However, the average daily rate increased by 1% owing to more short-stays at a higher rate.

OPERATION HIGHLIGHTS

Nestled within the lush greenery of Bedok Reservoir, Archipelago was intentionally designed to bring the "home into the park and the park into the home"

PROPERTY DEVELOPMENT

REPLENISHMENT OF LANDBANK

In December 2015, the Group acquired a residential site at Clementi Avenue 1 through a 50:50 joint venture with Singland Homes. The 99-year leasehold site is located close to NUS High School of Mathematics and Science, and Nan Hua High School. It can potentially yield 505 units.

BOTANIQUE AT BARTLEY

Launched in April 2015, the condominium comprises nine blocks of 17-storey apartments with 797 units. It is within walking distance from Bartley MRT station and near reputable schools. The project garnered 73% sales as at 31 December 2015.

PRINCIPAL GARDEN

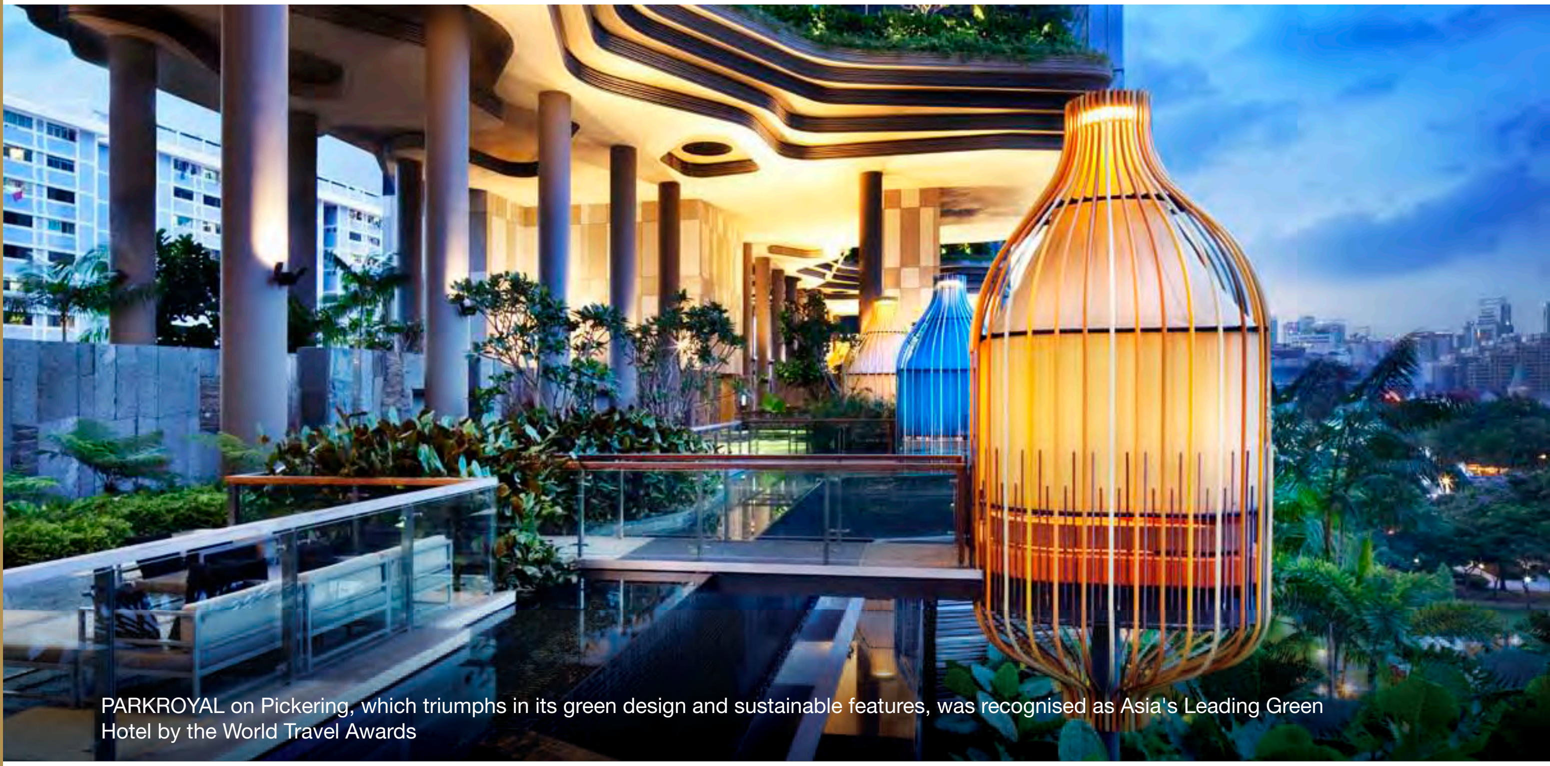
A 70:30 joint development between UOL Group and Kheng Leong Company, the 663-unit condominium was launched in October 2015. Principal Garden's four 24-storey apartment blocks are right next to the Alexandra Park Connector that extends towards the Singapore River and the Central Business District. The development offers lush landscaping with amenities such as a large gym and a shared-bicycle facility for residents to enjoy an active lifestyle. As at 31 December 2015, 22% of the units were sold.

SALE AND COMPLETION STATUS OF LAUNCHED PROJECTS

Projects	No. of Units	% Sold (as at 31 Dec 2015)	% Complete (as at 31 Dec 2015)	Actual/Expected TOP Date
SINGAPORE				
Archipelago	577	100	100	Obtained
Katong Regency	244	100	100	Obtained
Thomson Three	445	98	90	2Q2016
Seventy Saint Patrick's	186	96	80	3Q2016
Riverbank@Fernvale	555	63	60	1Q2017
Botanique at Bartley	797	73	15	3Q2018
Principal Garden	663	22	6	2Q2018
THE PEOPLE'S REPUBLIC OF CHINA				
The Esplanade (海河华鼎)	570	93	100	Obtained

Principal Garden (artist's impression) offers buyers the opportunity to own a property on the fringe of Mount Echo, Jervois and Bishopsgate area

OPERATION HIGHLIGHTS



PARKROYAL on Pickering, which triumphs in its green design and sustainable features, was recognised as Asia's Leading Green Hotel by the World Travel Awards

HOTEL OPERATIONS

SINGAPORE

PARKROYAL ON BEACH ROAD

The 346-room PARKROYAL on Beach Road targets business and leisure travellers due to its close proximity to downtown Singapore and easy access to entertainment options, the business district, convention facilities and the culturally-rich Kampong Glam vicinity. In 2015, the revenue per available room was 5% lower than 2014 primarily due to a 1% decline in occupancy and 4% drop in average room rate. Due to renovation work conducted on two floors of the hotel, there was a dip in occupancy.

PARKROYAL ON KITCHENER ROAD

Located in the heart of Little India, the 532-room PARKROYAL on Kitchener Road offers its guests the experience of Singapore's rich cultural enclave. In 2015, the revenue per available room was 1% lower than 2014 primarily due to decline in average room rate.

PARKROYAL ON PICKERING

Since its opening in January 2013, the 367-room PARKROYAL on Pickering has garnered numerous awards and accolades for its architecture and sustainable features. The hotel is located close to the business district of Raffles Place and within close proximity to Chinatown. The hotel continued to experience an exceptional year in 2015 with revenue per available room growth of 3%, due to 2% and 1% gains in average room rate and occupancy respectively.

PAN PACIFIC ORCHARD

Nestled within the heart of the city's premier shopping district, the 206-room Pan Pacific Orchard offers many entertainment and retail options within reach, and it is a short five-minute drive from Singapore Botanic Gardens, a UNESCO World Heritage Site. The revenue per available room decreased 7% due to 5% and 2% declines in average room rate and occupancy respectively compared with 2014.

PAN PACIFIC SINGAPORE

The 790-room Pan Pacific Singapore overlooks the iconic Marina Bay area and offers world-class service and five-star luxury-accommodation. In 2015, the revenue per available room was comparable with 2014 as the drop in average room rate was matched by the gain in occupancy.

MARINA MANDARIN SINGAPORE

Marina Mandarin Singapore is a 575-room five-star hotel located in the heart of Marina Bay City. The hotel offers views of the Marina Bay and financial district, as well as convenient access to the Marina Square Shopping Mall. It is owned by Aquamarina Hotel Private Limited, in which UOL has a direct 25% interest. Average occupancy and revenue per available room both declined slightly by 2% and 4% respectively compared with the previous year.

SINGAPORE	2015	2014
Hotel Occupancy	82%	82%
Average Room Rate	$256	$265
Revenue Per Available room	$210	$217

MALAYSIA

PARKROYAL KUALA LUMPUR

Located within the city's premium shopping and entertainment precinct, the 426-room PARKROYAL Kuala Lumpur is the ideal location to explore the bustling city. The revenue per available room dropped 13% due to 9% lower occupancy and 5% decline in average room rate. The hospitality industry in Malaysia was affected by lower tourist arrivals from the traditional markets of the United Kingdom, Australia and China. Malaysia also experienced keen competition from other countries.

PARKROYAL PENANG RESORT

The 309-room beachfront resort is situated along the shorelines of Batu Ferringhi. The hotel's occupancy dropped 4%, leading to a dip in revenue per available room of 4% due to the decline in foreign visitors.

VIETNAM

PARKROYAL SAIGON

Only five minutes away from Tan Son Nhat International Airport and Tan Binh Exhibition and Convention Centre, the 186-room PARKROYAL Saigon is also close to many attractions. In 2015, the revenue per available room rose 5%, contributed by 3% higher occupancy and 1% increase in average room rate.

SOFITEL PLAZA HANOI

PPHG has a 75% interest in Sofitel Plaza Hanoi which features 265 rooms and 56 serviced suites. The hotel enjoys a panoramic view of the West Lake and Red River. Revenue per available room grew 4% in 2015, due mainly to 6% improvement in occupancy partially offset by 2% drop in average room rate.

SOFITEL SAIGON PLAZA AND CENTRAL PLAZA, HO CHI MINH CITY

PPHG has a 26% interest in the 286-room Sofitel Saigon Plaza which is located on a peaceful tree-lined Le Duan Boulevard, a quiet enclave close to the commercial centre and landmark attractions. During the year, the revenue per available room was marginally lower by 1% compared with 2014 due to lower average room rate of 3%, partially offset by higher occupancy of 2%.

OPERATION HIGHLIGHTS

HOTEL OPERATIONS

MYANMAR

PARKROYAL YANGON

The 334-room PARKROYAL Yangon is located near the city's cultural attractions including Shwedagon Pagoda and Bogyoke Aung San Market (Scott Market). The hotel completed renovation of its guest rooms, club lounge and ballrooms during the year. Revenue per available room dropped 39% due to 31% and 11% declines in occupancy and average room rate respectively. The dip in occupancy and average room rate was likely attributed to the influx of room supply.

SOUTHEAST ASIA (EXCLUDING SINGAPORE)	2015	2014
Hotel Occupancy	66%	72%
Average Room Rate	$136	$141
Revenue Per Available room	$90	$101

OCEANIA

PARKROYAL MELBOURNE AIRPORT

Directly connected to the Melbourne Tullamarine Airport, the 276-room PARKROYAL Melbourne Airport is an excellent venue for meetings, conferences and airport transfers with a full range of recreational amenities and services. In 2015, the revenue per available room rose marginally at 1% over 2014 due to higher occupancy rate of 1%.

PARKROYAL DARLING HARBOUR

Close to the heart of Sydney, the 340-room PARKROYAL Darling Harbour offers a convenient location just minutes away from the city's sights, attractions and dining options. The hotel renovated the guest rooms on two floors in early 2015. During the year, the revenue per available room rose 5% mainly due to improvement in average room rate of 6%, partially offset by 1% decline in occupancy.

PARKROYAL PARRAMATTA

The hotel stands on the bank of the Parramatta River and is in close proximity to the Sydney Olympic Park and Rosehill Gardens Racecourse. A major expansion work was carried out to add 90 new rooms by the middle of 2016. Once completed, PARKROYAL Parramatta will be the largest hotel in Parramatta with a total of 286 rooms. Despite the extensive renovation works, the revenue per available room achieved by the hotel in 2015 remained unchanged from the previous year.

PAN PACIFIC PERTH

The 486-room hotel overlooks Perth's Swan River and the historic gardens of Kings Park. In 2015, Pan Pacific Perth unveiled a chic refurbished lobby and 132 newly renovated rooms. To remain relevant to the evolving needs of travellers, its rooms were refurbished with the latest technology such as iPhone docking stations. During the year, the revenue per available room dropped 11% due to 6% lower occupancy and 4% decline in average room rate. Business travels to Western Australia were affected due to the slowing mining sector.

OCEANIA	2015	2014
Hotel Occupancy	84%	86%
Average Room Rate	$208	$228
Revenue Per Available room	$174	$197

Pan Pacific Tianjin is conveniently situated at the intersection of key commercial districts Hongqiao, Nankai and Hebei

THE PEOPLE'S REPUBLIC OF CHINA

PAN PACIFIC SUZHOU

The 481-room Pan Pacific Suzhou provides easy access to many of the city's tourist sites such as Lake Taihu and Hanshan Temple. In 2015, the revenue per available room increased by 11% as a 4% drop in average room rate was compensated by 15% increase in occupancy over 2014.

PAN PACIFIC XIAMEN

A hybrid property offering hotel rooms and serviced suites, the 354-room Pan Pacific Xiamen is located in the heart of Xiamen's business and entertainment district, and offers scenic views of Xiamen's Yundang Lake, Gulf Park, Gulangyu Island and South Putuo Temple. Revenue per available room was on par with 2014 as 7% growth in occupancy was offset by the same percentage drop in average room rate.

PAN PACIFIC TIANJIN

An integral part of The Esplanade development, Pan Pacific Tianjin is located in the largest harbour city in Northern China and enjoys a waterfront view of the Haihe River. Pan Pacific Tianjin offers 319 hotel rooms and serviced suites, and is in close proximity to Tianjin Central Business District and Tianjin Subway Station. During its first full year of operation in 2015, Pan Pacific Tianjin achieved occupancy of 40%.

THE PEOPLE'S REPUBLIC OF CHINA	2015	2014
Hotel Occupancy	52%	41%
Average Room Rate	$102	$95
Revenue Per Available room	$53	$39

OPERATION HIGHLIGHTS

PARKROYAL Darling Harbour is conveniently located close to the city's sights and sounds

HOTEL MANAGEMENT

In 2015, PPHG focused on enhancing guest experience through the refurbishment of its hotels across Asia Pacific, and expanded its operations in Malaysia by securing a serviced suites property.

Online marketing efforts on PPHG's revamped websites and social media channels recorded more than 12 million page views. The online content was also featured on numerous publications such as SilverKris, TimeOut and SG Now, which helped to generate further publicity. To enhance the Group's brand profile, a year-long inflight advertising campaign was rolled out with leading carriers, Singapore Airlines and Qantas, to create and sustain awareness of the Group's brands and properties.

"Pan Pacific" and PARKROYAL properties are a member of the Global Hotel Alliance (GHA), a group of independent luxury hotel brands that offers a collective guest recognition and loyalty programme. PPHG sought to elevate its profile through the programme and attracted revenue from new members and repeat business as a result.

The Group's sales teams actively engaged customers from around the world by participating in leading travel trade shows such as the Asia-Pacific Incentives and Meetings Expo, ASEAN Tourism Forum, Global Business Travel Association Conference 2015, IMEX America as well as ITB Asia and ITB Berlin. The Group also participated for the first time in the Incentive Travel & Conventions, Meetings (IT&CM) held in Shanghai.

Customer Connection events were organised by the Global Sales teams in key cities in Singapore, Australia, China, Japan and Malaysia to forge connections with clients in the respective locations. PPHG intensified its efforts in China through a networking event in Guangzhou. In addition, Pan Pacific Singapore played host to the Hotel Investment Conference Asia Pacific (HICAP) Update event to strengthen the Group's visibility and branding as an industry thought leader.

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 6,500 rooms from 22 hotels, resorts and serviced suites, including those under development.

PPHG signed a management agreement with Pearl Discovery Development Sdn Bhd to open the 205-room Pan Pacific Serviced Suites Puteri Harbour in Iskandar, its first serviced suites property in Malaysia, under the "Pan Pacific" brand.

Over at Yangon, the 348-room Pan Pacific Yangon is situated at the up and coming integrated development, Junction City, and due to open in 2017. A media preview was held in November to showcase Pan Pacific Yangon alongside the integrated development.

PARKROYAL HOTELS & RESORTS

PARKROYAL properties are located in gateway cities of Singapore, Australia, China, Indonesia, Malaysia, Myanmar and Vietnam. The portfolio comprises more than 4,500 rooms from 16 upscale leisure and business hotels, resorts and serviced suites, including those under development.

During the year, its three properties, namely PARKROYAL on Beach Road, PARKROYAL Parramatta and PARKROYAL Yangon, were refurbished and given a fresh look to remain relevant to the changing needs of travellers.

Pan Pacific Yangon offers expansive views of iconic destinations such as the Anglican Trinity Church, Yangon River and the bustling Yangon downtown

OPERATION HIGHLIGHTS

HOTEL PORTFOLIO

PORTFOLIO OVERVIEW

	Existing		Pipeline		Total	
	No. of hotels	No. of rooms	No. of hotels	No. of rooms	No. of hotels	No. of rooms
BY BRANDS						
Pan Pacific	19	5,764	3	789	22	6,553
PARKROYAL	13	3,779	3	883	16	4,662
Others	1	321	-	-	1	321
Total	**33**	**9,864**	**6**	**1,672**	**39**	**11,536**
BY OWNERSHIP TYPE						
Owned	20	6,162	1	327	21	6,489
Managed	13	3,702	5	1,345	18	5,047
Total	**33**	**9,864**	**6**	**1,672**	**39**	**11,536**

SINGAPORE	2015	2014
Hotel Occupancy	82%	82%
Average Room Rate	$256	$265
Revenue Per Available room	$210	$217

OCEANIA	2015	2014
Hotel Occupancy	84%	86%
Average Room Rate	$208	$228
Revenue Per Available room	$174	$197

SOUTHEAST ASIA (EXCLUDING SINGAPORE)	2015	2014
Hotel Occupancy	66%	72%
Average Room Rate	$136	$141
Revenue Per Available room	$90	$101

CHINA	2015	2014
Hotel Occupancy	52%	41%
Average Room Rate	$102	$95
Revenue Per Available room	$53	$39

OVERSEAS PROJECT & INVESTMENTS

OVERSEAS PROJECTS

SHANGHAI

The Changfeng project is a 40:30:30 joint venture by the Group's wholly-owned subsidiary UOL Capital Investments Pte. Ltd., Singapore Land Limited and Kheng Leong Company (Private) Limited. The development is situated within the Changfeng Ecological Business Park, about 5 km to the north-east of the Hongqiao Transportation Hub and less than 10 km from The Bund. The mixed development is expected to yield approximately 398 residential units and 4,000 sqm of net lettable area for retail space. The development is expected to be launched in the second quarter of 2016.

LONDON

The Group acquired a freehold land on Bishopsgate in London through its wholly-owned subsidiaries, Success Venture Development (Jersey) Limited and Success Venture Investments (Jersey) Limited. The mixed-use development with a gross development area of approximately 52,255 sqm comprises residential, hotel and retail components. The Group is currently seeking planning approval for the intensification of the number of residential units to 160 and hotel rooms to 237. The development is located in London's central financial district, about 200 m from the Liverpool Street Station and the future Crossrail Station. Piling had commenced in the third quarter of 2015.

INVESTMENT IN SECURITIES

	Percentage Holdings in investee		Fair Value		Gross Dividend received	
	2015 %	2014 %	2015 $m	2014 $m	2015 $m	2014 $m
LISTED SECURITIES						
United Overseas Bank Limited	**2.3**	2.3	**734.7**	908.8	**40.8**	27.3
Others			**24.5**	25.2	**0.6**	0.6
			759.2	934.0	**41.4**	27.9
UNLISTED SECURITIES			**45.7**	54.8	**0.9**	0.9
Total			**804.9**	988.8	**42.3**	28.8

The fair value of the Group's listed securities decreased from $988.8 million as at 31 December 2014 to $804.9 million as at 31 December 2015 due mainly to the decrease in the share price of United Overseas Bank Limited. Overall, an unrealised loss of $95.0 million arising from changes in the fair value of investments has been charged to the fair value reserve account in 2015 (2014: unrealised gain of $115.6 million credited to the fair value reserve account). The unrealised loss was net of a reversal of $96.3 million (2014: provision of $14.4 million) in deferred tax liability previously provided on fair value gains of certain listed securities, following the agreement with Inland Revenue Authority of Singapore that these investments are non-trading in nature.

Dividend yield from investment in securities was 5.3% in 2015 (2014: 2.9%).

OPERATION HIGHLIGHTS

Guests discover the art of tea appreciation through Tea Connoisseurs at Tian Fu Tea Room

MANAGEMENT SERVICES & HUMAN RESOURCE

MANAGEMENT SERVICES

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

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 brand operates nine premium spas in Pan Pacific and PARKROYAL hotels across Singapore, Malaysia, China and Vietnam.

"SI CHUAN DOU HUA"

Serving authentic Sichuan cuisine, "Si Chuan Dou Hua" operates six restaurants in Singapore, Malaysia, Japan and Myanmar. In Singapore, "Si Chuan Dou Hua" achieved its second Excellence Award at the People's Association Community Spirit Awards, showing its commitment towards giving back to the community in which it operates.

TIAN FU TEA ROOM

Tian Fu Tea Room marks its 10th year of establishment this year. Operating from three locations adjoined to "Si Chuan Dou Hua" in Singapore, the restaurant offers a wide selection of Chinese tea paired with exquisite handcrafted dim sum.

HUMAN RESOURCE

Human capital is the Group's key asset and focus area as part of its business strategy. The Group remains committed towards talent attraction and retention, and development of its employees. Measures are also put in place to ensure a safe and healthy work environment with work-life balance, as well as to inculcate a culture of accountability and collaboration among its employees.

REWARDING PEOPLE

As part of its talent attraction and retention strategy, UOL regularly participates in industry-wide market surveys to ensure that its compensation and benefits remain competitive. Role clarification exercises are conducted to ensure a right job fit and competitive compensation are accorded, while performance-based appraisal systems allow for an objective performance evaluation.

DEVELOPING PEOPLE

Talent development and succession planning are key to enabling an effective and sustainable talent pool. The leadership teams of both UOL and PPHG had undergone a talent assessment exercise to have an in-depth understanding of their talent and developmental potential.

UOL also sponsors courses for its employees to upgrade their skills to encourage lifelong learning. It reviews and enhances its learning and development roadmap to ensure its relevance and suitability.

PPHG revamped its roadmap to cater to the varied interests and learning needs of its diverse profile of employees. The introduction of video learning and social learning provide additional learning avenues and opportunities. As a result, the average training hours per employee increased to 87, which is a 90% increase from last year.

PPHG is one of the first hotel groups to come onboard the SkillsFuture Hotel Sectoral Manpower Plan, an initiative by the Singapore Tourism Board and Singapore Workforce Development Agency to build a skilled and sustainable local workforce in the hospitality industry. In addition, PPHG launched two talent development programmes in the year to identify and nurture suitable associates for management and key operational roles.

CARING FOR PEOPLE

Employee engagement plays an important role in creating a motivated workforce. The Group provides regular two-way communication opportunities such as townhall meetings for senior management to update on the state of the business and employees to share their concerns and feedback.

The Group also organises staff engagement activities such as Dinner and Dance, team building workshops and festive celebrations to cultivate team spirit and loyalty. To encourage healthy lifestyle and work-life balance during the year, weekly exercise classes such as Zumba and Pilates were organised. The classes were conducted within the office premises for employees' convenience and to encourage participation.

Activities such as the annual Dinner and Dance are organised to promote bonding among employees

CORPORATE GOVERNANCE REPORT

For the Financial Year Ended 31 December 2015

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 2015, 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.

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 (the "Deputy Group CEO"), Chief Executive Officer (Hotels) (the "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
- Gwee Lian Kheng
- Low Weng Keong

(Wee Ee-chao was an EXCO Member until 12 August 2015 and Wee Ee Lim was appointed as an EXCO Member also on 12 August 2015)

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 the 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 meetings of the Board 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, updates/developments in the regulatory framework affecting the Company. Directors are provided with opportunities to attend courses and talks on Board matters organised by

CORPORATE GOVERNANCE REPORT

For the Financial Year Ended 31 December 2015

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, four of the eight-member Board are independent. Details relating to the review of independence of our Board is set out in the paragraph "Board Membership" on pages 45 to 46.

With half 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 allow for a maximum of 12 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 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 and Pongsak Hoontrakul. Each NC Member has abstained from deliberations in respect of his own assessment.

Tan Tiong Cheng is the chairman of Knight Frank Pte Ltd and 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 2015. 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 2015, the effectiveness and independence of Low Weng Keong who has served on the Board beyond nine years was subjected to particularly rigorous scrutiny. Despite his long period of service, the NC found and recommended to the Board that Low Weng Keong has, at all times, expressed his 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. He had sought clarification and advice, as and when he considered necessary, from Management, other employees and external advisors, and exercised strong independence in character and impartial judgment whilst discharging his duties as a member of the Board and Board Committees. Both the Board and NC noted that Low Weng Keong has 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 as independent and agrees that his years of service have not compromised his independence or ability to discharge his duties as a member to the Board and Board Committees. Low Weng Keong has abstained from all deliberations by the NC and the Board regarding his independence.

CORPORATE GOVERNANCE REPORT

For the Financial Year Ended 31 December 2015

In view of the above, the Independent Directors constitute half 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 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.

Following the repeal of Section 153(6) of the Companies Act (Cap 50, Singapore Statutes) (the "Companies Act"), directors over 70 years of age are no required to be re-appointed every year at the annual general meeting. Notwithstanding the above, Directors over 70 years of age who were re-appointed at the last Annual General Meeting ("AGM") to hold office until the forthcoming AGM, will be required to stand for re-appointment at the forthcoming AGM. The NC, with each member abstaining in respect of his own re-appointment, has recommended to the Board that Wee Cho Yaw and Gwee Lian Kheng be nominated for re-appointment at the forthcoming AGM.

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 AGM. These Directors may offer themselves for re-election if eligible. The NC, with each member abstaining in respect of his own re-appointment, has recommended that Tan Tiong Cheng and Pongsak Hoontrakul who retire by rotation pursuant to this Article, 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 21. 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, to propose new members to be appointed to the Board or seek the resignation of Directors.

Access to Information

Currently, Directors receive regular financial and operational reports on the Group's businesses and briefings during its quarterly Board meetings. Management reports comparing actual performance with budget and highlighting key performance indicators, as well as accounts and reports on the financial performance of the Group are provided to Directors. Relevant Management staff make the appropriate presentations and answer any query 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

CORPORATE GOVERNANCE REPORT

For the Financial Year Ended 31 December 2015

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 2015, 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 2015 are also disclosed on pages 57 and 82.

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 to 57.

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

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

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.

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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 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 internal financial, operational, information technology and compliance controls are adequate and effective as at 31 December 2015.

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 System

The Group has in place controls and various guidelines and strategies to manage risks and safeguard its businesses. The current measures of the Group include the enterprise-wide risk management programme (the "ERM Programme") which the Group has put in place since 2009. The ERM Programme, which consolidates the Group's risk management practices in an enterprise-wide framework, 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 in line with best practices;
4. provide assurance in terms of sign-offs by the relevant management staff for the key risks and controls under his/her respective charge and purview; and
5. 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 (the "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.

Key management staff in both the property and hospitality businesses of the Group have actively participated in the ERM Programme and have acquired an adequate understanding of ERM concepts, methodologies and tools to enable them to manage risks in their respective areas of work. Further, the Company has set up a Group ERM Committee chaired by the GCE and comprising senior management from both 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 on the ERM Programme.

Management reviews and is accountable for the key risks, both existing and emerging, the current controls and the KRIs on a regular basis and takes necessary measures to address and mitigate key risks. As mentioned above, 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. 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. The ARC is updated by Management half-yearly 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 reviews annually the adequacy and effectiveness of the Company's risk management and internal control systems.

The above measures will 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.

The key risks identified can be broadly grouped as financial risks, operational risks, compliance risks, information technology risks and investment risks.

- *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 operational risk framework is designed to ensure that operational risks are continually identified, managed and mitigated. This framework is implemented at each operating unit and in the case of the Group's hotels, operational risks are monitored at the Group level by the Group's hotel management team. 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 particular countries in which the projects as well as investment and hotel properties are situated. 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 the management's role is the Internal Audit function which provides an independent perspective on the controls that help to mitigate major operational risks. Management reviews and implements further improvements to the current measures as and when any concern is identified from the ERM Programme.

- *Compliance Risks*

  The Group ensures compliance risks are adequately addressed as part of the 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. The Management is kept apprised of relevant changes to the law and regulations and takes adequate steps to ensure continuing compliance. In addition, the Company has in place a Code of Business Conduct which all employees are required to comply with.

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- *Information Technology ("IT") Risks*

  As IT risks are potentially disruptive to the Group's businesses, the operating and maintenance of the Group's IT systems and software are identified as part of the Group's essential operations and processes. 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.

- *Investment Risks*

  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. In addition, Management continually determines under the ERM Programme, if further measures could be implemented to monitor, analyse and to the extent possible, mitigate the respective country, operational and compliance risks in respect of which current and future investment projects are located.

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 met with the internal and external auditors, without the presence of the 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 auditors. In accordance with Rule 1207(6) of the SGX Listing Manual, details of the aggregate amount of fees paid to the 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(a) and 715 of the SGX Listing Manual.

The ARC has reviewed and is satisfied with the independence and objectivity of the external auditors 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 auditors and is of the opinion that these services do not affect the auditors' 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

CORPORATE GOVERNANCE REPORT

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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 the 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 resolution 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.

The Company does not have a formal dividend policy. Historically, the Company has, for the last four 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 15 cents per ordinary share for the financial year ended 31 December 2015 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 2015				
NAME OF DIRECTOR	**BOARD**	**EXCO**	**ARC**	**RC**	**NC**
Wee Cho Yaw	4	2	NA	2	2
Wee Ee Lim*	4	2	6	NA	NA
Gwee Lian Kheng	4	2	NA	NA	NA
Low Weng Keong	3	2	5	2	2
Wee Sin Tho	3	NA	NA	2	NA
Tan Tiong Cheng	4	NA	6	NA	NA
Wee Ee-chao+	3	NA	NA	NA	NA
Pongsak Hoontrakul	4	NA	NA	NA	2
Number of meetings held in 2015	**4**	**2**	**6**	**2**	**2**

Notes:

* Appointed as EXCO Member with effect from 12 August 2015.

\+ Relinquished position as EXCO Member with effect from 12 August 2015. No EXCO meetings were held between 1 January and 12 August 2015.

CORPORATE GOVERNANCE REPORT

For the Financial Year Ended 31 December 2015

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 2015:

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	124	-	-	100	-	-	-	100	-
Wee Ee Lim	73	-	-	100	-	-	-	100	-
Gwee Lian Kheng	2,419	31	58	3	5	-	3	100	120,000
Low Weng Keong	112	-	-	100	-	-	-	100	-
Wee Sin Tho	60	-	-	100	-	-	-	100	-
Tan Tiong Cheng	60	-	-	100	-	-	-	100	-
Wee Ee-chao	52	-	-	100	-	-	-	100	-
Pongsak Hoontrakul	50	-	-	100	-	-	-	100	-

Name	Salary %	Bonuses %	Directors' fees[1] %	Share option grants[2] %	Defined contribution plans %	Others %	Total remuneration %	Share options granted[3] number
REMUNERATION OF KEY MANAGEMENT PERSONNEL								
$1,500,000 to $1,750,000								
Bernold Olaf Schroeder Chief Executive Officer (Hotels), PPHG	57	15	-	2	6	20	100	30,000
$1,250,000 to $1,500,000								
Liam Wee Sin Deputy Group Chief Executive Officer	36	50	1	5	1	7	100	60,000
$500,000 to $750,000								
Foo Thiam Fong Wellington Chief Financial Officer/Group Company Secretary, UOL	53	25	5	9	1	7	100	54,000
Neo Soon Hup Chief Financial Officer, PPHG	69	14	4	6	3	4	100	32,000
Erik Anderouard Senior Vice President, (Operations), PPHG	62	10	-	-	6	22	100	-

Notes:

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

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

3 Refers to options granted on 11 March 2015 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 11 March 2016 to 10 March 2025 at the offer price of $7.67 per ordinary share.

Total remuneration paid to the top five key management personnel set out above amounted to $4,716,000 for the year ended 31 December 2015.

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 this 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 $100,000 to $150,000
- Jonathan Eu
(Assistant General Manager, Investments, UOL, grandson of Dr Wee Cho Yaw)
- 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 2015.

STAKEHOLDERS COMMUNICATIONS

UOL is committed to building strong and long-term relationships with its shareholders, investors, analysts, media, regulators and customers through open communication and regular updates on the Group's financial and operational performance.

To uphold a high standard of corporate transparency and disclosure, UOL provides timely releases of its quarterly financial results, presentations, annual reports, legal and other material announcements on both the Singapore Exchange and UOL websites. The Group's investor relations section on the website is a key resource for corporate information and financial data. Investors can sign up for alerts on the website to receive the latest announcements on UOL.

UOL also conducts various investor relations activities to engage its institutional and retail investors. Quarterly earnings calls and full-year results conference are held to brief analysts and the media on the Group's performance and outlook. At the Annual General Meeting held on 22 April 2015, shareholders were able to engage in an open dialogue with the Board.

During the year, UOL met about 140 shareholders and potential investors through conferences, one-on-one and small group meetings. The Group was proactive in enhancing the investing community's understanding of UOL's performance, key developments and business, as well as to promote continued interest in the Group by participating in the Nomura Investment Forum Asia 2015, Macquarie ASEAN Conference and the Morgan Stanley Fourteenth Annual Asia Pacific Summit. The Management also attended a post-result investor luncheon hosted by Morgan Stanley for their clients. During the year, JP Morgan initiated coverage on the Group, bringing the number of brokerage firms offering research coverage on the Group to 11.

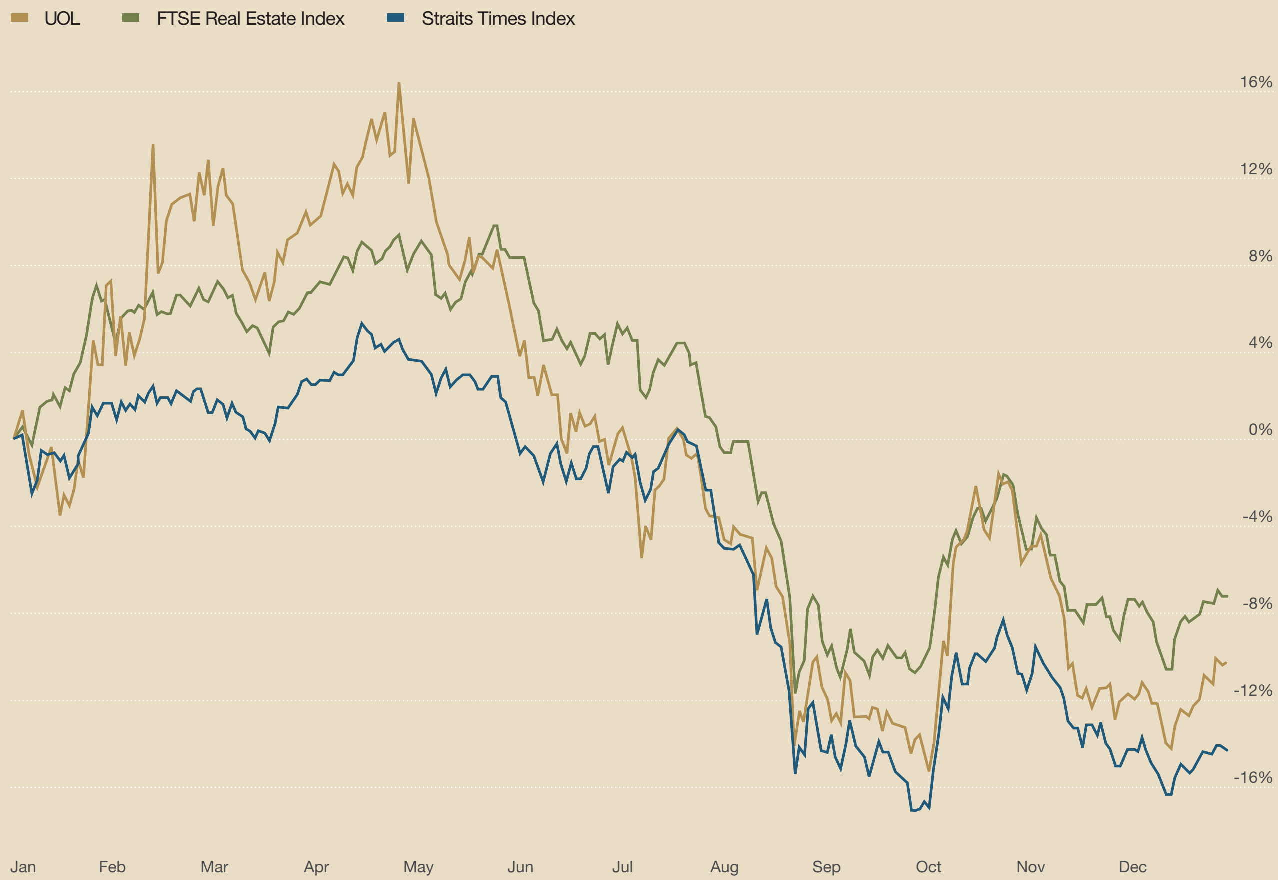
UOL maintains a clear channel of communication with its stakeholders through responding promptly to investor and media queries via telephone, email and direct meetings. The Group's quarterly external newsletter "UOL Channel" is made available in print and on the UOL website for stakeholders to be kept updated with the latest developments and initiatives. In order for the investing community to gain a better understanding of the Group's current property developments, it organised site visits to Botanique at Bartley, Principal Garden and OneKM for fund managers and analysts.

In the annual Governance and Transparency Index (GTI) 2015, UOL was ranked 76th out of a total of 639 SGX-listed companies. The index is jointly conducted by The Business Times and NUS Business School's Centre for Governance, Institutions and Organisations. It assesses companies based on the accessibility, timeliness and financial transparency of their corporate governance disclosure and practices. Additional factors such as the Group's practices on its employees, investor relations and the community are also taken into account.

Due to the challenging property market conditions and slow economic outlook, the Group's share price closed the year at $6.24, a 10.3% decrease from $6.96 in 2014. Likewise, the FTSE Real Estate Index and Straits Times Index experienced a decline of 7.2% and 14.3% respectively from the year before. UOL's share price averaged at $6.90, with a low of $5.89 on 2 October 2015 and hit a high of $8.10 on 27 April 2015. The Group's average daily turnover for this year was 1,166,483.44. The Group's market capitalisation closed at $5 billion, down from 2014's $5.5 billion. On 21 September 2015, UOL also joined the Straits Times Index as part of the 30 blue-chip stocks listed on the Singapore Exchange.

UOL has also remained on the FTSE EPRA/NAREIT Developed Index, FTSE EPRA/NAREIT Developed Dividend+ Index, FTSE EPRA/NAREIT Developed Pure Asia Index and FTSE EPRA/NAREIT Singapore Index since 2012 and the S&P Asia Property 40 Index.

2015 SHARE PRICE PERFORMANCE



FINANCIAL CALENDAR	2015	2014
Announcement of first quarter results	**12.05.15**	07.05.14
Announcement of second quarter results	**12.08.15**	08.08.14
Announcement of third quarter results	**11.11.15**	11.11.14
Announcement of unaudited full year results	**26.02.16**	26.02.15
Annual General Meeting	**28.04.16**	22.04.15
Books closure date	**09.05.16**	30.04.15
First & final dividend payment date	**21.06.16**	16.06.15

SUSTAINABILITY

UOL volunteers and children of CARE Singapore attempted an obstacle course at OneKM

Guided by its core value of Corporate Social Responsibility (CSR), UOL remains committed to its sustainability journey. A committee comprising senior representatives from key departments is responsible for formulating and implementing the Group's sustainability roadmap. UOL published its second sustainability report in 2015, and will continue its publication annually. The Group places high importance on material issues such as carbon footprint, compliance and fair competition, corruption and bribery, health and safety, product quality, profitability, sustainable growth, talent retention and water consumption. Its CSR efforts are communicated to stakeholders through various channels such as the media, newsletters, corporate website and intranet.

BUSINESS

UOL firmly believes that conducting business with integrity and professionalism can build trust among its stakeholders. 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.

ENTERPRISE-WIDE RISK MANAGEMENT

UOL's Enterprise-wide Risk Management (ERM) programme incorporates sustainability risks, using the approach recommended by the Global Reporting Initiative and AA1000AS frameworks. The Board is responsible for the governance of risk, with the assistance of the ARC which provides oversight and review on matters relating to ERM. To foster a risk-centric culture within the Group, an annual ERM workshop was held in November for both UOL and PPHG staff.

PRODUCT AND SERVICE EXCELLENCE

The Group leverages design and innovation to achieve product and service excellence. It launched Singapore's first bicycle-sharing facility at Riverbank@Fernvale, a 555-unit condominium in Sengkang, to promote healthy lifestyle and reduce carbon footprint. Residents can book bicycles for free and use them to enjoy scenic rides around the estate well known as a cyclists' haven. The bicycle-sharing facility was also introduced in the 663-unit Principal Garden at Prince Charles Crescent, to capitalise on the Alexandra Park Connector. Additionally, the development has an exceptional 80:20 'garden-living' concept where lush gardens and ground occupy 80% of the site for residents to enjoy greenery and outdoors.

During the year, UOL continued to clinch international and national awards for its projects, a testament to its architectural excellence. OneKM and Spottiswoode Residences bagged the winning title for the Retail and Residential (High-rise) categories respectively at the FIABCI Singapore Property Awards. At the South East Asia Property Awards, Riverbank@Fernvale won the Best Mid-range Condo Development (Singapore) Award, while UOL took home an award for Special Recognition in Corporate Social Responsibility (Singapore). Deputy Group Chief Executive Officer Liam Wee Sin was also honoured with the Singapore Real Estate Personality of the Year Award for his contribution to Singapore's real estate and design.

Pan Pacific Serviced Suites Beach Road won the Silver Award at the FIABCI World Prix d'Excellence Awards. PARKROYAL on Pickering was also presented with the FIABCI Singapore SG50 Special Award in acknowledgement as one of the best entries submitted since the launch of FIABCI Singapore Property Awards in 2011. The hotel's remarkable design also made it win the international Urban Habitat Award.

In Australia, PPHG was recognised for its pursuit of service excellence with PARKROYAL Parramatta, PARKROYAL Darling Harbour and PARKROYAL Melbourne Airport receiving awards and commendations at the 2015 HM Awards for Accommodation Excellence.

Other award-winning projects by UOL in the year included Botanique at Bartley, Duchess Residences, Terrene at Bukit Timah and Waterbank at Dakota.

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 provide a channel for employees to report concerns of any suspected improper conduct by any employees of UOL or its subsidiaries. The Head of Internal Audit works closely with the Audit and Risk Committee to investigate reported matters of misdeed or impropriety, 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

Employees are UOL's greatest asset, and they are vital to business sustainability. UOL believes in developing employees to their full potential with training programmes. Initiatives to attract and retain a talent pool include competitive remuneration package, stable work environment and work-life balance. The Group also organises social and recreational activities to take care of the well-being of its employees.

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

ENVIRONMENT

UOL is conscientious in conserving and protecting the environment. Its Environmental Management System is a key tool in managing and achieving its environmental targets. UOL also aims to minimise carbon footprint by improving operational efficiency,


PARKROYAL on Pickering's horticulturist tending to the hotel's Sky Garden

SUSTAINABILITY

which translates into energy and water savings. In November 2015, UOL achieved ISO 14001 certification, which is an internationally-recognised standard for the environmental management of a business.

The Group incorporates sustainable features where commercially feasible into its developments. PARKROYAL on Pickering continued to earn recognition for its green features during the year. The National Parks Board named the hotel an Outstanding Project for raising the bar in urban greening excellence under its Landscape Excellence Assessment Framework. PARKROYAL on Pickering was also recognised as Asia's Leading Green Hotel by the World Travel Awards. Together with Pan Pacific Singapore, the two hotels each clinched the Singapore Green Hotel Award presented by the Singapore Hotel Association for their sustainable management practices.

UOL also reaches out to the public in promoting environmental awareness. United Square partnered the National Environment Agency (NEA) to have a host of green activities to promote the 3Rs of Reduce, Reuse and Recycle. They include a Green Shopping Trail to lead shoppers through educational stations established over three levels of the mall, Bring Your Own Bag day on every Tuesday to encourage shoppers not to use disposable plastic bags, as well as a book exchange corner for shoppers to drop off their old books. United Square was the first shopping mall to be part of NEA's Project EARTH initiative. Dr Yaacob Ibrahim, Minister for Communications and Information and Minister in-charge of Muslim Affairs, graced the launch event of Project EARTH at United Square on 25 April 2015.

COMMUNITY

UOL remains active in supporting various meaningful charitable causes for children, youth, education, sports and the arts, which are its core community development pillars. It also encourages staff volunteerism for employees to give back to society and as an avenue for them to bond through meaningful activities.

Since 2010, UOL has been a supporter of CARE Singapore's StarKidz! Programme, which aims to help vulnerable primary school children. At the start of 2015, UOL donated $40,000 for CARE Singapore to implement the programme in a second primary school. During the year, UOL also organised two outings for the children. In June, UOL volunteers took 20 children to OneKM to experience an obstacle course set in a prehistoric world. In November, UOL volunteers and 30 children delved into the history and triumphs of Singapore's sports legends at the Singapore Sports Museum.

UOL continued to support Very Special Arts Singapore (VSA) to showcase art works by artists with disabilities. It commissioned 14 paintings totalling over $12,000 and displayed them at the showflats of Botanique at Bartley

VSA paintings were put up at the showflat of Botanique at Bartley

PPHG chef showing the resident cooks at Singapore Cheshire Home how to prepare a nutritious meal

and Principal Garden. The paintings will eventually be displayed at the completed condominiums.

UOL also showed its care and concern to the older generation who contributed to the growth of Singapore. For the second year, it celebrated Chinese New Year with about 130 residents from Asian Women's Welfare Association (AWWA)'s Senior Community Home. After a sumptuous lunch buffet, the UOL volunteers belted out Chinese New Year songs to entertain the elderly. Forty residents who were still energetic after the luncheon were chaperoned by the volunteers to take a boat ride along the Singapore River.

During the year, UOL also supported other charitable causes. It donated to the Singapore Exchange's Bull Charge beneficiaries which include AWWA, Autism Association, Fei Yue Community Services and Shared Services for Charities. In September, "Si Chuan Dou Hua" and the Central Singapore Community Development Council organised a Mid-Autumn Festival event to make 1,200 mooncakes for beneficiaries from the Lions Befrienders Seniors Activity Centre at Mei Ling Street and SilverAce at Whampoa Senior Activity Centre. The event was graced by Mayor of Central Singapore Community Development Council, Denise Phua.

PPHG also continued with its CSR efforts. In May, it partnered the National Council of Social Service to launch Eat Well With Us, where PPHG chefs created healthy recipes and imparted them to the resident cooks at six voluntary welfare organisations, benefitting more than 1,000 beneficiaries. PPHG also donated to the homes 0.5% of the total sales proceeds collected in June and July from its all-day dining restaurants at its five Singapore hotels.

BUSINESS COMMUNITY

In September, UOL participated in the Singapore Green Building Week (SGBW) organised by the Building and Construction Authority of Singapore (BCA). SGBW comprised a myriad of eco-oriented events and conventions. PARKROYAL on Pickering, the green hotel, was showcased in two exhibitions - Build Eco Xpo Asia 2015 from 2 to 4 September and Green Living 2015 from 4 to 6 September - which attracted over 15,000 visitors. The hotel was also featured in a "Green Mark 10th Year Commemorative Book" launched by BCA, documenting the best green building projects in Singapore.

GEOGRAPHICAL PRESENCE

REGIONAL

MIXED DEVELOPMENT

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

UNITED KINGDOM
Bishopsgate, London[3]

HOTELS/SERVICED SUITES

AUSTRALIA
Pan Pacific Perth
PARKROYAL Darling Harbour
PARKROYAL Melbourne Airport
PARKROYAL Parramatta
PARKROYAL Melbourne[4]

MALAYSIA
PARKROYAL Kuala Lumpur
PARKROYAL Serviced Suites Kuala Lumpur
PARKROYAL Penang
PARKROYAL Langkawi[4]
Pan Pacific Serviced Suites Puteri Harbour[4]

CHINA
Pan Pacific Xiamen
Pan Pacific Suzhou
Pan Pacific Tianjin
Pan Pacific Ningbo
Pan Pacific Serviced Suites Ningbo

VIETNAM
PARKROYAL Saigon
Sofitel Saigon Plaza
Sofitel Plaza Hanoi

MYANMAR
PARKROYAL Yangon
PARKROYAL Nay Pyi Taw
Pan Pacific Yangon[5]

UNITED KINGDOM
Bishopsgate, London[6]
(to be operated under "Pan Pacific" brand)

INDONESIA
Sari Pan Pacific Jakarta
Pan Pacific Nirwana Bali Resort
PARKROYAL Rainbow Hills Bogor Resort[7]

THAILAND
Pan Pacific Serviced Suites Bangkok

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

LEGEND
- Owned and managed by the Group
- Owned by the Group and managed by Third Parties
- Managed hotels

SINGAPORE

RESIDENTIAL

1. Archipelago[8] (Fully Sold)
2. Katong Regency (Fully Sold)
3. Thomson Three[8]
4. Seventy Saint Patrick's
5. Riverbank@Fernvale
6. Botanique at Bartley
7. Principal Garden[9]
8. Clementi Avenue 1 site[10]

RETAIL MALLS

9. Velocity@Novena Square
10. United Square
11. OneKM

OFFICES

12. Novena Square
13. United Square
14. Odeon Towers
15. Faber House
16. One Upper Pickering

HOTELS/SERVICED SUITES

17. Pan Pacific Orchard
18. Pan Pacific Singapore[11]
19. Pan Pacific Serviced Suites Orchard
20. Pan Pacific Serviced Suites Beach Road
21. PARKROYAL on Beach Road
22. PARKROYAL on Kitchener Road
23. PARKROYAL Serviced Suites, Singapore
24. PARKROYAL on Pickering
25. Marina Mandarin[12]

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[1] Comprises residential units, offices, retail space and Pan Pacific Tianjin.
[2] Comprises residential units and retail space.
[3] Comprises residential units, retail space and a hotel.
[4] Opening in 2018.
[5] 20% stake, opening in 2017.
[6] Opening in 2019.
[7] Opening in 2017.
[8] 50% stake.
[9] 70% stake.
[10] 50% stake.
[11] 22.7% stake held through Marina Centre Holdings Pte Ltd.
[12] 25.0% stake held through Aquamarina Hotel Private Limited.

PROPERTY SUMMARY 2015

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (sqm)	Car Park Facilities	2015 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	91	93.0	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	18,364	167	96	420.3	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	19,328	658	99	1,057.0	100
Offices	1982			26,897		89		
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	-	99-year lease from 1997	15,854	491	100	1,347.9	60
Offices	2000			41,579		92		
ONEKM 11 Tanjong Katong Road, Singapore 3-storey commercial podium with a basement located within a commercial/residential development	2014	2011	Freehold	19,045	267	95	465.4	100
THE PLAZA 7500 Beach Road, Singapore Retained interests in a 32-storey tower block comprising restaurants, a function room, 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		88	64.8	100
PARKROYAL SERVICED SUITES, SINGAPORE 90 serviced suites and 1 owner-occupied apartment	1979	-	99-year lease from 1968	6,125 & 165 respectively	449	89	78.4	100
PAN PACIFIC SERVICED SUITES BEACH ROAD, SINGAPORE 180 serviced suites	2013	-		8,100		88	132.0	100

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (sqm)	Car Park Facilities	2015 Average Occupancy %	Present Capital Value ($m)	Effective Percentage of Interest %
INVESTMENT PROPERTIES OWNED BY THE GROUP (CONTINUED)								
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	31	100	189.0	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	-	72.8	90
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	42	85	149.0	100
PARKROYAL SERVICED SUITES KUALA LUMPUR Jalan Nagasari, Kuala Lumpur, Malaysia 31-storey serviced suite with 287 units and a carpark	2010	2005	Freehold	19,005	290	80	75.4	100
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*	78	80	184.0	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	80	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*	271	83	347.0	100

PROPERTY SUMMARY 2015

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (sqm)	Car Park Facilities	2015 Average Occupancy %	Present Capital Value ($m)	Effective Percentage of Interest %
HOTELS OWNED AND MANAGED BY THE GROUP (CONTINUED)								
PARKROYAL ON PICKERING 3 Upper Pickering Street, Singapore 16-storey hotel building with 367 rooms	2012	-	99-year lease from 2008	21,301*	75	85	404.0	100
PAN PACIFIC XIAMEN Hubin North 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	67	54.9	100
PAN PACIFIC SUZHOU Xinshi Road, Suzhou, Jiangsu, The People's Republic of China A 481-room hotel built in the Ming Dynasty style within a cluster of low-rise buildings	1998	2001	50-year lease from 1994	63,232*	100	49	59.7	100
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	40	103.7	90
PARKROYAL SAIGON Nguyen Van Troi Street, 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	65	30.9	100
PARKROYAL YANGON At the corner of Alan Pya Phaya Road and Yaw Min Gyi Road, Yangon, Union of Myanmar 8-storey V-shaped tower comprising 334 rooms	1997	2001	50-year lease from 1998	17,700*	140	48	73.1	100
PARKROYAL KUALA LUMPUR AND PRESIDENT HOUSE Jalan Sultan Ismail, 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	1974	1999	Freehold	56,707*	-	77	79.3	100
Car Park Annexe			Leasehold, expiring in 2080	11,128*	320			

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (sqm)	Car Park Facilities	2015 Average Occupancy %	Present Capital Value ($m)	Effective Percentage of Interest %
INVESTMENT PROPERTIES OWNED BY THE GROUP (CONTINUED)								
PARKROYAL PENANG RESORT Batu Ferringhi Beach, Penang, Malaysia 309-room 8-storey beachfront resort hotel	1990	1999	Freehold	31,502*	147	68	56.3	100
PARKROYAL DARLING HARBOUR, SYDNEY 150 Day Street, Sydney, Australia 13-level hotel with 340 rooms	1991	1993	Freehold	24,126*	58	87	137.1	100
PARKROYAL MELBOURNE AIRPORT Arrivals 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	106.5	100
PARKROYAL PARRAMATTA 30 Phillip Street, Parramatta, New South Wales, Australia 13-level hotel with 196 rooms A 90-room extension is underway to increase the total number of rooms to 286	1986	1994	Freehold	19,798*	176	83	71.4	100
PAN PACIFIC PERTH At the corner of Adelaide Terrace and Hill Street, Perth, Australia Comprising 486 rooms in a 23-storey hotel tower and a 4-level extension wing	1973	1995	Freehold	31,513*	220	77	148.3	100
HOTELS OWNED AND MANAGED BY THIRD PARTIES								
SOFITEL PLAZA HANOI Thanh Nien Road, Hanoi, Vietnam 20-storey hotel with 265 rooms and 56 serviced apartments	1998	2001	48-year lease from 1993	39,250*	45	80	88.5	75
OTHER PROPERTIES OWNED BY THE GROUP								
EUNOS WAREHOUSE COMPLEX 1 Kaki Bukit Road 2, Singapore Retained interests in 2 units of a 4-storey flatted warehouse	1983	-	60-year lease from 1982	1,134	-	-	3.0	100
THE PLAZA 7500A Beach Road, Singapore Owner-occupied corporate office and lobby	1979	-	99-year lease from 1968	1,824	-	-	23.0	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

PROPERTY SUMMARY 2015

	Purchased	Tenure of Land	Approximate Net Saleable Area / Net Internal* Area (sqm)	Stage of Completion as at 31.12.2015 %	Expected Completion	Effective Percentage of Interest %
PROPERTIES UNDER CONSTRUCTION						
BISHOPSGATE SITE 150 Bishopsgate, London Hotel with proposed 237 rooms			15,886	-	3rd Quarter 2019	100
Proposed 160 units of residential apartments	2014	Freehold	13,738	-		
Retail component			1,631*	-		

	Type of Development	Tenure of Land	Approximate Gross Floor Area (sqm)	Site Area (sqm)	Sales Status as at 31.12.2015 %	Stage of Completion as at 31.12.2015 %	Expected Completion	Effective Percentage of Interest %
PROPERTIES FOR SALE UNDER DEVELOPMENT								
SEVENTY SAINT PATRICK'S St Patrick's Road 186 units of condominium apartments	Residential	Freehold	19,944	12,950	96	80	3rd Quarter 2016	100
RIVERBANK@FERNVALE Sengkang West Way 555 units of condominium apartments	Residential	99-Year leasehold commencing 10.7.2013	49,812	16,604	63	60	1st Quarter 2017	100
BOTANIQUE AT BARTLEY Upper Paya Lebar Road 797 units of condominium apartments	Residential	99-Year leasehold commencing 14.4.2014	61,839	20,078	73	15	3rd Quarter 2018	100
PRINCIPAL GARDEN Prince Charles Crescent 663 units of condominium apartments	Residential	99-Year leasehold commencing 21.7.2014	57,668	24,964	22	6	2nd Quarter 2018	70

SIMPLIFIED GROUP FINANCIAL POSITION

TOTAL ASSETS OWNED

	2015 $m	2014 $m	2015 %	2014 %
Property, plant and equipment	**1,179**	1,241	**10**	11
Investment properties	**4,135**	4,080	**36**	34
Available-for-sale financial assets	**805**	989	**7**	8
Associated companies	**3,280**	3,171	**28**	27
Joint-venture companies	**189**	229	**2**	2
Development properties	**1,484**	1,715	**13**	14
Other assets and cash	**429**	423	**4**	4
	11,501	11,848	**100**	100

TOTAL LIABILITIES OWED AND CAPITAL INVESTED

	2015 $m	2014 $m	2015 %	2014 %
Shareholders' funds	**7,894**	7,643	**69**	64
Non-controlling interests	**507**	488	**4**	4
Borrowings	**2,570**	3,029	**23**	26
Trade and other payables	**394**	436	**3**	4
Deferred income tax liabilities	**89**	174	**1**	1
Other liabilities	**47**	78	**0**	1
	11,501	11,848	**100**	100

FIVE-YEAR FINANCIAL SUMMARY

	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000
GROUP REVENUE					
Property development	1,393,773	560,022	409,984	675,881	**577,496**
Hotel operations	360,038	377,721	420,425	437,574	**419,417**
Property investments	160,308	166,087	180,241	198,206	**219,391**
Investments	26,219	23,192	27,446	28,798	**42,289**
Hotel and other management services	19,896	18,755	20,512	20,260	**20,156**
	1,960,234	1,145,777	1,058,608	1,360,719	**1,278,749**
GROUP INCOME STATEMENT					
Property development	404,763	147,502	133,235	146,526	**54,486**
Property investments	112,650	119,702	126,369	137,296	**144,717**
Hotel operations	59,511	59,789	66,310	72,581	**51,935**
Investments	26,064	23,147	27,402	28,764	**42,254**
Hotel and other management services	8,281	11,521	11,757	15,060	**13,181**
	611,269	361,661	365,073	400,227	**306,573**
Unallocated costs	(12,462)	(13,736)	(14,381)	(14,892)	**(15,111)**
Profit from operations	598,807	347,925	350,692	385,335	**291,462**
Finance income	2,768	11,112	4,488	5,466	**6,039**
Finance expense	(39,233)	(33,090)	(42,815)	(34,009)	**(41,664)**
Share of profit of associated companies excluding fair value gains of associated companies' investment properties	165,928	114,115	96,383	119,776	**126,633**
Share of (loss)/profit of joint venture companies	(500)	(364)	18,506	38,590	**29,117**
Profit before fair value and other gains/ (losses) and income tax	727,770	439,698	427,254	515,158	**411,587**
Other (losses)/gains	(19,731)	(24,995)	23,813	25,552	**(22,036)**
Fair value gains on associated companies' investment properties	8,694	107,547	91,459	78,408	**9,920**
Fair value gains on the Group's investment properties	187,222	442,097	409,425	217,848	**60,902**
Profit before income tax	903,955	964,347	951,951	836,966	**460,373**
Profit attributable to equity holders of the Company	678,572	807,675	785,820	685,996	**391,389**

	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000
GROUP STATEMENT OF FINANCIAL POSITION					
Property, plant and equipment	1,090,066	1,130,024	1,169,105	1,241,180	**1,178,534**
Investment properties	2,838,328	3,342,754	3,814,190	4,080,214	**4,134,897**
Associated companies, joint venture companies, receivables and other assets (non-current)	2,512,045	2,782,693	2,944,304	3,239,511	**3,379,329**
Available-for-sale financial assets (non-current)	220,565	283,484	274,854	340,272	**804,872**
Intangibles	29,908	27,607	26,117	25,677	**23,336**
Deferred tax assets	4,338	3,789	3,160	3,623	**4,702**
Net current assets (excluding borrowings)	1,605,520	1,665,039	1,660,264	2,561,037	**1,695,501**
Non-current liabilities (excluding borrowings)	(203,926)	(342,555)	(328,861)	(332,073)	**(250,018)**
	8,096,844	8,892,835	9,563,133	11,159,441	**10,971,153**
Share capital	1,040,694	1,046,954	1,050,897	1,151,512	**1,216,099**
Reserves	4,243,279	5,095,658	5,708,801	6,491,217	**6,678,076**
Interests of the shareholders	5,283,973	6,142,612	6,759,698	7,642,729	**7,894,175**
Non-controlling interests	486,950	576,314	467,272	488,170	**506,941**
Borrowings	2,325,921	2,173,909	2,336,163	3,028,542	**2,570,037**
	8,096,844	8,892,835	9,563,133	11,159,441	**10,971,153**
FINANCIAL RATIOS					
Basic earnings per ordinary share* (cents)	88.12	105.06	102.01	88.00	**49.39**
Gross dividend declared ($'000)	115,237	115,485	154,172	118,176	**119,433**
Gross dividend declared					
First and final (cents)	10.0	15.0	15.0	15.0	**15.0**
Special (cents)	5.0	-	5.0	-	**-**
Cover (times)	5.9	7.0	5.1	5.8	**3.3**
Net tangible asset backing per ordinary share ($)					
Before accounting for surplus on revaluation of hotel properties	6.84	7.94	8.73	9.68	**9.89**
After accounting for surplus on revaluation of hotel properties	7.49	8.73	9.71	10.75	**11.05**
Gearing ratio	0.35	0.28	0.28	0.34	**0.27**

*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

	2015 $'000	%	2014 $'000	%
Property development	**577,496**	**45.2**	675,881	49.7
Hotel operations	**419,417**	**32.8**	437,574	32.2
Property investments	**219,391**	**17.2**	198,206	14.5
Investments	**42,289**	**3.3**	28,798	2.1
Management services	**20,156**	**1.5**	20,260	1.5
	1,278,749	**100.0**	1,360,719	100.0

ADJUSTED EBITDA* BY BUSINESS SEGMENTS

	2015 $'000	%	2014 $'000	%
Property development	**84,155**	**15.6**	185,192	26.6
Property investments	**278,728**	**51.7**	333,189	47.9
Hotel operations	**118,074**	**21.9**	131,656	18.9
Investments	**42,254**	**7.9**	28,764	4.1
Management services	**15,463**	**2.9**	17,263	2.5
	538,674	**100.0**	696,064	100.0

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

TOTAL ASSETS BY BUSINESS SEGMENTS

	2015 $'000	%	2014 $'000	%
Property development	**1,973,444**	**17.2**	2,434,157	20.5
Property investments	**7,191,167**	**62.5**	6,981,736	58.9
Hotel operations	**1,451,585**	**12.6**	1,370,187	11.6
Investments	**804,884**	**7.0**	988,807	8.3
Management services	**43,229**	**0.4**	41,767	0.4
	11,464,309	**99.7**	11,816,654	99.7
Unallocated assets	**36,972**	**0.3**	31,807	0.3
	11,501,281	**100.0**	11,848,461	100.0

TOTAL REVENUE BY GEOGRAPHICAL SEGMENTS

	2015 $'000	%	2014 $'000	%
Singapore	**1,003,533**	**78.5**	646,275	47.5
Australia	**114,712**	**9.0**	132,070	9.7
The People's Republic of China	**55,582**	**4.4**	243,633	17.9
Malaysia	**49,097**	**3.8**	278,226	20.4
Vietnam	**31,972**	**2.5**	28,705	2.1
Myanmar	**20,835**	**1.6**	28,090	2.1
Others	**3,018**	**0.2**	3,720	0.3
	1,278,749	**100.0**	1,360,719	100.0

ADJUSTED EBITDA* BY GEOGRAPHICAL SEGMENTS

	2015 $'000	%	2014 $'000	%
Singapore	**480,182**	**89.1**	509,422	73.2
Australia	**25,891**	**4.8**	32,744	4.7
Malaysia	**14,121**	**2.6**	116,856	16.8
Vietnam	**11,546**	**2.2**	11,034	1.6
Myanmar	**8,827**	**1.7**	13,770	2.0
United Kingdom	**(1,459)**	**(0.3)**	(1,105)	(0.2)
The People's Republic of China	**(2,117)**	**(0.4)**	11,197	1.6
Others	**1,683**	**0.3**	2,146	0.3
	538,674	**100.0**	696,064	100.0

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

TOTAL ASSETS BY GEOGRAPHICAL SEGMENTS

	2015 $'000	%	2014 $'000	%
Singapore	**10,224,651**	**88.9**	10,507,856	88.7
The People's Republic of China	**545,900**	**4.7**	590,066	5.0
Australia	**249,705**	**2.2**	239,255	2.0
United Kingdom	**216,359**	**1.9**	205,868	1.7
Malaysia	**156,448**	**1.4**	187,027	1.6
Vietnam	**46,050**	**0.4**	48,909	0.4
Myanmar	**27,891**	**0.2**	36,683	0.3
Others	**34,277**	**0.3**	32,797	0.3
	11,501,281	**100.0**	11,848,461	100.0

VALUE-ADDED STATEMENT

	2015 $'000	2014 $'000
Sales of goods and services	**1,236,460**	1,331,921
Purchase of materials and services	**(708,784)**	(604,486)
Gross value added	**527,676**	727,435
Share of profit of associated companies	**136,553**	198,184
Share of profit of joint venture companies	**29,117**	38,590
Income from investments and interest	**48,328**	34,264
Other (losses)/gains	**(22,036)**	25,552
Fair value gains on investment properties	**60,902**	217,848
Currency exchange differences	**(11,154)**	(8,662)
Total Value Added	**769,386**	1,233,211
DISTRIBUTION OF VALUE ADDED:		
To employees and directors		
Employees' salaries, wages and benefits	**180,289**	181,043
Directors' remuneration	**2,950**	2,926
	183,239	183,969
To government		
Corporate and property taxes	**75,968**	100,533
To providers of capital		
Interest expense	**61,999**	50,311
Dividend attributable to non-controlling interests	**2,815**	35,027
Dividend attributable to equity holders of the Company	**118,176**	154,172
	182,990	239,510
Total Value Added Distributed	**442,197**	524,012

	2015 $'000	2014 $'000
Retained in the business		
Depreciation	**64,318**	57,168
Retained earnings	**186,810**	383,114
	251,128	440,282
Non-production cost and income		
Bad debts	**21**	(85)
Income from investments and interest	**48,328**	34,264
Other (losses)/gains	**(22,036)**	25,552
Fair value gains on investment properties	**60,902**	217,848
Currency exchange differences	**(11,154)**	(8,662)
	76,061	268,917
	769,386	1,233,211
PRODUCTIVITY RATIOS:	**$**	$
Value added per employee	**110,001**	152,215
Value added per $ employment costs	**2.88**	3.95
Value added per $ investment in property, plant and equipment and investment properties (before depreciation)		
- at cost	**0.15**	0.20
- at valuation	**0.09**	0.13
Value added per $ net sales	**0.43**	0.55


Spottiswoode

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2015

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 2015 and the statement of financial position of the Company as at 31 December 2015.

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 86 to 188 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 2015 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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) The directors holding office at 31 December 2015 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 31.12.2015	**At 1.1.2015**	**At 31.12.2015**	**At 1.1.2015**
UOL Group Limited ("UOL")				
– Ordinary Shares				
Wee Cho Yaw	**3,567,035**	3,497,094	**264,091,272***	254,752,082*
Wee Ee Lim	**254,238**	249,253	**108,012,787**	101,728,570
Gwee Lian Kheng	**503,000**	503,000	**–**	–
Low Weng Keong	**10,000***	–	**–**	–
Wee Sin Tho	**103,215**	103,215	**–**	–
Tan Tiong Cheng	**80,000**	50,000	**–**	–
Wee Ee-chao	**31,735***	31,735*	**108,288,392***	102,004,146*
Pongsak Hoontrakul	**20,000***	–	**–**	–
– Executives' Share Options				
Gwee Lian Kheng	**880,000**	860,000	**–**	–

* Includes shares registered in the name of nominees.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2015

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 2016, were the same as those at 31 December 2015 except for the following:

	Holdings registered in name of director	
	At 21.1.2016	**At 31.12.2015**
UOL		
– Ordinary Shares		
Low Weng Keong	**25,000***	10,000*
Tan Tiong Cheng	**110,000**	80,000

(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 2015 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 11 March 2015, options were granted pursuant to the 2012 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,285,000 ordinary shares in the Company (known as "the 2015 Options") at the exercise price of $7.67 per ordinary share. 1,253,000 options granted were accepted by the executives, including Gwee Lian Kheng. The total fair value of the options granted was estimated to be $1,366,000 using the Trinomial Tree Model.

The details of the options accepted are as follows:

	No. of employees	**At exercise price of $7.67 per share**
Executive Director	1	120,000
Other Executives	52	1,133,000
	53	1,253,000

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2015

SHARE OPTIONS (continued)

UOL Group Executives' Share Option Scheme (continued)

(d) Statutory information regarding the 2015 Options is as follows:

(i) The option period begins on 11 March 2016 and expires on 10 March 2025 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 (previously known as "Report of the Directors") 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 31.12.2014	Options granted during the financial year	Aggregate options granted since commencement of the 2000 and 2012 Scheme to 31.12.2015	Aggregate options exercised since commencement of the 2000 and 2012 Scheme to 31.12.2015	Aggregate options outstanding at 31.12.2015
1,440,000	120,000	1,560,000	680,000	880,000

(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.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2015

SHARE OPTIONS (continued)

UOL Group Executives' Share Option Scheme (continued)

Outstanding Share Options

At 31 December 2015, the holders of the Executives' Share Options include a director of the Company as disclosed under "Directors' interests in shares or debentures".

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

During the financial year, 1,438,000 ordinary shares of the Company were issued upon the exercise of options by:

Holders of	Number of ordinary shares	Exercise price per share $
2006 Options	100,000	3.21
2007 Options	102,000	4.91
2008 Options	70,000	3.68
2010 Options	5,000	3.95
2011 Options	54,000	4.62
2012 Options	418,000	5.40
2013 Options	260,000	6.55
2014 Options	429,000	6.10
	1,438,000	

Unissued ordinary shares under options at 31 December 2015 comprise:

	At 1.1.2015	Options granted in 2015	Options exercised	Options forfeited	At 31.12.2015	Exercise/ Subscription price/$	Option period
Executives' Share Options							
2006 Options	100,000	–	(100,000)	–	–	3.21	18.05.2007 to 17.05.2016
2007 Options	306,000	–	(102,000)	–	204,000	4.91	16.03.2008 to 15.03.2017
2008 Options	200,000	–	(70,000)	–	130,000	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	309,000	–	(5,000)	–	304,000	3.95	05.03.2011 to 04.03.2020
2011 Options	400,000	–	(54,000)	–	346,000	4.62	04.03.2012 to 03.03.2021
2012 Options	1,073,000	–	(418,000)	–	655,000	5.40	23.08.2013 to 22.08.2022
2013 Options	1,113,000	–	(260,000)	–	853,000	6.55	08.03.2014 to 07.03.2023
2014 Options	1,224,000	–	(429,000)	–	795,000	6.10	12.03.2015 to 11.03.2024
2015 Options	–	1,253,000	–	(28,000)	1,225,000	7.67	11.03.2016 to 10.03.2025
	4,787,000	1,253,000	(1,438,000)	(28,000)	4,574,000		

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2015

AUDIT & RISK COMMITTEE

The Audit & Risk Committee comprises three members as follows:

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

Non-independent and non-executive director
Wee Ee Lim

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

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

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

INDEPENDENT AUDITOR

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

On behalf of the directors

WEE CHO YAW
Chairman

GWEE LIAN KHENG
Director

26 February 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of UOL Group Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of UOL Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 86 to 188, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 26 February 2016

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 31 December 2015

	Note	The Group 2015 $'000	The Group 2014 $'000
Revenue	4	**1,278,749**	1,360,719
Cost of sales		**(774,876)**	(779,545)
Gross profit		**503,873**	581,174
Other income			
– Finance income	4	**6,039**	5,466
– Miscellaneous income	4	**18,374**	13,368
Expenses			
– Marketing and distribution		**(67,275)**	(56,040)
– Administrative		**(81,010)**	(73,449)
– Finance	7	**(41,664)**	(34,009)
– Other operating		**(82,500)**	(79,718)
Share of profit of associated companies	17	**136,553**	198,184
Share of profit of joint venture companies	18	**29,117**	38,590
		421,507	593,566
Other (losses)/gains	8	**(22,036)**	25,552
Fair value gains on investment properties	20	**60,902**	217,848
Profit before income tax		**460,373**	836,966
Income tax expense	9(a)	**(47,195)**	(76,691)
Net profit		**413,178**	760,275
Attributable to:			
Equity holders of the Company		**391,389**	685,996
Non-controlling interests		**21,789**	74,279
		413,178	760,275
Earnings per share attributable to equity holders of the Company (expressed in cents per share)	10		
– Basic		**49.39**	88.00
– Diluted		**49.35**	87.92

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2015

	Note	The Group 2015 $'000	The Group 2014 $'000
Net profit		**413,178**	760,275
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
– Fair value (losses)/gains	31(b)	**(191,333)**	129,971
– Reversal/(provision) of deferred tax liabilities	31(b)	**96,327**	(14,356)
Liquidation of an available-for-sale financial asset	31(b)	**–**	(7,456)
Cash flow hedges:			
– Fair value gains	31(f)	**73**	1,082
– Transfer to income statement	31(f)	**(283)**	(379)
Currency translation differences arising from consolidation of foreign operations	31(e)	**3,946**	5,224
Share of other comprehensive income of an associated company	31(a),(e)	**2,516**	2,852
Other comprehensive (loss)/income, net of tax		**(88,754)**	116,938
Total comprehensive income		**324,424**	877,213
Total comprehensive income attributable to:			
Equity holders of the Company		**302,838**	801,176
Non-controlling interests		**21,586**	76,037
		324,424	877,213

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

STATEMENTS OF FINANCIAL POSITION – GROUP AND COMPANY

As at 31 December 2015

		The Group		The Company	
		2015	2014	2015	2014
	Note	$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and bank balances	11	**276,398**	286,506	**1,546**	2,849
Trade and other receivables	12	**197,106**	247,557	**2,551**	46,936
Derivative financial instrument	26	**1,338**	35	**–**	–
Development properties	13	**1,484,292**	1,715,211	**–**	–
Inventories	14	**734**	802	**–**	–
Available-for-sale financial assets	15	**–**	648,514	**–**	648,514
Other assets	16	**15,618**	19,261	**199**	213
Current income tax assets	9(b)	**125**	98	**–**	–
		1,975,611	2,917,984	**4,296**	698,512
Non-current assets					
Trade and other receivables	12	**13,348**	77,374	**745,969**	782,512
Derivative financial instrument	26	**–**	578	**–**	323
Available-for-sale financial assets	15	**804,872**	340,272	**619,647**	111,748
Investments in associated companies	17	**3,279,632**	3,104,327	**162,737**	162,259
Investments in joint venture companies	18	**86,349**	57,232	**–**	–
Investments in subsidiaries	19	**–**	–	**1,800,714**	1,800,714
Investment properties	20	**4,134,897**	4,080,214	**421,500**	409,800
Property, plant and equipment	21	**1,178,534**	1,241,180	**1,113**	1,349
Intangibles	22	**23,336**	25,677	**14**	318
Deferred income tax assets	29	**4,702**	3,623	**–**	–
		9,525,670	8,930,477	**3,751,694**	3,269,023
Total assets		**11,501,281**	11,848,461	**3,755,990**	3,967,535
LIABILITIES					
Current liabilities					
Trade and other payables	23	**238,322**	281,731	**397,787**	325,472
Current income tax liabilities	9(b)	**41,788**	75,216	**1,205**	3,499
Borrowings	24	**523,605**	1,291,883	**179,403**	511,878
		803,715	1,648,830	**578,395**	840,849
Non-current liabilities					
Trade and other payables	23	**156,027**	153,996	**4,279**	2,038
Borrowings	24	**1,983,423**	1,682,501	**282,333**	74,824
Derivative financial instrument	26	**978**	–	**978**	–
Loan from non-controlling shareholder of a subsidiary (unsecured)	27	**63,009**	54,158	**–**	–
Provision for retirement benefits	28	**3,854**	3,813	**–**	–
Deferred income tax liabilities	29	**89,159**	174,264	**3,490**	100,118
		2,296,450	2,068,732	**291,080**	176,980
Total liabilities		**3,100,165**	3,717,562	**869,475**	1,017,829
NET ASSETS		**8,401,116**	8,130,899	**2,886,515**	2,949,706
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	30	**1,216,099**	1,151,512	**1,216,099**	1,151,512
Reserves	31	**889,866**	977,032	**475,608**	524,924
Retained earnings		**5,788,210**	5,514,185	**1,194,808**	1,273,270
		7,894,175	7,642,729	**2,886,515**	2,949,706
Non-controlling interests		**506,941**	488,170	**–**	–
Total equity		**8,401,116**	8,130,899	**2,886,515**	2,949,706

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2015

		Attributable to equity holders of the Company					
	Note	Share capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2015							
Beginning of financial year		**1,151,512**	**977,032**	**5,514,185**	**7,642,729**	**488,170**	**8,130,899**
Profit for the year		–	–	391,389	391,389	21,789	413,178
Other comprehensive loss for the year		–	(88,551)	–	(88,551)	(203)	(88,754)
Total comprehensive (loss)/income for the year		**–**	**(88,551)**	**391,389**	**302,838**	**21,586**	**324,424**
Employee share option scheme							
– Value of employee services	31(a)	–	1,360	–	1,360	–	1,360
– Proceeds from shares issued	30	7,926	–	–	7,926	–	7,926
Dividends	32	–	–	(118,176)	(118,176)	(2,815)	(120,991)
Issue of shares under scrip dividend scheme	30	56,661	–	–	56,661	–	56,661
Share of an associated company's acquisition of interests from non-controlling shareholders	17	–	25	812	837	–	837
Total transactions with owners, recognised directly in equity		**64,587**	**1,385**	**(117,364)**	**(51,392)**	**(2,815)**	**(54,207)**
End of financial year		**1,216,099**	**889,866**	**5,788,210**	**7,894,175**	**506,941**	**8,401,116**
2014							
Beginning of financial year		**1,050,897**	**855,311**	**4,853,490**	**6,759,698**	**467,272**	**7,226,970**
Profit for the year		–	–	685,996	685,996	74,279	760,275
Other comprehensive income for the year		–	115,180	–	115,180	1,758	116,938
Total comprehensive income for the year		**–**	**115,180**	**685,996**	**801,176**	**76,037**	**877,213**
Employee share option scheme							
– Value of employee services	31(a)	–	1,489	–	1,489	–	1,489
– Proceeds from shares issued	30	3,577	–	–	3,577	–	3,577
Dividends	32	–	–	(154,172)	(154,172)	(35,027)	(189,199)
Issue of shares under scrip dividend scheme	30	97,038	–	–	97,038	–	97,038
Acquisition of interests from non-controlling shareholders		–	–	821	821	(1,595)	(774)
Issue of shares to non-controlling interests		–	–	–	–	300	300
Liquidation of subsidiaries		–	–	–	–	(1,607)	(1,607)
Redemption of preference shares held by non-controlling shareholders		–	–	–	–	(17,210)	(17,210)
Share of an associated company's acquisition of interests from non-controlling shareholders	17	–	5,052	128,050	133,102	–	133,102
Total transactions with owners, recognised directly in equity		**100,615**	**6,541**	**(25,301)**	**81,855**	**(55,139)**	**26,716**
End of financial year		**1,151,512**	**977,032**	**5,514,185**	**7,642,729**	**488,170**	**8,130,899**

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 2015

	2015 $'000	2014 $'000
Cash flows from operating activities		
Net profit	**413,178**	760,275
Adjustments for		
– Income tax expense	**47,195**	76,691
– Depreciation and amortisation	**67,231**	59,972
– (Write-back of allowance)/allowance for impairment of loans and receivables – net	**(21)**	85
– Share of profit of associated companies	**(136,553)**	(198,184)
– Share of profit of joint venture companies	**(29,117)**	(38,590)
– Unrealised translation losses	**13,072**	790
– Net provision for retirement benefits	**620**	628
– Employee share option expense	**1,360**	1,489
– Dividend income and interest income	**(48,328)**	(34,264)
– Interest expense	**30,510**	25,347
– Fair value gains on investment properties	**(60,902)**	(217,848)
– Property, plant and equipment written off and net loss on disposals	**2,163**	1,211
– Negative goodwill on acquisition of interests in an associated company	**(5,755)**	(3,331)
– Write-back of impairment charge on property, plant and equipment	**(11,757)**	(14,889)
– Impairment charge on property, plant and equipment	**40,224**	–
– Gain on liquidation of an available-for-sale financial asset	**(676)**	(7,332)
	322,444	412,050
Change in working capital		
– Receivables	**49,599**	(62,015)
– Development properties	**209,858**	(456,220)
– Derivative financial instrument	**–**	616
– Inventories	**68**	(99)
– Payables	**(813)**	(208,448)
	258,712	(726,166)
Cash generated from/(used in) operations	**581,156**	(314,116)
Income tax paid	**(66,704)**	(96,521)
Bank deposits released/(pledged) as security	**2,150**	(31)
Net cash from/(used in) operating activities	**516,602**	(410,668)
Cash flows from investing activities		
Proceeds from liquidation of an available-for-sale financial asset	**676**	17,908
Redemption of preference shares by an associated company	**–**	6,275
Liquidation of subsidiaries	**–**	(1,607)
Proceeds from liquidation of associated companies	**3,150**	–
Payments for intangibles	**(570)**	(2,382)
Payments for interests in associated companies	**(17,788)**	(17,714)
Loans to an associated company and a joint venture company	**(1,110)**	(1,625)
Repayment of loan by a joint venture company	**77,800**	–
Net proceeds from disposal of property, plant and equipment	**281**	173
Purchase of property, plant and equipment and investment properties	**(47,262)**	(157,266)
Interest received	**6,039**	5,466
Dividends received	**42,015**	18,672
Net cash from/(used in) investing activities	**63,231**	(132,100)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2015

	Note	2015 $'000	2014 $'000
Cash flows from financing activities			
Proceeds from shares issued		**7,926**	3,577
Net proceeds from issue of shares to non-controlling shareholder of a subsidiary		**–**	300
Payments to non-controlling shareholder of a subsidiary for redemption of preference shares		**–**	(17,210)
Payments to non-controlling shareholder for purchase of shares in a subsidiary		**–**	(774)
Loans from non-controlling shareholder of a subsidiary		**8,851**	54,158
Repayment of loan from non-controlling shareholder of a subsidiary		**–**	(16,675)
Repayment of 2.5% unsecured fixed rate notes due 2014		**–**	(300,000)
Proceeds from 2.5% unsecured fixed rate notes due 2018		**175,000**	–
Repayment of 2.493% unsecured fixed rate notes due 2015		**(175,000)**	–
Proceeds from borrowings		**441,812**	1,252,182
Repayment of borrowings		**(916,390)**	(294,162)
Expenditure relating to bank borrowings		**(4,158)**	(5,741)
Interest paid		**(57,678)**	(49,830)
Payment of finance lease liabilities		**(270)**	(196)
Dividends paid to equity holders of the Company		**(61,515)**	(57,134)
Dividends paid to non-controlling interests		**(2,815)**	(35,027)
Net cash (used in)/from financing activities		**(584,237)**	533,468
Net decrease in cash and cash equivalents		**(4,404)**	(9,300)
Cash and cash equivalents at the beginning of the financial year		**280,855**	287,997
Effects of currency translation on cash and cash equivalents		**(3,905)**	2,158
Cash and cash equivalents at the end of the financial year	11(c)	**272,546**	280,855

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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 2015

On 1 January 2015, 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 108 Operating segments

The Group has adopted the above amendment to FRS 108 on 1 January 2015. The amendment is applicable for annual periods beginning on or after 1 July 2014. It sets out the required disclosures on the judgements made by management in aggregating operating segments. This includes description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to entity's assets when segment assets are reported. The required disclosures are in Note 37 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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*

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 physical surveys of construction work completed. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

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

(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.

(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.

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 but are considered an impairment indicator of the asset transferred. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired is recorded as goodwill. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

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

(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.

2.4 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(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(e) for the lease period of each property.

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

	Useful lives
Buildings	50 years or period of the lease, whichever is shorter
Plant, equipment, furniture and fittings	3 to 20 years
Motor vehicles	5 to 7 years

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

(c) *Subsequent expenditure*

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

(d) *Disposals*

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

2.5 Development properties

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

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 physical surveys of construction work completed. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as expense immediately.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Development properties (continued)

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 properties for sale under development 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".

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

2.6 Intangibles

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 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.

Goodwill on acquisitions of subsidiaries and businesses prior to 1 January 2010 and on acquisition of associated companies and joint venture companies represents the excess of the cost of the acquisition over the fair value of the Group's share 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 bargain purchase.

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

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

(b) *Acquired trademarks*

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

(c) *Acquired computer software costs*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Intangibles (continued)

(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 Borrowing costs

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

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

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(d) *Impairment (continued)*

(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 balance sheet 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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the income statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the income statement on a straight-line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Leases (continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

A subsidiary in Malaysia operates an unfunded defined benefit scheme under the Collective Union Agreement for unionised employees and certain management staff. Benefits payable on retirement are calculated by reference to the length of service and earnings over the employees' period of employment; that benefit is discounted to determine the present value. The discount rate is the market yield at the end of reporting period on high quality corporate bonds or government bonds. Provision for employee retirement benefits is made in the financial statements so as to provide for the accrued liability at year end. An actuarial valuation, based on the projected credit unit method, of the fund is conducted by a qualified independent actuary once in every three years as the directors are of the opinion that yearly movements in provision for the defined benefit plan is not likely to be significant.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee compensation (continued)

(b) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan under the 2012 Share Option Scheme. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the income statement, with a corresponding adjustment to the share option reserve over the remaining vesting period.

2.22 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in the income statement. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated currency translation differences is reclassified to income statement, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented net in the income statement within "finance income" or "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "miscellaneous income".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Currency translation (continued)

(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 balance sheet.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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 $426,900,000 (2014: $434,257,000).

(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 exercised its judgement to ensure 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) 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;
(iii) the determination of the fair values of unquoted available-for-sale financial assets; and

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

4. REVENUE, FINANCE INCOME AND MISCELLANEOUS INCOME

	The Group	
	2015 **$'000**	**2014** **$'000**
Revenue from property development		
– recognised on a completed contract basis	**13,564**	433,584
– recognised as construction progresses	**563,932**	242,297
	577,496	675,881
Revenue from property investments	**219,391**	198,206
Gross revenue from hotel ownership and operations	**419,417**	437,574
Revenue from hotel and other management services	**20,156**	20,260
Dividend income from available-for-sale financial assets	**42,289**	28,798
Total revenue	**1,278,749**	1,360,719
Interest income		
– fixed deposits with financial institutions	**1,898**	2,258
– loans to joint venture companies	**3,879**	3,086
– others	**262**	122
Finance income	**6,039**	5,466
Other miscellaneous income	**18,374**	13,368
Miscellaneous income	**18,374**	13,368
	1,303,162	1,379,553

In 2014, revenue from property development recognised on a completed contract basis includes revenue from the sale of land at Jalan Conlay, Kuala Lumpur, Malaysia which was under development.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

5. EXPENSES BY NATURE

	The Group	
	2015	**2014**
	$'000	**$'000**
Cost of inventories sold	**40,055**	40,503
Depreciation of property, plant and equipment (Note 21)	**64,318**	57,168
Amortisation of intangibles [Note 22(a),(b),(c)]	**2,913**	2,804
Total depreciation and amortisation	**67,231**	59,972
Hospitality expenses	**65,551**	67,018
Property, plant and equipment written off and net loss on disposals	**2,163**	1,211
Auditors' remuneration paid/payable to:		
– auditor of the Company	**860**	870
– other auditors	**693**	729
Other fees paid/payable to:		
– auditor of the Company	**123**	188
– other auditors	**163**	89
Employees compensation (Note 6)	**182,709**	183,455
Rent paid to other parties	**2,357**	2,803
Heat, light and power	**24,118**	25,571
Property tax	**28,773**	23,842
Development cost included in cost of sales	**484,935**	486,602
Advertising and promotion	**48,449**	39,764
Management fees	**889**	824
IT related expenses	**1,760**	1,763
Repairs and maintenance	**24,438**	15,603
(Writeback of)/allowance for impairment of loans and receivables – net	**(21)**	85
Other expenses	**30,415**	37,860
Total cost of sales, marketing and distribution, administrative and other operating expenses	**1,005,661**	988,752

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

6. EMPLOYEES COMPENSATION

	The Group	
	2015 $'000	2014 $'000
Wages and salaries	**167,577**	168,171
Employer's contribution to defined contribution plans including Central Provident Fund	**13,152**	13,167
Retirement benefits	**620**	628
Share options granted to directors and employees	**1,360**	1,489
	182,709	183,455

7. FINANCE EXPENSE

	The Group	
	2015 $'000	2014 $'000
Interest expense:		
– bank loans, notes and overdrafts	**56,504**	45,912
– loans from non-controlling shareholders of subsidiaries	**1,537**	565
– finance lease liabilities	**269**	297
– bank facility fees	**3,689**	3,537
	61,999	50,311
Cash flow hedges, transfer from hedging reserve [Note 31(f)]	**283**	379
Less:		
Borrowing costs capitalised in development properties [Note 13(b)]	**(31,772)**	(22,422)
Borrowing costs capitalised in investment properties [Note 20(c)]	**–**	(2,038)
Borrowing costs capitalised in properties, plant and equipment [Note 21(b)]	**–**	(883)
	(31,772)	(25,343)
	30,510	25,347
Currency exchange losses – net	**11,154**	8,662
	41,664	34,009

8. OTHER (LOSSES)/GAINS

	The Group	
	2015 $'000	2014 $'000
Negative goodwill on acquisition of interests in an associated company	**5,755**	3,331
Write-back of impairment charge on property, plant and equipment	**11,757**	14,889
Impairment charge on property, plant and equipment	**(40,224)**	–
Gain on liquidation of an available-for-sale financial asset	**676**	7,332
	(22,036)	25,552

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

9. INCOME TAXES

(a) Income tax expense

	The Group	
	2015 **$'000**	**2014** **$'000**
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax [Note (b) below]		
– Singapore	**31,364**	58,228
– Foreign	**7,045**	34,633
– Withholding tax paid	**623**	624
	39,032	93,485
Deferred income tax (Note 29)	**11,416**	(13,568)
	50,448	79,917
– (Over)/under provision in prior financial years:		
Current income tax [Note (b) below]		
– Singapore	**(1,733)**	(3,345)
– Foreign	**(581)**	61
	(2,314)	(3,284)
Deferred income tax (Note 29)	**(939)**	58
	(3,253)	(3,226)
	47,195	76,691

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	
	2015 **$'000**	**2014** **$'000**
Profit before income tax	**460,373**	836,966
Share of profit of associated companies, net of tax	**(136,553)**	(198,184)
Share of profit of joint venture companies, net of tax	**(29,117)**	(38,590)
Profit before tax and share of profit of associated companies and joint venture companies	**294,703**	600,192
Tax calculated at a tax rate of 17% (2014: 17%)	**50,100**	102,033
Effects of:		
– Singapore statutory stepped income exemption	**(592)**	(596)
– Tax rebates	**(429)**	(655)
– Different tax rates in other countries	**2,265**	15,256
– Income not subject to tax	**(26,671)**	(45,308)
– Expenses not deductible for tax purposes	**16,962**	9,168
– Utilisation of previously unrecognised tax losses	**(9)**	(1,254)
– Deferred tax assets not recognised in the current financial year	**8,822**	1,273
– Over provision in prior financial years	**(3,253)**	(3,226)
Tax charge	**47,195**	76,691

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

9. INCOME TAXES (continued)

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

	The Group	
	2015 $'000	2014 $'000
At the beginning of the financial year	**75,118**	82,257
Currency translation differences	**(1,294)**	(819)
Income tax paid	**(66,704)**	(96,521)
Tax expense on profit [Note (a) above]		
– current financial year	**39,032**	93,485
– Group tax relief	**(2,175)**	–
– over provision in prior financial years	**(2,314)**	(3,284)
At the end of the financial year	**41,663**	75,118
Comprise:		
Current income tax assets	**(125)**	(98)
Current income tax liabilities	**41,788**	75,216
	41,663	75,118

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.

	2015	2014
Net profit attributable to equity holders of the Company ($'000)	**391,389**	685,996
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**792,384**	779,573
Basic earnings per share (cents per share)	**49.39**	88.00

(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 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

10. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share (continued)

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

	2015	2014
Net profit attributable to equity holders of the Company ($'000)	**391,389**	685,996
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**792,384**	779,573
Adjustments for share options ('000)	**690**	692
Weighted average number of ordinary shares for diluted earnings per share ('000)	**793,074**	780,265
Diluted earnings per share (cents per share)	**49.35**	87.92

11. CASH AND BANK BALANCES

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash at bank and on hand	**88,615**	133,702	**1,533**	2,836
Fixed deposits with financial institutions	**187,783**	152,804	**13**	13
	276,398	286,506	**1,546**	2,849

(a) Included in cash and bank balances of the Group is an amount of $156,067,000 (2014: $119,402,000) maintained in Project accounts. The funds in the Project Accounts can only be applied in accordance with Housing Developers (Project Account) Rules (1997 Ed.).

(b) Included in cash and bank balances of the Group is an amount of $1,907,000 (2014: $1,074,000) 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	
	2015 $'000	2014 $'000
Cash and bank balances (as above)	**276,398**	286,506
Less: Bank deposits pledged as security [Note 24(b)]	**(3,852)**	(5,651)
Cash and cash equivalents per consolidated statement of cash flows	**272,546**	280,855

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

11. CASH AND BANK BALANCES (continued)

(d) The fixed deposits with financial institutions for the Group and the Company mature on varying dates within 11 months (2014: 10 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	
	2015	**2014**	**2015**	**2014**
	%	**%**	**%**	**%**
Singapore Dollar	**0.8**	0.2	**0.2**	0.2
United States Dollar	**0.6**	0.5	**–**	–
Australian Dollar	**2.0**	2.2	**–**	–
Malaysian Ringgit	**3.5**	3.1	**–**	–
Vietnamese Dong	**3.7**	4.5	**–**	–
Indonesian Rupiah	**6.5**	6.5	**–**	–

12. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade receivables:				
– non–related parties	**92,707**	78,060	**249**	379
– subsidiaries	**–**	–	**341**	267
– associated companies	**44**	–	**–**	–
Less: Allowance for impairment of receivables – non-related parties	**(359)**	(444)	**–**	–
Trade receivables – net	**92,392**	77,616	**590**	646
Other receivables:				
– subsidiaries (non-trade)	**–**	–	**1,925**	9,851
– associated company (non-trade)	**–**	66,985	**–**	–
– joint venture companies (non-trade)	**17,564**	6,239	**2**	13
– loans to subsidiaries (unsecured)	**–**	–	**–**	36,290
– loans to joint venture companies (unsecured)	**85,571**	93,344	**–**	–
– sundry debtors	**1,579**	3,373	**34**	136
Other receivables	**104,714**	169,941	**1,961**	46,290
	197,106	247,557	**2,551**	46,936
Non-current				
Trade receivables:				
– non-related parties	**13,328**	5,631	**640**	414
Other receivables:				
– subsidiaries (non-trade)	**–**	–	**–**	955
– joint venture companies (non-trade)	**–**	2,806	**–**	–
Loans to:				
– subsidiaries (unsecured)	**–**	–	**745,329**	781,143
– associated company (unsecured)	**39**	19	**–**	–
– joint venture companies (unsecured)	**–**	68,937	**–**	–
Less: Share of loss of associated companies taken against loans to the associated companies	**(19)**	(19)	**–**	–
	13,348	77,374	**745,969**	782,512
Total trade and other receivables	**210,454**	324,931	**748,520**	829,448

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

12. TRADE AND OTHER RECEIVABLES (continued)

(a) A write-back of allowance for impairment of receivables of $21,000 (2014: allowance for impairment of receivables of $85,000) has been included in the income statement.

(b) The non-trade amounts due from subsidiaries, associated companies and joint venture companies are unsecured, interest-free and repayable on demand. The non-current loans to subsidiaries, associated company 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.

(c) The loans to subsidiaries and joint venture companies that are subordinated to the secured bank loans of the respective subsidiaries and joint venture companies are as follows:

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Loans subordinated to secured bank loans:				
– Loans to subsidiaries	**–**	–	**–**	77,054
– Loans to joint venture companies	**70,027**	162,281	**–**	–
	70,027	162,281	**–**	77,054

(d) 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	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**	**2015 %**	**2014 %**
Loans to subsidiaries:						
– Floating rate	**–**	–	**9,754**	42,627	**2.9**	2.3
– Interest-free	**–**	–	**714,926**	722,106	**2.9**	2.3
Loans to associated companies:						
– Interest-free	**39**	19	**–**	–	**2.9**	2.3
Loans to joint venture companies:						
– Floating rate	**–**	68,937	**–**	–	**3.0**	1.9
	39	68,956	**724,680**	764,733		

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

13. DEVELOPMENT PROPERTIES

	The Group	
	2015 $'000	2014 $'000
Completed properties	**40,251**	51,354
Development properties in progress	**1,444,041**	1,663,857
	1,484,292	1,715,211
Details of development properties in progress are as follows:		
Land costs	**1,580,170**	1,710,077
Development costs	**196,590**	97,828
Property taxes, interests and overheads	**88,487**	60,901
	1,865,247	1,868,806
Development profits recognised	**62,491**	55,294
Less: Progress billings	**(483,697)**	(260,243)
	1,444,041	1,663,857

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

	The Group	
	2015 $'000	2014 $'000
Aggregate costs incurred and development profits recognised	**1,746,423**	1,783,187
Less: Progress billings	**(483,697)**	(260,243)
	1,262,726	1,522,944

(b) Borrowing costs of $31,772,000 (2014: $22,422,000) (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 $1,262,726,000 (2014: $1,522,944,000) [Note 24(b)].

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

13. DEVELOPMENT PROPERTIES (continued)

(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
Seventy Saint Patrick's A residential development comprising 186 units of condominium apartments	Freehold	79.7%	3rd Quarter 2016	12,950/19,944	100%
Riverbank@Fernvale A residential development comprising 555 units of condominium apartments	99-year leasehold	59.6%	1st Quarter 2017	16,604/49,812	100%
Botanique at Bartley A residential development comprising 797 units of condominium apartments	99-year leasehold	14.6%	3rd Quarter 2018	20,078/61,839	100%
Principal Garden A residential development comprising 663 units of condominium apartments	99-year leasehold	6.4%	2nd 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	–	3rd Quarter 2019	3,200/52,255	100%

(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) Unsold units comprising 11 condominium apartments and 29 office units within a mixed development in Tianjin, The People's Republic of China	50-year and 40-year leasehold for residential and commercial components respectively	12,292	90%
Katong Regency 1 unsold unit in a residential development comprising 244 units of condominium apartments	Freehold	52	100%

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

14. INVENTORIES

	The Group	
	2015 $'000	**2014 $'000**
Food and beverages	**691**	753
Other supplies	**43**	49
	734	802

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $40,055,000 (2014: $40,503,000).

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
At the beginning of the financial year	**988,786**	856,956	**760,262**	645,458
Scrip dividends from an available-for-sale financial asset	**7,419**	19,891	**5,576**	14,950
Liquidation of an available-for-sale financial asset	**–**	(18,032)	**–**	–
Fair value (losses)/gains recognised in other comprehensive income [Note 31(b)]	**(191,333)**	129,971	**(146,191)**	99,854
At the end of the financial year	**804,872**	988,786	**619,647**	760,262
Less: Non-current portion	**(804,872)**	(340,272)	**(619,647)**	(111,748)
Current portion	**–**	648,514	**–**	648,514

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

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Listed securities:				
– Equity shares – Singapore	**759,213**	933,977	**573,988**	705,453
Unlisted securities:				
– Equity shares – Singapore	**45,659**	54,809	**45,659**	54,809
	804,872	988,786	**619,647**	760,262

16. OTHER ASSETS

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Deposits	**1,102**	1,234	**19**	21
Prepayments	**14,516**	18,027	**180**	192
	15,618	19,261	**199**	213

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

17. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Equity investments at cost:				
At the beginning of the financial year			**162,259**	161,289
Liquidation of an associated company			**(500)**	–
Scrip dividends from an associated company			**978**	970
At the end of the financial year			**162,737**	162,259
At the beginning of the financial year	**3,104,327**	2,765,006		
Additions	**23,543**	21,045		
Share of profit, net of tax	**136,553**	198,184		
Share of acquisition of interests from non-controlling shareholders	**837**	133,102		
Share of other comprehensive income of associated companies, net of tax [Note 31(a) and (e)]	**2,516**	2,852		
Distribution upon liquidation of associated companies	**(3,150)**	–		
Redemption of preference share by an associated company	**–**	(6,275)		
Dividends received, net of tax	**(7,145)**	(9,765)		
Currency translation differences	**22,151**	178		
At the end of the financial year	**3,279,632**	3,104,327		

(a) The associated companies are:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2015 %	Equity holding 2014 %	Accounting year end
United Industrial Corporation Limited ("UIC") [Note (c) below]	Property investment, development and management and information technology related products and services	Singapore	**2.34 by UOL and 41.94 by UEI**	2.34 by UOL and 41.60 by UEI	31 December
Marina Centre Holdings Pte Ltd	Hotelier and property investment	Singapore	**22.67 by UOL**	22.67 by UOL	31 December
Aquamarina Hotel Private Limited	Hotelier	Singapore	**25 by UEI**	25 by UEI	31 December
Brendale Pte Ltd	Property development	Singapore	**30 by UOL**	30 by UOL	31 December
Ardenis Pte Ltd	Investment holding	Singapore	**35 by UOD**	35 by UOD	31 December
Peak Venture Pte. Ltd.^	Dormant	Singapore	**40 by UCI**	40 by UCI	31 December

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2015

17. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

(a) The associated companies are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2015 %	Equity holding 2014 %	Accounting year end
Nassim Park Developments Pte. Ltd.	Under liquidation	Singapore	**50 by UOL**	50 by UOL	31 December
Premier Land Development Pte. Ltd.	Under liquidation	Singapore	**50 by UVI**	50 by UVI	31 December
Shanghai Jin Peng Realty Co. Ltd**	Property development	The People's Republic of China	**40 by UCI**	40 by UCI	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
City Square Hotel Co. Ltd.***	Hotelier	Myammar	**20 by PPHH**	20 by PPHH	31 December

PricewaterhouseCoopers LLP Singapore is the auditor of all associated companies of the Group unless otherwise indicated.

* Not required to be audited under the laws of the country of incorporation.
~ Audited by Thana-Ake Advisory Limited, Thailand.
^ Audited by KPMG LLP, Singapore.
** Audited by a PricewaterhouseCoopers firm outside Singapore.
*** Audited by Win Thin & Associates

The associated companies not audited by PricewaterhouseCoopers LLP Singapore are not significant associated companies as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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 2015.

The associated companies are, in the opinion of the directors, not material to the Group except for UIC which is listed on the Singapore Stock Exchange. UIC with 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

17. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

(b) As at 31 December 2015, the carrying amounts and published price quotations of UIC are as follows:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Carrying amount	**2,648,436**	2,509,909	**50,954**	49,975
Published price quotation	**1,791,702**	2,049,963	**94,816**	109,290

The fair value measurement based on published price quotations is classified within Level 1 of the fair value hierarchy.

No impairment in value of investment in UIC is required as the Group's share of the recoverable amount of UIC after considering its unrecognised revaluation surplus on property, plant and equipment, is higher than the carrying amount.

(c) During the financial year, the Group increased its shareholding interests in UIC from 611,929,249 ordinary shares (43.94%) to 622,118,863 ordinary shares (44.28%). The increase in shareholdings arose from (i) the acquisition of an additional 4,591,700 ordinary shares by UEI; and (ii) the election by the Company and UEI to receive 298,388 ordinary shares and 5,299,526 ordinary shares respectively, under the UIC Scrip Dividend Scheme in lieu of cash dividend at an issue price of S$3.28 per share.

(d) Summarised financial information of UIC

	2015 $'000	2014 $'000
Current assets	**1,296,145**	1,229,334
Includes:		
– Cash and cash equivalents	**82,054**	80,950
Non-current assets	**7,242,313**	7,259,649
Current liabilities	**(865,715)**	(874,344)
Includes:		
– Financial liabilities (excluding trade payables)	**(638,775)**	(654,776)
– Other liabilities	**(45,486)**	(54,957)
Non-current liabilities	**(891,724)**	(1,116,572)
Includes:		
– Financial liabilities (excluding trade payables)	**(768,377)**	(1,011,517)
– Other liabilities	**(50,050)**	(51,010)
Net assets	**6,781,019**	6,498,067

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For the Financial Year Ended 31 December 2015

17. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

(d) Summarised financial information of UIC (continued)

	2015 $'000	2014 $'000
Revenue	**807,199**	693,196
Interest income	**4,289**	3,525
Expenses includes:		
– Depreciation	**(23,750)**	(23,675)
– Interest expense	**(12,591)**	(7,817)
Profit before tax	**330,085**	491,238
Income tax expense	**(39,294)**	(40,365)
Profit after tax	**290,791**	450,873
Other comprehensive income	**5,964**	4,943
Total comprehensive income	**296,755**	455,816
Dividends received from UIC	**18,361**	18,068

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 2015.

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

	2015 $'000	2014 $'000
Net assets attributable to equity holders of the Company		
At 1 January	**6,498,067**	6,795,114
Profit for the year	**290,791**	450,873
Other comprehensive income	**5,964**	4,943
Movement in share capital	**40,455**	42,411
Movement in reserves	**423**	621
Effect of purchase of shares from non-controlling shareholders	**(3,741)**	(743,207)
Dividends paid	**(50,940)**	(52,688)
At 31 December	**6,781,019**	6,498,067
Less: Amounts attributable to non-controlling interests	**(821,552)**	(805,449)
	5,959,467	5,692,618
Interest in UIC (44.28%) (2014: 43.94%)	**2,638,852**	2,501,336
Revaluation gains of hotel properties recognised during step acquisitions	**9,584**	8,573
Carrying value	**2,648,436**	2,509,909

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

17. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

(e) The aggregate of the Group's share in the net profit and total comprehensive income of other immaterial associated companies and their carrying amounts are as follows:

	2015 $'000	2014 $'000
Net profit and total comprehensive income	**21,578**	25,494
Carrying value	**631,196**	594,418

(f) 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 $3,883,000 (2014: $4,944,000).

18. INVESTMENTS IN JOINT VENTURE COMPANIES

	The Group	
	2015 $'000	2014 $'000
At the beginning of the financial year	**57,232**	20,011
Share of profit, net of tax	**29,117**	37,221
At the end of the financial year	**86,349**	57,232

(a) The joint venture companies are:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2015 %	Equity holding 2014 %	Accounting year end
United Venture Development (Bedok) Pte. Ltd. ("UVDB")	Property development	Singapore	**50 by UVI**	50 by UVI	31 December
United Venture Development (Thomson) Pte. Ltd. ("UVDT")	Property development	Singapore	**50 by UVI**	50 by UVI	31 December
United Venture Development (Clementi) 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.

The joint venture companies are, in the opinion of the directors, not material to the Group except for UVDT in 2015 and UVDB in 2014. UVDT and UVDB are joint ventures with Singapore Land Limited to develop Thomson Three, a 99-year development project at Bright Hill Drive and Archipelago, a 99-year development project at Bedok Reservoir respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

18. INVESTMENTS IN JOINT VENTURE COMPANIES (continued)

(b) Summarised financial information of UVDT and UVDB

	UVDT 2015 $'000	UVDB 2014 $'000
Current assets	**270,246**	358,760
Includes:		
– Cash and cash equivalents	**40,239**	22,520
Current liabilities	**(213,909)**	(227,972)
Includes:		
– Financial liabilities (excluding trade payables)	**(191,741)**	(197,562)
– Other liabilities	**–**	(714)
Non-current liabilities	**(11,706)**	(25,292)
Includes:		
– Other liabilities	**(8,939)**	(20,554)
Net assets	**44,631**	105,496
Revenue	**302,735**	319,060
Interest income	**263**	65
Profit before tax	**42,968**	78,820
Income tax expense	**(7,305)**	(13,346)
Profit after tax and total comprehensive income	**35,663**	65,474

The information above reflects the amounts presented in the financial statements of UVDT and UVDB (and not the Group's share of those amounts). No adjustments for differences in accounting policies between the Group and UVDT and UVDB were necessary. There were no contingent liabilities relating to the Group's interest in UVDT and UVDB as at 31 December 2015.

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

	UVDT 2015 $'000	UVDB 2014 $'000
Net assets		
At 1 January	**8,968**	40,022
Profit for the year	**35,663**	65,474
At 31 December	**44,631**	105,496
Interest in UVDT (50%) and UVDB (50%) and carrying value	**22,316**	52,748

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

18. INVESTMENTS IN JOINT VENTURE COMPANIES (continued)

(c) The aggregate of the Group's share in the net profit and total comprehensive income of other immaterial joint venture companies and its carrying amounts are as follows:

	2015 $'000	2014 $'000
Net profit and total comprehensive income	**11,285**	5,852
Carrying value	**64,033**	4,484

(d) 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 $7,961,000 (2014: $54,283,000).

19. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015 $'000	2014 $'000
Unlisted investments at cost	**1,807,295**	1,807,295
Less accumulated impairment charge:		
At the beginning and end of the financial year	**(6,581)**	(6,581)
	1,800,714	1,800,714

(a) The subsidiaries are:

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment 2015 $'000	Cost of investment 2014 $'000	Proportion of ordinary shares held by the Group 2015 %	Proportion of ordinary shares held by the Group 2014 %	Proportion of ordinary shares held by non-controlling interests 2015 %	Proportion of ordinary shares held by non-controlling interests 2014 %
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	**–**	–
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**	60	**40**	40

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For the Financial Year Ended 31 December 2015

19. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment 2015 $'000	Cost of investment 2014 $'000	Proportion of ordinary shares held by the Group 2015 %	Proportion of ordinary shares held by the Group 2014 %	Proportion of ordinary shares held by non-controlling interests 2015 %	Proportion of ordinary shares held by non-controlling interests 2014 %
Held by the Company (continued)								
Novena Square Development Ltd	Property investment	Singapore	**42,000**	42,000	**60**	60	**40**	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	**–**	–
Kings & Queens Development Pte. Ltd.	Liquidated	Singapore	**–**	–	**–**	70	**–**	30
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	**–**	–

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For the Financial Year Ended 31 December 2015

19. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment 2015 $'000	Cost of investment 2014 $'000	Proportion of ordinary shares held by the Group 2015 %	Proportion of ordinary shares held by the Group 2014 %	Proportion of ordinary shares held by non-controlling interests 2015 %	Proportion of ordinary shares held by non-controlling interests 2014 %
Held by the Company (continued)								
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	**–**	–
Secure Venture Investments Limited ("SVIL")***	Investment holding	Hong Kong	**28,208**	28,208	**100**	100	**–**	–
			1,807,295	1,807,295				

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group 2015 %	Proportion of ordinary shares held by the Group 2014 %	Proportion of ordinary shares held by non-controlling interests 2015 %	Proportion of ordinary shares held by non-controlling interests 2014 %
Held by subsidiaries						
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
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.*	Property development, hotelier and property investment	The People's Republic of China	**90 by UCI**	90 by UCI	**10**	10

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19. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group 2015 %	Proportion of ordinary shares held by the Group 2014 %	Proportion of ordinary shares held by non-controlling interests 2015 %	Proportion of ordinary shares held by non-controlling interests 2014 %
Held by subsidiaries (continued)						
UOL Business Consulting (Shanghai) Co., Ltd.[@]	Project management services	The People's Republic of China	**100 by UCI**	100 by UCI	**–**	–
United Venture Investment (Thomson) Pte. Ltd.	Dormant	Singapore	**60 by UVI**	60 by UVI	**40**	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 (formerly known as Success Venture Nominees (No. 2) Limited)[#]	Dormant	United Kingdom	**100 by ULH**	100 by SVIJ	**–**	–
UOL Development (UK) Limited*^	Property development	United Kingdom	**100 by UVI**	–	**–**	–
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	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

19. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group 2015 %	Proportion of ordinary shares held by the Group 2014 %	Proportion of ordinary shares held by non-controlling interests 2015 %	Proportion of ordinary shares held by non-controlling interests 2014 %
Held by subsidiaries (continued)						
Dou Hua Restaurants Pte Ltd	Operator of restaurants	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
Pan Pacific Shared Services Centre Pte. Ltd.	Provision of accounting services to hotels and serviced suites within the Group	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
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	**–**	–
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	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

19. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group 2015 %	2014 %	Proportion of ordinary shares held by non-controlling interests 2015 %	2014 %
Held by subsidiaries (continued)						
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	–	–
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	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

19. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group 2015 %	2014 %	Proportion of ordinary shares held by non-controlling interests 2015 %	2014 %
Held by subsidiaries (continued)						
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	**–**	–

(b) The following unit trusts are held by:

Name of unit trusts	Principal activities	Country of business/ constitution	Proportion of units held by the Group 2015 %	2014 %	Proportion of units held by non-controlling interests 2015 %	2014 %
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	**–**	–
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 Win Thin & Associates
*** Audited by RSM Nelson Wheeler.
**** Audited by Kanaka Puradiredja, Robert Yogi Dan Suhartono.
@ Audited by Shanghai LSC Certified Public Accountants Co., Ltd.
# Not required to be audited under the laws of the country of incorporation.
^ Newly incorporated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

19. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The following unit trusts are held by: (continued)

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.

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 2015.

The non-controlling interests for subsidiaries are, in the opinion of the directors, not material to the Group except for those of NSI.

(c) Carrying value of non-controlling interests

	2015 $'000	2014 $'000
NSI	**371,773**	355,884
Other subsidiaries with immaterial non-controlling interests	**135,168**	132,286

(d) Summarised financial information of NSI, presented before inter-company eliminations:

	2015 $'000	2014 $'000
Current		
Assets	**1,397**	2,008
Liabilities	**(14,127)**	(30,718)
Total current net liabilities	**(12,730)**	(28,710)
Non-current		
Assets	**958,635**	934,716
Liabilities	**(16,472)**	(16,296)
Total non-current net assets	**942,163**	918,420
Net assets	**929,433**	889,710

	2015 $'000	2014 $'000
Revenue	**45,679**	43,295
Profit before income tax	**50,831**	85,795
Income tax expense	**(6,108)**	(6,220)
Profit after tax and total comprehensive income	**44,723**	79,575
Total comprehensive income allocated to non-controlling interests	**17,889**	31,830
Dividends paid to non-controlling interests	**2,000**	2,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

19. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Summarised financial information of NSI, presented before inter-company eliminations: (continued)

	2015 $'000	2014 $'000
Cash flows from operating activities		
Cash generated from operations	**27,330**	39,921
Income tax paid	**(6,277)**	(5,943)
Net cash generated from operating activities	**21,053**	33,978
Net cash (used in)/from investing activities	**(710)**	6
Net cash used in financing activities	**(20,432)**	(34,054)
Net decrease in cash and cash equivalents	**(89)**	(70)
Cash and cash equivalents at beginning of year	**542**	612
Cash and cash equivalents at end of year	**453**	542

20. INVESTMENT PROPERTIES

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At the beginning of the financial year	**4,080,214**	3,814,190	**409,800**	388,490
Currency translation differences	**(10,803)**	1,281	**–**	–
Additions	**1,242**	55,761	**–**	–
Adjustments upon finalisation of costs for completed projects	**(5,086)**	–	**–**	–
Transfer from/(to) development properties	**7,239**	(7,145)	**–**	–
Transfer from/(to) hotel properties	**1,189**	(1,721)	**–**	–
Fair value gains recognised in income statement	**60,902**	217,848	**11,700**	21,310
At the end of the financial year	**4,134,897**	4,080,214	**421,500**	409,800

(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 $1,607,477,000 (2014: $2,043,307,000) [Note 24(b)].

(c) In 2014, borrowing costs of $2,038,000 (Note 7) arising on financing specifically entered into for investment properties under construction were capitalised during the financial year.

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

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Rental income (Note 4)	**219,391**	198,206	**17,679**	17,337
Direct operating expenses arising from investment properties that generated rental income	**34,247**	28,539	**2,589**	2,137

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

20. INVESTMENT PROPERTIES (continued)

(e) The details of the Group's investment properties at 31 December 2015 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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

20. INVESTMENT PROPERTIES (continued)

(f) Fair value hierarchy – Recurring fair value measurements

	The Group Fair value measurements using significant unobservable inputs (Level 3)	
	2015 **$'000**	**2014** **$'000**
Description		
Singapore:		
– Shops	**1,335,900**	1,309,900
– Offices	**2,301,520**	2,262,750
– Serviced Suites	**352,790**	353,735
Malaysia:		
– Serviced Suites	**74,110**	80,522
The People's Republic of China:		
– Shops	**48,776**	51,746
– Carpark	**21,801**	21,561

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

20. INVESTMENT PROPERTIES (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

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

Description	Fair value as at 31 December 2015 $'000	2014 $'000	Valuation technique(s)	Unobservable inputs@	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Singapore						
Shops	**1,335,900**	1,309,900	Direct Comparison Method	– Adopted value per square foot	$1,440 to $2,459 ($2,177) [2014: $1,400 to $2,400 ($2,085)]	The higher the adopted value, the higher the fair value.
			Income Method	– Capitalisation rate	5% (5%) [2014: 5% (5%)]	The lower the capitalisation rate, the higher the fair value.
Offices	**2,301,520**	2,262,750	Direct Comparison Method	– Adopted value per square foot	$1,505 to $2,548 ($2,384) [2014: $1,500 to $2,500 ($2,326)]	The higher the adopted value, the higher the fair value.
			Income Method	– Capitalisation rate	4% (4%) [2014: 4% (4%)]	The lower the capitalisation rate, the higher the fair value.
Serviced Suites	**352,790**	353,735	Discounted Cash Flow Method	– Growth rate	4% (4%) [2014: 3% to 5% (4%)]	The higher the growth rate, the higher the fair value.
				– Discount rate	7% to 8% (7%) [2014: 7% to 8% (7%)]	The higher the discount rate or capitalisation rate, the lower the fair value.
				– Capitalisation rate	5% (5%) [2014: 5% (5%)]	
			#Direct Comparison Method	– Adopted value per square foot	$1,107 ($1,107) [2014: $1,142 ($1,142)]	The higher the adopted value, the higher the fair value.
			#Income Method	– Capitalisation rate	6% (6%) [2014: 6% (6%)]	The lower the capitalisation rate, the higher the fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

20. INVESTMENT PROPERTIES (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

Description	Fair value as at 31 December 2015 $'000	2014 $'000	Valuation technique(s)	Unobservable inputs[@]	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Malaysia						
Serviced Suites	**74,110**	80,522	Discounted Cash Flow Method	– Growth rate	6% (6%) [2014: 5% (5%)]	The higher the growth rate, the higher the fair value.
				– Discount rate	9% (9%) [2014: 9% (9%)]	The higher the discount rate or capitalisation rate, the lower the fair value.
				– Capitalisation rate	7% (7%) [2014: 7% (7%)]	
The People's Republic of China						
Shops	**48,776**	51,746	Direct Comparison Method	– Adopted value per square foot	$436 ($436) [2014: $403 ($403)]	The higher the adopted value, the higher the fair value.
			Income Method	– Capitalisation rate	5% (5%) [2014: 6% (6%)]	The lower the capitalisation rate, the higher the fair value.
Carpark	**21,801**	21,561	Direct Comparison Method	– Adopted value per square foot	$115 ($115) [2014: $133 ($133)]	The higher the adopted value, the higher the fair value.
			Income Method	– Capitalisation rate	3.5% (3.5%) [2014: 4% (4%)]	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 2015. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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 2015	178,480	227,611	721,720	543,384	2,196	60,323	4,477	1,738,191
Currency translation differences	(3,631)	(12,113)	(2,580)	(10,453)	(15)	–	(11)	(28,803)
Additions	–	81	435	38,709	156	–	12,346	51,727
Adjustments upon finalisation of costs for developed properties	–	–	(621)	–	–	–	–	(621)
Transfer (to)/from investment properties	–	–	(3,602)	2,413	–	–	–	(1,189)
Disposals/write-offs	–	(978)	(127)	(16,617)	(71)	–	(65)	(17,858)
Reclassification	–	(261)	4,163	(87)	–	–	(3,815)	–
At 31 December 2015	174,849	214,340	719,388	557,349	2,266	60,323	12,932	1,741,447
Accumulated depreciation and impairment								
At 1 January 2015	–	74,423	140,199	280,933	1,456	–	–	497,011
Currency translation differences	–	(3,755)	480	(8,170)	(24)	–	–	(11,469)
Charge for the financial year	–	4,667	12,736	46,681	234	–	–	64,318
Disposals/write-offs	–	(303)	(81)	(14,959)	(71)	–	–	(15,414)
Write-back of impairment charge (Note 8)	–	–	(11,757)	–	–	–	–	(11,757)
Impairment charge (Note 8)	–	–	3,224	–	–	37,000	–	40,224
Reclassification	–	(6)	–	6	–	–	–	–
At 31 December 2015	–	75,026	144,801	304,491	1,595	37,000	–	562,913
Net book value at 31 December 2015	**174,849**	**139,314**	**574,587**	**252,858**	**671**	**23,323**	**12,932**	**1,178,534**

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

21. PROPERTY, PLANT AND EQUIPMENT (continued)

	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 2014	179,862	232,492	633,965	473,084	2,033	109,866	1,246	1,632,548
Currency translation differences	(1,382)	(5,000)	(676)	(2,180)	29	3,201	(27)	(6,035)
Additions	–	372	3,625	29,918	344	80,761	4,015	119,035
Transfer from investment properties	–	–	–	–	–	1,721	–	1,721
Disposals/write-offs	–	(245)	(749)	(7,874)	(210)	–	–	(9,078)
Reclassification	–	(8)	85,555	50,436	–	(135,226)	(757)	–
At 31 December 2014	178,480	227,611	721,720	543,384	2,196	60,323	4,477	1,738,191
Accumulated depreciation and impairment								
At 1 January 2014	–	71,176	121,549	248,211	1,409	21,098	–	463,443
Currency translation differences	–	(1,596)	1,654	(1,099)	24	–	–	(1,017)
Charge for the financial year	–	4,958	10,979	41,029	202	–	–	57,168
Disposals/write-offs	–	(115)	(471)	(6,929)	(179)	–	–	(7,694)
Write-back of impairment charge (Note 8)	–	–	(14,889)	–	–	–	–	(14,889)
Reclassification	–	–	21,377	(279)	–	(21,098)	–	–
At 31 December 2014	–	74,423	140,199	280,933	1,456	–	–	497,011
Net book value at 31 December 2014	**178,480**	**153,188**	**581,521**	**262,451**	**740**	**60,323**	**4,477**	**1,241,180**

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

21. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant, equipment, furniture and fittings $'000	Motor vehicles $'000	Total $'000
The Company			
Cost			
At 1 January 2015	5,078	100	5,178
Additions	321	–	321
Disposals/write-offs	(94)	–	(94)
At 31 December 2015	5,305	100	5,405
Accumulated depreciation			
At 1 January 2015	3,794	35	3,829
Charge for the financial year	536	20	556
Disposals/write-offs	(93)	–	(93)
At 31 December 2015	4,237	55	4,292
Net book value at 31 December 2015	**1,068**	**45**	**1,113**
Cost			
At 1 January 2014	4,683	100	4,783
Additions	488	–	488
Disposals/write-offs	(93)	–	(93)
At 31 December 2014	5,078	100	5,178
Accumulated depreciation			
At 1 January 2014	3,238	15	3,253
Charge for the financial year	649	20	669
Disposals/write-offs	(93)	–	(93)
At 31 December 2014	3,794	35	3,829
Net book value at 31 December 2014	**1,284**	**65**	**1,349**

(a) At 31 December 2015, the open market value of the hotel properties of the Group (including plant, equipment, furniture and fittings) was $2,185,998,000 (2014: $2,142,123,000) and the net book value was $1,168,922,000 (2014: $1,212,469,000). 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 $1,017,076,000 (2014: $929,654,000) 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) In 2014, borrowing costs of $883,000 (Note 7) arising on financing specifically entered into for the property under development were capitalised during the financial year.

(c) Bank borrowings and other banking facilities are secured on certain hotel properties of the Group [Note 24(b)] amounting to $938,904,000 (2014: $935,723,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

21. PROPERTY, PLANT AND EQUIPMENT (continued)

(d) The carrying amount of leasehold land and building held under finance leases was $3,819,000 (2014: $4,026,000) (Note 25) at the end of the reporting period.

(e) The details of the Group's properties in property, plant and equipment at 31 December 2015 were:

		Tenure of land	Remaining lease term
PARKROYAL on Beach Road	– a 346-room hotel at Beach Road, Singapore	99-year lease from 1968	52 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	92 years
Pan Pacific Orchard	– a 206-room hotel at Claymore Road, Singapore	Freehold	–
Eunos Warehouse Complex	– retained interests in 2 units of a 4-storey flatted warehouse at Kaki Bukit Road, Singapore	60-year lease from 1982	27 years
PARKROYAL Darling Harbour, Sydney	– a 340-room hotel at Darling Harbour, Sydney, Australia	Freehold	–
PARKROYAL Parramatta	– a 196-room hotel at Parramatta, Phillip Street, New South Wales, Australia with a 90-room extension underway to increase the total number of rooms to 286	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	65 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	28 years
Sofitel Plaza Hanoi	– a 265-room hotel and 56 serviced suites at Thanh Nien Road, Hanoi, Vietnam	48-year lease from 1993	26 years
Pan Pacific Suzhou	– a 481-room hotel at Xinshi Road, Suzhou, Jiangsu, The People's Republic of China	50-year lease from 1994	29 years

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

21. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) The details of the Group's properties in property, plant and equipment at 31 December 2015 were: (continued)

		Tenure of land	Remaining lease term
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	46 years
Pan Pacific Tianjin Hotel and Serviced Suites	– a 289-room hotel and 30 serviced apartments in Tianjin, The People's Republic of China	40-year lease from 2007	32 years
PARKROYAL Yangon	– a 334-room hotel at the corner of Alan Pya Phaya Road and Yaw Min Gyi Road, Yangon, Union of Myanmar	50-year lease from 1998	33 years
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	32+49 years
Proposed hotel at Bishopsgate site	– a proposed hotel with an estimated 237 rooms with a retail component at Bishopsgate in the City of London	Freehold	–

(f) The impairment charge for the financial year was in respect of the hotel site at Bishopsgate, London for an amount of $37,000,000 and Pan Pacific Tianjin for an amount of $3,224,000. The write-back of impairment charge for the financial year of $11,757,000 was for PARKROYAL Melbourne Airport.

The write-back of impairment charge in 2014 was in respect of PARKROYAL on Pickering for an amount of $11,553,000 and PARKROYAL Melbourne Airport for an amount of $3,336,000.

The impairment charge of $37,000,000 for the hotel site at Bishopsgate, London arose from the difference between recoverable amount and the estimated total development cost of the hotel. The recoverable amount represents the valuation of the hotel property upon completion as appraised by professional valuers on the basis of value-in-use using the discounted cash flow approach. The terminal capitalisation rate and discount rate used were 5.5% and 8% respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

22. INTANGIBLES

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Trademarks [Note (a) below]	**8,722**	9,449	**–**	–
Computer software costs [Note (b) below]	**1,246**	2,859	**14**	318
Contract acquisition costs [Note (c) below]	**2,166**	2,167	**–**	–
Goodwill arising on consolidation [Note (d) below]	**11,202**	11,202	**–**	–
	23,336	25,677	**14**	318

(a) Trademarks

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Cost				
At the beginning and end of the financial year	**14,806**	14,806	**–**	–
Accumulated amortisation				
At the beginning of the financial year	**5,357**	4,630	**–**	–
Amortisation for the financial year	**727**	727	**–**	–
At the end of the financial year	**6,084**	5,357	**–**	–
Net book value	**8,722**	9,449	**–**	–

(b) Computer software costs

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Cost				
At the beginning of the financial year	**8,686**	8,576	**1,440**	1,440
Currency translation differences	**(116)**	(17)	**–**	–
Additions	**9**	184	**21**	–
Disposals	**–**	(57)	**–**	–
At the end of the financial year	**8,579**	8,686	**1,461**	1,440
Accumulated amortisation				
At the beginning of the financial year	**5,827**	4,292	**1,122**	818
Currency translation differences	**(121)**	(2)	**–**	–
Amortisation for the financial year	**1,627**	1,594	**325**	304
Disposals	**–**	(57)	**–**	–
At the end of the financial year	**7,333**	5,827	**1,447**	1,122
Net book value	**1,246**	2,859	**14**	318

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

22. INTANGIBLES (continued)

(c) Contract acquisition costs

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Cost				
At the beginning of the financial year	**3,360**	1,175	**–**	–
Currency translation differences	**(14)**	(13)	**–**	–
Additions	**561**	2,198	**–**	–
At the end of the financial year	**3,907**	3,360	**–**	–
Accumulated amortisation				
At the beginning of the financial year	**1,193**	720	**–**	–
Currency translation differences	**(11)**	(10)	**–**	–
Amortisation for the financial year	**559**	483	**–**	–
At the end of the financial year	**1,741**	1,193	**–**	–
Net book value	**2,166**	2,167	**–**	–

(d) Goodwill arising on consolidation

	The Group	
	2015 $'000	**2014 $'000**
At the beginning and end of the financial year	**11,202**	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	
	2015 $'000	**2014 $'000**
Singapore	**10,371**	10,371
Malaysia	**831**	831
	11,202	11,202

The recoverable amount of the above CGU was 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 (2014: 5 to 10 years) which were prepared based on the expected future market trend.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

22. INTANGIBLES (continued)

(d) Goodwill arising on consolidation (continued)

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

	Malaysia %	Singapore %
2015		
Growth rate	**2.7**	**4.7**
Discount rate	**9.0**	**7.8**
2014		
Growth rate	2.2	4.7
Discount rate	9.0	7.9

23. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Current				
Trade payables:				
– non-related parties	**63,945**	40,181	**1,061**	1,055
Other payables:				
– rental and other deposits	**27,381**	29,068	**659**	2,889
– accrued interest payable	**7,401**	6,486	**1,229**	1,300
– retention monies	**16,955**	16,886	**38**	26
– accrued development expenditure	**36,619**	88,560	**–**	–
– accruals for completed projects	**16,964**	28,338	**–**	–
– accrued operating expenses	**57,608**	62,174	**8,252**	7,801
– sundry creditors	**6,761**	5,208	**2,703**	2,561
– deferred revenue	**4,687**	4,205	**–**	–
– subsidiaries (non-trade)	**–**	–	**2,028**	113
– non–controlling shareholders (non-trade)	**1**	625	**–**	–
	174,377	241,550	**14,909**	14,690
Loans from subsidiaries	**–**	–	**381,817**	309,727
	238,322	281,731	**397,787**	325,472
Non-current				
Deferred revenue	**109,566**	113,771	**–**	–
Rental deposits	**33,644**	34,053	**4,279**	2,038
Retention monies	**10,716**	6,172	**–**	–
Accrued interest payable to non-controlling shareholder	**2,101**	–	**–**	–
	156,027	153,996	**4,279**	2,038
Total trade and other payables	**394,349**	435,727	**402,066**	327,510

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

23. TRADE AND OTHER PAYABLES (continued)

(a) The loans from subsidiaries and non-trade amounts due to subsidiaries and non-controlling shareholders 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 relates to advance rental in respect of an operating lease and the amount is recognised in the income statement on a straight-line basis over the lease term.

24. BORROWINGS

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Current				
Bank loans (secured)	**91,854**	451,083	**–**	–
Bank loans (unsecured)	**431,485**	665,582	**179,403**	336,940
2.493% unsecured fixed rate notes due 2015 [Note (ai) below]	**–**	174,938	**–**	174,938
Finance lease liabilities (Note 25)	**266**	280	**–**	–
	523,605	1,291,883	**179,403**	511,878
Non-current				
Bank loans (secured)	**1,024,677**	1,105,680	**–**	–
Bank loans (unsecured)	**705,648**	498,251	**207,434**	–
3.043% unsecured fixed rate notes due 2017 [Note (ai) below]	**74,899**	74,824	**74,899**	74,824
2.50% unsecured fixed rate notes due 2018 [Note (aii) below]	**174,646**	–	**–**	–
Finance lease liabilities (Note 25)	**3,553**	3,746	**–**	–
	1,983,423	1,682,501	**282,333**	74,824
Total borrowings	**2,507,028**	2,974,384	**461,736**	586,702

(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. During the financial year, the subsidiary issued one tranche of $175 million of medium term notes ("Notes") out of its S$1 billion Multicurrency Medium Term Note Programme. The Notes bear a fixed interest rate of 2.50% per annum and will mature in 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

24. BORROWINGS (continued)

(b) Securities granted

The bank loans are secured by mortgages on certain subsidiaries' bank deposits, hotel properties, investment properties and development properties; and/or assignment of all rights and benefits with respect to the properties. The carrying amounts of bank deposits, hotel properties, investment properties and development properties which have been pledged as securities are as follows:

	The Group	
	2015 $'000	2014 $'000
Bank deposits	**3,852**	5,651
Hotel properties	**938,904**	935,723
Investment properties	**1,607,477**	2,043,307
Development properties	**1,262,726**	1,522,944
	3,812,959	4,507,625

(c) 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

	2015					2014				
	SGD %	USD %	RMB %	GBP %	AUD %	SGD %	USD %	RMB %	GBP %	AUD %
Bank loans (secured)	**2.2**	**–**	**5.0**	**–**	**3.6**	1.5	–	6.4	–	4.1
Bank loans (unsecured)	**2.1**	**1.4**	**–**	**2.2**	**–**	1.3	1.3	–	1.6	–

The Company

	2015 SGD %	2014 SGD %
Bank loans (unsecured)	**1.6**	1.5

(d) 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			
	2015 $'000	2014 $'000	2015 %	2014 %	2015 $'000	2014 $'000	2015 %	2014 %
2.493% unsecured fixed rate notes due 2015	**–**	175,561	**–**	1.7	**–**	175,561	**–**	1.7
3.043% unsecured fixed rate notes due 2017	**75,024**	75,842	**3.0**	2.2	**75,024**	75,842	**3.0**	2.2
2.50% unsecured fixed rate notes due 2018	**172,347**	–	**3.2**	–	**–**	–	**–**	–
	247,371	251,403			**75,024**	251,403		

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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	
	2015 $'000	**2014 $'000**
Minimum lease payments due		
– Not later than one year	**267**	281
– Between one and five years	**1,067**	1,125
– Later than five years	**20,141**	21,509
	21,475	22,915
Less: Future finance charges	**(17,656)**	(18,889)
Present value of finance lease liabilities	**3,819**	4,026

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

	The Group	
	2015 $'000	**2014 $'000**
Not later than one year (Note 24)	**266**	280
Later than one year (Note 24)		
– Between one and five years	**1,063**	1,121
– Later than five years	**2,490**	2,625
	3,553	3,746
Total	**3,819**	4,026

26. DERIVATIVE FINANCIAL INSTRUMENT

	The Group			The Company		
	Contract notional amount $'000	**Fair value Asset $'000**	**Fair value Liability $'000**	**Contract notional amount $'000**	**Fair value Asset $'000**	**Fair value Liability $'000**
2015						
Cash flow hedges						
– Interest rate swaps	359,120	1,338	(978)	209,120	–	(978)
Less: Current portion	(359,120)	(1,338)	–	–	–	–
Non-current portion	**–**	**–**	**(978)**	**209,120**	**–**	**(978)**
2014						
Cash flow hedges						
– Interest rate swaps	200,000	613	–	–	–	–
Non-hedging instrument						
– Interest rate swap	–	–	–	100,000	323	–
	200,000	613	–	100,000	323	–
Less: Current portion	(50,000)	(35)	–	–	–	–
Non-current portion	150,000	578	–	100,000	323	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

26. DERIVATIVE FINANCIAL INSTRUMENT (continued)

The cash flow hedges – interest rate swaps are transacted to hedge variable interest expense on borrowings payable between October 2016 and April 2019 (2014: November 2015 and October 2016). 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 (2014: $54,158,000) bears interest at 1.5% (2014: 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 2.97% (2014: 1.92%) 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 approximate its carrying value.

28. PROVISION FOR RETIREMENT BENEFITS

	The Group	
	2015	**2014**
	$'000	**$'000**
Non-current	**3,854**	3,813

(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 revaluation was on 12 February 2014.

(b) The movements during the financial year recognised in the statement of financial position were as follows:

	The Group	
	2015	**2014**
	$'000	**$'000**
At the beginning of the financial year	**3,813**	3,245
Current service cost	**317**	320
Interest on obligation	**260**	253
Actuarial loss	**43**	55
Currency translation differences	**(579)**	(60)
At the end of the financial year	**3,854**	3,813

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

28. PROVISION FOR RETIREMENT BENEFITS (continued)

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

	The Group	
	2015	**2014**
	%	**%**
Discount rate	**5.8**	5.8
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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets				
– to be recovered within one year	**(1,082)**	(918)	**–**	–
– to be recovered after one year	**(3,620)**	(2,705)	**–**	–
	(4,702)	(3,623)	**–**	–
Deferred income tax liabilities				
– to be settled within one year	**13,869**	107,334	**–**	96,328
– to be settled after one year	**75,290**	66,930	**3,490**	3,790
	89,159	174,264	**3,490**	100,118

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

29. DEFERRED INCOME TAXES (continued)

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

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At the beginning of the financial year	**170,641**	169,789	**100,118**	86,145
Currency translation differences	**(2,466)**	(137)	**–**	–
Tax charge/(credit) to:				
– income statement [Note 9(a)]	**11,416**	(13,568)	**(135)**	(416)
– other comprehensive income [Note 31(b),(f)]	**(96,370)**	14,499	**(96,493)**	14,389
Group tax relief	**2,175**	–	**–**	–
(Over)/under provision in prior financial year [Note 9(a)]	**(939)**	58	**–**	–
At the end of the financial year	**84,457**	170,641	**3,490**	100,118

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

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Fair value reserves [Note 31(b)]	**(96,327)**	14,356	**(96,327)**	14,356
Hedging reserve [Note 31(f)]	**(43)**	143	**(166)**	33
	(96,370)	14,499	**(96,493)**	14,389

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 $23,615,000 (2014: $16,731,000) 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 $23,615,000 (2014: $16,716,000) can be carried forward for a period of up to five years subsequent to the year of the loss, while the remaining tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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 on available-for-sale financial assets $'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
2015								
At the beginning of the financial year	98,766	104	47,198	20,010	1,006	8,846	(1,666)	174,264
Currency translation differences	–	–	(2,632)	(8)	–	–	168	(2,472)
Tax charge/(credit) to income statement	(2,439)	–	7,660	(778)	278	4,399	2,276	11,396
Tax charge/(credit) to other comprehensive income	(96,327)	123	–	–	–	–	–	(96,204)
Group tax relief	–	–	–	–	–	2,175	–	2,175
At the end of the financial year	**–**	**227**	**52,226**	**19,224**	**1,284**	**15,420**	**778**	**89,159**
2014								
At the beginning of the financial year	84,410	–	42,533	13,070	1,038	33,637	(1,739)	172,949
Currency translation differences	–	–	(506)	288	–	–	17	(201)
Tax charge/(credit) to income statement	–	–	5,171	6,652	(32)	(24,791)	56	(12,944)
Tax charge to other comprehensive income	14,356	104	–	–	–	–	–	14,460
At the end of the financial year	98,766	104	47,198	20,010	1,006	8,846	(1,666)	174,264

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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
2015					
At the beginning of the financial year	–	(1,961)	(909)	(753)	(3,623)
Currency translation differences	–	–	6	–	6
Tax credit to income statement	–	–	(2)	(917)	(919)
Tax credit to other comprehensive income	(166)	–	–	–	(166)
At the end of the financial year	**(166)**	**(1,961)**	**(905)**	**(1,670)**	**(4,702)**
2014					
At the beginning of the financial year	(39)	(1,961)	(877)	(283)	(3,160)
Currency translation differences	–	–	64	–	64
Tax credit to income statement	–	–	(96)	(470)	(566)
Tax charge to other comprehensive income	39	–	–	–	39
At the end of the financial year	–	(1,961)	(909)	(753)	(3,623)

The Company

Deferred income tax liabilities

	Fair value gains on available-for-sale financial assets $'000	Accelerated tax depreciation $'000	Total $'000
2015			
At the beginning of the financial year	96,327	3,791	100,118
Tax credit to income statement	–	(135)	(135)
Tax credit to other comprehensive income	(96,327)	–	(96,327)
At the end of the financial year	**–**	**3,656**	**3,656**
2014			
At the beginning of the financial year	81,971	4,207	86,178
Tax credit to income statement	–	(416)	(416)
Tax charge to other comprehensive income	14,356	–	14,356
At the end of the financial year	96,327	3,791	100,118

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

29. DEFERRED INCOME TAXES (continued)

The Company (continued)

Deferred income tax assets

	Fair value loss on derivative financial instruments $'000	Total $'000
2015		
At the beginning of the financial year	–	–
Tax credit to other comprehensive income	(166)	(166)
At the end of the financial year	**(166)**	**(166)**
2014		
At the beginning of the financial year	(33)	(33)
Tax charge to other comprehensive income	33	33
At the end of the financial year	–	–

30. SHARE CAPITAL OF UOL GROUP LIMITED

	Number of shares '000	Amount $'000
2015		
At the beginning of the financial year	787,226	1,151,512
Proceeds from shares issued:		
– to holders of share options	1,438	7,926
Issue of shares under scrip dividend scheme	7,555	56,661
At the end of the financial year	**796,219**	**1,216,099**
2014		
At the beginning of the financial year	770,883	1,050,897
Proceeds from shares issued:		
– to holders of share options	742	3,577
Issue of shares under scrip dividend scheme	15,601	97,038
At the end of the financial year	787,226	1,151,512

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For the Financial Year Ended 31 December 2015

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 1,438,000 (2014: 742,000) 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 11 March 2015, options were granted pursuant to the 2012 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,285,000 ordinary shares in the Company (known as "the 2015 Options") at the exercise price of $7.67 per ordinary share. 1,253,000 options granted were accepted.

Statutory information regarding the 2015 Options is as follows:

(i) The option period begins on 11 March 2016 and expires on 10 March 2025 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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							
2015							
2006 Options	100,000	–	(100,000)	–	–	3.21	18.05.2007 to 17.05.2016
2007 Options	306,000	–	(102,000)	–	204,000	4.91	16.03.2008 to 15.03.2017
2008 Options	200,000	–	(70,000)	–	130,000	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	309,000	–	(5,000)	–	304,000	3.95	05.03.2011 to 04.03.2020
2011 Options	400,000	–	(54,000)	–	346,000	4.62	04.03.2012 to 03.03.2021
2012 Options	1,073,000	–	(418,000)	–	655,000	5.40	23.08.2013 to 22.08.2022
2013 Options	1,113,000	–	(260,000)	–	853,000	6.55	08.03.2014 to 07.03.2023
2014 Options	1,224,000	–	(429,000)	–	795,000	6.10	12.03.2015 to 11.03.2024
2015 Options	–	1,253,000	–	(28,000)	1,225,000	7.67	11.03.2016 to 10.03.2025
	4,787,000	**1,253,000**	**(1,438,000)**	**(28,000)**	**4,574,000**		
2014							
2005 Options	42,000	–	(42,000)	–	–	2.23	09.05.2006 to 08.05.2015
2006 Options	100,000	–	–	–	100,000	3.21	18.05.2007 to 17.05.2016
2007 Options	399,000	–	(93,000)	–	306,000	4.91	16.03.2008 to 15.03.2017
2008 Options	236,000	–	(36,000)	–	200,000	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	390,000	–	(81,000)	–	309,000	3.95	05.03.2011 to 04.03.2020
2011 Options	566,000	–	(166,000)	–	400,000	4.62	04.03.2012 to 03.03.2021
2012 Options	1,387,000	–	(274,000)	(40,000)	1,073,000	5.40	23.08.2013 to 22.08.2022
2013 Options	1,258,000	–	(50,000)	(95,000)	1,113,000	6.55	08.03.2014 to 07.03.2023
2014 Options	–	1,253,000	–	(29,000)	1,224,000	6.10	12.03.2015 to 11.03.2024
	4,440,000	1,253,000	(742,000)	(164,000)	4,787,000		

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For the Financial Year Ended 31 December 2015

30. SHARE CAPITAL OF UOL GROUP LIMITED (continued)

UOL Group Executives' Share Option Scheme (continued)

Out of the outstanding options for 4,574,000 (2014: 4,787,000) shares, options for 3,349,000 (2014: 3,563,000) shares are exercisable at the end of the reporting period. The weighted average share price at the time of exercise was $7.21 (2014: $6.56) per share.

The fair value of options granted on 11 March 2015 (2014: 12 March 2014), determined using the Trinomial Tree Model was $1,366,000 (2014: $1,491,000). The significant inputs into the model were share price of $7.47 (2014: $6.00) at the grant date, exercise price of $7.67 (2014: $6.10), standard deviation of expected share price returns of 18.71% (2014: 27.10%), option life from 11 March 2016 to 10 March 2025 (2014: 12 March 2015 to 11 March 2024), annual risk-free interest rate of 2.17% (2014: 1.69%) and dividend yield of 2.15% (2014: 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	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Composition:				
Share option reserve [Note (a) below]	**15,806**	14,260	**14,211**	12,851
Fair value reserve [Note (b) below]	**550,496**	645,502	**461,611**	511,475
Asset revaluation reserve [Note (c) below]	**42,976**	42,958	**–**	–
Capital reserves [Note (d) below]	**293,580**	293,580	**–**	–
Currency translation reserve [Note (e) below]	**(13,291)**	(19,777)	**–**	–
Hedging reserve [Note (f) below]	**299**	509	**(812)**	–
Others	**–**	–	**598**	598
	889,866	977,032	**475,608**	524,924

Revaluation and capital reserves are non-distributable.

(a) Share option reserve

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
At the beginning of the financial year	**14,260**	12,499	**12,851**	11,362
Employee share option scheme:				
– Value of employee services	**1,360**	1,489	**1,360**	1,489
Share of associated company (Note 17)	**186**	272	**–**	–
At the end of the financial year	**15,806**	14,260	**14,211**	12,851

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

31. RESERVES (continued)

(b) Fair value reserve

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At the beginning of the financial year	**645,502**	537,343	**511,475**	425,977
Fair value (losses)/gains on available-for-sale financial assets (Note 15)	**(191,333)**	129,971	**(146,191)**	99,854
Deferred tax on fair value gains (Note 29)	**96,327**	(14,356)	**96,327**	(14,356)
	(95,006)	115,615	**(49,864)**	85,498
Liquidation of an available-for-sale financial asset	**–**	(7,456)	**–**	–
At the end of the financial year	**550,496**	645,502	**461,611**	511,475

(c) Asset revaluation reserve

	The Group	
	2015 $'000	2014 $'000
At the beginning of the financial year	**42,958**	38,118
Share of an associated company's acquisition of interests from non-controlling shareholders (Note 17)	**18**	4,840
At the end of the financial year	**42,976**	42,958

The asset revaluation reserve of the Group does not take into account the surplus of $1,017,076,000 (2014: $929,654,000) arising from the revaluation of the hotel properties of the Group [Note 21(a)].

(d) Capital reserves

Composition of capital reserves is as follows:

	The Group	
	2015 $'000	2014 $'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**	223,377
	293,580	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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

31. RESERVES (continued)

(e) Currency translation reserve

	The Group	
	2015 $'000	**2014 $'000**
At the beginning of the financial year	**(19,777)**	(26,035)
Net currency translation differences of financial statements of foreign subsidiaries and an associated company	**3,946**	5,224
Share of an associated company's acquisition of interests from non-controlling shareholders (Note 17)	**7**	212
Share of an associated company's other comprehensive income (Note 17)	**2,330**	2,580
	6,283	8,016
Less: Amount attributable to non-controlling interests	**203**	(1,758)
	6,486	6,258
At the end of the financial year	**(13,291)**	(19,777)

(f) Hedging reserve

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
At the beginning of the financial year	**509**	(194)	**–**	(164)
Fair value gains/(losses)	**30**	1,225	**(432)**	303
Deferred tax on fair value (Note 29)	**43**	(143)	**166**	(33)
	73	1,082	**(266)**	270
Transfer to income statement – Finance expense (Note 7)	**(283)**	(379)	**(546)**	(106)
	(210)	703	**(812)**	164
At the end of the financial year	**299**	509	**(812)**	–

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	
	2015 $'000	**2014 $'000**
Final one-tier dividend paid in respect of the previous financial year of 15.0 cents (2014: 15.0 cents) per share	**118,176**	115,629
Special one-tier dividend paid in respect of the previous financial year of nil cents (2014: 5.0 cents) per share	**–**	38,543
	118,176	154,172

At the forthcoming Annual General Meeting on 28 April 2016, a final one-tier dividend of 15.0 cents per share amounting to a total of $119,433,000 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 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

33. CONTINGENT LIABILITIES

The Company has guaranteed the borrowings of subsidiaries amounting to $927,132,000 (2014: $828,642,000). The borrowings of subsidiaries were denominated in Singapore Dollar except for an amount of $90,132,000 (2014: $167,542,000) which was denominated in United States Dollar.

At the end of the reporting period, the Group has given a guarantee of $3,883,000 (2014: $4,944,000) 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	
	2015 **$'000**	**2014** **$'000**
Expenditure contracted for:		
– property, plant and equipment	**30,564**	22,454
– development properties	**455,225**	428,592
	485,789	451,046

In 2014, the Group's wholly-owned subsidiary, Pan Pacific Hospitality Pte. Ltd. ("PPH") entered into a conditional joint venture agreement with Shwe Taung Junction City Development Co., Ltd. and City Square Pte. Ltd., in relation to the formation of a company in Myanmar, City Square Hotel Co. Ltd. ("CSH"), for the purpose of acquiring, constructing, developing and/or managing a 348-room hotel located in the Junction City mixed use development along Shwedagon Pagoda Road in the prime city centre of Yangon, Myanmar.

CSH is classified as an associated company of the Group. The Group's commitment for the project, which includes shareholder's loans and capital contributions, amounts up to a maximum of US$25,000,000 of which US$5,456,000 (2014: US$3,000,000) has been paid as at 31 December 2015 by the Group towards the initial paid-up share capital of CSH in accordance with its 20% shareholding proportion.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

34. COMMITMENTS (continued)

(b) Operating lease commitments – where a group company is a lessee

The Group leases various premises from non-related parties and subsidiaries 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	
	2015 **$'000**	**2014** **$'000**
Not later than one year	**1,756**	1,725
Later than one year but not later than five years	**4,555**	4,219
Later than five years	**23,376**	23,700
	29,687	29,644

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

The Group and the Company lease out retail and office space to non-related parties under non-cancellable operating agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease receivable under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are analysed as follows:

	The Group		The Company	
	2015 **$'000**	**2014** **$'000**	**2015** **$'000**	**2014** **$'000**
Not later than one year	**158,675**	143,425	**17,404**	13,436
Later than one year but not later than five years	**259,697**	243,904	**36,049**	12,868
Later than five years	**121,270**	130,768	**5,451**	–
	539,642	518,097	**58,904**	26,304

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 $3,692,000 (2014: $3,016,000) and $139,000 (2014: 25,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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) <u>Market risk</u>

(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 Great Britain Pounds ("GBP").

The Group has a number of investments in foreign subsidiaries and associated companies whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's subsidiaries and associated companies 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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								
2015								
Financial assets								
Cash and bank balances	194,814	17,426	10,595	25,432	19,796	1,664	6,671	276,398
Trade and other receivables	187,850	7,910	5,586	1,805	1,772	3,688	1,843	210,454
Receivables from subsidiaries	475,469	22,646	–	–	–	249,480	–	747,595
Derivative financial instrument	1,338	–	–	–	–	–	–	1,338
Other assets – deposits	573	23	22	209	28	–	247	1,102
	860,044	48,005	16,203	27,446	21,596	254,832	8,761	1,236,887
Financial liabilities								
Borrowings	(2,031,151)	(90,132)	(83,799)	–	(49,623)	(252,323)	–	(2,507,028)
Trade and other payables	(217,241)	(4,141)	(15,401)	(6,579)	(30,315)	(58)	(6,361)	(280,096)
Payables to subsidiaries	(475,469)	(22,646)	–	–	–	(249,480)	–	(747,595)
Derivative financial instrument	(978)	–	–	–	–	–	–	(978)
Loans from non-controlling shareholders of subsidiaries	(63,009)	–	–	–	–	–	–	(63,009)
	(2,787,848)	(116,919)	(99,200)	(6,579)	(79,938)	(501,861)	(6,361)	(3,598,706)
Net financial (liabilities)/ assets	(1,927,804)	(68,914)	(82,997)	20,867	(58,342)	(247,029)	2,400	(2,361,819)
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	1,927,810	(12,238)	83,475	(20,803)	58,353	(5,294)	(2,311)	2,028,992
Add: Firm commitments and highly probable forecast transactions in foreign currencies	424,889	33	14,744	353	–	45,557	213	485,789
Less: Firm commitments and highly probable forecast transactions denominated in the respective entities' functional currencies	(424,889)	(33)	(14,744)	(353)	–	(45,557)	(213)	(485,789)
Currency exposure	**6**	**(81,152)**	**478**	**64**	**11**	**(252,323)**	**89**	**(332,827)**

NOTES TO THE FINANCIAL STATEMENTS

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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								
2014								
Financial assets								
Cash and bank balances	152,671	36,205	11,536	30,115	49,015	129	6,835	286,506
Trade and other receivables	230,012	79,351	5,104	2,166	6,160	88	2,050	324,931
Receivables from subsidiaries	555,317	66,985	–	–	–	206,217	–	828,519
Derivative financial instrument	613	–	–	–	–	–	–	613
Other assets – deposits	759	101	–	287	21	–	66	1,234
	939,372	182,642	16,640	32,568	55,196	206,434	8,951	1,441,803
Financial liabilities								
Borrowings	(2,482,777)	(141,526)	(89,352)	–	(54,512)	(206,217)	–	(2,974,384)
Trade and other payables	(225,098)	(4,981)	(13,120)	(6,992)	(59,748)	(736)	(7,076)	(317,751)
Payables to subsidiaries	(555,317)	(66,985)	–	–	–	(206,217)	–	(828,519)
Loans from non-controlling shareholders of subsidiaries	(54,158)	–	–	–	–	–	–	(54,158)
	(3,317,350)	(213,492)	(102,472)	(6,992)	(114,260)	(413,170)	(7,076)	(4,174,812)
Net financial (liabilities)/assets	(2,377,978)	(30,850)	(85,832)	25,576	(59,064)	(206,736)	1,875	(2,733,009)
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	2,378,000	(84,115)	86,013	(25,532)	59,075	519	(1,893)	2,412,067
Add: Firm commitments and highly probable forecast transactions in foreign currencies	405,832	235	5,452	284	–	39,117	126	451,046
Less: Firm commitments and highly probable forecast transactions denominated in the respective entities' functional currencies	(405,832)	(235)	(5,452)	(284)	–	(39,117)	(126)	(451,046)
Currency exposure	**22**	**(114,965)**	**181**	**44**	**11**	**(206,217)**	**(18)**	**(320,942)**

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For the Financial Year Ended 31 December 2015

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 and GBP. Assuming that the USD and GBP changes against SGD by 5% (2014: 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)	
	2015	**2014**
	$'000	**$'000**
USD against SGD		
– strengthens	**(3,368)**	(4,771)
– weakens	**3,368**	4,771
GBP against SGD		
– strengthens	**(10,471)**	(8,558)
– weakens	**10,471**	8,558

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	**GBP**
	$'000	**$'000**
The Company		
2015		
Financial assets		
Loans to subsidiaries	22,646	249,480
Financial liabilities		
Bank borrowings	–	(252,323)
Currency exposure	**22,646**	**(2,843)**
2014		
Financial assets		
Loans to subsidiaries	23,542	206,217
Financial liabilities		
Bank borrowings	(42,123)	(206,217)
Currency exposure	**(18,581)**	**–**

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

Assuming that the USD and GBP changes against SGD by 5% (2014: 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)	
	2015 $'000	**2014 $'000**
USD against SGD		
– strengthens	**940**	(771)
– weakens	**(940)**	771
GBP against SGD		
– strengthens	**(118)**	–
– weakens	**118**	–

(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 2015, if prices for equity securities listed in Singapore change by 10% (2014: 10%) with all other variables being held constant, the fair value reserve will be higher/lower by $75,921,000 (2014: $82,373,000) and $57,399,000 (2014: $59,521,000) 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 and GBP. If the SGD, USD and GBP interest rates increase/decrease by 1% (2014: 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 $12,903,000 (2014: $12,780,000) and $2,412,000 (2014: $1,850,000) respectively as a result of higher/lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

35. FINANCIAL RISK MANAGEMENT (continued)

(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.

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

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
By geographical areas				
Singapore	**195,032**	310,700	**725,129**	805,284
Australia	**5,147**	4,998	**17**	1
Vietnam	**1,234**	1,238	**103**	93
Malaysia	**1,742**	2,123	**3**	–
PRC	**1,706**	3,482	**23,268**	24,033
Myanmar	**1,080**	1,310	**–**	37
Others	**4,513**	1,080	**–**	–
	210,454	324,931	**748,520**	829,448
By operating segments				
Property development	**167,415**	292,854	**251,500**	285,460
Property investments	**16,273**	9,793	**35,114**	84,119
Hotel operations	**18,973**	15,436	**33,278**	34,701
Management services	**7,793**	6,760	**179**	261
Investments	**–**	88	**428,449**	424,907
	210,454	324,931	**748,520**	829,448

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(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	
	2015 **$'000**	**2014** **$'000**	**2015** **$'000**	**2014** **$'000**
Past due 0 to 3 months	**7,607**	4,630	**26**	13
Past due 3 to 6 months	**2,670**	613	**265**	–
Past due over 6 months	**2,460**	2,581	**–**	–
	12,737	7,824	**291**	13

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	
	2015 **$'000**	**2014** **$'000**	**2015** **$'000**	**2014** **$'000**
Gross amount	**359**	444	**–**	–
Less: Allowance for impairment	**(359)**	(444)	**–**	–
	–	–	**–**	–
Beginning of financial year	**444**	365	**–**	–
Currency translation difference	**–**	(1)	**–**	–
(Write-back of allowance)/allowance made – net	**(21)**	85	**–**	–
Allowance utilised	**(64)**	(5)	**–**	–
End of financial year	**359**	444	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

35. FINANCIAL RISK MANAGEMENT (continued)

(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
The Group			
2015			
Trade and other payables	233,635	22,392	24,069
Derivative financial instrument	779	779	1,005
Borrowings	621,577	703,540	1,375,181
Loans from non-controlling shareholders of subsidiaries	–	–	67,778
Financial guarantees for borrowings of associated companies	–	3,883	–
	855,991	**730,594**	**1,468,033**
2014			
Trade and other payables	277,526	14,704	25,521
Borrowings	1,385,736	272,430	1,406,156
Loans from non-controlling shareholders of subsidiaries	1,041	1,041	55,775
Financial guarantees for borrowings of associated companies	4,944	–	–
	1,669,247	288,175	1,487,452
The Company			
2015			
Trade and other payables	397,787	793	3,486
Derivative financial instrument	399	399	514
Borrowings	188,416	82,287	217,483
Financial guarantees for borrowings of subsidiaries and associated companies	252,132	400,000	275,000
	838,734	**483,479**	**496,483**
2014			
Trade and other payables	325,472	1,154	884
Borrowings	516,499	2,282	75,807
Financial guarantees for borrowings of subsidiaries and associated companies	828,642	–	–
	1,670,613	3,436	76,691

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

35. FINANCIAL RISK MANAGEMENT (continued)

(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% (2014: 200%). The Group's and the Company's strategies, which were unchanged from 2014, 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	
	2015	**2014**	**2015**	**2014**
Net debt ($'000)	**2,293,639**	2,742,036	**460,190**	583,853
Total equity ($'000)	**8,401,116**	8,130,899	**2,886,515**	2,949,706
Gearing ratio	**27%**	34%	**16%**	20%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2014.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2015				
The Group				
Assets				
Available-for-sale financial assets				
– Equity securities	759,213	–	45,659	804,872
– Derivative financial instrument	–	1,338	–	1,338
Liabilities				
Available-for-sale financial assets				
– Derivative financial instrument	–	(978)	–	(978)
The Company				
Assets				
Available-for-sale financial assets				
– Equity securities	573,988	–	45,659	619,647
Liabilities				
Available-for-sale financial assets				
– Derivative financial instrument	–	(978)	–	(978)
2014				
The Group				
Assets				
Available-for-sale financial assets				
– Equity securities	933,977	–	54,809	988,786
– Derivative financial instrument	–	613	–	613
The Company				
Assets				
Available-for-sale financial assets				
– Equity securities	705,453	–	54,809	760,262
– Derivative financial instrument	–	323	–	323

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 2015 was 30% (2014: 16%). If the discount factor increases/decreases by 5% points (2014: 5% points), the fair value of the Level 3 unquoted available-for-sale financial assets will decrease/increase by $3,283,000 (2014: $3,244,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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	
	2015	**2014**
	$'000	**$'000**
At the beginning of the financial year	**54,809**	46,809
Fair value (losses)/gains recognised in other comprehensive income	**(9,150)**	8,000
At the end of the financial year	**45,659**	54,809

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 2015 and 2014.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 15 and Note 26 to the financial statements, except for the following:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables	**487,954**	612,671	**750,085**	832,318
Financial liabilities at amortised cost	**2,850,133**	3,346,293	**863,802**	914,212

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Transactions with directors and their associates				
Proceeds from sale of development properties	**1,425**	1,118	**–**	–
Rental received	**846**	863	**531**	423
Transactions with associated companies and joint venture companies				
Fees received for management of development properties	**185**	499	**–**	–
Fees received for management of hotels	**8,234**	7,928	**–**	–
Fees received for operation of spas	**95**	60	**–**	–
Accounting and corporate secretarial fee received	**360**	422	**80**	120
Commission received	**40**	266	**–**	–
Interest receivable on loans to joint venture companies	**3,879**	3,086	**–**	–
Purchase and maintenance of computers and software	**209**	251	**133**	133
Expenses for hotel and function room facilities	**165**	210	**–**	–
Transactions with non-controlling shareholders of subsidiaries with significant influence				
Payment of development costs	**–**	1,012	**–**	–

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

	The Group	
	2015	**2014**
	$'000	**$'000**
Salaries and other short-term employee benefits	**5,918**	5,716
Directors' fees	**659**	652
Post-employment benefits – contribution to CPF	**125**	114
Share options granted	**323**	328
	7,025	6,810

Total compensation to directors of the Company included in above amounted to $2,950,000 (2014: $2,926,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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 – provision of hotel management services under the "Pan Pacific" and PARKROYAL brands and project management and related services.

The property development activities of the Group are concentrated in Singapore and PRC 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 an ongoing mixed development in the United Kingdom.

The Group's quoted and unquoted available-for-sale financial assets relates to equity shares in Singapore.

The management services segment is 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 2015

37. GROUP SEGMENTAL INFORMATION (continued)

The segment information provided to the Exco for the reportable segments for the year ended 31 December 2015 is as follows:

	Property development			
	Singapore	**Malaysia**	**PRC**	**United Kingdom**
	$'000	**$'000**	**$'000**	**$'000**
2015				
Revenue				
Total segment sales	563,932	–	13,564	–
Inter-segment sales	–	–	–	–
Sales to external parties	563,932	–	13,564	–
Adjusted EBITDA	83,337	(51)	1,166	(297)
Depreciation and amortisation	–	(5)	(58)	–
Other gains/(losses)	–	–	–	–
Fair value gains on investment properties	–	–	–	–
Share of profit/(loss) of associated companies	610	–	(121)	–
Share of profit of joint venture companies	29,117	–	–	–
Segment assets	1,518,090	3,072	259,246	193,036
Unallocated assets				
Total assets				
Total assets include:				
Investment in associated companies	1,214	–	198,530	–
Investment in joint venture companies	86,349	–	–	–
Additions during the financial year to:				
– property, plant and equipment	–	–	–	–
– investment properties	–	–	–	–
– intangibles	–	–	–	–
Segment liabilities	911,426	149	71,603	6,472
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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

	Property investments*	Hotel operations			Investments	Others	Total
		Singapore	Australia	Others^			
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	225,177	172,289	114,712	132,860	87,828	53,087	1,363,449
	(5,786)	(444)	–	–	(45,539)	(32,931)	(84,700)
	219,391	171,845	114,712	132,860	42,289	20,156	1,278,749
	278,728	63,859	25,891	28,324	42,254	15,463	538,674
	(4,330)	(22,090)	(12,301)	(26,208)	–	(2,239)	(67,231)
	5,755	–	11,757	(40,224)	676	–	(22,036)
	60,902	–	–	–	–	–	60,902
	129,681	5,435	–	905	–	43	136,553
	–	–	–	–	–	–	29,117
	7,191,167	646,235	249,705	555,645	804,884	43,229	11,464,309
							36,972
							11,501,281
	3,020,448	43,945	–	7,460	–	8,035	3,279,632
	–	–	–	–	–	–	86,349
	1,600	8,836	24,797	16,198	–	296	51,727
	1,242	–	–	–	–	–	1,242
	–	–	–	–	–	570	570
	217,721	136,642	96,568	228,190	88	17,777	1,686,636
							1,413,529
							3,100,165

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

37. GROUP SEGMENTAL INFORMATION (continued)

The segment information provided to the Exco for the reportable segments for the year ended 31 December 2014 is as follows:

	Property development			
	Singapore	**Malaysia**	**PRC**	**United Kingdom**
	$'000	**$'000**	**$'000**	**$'000**
2014				
Revenue				
Total segment sales	242,296	220,072	213,513	–
Inter-segment sales	–	–	–	–
Sales to external parties	242,296	220,072	213,513	–
Adjusted EBITDA	75,245	98,791	11,437	(281)
Depreciation and amortisation	(6)	–	(65)	–
Other gains	–	–	–	–
Fair value gains on investment properties	–	–	–	–
Share of profit/(loss) of associated companies	135	–	(130)	–
Share of profit of joint venture companies	38,590	–	–	–
Segment assets	1,998,802	12,696	281,746	140,913
Unallocated assets				
Total assets				
Total assets include:				
Investment in associated companies	3,754	–	176,921	–
Investment in joint venture companies	57,232	–	–	–
Additions during the financial year to:				
– property, plant and equipment	–	–	–	–
– investment properties	–	–	–	–
– intangibles	–	–	–	–
Segment liabilities	1,043,642	7,024	98,689	736
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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

Property investments* $'000	Hotel operations Singapore $'000	Hotel operations Australia $'000	Hotel operations Others^ $'000	Investments $'000	Others $'000	Total $'000
203,960	173,423	132,070	132,544	135,275	51,486	1,504,639
(5,754)	(463)	–	–	(106,477)	(31,226)	(143,920)
198,206	172,960	132,070	132,544	28,798	20,260	1,360,719
333,189	64,036	32,744	34,876	28,764	17,263	696,064
(4,415)	(21,687)	(12,528)	(19,133)	–	(2,138)	(59,972)
3,331	11,553	3,336	–	7,332	–	25,552
217,848	–	–	–	–	–	217,848
191,478	5,643	–	993	–	65	198,184
–	–	–	–	–	–	38,590
6,981,736	657,898	239,255	473,034	988,807	41,767	11,816,654
						31,807
						11,848,461
2,871,295	41,234	–	6,918	–	4,205	3,104,327
–	–	–	–	–	–	57,232
1,848	9,237	7,051	100,486	–	413	119,035
55,761	–	–	–	–	–	55,761
63	–	–	162	–	2,157	2,382
406,592	274,052	98,868	33,755	88	10,324	1,973,770
						1,743,792
						3,717,562

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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:

	2015 $'000	2014 $'000
Adjusted EBITDA for reportable segments	**538,674**	696,064
Depreciation and amortisation	**(67,231)**	(59,972)
Other (losses)/gains	**(22,036)**	25,552
Fair value gains on investment properties	**60,902**	217,848
Unallocated costs	**(14,311)**	(13,983)
Finance income	**6,039**	5,466
Finance expense	**(41,664)**	(34,009)
Profit before income tax	**460,373**	836,966

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.

	2015 $'000	2014 $'000
Segment assets for reportable segments	**11,464,309**	11,816,654
Unallocated:		
Cash and bank balances	**29,865**	25,536
Derivative financial instruments	**1,338**	613
Receivables and other assets	**199**	497
Current income tax assets	**125**	98
Property, plant and equipment	**729**	1,130
Intangibles	**14**	310
Deferred income tax assets	**4,702**	3,623
	11,501,281	11,848,461

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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.

	2015 $'000	2014 $'000
Segment liabilities for reportable segments	**1,686,636**	1,973,770
Unallocated:		
Other payables	**15,060**	13,500
Current income tax liabilities	**41,788**	75,216
Borrowings	**1,266,544**	1,480,812
Derivative financial instruments	**978**	–
Deferred income tax liabilities	**89,159**	174,264
	3,100,165	3,717,562

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 and management services. A breakdown of the revenues from external customers for each of these categories is shown in Note 4.

Geographical information

The Group's five 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	
	2015 $'000	2014 $'000
Singapore	**1,003,533**	646,275
Australia	**114,712**	132,070
Malaysia	**49,097**	278,226
PRC	**55,582**	243,633
Vietnam	**31,972**	28,705
Myanmar	**20,835**	28,090
Others	**3,018**	3,720
	1,278,749	1,360,719

NOTES TO THE FINANCIAL STATEMENTS

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37. GROUP SEGMENTAL INFORMATION (continued)

Geographical information (continued)

	Non-current assets	
	2015 **$'000**	**2014** **$'000**
Singapore	**7,764,404**	7,532,931
Australia	**234,944**	223,647
Vietnam	**40,362**	42,095
Malaysia	**145,580**	166,797
PRC	**469,281**	466,294
Myanmar	**22,884**	14,478
United Kingdom	**23,379**	60,323
Others	**1,914**	2,065
	8,702,748	8,508,630

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 2015 and 2014.

38. 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 2016 and which the Group has not early adopted:

- FRS 16 *Property plant and equipment* and FRS 38 *Intangible assets* (effective for annual periods beginning on or after 1 January 2016)

  This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- FRS 111 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2016)

  This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

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

- 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

  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.

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

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies 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. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. 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. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

The Group is assessing the impact of the adoption of FRS 115. The Group does not expect the other standards to have material impact to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2015

39. SUBSEQUENT EVENTS

In end January 2016, a wholly-owned subsidiary of the Group, UOL Capital Investments Pte. Ltd., which has a 90% stake in Tianjin UOL Xiwang Real Estate Development Co., Ltd. ("Tianjin UOL Xiwang"), has entered into a conditional equity transfer agreement with Tianjin Xiwang Real Estate Construction and Development Co., Ltd. ("Xiwang") to purchase Xiwang's 10% stake in Tianjin UOL Xiwang for an aggregate cash consideration of RMB93.0 million (equivalent to approximately S$19.8 million). The equity transfer agreement is conditional upon, inter alia, various governmental and regulatory approvals.

40. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of UOL Group Limited on 26 February 2016.

INTERESTED PERSON TRANSACTIONS

For the Financial Year Ended 31 December 2015

	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
1	Loof Pte. Ltd., a company owned by an associate of a director	
	- receipt of rental and service income	264
2	For The Love of Laundry Pte. Ltd., a company owned by an associate of a director	
	- receipt of rental and service income	110
3	United Venture Development (Thomson) Pte. Ltd., United Venture Development (Bedok) Pte. Ltd. and United Venture Development (Clementi) Pte. Ltd., joint ventures with an associate of director for the development of Thomson Three, Archipelago and a residential site at Clementi Avenue 1 respectively	
	– provision of loan	17,498
	– receipt of joint marketing fees	40
4	Secure Venture Development (Alexandra) Pte. Ltd., a joint venture with an associate of director for the development of Principal Garden	
	– provision of loan	24,234
5	Consideration for the sale of 1 unit in Principal Garden to Wee Jun Ning, a family member of a director	1,295

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 2 March 2016

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

SIZE OF SHAREHOLDINGS

RANGE	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5,784	22.97	162,424	0.02
100 - 1,000	9,226	36.64	3,616,551	0.46
1,001 - 10,000	8,083	32.10	28,766,784	3.61
10,001 - 1,000,000	2,057	8.17	87,443,686	10.98
1,000,001 AND ABOVE	29	0.12	676,229,558	84.93
TOTAL :	**25,179**	**100.00**	**796,219,003**	**100.00**

LOCATION OF SHAREHOLDERS

COUNTRY	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
SINGAPORE	21,723	86.27	782,248,180	98.24
MALAYSIA	2,968	11.79	12,232,170	1.54
OTHERS	488	1.94	1,738,653	0.22
TOTAL :	**25,179**	**100.00**	**796,219,003**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	NAME	NO. OF SHARES	%
1.	C. Y. WEE & COMPANY PRIVATE LIMITED	112,188,816	14.09
2.	WEE INVESTMENTS (PTE) LIMITED	107,993,810	13.56
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	107,159,543	13.46
4.	DBS NOMINEES (PRIVATE) LIMITED	91,165,247	11.45
5.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	59,357,293	7.45
6.	TYE HUA NOMINEES (PTE) LTD	59,258,209	7.44
7.	DBSN SERVICES PTE. LTD.	48,684,952	6.11
8.	HSBC (SINGAPORE) NOMINEES PTE LTD	37,442,324	4.70
9.	RAFFLES NOMINEES (PTE) LIMITED	14,505,156	1.82
10.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	5,372,623	0.67
11.	WEE CHO YAW	3,567,035	0.45
12.	KAH MOTOR CO SDN BHD	3,398,345	0.43
13.	HO HAN LEONG CALVIN	2,763,860	0.35
14.	NGEE ANN DEVELOPMENT PTE LTD	2,105,594	0.26
15.	PHILLIP SECURITIES PTE LTD	2,093,533	0.26
16.	SUNRISE TEXTILE ACCESSORIES (PTE.) LTD	2,025,662	0.25
17.	BANK OF SINGAPORE NOMINEES PTE. LTD.	1,801,223	0.23
18.	DB NOMINEES (SINGAPORE) PTE LTD	1,769,643	0.22
19.	UOB NOMINEES (2006) PRIVATE LIMITED	1,462,311	0.18
20.	OCBC SECURITIES PRIVATE LIMITED	1,384,006	0.17
	TOTAL:	**665,499,185**	**83.55**

Based on information available to the Company as at 2 March 2016, approximately 53% 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 2 March 2016

SUBSTANTIAL SHAREHOLDERS OF UOL GROUP LIMITED

as shown in the Register of Substantial Shareholders

		NO. OF SHARES FULLY PAID			
	NAME	DIRECT INTEREST	DEEMED INTEREST	TOTAL	%[1]
1.	Wee Cho Yaw	3,567,035	263,816,414 [2]	267,383,449	33.58
2.	Wee Ee Cheong	310,197	220,278,189 [3]	220,588,386	27.70
3.	C. Y. Wee & Company Private Limited	112,188,816	–	112,188,816	14.09
4.	Wee Ee-chao	31,735	108,285,564 [4]	108,317,299	13.60
5.	Wee Ee Lim	254,238	108,011,461 [5]	108,265,699	13.60
6.	Wee Investments (Pte) Limited	107,993,810	–	107,993,810	13.56
7.	United Overseas Bank Limited ("UOB")	–	60,092,498 [6]	60,092,498	7.55
8.	Haw Par Corporation Limited	–	43,616,137 [7]	43,616,137	5.48
9.	Schroders plc	–	42,863,708	42,863,708	5.38

Notes:

1 As a percentage of the issued share capital of the Company, comprising 796,219,003 shares

2 Dr Wee Cho Yaw's deemed interest in the shares arises as follows:
(a) 112,188,816 shares held by C. Y. Wee & Company Private Limited
(b) 107,993,810 shares held by Wee Investments (Pte) Limited
(c) 43,616,137 shares which Haw Par Corporation Limited is deemed to be interested in
(d) 17,651 shares held by Kheng Leong Company (Private) Limited

3 Mr Wee Ee Cheong's deemed interest in the shares arises as follows:
(a) 112,188,816 shares held by C. Y. Wee & Company Private Limited
(b) 107,993,810 shares held by Wee Investments (Pte) Limited
(c) 77,912 shares held by E. C. Wee Pte Ltd
(d) 17,651 shares held by Kheng Leong Company (Private) Limited

4 Mr Wee Ee-chao's deemed interest in the shares arises as follows:
(a) 107,993,810 shares held by Wee Investments (Pte) Limited
(b) 274,103 shares held by Protheus Investment Holdings Pte Ltd
(c) 17,651 shares held by Kheng Leong Company (Private) Limited

5 Mr Wee Ee Lim's deemed interest in the shares arises as follows:
(a) 107,993,810 shares held by Wee Investments (Pte) Limited
(b) 17,651 shares held by Kheng Leong Company (Private) Limited

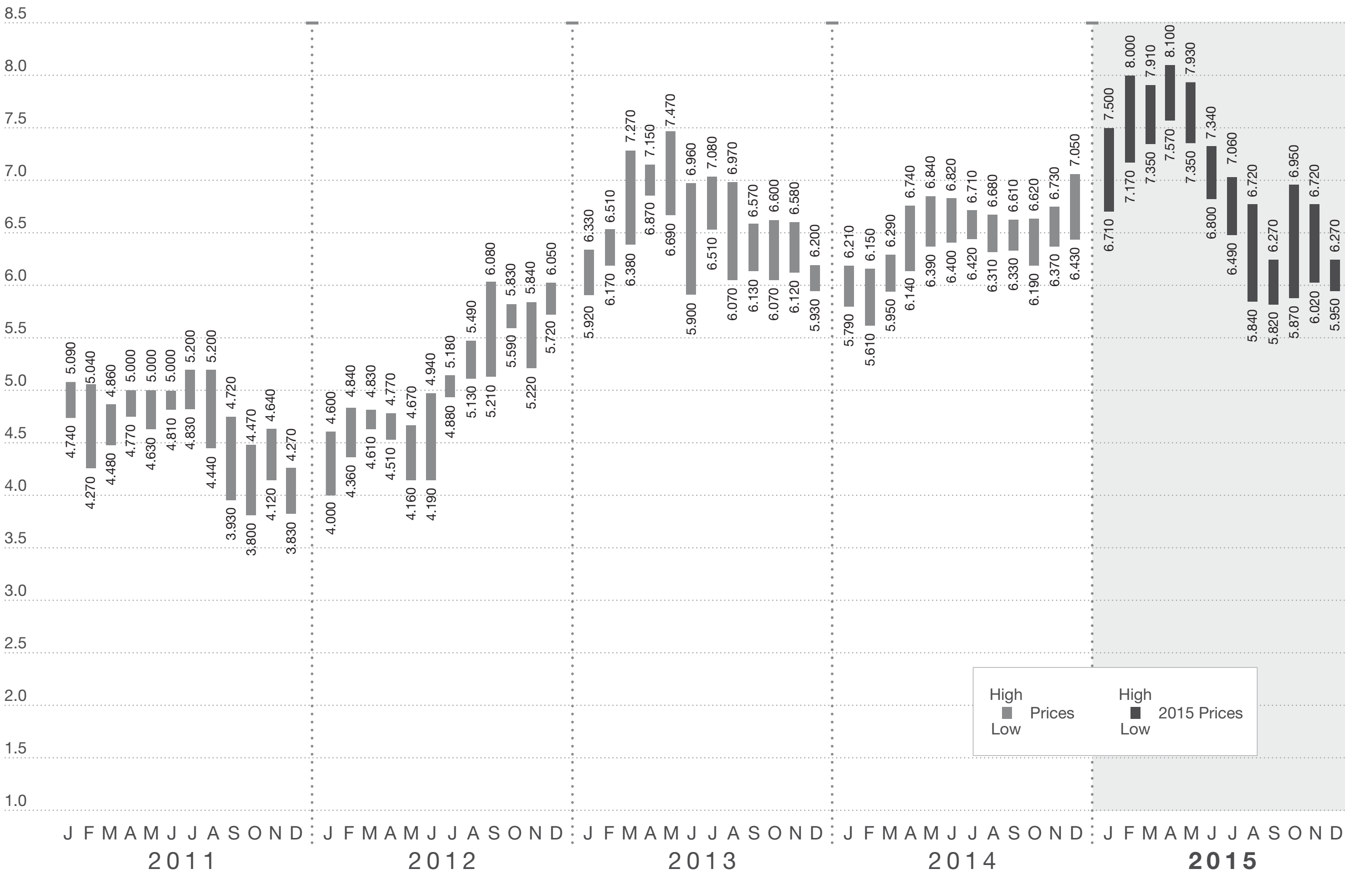
6 UOB's deemed interest in the shares arises as follows:
(a) 59,245,898 shares held in the name of Tye Hua Nominees (Private) Limited for the benefit of UOB
(b) 846,600 shares held by UOB Asset Management Ltd ("UOBAM") as client portfolios managed by UOBAM (Discretionary)

7 Haw Par Corporation Limited's deemed interest in the shares arises as follows:
(a) 27,964,332 shares held by Haw Par Investment Holdings Private Limited
(b) 11,083,057 shares held by Haw Par Capital Pte Ltd
(c) 1,839,293 shares held by Pickwick Securities Private Limited
(d) 677,639 shares held by Haw Par Equities Pte Ltd
(e) 1,500,216 shares held by Straits Maritime Leasing Private Limited
(f) 315,839 shares held by Haw Par Trading Pte Ltd
(g) 235,761 shares held by M & G Maritime Services Pte. Ltd.

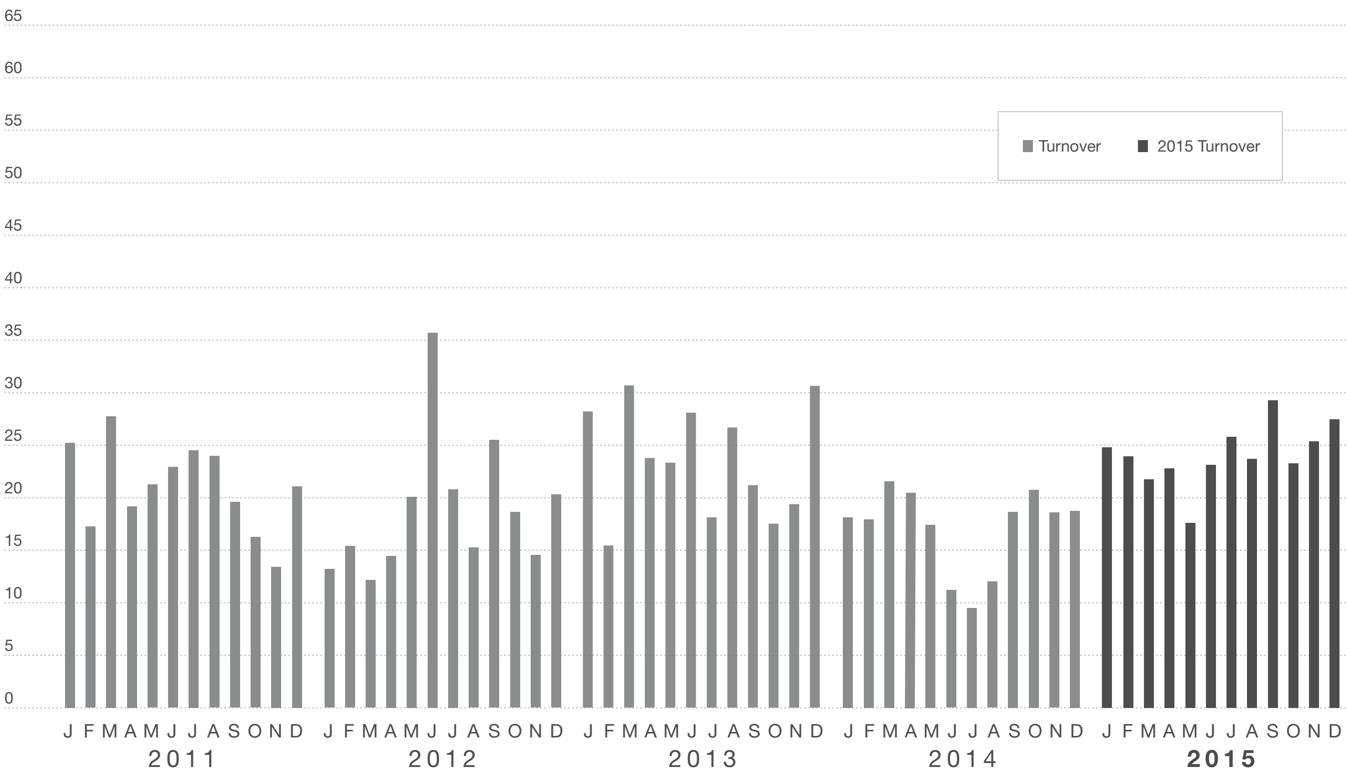
SHARE PRICE AND TURNOVER

for the period from 1 January 2011 to 31 December 2015

SHARE PRICE ($)



TURNOVER (MILLION)



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd Annual General Meeting of UOL Group Limited (the "Company") will be held at PARKROYAL on Beach Road, Grand Ballroom, 7500 Beach Road, Singapore 199591 on Thursday, 28 April 2016, 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 2015 together with the Auditor's Report.

Resolution 2 To declare a first and final tax exempt (one-tier) dividend of 15 cents per ordinary share for the year ended 31 December 2015.

Resolution 3 To approve Directors' fees of $565,800 for 2015 (2014: $550,000).

Resolution 4 To re-appoint Dr Wee Cho Yaw, who retires under the resolution passed at last year's Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50 (which was then in force), as Director of the Company.

Resolution 5 To re-appoint Mr Gwee Lian Kheng, who retires under the resolution passed at last year's Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50 (which was then in force), as Director of the Company.

Resolution 6 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 7 To re-elect Dr Pongsak Hoontrakul, who retires by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company.

Resolution 8 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 the following resolutions, of which Resolutions 9, 10, 11 and 12 will be proposed as Ordinary Resolutions and Resolution 13 will be proposed as a Special Resolution:

Resolution 9 "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 (excluding treasury shares) of the Company from time to time."

NOTICE OF ANNUAL GENERAL MEETING

Resolution 10 "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) (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) (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) 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;

(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."

NOTICE OF ANNUAL GENERAL MEETING

Resolution 11 "That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares as may be required to be allotted and issued pursuant to the UOL Scrip Dividend Scheme ("Scheme") and (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 12 "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) as at the date of the passing of this Resolution;

NOTICE OF ANNUAL GENERAL MEETING

"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 the purchase or acquisition of Shares 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."

Resolution 13 "That the regulations contained in the new Constitution submitted to this Meeting and, for the purpose of identification, subscribed to by the Chairman thereof be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution."

BY ORDER OF THE BOARD

Foo Thiam Fong Wellington
Yeong Sien Seu
Secretaries

Singapore, 1 April 2016

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   (c) "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 48 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTES TO RESOLUTIONS

1. In relation to **Resolution 4***, Dr Wee Cho Yaw will, upon re-appointment, 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-chao and Mr Wee Ee Lim, 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 2015 for information on the current directorships in other listed companies and other principal commitments of Dr Wee.

2. In relation to **Resolution 5***, Mr Gwee Lian Kheng will, upon re-appointment, continue as a Member of the Executive Committee. He is considered a non-independent Director. There are no relationships (including immediate family relationships) between Mr Gwee and the other Directors, the Company or its 10% Shareholders** save that he is employed by the Company as the Group Chief Executive. Please refer to the 'Board of Directors' section of the Company's Annual Report 2015 for information on the current directorships in other listed companies and other principal commitments of Mr Gwee.

3. In relation to **Resolution 6**, 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 2015 for information on the current directorships in other listed companies and other principal commitments of Mr Tan.

4. In relation to **Resolution 7**, Dr Pongsak Hoontrakul will, upon re-election, continue as a member of Nominating Committee. He is considered an independent Director. There are no relationships (including immediate family relationships) between Dr Hoontrakul and the other Directors, the Company or its 10% Shareholders**. Please refer to the 'Board of Directors' section of the Company's Annual Report 2015 for information on the current directorships in other listed companies and other principal commitments of Dr Hoontrakul.

5. **Resolution 9** 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 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.

NOTICE OF ANNUAL GENERAL MEETING

6. **Resolution 10** 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) of the Company (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) of the Company (calculated as described).

7. **Resolution 11** is to authorise the Directors to issue ordinary shares pursuant to the Scheme should the Company decide to apply the Scheme to any dividend declared by the Company 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 in general meeting). Please refer to the Company's announcement dated 31 March 2014 for details on the Scheme.

8. **Resolution 12** is to adopt the Share Purchase Mandate to allow the Company, from the date of this Meeting until the next Annual General Meeting is held or required by law to be held, or when purchases or acquisitions are made to the full extent mandated, whichever is the earliest (unless such authority is revoked or varied in general meeting), to make purchases or acquisitions of its issued ordinary shares pursuant to and in accordance with the terms of the Share Purchase Mandate. The Company intends to use internal resources or external borrowings, or a combination of both, to finance the purchase or acquisition of its ordinary shares. Purely for illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company of 10% of its issued ordinary shares (excluding treasury shares) as at 2 March 2016, at a purchase price equivalent to the Maximum Price per ordinary share, in the case of a Market Purchase and an Off-Market Purchase, respectively, based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2015 and certain assumptions, are set out in Appendix A of the Company's Letter to Shareholders dated 1 April 2016 (the "Letter").

9. **Resolution 13** is to adopt a new Constitution in substitution for, and replacement of, the Company's existing Constitution. The new Constitution contains regulations that take into account the wide-ranging changes to the Companies Act, Cap. 50 introduced by the Companies (Amendment) Act 2014 and other updates to the regulatory framework. Please refer to the Letter for more details.

* This is consequent upon the repeal of Section 153 of the Companies Act, with effect from 3 January 2016. The subsisting resolution passed pursuant to Section 153(6) at last year's Annual General Meeting (as Section 153 was then still in force) permitted the re-appointment of a Director, being over 70 years of age, to hold office as a Director of the Company, only until this Meeting. Resolution 4 and Resolution 5, respectively, is to approve and authorise the continuation of the relevant Director in office, as a Director of the Company, from the date of this Meeting onwards without limitation in tenure save for prevailing applicable laws, listing rules and/or regulations, including the Company's Constitution.

** "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 1 April 2016.

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 53rd Annual General Meeting of the Company (the "AGM") to be held at PARKROYAL on Beach Road, Grand Ballroom, 7500 Beach Road, Singapore 199591, on Thursday, 28 April 2016 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 **(of which Resolutions Nos. 1 to 12 (inclusive) will be proposed as Ordinary Resolutions and Resolution No. 13 will be proposed as a Special Resolution)**, 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-appointment of Dr Wee Cho Yaw as Director		
5	Re-appointment of Mr Gwee Lian Kheng as Director		
6	Re-election of Mr Tan Tiong Cheng as Director		
7	Re-election of Dr Pongsak Hoontrakul as Director		
8	Re-appointment of PricewaterhouseCoopers LLP as Auditor		
Special Business			
9	Authority for Directors to Issue Shares (UOL 2012 Share Option Scheme)		
10	Authority for Directors to Issue Shares (General Share Issue Mandate)		
11	Authority for Directors to Issue Shares (UOL Scrip Dividend Scheme)		
12	Adoption of the Share Buyback Mandate		
13	Adoption of the New Constitution		

* 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 __________ 2016

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.
   (c) "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 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 48 hours before the time fixed for holding the AGM.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. Any alteration made in this instrument appointing a proxy or proxies must be initialled by the person who signs it.
9. A body corporate which is a member may appoint by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered against his name in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies lodged if such member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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PROXY FORM

Please
Affix
Postage
Stamp

The Company Secretary
UOL GROUP LIMITED

c/o

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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