OUR DIVERSITY OUR STRENGTH

Annual Report 2016

COVER: THE CLEMENT CANOPY (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

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THOMSON THREE

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 close to 10,000 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.

SEVENTY SAINT PATRICK'S

OUR INNOVATION
OUR BRAND

OUR REPUTATION AND EXPERTISE
ENABLE US TO CREATE INNOVATIVE AND
AWARD-WINNING PRODUCTS THAT FULFIL
ASPIRATIONS FOR QUALITY LIVING.


BISHOPSGATE
PROJECT
BISHOPSGATE PROJECT

OUR STRATEGY
OUR PORTFOLIO

OUR STRATEGY TO GROW OUR EARNINGS OVERSEAS HAS STRENGTHENED OUR DIVERSIFIED PORTFOLIO AND RECURRENT INCOME BASE TO WEATHER THE VOLATILE ENVIRONMENT.

PARKROYAL PARRAMATTA

OUR STAKEHOLDERS OUR COMMITMENT

WE ARE COMMITTED TO BE A SOCIALLY RESPONSIBLE COMPANY THROUGH SOUND BUSINESS PRACTICES AND GIVING BACK TO THE COMMUNITIES WE OPERATE IN.

FINANCIAL HIGHLIGHTS

REVENUE
$1.44b
Increased 13% from FY2015's $1.28b

PROFIT BEFORE INCOME TAX
$353.9m
Decreased 23% from FY2015's $460.4m

EARNINGS PER SHARE
35.8 cents
Decreased 28% from FY2015's 49.4 cents

TOTAL ASSETS
$11.56b
Increased from FY2015's $11.50b

SHAREHOLDERS' FUNDS
$8.13b
Increased 3% from FY2015's $7.89b

DIVIDEND PER SHARE
15 cents
First and final of 15 cents
(FY2015's dividend was 15 cents)

PARK ELEVEN (artist's impression)

TWO-YEAR FINANCIAL HIGHLIGHTS

	2016 $'000	2015 $'000	Increase/ (Decrease) %
For the financial year			
Revenue	**1,440,739**	1,278,749	13
Profit before income tax	**353,916**	460,373	(23)
Profit after income tax and non-controlling interests	**287,040**	391,389	(27)
Return on equity (%)	**3.53**	4.96	(29)
At 31 December			
Share capital	**1,269,853**	1,216,099	4
Reserves	**912,147**	889,866	3
Retained earnings	**5,945,154**	5,788,210	3
Shareholders' funds	**8,127,154**	7,894,175	3
Total assets	**11,558,140**	11,501,281	0
Per ordinary share			
Basic earnings before fair value and other gains/(losses) (cents)	**40.5**	44.2	(8)
Basic earnings (cents)	**35.8**	49.4	(28)
Gross dividend declared (cents)	**15.0**	15.0	-
Dividend cover (times)	**2.4**	3.3	(27)
Net tangible asset backing ($)	**10.07**	9.89	2

NET ATTRIBUTABLE PROFIT
$287.0m
Decreased 27% from FY2015's $391.4m

RETURN ON EQUITY
3.53%
Decreased 29% from FY2015's 4.96%

GEARING RATIO
0.24
Decreased 11% from FY2015's 0.27

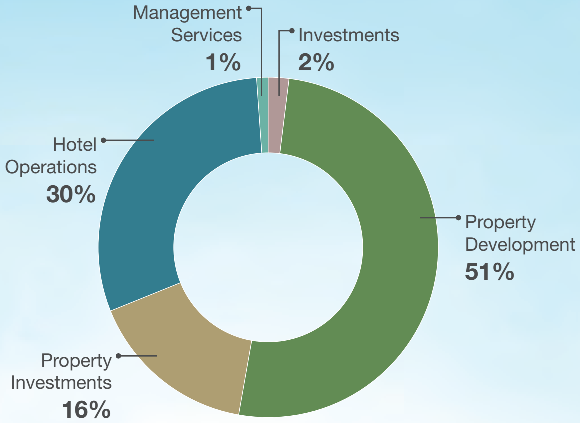
INTEREST COVER RATIO
10x
Unchanged from FY2015

QUARTERLY RESULT

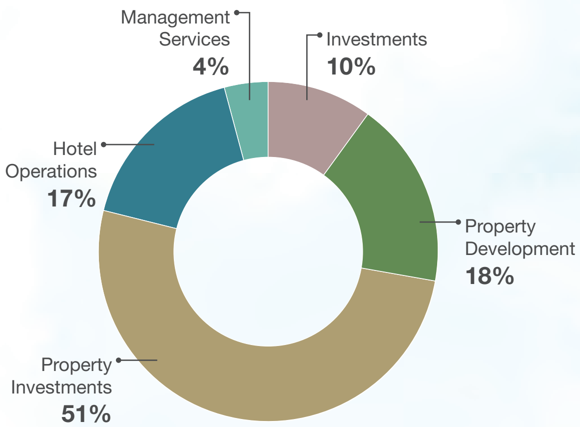
	1st Quarter $'000	%	2nd Quarter $'000	%	3rd Quarter $'000	%	4th Quarter $'000	%	Total $'000	%
Revenue										
2016	**330,117**	**23**	**363,551**	**25**	**393,392**	**27**	**353,679**	**25**	**1,440,739**	**100**
2015	238,270	18	342,227	27	353,988	28	344,264	27	1,278,749	100
Profit before income tax										
2016	**93,729**	**26**	**79,316**	**22**	**103,865**	**29**	**77,006**	**23**	**353,916**	**100**
2015	89,625	19	175,704	38	118,490	26	76,554	17	460,373	100
Net profit										
2016	**81,360**	**26**	**68,614**	**22**	**91,537**	**30**	**64,089**	**22**	**305,600**	**100**
2015	77,852	19	164,454	40	104,773	25	66,099	16	413,178	100
Net attributable profit										
2016	**77,075**	**27**	**68,806**	**24**	**87,124**	**30**	**54,035**	**19**	**287,040**	**100**
2015	74,231	19	152,497	39	100,828	26	63,833	16	391,389	100
Basic earnings per ordinary share (in cents)										
2016	**9.7**	**27**	**8.6**	**24**	**10.9**	**30**	**6.6**	**19**	**35.8**	**100**
2015	9.4	19	19.4	39	12.8	26	7.9	16	49.4	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

$1.44b

+13% (y-o-y)

Increase mainly due to higher contributions from most segments

NET ATTRIBUTABLE PROFIT

$287.0m

-27% (y-o-y)

Decrease mostly due to fair value and other losses

PRE-TAX PROFIT

(Before Fair Value and Other Gains/Losses)

$391.2m

-5% (y-o-y)

Due to lower dividend income and lower share of profit from joint venture companies

RETURN ON EQUITY

3.53%

-29% (y-o-y)

THOMSON THREE

PROPERTY DEVELOPMENT

Revenue (+27%)

2016	**$733.9m**
2015	**$577.5m**

Profit from Operations (-4%)

2016	**$52.3m**
2015	**$54.5m**

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

Key Facts

- Sale of 484 residential units with a total value of more than $558 million based on bookings
- Achieved Temporary Occupation Permit (TOP) for Thomson Three and Seventy Saint Patrick's
- Launched overseas project, Park Eleven, in Changfeng, Shanghai
- Clinched the tender for the en-bloc sale of Raintree Gardens, a privatised HUDC estate in Potong Pasir Avenue 1, for a sum of $334.2 million through a 50:50 joint venture

PROPERTY INVESTMENTS

Revenue (+3%)

2016	**$225.0m**
2015	**$219.4m**

Profit from Operations (+4%)

2016	**$151.2m**
2015	**$144.7m**

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 98,655 sqm
- Three niche shopping malls – Velocity@Novena Square, United Square and OneKM, with a total net lettable area of 54,606 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
- Acquired 110 High Holborn, a part freehold/part 999-year leasehold mixed-use property in London for £98.7 million
- Purchased Holborn Island, a freehold mixed development in London for £222.6 million through a 50:50 joint venture
- Largest single stakeholder, owning 44.6% stake, of listed company United Industrial Corporation Limited (UIC)
- 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 (+2%)

2016	**$429.6m**
2015	**$419.4m**

Profit from Operations (-2%)

2016	**$50.8m**
2015	**$51.9m**

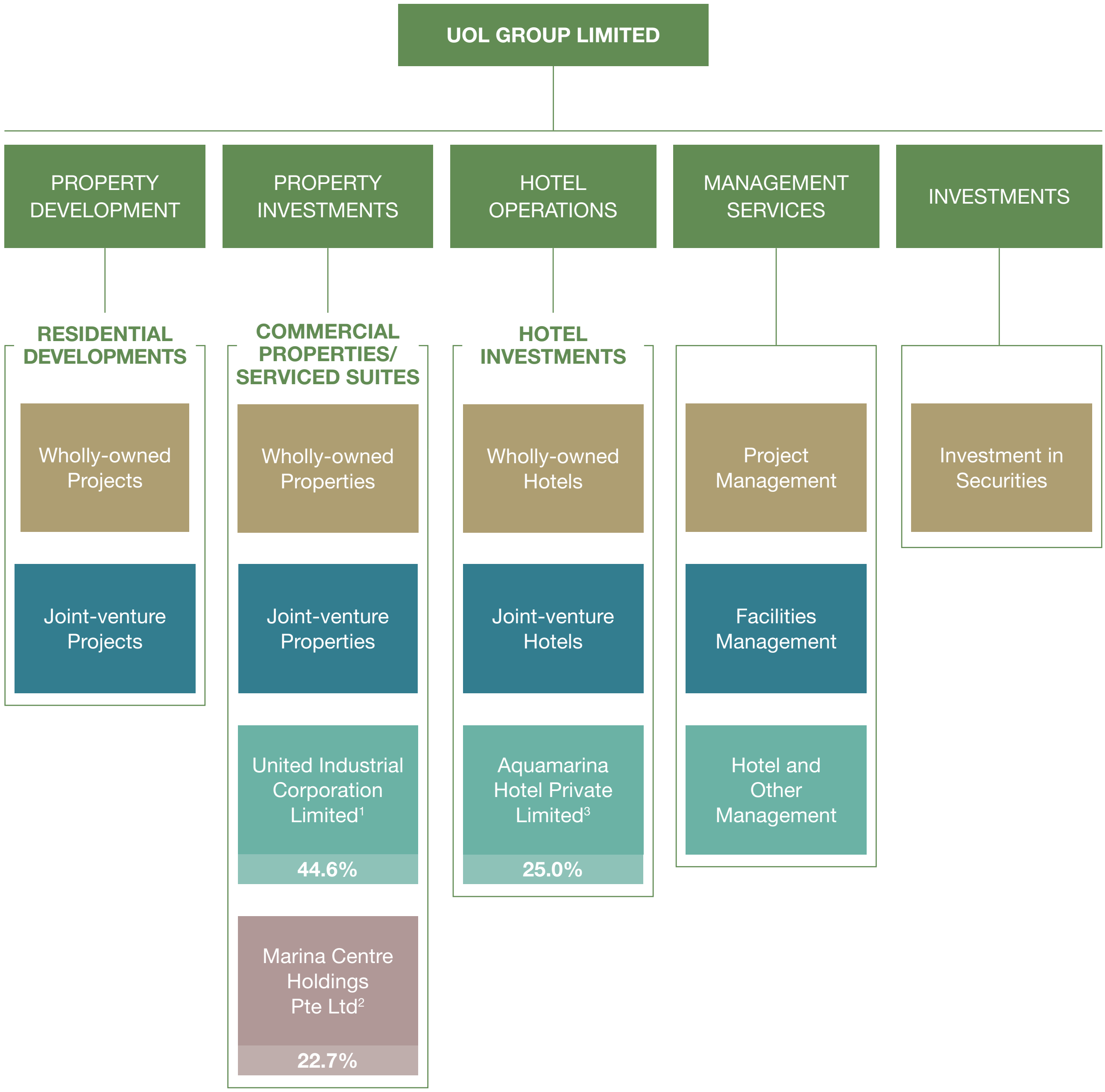
Through PPHG, UOL owns "Pan Pacific" and PARKROYAL brands. PPHG owns and/or manages over 30 hotels, resorts and serviced suites in Asia, Oceania and North America.

Key Facts

- Pan Pacific's portfolio comprises 19 hotels and resorts including those under development
- PARKROYAL's portfolio comprises 13 hotels and resorts including those under development
- PARKROYAL Parramatta is the biggest hotel in Parramatta City with 286 rooms and 13 meeting spaces after undergoing an extension work
- Sofitel Plaza Hanoi underwent refurbishment and was rebranded as Pan Pacific Hanoi
- Two flagship hotels, Pan Pacific Beijing and Pan Pacific Yangon, are scheduled to open in 2017
- Holds 25.0% stake in Aquamarina Hotel Private Limited which owns Marina Mandarin

GROUP BUSINESS

As at 1 March 2017



Notes:

1 Listed on the Singapore Exchange.

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

3 Aquamarina Hotel Private Limited owns Marina Mandarin.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Wee Cho Yaw
Chairman

Wee Ee Lim
Deputy Chairman

Gwee Lian Kheng
Group Chief Executive

Low Weng Keong

Wee Sin Tho

Tan Tiong Cheng

Wee Ee-chao

Pongsak Hoontrakul

Poon Hon Thang Samuel

EXECUTIVE COMMITTEE

Wee Cho Yaw
Chairman

Wee Ee Lim
Deputy Chairman

Gwee Lian Kheng

Low Weng Keong

AUDIT AND RISK COMMITTEE

Low Weng Keong
Chairman

Wee Ee Lim

Tan Tiong Cheng

NOMINATING COMMITTEE

Low Weng Keong
Chairman

Wee Cho Yaw

Pongsak Hoontrakul

REMUNERATION COMMITTEE

Wee Sin Tho
Chairman

Wee Cho Yaw

Low Weng Keong

MANAGEMENT

Gwee Lian Kheng
Group Chief Executive

Liam Wee Sin
Deputy Group
Chief Executive Officer

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:
Chua Lay See
Year of appointment: 2016

PRINCIPAL BANKERS

United Overseas Bank Limited

DBS Bank Ltd

The Bank of Tokyo-Mitsubishi UFJ, 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
Facsimile : 6536 1360

HIGHLIGHTS

Apart from sharing a photo moment with Cinderella, children were able to participate in interactive story-telling and craft sessions at the Dream Big Disney Princess event in United Square

FEBRUARY

- Botanique at Bartley received the Green Mark Gold[Plus] Award from the Building and Construction Authority (BCA) for incorporating green features into its development.
- PPHG launched the Exceptional Meetings programme, which offers a variety of exclusive privileges such as room upgrades or complimentary rooms, to meet the needs of meeting planners and help drive the Meetings, Incentive Travel, Conventions and Exhibitions (MICE) business.

MARCH

- Principal Garden was presented with the Green Mark Gold[Plus] Award by BCA.

APRIL

- Principal Garden clinched five awards at the International Property Awards (Asia Pacific) 2016 with Five-star ratings for the Condominium, Residential Landscape Architecture and Residential High-rise Development categories, as well as Highly Commended titles for the Residential High-rise Architecture and Interior Design Show Home categories.
- UOL launched a common tagline “Malls + More” for its three malls to reinforce their niche positioning of delivering more value to shoppers and the community.

MAY

- UOL acquired its second London property, 110 High Holborn, a part freehold/part 999-year leasehold commercial property in London’s Midtown.
- Thomson Three, a 445-unit condominium project near MacRitchie and Lower Peirce Reservoirs, received TOP.
- UOL was included as one of the 24 constituents of the first SGX Sustainability Leaders Index that recognises forerunners in environmental, social and governance matters.

JUNE

- The Dream Big Disney Princess event made its first-in-Asia appearance at United Square during the school holidays.

JULY

- UOL supported the biennial 2016 World Cities Summit for the second time as a Platinum Sponsor.
- UOL expanded the reporting scope for its third sustainability report to include Singapore’s hotel operations, thereby covering the Group’s three core businesses of property development, property investments and hotel operations.
- PPHG signed a management contract to operate the 220-room Pan Pacific Beijing, which is scheduled to open in the second quarter of 2017.

AUGUST

- Pan Pacific Serviced Suites Orchard won its first regional award when it was named Best Serviced Residence in Asia-Pacific at the Business Traveller Asia-Pacific Awards 2016.

SEPTEMBER

- Park Eleven, a luxury 398-unit condominium in Shanghai, received strong response during a private launch.
- Seventy Saint Patrick's obtained TOP.
- UOL strengthened its presence in the United Kingdom with the acquisition of its third London property, Holborn Island, through a 50:50 joint venture with UIC. Holborn Island is located in the high-growth area of Farringdon.
- PARKROYAL Parramatta completed an extension of a seven-storey tower comprising the new PARKROYAL Club lounge, 90 guestrooms and five meeting spaces. In terms of room count and meeting spaces, the 286-room PARKROYAL Parramatta is the largest hotel in Parramatta City.
- PARKROYAL on Pickering and Pan Pacific Serviced Suites Orchard clinched the awards for Asia's Leading Green Hotel and Singapore's Leading Hotel Residences respectively at the Asia's chapter of the World Travel Awards 2016.

110 High Holborn has a prime location in London's Midtown

PPHG invites tourists to travel like a local through the launch of PARKROYAL Picks, a mobile application that recommends nearby places to visit

OCTOBER

- PPHG introduced its first "Pan Pacific" hotel in Vietnam when Sofitel Plaza Hanoi was rebranded as Pan Pacific Hanoi.
- UOL won the en-bloc tender for Raintree Gardens at Potong Pasir Avenue 1, through a 50:50 joint venture with UIC.
- The 577-unit Archipelago won the top award in the Residential (Low-rise) category at the FIABCI Singapore Property Awards 2016.

NOVEMBER

- PPHG launched its first mobile application, PARKROYAL Picks, which gives travellers access to more than 1,000 travellers' tips in the cities where PARKROYAL properties are present. It is designed to support the hotel concierge to recommend nearby places of interest for hotel guests.
- PPHG was conferred the Corporate Bronze Award at the Community Chest Awards 2016 for its contribution to the community.

DECEMBER

- Principal Garden clinched four top awards - Best International Condominium, Best International Residential Landscape Architecture, Best Condominium Asia Pacific and Best Residential Landscape Architecture Asia Pacific - at the International Property Awards 2016.

CHAIRMAN'S STATEMENT

2016 REVIEW

The Singapore economy grew by 2.0% in 2016, largely the same as the growth of 1.9% in 2015. Prices of private residential property in Singapore continued to fall in 2016, albeit at a slower pace of 3.1% compared with the 3.7% decline in 2015. Approximately 7,972 new homes were sold in 2016, a 7.2% improvement compared with 7,440 homes sold in 2015. On the back of supply pressures, rentals of office space fell by 8.2% compared with the 6.5% decline in 2015 while retail rents fell by 8.3% compared with the 4.1% decline in 2015.

Total visitor arrivals in Singapore increased by 7.7% in 2016 to 16.4 million from 15.2 million in 2015. Average occupancy for the hotel industry in Singapore declined marginally to 84.2% while average room rate fell by 3.6% to $237 from $246 in 2015. Consequently, revenue per available room declined by 4.6% to $199 from $209 in 2015.

PROFIT AND DIVIDEND

For the year ended 31 December 2016, pre-tax profit before fair value and other gains/losses (including those of associated and joint venture companies) was $391.2 million, a decrease of $20.4 million or 5% compared with the profit of $411.6 million in 2015. The decrease was due mainly to lower dividend income and share of profit of joint venture companies with the completion of the Archipelago and Thomson Three projects in September 2015 and May 2016 respectively. The Group recorded fair value and other losses (including those of associated and joint venture companies) of $37.3 million in 2016 as compared with fair value and other gains of $48.8 million in 2015. Consequently, profit before income tax declined by 23% to $353.9 million, from the profit of $460.4 million in 2015. Profit after tax and non-controlling interest was $287.0 million or a 27% decrease from the profit of $391.4 million in 2015.

The Group shareholders' funds increased from $7.9 billion as at 31 December 2015 to $8.1 billion as at 31 December 2016 due mainly to profits recognised in 2016. Net tangible asset per ordinary share of the Group increased to $10.07 as at 31 December 2016 from $9.89 as at 31 December 2015.

The Board is recommending a first and final dividend of 15 cents per share (unchanged from 2015) amounting to $120.7 million (2015: $119.4 million).

CORPORATE DEVELOPMENTS

ACQUISITION OF 110 HIGH HOLBORN, LONDON, UNITED KINGDOM

In May 2016, wholly-owned subsidiary Success Venture Property Investments Limited entered into an agreement to acquire 110 High Holborn, located in the heart of

London's Midtown near the Holborn Underground Station, for a consideration of £98.7 million. The part freehold/part 999-year leasehold property is an office cum retail complex with a net lettable area of approximately 10,900 sqm. This is the Group's second property acquisition in London following its initial foray in 2014 with the acquisition of the development site at Bishopsgate. The acquisition would augment the Group's recurring property investment income.

ACQUISITION OF HOLBORN ISLAND AT 120 HOLBORN, LONDON, UNITED KINGDOM

The Group made a further foray into Midtown, London with the acquisition in September 2016 of Holborn Island by United Venture Investments (HI) Pte Ltd, a 50:50 joint venture company between wholly-owned subsidiary UOL Venture Investments Pte Ltd and a wholly-owned subsidiary of United Industrial Corporation Limited ("UIC"). Holborn Island, which was acquired for £222.6 million, is located at 120 Holborn in Farringdon, London, within walking distance to two underground stations – 100 metres to Chancery Lane Underground Station and 300 metres to Farringdon Underground Station interchange, and upcoming Crossrail. The freehold property has a net lettable area of approximately 32,431 sqm comprising a mix of office and retail spaces.

ACQUISITION OF RAINTREE GARDENS AT POTONG PASIR AVENUE 1 SINGAPORE

In October 2016, UVD (Projects) Pte Ltd ("UVDP"), a 50:50 joint venture between wholly-owned subsidiary UOL Venture Investments Pte Ltd and a subsidiary of UIC, entered into a conditional sale and purchase agreement for the collective purchase of the leasehold property at 110-112 Potong Pasir Avenue 1 known as Raintree Gardens ("the Development") for a consideration of $334.2 million. On 8 February 2017, the Strata Titles Board issued an order that all units in the Development be sold collectively to UVDP. Completion of the acquisition is expected in May 2017.

ISSUE OF $240.0 MILLION NOTES

On 29 September 2016, UOL Treasury Services Pte Ltd, ("UTS"), a wholly-owned subsidiary, issued $240.0 million in principal amount of 2.5% notes due 2020 ("Notes"). The Notes were issued as the second series of notes under the $1 billion multicurrency medium term note programme established by UTS and are unconditionally and irrevocably guaranteed by the Company. The net proceeds from the issue were used for refinancing borrowings of the Group.

OUTLOOK FOR 2017

The Singapore economy is expected to grow at a modest pace of between 1.0% and 3.0% in 2017. Demand for new homes in the private residential market is expected to remain subdued as the cooling measures are still in place. Office rents remain under pressure with the influx of new supply coupled with soft demand. Likewise, new supply and competition from e-commerce will continue to impact retail rents.

The London property market is expected to face uncertainties following Brexit, but the effects on the Group's properties in Midtown and Bishopsgate could be mitigated by limited supply.

Given the uncertain economic outlook, trading conditions in the hospitality sector in Asia Pacific are expected to remain competitive.

ACKNOWLEDGEMENT

I am pleased to welcome Mr Poon Hon Thang Samuel who joined the Board on 12 May 2016 and Mr Lothar Wilhelm Nessmann who will be joining Pan Pacific Hotels Group as Chief Executive Officer (Hotels) on 1 March 2017 in place of Mr Bernold Olaf Schroeder.

I wish also to thank my fellow board members for their invaluable contributions during the past year. On behalf of the Board, I would 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 2017

BOARD OF DIRECTORS

1.

1. WEE CHO YAW
Chairman
Non-Executive and Non-Independent Director

Dr Wee, 88, is the Chairman of UOL. He was appointed to the Board on 23 April 1973 and last re-appointed as Director at UOL's Annual General Meeting on 28 April 2016. Dr Wee was named Businessman of the Year twice at the Singapore Business Awards in 1990 and 2001, and was a recipient of the inaugural Credit Suisse-Ernst & Young Lifetime Achievement Award in 2006. He was conferred an Honorary Degree of Doctor of Letters by the National University of Singapore in 2008 and received a second Honorary Degree of Doctor of Letters in 2014 from the Nanyang Technological University. The Honorary Degrees were conferred in recognition of his long-standing support of education, as well as his outstanding contributions to community welfare and the Singapore business community. He was also conferred the Lifetime Achievement Award by The Asian Banker in 2009. For his outstanding contributions to the economic, education, social and community development fields in Singapore, he received the Distinguished Service Order, Singapore's highest National Day Award from the President of Singapore in 2011.

Length of service as a Director (as at 31 December 2016):
43 years 8 months

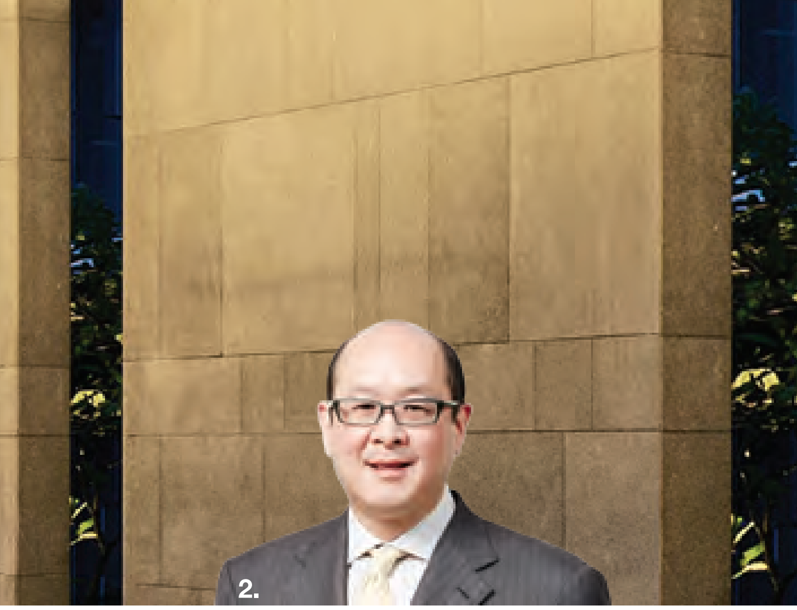
Board Committee(s) served on:
- Executive Committee (Chairman)
- Remuneration Committee (Member)
- Nominating Committee (Member)

Present Directorships in other listed companies (as at 31 December 2016):
- United Overseas Bank Limited (Chairman Emeritus and Adviser)
- United Overseas Insurance Limited (Chairman)
- Haw Par Corporation Limited (Chairman)
- United Industrial Corporation Limited (Chairman)

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

Past Directorships in listed companies held over the preceding three years:
- Singapore Land Limited (till October 2014)

Academic & Professional Qualification(s):
- Chinese high school education
- Honorary Doctor of Letters, National University of Singapore
- Honorary Doctor of Letters, Nanyang Technological University, Singapore



2. WEE EE LIM
Deputy Chairman
Non-Executive and Non-Independent Director

Mr Wee, 55, is the Deputy Chairman of UOL. He was first appointed to the Board on 9 May 2006 and was appointed as Deputy Chairman on 12 August 2015. He was last re-elected as Director at UOL's Annual General Meeting held on 22 April 2014.

Length of service as a Director (as at 31 December 2016):
10 years 7 months

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

Present Directorships in other listed companies (as at 31 December 2016):
- Haw Par Corporation Limited
- United Industrial Corporation Limited

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

Past Directorships in listed companies held over the preceding three years:
- Hua Han Bio-Pharmaceutical Holdings Limited (listed on the Hong Kong Stock Exchange) (till July 2015)
- Singapore Land Limited (till August 2014)

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

3. GWEE LIAN KHENG
Group Chief Executive
Executive and Non-Independent Director

Mr Gwee, 76, is the Group Chief Executive of UOL. He has been with UOL since 1973 and was first appointed to the Board on 20 May 1987 and was last re-appointed as Director at UOL's Annual General Meeting held on 28 April 2016. Mr Gwee was awarded the Pingat Bakti Masyarakat (PBM) Public Service Medal and the Bintang Bakti Masyarakat (BBM) Public Service Star by the President of Singapore in 1994 and 2002 respectively. He received the Asia Pacific Hotelier of the Year award in 2003 and the Hotel Legends Hall of Fame Award at the 11th Australian New Zealand Pacific Hotel Industry Conference in 2011.

Length of service as a Director (as at 31 December 2016):
29 years 7 months

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

Present Directorships in other listed companies (as at 31 December 2016):
- United Industrial Corporation Limited

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

Past Directorships in listed companies held over the preceding three years:
- Singapore Land Limited (till August 2014)

Academic & Professional Qualification(s):
- Bachelor of Accountancy (Honours), University of Singapore
- Fellow of the Chartered Institute of Management Accountants (United Kingdom)
- Fellow of the Association of Chartered Certified Accountants (United Kingdom)
- Fellow of the Institute of Singapore Chartered Accountants

BOARD OF DIRECTORS

4. LOW WENG KEONG
Non-Executive and Independent Director

Mr Low, 64, 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. He was formerly the country managing partner of Ernst & Young, Singapore, and a past global chairman and president of CPA Australia.

Length of service as a Director (as at 31 December 2016):
11 years 1 month

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

Present Directorships in other listed companies (as at 31 December 2016):
- Riverstone Holdings Limited
- iX Biopharma Limited (listed on Catalyst)

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

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

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

5. WEE SIN THO
Non-Executive and Independent Director

Mr Wee, 68, 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 has extensive experience in the financial services industry where he held various senior positions during his past career. Early in his career, he was involved with corporate strategy, portfolio management policy and economic research with United Overseas Bank Ltd. He later served as chief executive officer of HLG Capital Berhad, managing director of United Industrial Corporation Limited, president of Vickers Capital Limited and chief executive officer of Vickers Ballas Holdings Limited.

Length of service as a Director (as at 31 December 2016):
5 years 7 months

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

Present Directorships in other listed companies (as at 31 December 2016):
- Nil

Major Appointments/Principal Commitments:
- Senior adviser of the Office of the President of the National University of Singapore
- National Gallery Singapore
- Farrer Way Pte Ltd
- Leap Philanthropy Ltd
- Acru China+Absolute Return Fund Limited
- Raffles Institution (Member of the Board of Governors)

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

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

6. TAN TIONG CHENG
Non-Executive and Independent Director

Mr Tan, 66, was first appointed to the Board on 29 May 2013 and was last re-elected as Director at UOL's Annual General Meeting on 28 April 2016. Over the last four decades, he has amassed an extensive and in-depth knowledge of real estate, both in the public and private sectors. Until 30 April 2016, Mr Tan was a member of the Valuation Review Board.

Length of service as a Director (as at 31 December 2016):
3 years 7 months

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

Present Directorships in other listed companies (as at 31 December 2016):
- Heeton Holdings Limited
- The Straits Trading Company Limited

Major Appointments/Principal Commitments:
- Knight Frank Pte Ltd (Chairman)[1]
- Knight Frank group of companies

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

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

1 Mr Tan will step down as chairman of Knight Frank Pte Ltd on 31 March 2017. Upon his retirement, Mr Tan will be an adviser to Knight Frank Pte Ltd and president of Knight Frank Asia Pacific.

7. WEE EE-CHAO
Non-Executive and Non-Independent Director

Mr Wee, 62, was first appointed to the Board on 9 May 2006 and was last re-elected as Director at UOL's Annual General Meeting held on 22 April 2015. Mr Wee was appointed chairman of the Singapore Tourism Board from January 2002 to December 2004. He was also the first vice-president of the Real Estate Developers' Association of Singapore ("REDAS") from 2005 to 2006 and continued to serve on the committee of REDAS from 2007 to 2010.

Length of service as a Director (as at 31 December 2016):
10 years 7 months

Board Committee(s) served on:
- Nil

Present Directorships in other listed companies (as at 31 December 2016):
- UOB-Kay Hian Holdings Limited
- Haw Par Corporation Limited

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

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

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

BOARD OF DIRECTORS

8. PONGSAK HOONTRAKUL
Non-Executive and Independent Director

Dr Hoontrakul, 56, was first appointed to the Board on 21 May 2008 and was last re-elected as Director at UOL's Annual General Meeting held on 28 April 2016. Dr Hoontrakul was the recipient of the Best Research Paper Award for ASEAN Scholars at the annual Asia Pacific Finance Association in 2001. Dr Hoontrakul was the adviser to the Senate Committee for Fiscal, Banking and Financial Institutions, Parliamentary Committee for Economic Affairs and Parliamentary Committee for Justice and Human Rights, in Thailand. Until April 2008, he served as an independent director of United Overseas Bank (Thai) Public Company Limited. He was also a senior research fellow at Sasin Institute, Chulalongkorn University, Thailand until May 2013.

Length of service as a Director (as at 31 December 2016):
8 years 7 months

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

Present Directorships in other listed companies (as at 31 December 2016):
- Nil

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

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

Academic & Professional Qualification(s):
- Doctoral degree (Business Administration in Finance), Thammasat University
- Master in Business Administration from Sasin Institute, Chulalongkorn University
- Bachelor of Science degree (Industrial and System Engineering), San Jose State University, USA
- Fellow of the Institution of Director, Thailand

9. POON HON THANG SAMUEL
Non-Executive and Independent Director

Mr Samuel Poon, 67, was appointed to the Board on 12 May 2016. He has more than three decades of experience in the financial industry. From 1979 to 1988, Mr Poon served at Citibank N.A. (Singapore) where he was responsible for credit, marketing, remedial management and structured finance. From 1988 to 2006, when he retired as senior executive vice president from United Overseas Bank Ltd ("UOB"), Mr Poon was responsible for consumer banking, corporate banking, commercial banking, corporate finance and international banking at UOB.

Length of service as a Director (as at 31 December 2016):
7 months

Board Committee(s) served on:
- Nil

Present Directorships in other listed companies (as at 31 December 2016):
- Enviro-Hub Holdings Ltd
- Soilbuild Construction Group Ltd

Major Appointments/Principal Commitments:
- Irodori Japanese Restaurant Pte Ltd (Director)

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

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

KEY MANAGEMENT EXECUTIVES

As at 28 February 2017

Neo Soon Hup | Liam Wee Sin | Gwee Lian Kheng | Foo Thiam Fong Wellington

GWEE LIAN KHENG

Group Chief Executive
UOL Group Limited

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

LIAM WEE SIN

Deputy Group Chief Executive Officer
UOL Group Limited

Mr Liam joined the Group in 1993 and is currently the Deputy Group Chief Executive Officer. He is also a Board Member of several UOL subsidiaries.

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

An advocate of good design and green architecture, Mr Liam is a member of the URA Architecture and Urban Design Excellence Committee. He had previously served as a member of the URA Design Advisory Committee, Preservation of Monuments Board and National Crime Prevention Council. In January 2017, Mr Liam was appointed as 1st vice-president of the Real Estate Developers' Association of Singapore.

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

FOO THIAM FONG WELLINGTON

Chief Financial Officer/Group Company Secretary
UOL Group Limited

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

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

NEO SOON HUP

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

Mr Neo is the Chief Financial Officer of PPHG and has been with the Group since 2003. He is concurrently the Head of Business Development. Mr Neo also serves as 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.

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

LISTING OF SENIOR MANAGEMENT

UOL GROUP LIMITED

CHAN WENG KHOON
Senior General Manager
Property & Engineering

HO WUI LEUNG
Senior General Manager
Investment

KWAN WENG FOON
Senior General Manager
Project Development – China

YEONG SIEN SEU
Senior General Manager
Legal & Secretariat

HAUW KHENG LIP
General Manager
Marketing

KWA BING SENG
General Manager
Finance

DAVID WILLIAM MCLEOD
General Manager
Special Projects

TAI MERN YEE
General Manager
Human Resource

WONG KUAN YUEN ANTHONY
General Manager
Marketing

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

Principal Garden (artist's impression) clinched multiple awards at the International Property Awards 2016 for its high-quality specifications and extensive landscape of lush gardens

AWARDS & ACCOLADES

CORPORATE

UOL GROUP LIMITED
BRAND FINANCE
- Top 100 Singapore Brands 2016 (#34)

PAN PACIFIC HOTELS GROUP LIMITED
COMMUNITY CHEST AWARDS 2016
- Corporate Bronze Award

PRODUCT, DESIGN AND ARCHITECTURAL EXCELLENCE

ARCHIPELAGO, SINGAPORE
FIABCI SINGAPORE PROPERTY AWARDS 2016
- Winner – Residential (Low-rise)

BOTANIQUE AT BARTLEY, SINGAPORE
BCA GREEN MARK AWARDS 2016
- Green Mark Gold^{Plus}

PRINCIPAL GARDEN, SINGAPORE
INTERNATIONAL PROPERTY AWARDS 2016
- Best International Condominium
- Best International Residential Landscape Architecture
- Best Condominium Asia Pacific
- Best Residential Landscape Architecture Asia Pacific

INTERNATIONAL PROPERTY AWARDS (ASIA PACIFIC) 2016
- 5-star – Condominium, Singapore
- 5-star – Residential High-rise Development, Singapore
- 5-star – Residential Landscape Architecture, Singapore
- Highly Commended – Residential High-rise Architecture, Singapore
- Highly Commended – Interior Design Show Home, Singapore

BCA GREEN MARK AWARDS 2016
- Green Mark Gold^{Plus}

PARKROYAL ON PICKERING, SINGAPORE
16TH SIA ARCHITECTURAL DESIGN AWARDS 2016
- Design Award – Commercial Projects

SERVICE EXCELLENCE

PAN PACIFIC SERVICED SUITES
DESTINASIAN READERS' CHOICE AWARDS 2016
- Top 5 Best Serviced Residence Brand

PAN PACIFIC SERVICED SUITES BEACH ROAD, SINGAPORE
2016 WORLD LUXURY HOTEL AWARDS
- Country Winner – Luxury Serviced Apartments

PAN PACIFIC SERVICED SUITES ORCHARD, SINGAPORE
BUSINESS TRAVELLER ASIA-PACIFIC AWARDS 2016
- Best Serviced Residence in Asia-Pacific

WORLD TRAVEL AWARDS 2016
- Singapore's Leading Hotel Residences

PARKROYAL ON PICKERING, SINGAPORE
WORLD TRAVEL AWARDS 2016
- Asia's Leading Green Hotel

PAN PACIFIC PERTH, AUSTRALIA
2016 HM AWARDS FOR HOTEL AND ACCOMMODATION EXCELLENCE
- Winner – Marketing Campaign
- Winner – Hotel Chef

AUSTRALIAN HOTELS ASSOCIATION ACCOMMODATION INDUSTRY AWARDS 2016
- WA's Best Accommodation Hotel Marketing
- WA's Best Concierge

PARKROYAL DARLING HARBOUR, AUSTRALIA
2016 HM AWARDS FOR HOTEL AND ACCOMMODATION EXCELLENCE
- Winner – Concierge

TOURISM ACCOMMODATION AUSTRALIA NSW AWARDS FOR EXCELLENCE 2016
- Highly Commended – Sydney Superior Hotel of the Year

PARKROYAL MELBOURNE AIRPORT, AUSTRALIA
TOURISM ACCOMMODATION AUSTRALIA VIC AWARDS FOR EXCELLENCE 2016
- Winner – Superior Accommodation Hotel of the Year

Velocity@Novena Square hosted the Singapore BBoy Championships for the first time in 2016

PROPERTY INVESTMENTS

COMMERCIAL PROPERTIES

UNITED SQUARE

Located within walking distance from Novena MRT station, United Square is a 33-storey mixed-use development comprising an office tower and a shopping mall. With a total lettable office space of 26,874 sqm and retail space of 19,507 sqm, United Square maintained healthy occupancy rates for office and retail at 88% and 98% respectively.

Positioned as "The Kids Learning Mall", United Square continued to draw crowds with its popular and sometimes exclusive character shows and meet-and-greet sessions. Disney's Dream Big Disney Princess event, the first in Asia, was held during the June school holidays. Marvel's heroes Hulk and Thor also made their appearance. Evergreen favourites such as Peppa Pig & family and Barney & Friends were brought back to entertain the shoppers. A total of 16 characters brought buzz to United Square during the year.

The mall remained as the preferred venue for kid-centric event partnerships. The audition for Shrek The Musical and KK Women's and Children's Hospital's annual Healthy Breastfed Baby Contest were held at the mall. United Square was also the race pack collection point for My Little Pony Friendship Run. To cultivate a love for literature and theatre among young children, United Square partnered KidsFest Singapore to host a series of story-telling, and art and crafts sessions for six months at the mall.

NOVENA SQUARE

Novena Square is a premier mixed development located just above the Novena MRT station. It has a total lettable office space of 41,372 sqm and retail space of 15,987 sqm. The development maintained high occupancy rates of 95% and 96% for its office and retail components respectively.

During the year, its retail component Velocity@Novena Square, which is positioned as "The Dedicated Sports Mall", continued to organise popular sports events. For the first time, women's basketball was played at the caged B-Ball competition due to strong interest from female basketballers. The outdoor obstacle race Urban Attack attracted 80% more participants compared with the previous year, while the 10th Annual Singapore

BBoy Championships 2016 drew over a hundred local and international dance participants. The mall's annual ice skating event held during the December school holidays continued to be a crowd pleaser among shoppers.

Velocity@Novena Square works closely with strategic partners for mall events. The National Heritage Board's annual Singapore Heritagefest held a showcase on the traditional marriage rituals of local ethnic groups and the collection of historical photographs by the National Museum of Singapore at the mall. The National Heritage Board also held its More Than a Garden exhibition on Singapore Botanic Gardens as a UNESCO site at the mall, while the Singapore Table Tennis Association continued to hold the finals and closing ceremony for its annual Crocodile Cup tournament.

Throughout 2016, Velocity@Novena Square remained as a preferred venue for race kit collections, totalling 18 of them. The major runs included Race Against Cancer, NS Home Team Run, Blacklight Run, 2XU Compression Run and Pocari Sweat Run.

In December 2016, the mall partnered its tenant True Fitness to organise free Zumba workout sessions at its outdoor court over a six-month period.

UOL introduced a common tagline "Malls + More" to reinforce the niche positioning of its three malls

ONEKM

Located in Paya Lebar Central, OneKM spans over 19,112 sqm with more than 140 shops. Its wide range of wellness, gastronomy and entertainment options not only cater to office workers, students and residents within the vicinity, but also to the residents of the 244-unit Katong Regency condominium located above the mall. OneKM achieved a high occupancy rate of 96%.

Riding on its new tagline, "Making Wellness One-derful", OneKM brought in a myriad of events that aims to promote healthy living. The mall hosted regular free workout sessions in partnership with the Health Promotion Board. It also collaborated with Mediacorp to host the launch of the first cookbook of Channel 8's health programme, Body SOS. Supporters who came also learnt health tips from wellness experts and Mediacorp artistes. OneKM was the venue for two significant competitions - the Singapore's Kendama Fest 2016, which entered the Singapore Book of Records for the largest Kendama competition held, and Rockmaster 2016, an annual bouldering competition for local and regional climbers.

During the year, OneKM played host to several other Mediacorp events. There were the meet-and-greet sessions with the cast of local drama series, as well as auditions for Golden Age Talentime and Mediacorp Radio's Pick of the Pops. For young children, there were character shows by Hello Kitty & Friends, Peppa Pig & family, Hi-5 and Little Big Club.

In 2016, UOL reinforced the niche positioning of its three malls with a common tagline "Malls + More" to enhance shopping experience and deliver more value to shoppers and the community.

OPERATION HIGHLIGHTS

PROPERTY INVESTMENTS

ODEON TOWERS
Odeon Towers has a total lettable office space of 18,364 sqm with an occupancy rate of 98%.

FABER HOUSE
Faber House has a total lettable office space of 3,956 sqm with an occupancy rate of 94%.

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

Occupancy Rate (%)

Office

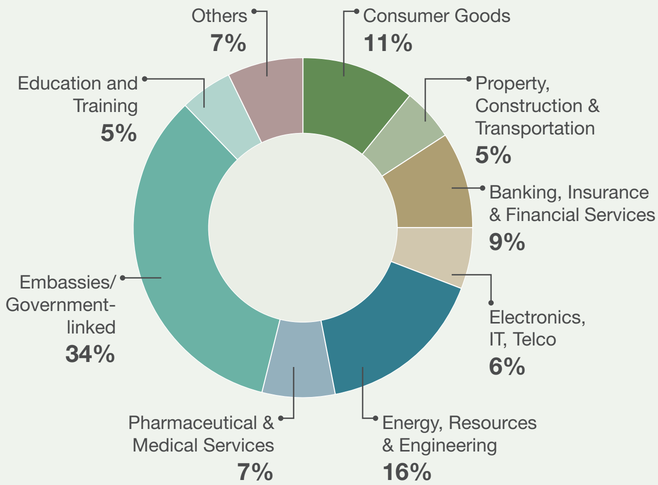
Novena Square	95%
United Square	88%
Odeon Towers	98%
Faber House	94%
One Upper Pickering	100%

Shopping Mall

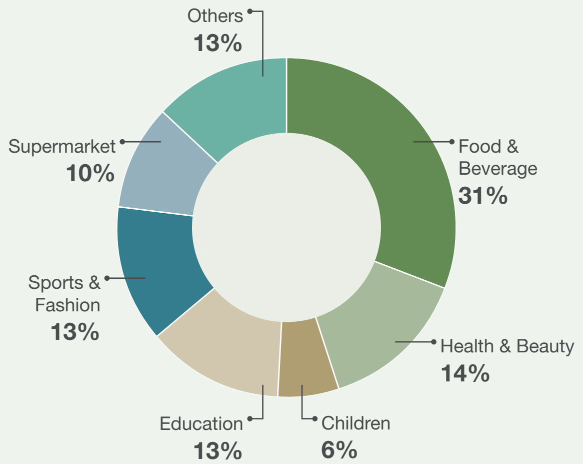
Velocity@Novena Square	96%
United Square	98%
OneKM	96%

Commercial Tenant Mix (%)

Office Space



Retail Space



Pan Pacific Serviced Suites Orchard received its first regional award at the Business Traveller Asia-Pacific Awards 2016 with the title of Best Serviced Residence in Asia-Pacific.

SERVICED SUITES

PAN PACIFIC SERVICED SUITES ORCHARD, SINGAPORE

Located in Somerset, close to Singapore's premium shopping destination, the 126-suite property offers a luxurious extended-stay experience with quality accommodation and easy access to a variety of shopping and dining options.

During the year, the property clinched its first regional award as the Best Serviced Residence in Asia-Pacific at the Business Traveller Asia-Pacific Awards 2016. It was also recognised as Singapore's Leading Hotel Residences at the World Travel Awards 2016. The property maintained a healthy occupancy rate which was unchanged from 2015.

PAN PACIFIC SERVICED SUITES BEACH ROAD, SINGAPORE

Situated within the rich cultural enclaves of Haji Lane and Arab Street, and bordering the Marina Bay Central Business District, the 180-suite Pan Pacific Serviced Suites Beach Road caters to the needs of both business and leisure travellers.

In 2016, it was the local winner in the Luxury Serviced Apartment category at the 2016 World Luxury Hotel Awards.

The property's occupancy rate remained unchanged in 2016, while its average daily rate declined marginally from the year before.

PARKROYAL SERVICED SUITES, SINGAPORE

Located along Beach Road, the 90-suite PARKROYAL Serviced Suites occupies the 18th to 22nd level of The Plaza, and it provides a panoramic view of the Marina Bay skyline and the Singapore Sports Hub.

PARKROYAL Serviced Suites achieved an occupancy rate of 83%, down 6% from the year before due to refurbishment works while its average daily rate declined by 2%.

PARKROYAL SERVICED SUITES KUALA LUMPUR, MALAYSIA

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

Its occupancy rate experienced a marginal decrease of 2% to 78% compared with the previous year due to an overall economic slowdown. The average daily rate declined by 6%.

OPERATION HIGHLIGHTS

Seventy Saint Patrick's was fully sold in January 2016

PROPERTY DEVELOPMENT

REPLENISHMENT OF LANDBANK

In October 2016, the Group secured the en-bloc tender for Raintree Gardens at Potong Pasir Avenue 1 through a 50:50 joint venture with UIC. The 99-year leasehold privatised HUDC estate is next to the Kallang River and near the Potong Pasir MRT station. The Group plans to develop the 18,711 sqm site into a 750-unit residential project.

COMPLETION OF PROJECTS

The year saw the completion of two developments. Thomson Three, a 445-unit development along Upper Thomson Road, received TOP in May 2016. In September 2016, Seventy Saint Patrick's, a 186-unit project in District 15 and near the future Thomson-East Coast line, obtained TOP.

LAUNCH OF PROJECT

The Group will launch The Clement Canopy at Clementi Avenue 1 in the first quarter of 2017. The 505-unit condominium is developed through a 50:50 joint venture with UIC.

SALE AND COMPLETION STATUS OF LAUNCHED PROJECTS

Projects	No. of Units	% Sold (as at 31 Dec 2016)	% Complete (as at 31 Dec 2016)	Actual/Expected TOP Date
SINGAPORE				
Seventy Saint Patrick's	186	100	100	Obtained
Thomson Three	445	100	100	Obtained
Riverbank@Fernvale	555	85	99	1Q2017
Principal Garden	663	49	29	4Q2018
Botanique at Bartley	797	98	47	1Q2019
THE PEOPLE'S REPUBLIC OF CHINA				
Park Eleven	398	32	85	2Q2018

Riverbank@Fernvale (artist's impression) is located in Sengkang with the scenic North Eastern Park Connector next to it

OPERATION HIGHLIGHTS

PARKROYAL on Pickering is renowned for its unique architecture and green features

HOTEL OPERATIONS

SINGAPORE

PARKROYAL ON BEACH ROAD

The 346-room PARKROYAL on Beach Road offers travellers the proximity to downtown attractions and the Kampong Glam Heritage Trail, as well as access to Singapore's business hubs and convention facilities. In 2016, the hotel's revenue per available room was 2% lower than 2015 due to a 2% decline in average room rate.

PARKROYAL ON KITCHENER ROAD

Located in Little India, the 532-room PARKROYAL on Kitchener Road enables guests to immerse in one of Singapore's most vibrant ethnic enclaves. In 2016, the hotel's revenue per available room dropped 6% as a result of a 7% decline in average room rate. Its decline was mitigated by a 1% gain in occupancy.

PARKROYAL ON PICKERING

PARKROYAL on Pickering has amassed an impressive collection of awards with its hotel-in-a-garden concept and green features. The 367-room luxury hotel is situated in the traditional enclave of Chinatown and a gateway to the Central Business District. Despite a challenging hospitality market in 2016, the hotel's occupancy, average room rate and revenue per available room figures were comparable to that of 2015.

PAN PACIFIC ORCHARD

Pan Pacific Orchard is nestled in the heart of Singapore's prime shopping district, offering an array of shopping and dining options within reach. The 206-room hotel is also a short drive away from the Central Business District and the Singapore Botanic Gardens, a UNESCO World Heritage Site. Its revenue per available room declined 1% as a result of a 4% decline in average room rate, and was partially offset by a 3% rise in occupancy.

PAN PACIFIC SINGAPORE

Located in the Marina Bay area, the 790-room five-star hotel offers luxury accommodation in the centre of the city. Pan Pacific Singapore also provides easy access to shopping malls and the Central Business District. Compared with 2015, the hotel's revenue per available room was 3% lower due to a 5% drop in average room rate, partially mitigated by a 1% increase in occupancy.

MARINA MANDARIN SINGAPORE

Marina Mandarin Singapore is a 575-room luxury hotel which enjoys an excellent location in the heart of Marina Bay. It offers direct access to Marina Square Shopping Mall. The hotel is owned by Aquamarina Hotel Private Limited, in which UOL has a direct 25% interest. Marina Mandarin Singapore experienced a decline of 6% in occupancy and 3% in average room rate from the year before.

SINGAPORE	2016	2015
Hotel Occupancy	83%	82%
Average Room Rate	$246	$256
Revenue Per Available Room	$204	$210

MALAYSIA

PARKROYAL KUALA LUMPUR

Located within the capital's premium shopping and entertainment precinct of Bukit Bintang, the 426-room PARKROYAL Kuala Lumpur offers the convenience to explore the bustling city. In 2016, the revenue per available room outperformed the year before by 7% due to a 4% growth in average room rate and a 3% increase in occupancy.

PARKROYAL PENANG RESORT

Nestled amidst the picturesque shores of Batu Ferringhi, PARKROYAL Penang overlooks the Andaman Sea and offers the perfect destination for holiday-makers or corporate retreats. The 309-room hotel's revenue per available room increased 4% compared with 2015, comprising 1% increase in occupancy and 3% growth in average room rate. The hotel began extensive refurbishment works in the later part of 2016 and is scheduled for completion in the third quarter of 2017.

VIETNAM

PARKROYAL SAIGON

Located just minutes away from Ho Chi Minh City's international airport and the Tan Binh Exhibition and Convention Centre, PARKROYAL Saigon offers easy access to local attractions such as the Mekong Delta, Cu Chi Tunnels and Cao Dai Temple. Its convenient location makes the 186-room hotel the ideal choice for leisure and business travellers. Aligned with the strong economic growth of Vietnam, the hotel reflected a 11% growth in revenue per available room, contributed by a 14% higher occupancy rate, partially offset by a 3% drop in average room rate.

PAN PACIFIC HANOI

After undergoing refurbishments, the former Sofitel Plaza Hanoi was rebranded as Pan Pacific Hanoi in October 2016. Pan Pacific Hanoi is 75% owned by PPHG and features 265 rooms and 56 serviced suites. The hotel is centrally located and offers an idyllic view of the West Lake and Red River. Revenue per available room declined 7% in 2016 due mainly to a 5% drop in occupancy and a 2% decline in average room rate.

OPERATION HIGHLIGHTS

HOTEL OPERATIONS

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 the serene Le Duan Boulevard, a stone's throw away from the city centre. During the year, the hotel's revenue per available room was 10% higher compared with 2015, due mainly to a 14% increase in occupancy, offset by a 3% decrease in average room rate.

MYANMAR

PARKROYAL YANGON

PARKROYAL Yangon is a 333-room luxury hotel in the heart of Myanmar's capital and surrounded by iconic attractions such as the historic Shwedagon Pagoda and Bogyoke Aung San Market (Scott Market). Due to an increasing room supply and an uncertain investment environment, the hotel experienced a dip of 7% in revenue per available room due to a 20% drop in average room rate, which was partially offset by a 16% growth in occupancy.

SOUTHEAST ASIA (EXCLUDING SINGAPORE)	2016	2015
Hotel Occupancy	71%	66%
Average Room Rate	$128	$136
Revenue Per Available Room	$92	$90

OCEANIA

PARKROYAL MELBOURNE AIRPORT

Directly connected to Melbourne Tullamarine Airport, the 276-room PARKROYAL Melbourne Airport is an excellent location for meetings and conferences, as well as airport transfers. In 2016, its revenue per available room rose by 3% due to higher average room rate while occupancy was unchanged from 2015.

PARKROYAL DARLING HARBOUR

Located in central Sydney, PARKROYAL Darling Harbour overlooks the Darling Harbour precinct and is minutes away from the Central Business District and the city's major tourist attractions. During the year, the 340-room luxury hotel's revenue per available room surpassed the previous year by 9% due to an improvement in average room rate of 8% and a marginal increase of 1% in occupancy.

PARKROYAL PARRAMATTA

After undergoing a major extension work, PARKROYAL Parramatta is now the biggest hotel in Parramatta City with 286 rooms and 13 meeting spaces. Standing near the bank of the Parramatta River, the hotel is situated within Parramatta's Central Business District and in close proximity to key landmarks such as the Sydney Olympic Park and Rosehill Gardens Racecourse. Its revenue per available room declined 6% due to a 7% decrease in occupancy, partially offset by a 1% increase in average room rate.

PAN PACIFIC PERTH

Overlooking the Swan River and the iconic Kings Park Botanic Gardens, the 486-room Pan Pacific Perth is a short walk away from the city's main retail, dining and entertainment precincts. Despite Western Australia's hospitality industry being affected by the mining industry slowdown, the hotel's revenue per available room increased by 6% in 2016, due mainly to a 10% growth in occupancy, and partially offset by a 4% decline in average room rate compared with 2015.

OCEANIA	2016	2015
Hotel Occupancy	86%	84%
Average Room Rate	$210	$208
Revenue Per Available Room	$181	$174

Pan Pacific Tianjin offers guests a comfortable stay with a scenic view of the Haihe River and an extensive range of business and recreational facilities

THE PEOPLE'S REPUBLIC OF CHINA

PAN PACIFIC SUZHOU

The 480-room Pan Pacific Suzhou fuses traditional Chinese architecture with modern-day conveniences and amenities. The luxury hotel refurbished 70 guestrooms, function rooms and the Hai Tien Lo Chinese restaurant in the first half of 2016. During the year, its revenue per available room rose 11% compared with 2015 due to 4% and 7% gains in occupancy and average room rate respectively.

PAN PACIFIC XIAMEN

The 29-storey property features 329 hotel rooms and 25 serviced suites. Pan Pacific Xiamen is located within the financial district and it offers views of the Yundang Lake and Gulf Park. It is also in close proximity to the city's major attractions. The hotel's revenue per available room grew 8% over 2015, driven by a 19% increase in occupancy, even though its average room rate dipped by 10%.

PAN PACIFIC TIANJIN

Pan Pacific Tianjin, an integral part of The Esplanade development located by the Haihe River, offers a total of 319 hotel rooms and serviced suites. The development is minutes away from the Central Business District and Tianjin Railway Station. During its second full year of operation, Pan Pacific Tianjin achieved a growth of 64% in revenue per available room compared with last year, contributed by 52% and 8% increase in occupancy and average room rate respectively.

THE PEOPLE'S REPUBLIC OF CHINA	2016	2015
Hotel Occupancy	62%	52%
Average Room Rate	$97	$102
Revenue Per Available Room	$60	$53

OPERATION HIGHLIGHTS

Pan Pacific Suzhou refurbished its Executive Premier Rooms to enhance the stay for its guests

HOTEL MANAGEMENT

In 2016, PPHG carried out refurbishment works in a number of hotels and serviced suites across Asia Pacific to keep pace with the evolving needs of today's travellers with an enhanced guest experience.

As part of its ongoing strategy to raise brand awareness, PPHG initiated a series of advertising activities on the regional news network, Channel NewsAsia, to promote its two brands, "Pan Pacific" and PARKROYAL. The campaign allowed PPHG to create brand exposure across Asia and Australia.

"Pan Pacific" and PARKROYAL properties are part of the Global Hotel Alliance (GHA), a group of independent luxury hotel brands that offers a collective guest recognition and loyalty programme. This gives PPHG access to an extensive network to attract new customers. To encourage direct bookings through its hotel websites, PPHG launched an exclusive member's privilege programme in March, offering members exclusive rates and additional benefits. Since the launch, there were 143,000 new members, a 34% growth compared with the previous year.

To strengthen its brand promise of being "Your Trusted Local Companion", PPHG launched its first mobile application, PARKROYAL Picks. Designed to support the hotel concierge, the application offers users more than 1,000 travellers' tips in the cities where PARKROYAL properties are present.

To drive the Meetings, Incentive Travel, Conventions and Exhibitions (MICE) business, PPHG launched Exceptional Meetings, a promotional offer targeted at meeting planners. This was supported by an extensive marketing campaign that spanned multiple media platforms.

PPHG's sales team actively engaged customers globally by participating in leading travel trade shows such as the Asia-Pacific Incentives and Meetings Expo, ASEAN Tourism Forum, as well as ITB Asia and ITB Berlin. The Hotel Investment Conference Asia Pacific (HICAP) Update, an annual conference attended by leading thought leaders in the industry, was held at Pan Pacific Singapore for the sixth consecutive year.

PPHG's Global Sales teams continued to strengthen its client relationships through Customer Connection networking events in Singapore as well as key cities in Australia, China, Japan and South Korea.

PAN PACIFIC HOTELS AND RESORTS

Pan Pacific Hotels and Resorts is a leading hotel brand with a global presence in Asia, Greater China, Oceania, Europe and North America. With a portfolio that comprises 23 hotels, resorts and serviced suites, including those under development, the "Pan Pacific" brand has close to 7,000 rooms.

The first "Pan Pacific" hotel was launched in Vietnam in October 2016 with the opening of Pan Pacific Hanoi, which was rebranded from Sofitel Plaza Hanoi, following a facelift to its lobby, lobby bar, all-day dining restaurant and meeting spaces.

In China, PPHG signed a management agreement with China real estate developer Huitong Investments Co., Limited, for the operation of the 220-room Pan Pacific Beijing, a new-build hotel, in the Chinese capital. Scheduled to open in 2017, the luxury hotel is located in the prime Xicheng district, which offers convenient access to the city's administrative centre and Financial Street.

In addition, Pan Pacific Suzhou underwent a refurbishment to better accommodate large-scale meetings and themed conferences.

PARKROYAL HOTELS & RESORTS

PARKROYAL properties have a presence in key gateway cities of Singapore, Australia, Malaysia, Myanmar and Vietnam. The portfolio comprises more than 4,000 rooms from 15 premium leisure and business hotels, resorts and serviced suites, including those under development.

Riding on Parramatta City's development boom, PARKROYAL Parramatta underwent a major extension work to construct a seven-storey tower comprising the new PARKROYAL Club Lounge, 90 guestrooms and five meeting spaces. With 286 guestrooms and 13 meeting spaces, PARKROYAL Parramatta is the largest hotel in Parramatta City, in terms of room count and meeting spaces. It is also the first hotel in the City with Club Lounge and Club Rooms.

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 BRAND						
Pan Pacific	19	5,936	4	1,000	23	6,936
PARKROYAL	13	3,868	2	748	15	4,616
Total	**32**	**9,804**	**6**	**1,748**	**38**	**11,552**
BY OWNERSHIP TYPE						
Owned	20	6,250	1	237	21	6,487
Managed	12	3,554	5	1,511	17	5,065
Total	**32**	**9,804**	**6**	**1,748**	**38**	**11,552**

Note: Serviced suites are included in the above tally.

SINGAPORE	2016	2015
Hotel Occupancy	83%	82%
Average Room Rate	$246	$256
Revenue Per Available Room	$204	$210

OCEANIA	2016	2015
Hotel Occupancy	86%	84%
Average Room Rate	$210	$208
Revenue Per Available Room	$181	$174

SOUTHEAST ASIA (EXCLUDING SINGAPORE)	2016	2015
Hotel Occupancy	71%	66%
Average Room Rate	$128	$136
Revenue Per Available Room	$92	$90

THE PEOPLE'S REPUBLIC OF CHINA	2016	2015
Hotel Occupancy	62%	52%
Average Room Rate	$97	$102
Revenue Per Available Room	$60	$53

OVERSEAS PROJECT & INVESTMENTS

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 mixed development comprises Park Eleven, a luxury condominium with 398 units, and Park Eleven Mall with 4,000 sqm of net lettable area. The development is located 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 whole project is expected to obtain TOP by the second quarter of 2018.

As at 31 December 2016, the Group sold 32% of the units at Park Eleven during the first phase of its launch.

LONDON

The Group made its foray into the United Kingdom in 2014 with the acquisition of 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 has a gross internal area of approximately 53,600 sqm, and comprises residential, hotel and retail components. The Group obtained 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 future Crossrail Station.

During the year, the Group strengthened its presence in the United Kingdom with the acquisition of two mixed-use properties, 110 High Holborn and Holborn Island.

110 High Holborn, acquired through the Group's wholly-owned subsidiary in Hong Kong, Success Venture Property Investments Limited, is a part freehold/part 999-year leasehold commercial property of approximately 10,900 sqm. Located in the heart of London's Midtown near the Holborn Underground Station, it comprises offices together with retail space arranged over the basement, ground floor and eight upper floors.

Holborn Island is a 50:50 joint venture with the Group's wholly-owned subsidiary UOL Venture Investments Pte. Ltd. and UIC Overseas Investments Pte. Ltd., a subsidiary of UIC. The freehold nine-storey building at 120 Holborn in London's Midtown has a total net lettable area that spans 32,431 sqm, and is made up of 56.5% of office space and 43.5% of retail component. The property is located in the high-growth area of Farringdon and within walking distance to two stations - Chancery Lane Underground Station and Farringdon Underground Station interchange, and upcoming Crossrail. Farringdon Underground Station is set to become one of the busiest interchanges in London, providing a rare three-way connectivity between the London Underground, Thameslink and future Crossrail, which will provide direct rail links to four airports.

INVESTMENT IN SECURITIES

	Percentage holdings in investee		Fair value		Gross dividend received	
	2016 %	2015 %	2016 $'m	2015 $'m	2016 $'m	2015 $'m
LISTED SECURITIES						
United Overseas Bank Limited	**2.3**	2.3	**780.8**	734.7	**26.2**	40.8
Others			**26.9**	24.5	**1.2**	0.6
			807.7	759.2	**27.4**	41.4
UNLISTED SECURITIES			**47.4**	45.7	**2.8**	0.9
Total			**855.1**	804.9	**30.2**	42.3

The fair value of the Group's listed securities increased from $804.9 million as at 31 December 2015 to $855.1 million as at 31 December 2016 due mainly to the increase in the share price of and scrip dividends received from United Overseas Bank Limited. Overall, an unrealised gain of $37.1 million arising from changes in the fair value of investments has been credited to the fair value reserve account in 2016. In 2015, an unrealised loss of $95.0 million was charged to the fair value reserve account net of a reversal of $96.3 million in deferred tax liability previously provided on the 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 3.5% in 2016 (2015: 5.3%).

OPERATION HIGHLIGHTS

"Si Chuan Dou Hua" serves up authentic Sichuan cuisine prepared by a team of experienced chefs

MANAGEMENT SERVICES & HUMAN RESOURCE

MANAGEMENT SERVICES

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

SPA/LIFESTYLE-RELATED OPERATIONS

"ST. GREGORY"

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

"SI CHUAN DOU HUA"

"Si Chuan Dou Hua" operates seven restaurants in Singapore, Malaysia, Japan and Myanmar serving Sichuan cuisine. In November 2016, the brand opened its fourth local outlet at Our Tampines Hub, a new integrated community and lifestyle hub in Singapore. During the year, "Si Chuan Dou Hua" launched its Noodles for Good initiative and continued to give back to the community through its Festive Cheers programme, which aims to bring cheer to the underprivileged in the Central Singapore district during festive occasions.

TIAN FU TEA ROOM

Operating from three locations adjoined to "Si Chuan Dou Hua" in Singapore, the tea room offers an array of premium Chinese tea and handcrafted dim sum.

HUMAN RESOURCE

The Group recognises that human capital is its leading asset. Developing its people remains the key focus of its business strategy. The Group's Human Resource policies and programmes are therefore geared towards offering a competitive remuneration package and providing a conducive work environment to retain its talents.

Townhall meetings are organised regularly to encourage employee engagement

REWARDING PEOPLE

To attract and retain talent, UOL consistently participates in industry-wide surveys to ensure that its compensation and benefits remain competitive. Role clarification exercises are also conducted to ensure a right job fit, while performance-based appraisal systems allow for an objective performance evaluation to ensure that employees are fairly compensated.

DEVELOPING PEOPLE

A competent workforce is vital to the growth of the organisation. The Group's training programmes are targeted towards talent development and succession planning. The leadership teams of both UOL and PPHG underwent a talent assessment exercise to have an in-depth understanding of their talent and developmental potential.

UOL's learning and development roadmap undergoes regular review and enhancement to ensure its relevance and suitability. To encourage lifelong learning and skill upgrading, the Group also sponsors courses for its employees. In addition, as part of talent attraction, internship opportunities are offered to selected tertiary students, so that they may consider UOL as a future employer.

For PPHG where service quality is highly important in the hospitality industry, it conducted service-focused training sessions for its employees in the service line. It also continued to support the SkillsFuture Hotel Sectoral Manpower Plan (SMP), an initiative that aims to develop a skilled and stable local workforce in the hospitality industry. Besides providing training courses focused on developing the skillset of its employees, PPHG also appoints Singaporeans to key leadership positions.

Following the successful introduction of its two talent development programmes for management and key operational roles, PPHG implemented a third talent development programme targeted at nurturing leaders in non-operational roles.

CARING FOR PEOPLE

UOL recognises the importance of engaging employees to create a motivated workforce. Regular two-way communication platforms such as townhall meetings are organised for Senior Management to update employees on the Group's state of business and for employees to share their concerns and feedback.

UOL also takes care of the well-being of its employees. Staff engagement activities such as Dinner and Dance, team building workshops and festive celebrations aim to foster team spirit and collaboration among employees. A variety of activities such as weekly exercise classes, health talks and complimentary health screenings are organised to encourage work-life balance and healthy lifestyle.

CORPORATE GOVERNANCE REPORT

For the Financial Year Ended 31 December 2016

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 2016, 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 ("Deputy Group CEO"), Chief Executive Officer (Hotels) ("CEO Hotels") and Chief Financial Officer ("CFO"). The Deputy Group CEO, CEO Hotels and CFO have no familial relationship with each other, the Chairman or the GCE.

The EXCO currently comprises four members, namely:

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

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

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

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Company's Constitution ("Constitution") allows a board meeting to be conducted by way of telephonic and video-conferencing. The attendance of Directors at Board meetings and Board Committees, as well as the frequency of such meetings, is disclosed on page 55.

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

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

Board Composition and Guidance

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

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

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

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

Chairman and GCE

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

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

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

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

Board Membership

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

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

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

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

Tan Tiong Cheng is the chairman of Knight Frank Pte Ltd (or Knight Frank Singapore) 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 2016. 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. Tan Tiong Cheng will step down as chairman of Knight Frank Singapore on 31 March 2017. Upon his retirement, Mr Tan will be an adviser to Knight Frank Singapore and president of Knight Frank Asia Pacific.

For the financial year ended 31 December 2016, 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.

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

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

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

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

Article 94 of the Constitution also requires one-third of the Directors, or the number nearest to one-third, to retire from office by rotation at every Annual General Meeting ("AGM"). 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 Wee Ee Lim, Low Weng Keong and Wee Sin Tho, who retire by rotation pursuant to Article 94, be nominated for re-election.

New Directors are appointed by way of a board resolution after the NC recommends their appointment for approval by the Board. Pursuant to Article 100 of the Constitution, new Directors submit themselves for re-election at the AGM immediately following their appointment. During the year, the NC had recommended the appointment of a new Director, Poon Hon Thang Samuel. The NC has recommended that the new Director, who retires pursuant to Article 100, be nominated for re-election as well.

Key information regarding the Directors' academic qualifications and principal commitments are set out in the "Board of Directors" section on pages 18 to 22. In addition, information on shareholdings in the Company held by each Director is set out in the "Directors' Statement" section of the Annual Report.

Information relating to Directors who are nominated for re-appointment or re-election, including any relationships between such Directors, and the other Directors, the Company or its 10% Shareholders, are set out as notes accompanying the relevant resolutions.

Board Performance

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

Access to Information

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

Company Secretaries

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

The RC Members are familiar with executive remuneration/compensation matters as they manage their own businesses and/or are serving on the boards of other listed companies. The RC has access to appropriate expert advice where necessary. For the financial year ended 31 December 2016, 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 2016 are also disclosed on pages 56 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.

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.

CORPORATE GOVERNANCE REPORT

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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 2016.

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 the property and hospitality businesses to oversee the direction, implementation and running of the ERM Programme. The Group ERM Committee reports to the ARC on a half-yearly basis or more frequently as needed on the ERM Programme.

Management reviews on a regular basis and is accountable for the key risks, both existing and emerging, the current controls and the KRIs and takes necessary measures to address and mitigate key risks. 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 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 help to ensure a cohesive and comprehensive ERM Programme which employees of the Group can collectively participate in and contribute to, so as to enhance the Group's internal controls and enable the Group to remain sustainable in the long term.

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 relation to 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 cover at appropriate levels after taking into account the cost of cover and risk profiles of the businesses. Complementing Management's role is the Internal Audit function which provides an independent perspective on the controls that 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. 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.

- *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.

CORPORATE GOVERNANCE REPORT

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- *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 Management, at least annually and reviewed the overall scope of the internal and external audits and the assistance given by Management to the auditors.

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

PricewaterhouseCoopers LLP is the Company's current external auditor. In accordance with Rule 1207(6) of the SGX Listing Manual, details of the aggregate amount of fees paid to PricewaterhouseCoopers LLP and the breakdown of fees payable in respect of audit and non-audit services can be found under Note 5 of the Notes to the Financial Statements. Further to the above, the Company also complies with Rules 712(2)(a) and 715 of the SGX Listing Manual.

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

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

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

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

Internal Audit

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

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

The ARC has reviewed and is satisfied with the adequacy and effectiveness of the Internal Audit function.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

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

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

COMMUNICATION WITH SHAREHOLDERS

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

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

Conduct of Shareholder Meetings

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

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

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

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

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

The Company does not have a formal dividend policy. Historically, the Company has, for the last five years, declared dividends at the rate of approximately 20-50% of the profit after tax and minority interest and excluding fair value gains and other non-cash exceptional gains. Barring any unforeseen circumstances, the Company will endeavour to declare dividends at sustainable rates. The payment of dividends are communicated to Shareholders in announcements released through SGXNET. The Board is recommending the declaration and payment of a first and final tax exempt (one-tier) dividend of 15 cents per ordinary share for the financial year ended 31 December 2016 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 2016				
NAME OF DIRECTOR	**BOARD**	**EXCO**	**ARC**	**RC**	**NC**
Wee Cho Yaw	4	4	NA	1	3
Wee Ee Lim	4	4	6	NA	NA
Gwee Lian Kheng	4	4	NA	NA	NA
Low Weng Keong	4	4	6	1	3
Wee Sin Tho	4	NA	NA	1	NA
Tan Tiong Cheng	4	NA	6	NA	NA
Wee Ee-chao	4	NA	NA	NA	NA
Pongsak Hoontrakul	4	NA	NA	NA	3
Poon Hon Thang Samuel*	2	NA	NA	NA	NA
Number of meetings held in 2016	**4**	**4**	**6**	1	**3**

Notes:
* Appointed as Director on 12 May 2016.

CORPORATE GOVERNANCE REPORT

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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 2016:

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	85	-	-	100	-	-	-	100	-
Gwee Lian Kheng	2,374	32	58	3	4	-	3	100	120,000
Low Weng Keong	113	-	-	100	-	-	-	100	-
Wee Sin Tho	60	-	-	100	-	-	-	100	-
Tan Tiong Cheng	60	-	-	100	-	-	-	100	-
Wee Ee-chao	40	-	-	100	-	-	-	100	-
Pongsak Hoontrakul	50	-	-	100	-	-	-	100	-
Poon Hon Thang Samuel	40	-	-	100	-	-	-	100	-

Name	Salary %	Bonuses %	Directors' fees[1] %	Share option grants[2] %	Defined contribution plans %	Others %	Total remuneration %	Share options granted[3] number
REMUNERATION OF KEY MANAGEMENT PERSONNEL								
$1,250,000 to $1,500,000								
Liam Wee Sin Deputy Group Chief Executive Officer	37	49	2	4	1	7	100	60,000
Bernold Olaf Schroeder[4] Chief Executive Officer (Hotels), PPHG	60	16	-	-	6	18	100	-
$500,000 to $750,000								
Foo Thiam Fong Wellington Chief Financial Officer/Group Company Secretary, UOL	57	21	5	8	1	8	100	54,000
Neo Soon Hup Chief Financial Officer, PPHG	70	15	3	5	3	4	100	32,000
Erik Anderouard Senior Vice President, (Operations), PPHG	60	9	-	3	6	22	100	21,000

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 2016 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 2017 to 10 March 2026 at the offer price of $5.87 per ordinary share.
4. Resigned on 28 February 2017.

Total remuneration paid to the top five key management personnel set out above amounted to $4,700,000 for the year ended 31 December 2016.

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 $400,000 to $450,000
- Wee Wei Ling
  Executive Director (Asset & Lifestyle), PPHG, daughter of Dr Wee Cho Yaw and sister of Mr Wee Ee-chao and Mr Wee Ee Lim)

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

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

Except as disclosed above, there were no employees of the Company and its subsidiaries who are immediate family members of Directors or the CEO and whose remuneration exceeded $50,000 during the financial year ended 31 December 2016.

STAKEHOLDERS COMMUNICATIONS

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

Committed to upholding a high standard of corporate transparency and disclosure, UOL ensures that its quarterly financial results, presentations, annual reports, legal and other material announcements are released in a timely manner 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 are able to sign up for alerts on the website if they wish to receive updates on the Group's latest announcements.

UOL also holds various investor relations activities to facilitate open communication between the Group and its institutional and retail investors. Such activities include quarterly earnings calls and a full-year results briefing to update analysts and the media on UOL's performance and outlook. At the Annual General Meeting held on 28 April 2016, shareholders were able to engage in an open dialogue with the Board.

In the year, UOL met about 100 shareholders and potential investors through conferences, one-on-one and small group meetings. The Group was active in enhancing the investing community's understanding of UOL's performance, key developments and business, as well as to cultivate a continued interest in the Group through regular participation in conferences such as the Nomura Investment Forum Asia 2016 and the Morgan Stanley Fifteenth Annual Asia Pacific Summit. The Management also attended post-result investor luncheons hosted by J.P. Morgan, Bank of America Merrill Lynch and UBS Securities for their clients. During the year, Deutsche Securities Asia and Maybank Kim Eng Securities initiated coverage on the Group, bringing the number of brokerage firms offering research coverage on the Group to 12.

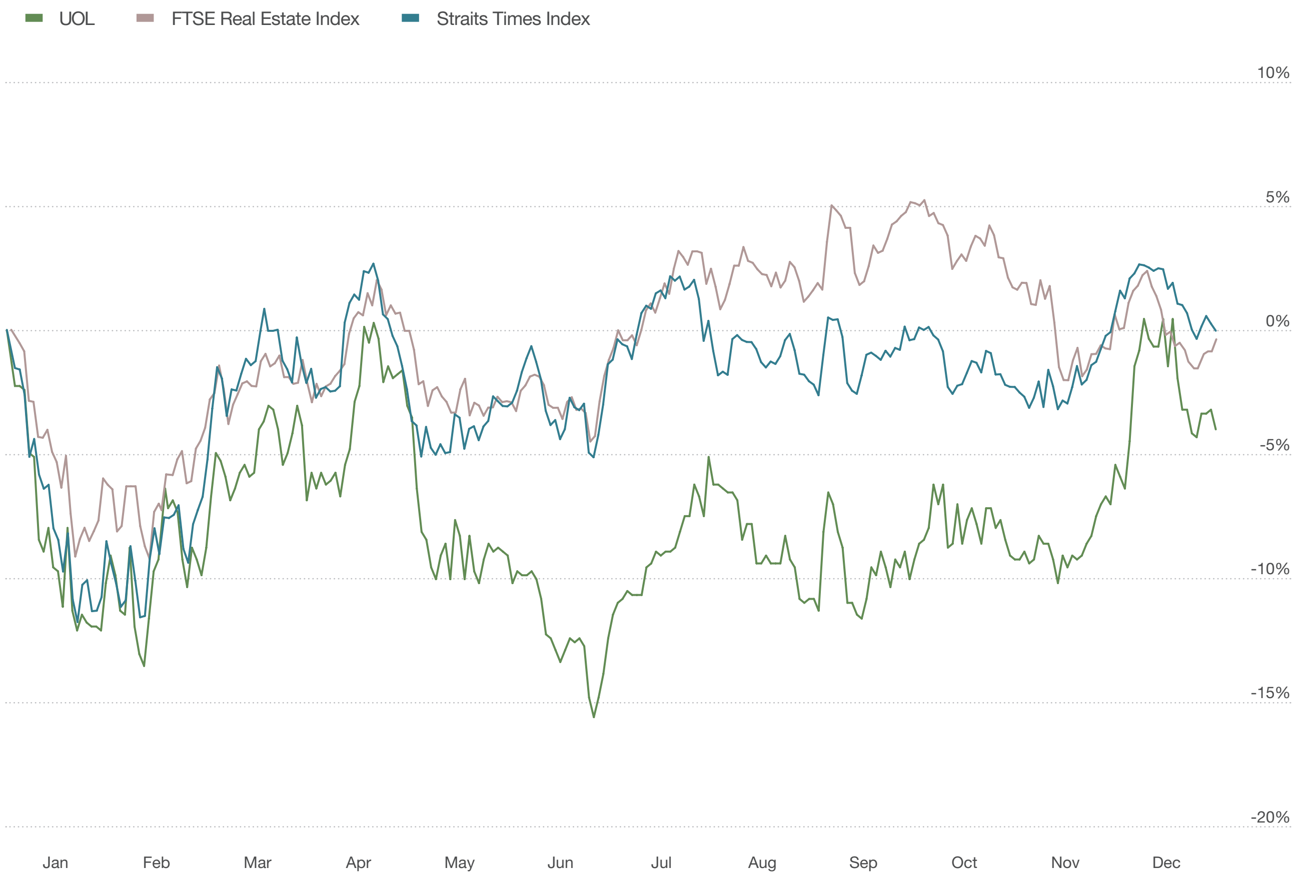
UOL maintains a clear channel of communication with its stakeholders by responding promptly to investor and media queries via telephone, email and direct meetings. The Group's quarterly external newsletter "UOL Channel" is made available in print and on the UOL website to update stakeholders on the Group's latest developments and initiatives. In order for the investing community to gain a better insight into UOL's current property developments, site visits to Principal Garden and Bishopsgate in London were organised for fund managers and analysts.

In 2016, UOL was ranked 51st out of a total of 631 SGX listed companies surveyed in the newly launched Singapore Governance and Transparency Index (SGTI). A joint initiative by The Business Times and NUS Business School's Centre for Governance, Institutions and Organisations, SGTI succeeded the Governance and Transparency Index (GTI) in August 2016 in order to meet the increasing demand for corporate governance and transparency. The SGTI retains its former standards of assessing companies based on their corporate governance disclosure and practices, as well as the timeliness, accessibility and transparency of their financial results announcements, while incorporating an increased focus on stakeholder and shareholder issues.

Due to the challenging property market conditions and uncertain economic outlook, the Group's share price closed the year at $5.99, a 4% decline from $6.24 in 2015. The Straits Times Index and FTSE Real Estate Index also experienced a slight decline of 0.07% and 0.63% respectively from the year before. UOL's share price averaged at $5.75, with a low of $5.26 on 27 June 2016 and reached a high of $6.27 on 8, 14 and 16 December 2016. The Group's average daily turnover for 2016 was 1,196,022. UOL's market capitalisation closed at $4.8 billion, down from $5 billion in 2015.

UOL has remained on the Straits Times Index since 2015. The Group 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. On 31 May 2016, the Group was included as one of the 24 constituents of the first SGX Sustainability Leaders Index that recognises forerunners in environmental, social and governance matters.

2016 SHARE PRICE PERFORMANCE



FINANCIAL CALENDAR	2016	2015
Announcement of first quarter results	**12.05.16**	12.05.15
Announcement of second quarter results	**04.08.16**	12.08.15
Announcement of third quarter results	**10.11.16**	11.11.15
Announcement of unaudited full year results	**24.02.17**	26.02.16
Annual General Meeting	**26.04.17**	28.04.16
Books closure date	**05.05.17**	09.05.16
First & final dividend payment date	**20.06.17**	21.06.16

SUSTAINABILITY

UOL volunteers and the children from CARE Singapore bonding after their activity

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

UOL publishes its sustainability reports annually. In 2016, the Group's third sustainability report expanded the scope to include its Singapore's hotel operations, thereby covering all three core businesses of property development, property investments and hotel operations.

For its efforts, UOL was included as one of the constituents of the first SGX Sustainability Leaders Index. The Index comprises 24 listed firms that are regarded as forerunners in environmental, social and governance matters.

UOL's sustainability efforts are communicated to stakeholders through various channels such as the media, newsletters, corporate website and intranet.

BUSINESS

UOL recognises that conducting business ethically can build trust and reputation. The Group also makes it a priority to deliver innovative designs and high quality product specifications across its portfolio of residential developments, offices, shopping malls, hotels and serviced suites.

ENTERPRISE-WIDE RISK MANAGEMENT

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

PRODUCT AND SERVICE EXCELLENCE
UOL prides itself on using design and innovation to enhance the society we live in. During the year, the Group continued to win international and national awards for its projects, a testament to its architectural excellence. Principal Garden clinched four top awards at the International Property Awards 2016 in different categories. Archipelago was the winner in the Residential Low-rise category at the FIABCI Singapore Property Awards 2016.

Service quality is important to the hotel operations. Pan Pacific Serviced Suites Orchard was recognised as Singapore's Leading Hotel Residence at the World Travel Awards 2016 and Best Serviced Residence at the Business Traveller Asia Pacific Awards 2016.

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

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

HUMAN CAPITAL
Employees are the Group's key asset. It is committed to developing the full potential of its employees with training programmes. It also aims to attract and retain talent by providing a conducive work environment, a competitive remuneration package and work-life balance. Recreational activities are organised regularly for the employees' well-being.

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

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

UOL strives to incorporate sustainable features where commercially feasible into its developments. Its two residential projects, Principal Garden and Botanique


UOL organises recreational activities to promote a healthy lifestyle among employees such as the making of healthier ice-cream

SUSTAINABILITY

at Bartley, received BCA's Green Mark Gold^{Plus} Awards in recognition of their green features. PARKROYAL on Pickering was recognised as Asia's Leading Green Hotel at the World Travel Awards 2016.

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

COMMUNITY

UOL focuses its community efforts on children, youth, education, sports and the arts. The Group is an advocate of staff volunteerism and has cultivated a pool of regular volunteers over the years. During the year, five volunteers were recognised at a townhall meeting by the Management for their commitment.

UOL has been supporting CARE Singapore's StarKidz! Programme, which aims to help vulnerable primary school children to become responsible and caring adults. In addition to making a donation towards the programme, the Group also organised two educational outings to the Singapore Philatelic Museum and NEWater Visitor Centre for the children.

Through its staff volunteerism programme, UOL also reaches out to the elderly. The Group organised a farm tour and hosted a Christmas lunch in United Square for the residents of AWWA Senior Community Home.

During the year, UOL also supported other community development initiatives like sponsoring a group of architecture students from the National University of Singapore that allowed them to showcase their artistic works at a public art event called Singapore Arts Club x Art After Dark.

PPHG stepped up its corporate social responsibility programme with several initiatives. In 2016, PPHG continued with its Eat Well With Us initiative, where the chefs from its five Singapore hotels imparted over 30 healthy recipes to resident cooks at eight local

Botanique at Bartley was awarded the Green Mark Gold^{Plus} Award for incorporating sustainable and eco-friendly features into its design

Si Chuan Dou Hua Restaurant launched a successful culinary initiative

charity homes. On World Food Day, PPHG partnered People's Association and Food Bank Singapore (FBSG) to distribute food parcels to low-income households. The food contents were curated by PPHG's senior chefs. They included ingredients and a step-by-step instruction card for families to cook their own wholesome meals. Prior to the event, the Singapore hotels embarked on a five-day fundraising initiative of which 16% of their restaurants' total dinner sales were channelled towards the purchase of 1,600 food parcels – the largest quantity ever received by FBSG. Another initiative - Noodles For Good - was launched by Si Chuan Dou Hua Restaurant together with Central Singapore CDC and Autism Resource Centre. It aims to equip special needs students with culinary skills taught by the restaurant's chef to make a living. The initiative aims to help 20 beneficiaries in a span of three years.

To help build a more inclusive workforce, PPHG has been offering employment opportunities to people with disabilities, as well as internship opportunities for students with special needs. Its partners include SG Enable, Singapore Sports Institute and special education schools.

In 2016, PPHG was conferred the Corporate Bronze Award by the Community Chest for its contribution to the community.

BUSINESS COMMUNITY

UOL was a Platinum Sponsor of 2016 World Cities Summit. It was the second time that UOL had sponsored this event for government leaders and industry experts to convene and address liveable and sustainable city challenges.

GEOGRAPHICAL PRESENCE

REGIONAL

MIXED DEVELOPMENT

CHINA

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

UNITED KINGDOM

Bishopsgate, London[3]
110 High Holborn, London[4]
Holborn Island, London[5]

HOTELS/SERVICED SUITES

AUSTRALIA

Pan Pacific Perth
PARKROYAL Darling Harbour
PARKROYAL Melbourne Airport
PARKROYAL Parramatta

MALAYSIA

PARKROYAL Kuala Lumpur
PARKROYAL Serviced Suites Kuala Lumpur
PARKROYAL Penang
PARKROYAL Langkawi[6]
Pan Pacific Serviced Suites Puteri Harbour[7]

CHINA

Pan Pacific Beijing[8]
Pan Pacific Suzhou
Pan Pacific Tianjin
Pan Pacific Xiamen
Pan Pacific Ningbo
Pan Pacific Serviced Suites Ningbo

VIETNAM

Pan Pacific Hanoi
PARKROYAL Saigon
Sofitel Saigon Plaza

MYANMAR

PARKROYAL Yangon
PARKROYAL Nay Pyi Taw
Pan Pacific Yangon[9]

UNITED KINGDOM

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

INDONESIA

Pan Pacific Nirwana Bali Resort
Sari Pan Pacific Jakarta

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. Thomson Three[10] (Fully Sold)
2. Seventy Saint Patrick's (Fully Sold)
3. Riverbank@Fernvale
4. Botanique at Bartley
5. Principal Garden[11]
6. The Clement Canopy[10]
7. Potong Pasir Avenue 1 site[10]

RETAIL MALLS

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

OFFICES

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

HOTELS/SERVICED SUITES

16. Pan Pacific Orchard
17. Pan Pacific Singapore[12]
18. Pan Pacific Serviced Suites Orchard
19. Pan Pacific Serviced Suites Beach Road
20. PARKROYAL on Beach Road
21. PARKROYAL on Kitchener Road
22. PARKROYAL Serviced Suites, Singapore
23. PARKROYAL on Pickering
24. Marina Mandarin[13]

[1] Comprises residential units, offices, retail space and Pan Pacific Tianjin.
[2] Comprises Park Eleven and Park Eleven Mall.
[3] Comprises residential units, retail space and a hotel.
[4] Comprises offices and retail space.
[5] 50% stake, comprises offices and retail space.
[6] Opening in 2020.
[7] Opening in 2018.
[8] Opening in 2017.
[9] 20% stake, opening in 2017. Increased to 40% stake in February 2017.
[10] 50% stake.
[11] 70% stake.
[12] 22.7% stake held through Marina Centre Holdings Pte Ltd.
[13] 25.0% stake held through Aquamarina Hotel Private Limited.

PROPERTY SUMMARY 2016

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (sqm)	Car Park Facilities	2016 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	94	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	98	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			19,507		98		
Offices	1982	1987	Freehold	26,874	658	88	1,057.0	100
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	15,987		96		
Offices	2000			41,372	495	95	1,347.9	60
ONEKM 11 Tanjong Katong Road, Singapore 3-storey commercial podium with a basement located within a commercial/residential development	2014	2011	Freehold	19,112	267	96	457.6	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		91	63.5	100
PARKROYAL SERVICED SUITES, SINGAPORE 90 serviced suites and 1 owner-occupied apartment	1979	-	99-year lease from 1968	6,125 & 165 respectively	449	83	78.4	100
PAN PACIFIC SERVICED SUITES BEACH ROAD, SINGAPORE 180 serviced suites	2013	-		8,100		88	131.0	100

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (sqm)	Car Park Facilities	2016 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	27	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	-	70.0	100
110 HIGH HOLBORN Junction of A40 High Holborn and Proctor Street, London, United Kingdom A retail-cum-office building comprising basement and 1st storey retail space and a 9-storey office block with basement carpark	-	2016	Part freehold and part 999-year leasehold from 1999	10,873	10	92	176.7	100
PAN PACIFIC SERVICED SUITES ORCHARD, SINGAPORE 96 Somerset Road, Singapore 16-storey tower block comprising 126 units of serviced suites, restaurants and a basement carpark	2008 (redeveloped)	1979	Freehold	8,821	40	85	150.0	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	78	73.6	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*	76	83	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	211.0	100
PARKROYAL ON KITCHENER ROAD 181 Kitchener Road, Singapore Comprising a 5-storey podium with a basement and a 16-storey Y-shaped tower with 532 rooms	1976 & 1981	1989	Freehold	37,800*	266	84	347.0	100

PROPERTY SUMMARY 2016

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (sqm)	Car Park Facilities	2016 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*	77	85	415.0	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	78	52.5	100
PAN PACIFIC SUZHOU Xinshi Road, Suzhou, Jiangsu, The People's Republic of China A 480-room hotel built in the Ming Dynasty style within a cluster of low-rise buildings	1998	2001	50-year lease from 1994	62,407*	178	51	57.1	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	62	94.6	100
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	74	31.8	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 with 319 hotel rooms and 14 serviced suites	1997	2001	50-year lease from 1998	17,700*	140	57	70.2	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	1974	1999				80	79.4	100
Hotel and President House			Freehold	56,707*	-			
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	2016 Average Occupancy %	Present Capital Value ($m)	Effective percentage of Interest %
HOTELS OWNED AND MANAGED BY THE GROUP (CONTINUED)								
PARKROYAL PENANG RESORT Batu Ferringhi Beach, Penang, Malaysia 309-room 8-storey beachfront resort hotel	1990	1999	Freehold	31,502*	173	69	57.4	100
PARKROYAL DARLING HARBOUR, SYDNEY 150 Day Street, Sydney, Australia 13-level hotel with 340 rooms	1991	1993	Freehold	24,126*	58	88	166.3	100
PARKROYAL MELBOURNE AIRPORT Arrival Drive, Melbourne Airport, Tullamarine, Victoria, Australia 6-level hotel with 276 rooms	2001	2011	Leasehold, expiring in 2047 (with an option to extend for a further 49 years subject to renewal of head lease)	20,584*	-	94	116.8	100
PARKROYAL PARRAMATTA 30 Phillip Street, Parramatta, New South Wales, Australia A 286-room hotel in a 15-level hotel building with a 8-storey extension wing	1986	1994	Freehold	19,798*	176	78	81.9	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	84	147.6	100
PAN PACIFIC HANOI Thanh Nien Road, Hanoi, Vietnam 20-storey hotel with 265 rooms (increased to 268 rooms from 1 January 2017 onwards) and 56 serviced apartments	1998	2001	48-year lease from 1993	39,250*	45	76	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	-	-	21.9	100
CHINATOWN POINT 133 New Bridge Road, Singapore Owner-occupied back office for PARKROYAL on Pickering	1980	2008	99-year lease from 1980	223	-	-	4.6	100

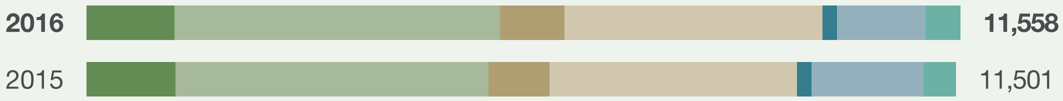
PROPERTY SUMMARY 2016

	Purchased	Tenure of Land	Approximate Gross Internal Area (sqm)	Stage of Completion as at 31.12.2016 %	Expected Completion	Effective percentage of Interest %
PROPERTIES UNDER CONSTRUCTION						
BISHOPSGATE SITE 150 Bishopsgate, London Hotel with proposed 237 rooms	2014	Freehold	28,204	-	2nd Quarter 2020	100
Proposed 160 units of residential apartments			21,661	-		
Retail component			3,730	-		

	Type of Development	Tenure of Land	Approximate Gross Floor Area (sqm)	Site Area (sqm)	Sales Status as at 31.12.2016 %	Stage of Completion as at 31.12.2016 %	Expected Completion	Effective percentage of Interest %
PROPERTIES FOR SALE UNDER DEVELOPMENT								
RIVERBANK@FERNVALE Sengkang West Way 555 units of condominium apartments	Residential	99-Year leasehold commencing 10.7.2013	49,812	16,604	85	99	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	98	47	1st Quarter 2019	100
PRINCIPAL GARDEN Prince Charles Crescent 663 units of condominium apartments	Residential	99-Year leasehold commencing 21.7.2014	57,668	24,964	49	29	4th Quarter 2018	70

SIMPLIFIED GROUP FINANCIAL POSITION

TOTAL ASSETS OWNED



	2016 $m	2015 $m	2016 %	2015 %
Property, plant and equipment	**1,166**	1,179	**10**	10
Investment properties	**4,300**	4,135	**37**	36
Available-for-sale financial assets	**855**	805	**7**	7
Associated companies	**3,414**	3,280	**30**	28
Joint venture companies	**188**	189	**2**	2
Development properties	**1,174**	1,484	**10**	13
Other assets and cash	**461**	429	**4**	4
	11,558	11,501	**100**	100

TOTAL LIABILITIES OWED AND CAPITAL INVESTED

	2016 $m	2015 $m	2016 %	2015 %
Shareholders' funds	**8,127**	7,894	**70**	69
Non-controlling interests	**508**	507	**4**	4
Borrowings	**2,409**	2,570	**21**	23
Trade and other payables	**360**	394	**3**	3
Deferred income tax liabilities	**93**	89	**1**	1
Other liabilities	**61**	47	**1**	0
	11,558	11,501	**100**	100

FIVE-YEAR FINANCIAL SUMMARY

	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000
GROUP REVENUE					
Property development	560,022	409,984	675,881	577,496	**733,934**
Hotel operations	377,721	420,425	437,574	419,417	**429,613**
Property investments	166,087	180,241	198,206	219,391	**225,038**
Investments	23,192	27,446	28,798	42,289	**30,181**
Hotel and other management services	18,755	20,512	20,260	20,156	**21,973**
	1,145,777	1,058,608	1,360,719	1,278,749	**1,440,739**

	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000
GROUP INCOME STATEMENT					
Property development	147,502	133,235	146,526	54,486	**52,256**
Property investments	119,702	126,369	137,296	144,717	**151,242**
Hotel operations	59,789	66,310	72,581	51,935	**50,774**
Investments	23,147	27,402	28,764	42,254	**30,152**
Hotel and other management services	11,521	11,757	15,060	13,181	**9,966**
	361,661	365,073	400,227	306,573	**294,390**
Unallocated costs	(13,736)	(14,381)	(14,892)	(15,111)	**(14,549)**
Profit from operations	347,925	350,692	385,335	291,462	**279,841**
Finance income	11,112	4,488	5,466	6,039	**5,406**
Finance expense	(33,090)	(42,815)	(34,009)	(41,664)	**(30,292)**
Share of profit of associated companies excluding fair value gains/(losses) of associated companies' investment properties	114,115	96,383	119,776	126,633	**131,993**
Share of (loss)/profit of joint venture companies	(364)	18,506	38,590	29,117	**4,256**
Profit before fair value and other gains/(losses) and income tax	439,698	427,254	515,158	411,587	**391,204**
Other losses of a joint venture company	-	-	-	-	**(3,169)**
Other (losses)/gains of the Group	(24,995)	23,813	25,552	(22,036)	**(23,275)**
Fair value gains/(losses) on associated companies' investment properties	107,547	91,459	78,408	9,920	**(1,144)**
Fair value gains/(losses) on the Group's investment properties	442,097	409,425	217,848	60,902	**(9,700)**
Profit before income tax	964,347	951,951	836,966	460,373	**353,916**
Profit attributable to equity holders of the Company	807,675	785,820	685,996	391,389	**287,040**

	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000
GROUP STATEMENT OF FINANCIAL POSITION					
Property, plant and equipment	1,130,024	1,169,105	1,241,180	1,178,534	**1,165,536**
Investment properties	3,342,754	3,814,190	4,080,214	4,134,897	**4,299,597**
Associated companies, joint venture companies, receivables and other assets (non-current)	2,782,693	2,944,304	3,239,511	3,379,329	**3,616,561**
Available-for-sale financial assets (non-current)	283,484	274,854	340,272	804,872	**855,051**
Intangibles	27,607	26,117	25,677	23,336	**24,361**
Deferred tax assets	3,789	3,160	3,623	4,702	**3,904**
Net current assets (excluding borrowings)	1,665,039	1,660,264	2,561,037	1,695,501	**1,339,306**
Non-current liabilities (excluding borrowings)	(342,555)	(328,861)	(332,073)	(250,018)	**(259,509)**
	8,892,835	9,563,133	11,159,441	10,971,153	**11,044,807**
Share capital	1,046,954	1,050,897	1,151,512	1,216,099	**1,269,853**
Reserves	5,095,658	5,708,801	6,491,217	6,678,076	**6,857,301**
Interests of the shareholders	6,142,612	6,759,698	7,642,729	7,894,175	**8,127,154**
Non-controlling interests	576,314	467,272	488,170	506,941	**508,210**
Borrowings	2,173,909	2,336,163	3,028,542	2,570,037	**2,409,443**
	8,892,835	9,563,133	11,159,441	10,971,153	**11,044,807**
FINANCIAL RATIOS					
Basic earnings per ordinary share* (cents)	105.06	102.01	88.00	49.39	**35.82**
Gross dividend declared ($'000)	115,485	154,172	118,176	119,433	**120,692**
Gross dividend declared					
First and final (cents)	15.0	15.0	15.0	15.0	**15.0**
Special (cents)	-	5.0	-	-	**-**
Cover (times)	7.0	5.1	5.8	3.3	**2.4**
Net tangible asset backing per ordinary share ($)					
Before accounting for surplus on revaluation of hotel properties	7.94	8.73	9.68	9.89	**10.07**
After accounting for surplus on revaluation of hotel properties	8.73	9.71	10.75	11.05	**11.30**
Gearing ratio	0.28	0.28	0.34	0.27	**0.24**

*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

	2016 $'000	2016 %	2015 $'000	2015 %
Property development	**733,934**	**51.0**	577,496	45.2
Hotel operations	**429,613**	**29.8**	419,417	32.8
Property investments	**225,038**	**15.6**	219,391	17.2
Investments	**30,181**	**2.1**	42,289	3.3
Management services	**21,973**	**1.5**	20,156	1.5
	1,440,739	**100.0**	1,278,749	100.0

ADJUSTED EBITDA* BY BUSINESS SEGMENTS

	2016 $'000	2016 %	2015 $'000	2015 %
Property development	**54,638**	**11.1**	84,155	15.6
Property investments	**278,435**	**56.5**	278,728	51.7
Hotel operations	**117,541**	**23.9**	118,074	21.9
Investments	**30,152**	**6.1**	42,254	7.9
Management services	**11,798**	**2.4**	15,463	2.9
	492,564	**100.0**	538,674	100.0

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

TOTAL ASSETS BY BUSINESS SEGMENTS

	2016 $'000	2016 %	2015 $'000	2015 %
Property development	**1,766,505**	**15.3**	1,973,444	17.2
Property investments	**7,543,301**	**65.3**	7,191,167	62.5
Hotel operations	**1,322,828**	**11.3**	1,451,585	12.6
Investments	**855,072**	**7.4**	804,884	7.0
Management services	**52,970**	**0.5**	43,229	0.4
	11,540,676	**99.8**	11,464,309	99.7
Unallocated assets	**17,464**	**0.2**	36,972	0.3
	11,558,140	**100.0**	11,501,281	100.0

TOTAL REVENUE BY GEOGRAPHICAL SEGMENTS

	2016 $'000	2016 %	2015 $'000	2015 %
Singapore	**1,156,986**	**80.3**	1,003,533	78.5
Australia	**122,297**	**8.5**	114,712	9.0
The People's Republic of China	**53,194**	**3.7**	55,582	4.4
Malaysia	**47,212**	**3.3**	49,097	3.8
Vietnam	**31,856**	**2.2**	31,972	2.5
Myanmar	**20,735**	**1.4**	20,835	1.6
Others	**8,459**	**0.6**	3,018	0.2
	1,440,739	**100.0**	1,278,749	100.0

ADJUSTED EBITDA* BY GEOGRAPHICAL SEGMENTS

	2016 $'000	2016 %	2015 $'000	2015 %
Singapore	**431,944**	**87.7**	480,182	89.1
Australia	**29,192**	**5.9**	25,891	4.8
Vietnam	**11,587**	**2.4**	11,546	2.2
Malaysia	**10,595**	**2.2**	14,121	2.6
Myanmar	**7,629**	**1.5**	8,827	1.7
United Kingdom	**519**	**0.1**	(1,459)	(0.3)
The People's Republic of China	**(910)**	**(0.2)**	(2,117)	(0.4)
Others	**2,008**	**0.4**	1,683	0.3
	492,564	**100.0**	538,674	100.0

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

TOTAL ASSETS BY GEOGRAPHICAL SEGMENTS

	2016 $'000	2016 %	2015 $'000	2015 %
Singapore	**10,082,299**	**87.2**	10,224,651	88.9
The People's Republic of China	**518,566**	**4.5**	545,900	4.7
United Kingdom	**415,842**	**3.6**	216,359	1.9
Australia	**281,905**	**2.4**	249,705	2.2
Malaysia	**153,453**	**1.3**	156,448	1.4
Vietnam	**48,538**	**0.4**	46,050	0.4
Myanmar	**29,048**	**0.3**	27,891	0.2
Others	**28,489**	**0.3**	34,277	0.3
	11,558,140	**100.0**	11,501,281	100.0

VALUE-ADDED STATEMENT

	2016 $'000	2015 $'000
Sales of goods and services	**1,410,558**	1,236,460
Purchase of materials and services	**(879,057)**	(708,784)
Gross value added	**531,501**	527,676
Share of profit of associated companies	**130,849**	136,553
Share of profit of joint venture companies	**1,087**	29,117
Income from investments and interest	**35,587**	48,328
Other losses	**(23,275)**	(22,036)
Fair value (losses)/gains on investment properties	**(9,700)**	60,902
Currency exchange differences	**(1,036)**	(11,154)
Total Value Added	**665,013**	769,386
DISTRIBUTION OF VALUE ADDED:		
To employees and directors		
Employees' salaries, wages and benefits	**186,182**	180,289
Directors' remuneration	**2,946**	2,950
	189,128	183,239
To government		
Corporate and property taxes	**76,087**	75,968
To providers of capital		
Interest expense	**57,233**	61,999
Dividend attributable to non-controlling interests	**2,000**	2,815
Dividend attributable to equity holders of the Company	**119,416**	118,176
	178,649	182,990
Total Value Added Distributed	**443,864**	442,197

	2016 $'000	2015 $'000
Retained in the business		
Depreciation	**65,242**	64,318
Retained earnings	**154,391**	186,810
	219,633	251,128
Non-production cost and income		
Bad debts	**(60)**	21
Income from investments and interest	**35,587**	48,328
Other losses	**(23,275)**	(22,036)
Fair value (losses)/gains on investment properties	**(9,700)**	60,902
Currency exchange differences	**(1,036)**	(11,154)
	1,516	76,061
	665,013	769,386

PRODUCTIVITY RATIOS:	$	$
Value added per employee	**107,244**	110,001
Value added per $ employment costs	**2.81**	2.88
Value added per $ investment in property, plant and equipment and investment properties (before depreciation)		
- at cost	**0.14**	0.15
- at valuation	**0.09**	0.09
Value added per $ net sales	**0.38**	0.43

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DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2016

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 2016 and the statement of financial position of the Company as at 31 December 2016.

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 92 to 187 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 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

DIRECTORS

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

Wee Cho Yaw	–	Chairman
Wee Ee Lim	–	Deputy Chairman
Gwee Lian Kheng	–	Group Chief Executive
Low Weng Keong		
Wee Sin Tho		
Tan Tiong Cheng		
Wee Ee-chao		
Pongsak Hoontrakul		
Poon Hon Thang Samuel		(appointed on 12 May 2016)

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 2016 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 31.12.2016	**At 1.1.2016**	**At 31.12.2016**	**At 1.1.2016**
UOL Group Limited ("UOL")				
– Ordinary Shares				
Wee Cho Yaw	**3,661,566**	3,567,035	**271,082,870***	264,091,272*
Wee Ee Lim	**260,975**	254,238	**110,875,315**	108,012,787
Gwee Lian Kheng	**616,330**	503,000	**–**	–
Low Weng Keong	**30,000**	10,000*	**–**	–
Wee Sin Tho	**105,950**	103,215	**–**	–
Tan Tiong Cheng	**112,915**	80,000	**–**	–
Wee Ee-chao	**31,735***	31,735*	**111,150,885***	108,288,392*
Pongsak Hoontrakul	**20,530***	20,000*	**–**	–
– Executives' Share Options				
Gwee Lian Kheng	**900,000**	880,000	**–**	–

* Includes shares registered in the name of nominees.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

(b) The directors' interests in the share capital of and options to subscribe for ordinary shares of the Company and related corporations, as recorded in the register of directors' shareholdings at 21 January 2017, were the same as those at 31 December 2016.

(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 2016 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 2016, options were granted pursuant to the 2012 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,224,000 ordinary shares in the Company (known as "the 2016 Options") at the exercise price of $5.87 per ordinary share. 1,224,000 options granted were accepted by the executives, including Gwee Lian Kheng. The total fair value of the options granted was estimated to be $1,077,000 using the Trinomial Tree Model.

The details of the options accepted are as follows:

	No. of employees	**At exercise price of $5.87 per share**
Executive Director	1	120,000
Other Executives	53	1,104,000
	54	1,224,000

SHARE OPTIONS (continued)

UOL Group Executives' Share Option Scheme (continued)

(d) Statutory information regarding the 2016 Options is as follows:

(i) The option period begins on 11 March 2017 and expires on 10 March 2026 or on the date of termination of employment or in the case of the executive director, on the date he ceases to be the executive director of the Company, whichever is earlier, subject to the provisions of Rule 11 of the Rules of the 2012 Scheme.

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

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

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

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

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

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

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

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

Aggregate options granted since commencement of the 2000 and 2012 Scheme to 31.12.2015	**Options granted during the financial year**	**Aggregate options granted since commencement of the 2000 and 2012 Scheme to 31.12.2016**	**Aggregate options exercised since commencement of the 2000 and 2012 Scheme to 31.12.2016**	**Aggregate options outstanding at 31.12.2016**
1,560,000	120,000	1,680,000	780,000	900,000

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

SHARE OPTIONS (continued)

UOL Group Executives' Share Option Scheme (continued)

Outstanding Share Options

At 31 December 2016, 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, 222,000 ordinary shares of the Company were issued upon the exercise of options by:

Holders of	Number of ordinary shares	Exercise price per share $
2007 Options	202,000	4.91
2011 Options	6,000	4.62
2012 Options	14,000	5.40
	222,000	

Unissued ordinary shares under options at 31 December 2016 comprise:

	At 1.1.2016	Options granted in 2016	Options exercised	Options forfeited	At 31.12.2016	Exercise/ Subscription price/$	Option period
Executives' Share Options							
2007 Options	204,000	–	(202,000)	–	2,000	4.91	16.03.2008 to 15.03.2017
2008 Options	130,000	–	–	(18,000)	112,000	3.68	07.03.2009 to 06.03.2018
2009 Options	62,000	–	–	–	62,000	1.65	06.03.2010 to 05.03.2019
2010 Options	304,000	–	–	–	304,000	3.95	05.03.2011 to 04.03.2020
2011 Options	346,000	–	(6,000)	–	340,000	4.62	04.03.2012 to 03.03.2021
2012 Options	655,000	–	(14,000)	–	641,000	5.40	23.08.2013 to 22.08.2022
2013 Options	853,000	–	–	(66,000)	787,000	6.55	08.03.2014 to 07.03.2023
2014 Options	795,000	–	–	(96,000)	699,000	6.10	12.03.2015 to 11.03.2024
2015 Options	1,225,000	–	–	(120,000)	1,105,000	7.67	11.03.2016 to 10.03.2025
2016 Options	–	1,224,000	–	(95,000)	1,129,000	5.87	11.03.2017 to 10.03.2026
	4,574,000	1,224,000	(222,000)	(395,000)	5,181,000		

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2016

AUDIT & RISK COMMITTEE

The Audit & Risk Committee comprises three members as follows:

<u>Independent and non-executive directors</u>
Low Weng Keong – Chairman
Tan Tiong Cheng

<u>Non-independent and non-executive director</u>
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

24 February 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of UOL Group Limited

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of UOL Group Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of financial position of the Group as at 31 December 2016;
- the statement of financial position of the Company as at 31 December 2016;
- the consolidated income statement of the Group for the year then ended;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

INDEPENDENT AUDITOR'S REPORT

To the Members of UOL Group Limited (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties As at 31 December 2016, the carrying value of the Group's investment properties stated at fair value based on independent external valuation of $4.3 billion, accounted for 37% of the Group's total assets. The disclosures relating to these investment properties are included in Note 20 of the financial statements. The valuation of the investment properties was significant to our audit due to the use of estimates in the valuation techniques, and valuation is highly judgemental and is based on certain key assumptions. The key assumptions include prevailing market conditions which affect adopted value per square foot and capitalisation rates for shops and offices and growth rates, discount rates and capitalisation rates for serviced suites.	Our audit procedures focused on the valuation process and included the following: • assessed the competency, independence and integrity of the professional valuers engaged by the Group; • discussed with the professional valuers the key assumptions and critical judgemental areas and understood the approaches taken by them in determining the valuation of each investment property; • tested the integrity of information, including underlying lease and financial information provided to the valuers; and • assessed the reasonableness of the adopted value per square foot, discount rates, capitalisation rates and growth rates assumptions by benchmarking the rates against specific property data, comparables and prior year's inputs. We have also assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the professional valuers. The valuers are members of recognised professional bodies for external valuers. We found that the valuation methodologies used were in line with generally accepted market practices and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be appropriate.

INDEPENDENT AUDITOR'S REPORT

To the Members of UOL Group Limited (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of hotel properties	
As at 31 December 2016, the carrying value of the Group's hotel properties (which includes hotel properties under development) classified as property, plant and equipment of $1.1 billion, accounted for 10% of the Group's total assets. The Group also recorded the following for the financial year then ended: • impairment charge of $26.7 million in respect of its hotel property under development in London; and • reversal of impairment charge of $2.7 million in respect of its hotel property in Tianjin. The disclosures relating to hotel properties are included in Note 21 of the financial statements. The determination of the recoverable amounts of the hotel properties based on independent external valuation and whether to recognise any impairment charge or reverse any previously recorded impairment charge is highly judgemental and involved certain key assumptions including discount rates, capitalisation rates, projected occupancy rates and projected room rates. Significant management judgement is also involved in estimating the total budgeted costs of the construction of hotel property under development which impacts the impairment charge recognised.	Our audit procedures focused on the valuation process and included the following: • assessed the competency, independence and integrity of the professional valuers engaged by the Group; • discussed the key assumptions and critical judgemental areas with the professional valuers; • tested the integrity of information, including actual occupancy rates and room rates provided to the professional valuers; and • assessed the reasonableness of the discount rates, capitalisation rates, projected occupancy rates and projected room rates assumptions by benchmarking the rates against specific property data, comparables and other external data. In relation to the estimated total budgeted costs of the construction of hotel property under development, our audit procedures to assess the adequacy of management's budgeted total development costs and the reasonableness of the assumptions included the following: • compared actual cost incurred against underlying contracts with vendors and supporting documents; • assessed the reasonableness of cost to complete by substantiating costs that have been committed to quotations from and contracts with suppliers; • discussed with the project managers the basis for the estimated cost to complete and challenged the underlying assumptions by benchmarking against the Group's past projects and available market data; and • evaluated the competency, capabilities and objectivity of the quantity surveyor used by management to evaluate the reasonableness of the estimated total budgeted development costs of the project and the allocation of costs to the respective components. The valuers are members of recognised professional bodies for external valuers. We found that the valuation methodologies used in determining the recoverable amounts of the hotel properties were in line with generally accepted market practices and the key assumptions used were within the range of market data. The evidence we obtained from performing our procedures also indicated that management's estimates and assumptions in relation to the estimated total budgeted costs of the construction of hotel property under development were reasonable.

INDEPENDENT AUDITOR'S REPORT

To the Members of UOL Group Limited (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of development properties and revenue and cost of sales recognition from sales of development properties	
As at 31 December 2016, the carrying value of the Group's development properties of $1.2 billion, accounted for 10% of the Group's total assets. The Group did not record any impairment charge for development properties for the financial year then ended. The disclosures relating to these development properties are included in Note 13 of the financial statements. Revenue from sales of development properties recognised as construction progresses of $726.2 million for the year ended 31 December 2016, accounted for 50% of the Group's total revenue and the corresponding cost of sales of $649.7 million, accounted for 68% of the Group's total cost of sales. No expected loss arising from total development cost exceeding total revenue has been recognised as expense for the financial year then ended. The determination of the carrying value and whether to recognise any impairment charge for development properties is highly dependent on the estimated cost to complete each development and the estimated selling price as disclosed in Note 2.5. Significant management judgement is involved in estimating the costs of each development. Management also utilised a number of different assumptions which were highly subjective to determine the estimated selling prices which are impacted by market demand for properties and local government policies. These judgement and assumptions impact the carrying value of development properties, and the revenue and cost of sales recognised from sales of development properties.	In assessing valuation of development properties, we focused on development projects with slower than expected sales or low margins. Our audit procedures to assess the adequacy of management's estimated development costs and the reasonableness of the assumptions used included the following: • compared actual cost incurred against underlying contracts with vendors and supporting documents; • assessed the reasonableness of cost to complete by substantiating costs that have been committed to quotations from and contracts with suppliers; • discussed with the project managers the basis for the estimated cost to complete and challenged the underlying assumptions by benchmarking against the Group's past projects; and • evaluated the competency, capabilities and objectivity of the quantity surveyors used by management for the certification of proportion of construction cost to date. We have also challenged management's key assumptions relating to the estimated selling prices by comparing against comparable market data and market price trends, taking into consideration the economic conditions in the respective countries where the Group has development properties. We have evaluated the sensitivity of the margins to changes in sales prices. We have also recomputed the percentage of completion as at the reporting date to assess the appropriateness of the revenue and cost of sales recognised from sales of development properties. The evidence we obtained from performing our procedures indicated that management's estimates and assumptions were reasonable.

INDEPENDENT AUDITOR'S REPORT

To the Members of UOL Group Limited (continued)

Other Information

Management is responsible for the other information. The other information refers to the "Directors' Statement" section on pages 80 to 84 of the annual report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the annual report which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

To the Members of UOL Group Limited (continued)

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of UOL Group Limited (continued)

Report on other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Chua Lay See.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 24 February 2017

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 31 December 2016

	Note	The Group 2016 $'000	2015 $'000
Revenue	4	**1,440,739**	1,278,749
Cost of sales		**(955,729)**	(774,876)
Gross profit		**485,010**	503,873
Other income			
– Finance income	4	**5,406**	6,039
– Miscellaneous income	4	**17,175**	18,374
Expenses			
– Marketing and distribution		**(63,374)**	(67,275)
– Administrative		**(77,660)**	(81,010)
– Finance	7	**(30,292)**	(41,664)
– Other operating		**(81,310)**	(82,500)
Share of profit of associated companies	17	**130,849**	136,553
Share of profit of joint venture companies	18	**1,087**	29,117
		386,891	421,507
Other losses	8	**(23,275)**	(22,036)
Fair value (losses)/gains on investment properties	20	**(9,700)**	60,902
Profit before income tax		**353,916**	460,373
Income tax expense	9(a)	**(48,316)**	(47,195)
Net profit		**305,600**	413,178
Attributable to:			
Equity holders of the Company		**287,040**	391,389
Non-controlling interests		**18,560**	21,789
		305,600	413,178
Earnings per share attributable to equity holders of the Company (expressed in cents per share)	10		
– Basic		**35.82**	49.39
– Diluted		**35.81**	49.35

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2016

	Note	The Group 2016 $'000	The Group 2015 $'000
Net profit		**305,600**	413,178
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
– Fair value gains/(losses)	31(b)	**37,066**	(191,333)
– Reversal of deferred tax liabilities	31(b)	**–**	96,327
Cash flow hedges	31(f)	**(3,941)**	(210)
Currency translation differences arising from consolidation of foreign operations	31(e)	**(7,210)**	3,946
Share of other comprehensive (loss)/income of an associated company	31(a),(e)	**(4,569)**	2,516
Other comprehensive income/(loss), net of tax		**21,346**	(88,754)
Total comprehensive income		**326,946**	324,424
Total comprehensive income attributable to:			
Equity holders of the Company		**308,216**	302,838
Non-controlling interests		**18,730**	21,586
		326,946	324,424

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

STATEMENTS OF FINANCIAL POSITION – GROUP AND COMPANY

As at 31 December 2016

	Note	The Group 2016 $'000	The Group 2015 $'000	The Company 2016 $'000	The Company 2015 $'000
ASSETS					
Current assets					
Cash and bank balances	11	**301,512**	276,398	**1,680**	1,546
Trade and other receivables	12	**99,597**	197,106	**1,579**	2,551
Derivative financial instrument	26	**–**	1,338	**–**	–
Development properties	13	**1,174,220**	1,484,292	**–**	–
Inventories	14	**651**	734	**–**	–
Other assets	16	**16,993**	15,618	**242**	199
Current income tax assets	9(b)	**157**	125	**–**	–
		1,593,130	1,975,611	**3,501**	4,296
Non-current assets					
Trade and other receivables	12	**128,780**	13,348	**783,355**	745,969
Derivative financial instrument	26	**207**	–	**–**	–
Available-for-sale financial assets	15	**855,051**	804,872	**658,110**	619,647
Investments in associated companies	17	**3,409,827**	3,279,632	**163,725**	162,737
Investments in joint venture companies	18	**77,747**	86,349	**–**	–
Investments in subsidiaries	19	**–**	–	**1,779,176**	1,800,714
Investment properties	20	**4,299,597**	4,134,897	**421,500**	421,500
Property, plant and equipment	21	**1,165,536**	1,178,534	**1,009**	1,113
Intangibles	22	**24,361**	23,336	**–**	14
Deferred income tax assets	29	**3,904**	4,702	**–**	–
		9,965,010	9,525,670	**3,806,875**	3,751,694
Total assets		**11,558,140**	11,501,281	**3,810,376**	3,755,990
LIABILITIES					
Current liabilities					
Trade and other payables	23	**203,125**	238,322	**564,319**	397,787
Current income tax liabilities	9(b)	**50,699**	41,788	**1,838**	1,205
Borrowings	24	**728,675**	523,605	**215,533**	179,403
		982,499	803,715	**781,690**	578,395
Non-current liabilities					
Trade and other payables	23	**157,013**	156,027	**4,491**	4,279
Borrowings	24	**1,617,759**	1,983,423	**176,417**	282,333
Derivative financial instrument	26	**4,272**	978	**3,596**	978
Loan from non-controlling shareholder of a subsidiary (unsecured)	27	**63,009**	63,009	**–**	–
Provision for retirement benefits	28	**4,927**	3,854	**–**	–
Deferred income tax liabilities	29	**93,297**	89,159	**2,960**	3,490
		1,940,277	2,296,450	**187,464**	291,080
Total liabilities		**2,922,776**	3,100,165	**969,154**	869,475
NET ASSETS		**8,635,364**	8,401,116	**2,841,222**	2,886,515
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	30	**1,269,853**	1,216,099	**1,269,853**	1,216,099
Reserves	31	**912,147**	889,866	**503,144**	475,608
Retained earnings		**5,945,154**	5,788,210	**1,068,225**	1,194,808
		8,127,154	7,894,175	**2,841,222**	2,886,515
Non-controlling interests		**508,210**	506,941	**–**	–
Total equity		**8,635,364**	8,401,116	**2,841,222**	2,886,515

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2016

	Note	Share capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non–controlling interests $'000	Total equity $'000
		Attributable to equity holders of the Company					
2016							
Beginning of financial year		**1,216,099**	**889,866**	**5,788,210**	**7,894,175**	**506,941**	**8,401,116**
Profit for the year		–	–	287,040	287,040	18,560	305,600
Other comprehensive income for the year		–	21,176	–	21,176	170	21,346
Total comprehensive income for the year		**–**	**21,176**	**287,040**	**308,216**	**18,730**	**326,946**
Employee share option scheme							
– Value of employee services	31(a)	–	1,103	–	1,103	–	1,103
– Proceeds from shares issued	30	1,095	–	–	1,095	–	1,095
Dividends	32	–	–	(119,416)	(119,416)	(2,000)	(121,416)
Issue of shares under scrip dividend scheme	30	55,138	–	–	55,138	–	55,138
Shares cancelled upon buy-back		(2,479)	–	(6,384)	(8,863)	–	(8,863)
Acquisition of interests from non-controlling shareholder		–	–	(4,404)	(4,404)	(15,461)	(19,865)
Share of an associated company's acquisition of interests from non-controlling shareholders	17	–	2	108	110	–	110
Total transactions with owners, recognised directly in equity		**53,754**	**1,105**	**(130,096)**	**(75,237)**	**(17,461)**	**(92,698)**
End of financial year		**1,269,853**	**912,147**	**5,945,154**	**8,127,154**	**508,210**	**8,635,364**
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

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 2016

	2016 $'000	2015 $'000
Cash flows from operating activities		
Net profit	**305,600**	413,178
Adjustments for		
– Income tax expense	**48,316**	47,195
– Depreciation and amortisation	**66,604**	67,231
– Allowance/(write-back of allowance) for impairment of loans and receivables – net	**60**	(21)
– Share of profit of associated companies	**(130,849)**	(136,553)
– Share of profit of joint venture companies	**(1,087)**	(29,117)
– Unrealised translation (gains)/losses	**(69)**	13,072
– Net provision for retirement benefits	**1,165**	620
– Employee share option expense	**1,102**	1,360
– Dividend income and interest income	**(35,587)**	(48,328)
– Interest expense	**29,256**	30,510
– Fair value losses/(gains) on the Group's investment properties	**9,700**	(60,902)
– Property, plant and equipment written off and net loss on disposals	**1,152**	2,163
– Negative goodwill on acquisition of interests in an associated company	**(7,400)**	(5,755)
– Write-back of impairment charge on property, plant and equipment	**(2,741)**	(11,757)
– Impairment charge on property, plant and equipment	**26,700**	40,224
– Gain on liquidation of an available-for-sale financial asset	**–**	(676)
– Gain on purchase of a business	**(3,518)**	–
	308,404	322,444
Change in working capital		
– Receivables	**13,593**	49,599
– Development properties	**244,626**	209,858
– Inventories	**83**	68
– Payables	**1,738**	(813)
	260,040	258,712
Cash generated from operations	**568,444**	581,156
Income tax paid	**(33,475)**	(66,704)
Retirement benefits paid	**(16)**	–
Release of bank deposits pledged as security	**3,562**	2,150
Net cash from operating activities	**538,515**	516,602
Cash flows from investing activities		
Proceeds from liquidation of an available-for-sale financial asset	**–**	676
Proceeds from liquidation of associated companies	**1,100**	3,150
Payments for intangibles	**(2,286)**	(570)
Payments for interests in associated companies	**(12,976)**	(17,788)
Payments for interests in joint venture companies	**(23,311)**	–
Loans to an associated company and joint venture companies	**(113,797)**	(1,110)
Repayment of loan by a joint venture company	**87,313**	77,800
Net proceeds from disposal of property, plant and equipment	**235**	281
Acquisition of a business (Note 38)	**(181,749)**	–
Purchase of property, plant and equipment and investment properties	**(66,337)**	(47,262)
Interest received	**5,406**	6,039
Dividends received	**57,391**	42,015
Net cash (used in)/from investing activities	**(249,011)**	63,231

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2016

	Note	2016 $'000	2015 $'000
Cash flows from financing activities			
Proceeds from shares issued		**1,095**	7,926
Payment to non-controlling shareholder for purchase of shares in a subsidiary		**(19,865)**	–
Loans from non-controlling shareholder of a subsidiary		**–**	8,851
Proceeds from 2.5% unsecured fixed rate notes due 2020		**240,000**	–
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		**1,459,712**	441,812
Repayment of borrowings		**(1,804,891)**	(916,390)
Expenditure relating to bank borrowings		**(2,127)**	(4,158)
Interest paid		**(57,041)**	(57,678)
Payment of finance lease liabilities		**(269)**	(270)
Dividends paid to equity holders of the Company		**(64,278)**	(61,515)
Dividends paid to non-controlling interests		**(2,000)**	(2,815)
Payments for share buy-back		**(8,863)**	–
Net cash used in financing activities		**(258,527)**	(584,237)
Net increase/(decrease) in cash and cash equivalents		**30,977**	(4,404)
Cash and cash equivalents at the beginning of the financial year		**272,546**	280,855
Effects of currency translation on cash and cash equivalents		**(2,211)**	(3,905)
Cash and cash equivalents at the end of the financial year	11(c)	**301,312**	272,546

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

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 2016

On 1 January 2016, 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.

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 on a completed contract basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(b) *Revenue from hotel ownership and operations*

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

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

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

(i) Property and project management fees

Property and project management fees are recognised when services are rendered under the terms of the contract.

(ii) Hotel management fees

Management fees earned from hotels managed by the Group, usually under long-term contracts with the hotel owner, are recognised when services are rendered under the terms of the contract. The fees include a base fee, which is generally a percentage of hotel revenue, and/or an incentive fee, which is generally based on the hotel's profitability.

(iii) Franchise fees

Franchise fees received in connection with licensing of the Group's brand names, usually under long-term contracts with the hotel owner, are recognised when services are rendered under the terms of the agreement. The Group generally charges franchise fees as a percentage of hotel revenue.

(iv) Other related fees

Other related fees earned from hotels managed by the Group are recognised when services are rendered under the terms of the contract.

(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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

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

2.3 **Group accounting** (continued)

(a) *Subsidiaries* (continued)

(iii) Disposals

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

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

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

(b) *Transactions with non-controlling interests*

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

(c) *Associated companies and joint venture companies*

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

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

(ii) Equity method of accounting

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

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

(iii) Disposals

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

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

2.4 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement

(iii) Other property, plant and equipment

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

(iv) Component of costs

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

(b) Depreciation

Freehold land, properties under development and renovation in progress are not depreciated. Leasehold land is amortised evenly over the term of the lease. Please refer to Note 21(d) for the lease period of each property.

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

	Useful lives
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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 <u>Development properties</u>

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

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

For sales of development properties of the Group that are within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 – *Agreements for the Construction of Real Estate*, the Group recognises revenue for sales of such development properties by reference to the stage of completion of the properties.

The stage of completion is measured by reference to the 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.

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 <u>Intangibles</u>

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Intangibles (continued)

(c) *Acquired computer software costs*

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

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

(d) *Contract acquisition costs*

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

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

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

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 <u>Investment properties</u>

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

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

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

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

2.9 <u>Investments in subsidiaries, associated companies and joint venture companies</u>

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 <u>Impairment of non-financial assets</u>

(a) Goodwill

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets (continued)

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

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

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

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

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

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

2.11 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.

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.

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 statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 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 2016

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.

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

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

(ii) Lessee – Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 <u>Income taxes</u> (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 <u>Provisions</u>

Provisions for legal claims, asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the income statement when the changes arise, except for changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs, which are adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in the income statement immediately.

2. 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 <u>Currency translation</u> (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 <u>Segment reporting</u>

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 <u>Cash and cash equivalents</u>

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash and bank balances, highly liquid short-term deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts and exclude bank deposits pledged as security. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.25 <u>Share capital</u>

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 <u>Dividends</u>

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Classification of the Group's serviced suites as investment property or property, plant and equipment

Management applies judgement in determining the classification of the serviced suites owned by the Group. The key criteria used to distinguish the Group's serviced suites which are classified as investment properties and its other properties classified as property, plant and equipment, is the level of services provided to tenants of the serviced suites.

The Group's serviced suites have been classified as investment properties and the carrying amount at the end of the reporting period was $426,463,000 (2015: $426,900,000).

(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
(iv) the assessment of whether the Group has control over its investees.

These estimates, assumptions and judgements are however not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as disclosed in the notes to the financial statements within the next financial year.

4. REVENUE, FINANCE INCOME AND MISCELLANEOUS INCOME

	The Group	
	2016 $'000	2015 $'000
Revenue from property development		
– recognised on a completed contract basis	7,708	13,564
– recognised as construction progresses	726,226	563,932
	733,934	577,496
Revenue from property investments	225,038	219,391
Revenue from hotel ownership and operations	429,613	419,417
Revenue from hotel and other management services	21,973	20,156
Dividend income from available-for-sale financial assets	30,181	42,289
Total revenue	1,440,739	1,278,749
Interest income		
– fixed deposits with financial institutions	1,827	1,898
– loans to joint venture companies	3,324	3,879
– others	255	262
Finance income	5,406	6,039
Miscellaneous income	17,175	18,374
	1,463,320	1,303,162

5. EXPENSES BY NATURE

	The Group	
	2016 $'000	2015 $'000
Cost of inventories sold	43,090	40,055
Depreciation of property, plant and equipment (Note 21)	65,242	64,318
Amortisation of intangibles [Note 22(a),(b),(c)]	1,362	2,913
Total depreciation and amortisation	66,604	67,231
Hospitality expenses	73,857	65,551
Property, plant and equipment written off and net loss on disposals	1,152	2,163
Auditors' remuneration paid/payable to:		
– auditor of the Company	856	860
– other auditors	647	693
Other fees paid/payable to:		
– auditor of the Company	93	123
– other auditors	204	163
Employees compensation (Note 6)	188,556	182,709
Rent paid to other parties	2,741	2,357
Heat, light and power	20,742	24,118
Property tax	27,771	28,773
Development cost included in cost of sales	652,936	484,935
Advertising and promotion	46,733	48,449
Management fees	610	889
IT related expenses	1,837	1,760
Repairs and maintenance	29,921	24,438
Allowance/(write-back of allowance) of loans and receivables – net	60	(21)
Other expenses	19,663	30,415
Total cost of sales, marketing and distribution, administrative and other operating expenses	1,178,073	1,005,661

6. EMPLOYEES COMPENSATION

	The Group	
	2016 $'000	**2015 $'000**
Wages and salaries	**172,641**	167,577
Employer's contribution to defined contribution plans including Central Provident Fund	**13,648**	13,152
Retirement benefits	**1,165**	620
Share options granted to directors and employees	**1,102**	1,360
	188,556	182,709

7. FINANCE EXPENSE

	The Group	
	2016 $'000	**2015 $'000**
Interest expense:		
– bank loans, notes and overdrafts	**51,858**	56,504
– loans from non-controlling shareholders of subsidiaries	**1,558**	1,537
– finance lease liabilities	**268**	269
– bank facility fees	**3,549**	3,689
	57,233	61,999
Cash flow hedges, transfer from hedging reserve [Note 31(f)]	**1,891**	283
Less:		
Borrowing costs capitalised in development properties [Note 13(b)]	**(29,868)**	(31,772)
	29,256	30,510
Currency exchange losses – net	**1,036**	11,154
	30,292	41,664

8. OTHER (LOSSES)/GAINS

	The Group	
	2016 $'000	**2015 $'000**
Negative goodwill on acquisition of interests in an associated company	**7,400**	5,755
Gain on purchase of a business	**3,518**	–
Acquisition costs of a business	**(10,234)**	–
Write-back of impairment charge on property, plant and equipment	**2,741**	11,757
Impairment charge on property, plant and equipment	**(26,700)**	(40,224)
Gain on liquidation of an available-for-sale financial asset	**–**	676
	(23,275)	(22,036)

9. INCOME TAXES

(a) Income tax expense

	The Group	
	2016 $'000	2015 $'000
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax [Note (b) below]		
– Singapore	**36,901**	31,364
– Foreign	**8,125**	7,045
– Withholding tax paid	**582**	623
	45,608	39,032
Deferred income tax (Note 29)	**4,106**	11,416
	49,714	50,448
– (Over)/under provision in prior financial years:		
Current income tax [Note (b) below]		
– Singapore	**(1,487)**	(1,733)
– Foreign	**9**	(581)
	(1,478)	(2,314)
Deferred income tax (Note 29)	**80**	(939)
	(1,398)	(3,253)
	48,316	47,195

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	
	2016 $'000	2015 $'000
Profit before income tax	**353,916**	460,373
Share of profit of associated companies, net of tax	**(130,849)**	(136,553)
Share of profit of joint venture companies, net of tax	**(1,087)**	(29,117)
Profit before tax and share of profit of associated companies and joint venture companies	**221,980**	294,703
Tax calculated at a tax rate of 17% (2015: 17%)	**37,737**	50,100
Effects of:		
– Singapore statutory stepped income exemption	**(538)**	(592)
– Tax rebates	**(397)**	(429)
– Different tax rates in other countries	**1,134**	2,265
– Income not subject to tax	**(10,735)**	(26,671)
– Expenses not deductible for tax purposes	**16,971**	16,962
– Utilisation of previously unrecognised tax losses	**(9)**	(9)
– Deferred tax assets not recognised in the current financial year	**5,551**	8,822
– Over provision in prior financial years	**(1,398)**	(3,253)
Tax charge	**48,316**	47,195

9. INCOME TAXES (continued)

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

	The Group	
	2016 $'000	**2015 $'000**
At the beginning of the financial year	**41,663**	75,118
Currency translation differences	**74**	(1,294)
Income tax paid	**(33,475)**	(66,704)
Tax expense on profit [Note (a) above]		
– current financial year	**45,608**	39,032
– Group tax relief	**(1,850)**	(2,175)
– over provision in prior financial years	**(1,478)**	(2,314)
At the end of the financial year	**50,542**	41,663
Comprise:		
Current income tax assets	**(157)**	(125)
Current income tax liabilities	**50,699**	41,788
	50,542	41,663

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.

	2016	**2015**
Net profit attributable to equity holders of the Company ($'000)	**287,040**	391,389
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**801,252**	792,384
Basic earnings per share (cents per share)	**35.82**	49.39

(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 2016, the Company's dilutive potential ordinary shares are its share options.

The weighted average number of shares in issue is adjusted as if all share options that are dilutive were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares was issued for no consideration. No adjustment is made to the net profit.

10. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share (continued)

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

	2016	2015
Net profit attributable to equity holders of the Company ($'000)	**287,040**	391,389
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**801,252**	792,384
Adjustments for share options ('000)	**276**	690
Weighted average number of ordinary shares for diluted earnings per share ('000)	**801,528**	793,074
Diluted earnings per share (cents per share)	**35.81**	49.35

11. CASH AND BANK BALANCES

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Cash at bank and on hand	**111,141**	88,615	**468**	1,533
Fixed deposits with financial institutions	**190,371**	187,783	**1,212**	13
	301,512	276,398	**1,680**	1,546

(a) Included in cash and bank balances of the Group is an amount of $ 161,822,000 (2015: $156,067,000) 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 $851,000 (2015: $1,907,000) 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	
	2016 $'000	**2015 $'000**
Cash and bank balances (as above)	**301,512**	276,398
Less: Bank deposits pledged as security [Note 24(b)]	**(200)**	(3,852)
Cash and cash equivalents per consolidated statement of cash flows	**301,312**	272,546

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 (2015: 11 months) from the end of the financial year and have the following weighted average effective interest rates as at the end of the reporting period:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	%	**%**	**%**	**%**
Singapore Dollar	**0.5**	0.8	**0.2**	0.2
United States Dollar	**–**	0.6	**–**	–
Pound Sterling	**0.7**	–	**–**	–
Australian Dollar	**0.9**	2.0	**–**	–
Malaysian Ringgit	**3.2**	3.5	**–**	–
Vietnamese Dong	**3.7**	3.7	**–**	–
Chinese Renminbi	**1.7**	–	**–**	–
Indonesian Rupiah	**6.5**	6.5	**–**	–

(e) Acquisition of a business
Please refer to Note 38 for the effects of acquisition of a business on the cash flows of the Group.

12. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade receivables:				
– non-related parties	**96,953**	92,707	**121**	249
– subsidiaries	**–**	–	**410**	341
– associated companies	**–**	44	**–**	–
Less: Allowance for impairment of receivables				
– non-related parties	**(416)**	(359)	**–**	–
Trade receivables – net	**96,537**	92,392	**531**	590
Other receivables:				
– subsidiaries (non-trade)	**–**	–	**989**	1,925
– joint venture companies (non-trade)	**1,050**	17,564	**23**	2
– loans to joint venture companies (unsecured)	**–**	85,571	**–**	–
– sundry debtors	**2,010**	1,579	**36**	34
Other receivables	**3,060**	104,714	**1,048**	1,961
	99,597	197,106	**1,579**	2,551

12. TRADE AND OTHER RECEIVABLES (continued)

	The Group 2016 $'000	The Group 2015 $'000	The Company 2016 $'000	The Company 2015 $'000
Non-current				
Trade receivables:				
– non-related parties	**15,221**	13,328	**610**	640
Other receivables:				
– joint venture companies (non-trade)	**1,484**	–	**–**	–
Loans to:				
– subsidiaries (unsecured)	**–**	–	**782,745**	745,329
– associated companies (unsecured)	**4,375**	39	**–**	–
– joint venture companies (unsecured)	**107,719**	–	**–**	–
Less: Share of loss of an associated company taken against loan to the associated company	**(19)**	(19)	**–**	–
	128,780	13,348	**783,355**	745,969
Total trade and other receivables	**228,377**	210,454	**784,934**	748,520

(a) An impairment of receivables of $60,000 (2015: write-back of allowance for impairment of receivables of $21,000) has been included in the income statement.

(b) The non-trade amounts due from subsidiaries and joint venture companies are unsecured, interest-free and repayable on demand. The non-current loans to subsidiaries, associated companies and joint venture companies are unsecured, have no fixed terms of repayment and are not expected to be repaid within twelve months from the end of the reporting period.

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

	The Group 2016 $'000	The Group 2015 $'000
Loans subordinated to secured bank loans:		
– Loans to joint venture companies	**94,235**	70,027

(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 2016 $'000	The Group 2015 $'000	The Company 2016 $'000	The Company 2015 $'000	Borrowing rates 2016 %	Borrowing rates 2015 %
Loans to subsidiaries:						
– Floating rate	**–**	–	**–**	9,754	**–**	2.9
– Interest-free	**–**	–	**763,307**	714,926	**2.5**	2.9
Loans to associated companies:						
– Interest-free	**4,262**	39	**–**	–	**2.7**	2.9
Loans to joint venture companies:						
– Floating rate	**107,719**	–	**–**	–	**2.3**	–
	111,981	39	**763,307**	724,680		

13. DEVELOPMENT PROPERTIES

	The Group	
	2016 $'000	**2015 $'000**
Completed properties	**31,878**	40,251
Development properties in progress	**1,142,342**	1,444,041
	1,174,220	1,484,292

Details of development properties in progress are as follows:

	The Group	
	2016 $'000	**2015 $'000**
Land costs	**1,341,514**	1,580,170
Development costs	**317,903**	196,590
Property taxes, interests and overheads	**106,136**	88,487
	1,765,553	1,865,247
Development profits recognised	**92,842**	62,491
Less: Progress billings	**(716,053)**	(483,697)
	1,142,342	1,444,041

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

	The Group	
	2016 $'000	**2015 $'000**
Aggregate costs incurred and development profits recognised	**1,708,794**	1,746,423
Less: Progress billings	**(716,053)**	(483,697)
	992,741	1,262,726

(b) Borrowing costs of $29,868,000 (2015: $31,772,000) (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 $992,741,000 (2015: $1,262,726,000) [Note 24(b)].

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
Riverbank@Fernvale					
A residential development comprising 555 units of condominium apartments	99-year leasehold	99.3%	1st Quarter 2017	16,604/49,812	100%
Botanique at Bartley					
A residential development comprising 797 units of condominium apartments	99-year leasehold	46.5%	1st Quarter 2019	20,078/61,839	100%
Principal Garden					
A residential development comprising 663 units of condominium apartments	99-year leasehold	29.4%	4th Quarter 2018	24,964/57,668	70%
Bishopsgate site					
A residential development with proposed 160 units of apartments within a mixed development in London, The United Kingdom	Freehold	–	2nd Quarter 2020	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)			
29 unsold office units within a mixed development in Tianjin, The People's Republic of China	40-year leasehold	10,356	100%

14. INVENTORIES

	The Group	
	2016 $'000	**2015 $'000**
Food and beverages	**640**	691
Other supplies	**11**	43
	651	734

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $43,090,000 (2015: $40,055,000).

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
At the beginning of the financial year	**804,872**	988,786	**619,647**	760,262
Scrip dividends from an available-for-sale financial asset	**13,113**	7,419	**9,857**	5,576
Fair value gains/(losses) recognised in other comprehensive income [Note 31(b)]	**37,066**	(191,333)	**28,606**	(146,191)
At the end of the financial year	**855,051**	804,872	**658,110**	619,647

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

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Listed securities:				
– Equity shares – Singapore	**807,667**	759,213	**610,726**	573,988
Unlisted securities:				
– Equity shares – Singapore	**47,384**	45,659	**47,384**	45,659
	855,051	804,872	**658,110**	619,647

16. OTHER ASSETS

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Deposits	**1,626**	1,102	**27**	19
Prepayments	**15,367**	14,516	**215**	180
	16,993	15,618	**242**	199

17. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Equity investments at cost:				
At the beginning of the financial year			**162,737**	162,259
Liquidation of an associated company			**–**	(500)
Scrip dividends from an associated company			**988**	978
At the end of the financial year			**163,725**	162,737
At the beginning of the financial year	**3,279,632**	3,104,327		
Additions	**20,376**	23,543		
Share of profit, net of tax	**130,849**	136,553		
Share of acquisition of interests from non-controlling shareholders	**110**	837		
Share of other comprehensive income of associated companies, net of tax [Note 31(a) and (e)]	**(4,569)**	2,516		
Distribution upon liquidation of associated companies	**(1,100)**	(3,150)		
Dividends received, net of tax	**(7,323)**	(7,145)		
Currency translation differences	**(8,148)**	22,151		
At the end of the financial year	**3,409,827**	3,279,632		

(a) The associated companies are:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2016 %	Equity holding 2015 %	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 42.26 by UEI**	2.34 by UOL and 41.94 by UEI	31 December
Marina Centre Holdings Pte Ltd	Hotelier and property investment	Singapore	**22.67 by UOL**	22.67 by UOL	31 December
City Square Hotel Co. Ltd.*	Hotelier	Myanmar	**20 by PPHH**	20 by PPHH	31 December
Aquamarina Hotel Private Limited	Hotelier	Singapore	**25 by UEI**	25 by UEI	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

17. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

(a) The associated companies are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2016 %	Equity holding 2015 %	Accounting year end
Brendale Pte Ltd	Dormant	Singapore	**30 by UOL**	30 by UOL	31 December
Ardenis Pte Ltd	Dormant	Singapore	**35 by UOD**	35 by UOD	31 December
Peak Venture Pte. Ltd.^	Dormant	Singapore	**40 by UCI**	40 by UCI	31 December
Nassim Park Developments Pte. Ltd.	Liquidated	Singapore	**–**	50 by UOL	31 December
Premier Land Development Pte. Ltd.	Liquidated	Singapore	**–**	50 by UVI	31 December

PricewaterhouseCoopers LLP Singapore is the auditor of all associated companies of the Group unless otherwise indicated.
* Audited by Win Thin & Associates.
** Audited by a PricewaterhouseCoopers firm outside Singapore.
*** 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.

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 2016.

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.

(b) As at 31 December 2016, the carrying amounts and published price quotations of UIC are as follows:

	The Group 2016 $'000	The Group 2015 $'000	The Company 2016 $'000	The Company 2015 $'000
Carrying amount	**2,791,307**	2,648,436	**51,942**	50,954
Published price quotation	**1,753,190**	1,791,702	**92,189**	94,816

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

17. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

(b) As at 31 December 2016, the carrying amounts and published price quotations of UIC are as follows: (continued)

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 622,118,863 ordinary shares (44.28%) to 632,920,400 ordinary shares (44.60%). The increase in shareholdings arose from (i) the acquisition of an additional 4,013,600 ordinary shares by UEI; and (ii) the election by the Company and UEI to receive 359,151 ordinary shares and 6,428,786 ordinary shares respectively, under the UIC Scrip Dividend Scheme in lieu of cash dividend at an issue price of S$2.75 per share.

(d) Summarised financial information of UIC

	2016 $'000	2015 $'000
Current assets	**1,231,792**	1,296,145
Includes:		
– Cash and cash equivalents	**86,508**	82,054
Non-current assets	**7,390,011**	7,242,313
Current liabilities	**(1,463,205)**	(865,715)
Includes:		
– Financial liabilities (excluding trade payables)	**(1,229,148)**	(638,775)
– Other liabilities	**(46,345)**	(45,486)
Non-current liabilities	**(123,536)**	(891,724)
Includes:		
– Financial liabilities (excluding trade payables)	**(12,480)**	(768,377)
– Other liabilities	**(54,275)**	(50,050)
Net assets	**7,035,062**	6,781,019
Revenue	**1,036,584**	807,199
Interest income	**3,929**	4,289
Expenses includes:		
– Depreciation	**(24,068)**	(23,750)
– Interest expense	**(9,204)**	(12,591)
Profit before tax	**328,215**	330,085
Income tax expense	**(49,560)**	(39,294)
Profit after tax	**278,655**	290,791
Other comprehensive (loss)/income	**(11,997)**	5,964
Total comprehensive income	**266,658**	296,755
Dividends received from UIC	**18,667**	18,361

17. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

(d) Summarised financial information of UIC (continued)

The information above reflects the amounts presented in the financial statements of UIC (and not the Group's share of those amounts). No adjustments for differences in accounting policies between the Group and UIC were necessary. There were no contingent liabilities relating to the Group's interest in UIC as at 31 December 2016.

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

	2016 $'000	2015 $'000
Net assets attributable to equity holders of the Company		
At 1 January	**6,781,019**	6,498,067
Profit for the year	**278,655**	290,791
Other comprehensive (loss)/income	**(11,997)**	5,964
Movement in share capital	**38,677**	40,455
Movement in reserves	**424**	423
Effect of purchase of shares from non-controlling shareholders	**(455)**	(3,741)
Dividends paid	**(51,261)**	(50,940)
At 31 December	**7,035,062**	6,781,019
Less: Amounts attributable to non-controlling interests	**(803,115)**	(821,552)
	6,231,947	5,959,467
Interest in UIC (44.60%) (2015: 44.28%)	**2,779,448**	2,638,852
Revaluation gains of hotel properties recognised during step acquisitions	**11,859**	9,584
Carrying value	**2,791,307**	2,648,436

(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:

	2016 $'000	2015 $'000
Net profit and total comprehensive income	**1,859**	21,578
Carrying value	**618,520**	631,196

(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 $2,856,000 (2015: $3,883,000).

18. INVESTMENTS IN JOINT VENTURE COMPANIES

	The Group 2016 $'000	The Group 2015 $'000
At the beginning of the financial year	**86,349**	57,232
Additions	**23,311**	–
Share of profit, net of tax	**1,087**	29,117
Dividends received, net of tax	**(33,000)**	–
At the end of the financial year	**77,747**	86,349

(a) The joint venture companies are:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2016 %	Equity holding 2015 %	Accounting year end
United Venture Development (Bedok) Pte. Ltd.	Property development	Singapore	**50 by UVI**	50 by UVI	31 December
United Venture Development (Thomson) Pte. Ltd.	Property development	Singapore	**50 by UVI**	50 by UVI	31 December
United Venture Development (Clementi) Pte. Ltd.	Property development	Singapore	**50 by UVI**	50 by UVI	31 December
UVD (Projects) Pte. Ltd. ^	Property development	Singapore	**50 by UVI**	–	31 December
United Venture Investments (HI) Pte. Ltd. ^	Property investment	United Kingdom/ Singapore	**50 by UVI**	–	31 December

PricewaterhouseCoopers LLP Singapore is the auditor of the joint venture companies.
^ Newly incorporated during the financial year.

(b) There is no share of joint venture companies' contingent liabilities incurred jointly with other investors. Contingent liabilities relating to capital commitments of joint venture companies in which the Group is severally liable amounted to $77,376,000 (2015: $7,961,000).

19. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2016 $'000	**2015 $'000**
Unlisted investments at cost	**1,807,295**	1,807,295
Less accumulated impairment charge:		
At the beginning of the financial year	**(6,581)**	(6,581)
Impairment charge for the financial year	**(26,875)**	–
Write-back of impairment charge for the financial year	**5,337**	–
	(28,119)	(6,581)
At the end of the financial year	**1,779,176**	1,800,714

(a) Impairment charge

Impairment charges and write-back of impairment charges were made to adjust the carrying values of certain of the Company's unlisted investments in subsidiaries to their recoverable amounts, taking into account the general economic and operating environments in which the relevant subsidiaries operate in.

The recoverable amount for the relevant subsidiaries was mainly estimated based on the fair value less cost to sell of the net assets as at the end of the reporting period. The carrying amounts of the net assets of the relevant subsidiaries approximate their fair values.

(b) The subsidiaries are:

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment 2016 $'000	Cost of investment 2015 $'000	Proportion of ordinary shares held by the Group 2016 %	Proportion of ordinary shares held by the Group 2015 %	Proportion of ordinary shares held by non-controlling interests 2016 %	Proportion of ordinary shares held by non-controlling interests 2015 %
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
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	**–**	–

19. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment 2016 $'000	Cost of investment 2015 $'000	Proportion of ordinary shares held by the Group 2016 %	Proportion of ordinary shares held by the Group 2015 %	Proportion of ordinary shares held by non-controlling interests 2016 %	Proportion of ordinary shares held by non-controlling interests 2015 %
Held by the Company (continued)								
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	**–**	–
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	**–**	–
UOL Ventures Pte. Ltd.^	Dormant	Singapore	**~**	–	**100**	–	**–**	–
			1,807,295	1,807,295				

19. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group 2016 %	2015 %	Proportion of ordinary shares held by non-controlling interests 2016 %	2015 %
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.* [Note (f) below]	Property development, hotelier and property investment	The People's Republic of China	**100 by UCI**	90 by UCI	**–**	10
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#	Dormant	United Kingdom	**100 by ULH**	100 by ULH	**–**	–
UOL Development (UK) Limited*	Property development	United Kingdom	**100 by UVI**	100 by UVI	**–**	–
Success Venture Property Investments Limited^	Property investment	United Kingdom/ Hong Kong	**100 by UOD**	–	**–**	–
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	**–**	–

19. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group 2016 %	Proportion of ordinary shares held by the Group 2015 %	Proportion of ordinary shares held by non-controlling interests 2016 %	Proportion of ordinary shares held by non-controlling interests 2015 %
Held by subsidiaries (continued)						
St Gregory Spa Pte Ltd	Management and operator of health and beauty retreats and facilities	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
Dou Hua Restaurants Pte Ltd	Operator of restaurants	Singapore	**100 by PPHG**	100 by PPHG	**–**	–
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	**–**	–
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	**–**	–

19. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group 2016 %	2015 %	Proportion of ordinary shares held by non-controlling interests 2016 %	2015 %
Held by subsidiaries (continued)						
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	**–**	–
Pan Pacific Hotels and Resorts America, Inc. ("PPHRA")#	Hotel manager and operator	United States of America	**100 by PPHR**	100 by PPHR	**–**	–
Pan Pacific Hotels and Resorts Seattle Limited Liability Co#	Hotel manager and operator	United States of America	**100 by PPHRA**	100 by PPHRA	**–**	–
PT. Pan Pacific Hotels & Resorts Indonesia****	Hotel manager and operator	Indonesia	**99 by PPHR and 1 by PPHRA**	99 by PPHR and 1 by PPHRA	**–**	–

19. INVESTMENTS IN SUBSIDIARIES (continued)

(c) The following unit trusts are held by:

Name of unit trusts	Principal activities	Country of business/ constitution	Proportion of units held by the Group 2016 %	2015 %	Proportion of units held by non–controlling interests 2016 %	2015 %
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.

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 2016.

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

(d) Carrying value of non-controlling interests

	2016 $'000	2015 $'000
NSI	**382,393**	371,773
Other subsidiaries with immaterial non-controlling interests	**125,817**	135,168

19. INVESTMENTS IN SUBSIDIARIES (continued)

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

	2016 $'000	2015 $'000
Current		
Assets	**1,586**	1,397
Liabilities	**(12,094)**	(14,127)
Total current net liabilities	**(10,508)**	(12,730)
Non-current		
Assets	**983,232**	958,635
Liabilities	**(16,742)**	(16,472)
Total non-current net assets	**966,490**	942,163
Net assets	**955,982**	929,433
Revenue	**48,104**	45,679
Profit before income tax	**37,925**	50,831
Income tax expense	**(6,375)**	(6,108)
Profit after tax and total comprehensive income	**31,550**	44,723
Total comprehensive income allocated to non-controlling interests	**12,620**	17,889
Dividends paid to non-controlling interests	**2,000**	2,000
Cash flows from operating activities		
Cash generated from operations	**36,353**	27,330
Income tax paid	**(5,697)**	(6,277)
Net cash generated from operating activities	**30,656**	21,053
Net cash used in investing activities	**(23,668)**	(710)
Net cash used in financing activities	**(7,004)**	(20,432)
Net decrease in cash and cash equivalents	**(16)**	(89)
Cash and cash equivalents at beginning of year	**453**	542
Cash and cash equivalents at end of year	**437**	453

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

20. INVESTMENT PROPERTIES

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At the beginning of the financial year	**4,134,897**	4,080,214	**421,500**	409,800
Currency translation differences	**(13,329)**	(10,803)	**–**	–
Additions	**2,446**	1,242	**–**	–
Acquisition via business combination (Note 38)	**185,283**	–	**–**	–
Adjustments upon finalisation of costs for completed projects	**–**	(5,086)	**–**	–
Transfer from development properties	**–**	7,239	**–**	–
Transfer from hotel properties	**–**	1,189	**–**	–
Fair value (losses)/gains recognised in income statement	**(9,700)**	60,902	**–**	11,700
At the end of the financial year	**4,299,597**	4,134,897	**421,500**	421,500

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

(b) Bank borrowings are secured on certain investment properties of the Group amounting to $1,416,062,000 (2015: $1,607,477,000) [Note 24(b)].

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

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Rental income (Note 4)	**225,038**	219,391	**18,795**	17,679
Direct operating expenses arising from investment properties that generated rental income	**34,919**	34,247	**2,669**	2,589

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

(e) The details of the Group's investment properties at 31 December 2016 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

20. INVESTMENT PROPERTIES (continued)

(e) The details of the Group's investment properties at 31 December 2016 were: (continued)

		Tenure of land
Pan Pacific Serviced Suites Orchard	– a 16-storey tower block comprising 126 units of serviced suites, restaurants and a basement carpark at Somerset Road, Singapore	Freehold
One Upper Pickering	– a 15-storey office building with a roof terrace within a hotel and office development at Upper Pickering Street, Singapore	99-year lease from 2008
OneKM	– a 3-storey commercial podium with a basement located within a commercial/residential development at Tanjong Katong Road, Singapore	Freehold
PARKROYAL Serviced Suites Kuala Lumpur	– a 31-storey serviced suite with 287 units and a carpark at Jalan Nagasari, Kuala Lumpur, Malaysia	Freehold
The Esplanade (Hai He Hua Ding)	– a 3-storey retail mall with basement carparks located within a commercial/residential development in Hong Qiao District, Tianjin, The People's Republic of China	40-year lease from 2007
110 High Holborn	– a retail-cum-office building comprising basement and 1st storey retail space, a 9 storey office block with basement carpark and bicycle storage at the junction of A40 High Holborn and Proctor Street, London, United Kingdom	Part freehold and part 999-leasehold from 1999

(f) Fair value hierarchy – Recurring fair value measurements

	The Group Fair value measurements using significant unobservable inputs (Level 3)	
	2016 $'000	**2015 $'000**
Description		
Singapore:		
– Shops	**1,328,100**	1,335,900
– Offices	**2,300,170**	2,301,520
– Serviced Suites	**353,996**	352,790
Malaysia:		
– Serviced Suites	**72,466**	74,110
The People's Republic of China:		
– Shops	**47,326**	48,776
– Carpark	**20,837**	21,801
United Kingdom:		
– Shops	**24,033**	–
– Offices	**151,760**	–
– Carpark	**909**	–

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties semi-annually based on the properties' highest and best use.

Changes in Level 3 fair values as assessed by the external valuers are reviewed by the Group Chief Executive and the Chief Financial Officer and are presented at the relevant Board meetings for approval.

20. INVESTMENT PROPERTIES (continued)

Valuation techniques used to derive Level 3 fair values

Level 3 fair values of the Group's completed investment properties have been generally derived using one or more of the following valuation approach:

(i) the Direct Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant input to the valuation approach would be the adopted value per square foot.

(ii) the Discounted Cash Flow Method where the future income stream over a period is discounted to arrive at a present value. Significant inputs to the valuation approach would be the growth rate, capitalisation rate and discount rate.

(iii) the Income Method approach where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth and over the unexpired lease term. The most significant input to the valuation approach would be the capitalisation rate.

Valuation techniques and inputs used in Level 3 fair value measurements

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

Description	Fair value as at 31 December 2016 $'000	Fair value as at 31 December 2015 $'000	Valuation technique(s)	Unobservable inputs[@]	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Singapore						
Shops	**1,328,100**	1,335,900	Direct Comparison Method	– Adopted value per square foot	$1,420 to $2,455 ($2,139) [2015: $1,440 to $2,459 ($2,177)]	The higher the adopted value, the higher the fair value.
			Income Method	– Capitalisation rate	5% (5%) [2015: 5% (5%)]	The lower the capitalisation rate, the higher the fair value.
Offices	**2,300,170**	2,301,520	Direct Comparison Method	– Adopted value per square foot	$1,400 to $2,594 ($2,403) [2015: $1,505 to $2,548 ($2,384)]	The higher the adopted value, the higher the fair value.
			Income Method	– Capitalisation rate	4% (4%) [2015: 4% (4%)]	The lower the capitalisation rate, the higher the fair value.

20. INVESTMENT PROPERTIES (continued)

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

Description	Fair value as at 31 December 2016 $'000	Fair value as at 31 December 2015 $'000	Valuation technique(s)	Unobservable inputs@	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Singapore (continued)						
Serviced Suites	**353,996**	352,790	Discounted Cash Flow Method	– Growth rate	3% to 4% (3%) [2015: 4% (4%)]	The higher the growth rate, the higher the fair value.
				– Discount rate	7% to 8% (7%) [2015: 7% to 8% (7%)]	The higher the discount rate or capitalisation rate, the lower the fair value.
				– Capitalisation rate	4% to 5% (5%) [2015: 5% (5%)]	
			#Direct Comparison Method	– Adopted value per square foot	$1,111 ($1,111) [2015: $1,107 ($1,107)]	The higher the adopted value, the higher the fair value.
			#Income Method	– Capitalisation rate	6% (6%) [2015: 6% (6%)]	The lower the capitalisation rate, the higher the fair value.
Malaysia						
Serviced Suites	**72,466**	74,110	Discounted Cash Flow Method	– Growth rate	5% (5%) [2015: 6% (6%)]	The higher the growth rate, the higher the fair value.
				– Discount rate	9% (9%) [2015: 9% (9%)]	The higher the discount rate or capitalisation rate, the lower the fair value.
				– Capitalisation rate	7% (7%) [2015: 7% (7%)]	
The People's Republic of China						
Shops	**47,326**	48,776	Direct Comparison Method	– Adopted value per square foot	$415 ($415) [2015: $436 ($436)]	The higher the adopted value, the higher the fair value.
			Income Method	– Capitalisation rate	5.5% (5.5%) [2015: 5% (5%)]	The lower the capitalisation rate, the higher the fair value.
Carpark	**20,837**	21,801	Direct Comparison Method	– Adopted value per square foot	$112 ($112) [2015: $115 ($115)]	The higher the adopted value, the higher the fair value.
			Income Method	– Capitalisation rate	4% (4%) [2015: 3.5% (3.5%)]	The lower the capitalisation rate, the higher the fair value.

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20. INVESTMENT PROPERTIES (continued)

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

Description	Fair value as at 31 December 2016 $'000	2015 $'000	Valuation technique(s)	Unobservable inputs@	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
United Kingdom						
Shops	**24,033**	–	Income Method	– Capitalisation rate	5% to 6%	The lower the capitalisation rate, the higher the fair value.
Offices	**151,760**	–	Income Method	– Capitalisation rate	5% to 6%	The lower the capitalisation rate, the higher the fair value.
Carpark	**909**	–	Income Method	– Capitalisation rate	6%	The lower the capitalisation rate, the higher the fair value.

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

@ There were no significant inter-relationships between unobservable inputs except that under the Discounted Cash Flow Method, the discount rate should conceptually approximate the summation of the capitalisation rate and the growth rate.

The valuations are estimated by independent professional valuers based on market conditions as at 31 December 2016. The estimates are largely consistent with the budgets and other financial projections developed internally by the Group based on management's experience and knowledge of market conditions.

21. PROPERTY, PLANT AND EQUIPMENT

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

21. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant, equipment, furniture and fittings $'000	Motor vehicles $'000	Renovation in progress $'000	Total $'000
The Company				
Cost				
At 1 January 2016	5,305	100	–	5,405
Additions	312	–	37	349
Disposals/write-offs	(44)	–	–	(44)
At 31 December 2016	5,573	100	37	5,710
Accumulated depreciation				
At 1 January 2016	4,237	55	–	4,292
Charge for the financial year	433	20	–	453
Disposals/write-offs	(44)	–	–	(44)
At 31 December 2016	4,626	75	–	4,701
Net book value at 31 December 2016	**947**	**25**	**37**	**1,009**
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**

(a) At 31 December 2016, the open market value of the hotel properties of the Group (including plant, equipment, furniture and fittings) was $2,234,329,000 (2015: $2,185,998,000) and the net book value was $1,140,647,000 (2015: $1,168,922,000). 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 $1,093,397,000 (2015: $1,017,076,000) has not been incorporated in the financial statements.

The fair values derived using the Discounted Cash Flow Method where the future income stream over a period is discounted to arrive at a present value are within Level 3 of the fair values hierarchy. The key assumptions to determine the fair value include capitalisation rate, growth rate and discount rate.

(b) Bank borrowings and other banking facilities are secured on certain hotel properties of the Group [Note 24(b)] amounting to $478,854,000 (2015: $938,904,000).

(c) The carrying amount of leasehold land and building held under finance leases was $3,906,000 (2015: $3,819,000) (Note 25) at the end of the reporting period.

21. PROPERTY, PLANT AND EQUIPMENT (continued)

(d) The details of the Group's properties in property, plant and equipment at 31 December 2016 were:

		Tenure of land	Remaining lease term
PARKROYAL on Beach Road	– a 346-room hotel at Beach Road, Singapore	99-year lease from 1968	51 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	91 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	26 years
PARKROYAL Darling Harbour, Sydney	– a 340-room hotel at Darling Harbour, Sydney, Australia	Freehold	–
PARKROYAL Parramatta	– a 286-room hotel at Parramatta, Phillip Street, New South Wales, Australia	Freehold	–
Pan Pacific Perth	– a 486-room hotel and carpark at Adelaide Terrace, Perth, Australia	Freehold	–
PARKROYAL Kuala Lumpur and President House	– a 426-room hotel and a 6-storey podium office block at Jalan Sultan Ismail, Kuala Lumpur, Malaysia	Freehold	–
	– a 320-lot carpark at Jalan Sultan Ismail, Kuala Lumpur, Malaysia	Leasehold expiring in 2080	64 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	27 years
Pan Pacific Hanoi (formerly known as Sofitel Plaza Hanoi)	– a 265-room hotel and 56 serviced suites at Thanh Nien Road, Hanoi, Vietnam	48-year lease from 1993	25 years
Pan Pacific Suzhou	– a 480-room hotel at Xinshi Road, Suzhou, Jiangsu, The People's Republic of China	50-year lease from 1994	28 years
Pan Pacific Xiamen	– a 329-room hotel and 25 serviced apartments at Hubin North Road, Xiamen, The People's Republic of China	70-year lease from 1991	45 years
Pan Pacific Tianjin	– a 289-room hotel and 30 serviced apartments in Tianjin, The People's Republic of China	40-year lease from 2007	31 years
PARKROYAL Yangon	– a 319-room hotel and 14 serviced suites at the corner of Alan Pya Phaya Road and Yaw Min Gyi Road, Yangon, Union of Myanmar	50-year lease from 1998	32 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	31+48 years
Proposed hotel at Bishopsgate site	– a proposed hotel with an estimated 237 rooms with a commercial component at Bishopsgate in the City of London	Freehold	–

21. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) The impairment charge for the financial year was in respect of the hotel property under development at Bishopsgate, London for an amount of $26,700,000 (2015: $37,000,000). The write-back of impairment charge for the financial year of $2,741,000 (2015: impairment charge of $3,224,000) was for Pan Pacific Tianjin.

The write-back of impairment charge in 2015 was in respect of PARKROYAL Melbourne Airport for an amount of $11,757,000.

The impairment charge for the hotel property under development at Bishopsgate, London arose from difference between the recoverable amount and the estimated total development cost of the hotel. The recoverable amount represents the valuation of the hotel upon completion as appraised by professional valuers on the basis of value-in-use using the discounted cash flow approach. Certain assumptions and judgement were applied to estimate the gross development value of the hotel as if it is completed and operational. The terminal capitalisation rate and discount rate used were 5.5% (2015: 5.5%) and 7.5% (2015: 8.0%) respectively.

In 2016, the total development cost estimate has increased as compared to that in 2015 because of market uncertainties following United Kingdom's decision to leave the European Union as well as delay in obtaining the regulatory approval for certain amendments to the planning permission including increasing the number of hotel rooms and residential units. These factors resulted in a further impairment charge of $26,700,000 for the current financial year. Management has estimated the total development costs in consultation with quantity surveyors and other professional consultants. Judgement was exercised in this process as there is significant cost to complete and to be contracted for as at 31 December 2016.

22. INTANGIBLES

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Trademarks [Note (a) below]	**7,995**	8,722	**–**	–
Computer software costs [Note (b) below]	**1,131**	1,246	**–**	14
Contract acquisition costs [Note (c) below]	**4,033**	2,166	**–**	–
Goodwill arising on consolidation [Note (d) below]	**11,202**	11,202	**–**	–
	24,361	23,336	**–**	14

(a) Trademarks

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Cost				
At the beginning and end of the financial year	**14,806**	14,806	**–**	–
Accumulated amortisation				
At the beginning of the financial year	**6,084**	5,357	**–**	–
Amortisation for the financial year	**727**	727	**–**	–
At the end of the financial year	**6,811**	6,084	**–**	–
Net book value	**7,995**	8,722	**–**	–

22. **INTANGIBLES** (continued)

(b) Computer software costs

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Cost				
At the beginning of the financial year	**8,579**	8,686	**1,461**	1,440
Currency translation differences	**102**	(116)	**–**	–
Additions	**34**	9	**–**	21
Disposals	**(22)**	–	**–**	–
At the end of the financial year	**8,693**	8,579	**1,461**	1,461
Accumulated amortisation				
At the beginning of the financial year	**7,333**	5,827	**1,447**	1,122
Currency translation differences	**1**	(121)	**–**	–
Amortisation for the financial year	**250**	1,627	**14**	325
Disposals	**(22)**	–	**–**	–
At the end of the financial year	**7,562**	7,333	**1,461**	1,447
Net book value	**1,131**	1,246	**–**	14

(c) Contract acquisition costs

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Cost				
At the beginning of the financial year	**3,907**	3,360	**–**	–
Currency translation differences	**6**	(14)	**–**	–
Additions	**2,252**	561	**–**	–
At the end of the financial year	**6,165**	3,907	**–**	–
Accumulated amortisation				
At the beginning of the financial year	**1,741**	1,193	**–**	–
Currency translation differences	**6**	(11)	**–**	–
Amortisation for the financial year	**385**	559	**–**	–
At the end of the financial year	**2,132**	1,741	**–**	–
Net book value	**4,033**	2,166	**–**	–

22. INTANGIBLES (continued)

(d) Goodwill arising on consolidation

	The Group	
	2016 **$'000**	**2015** **$'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	
	2016 **$'000**	**2015** **$'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 (2015: 5 to 10 years) which were prepared based on the expected future market trend.

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

	Malaysia %	**Singapore** %
2016		
Growth rate	**3.3**	**4.8**
Discount rate	**9.0**	**7.7**
2015		
Growth rate	2.7	4.7
Discount rate	9.0	7.8

23. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current				
Trade payables:				
– non-related parties	**69,542**	63,945	**951**	1,061
Other payables:				
– rental and other deposits	**32,479**	27,381	**666**	659
– accrued interest payable	**5,935**	7,401	**1,056**	1,229
– retention monies	**10,863**	16,955	**46**	38
– accrued development expenditure	**4,105**	36,619	**–**	–
– accruals for completed projects	**11,000**	16,964	**–**	–
– accrued operating expenses	**56,722**	57,608	**8,493**	8,252
– sundry creditors	**7,856**	6,761	**2,938**	2,703
– deferred revenue	**4,623**	4,687	**–**	–
– subsidiaries (non-trade)	**–**	–	**1,164**	2,028
– non-controlling shareholders (non-trade)	**–**	1	**–**	–
	133,583	174,377	**14,363**	14,909
Loans from subsidiaries	**–**	–	**549,005**	381,817
	203,125	238,322	**564,319**	397,787
Non-current				
Deferred revenue	**105,361**	109,566	**–**	–
Rental deposits	**29,442**	33,644	**4,491**	4,279
Retention monies	**18,551**	10,716	**–**	–
Accrued interest payable to non-controlling shareholder	**3,659**	2,101	**–**	–
	157,013	156,027	**4,491**	4,279
Total trade and other payables	**360,138**	394,349	**568,810**	402,066

(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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current				
Bank loans (secured)	**111,995**	91,854	**–**	–
Bank loans (unsecured)	**541,434**	431,485	**140,559**	179,403
3.043% unsecured fixed rate notes due 2017 [Note (ai) below]	**74,974**	–	**74,974**	–
Finance lease liabilities (Note 25)	**272**	266	**–**	–
	728,675	523,605	**215,533**	179,403
Non-current				
Bank loans (secured)	**567,118**	1,024,677	**–**	–
Bank loans (unsecured)	**633,084**	705,648	**176,417**	207,434
3.043% unsecured fixed rate notes due 2017 [Note (ai) below]	**–**	74,899	**–**	74,899
2.50% unsecured fixed rate notes due 2018 [Note (aii) below]	**174,803**	174,646	**–**	–
2.50% unsecured fixed rate notes due 2020 [Note (aii) below]	**239,120**	–	**–**	–
Finance lease liabilities (Note 25)	**3,634**	3,553	**–**	–
	1,617,759	1,983,423	**176,417**	282,333
Total borrowings	**2,346,434**	2,507,028	**391,950**	461,736

(a) Medium term notes

(i) On 1 July 2010, the Company established a S$1 billion Multicurrency Medium Term Note Programme (the "2010 Programme"). Under the 2010 Programme, the Company may issue Notes (the "Notes") denominated in Singapore Dollars and/or any other currencies agreed with the dealers. The Notes may be issued on a syndicated or non-syndicated basis and will rank pari passu with all other unsecured obligations. Each series of Notes may be issued in one or more tranches, on the same or different terms such as issue dates, interest rates, maturities, etc. as agreed between the Company and the relevant dealers.

(ii) On 3 November 2014, a wholly-owned subsidiary of the Group established a S$1 billion Multicurrency Medium Term Note Programme (the "2014 Programme") with similar terms as the 2010 Programme. The 2014 Programme is unconditionally and irrevocably guaranteed by the Company.

(b) Securities granted

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

	The Group	
	2016 $'000	2015 $'000
Bank deposits	**200**	3,852
Hotel properties	**478,854**	938,904
Investment properties	**1,416,062**	1,607,477
Development properties	**992,741**	1,262,726
	2,887,857	3,812,959

24. BORROWINGS (continued)

(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

	2016					2015				
	SGD	**USD**	**RMB**	**GBP**	**AUD**	**SGD**	**USD**	**RMB**	**GBP**	**AUD**
	%	%	%	%	%	%	%	%	%	%
Bank loans (secured)	**1.6**	**–**	**5.0**	**–**	**3.2**	2.2	–	5.0	–	3.6
Bank loans (unsecured)	**1.6**	**2.1**	**–**	**1.6**	**2.4**	2.1	1.4	–	2.2	–

The Company

	2016		2015	
	GBP	**SGD**	**GBP**	**SGD**
	%	%	%	%
Bank loans (unsecured)	**1.8**	**–**	–	1.6

(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			
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	$'000	**$'000**	**%**	**%**	**$'000**	**$'000**	**%**	**%**
3.043% unsecured fixed rate notes due 2017	**75,000**	75,024	**3.0**	3.0	**75,000**	75,024	**3.0**	3.0
2.50% unsecured fixed rate notes due 2018	**174,874**	172,347	**2.6**	3.2	**–**	–	**–**	–
2.5% unsecured fixed rate notes due 2020	**239,320**	–	**3.1**	–	**–**	–	**–**	–
	489,194	247,371			**75,000**	75,024		

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	
	2016	**2015**
	$'000	**$'000**
Minimum lease payments due		
– Not later than one year	**273**	267
– Between one and five years	**1,091**	1,067
– Later than five years	**20,329**	20,141
	21,693	21,475
Less: Future finance charges	**(17,787)**	(17,656)
Present value of finance lease liabilities	**3,906**	3,819

25. FINANCE LEASE LIABILITIES (continued)

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

	The Group	
	2016 $'000	2015 $'000
Not later than one year (Note 24)	**272**	266
Later than one year (Note 24)		
– Between one and five years	**1,086**	1,063
– Later than five years	**2,548**	2,490
	3,634	3,553
Total	**3,906**	3,819

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
2016						
Cash flow hedges						
– Interest rate swaps	377,590	207	(4,272)	177,590	–	(3,596)
Less: Current portion	–	–	–	–	–	–
Non-current portion	**377,590**	**207**	**(4,272)**	**177,590**	**–**	**(3,596)**
2015						
Cash flow hedges						
– Interest rate swaps	359,120	1,338	(978)	209,120	–	(978)
Less: Current portion	(150,000)	(1,338)	–	–	–	–
Non-current portion	209,120	–	(978)	209,120	–	(978)

The cash flow hedges - interest rate swaps are transacted to hedge variable interest expense on borrowings payable between October 2018 and April 2019 (2015: October 2016 and April 2019). Fair value gains and losses on the interest rate swaps recognised in the hedging reserve are transferred to the income statement as part of interest expense over the period of the borrowings.

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

The loan from non-controlling shareholder of a subsidiary of $63,009,000 (2015: $63,009,000) bears interest at 1.5% (2015: 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 2.23% (2015: 2.97%) 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	
	2016 **$'000**	**2015** **$'000**
Non-current	**4,927**	3,854

(a) A subsidiary in Malaysia operates an unfunded defined benefit scheme under the Collective Union Agreement for unionised employees and certain management staff. Benefits payable on retirement are calculated by reference to length of service and earnings over the employees' year of employment. Provision for post-employment benefit obligations is made in the financial statements so as to provide for the accrued liability at the end of the reporting period. An actuarial valuation, based on the projected credit unit method, of the fund is conducted by a qualified independent actuary once in every three years as the directors are of the opinion that yearly movements in provision are not likely to be significant. The most recent valuation was on 7 February 2017.

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

	The Group	
	2016 **$'000**	**2015** **$'000**
At the beginning of the financial year	**3,854**	3,813
Benefits paid	**(16)**	–
Current service cost	**327**	317
Interest on obligation	**277**	260
Actuarial loss	**561**	43
Currency translation differences	**(76)**	(579)
At the end of the financial year	**4,927**	3,854

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

	The Group	
	2016 **%**	**2015** **%**
Discount rate	**5.4**	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	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Deferred income tax assets				
– to be recovered within one year	**(1,287)**	(1,082)	**–**	–
– to be recovered after one year	**(2,617)**	(3,620)	**–**	–
	(3,904)	(4,702)	**–**	–
Deferred income tax liabilities				
– to be settled within one year	**7,571**	13,869	**–**	–
– to be settled after one year	**85,726**	75,290	**2,960**	3,490
	93,297	89,159	**2,960**	3,490

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

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
At the beginning of the financial year	**84,457**	170,641	**3,490**	100,118
Currency translation differences	**(293)**	(2,466)	**–**	–
Tax charge/(credit) to:				
– income statement [Note 9(a)]	**4,106**	11,416	**(85)**	(135)
– other comprehensive income [Note 31(b),(f)]	**(807)**	(96,370)	**(445)**	(96,493)
Group tax relief	**1,850**	2,175	**–**	–
Under/(over) provision in prior financial year [Note 9(a)]	**80**	(939)	**–**	–
At the end of the financial year	**89,393**	84,457	**2,960**	3,490

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

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Fair value reserves [Note 31(b)]	**–**	(96,327)	**–**	(96,327)
Hedging reserve [Note 31(f)]	**(807)**	(43)	**(445)**	(166)
	(807)	(96,370)	**(445)**	(96,493)

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 $58,927,000 (2015: $23,615,000) 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 $58,927,000 (2015: $23,615,000) can be carried forward for a period of up to five years subsequent to the year of the loss.

29. DEFERRED INCOME TAXES (continued)

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

The Group

Deferred income tax liabilities

	Fair value gains on available-for-sale financial assets	**Fair value gains on derivative financial instruments**	**Accelerated tax depreciation**	**Fair value gains on hotel properties and investment properties**	**Unremitted foreign income, interest and dividends**	**Development profit**	**Other temporary differences**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2016								
At the beginning of the financial year	–	227	52,226	19,224	1,284	16,271	778	90,010
Currency translation differences	–	–	61	(349)	–	–	11	(277)
Tax charge/(credit) to income statement	–	–	3,892	(128)	(65)	2,535	(296)	5,938
Tax credit to other comprehensive income	–	(362)	–	–	–	–	–	(362)
At the end of the financial year	**–**	**(135)**	**56,179**	**18,747**	**1,219**	**18,806**	**493**	**95,309**
2015								
At the beginning of the financial year	98,766	104	47,198	20,010	1,006	9,220	(1,666)	174,638
Currency translation differences	–	–	(2,632)	(8)	–	–	168	(2,472)
Tax (credit)/charge to income statement	(2,439)	–	7,660	(778)	278	7,051	2,276	14,048
Tax (credit)/charge to other comprehensive income	(96,327)	123	–	–	–	–	–	(96,204)
At the end of the financial year	–	227	52,226	19,224	1,284	16,271	778	90,010

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
2016					
At the beginning of the financial year	(166)	(1,825)	(2,836)	(726)	(5,553)
Currency translation differences	–	–	(16)	–	(16)
Tax (credit)/charge to income statement	–	–	(2,201)	449	(1,752)
Tax credit to other comprehensive income	(445)	–	–	–	(445)
Group tax relief	–	–	1,840	10	1,850
At the end of the financial year	**(611)**	**(1,825)**	**(3,213)**	**(267)**	**(5,916)**
2015					
At the beginning of the financial year	–	(1,961)	(2,025)	(11)	(3,997)
Currency translation differences	–	–	6	–	6
Tax credit to income statement	–	–	(2,856)	(715)	(3,571)
Tax credit to other comprehensive income	(166)	–	–	–	(166)
Group tax relief	–	136	2,039	–	2,175
At the end of the financial year	(166)	(1,825)	(2,836)	(726)	(5,553)

The Company

Deferred income tax liabilities

	Fair value gains on available-for-sale financial assets $'000	Accelerated tax depreciation $'000	Total $'000
2016			
At the beginning of the financial year	–	3,656	3,656
Tax credit to income statement	–	(85)	(85)
At the end of the financial year	**–**	**3,571**	**3,571**
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

29. DEFERRED INCOME TAXES (continued)

The Company (continued)

Deferred income tax assets

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

30. SHARE CAPITAL OF UOL GROUP LIMITED

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

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 222,000 (2015: 1,438,000) 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 2016, options were granted pursuant to the 2012 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,224,000 ordinary shares in the Company (known as "the 2016 Options") at the exercise price of $5.87per ordinary share. 1,224,000 options granted were accepted.

Statutory information regarding the 2016 Options is as follows:

(i) The option period begins on 11 March 2017 and expires on 10 March 2026 or on the date of termination of employment or in the case of the executive director, on the date he ceases to be the executive director of the Company, whichever is earlier, subject to the provisions of Rule 11 of the Rules of the 2012 Scheme.

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

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

30. SHARE CAPITAL OF UOL GROUP LIMITED (continued)

UOL Group Executives' Share Option Scheme (continued)

Movements in the number of ordinary shares outstanding under options at the end of the financial year and their exercise prices were as follows:

The Group and the Company	At the beginning of the financial year	Options granted during the financial year	Options exercised during the inancial year	Options forfeited during the financial year	At the end of the financial year	Exercise/ Subscription price/$	Option period
Executives' Share Options							
2016							
2007 Options	204,000	–	(202,000)	–	2,000	4.91	16.03.2008 to 15.03.2017
2008 Options	130,000	–	–	(18,000)	112,000	3.68	07.03.2009 to 06.03.2018
2009 Options	62,000	–	–	–	62,000	1.65	06.03.2010 to 05.03.2019
2010 Options	304,000	–	–	–	304,000	3.95	05.03.2011 to 04.03.2020
2011 Options	346,000	–	(6,000)	–	340,000	4.62	04.03.2012 to 03.03.2021
2012 Options	655,000	–	(14,000)	–	641,000	5.40	23.08.2013 to 22.08.2022
2013 Options	853,000	–	–	(66,000)	787,000	6.55	08.03.2014 to 07.03.2023
2014 Options	795,000	–	–	(96,000)	699,000	6.10	12.03.2015 to 11.03.2024
2015 Options	1,225,000	–	–	(120,000)	1,105,000	7.67	11.03.2016 to 10.03.2025
2016 Options	–	1,224,000	–	(95,000)	1,129,000	5.87	11.03.2017 to 10.03.2026
	4,574,000	**1,224,000**	**(222,000)**	**(395,000)**	**5,181,000**		
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**		

Out of the outstanding options for 5,181,000 (2015: 4,574,000) shares, options for 4,052,000 (2015: 3,349,000) shares are exercisable at the end of the reporting period. The weighted average share price at the time of exercise was $5.77 (2015: $7.21) per share.

The fair value of options granted on 11 March 2016 (2015: 11 March 2015), determined using the Trinomial Tree Model was $1,077,000 (2015: $1,366,000). The significant inputs into the model were share price of $5.88 (2015: $7.47) at the grant date, exercise price of $5.87 (2015: $7.67), standard deviation of expected share price returns of 19.53% (2015: 18.71%), option life from 11 March 2017 to 10 March 2026 (2015: 11 March 2016 to 10 March 2025), annual risk-free interest rate of 2.12% (2015: 2.17%) and dividend yield of 2.79% (2015: 2.15%). 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	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Composition:				
Share option reserve [Note (a) below]	**17,097**	15,806	**15,314**	14,211
Fair value reserve [Note (b) below]	**587,562**	550,496	**490,217**	461,611
Asset revaluation reserve [Note (c) below]	**42,978**	42,976	**–**	–
Capital reserves [Note (d) below]	**293,580**	293,580	**–**	–
Currency translation reserve [Note (e) below]	**(25,428)**	(13,291)	**–**	–
Hedging reserve [Note (f) below]	**(3,642)**	299	**(2,985)**	(812)
Others	**–**	–	**598**	598
	912,147	889,866	**503,144**	475,608

Revaluation and capital reserves are non-distributable.

(a) Share option reserve

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
At the beginning of the financial year	**15,806**	14,260	**14,211**	12,851
Employee share option scheme:				
– Value of employee services	**1,103**	1,360	**1,103**	1,360
Share of associated company (Note 17)	**188**	186	**–**	–
At the end of the financial year	**17,097**	15,806	**15,314**	14,211

(b) Fair value reserve

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
At the beginning of the financial year	**550,496**	645,502	**461,611**	511,475
Fair value gains/(losses) on available-for-sale financial assets (Note 15)	**37,066**	(191,333)	**28,606**	(146,191)
Deferred tax on fair value gains (Note 29)	**–**	96,327	**–**	96,327
	37,066	(95,006)	**28,606**	(49,864)
At the end of the financial year	**587,562**	550,496	**490,217**	461,611

(c) Asset revaluation reserve

	The Group	
	2016 $'000	**2015 $'000**
At the beginning of the financial year	**42,976**	42,958
Share of an associated company's acquisition of interests from non-controlling shareholders (Note 17)	**2**	18
At the end of the financial year	**42,978**	42,976

The asset revaluation reserve of the Group does not take into account the surplus of $1,093,397,000 (2015: $1,017,076,000) arising from the revaluation of the hotel properties of the Group [Note 21(a)].

31. RESERVES (continued)

(d) Capital reserves

Composition of capital reserves is as follows:

	The Group	
	2016 $'000	**2015 $'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.

(e) Currency translation reserve

	The Group	
	2016 $'000	**2015 $'000**
At the beginning of the financial year	**(13,291)**	(19,777)
Net currency translation differences of financial statements of foreign subsidiaries and an associated company	**(7,210)**	3,946
Share of an associated company's acquisition of interests from non-controlling shareholders (Note 17)	**–**	7
Share of an associated company's other comprehensive (loss)/income (Note 17)	**(4,757)**	2,330
	(11,967)	6,283
Less: Amount attributable to non-controlling interests	**(170)**	203
	(12,137)	6,486
At the end of the financial year	**(25,428)**	(13,291)

(f) Hedging reserve

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
At the beginning of the financial year	**299**	509	**(812)**	–
Fair value losses	**(6,639)**	(536)	**(3,831)**	(1,524)
Deferred tax on fair value (Note 29)	**807**	43	**445**	166
	(5,832)	(493)	**(3,386)**	(1,358)
Transfer to income statement				
– Finance expense (Note 7)	**1,891**	283	**1,213**	546
	(3,941)	(210)	**(2,173)**	(812)
At the end of the financial year	**(3,642)**	299	**(2,985)**	(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

32. DIVIDENDS

	The Group and the Company	
	2016 $'000	**2015 $'000**
Final one-tier dividend paid in respect of the previous financial year of 15.0 cents (2015: 15.0 cents) per share	**119,416**	118,176

At the forthcoming Annual General Meeting on 26 April 2017, a final one-tier dividend of 15.0 cents per share amounting to a total of $120,692,000 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 2017.

33. CONTINGENT LIABILITIES

The Company has guaranteed the borrowings of subsidiaries amounting to $1,274,293,000 (2015: $927,132,000). The borrowings of subsidiaries were denominated in Singapore Dollar except for an amount of $25,439,000 (2015: $90,132,000) which was denominated in United States Dollar, an amount of $161,439,000 (2015: nil) which was denominated in Pound Sterling and an amount of $18,015,000 (2015: nil) which was denominated in Australian Dollar.

At the end of the reporting period, the Group has given a guarantee of $2,856,000 (2015: $3,883,000) 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	
	2016 $'000	**2015 $'000**
Expenditure contracted for:		
– property, plant and equipment	**83,947**	30,564
– development properties	**289,795**	455,225
	373,742	485,789

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	
	2016 $'000	**2015 $'000**
Not later than one year	**3,143**	1,756
Later than one year but not later than five years	**6,417**	4,555
Later than five years	**25,245**	23,376
	34,805	29,687

(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	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Not later than one year	**161,886**	158,675	**18,059**	17,404
Later than one year but not later than five years	**248,596**	259,697	**27,457**	36,049
Later than five years	**93,544**	121,270	**2,318**	5,451
	504,026	539,642	**47,834**	58,904

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 $3,479,000 (2015: $3,692,000) and $138,000 (2015: $139,000) respectively.

35. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Board of Directors provides guidance for overall risk management. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. When necessary, the Group uses financial instruments such as interest rate swaps, currency forwards and foreign currency borrowings to hedge certain financial risk exposures.

(a) Market risk

(i) Currency risk

The Group operates in the Asia Pacific region and in the United Kingdom. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Australian Dollar ("AUD"), Malaysian Ringgit ("MYR"), Chinese Renminbi ("RMB"), United States Dollar ("USD") and Pound Sterling ("GBP").

The Group has a number of investments in foreign subsidiaries, associated companies and a joint venture company whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's subsidiaries, associated companies and a joint venture company in Australia, Malaysia, Myanmar, The People's Republic of China ("PRC"), Vietnam and the United Kingdom are managed through borrowings, as far as is reasonably practical, in foreign currencies which broadly match those in which the net assets are denominated or in currencies that are freely convertible.

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	AUD $'000	MYR $'000	RMB $'000	GBP $'000	Others $'000	Total $'000
The Group								
2016								
Financial assets								
Cash and bank balances	197,993	16,238	25,424	15,869	35,386	3,773	6,829	301,512
Trade and other receivables	201,126	7,200	11,154	1,163	2,588	2,042	3,104	228,377
Receivables from subsidiaries	491,496	17,649	–	–	–	274,998	–	784,143
Derivative financial instrument	207	–	–	–	–	–	–	207
Other assets – deposits	1,110	28	2	218	24	–	244	1,626
	891,932	41,115	36,580	17,250	37,998	280,813	10,177	1,315,865
Financial liabilities								
Borrowings	(1,697,689)	(25,439)	(103,713)	–	(40,005)	(479,588)	–	(2,346,434)
Trade and other payables	(193,622)	(3,635)	(14,254)	(7,621)	(21,749)	(1,593)	(7,680)	(250,154)
Payables to subsidiaries	(491,496)	(17,649)	–	–	–	(274,998)	–	(784,143)
Derivative financial instrument	(4,272)	–	–	–	–	–	–	(4,272)
Loans from non-controlling shareholders of subsidiaries	(63,009)	–	–	–	–	–	–	(63,009)
	(2,450,088)	(46,723)	(117,967)	(7,621)	(61,754)	(756,179)	(7,680)	(3,448,012)
Net financial (liabilities)/ assets	(1,558,156)	(5,608)	(81,387)	9,629	(23,756)	(475,366)	2,497	(2,132,147)
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	1,518,936	(5,637)	81,529	(9,655)	23,745	475,366	(2,375)	2,081,909
Add: Firm commitments and highly probable forecast transactions in foreign currencies	243,831	–	1,729	12,300	–	115,526	356	373,742
Less: Firm commitments and highly probable forecast transactions denominated in the respective entities' functional currencies	(243,831)	–	(1,729)	(12,300)	–	(115,526)	(356)	(373,742)
Currency exposure	**(39,220)**	**(11,245)**	**142**	**(26)**	**(11)**	**–**	**122**	**(50,238)**

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	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	247,029	(2,311)	2,281,315
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**	**–**	**89**	**(80,504)**

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group does not have significant exposure to currency risk other than USD. Assuming that the USD changes against SGD by 5% (2015: 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) 2016 $'000	The Group Increase/(Decrease) 2015 $'000
USD against SGD		
– strengthens	**(467)**	(3,368)
– weakens	**467**	3,368

The Company's revenue, purchases, receivables and borrowings were contracted or denominated in Singapore Dollar which is the functional and presentation currency of the Company, except for the following:

	USD $'000	GBP $'000
The Company		
2016		
Financial assets		
Loans to subsidiaries	17,649	274,998
Financial liabilities		
Bank borrowings	–	(318,149)
Currency exposure	**17,649**	**(43,151)**
2015		
Financial assets		
Loans to subsidiaries	22,646	249,480
Financial liabilities		
Bank borrowings	–	(252,323)
Currency exposure	**22,646**	**(2,843)**

Assuming that the USD and GBP changes against SGD by 5% (2015: 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) 2016 $'000	The Company Increase/(Decrease) 2015 $'000
USD against SGD		
– strengthens	**732**	940
– weakens	**(732)**	(940)
GBP against SGD		
– strengthens	**(1,791)**	(118)
– weakens	**1,791**	118

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Price risk

The Group and the Company are exposed to equity securities price risk due to their investments in quoted securities listed in Singapore, which have been classified in the consolidated statement of financial position as available-for-sale financial assets.

Based on the portfolio of quoted equity securities held by the Group and the Company as at 31 December 2016, if prices for equity securities listed in Singapore change by 10% (2015: 10%) with all other variables being held constant, the fair value reserve will be higher/lower by $80,767,000 (2015: $75,921,000) and $61,073,000 (2015: $57,399,000) 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% (2015: 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 $7,953,000 (2015: $12,903,000) and $2,220,000 (2015: $2,412,000) respectively as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and the Company's major classes of financial assets subject to credit risks are loans and receivables which include cash and bank balances. For trade and other receivables, the Group adopts the policy of dealing only with customers and counterparties of appropriate credit history, and obtaining sufficient security such as deposits and bankers' guarantees where appropriate to mitigate credit risk. Bank deposits were mainly placed with financial institutions which have high credit ratings.

Credit exposure to an individual customer or counterparty is generally restricted by credit limits that are approved by the respective management at the entity level based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and by Group management.

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

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
By geographical areas				
Singapore	**206,984**	195,032	**766,453**	725,129
Australia	**11,031**	5,147	**13**	17
Vietnam	**2,506**	1,234	**92**	103
Malaysia	**1,189**	1,742	**3**	3
PRC	**2,514**	1,706	**18,373**	23,268
Myanmar	**1,202**	1,080	**–**	–
Others	**2,951**	4,513	**–**	–
	228,377	210,454	**784,934**	748,520
By operating segments				
Property development	**151,057**	167,415	**297,278**	251,500
Property investments	**20,838**	16,273	**35,086**	35,114
Hotel operations	**16,725**	18,973	**18,882**	33,278
Management services	**39,757**	7,793	**97**	179
Investments	**–**	–	**433,591**	428,449
	228,377	210,454	**784,934**	748,520

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

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

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

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

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

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Past due 0 to 3 months	**4,996**	7,607	**17**	26
Past due 3 to 6 months	**1,533**	2,670	**–**	265
Past due over 6 months	**3,102**	2,460	**48**	–
	9,631	12,737	**65**	291

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

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

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Gross amount	**416**	359	**–**	–
Less: Allowance for impairment	**(416)**	(359)	**–**	–
	–	–	**–**	–
Beginning of financial year	**359**	444	**–**	–
Currency translation difference	**–**	–	**–**	–
Allowance made/(write-back of allowance) – net	**60**	(21)	**–**	–
Allowance utilised	**(3)**	(64)	**–**	–
End of financial year	**416**	359	**–**	–

(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			
2016			
Trade and other payables	198,502	22,205	29,447
Derivative financial instrument	3,149	2,155	486
Borrowings	759,738	889,009	775,345
Loans from non-controlling shareholders of subsidiaries	–	–	65,818
Financial guarantees for borrowings of associated companies	–	–	2,856
	961,389	**913,369**	**873,952**
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

35. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Less than 1 year $'000	Between 1 to 2 years $'000	Between 2 to 5 years $'000
The Company			
2016			
Trade and other payables	564,319	2,779	1,712
Derivative financial instrument	1,688	1,688	486
Borrowings	221,982	5,504	179,138
Financial guarantees for borrowings of subsidiaries and associated companies	401,101	375,000	498,193
	1,189,090	**384,971**	**679,529**
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

The Group and the Company manage the liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments, having an adequate amount of committed credit facilities and the ability to close market positions at a short notice.

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and aim to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may, subject to the necessary approvals from the shareholders, the lending bank, other creditors and/or the regulatory authorities, adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are also required under their note issuance programmes to maintain a gearing ratio of not exceeding 200% (2015: 200%). The Group's and the Company's strategies, which were unchanged from 2015, 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	
	2016	**2015**	**2016**	**2015**
Net debt ($'000)	**2,107,931**	2,293,639	**390,270**	460,190
Total equity ($'000)	**8,635,364**	8,401,116	**2,841,222**	2,886,515
Gearing ratio	**24%**	27%	**14%**	16%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

35. FINANCIAL RISK MANAGEMENT (continued)

(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.

2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
The Group				
Assets				
Available-for-sale financial assets				
– Equity securities	807,667	–	47,384	855,051
– Derivative financial instrument	–	207	–	207
Liabilities				
Available-for-sale financial assets				
– Derivative financial instrument	–	(4,272)	–	(4,272)
The Company				
Assets				
Available-for-sale financial assets				
– Equity securities	610,726	–	47,384	658,110
Liabilities				
Available-for-sale financial assets				
– Derivative financial instrument	–	(3,596)	–	(3,596)
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)

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

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 2016 was 27% (2015: 30%). If the discount factor increases/decreases by 5% points (2015: 5% points), the fair value of the Level 3 unquoted available-for-sale financial assets will decrease/increase by $3,241,000 (2015: $3,283,000).

The following table presents the changes in Level 3 instruments:

	The Group and the Company	
	2016 **$'000**	**2015** **$'000**
At the beginning of the financial year	**45,659**	54,809
Fair value gains/(losses) recognised in other comprehensive income	**1,725**	(9,150)
At the end of the financial year	**47,384**	45,659

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 2016 and 2015.

(f) Financial instruments by category

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

	Group		Company	
	2016 **$'000**	**2015** **$'000**	**2016** **$'000**	**2015** **$'000**
Loans and receivables	**531,515**	487,954	**786,641**	750,085
Financial liabilities at amortised cost	**2,659,597**	2,850,133	**960,760**	863,802

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	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Transactions with directors and their associates				
Proceeds from sale of development properties	**621**	1,425	**–**	–
Rental received	**450**	846	**355**	531
Interest paid/payable on shareholder's loan	**1,558**	1,537	**–**	–
Commission paid for sale of development properties	**908**	713	**–**	–
Transactions with associated companies and joint venture companies				
Fees received for management of development properties	**449**	185	**–**	–
Fees received for management of hotels	**7,909**	8,234	**–**	–
Fees received for operation of spas	**53**	95	**–**	–
Sale of gift vouchers	**104**	251	**–**	–
Accounting and corporate secretarial fee received	**387**	360	**20**	80
Commission received	**46**	40	**–**	–
Interest receivable on loans to joint venture companies	**3,324**	3,879	**–**	–
Purchase and maintenance of computers and software	**884**	209	**187**	133
Expenses for hotel and function room facilities	**230**	165	**–**	–

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

	The Group	
	2016 $'000	**2015 $'000**
Salaries and other short-term employee benefits	**5,884**	5,918
Directors' fees	**710**	659
Post-employment benefits – contribution to CPF	**135**	125
Share options granted	**234**	323
	6,963	7,025

Total compensation to directors of the Company included in above amounted to $2,946,000 (2015: $2,950,000).

37. GROUP SEGMENTAL INFORMATION

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

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

- Property development – development of properties for sale.
- Property investment – leasing of commercial properties and serviced suites.
- Hotel operations – operation of owned hotels.
- Investments – investment in quoted and unquoted available-for-sale financial assets.
- Management services – 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, PRC and the United Kingdom while the property investment activities are concentrated in Singapore.

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

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

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

37. GROUP SEGMENTAL INFORMATION (continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

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 $'000	**Malaysia $'000**	**PRC $'000**	**United Kingdom $'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	159,519
Unallocated liabilities				
Total liabilities				

* Included within are Malaysia and PRC operating segments which are not reportable segments individually.

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

Property investments* $'000	Hotel operations Singapore $'000	Hotel operations Australia $'000	Hotel operations Others^ $'000	Investments $'000	Others $'000	Total $'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	1,839,683
						1,260,482
						3,100,165

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:

	2016 $'000	2015 $'000
Adjusted EBITDA for reportable segments	**492,564**	538,674
Depreciation and amortisation	**(66,604)**	(67,231)
Other losses	**(23,275)**	(22,036)
Fair value (losses)/gains on investment properties	**(9,700)**	60,902
Unallocated costs	**(14,183)**	(14,311)
Finance income	**5,406**	6,039
Finance expense	**(30,292)**	(41,664)
Profit before income tax	**353,916**	460,373

<u>Reportable segments' assets are reconciled to total assets as follows:</u>

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.

	2016 $'000	2015 $'000
Segment assets for reportable segments	**11,540,676**	11,464,309
Unallocated:		
Cash and bank balances	**12,393**	29,865
Derivative financial instruments	**207**	1,338
Receivables and other assets	**243**	199
Current income tax assets	**157**	125
Property, plant and equipment	**560**	729
Intangibles	**–**	14
Deferred income tax assets	**3,904**	4,702
	11,558,140	11,501,281

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.

	2016 $'000	2015 $'000
Segment liabilities for reportable segments	**1,399,270**	1,839,683
Unallocated:		
Other payables	**16,720**	15,060
Current income tax liabilities	**50,699**	41,788
Borrowings	**1,358,518**	1,113,497
Derivative financial instruments	**4,272**	978
Deferred income tax liabilities	**93,297**	89,159
	2,922,776	3,100,165

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	
	2016 $'000	2015 $'000
Singapore	**1,156,986**	1,003,533
Australia	**122,297**	114,712
Malaysia	**47,212**	49,097
PRC	**53,194**	55,582
Vietnam	**31,856**	31,972
Myanmar	**20,735**	20,835
Others	**8,459**	3,018
	1,440,739	1,278,749

37. GROUP SEGMENTAL INFORMATION (continued)

Geographical information (continued)

	Non-current assets	
	2016 $'000	**2015 $'000**
Singapore	**7,768,177**	7,764,404
Australia	**256,675**	234,944
Vietnam	**90,221**	40,362
Malaysia	**141,941**	145,580
PRC	**440,078**	469,281
Myanmar	**49,132**	22,884
United Kingdom	**228,941**	23,379
Others	**1,903**	1,914
	8,977,068	8,702,748

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 2016 and 2015.

38. BUSINESS COMBINATION

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

The transaction was deemed a business combination under Financial Reporting Standards 103 Business Combinations and details of the consideration paid and the asset acquired, at the acquisition date, are as follows:

		$'000
(a)	Purchase consideration:	
	Cash paid and consideration transferred for the business	**181,749**
(b)	Effect on cash flows of the Group:	
	Cash paid and cash outflow on acquisition	**181,749**

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

38. BUSINESS COMBINATION (continued)

(d) Acquisition-related costs

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

(e) Revenue and profit contribution

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

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

(f) Gain on purchase

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

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 and which the Group has not early adopted:

- 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.

39. 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) (continued)

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

- 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 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.

  The financial assets held by the Group include:

  - equity instruments currently classified as AFS for which fair value through OCI election is available; and
  - debt instruments classified as loans and receivables and measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

  Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

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

  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. While the Group is yet to undertake a detailed assessment, it would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of FRS 109. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

  There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

  The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2016

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

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

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $34,805,000 (Note 34). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

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

  The Group does not expect the standards to have material impact to the financial statements.

40. SUBSEQUENT EVENTS

(a) On 23 January 2017, a wholly-owned subsidiary, UOL Ventures Pte. Ltd. ("UVPL") was granted an option by Sin Lian Huat Co. (Pte.) Ltd to acquire a property known as 45 Amber Road, Singapore at a consideration of $156,000,000. The option was exercised by UVPL on 3 February 2017.

(b) On 16 February 2017, a wholly-owned subsidiary, Pan Pacific Hospitality Pte. Ltd. ("PPH"), acquired an additional 20% shareholding interest in City Square Hotel Co. Ltd ("CSH"), comprising 6,951,600 ordinary shares at US$1.2877 per share for an aggregate cash consideration of US$8,951,600 from Shwe Taung Junction City Development Co., Ltd. ("STJCD"). CSH was incorporated in Myanmar as a joint venture company between PPH and the STJCD for the purpose of developing and owning the proposed 348-room Pan Pacific Yangon, a component of the Junction City mixed-use development along Shwedagon Pagoda Road in Yangon, Myanmar.

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of UOL Group Limited on 24 February 2017.

INTERESTED PERSON TRANSACTIONS

For the Financial Year Ended 31 December 2016

	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	576
2	UVD (Projects) Pte. Ltd. ("UVDP"), a joint venture with an associate of director – contribution of equity and shareholders' loans in relation to the acquisition of Raintree Gardens at Potong Pasir Ave 1[1]	13,600
3	United Venture Investments (HI) Pte. Ltd. ("UVIHI"), a joint venture with an associate of director[3] – contribution of equity, shareholders' loans (including interest income) and provision of corporate guarantee in relation to the acquisition of 120 Holborn Island, London, United Kingdom[2] – receipt of accounting and corporate secretarial fees income	209,519
4	United Venture Development (Clementi) Pte. Ltd. ("UVDC"), a joint venture with an associate of director[3] – contribution of equity in and shareholders' loans (including interest income) in relation to the development of The Clement Canopy – receipt of project management fee and accounting fee income	55,557
5	United Venture Development (Thomson) Pte. Ltd. ("UVDT"), a joint venture with an associate of director for the development of Thomson Three[3] – contribution of shareholders' loans (including interest income) in relation to the development of Thomson Three – receipt of project management fee, accounting fee and marketing fee income	3,337
6	United Venture Development (Bedok) Pte. Ltd. ("UVDB"), a joint venture with an associate of director for the development of Archipelago[3] – receipt of project management fee and accounting fee income	250
7	Secure Venture Development (Alexandra) Pte. Ltd. ("SVDA"), a joint venture with an associate of director for the development of Principal Garden[4] – receipt of project management fee and accounting fee income – receipt of interest income on shareholders' loans	4,382
8	Shanghai Jin Jun Realty Co., Ltd, an associate of director – receipt of shared payroll costs of project management team for the period from 1 January 2013 to 28 February 2016 by Shanghai JinPeng Realty Co., Ltd, a joint venture with an associate of director for the development of Park Eleven[5]	267
9	Jin Qing (Shanghai) Investment Consultancy Co., Ltd, an associate of director – payment of shared payroll costs of project management team for the period from 1 March 2016 to 31 December 2016 by Shanghai JinPeng Realty Co., Ltd, a joint venture with an associate of director for the development of Park Eleven[6]	365

Footnotes

(1) The amount disclosed is the total equity and shareholders' loans contributed by the Group based on the proportion of the Group's investment in UVDP, namely its 50% stake in UVDP's equity held through the Group's wholly-owned subsidiary UOL Venture Investments Pte. Ltd. in the financial year ended 31 December 2016. Notwithstanding the aforesaid, the total consideration payable to the vendor for the acquisition of Raintree Gardens at Potong Pasir Ave 1 is S$167.1 million.

(2) Based on the effective exchange rate of £1: S$1.7759 as at 31 December 2016. The amount reflected is net of (a) unutilised shareholders' loans previously granted which have now been cancelled; and (b) previously utilised shareholders' loans will be paid down partially with funds drawn–down from banking facilities by 31 December 2016, but inclusive of the value of the corporate guarantee provided by the Company.

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

(4) The amounts disclosed do not include amount paid to Kheng Leong Co (Pte) Ltd ("KLC") by the relevant joint venture entity (i.e. SVDA) for services provided by KLC to SVDA.

(5) Based on the effective rate of RMB0.20836: S$1 as at 31 December 2016. The amount disclosed is the amount at risk for the Group based on the proportion of the Group's investment in Shanghai JinPeng Realty Co. Ltd ("SJRCL"), namely its 40% stake in SJRCL's equity held through the Group's wholly-owned subsidiary UOL Capital Investments Pte. Ltd. For avoidance of doubt, the total amount of shared payroll cost of the projects team for the period of 1 January 2013 to 28 February 2016 received by SJRCL is approximately S$667,500, and the amount was only received by SJRCL in the financial year ended 31 December 2016.

(6) Based on the effective rate of RMB0.20836: S$1 as at 31 December 2016. The amount disclosed is the amount at risk for the Group based on the proportion of the Group's investment in SJRCL, namely its 40% stake in SJRCL's equity held through the Group's wholly-owned subsidiary UOL Capital Investments Pte. Ltd.. For avoidance of doubt, the total amount of shared payroll cost of the projects team for the period of 1 March 2016 to 31 December 2016 paid by SJRCL is approximately S$912,500, and the amount was only paid by SJRCL in the financial year ended 31 December 2016.

INTERESTED PERSON TRANSACTIONS

For the Financial Year Ended 31 December 2016

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 1 March 2017

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

SIZE OF SHAREHOLDINGS

RANGE	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5,791	23.07	162,209	0.02
100 - 1,000	9,026	35.96	3,534,528	0.44
1,001 - 10,000	8,176	32.57	28,846,369	3.58
10,001 - 1,000,000	2,081	8.29	86,647,585	10.77
1,000,001 AND ABOVE	28	0.11	685,447,712	85.19
TOTAL	**25,102**	**100.00**	**804,638,403**	**100.00**

LOCATION OF SHAREHOLDERS

COUNTRY	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
SINGAPORE	21,688	86.40	791,732,949	98.40
MALAYSIA	2,924	11.65	11,201,418	1.39
OTHERS	490	1.95	1,704,036	0.21
TOTAL	**25,102**	**100.00**	**804,638,403**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	116,931,969	14.53
2.	C. Y. WEE & COMPANY PRIVATE LIMITED	115,162,017	14.31
3.	WEE INVESTMENTS (PTE) LIMITED	110,855,836	13.78
4.	DBS NOMINEES (PRIVATE) LIMITED	99,589,913	12.38
5.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	61,754,926	7.67
6.	TYE HUA NOMINEES (PTE) LTD	59,258,209	7.36
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	35,107,600	4.36
8.	DBSN SERVICES PTE. LTD.	27,877,499	3.46
9.	RAFFLES NOMINEES (PTE) LIMITED	15,445,478	1.92
10.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	5,680,305	0.71
11.	DB NOMINEES (SINGAPORE) PTE LTD	4,994,896	0.62
12.	WEE CHO YAW	3,661,566	0.46
13.	DOMITIAN INVESTMENT PTE LTD	3,553,857	0.44
14.	KAH MOTOR CO SDN BHD	3,398,345	0.42
15.	HO HAN LEONG CALVIN	2,763,860	0.34
16.	PHILLIP SECURITIES PTE LTD	2,109,322	0.26
17.	NGEE ANN DEVELOPMENT PTE LTD	2,105,594	0.26
18.	SUNRISE TEXTILE ACCESSORIES (PTE.) LTD	2,079,345	0.26
19.	UOB KAY HIAN PRIVATE LIMITED	1,983,920	0.25
20.	OCBC SECURITIES PRIVATE LIMITED	1,671,515	0.21
	TOTAL	**675,985,972**	**84.00**

Based on information available to the Company as at 1 March 2017, approximately 58% 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 1 March 2017

SUBSTANTIAL SHAREHOLDERS OF UOL GROUP LIMITED

as shown in the Register of Substantial Shareholders

		NO. OF SHARES FULLY PAID			
NO.	NAME	DIRECT INTEREST	DEEMED INTEREST	TOTAL	%[1]
1.	Wee Cho Yaw	3,661,566	270,808,012 [2]	274,469,578	34.11
2.	Wee Ee Cheong	318,417	226,115,947 [3]	226,434,364	28.14
3.	C. Y. Wee & Company Private Limited	115,162,017	–	115,162,017	14.31
4.	Wee Ee-chao	31,735	111,148,057 [4]	111,179,792	13.82
5.	Wee Ee Lim	260,975	110,873,954 [5]	111,134,929	13.81
6.	Wee Investments (Pte) Limited	110,855,836	–	110,855,836	13.78
7.	United Overseas Bank Limited ("UOB")	–	60,080,898 [6]	60,080,898	7.47
8.	Haw Par Corporation Limited	–	44,772,041 [7]	44,772,041	5.56

Notes:

1 As a percentage of the issued share capital of the Company, comprising 804,638,403 shares

2 Dr Wee Cho Yaw's deemed interest in the shares arises as follows:
(a) 115,162,017 shares held by C. Y. Wee & Company Private Limited
(b) 110,855,836 shares held by Wee Investments (Pte) Limited
(c) 44,772,041 shares which Haw Par Corporation Limited is deemed to be interested in
(d) 18,118 shares held by Kheng Leong Company (Private) Limited

3 Mr Wee Ee Cheong's deemed interest in the shares arises as follows:
(a) 115,162,017 shares held by C. Y. Wee & Company Private Limited
(b) 110,855,836 shares held by Wee Investments (Pte) Limited
(c) 79,976 shares held by E. C. Wee Pte Ltd
(d) 18,118 shares held by Kheng Leong Company (Private) Limited

4 Mr Wee Ee-chao's deemed interest in the shares arises as follows:
(a) 110,855,836 shares held by Wee Investments (Pte) Limited
(b) 274,103 shares held by Protheus Investment Holdings Pte Ltd
(c) 18,118 shares held by Kheng Leong Company (Private) Limited

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

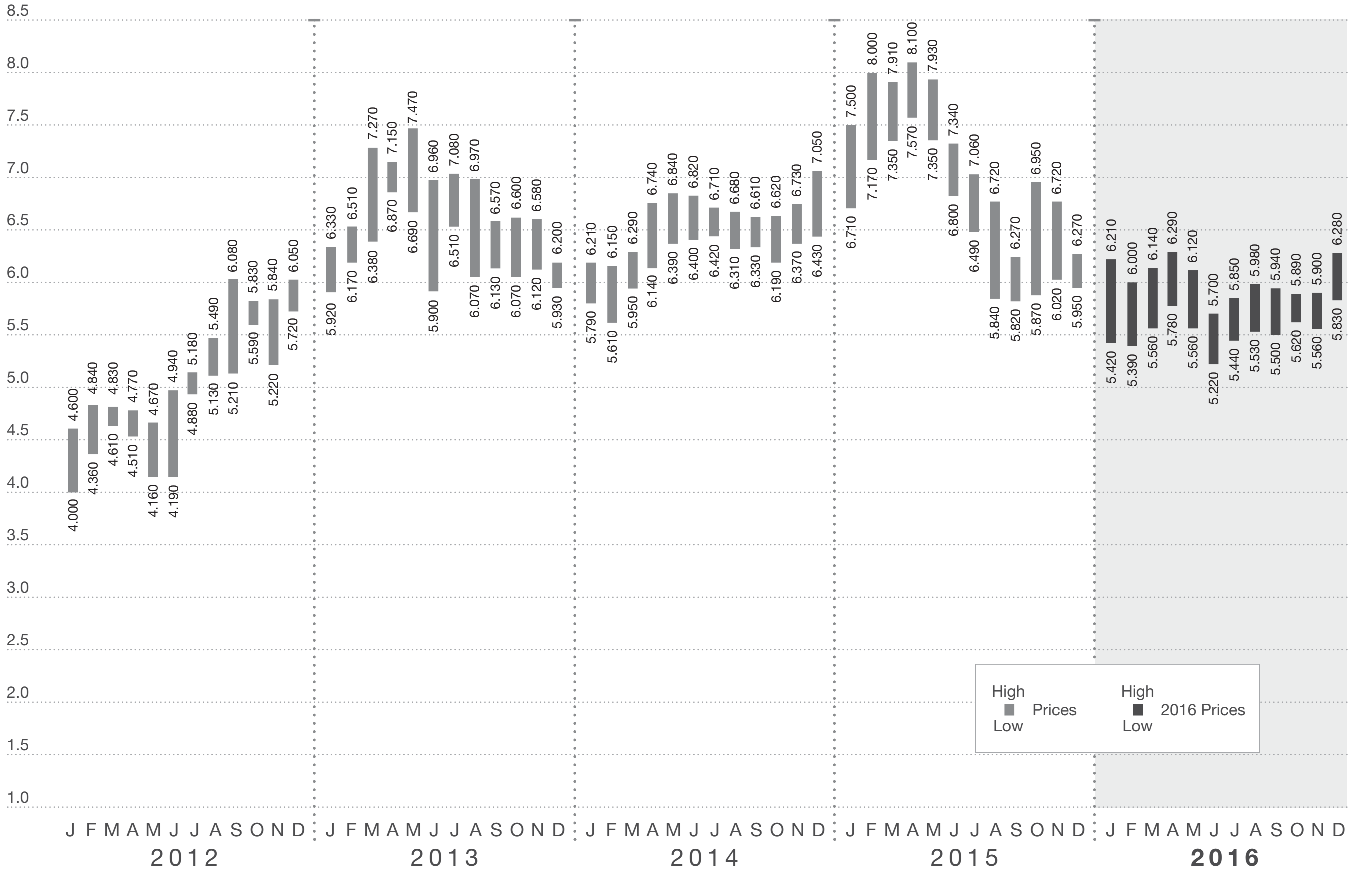
6 UOB's deemed interest in the shares arises as follows:
(a) 59,245,898 shares held in the name of Tye Hua Nominees (Private) Limited for the benefit of UOB
(b) 835,000 shares held by UOB Asset Management Ltd ("UOBAM") as client portfolios managed by UOBAM (Discretionary)

7 Haw Par Corporation Limited's deemed interest in the shares arises as follows:
(a) 28,705,436 shares held by Haw Par Investment Holdings Private Limited
(b) 11,376,778 shares held by Haw Par Capital Pte Ltd
(c) 1,888,037 shares held by Pickwick Securities Private Limited
(d) 695,598 shares held by Haw Par Equities Pte Ltd
(e) 1,539,974 shares held by Straits Maritime Leasing Private Limited
(f) 324,209 shares held by Haw Par Trading Pte Ltd
(g) 242,009 shares held by M & G Maritime Services Pte. Ltd.

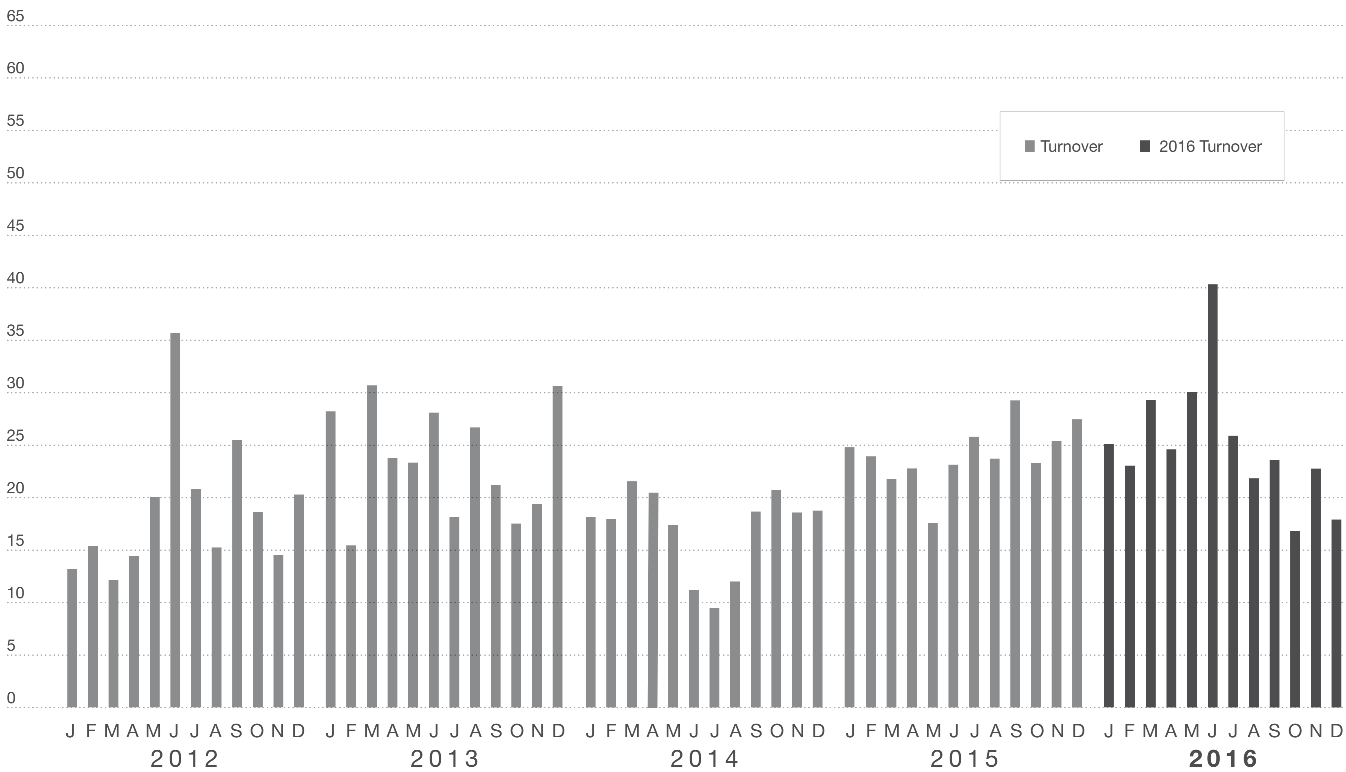
SHARE PRICE AND TURNOVER

for the period from 1 January 2012 to 31 December 2016

SHARE PRICE ($)



TURNOVER (MILLION)



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 54th Annual General Meeting of UOL Group Limited (the "Company") will be held at PARKROYAL on Beach Road, Grand Ballroom, 7500 Beach Road, Singapore 199591 on Wednesday, 26 April 2017, 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 2016 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 2016.

Resolution 3 To approve Directors' fees of $608,400 for 2016 (2015: $565,800).

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

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

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

Resolution 7 To re-elect Mr Poon Hon Thang Samuel, who was appointed during the year and retires pursuant to Article 100 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 with or without amendments, the following resolutions as Ordinary Resolutions:

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."

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."

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;

"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 Market Purchase was made, or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 market days;

"date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme(s) for effecting the Off-Market Purchase; and

"market day" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

BY ORDER OF THE BOARD

Foo Thiam Fong Wellington
Yeong Sien Seu
Secretaries

Singapore, 30 March 2017

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

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

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

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than 72 hours before the time for holding the Meeting.

PERSONAL DATA PRIVACY:

All personal data collected by the Company (including its agents/service providers) shall be subject to the Company's data protection policy, which is published on its corporate website (www.uol.com.sg). In particular, by attending, speaking, voting or submitting any instrument to appoint any proxy and/or representative to attend, speak and vote at the Meeting (including any adjournment thereof), a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (including its agents/service providers) for the purposes of processing, administration and analysis in relation to the appointment of any proxy and/or representative by that member, preparation and compilation of attendance lists, minutes and any other document related to the Meeting (including any adjournment thereof), general administration and analysis undertaken in connection with the Meeting, and compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of any proxy and/or representative to the Company (including its agents/service providers), the member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (including its agents/service providers) of the personal data of such proxy and/or representative for the Purposes; and (iii) agrees that the member will indemnify the Company against any claim, cost (including legal cost), damage, demand, expense, liability, loss, penalty or proceeding arising from the member's breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING

NOTES TO RESOLUTIONS

1. In relation to **Resolution 4**, Mr Wee Ee Lim will, upon re-election, continue as the Deputy Chairman of the Board of Directors and as Deputy Chairman of the Executive Committee. He is considered a non-independent Director. Mr Wee is the son of Dr Wee Cho Yaw, Chairman and substantial shareholder of the Company. Mr Wee is also the brother of Mr Wee Ee-chao, Director and substantial shareholder of the Company and Mr Wee Ee Cheong, substantial shareholder of the Company. Please refer to the 'Board of Directors' section of the Company's Annual Report 2016 for information on the current directorships in other listed companies and other principal commitments of Mr Wee.

2. In relation to **Resolution 5**, Mr Low Weng Keong will, upon re-election, continue as the Chairman of the Audit and Risk Committee and the Nominating Committee, and as a Member of the Executive Committee and the Remuneration Committee. He is considered an independent director. There are no relationships (including immediate family relationships) between Mr Low and the other Directors, the Company or its 10% Shareholders*. Please refer to the 'Board of Directors' section of the Company's Annual Report 2016 for information on the current directorships in other listed companies and other principal commitments of Mr Low.

3. In relation to **Resolution 6**, Mr Wee Sin Tho will, upon re-election, continue as the Chairman of the Remuneration Committee. He is considered an independent director. There are no relationships (including immediate family relationships) between Mr Wee and the other Directors, the Company or its 10% Shareholders*. Please refer to the 'Board of Directors' section of the Company's Annual Report 2016 for information on the current directorships in other listed companies and other principal commitments of Mr Wee.

4. In relation to **Resolution 7**, Mr Poon Hon Thang Samuel will, upon re-election, continue as a Member of the Board of Directors. He is considered an independent director. There are no relationships (including immediate family relationships) between Mr Poon and the other Directors, the Company or its 10% Shareholders*. Please refer to the 'Board of Directors' section of the Company's Annual Report 2016 for information on personal particulars, current directorships in other listed companies and other principal commitments of Mr Poon.

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.

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.

* "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.

NOTICE OF ANNUAL GENERAL MEETING

8. **Resolution 12** is to renew the Share Buyback Mandate, which was approved by shareholders of the Company on 28 April 2016.

   The Company intends to use its internal resources or external borrowings, or a combination of both, to finance its purchase or acquisition of the Shares. The amount of financing required for the Company to purchase or acquire its Shares and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of Annual General Meeting as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

   Purely for illustrative purposes only, the financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Buyback Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2016, based on certain assumptions, are set out in Appendix A of the Letter to Shareholders dated 30 March 2017 (the "Letter").

   Please refer to the Letter for more details.

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 30 March 2017.

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 54th Annual General Meeting of the Company (the "AGM") to be held at PARKROYAL on Beach Road, Grand Ballroom, 7500 Beach Road, Singapore 199591, on Wednesday, 26 April 2017 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM, as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Resolutions	No. of Votes For *	No. of Votes Against *
Ordinary Business			
1	Adoption of Directors' Statement, Audited Financial Statements and Auditor's Report		
2	Declaration of a First and Final Dividend		
3	Approval of Directors' Fees		
4	Re-election of Mr Wee Ee Lim as Director		
5	Re-election of Mr Low Weng Keong as Director		
6	Re-election of Mr Wee Sin Tho as Director		
7	Re-election of Mr Poon Hon Thang Samuel 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	Renewal of Share Buyback Mandate		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Otherwise, please indicate the number of votes as appropriate.

Dated this __________ day of __________ 2017

Shares in:	Total No. of Shares Held
(a) Depository Register	
(b) Register of Members	
Total	

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

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

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

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.
2. A proxy need not be a member of the Company.
3. This instrument appointing a proxy or proxies must be signed by the appointor or his duly authorised attorney or, if the appointor is a body corporate, signed by its duly authorised officer or attorney or executed under its common seal.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by the member.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the AGM.
6. This instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 72 hours before the time fixed for holding the AGM.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. Any alteration made in this instrument appointing a proxy or proxies must be initialled by the person who signs it.
9. A body corporate which is a member may appoint by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered against his name in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies lodged if such member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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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

3rd fold here

Fold this flap for sealing

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UOL
华业集团

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UOL GROUP LIMITED

OUR DIVERSITY | OUR STRENGTH

Annual Report 2016