Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED
Securities	PACIFIC CENTURY REGIONAL DEVTS - SG1J17886040 - P15
Stapled Security	No

Announcement Details

Announcement Title	Annual Reports and Related Documents
Date & Time of Broadcast	05-Apr-2018 17:25:38
Status	New
Report Type	Annual Report
Announcement Reference	SG180405OTHRRYA1
Submitted By (Co./ Ind. Name)	Lim Beng Jin
Designation	Company Secretary
Effective Date and Time of the event	05/04/2018 17:00:00
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please refer to the attached Annual Report 2017 and Letter to Shareholders dated 5 April 2018.

Additional Details

Period Ended	31/12/2017

Attachments	PCRDL Annual Report 2017.pdf PCRDL Letter to Shareholders.pdf Total size =4292K

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PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

ANNUAL 17 REPORT

Contents

Corporate Profile

Pacific Century Regional Developments Limited (PCRD), a Singapore-based company listed on the Singapore Exchange Securities Trading Limited (SES: P15), has interests in telecommunications, media, IT solutions, logistics and property development and investment, in the Asia-Pacific region. PCRD's most significant investment is its stake in Hong Kong-listed PCCW Limited (PCCW) (SEHK: 0008; American Depositary Receipts on the OTC Markets Group Inc. in the US: PCCWY). PCRD is 89% owned by the Pacific Century Group, which was founded in 1993. The Pacific Century Group acquired control of PCRD in September 1994.

Message from the Executive Chairman

I am pleased to present the annual report of PCRD for the financial year ended 31 December 2017.

The core businesses of PCRD's most significant asset, PCCW Limited ("PCCW"), achieved satisfactory operational results for the year ended 31 December 2017.

The media business in Hong Kong in the past year has been highly dynamic. PCCW's leading digital media services comprising Now TV, Viu OTT (over-the-top), and ViuTV remained focused on strengthening their content propositions, enhancing customer experience, and reaching out to more viewers.

Notably, Now TV and ViuTV announced in November that they had secured rights to exclusively broadcast the FIFA World Cup in the summer of 2018 in Hong Kong. In addition to world-class sports, Now TV continued to reinforce its pay-TV market leadership during the year with a variety of international and Asian TV series and movies on multiple platforms, and via enriched video-on-demand program offering.

Viu OTT has gained further traction in Southeast Asian markets by introducing Viu Original productions in the Chinese, Indian, and Indonesian languages, as well as expanded offerings of Asian movies, thereby creating momentum for growth in subscriptions and advertising.

ViuTV launched an English channel during the year. ViuTV is committed to offering viewers more quality free television program choices.

PCCW Solutions continued to benefit from the digital transformation of enterprises and serve the needs of the public sector for critical IT systems, such as a major contract in the second half to supply the Next Generation Electronic Passport System in Hong Kong. After securing ground-breaking deals in several new markets in Southeast Asia, PCCW Solutions opened a new office in Singapore in December.

HKT reported a satisfactory performance and a continued growth in AFF (adjusted funds flow) for the year. The broadband and mobile communications businesses continued to achieve steady results despite intense competition throughout the year.

The overseas property projects of Pacific Century Premium Developments ("PCPD") are proceeding as planned. The majority of tenants are expected to move into Pacific Century Place Jakarta, which has leased 69% of its office space, from the beginning of this year. PCPD plans to launch the units at its hotel and residences project in Hokkaido, Japan in phases in Asia over the next two years. In Hong Kong, PCPD will redevelop a prime site in Central into a high-end residential property with a joint venture partner.

PCRD's logistics investment in KSH Distriparks in India has remained profitable with increased volumes and revenues from new customer acquisitions at its inland container depot and transport business as well as a pick-up in triangulation services. Construction of new warehouse and logistics facilities at Chakan by KSH Distriparks is more than 85% complete. Leasing activities to multinational clients have been encouraging.

We are pleased to include our inaugural Sustainability Report in this report. Your Board of Directors recognises the importance of creating sustainable value for all our stakeholders and growing as a sustainable organisation.

I remain grateful for the commitment and dedication demonstrated by fellow directors, management and staff of the Company. I would also like to express my appreciation to our shareholders and business partners for their continued support and confidence in the Company.

Richard Li
Chairman

Corporate Structure

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Communications Services

Hong Kong
China
North Asia
South Asia
Southeast Asia
Global

PCCW Limited
(associated corporation & major investment)

Media Business
Now TV •

Solutions Business
PCCW Solutions •

HKT Limited
(subsidiary corporation of PCCW Limited)

Telecommunications Services
Local Telephony Services
Local Data Services
International Telecommunications Services
Other Services
Customer Premises Equipment •
Teleservices •

Mobile

Property and Logistics

Hong Kong
North Asia
South Asia
Southeast Asia

Pacific Century Premium Developments Limited
(subsidiary corporation of PCCW Limited)

Cyberport, Hong Kong

Hanazono Resort, Japan

Phang Nga Resort, Thailand

Sudirman CBD Office Building, Jakarta

KSH Distriparks, India
(associated corporation)

Logistics and Warehousing
Inland Container Depot
Warehousing
Logistics

Board of Directors

Richard Li Tzar Kai was appointed as Chairman of PCRD in 1994 and was last re-elected as a Director in 2017. An Executive Director and Chairman of the Executive Committee of PCRD, Mr. Li is also Chairman and Chief Executive of the Pacific Century Group, Chairman and Executive Director of PCCW Limited, Executive Chairman and Executive Director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust and Chairman and an Executive Director of Pacific Century Premium Developments Limited.

Mr. Li is a member of the Center for Strategic and International Studies' International Councillors' Group in Washington, D.C., and a member of the Global Information Infrastructure Commission. Mr. Li was awarded the Lifetime Achievement Award by the Cable & Satellite Broadcasting Association of Asia in November 2011.

Francis Yuen Tin Fan was appointed as Deputy Chairman of PCRD in 2005 and was last re-elected as a Director in 2017. Mr. Yuen was the Chairman of PCRD in 1993 and 1994 when it was known as Seapower Asia Investments Limited and Deputy Chairman of PCRD from 1997 to 2002. He was a member of the Executive Committee of PCRD until July 2011. Re-designated as Independent Non-Executive Deputy Chairman on 12 February 2015. Mr. Yuen is Chairman of the Remuneration Committee and also a member of the Audit Committee of PCRD.

He joined the Pacific Century Group in 1996 after an extensive career in investment banking and financial regulatory affairs across Asia. From 1988 to 1991, he was Chief Executive of The Stock Exchange of Hong Kong Limited. Mr. Yuen was also a founding director of Hong Kong Securities Clearing Company Limited. He served from 1992 to 1994 as a member of the International Markets Advisory Board of NASDAQ in the United States. He is an Independent Non-Executive Director of Agricultural Bank of China Limited, Shanghai Industrial Holdings Limited and Yixin Group Limited.

Mr. Yuen received a Bachelor of Arts degree in Economics from the University of Chicago and is currently a member of the Board of Trustees of the university. He is also the chairman of the board of trustees of the Hong Kong Centre for Economic Research, Chairman of the Advisory Board of Ortus Capital Management Limited and a member of the board of trustees of Fudan University in Shanghai.

Alexander Anthony Arena was appointed as Executive Director in 1999 and was last re-elected as a Director in 2016. He is Group Managing Director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust. He joined the Pacific Century Group in 1998. He was re-designated as Non-Executive Director of PCRD with effect from 1 July 2011. He was Chairman of the Executive Committee of PCRD prior to July 2011. He was Group Managing Director of PCCW Limited and Executive Director of Pacific Century Premium Developments Limited prior to November 2011.

Prior to joining the Pacific Century Group, Mr. Arena was Special Policy Adviser to the Hong Kong Government from 1997 to 1998. From 1993 to 1997, he was Director-General of Telecommunications at the Office of the Telecommunications Authority of Hong Kong as well as a member of the Broadcasting Authority of Hong Kong. Before his appointment as Director-General, Mr. Arena was appointed by the Hong Kong Government to plan a reform program for the liberalisation of Hong Kong's telecommunications sector. Prior to his appointment to the Hong Kong Government, he served as an inaugural member of the Australian Telecommunications Authority, for four years.

Mr. Arena has led an extensive career in public administration, specialising in high technology and infrastructure industries. From a practising radio/communications engineer to a public policy maker, his experience spans such diverse areas as the commercialisation of government-owned business enterprises and deregulation in the aviation, transport, telecommunications and postal industries.

Mr. Arena graduated from the University of New South Wales, Australia, with a Bachelor's Degree in Electrical Engineering. He completed an MBA at The University of Melbourne, Australia, and is a Fellow of the Hong Kong Institution of Engineers.

Peter A. Allen was appointed as Executive Director in 1997 and as Group Managing Director in 2006. He was last re-elected as a Director in 2016. A member of the Executive Committee of PCRD, Mr. Allen is also Executive Director and Chief Financial Officer of the Pacific Century Group, Non-Executive Director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust, Director of FWD Limited and FWD Group Limited and Senior Advisor to PCCW Limited.

Mr. Allen joined KPMG in 1976 before taking up an appointment at Occidental International Oil Incorporated in 1980. In 1983, he joined Schlumberger Limited and worked in various countries holding key management positions. In 1989, Mr. Allen moved to Singapore as Regional Financial Director of the Vestey Group. He later joined Boustead Singapore Limited as Group Operations Controller in 1992 and Morgan Grenfell Investment Management (Asia) Limited as Director and Chief Operating Officer in 1995. Mr. Allen joined the Pacific Century Group in 1997.

Mr. Allen was educated in England and graduated from the University of Sussex with a degree in economics. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow Member of CPA Australia and a Fellow of the Institute of Singapore Chartered Accountants.

Frances Wong Waikwun was appointed as a Director in June 2013 and was last re-elected as a Director in 2016. An Independent Director and Chairman of the Nominating Committee, Ms. Wong is also a member of the Audit Committee of PCRD. Ms. Wong is also an Independent Non-Executive Director of PCCW Limited, HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust.

Ms. Wong is currently a financial advisor of Good Harbour Finance Limited. She began her career as a management consultant at McKinsey & Company in the United States. Ms. Wong returned to Hong Kong and joined the Hutchison Whampoa group of companies in 1988, taking on various positions. She was managing director of Weatherite Manufacturing Limited, an air conditioning manufacturer. Later, Ms. Wong became chief executive officer of Metro Broadcast Corporation Limited. Eventually, she became chief financial officer of Star TV, Asia's first satellite television company. After leaving the Hutchison Whampoa Group, she became group chief financial officer for the Pacific Century Group. After she resigned from the Pacific Century Group, she founded the Independent Schools Foundation in Hong Kong in 2000.

Ms. Wong was educated in the United States at Stanford University where she received a Bachelor of Science degree. She holds a Master of Science degree from the Massachusetts Institute of Technology. Ms. Wong was a member of the Central Policy Unit, the Government of the Hong Kong Special Administrative Region (think tank). She has served on many educational boards including the Canadian International School of Hong Kong, The Open University of Hong Kong and was a member of the Joint Committee on Student Finance of Student Financial Assistance Agency.

Tom Yee Lat Shing was appointed as a Director in 1991 and was last re-appointed as a Director in 2016. Mr. Yee is Lead Independent Director and Chairman of the Audit Committee and also a member of the Nominating and Remuneration Committees of PCRD.

Mr. Yee is a Singapore Chartered Accountant and was a partner of an international public accounting firm from 1974 to 1989. He has more than 35 years of experience in the field of accounting and auditing and extensive experience in handling major audit assignments of public listed and private companies in various industries, including insurance, manufacturing and retailing. Currently a consultant, Mr. Yee also sits on the boards of the following listed companies: Bonvests Holdings Limited, Powermatic Data Systems Limited, and Cosco Shipping International (Singapore) Co. Ltd.

He is a fellow member of Singapore Institute of Directors.

Laura Deal Lacey was appointed as a Director in February 2015 and re-elected to the position in 2017. An Independent Director, Ms. Lacey is a member of the Nominating and Remuneration Committees of PCRD.

Ms. Lacey is the managing director of the Milken Institute Asia. The Milken Institute is a not-for-profit think tank headquartered in Santa Monica, California. Ms. Lacey was the institute's first employee in Asia and, in four years, has developed its center and programs throughout the Asia-Pacific region. The Milken Institute Asia promotes the growth of inclusive and sustainable financial markets in Asia by addressing the region's defining forces, developing collaborative solutions and identifying strategic opportunities for the deployment of public, private and philanthropic capital.

Prior to joining the Institute, Ms. Lacey was the executive director of the American Chamber of Commerce in Singapore, the largest American chamber in Southeast Asia. Acting as the face of the organisation, Ms. Lacey represented the interest of U.S. companies in Singapore and helped advance policy and business issues that American companies face in Southeast Asia.

Before moving to Asia, Ms. Lacey was based in New York. She was the global marketing director for Edelman, where she worked out of the CEO's office to promote the agency, its leadership and intellectual capital. She also worked as a vice president for Edelman's corporate social responsibility and sustainability practice. Ms. Lacey started her career in Europe working for six years at the World Economic Forum (WEF) in Geneva, Switzerland. She held several roles including senior partnership manager, head of corporate affairs and co-founder of WEF's Women Leaders Programme.

Ms. Lacey is a Trustee of the Asian University for Women (AUW) and supports its efforts to build a university that transforms the status of women in the region. Ms. Lacey holds a Bachelor of Science in Business from Arizona State University and a Master of Science in Strategic Communications from Columbia University.

W. Michael Verge was appointed as a Non-Executive Director in August 2017.

Mr. Verge is a Non-Executive Director of PineBridge Investments' Board and a Consultant at Pacific Century Group Holdings. He was Chief Financial Officer at PineBridge from 2010 to 2014. Mr. Verge joined the Pacific Century Group in 1999 as CFO of the Cyberport project. Prior to joining the Pacific Century Group, he held senior executive positions with two major international banks and was CFO of a large pulp and paper company in South-East Asia. During his time with the Pacific Century Group, Mr. Verge served as Group Treasurer of PCCW Limited, and was a member of the PCCW Finance and Management Committee. He also served on the Executive Committee of Pacific Century Premium Developments Limited.

Mr. Verge was educated at McMaster University where he received a Bachelor''s Degree in Economics. He is a Member of the Singapore Institute of Directors and Singapore Institute of International Affairs. He is a past member of the Canadian Chamber of Commerce (Hong Kong), a past Chairman of the Canadian International School of Hong Kong and a Fellow of the Hong Kong Institute of Directors.

SIGNIFICANT EVENTS IN 2017

February

PCCW announces the disposal of UK Broadband to unlock the value of this UK business. The transaction was completed in May.

PCCW places out a number of share stapled units (SSUs) of the HKT Trust and HKT Limited.

March

ViuTV launches its English channel ViuTVsix channel 96.

PCRD'S most significant asset is its 22.7% stake in Hong Kong-listed PCCW Limited (PCCW). PCRD has been the largest shareholder of PCCW since 1999.

PCCW has been able to progress its businesses in accordance with its plans in 2017. PCCW successfully completed a number of strategic initiatives, including the partial sell-down of its stake in HKT, the introduction of strategic and financial investors to the OTT media business and the divestment of UK Broadband which contributed to strengthening of PCCW's overall capital structure and unlocking value within the PCCW Group.

The following review outlines the main achievements and outlook for PCCW's and PCRD's various business segments.

EXCITING PROGRAM LINEUP ON NOW TV

Now TV has once again demonstrated its commitment to bringing to Hong Kong viewers top-rated international sports events. In November, Now TV and PCCW's free television service ViuTV jointly announced the exclusive rights to broadcast the 2018 FIFA World Cup Russia™ in Hong Kong. The World Cup is a welcome addition to Now TV's lineup of large-scale international and local sporting events – Premier League, LaLiga, Rugby Sevens, and FIA Formula E Championship, to name a few examples. Combining Now TV's experience with ViuTV's production strength and creativity, the World Cup broadcast will represent another customer acquisition and retention driver.

In addition to sports, Now TV last year continued to enhance its multi-platform offerings of the most current and comprehensive selection of movies and dramas, and enriched its video-on-demand program offering in view of the continual transformation from linear channel viewing to on-demand usage. Now TV also upgraded the Now Player app, the TV set-top box and its user interface for a better customer experience. Subscription apps such as Now Soccer, HBO Go, and Fox+ were launched to capture more viewership.

VIU STRENGTHENING OTT GLOBAL PENETRATION

As the leading video streaming service in Asia, PCCW's international OTT media entertainment service was present in 27 markets in Asia, the Middle East, India, and Africa as of the end of 2017. The number of monthly active users of Viu OTT jumped several times to 16.3 million at the year end, from 4.75 million a year ago.

To further differentiate itself from other operators, Viu OTT has embarked on content production jointly with award winning directors and artistes in an initiative called Viu Original. It has produced content of diversified genres such as drama, thriller, comedy, love and romance, talk show and variety show. In 2017, a total of 24 titles composed of 293 episodes of content in Chinese, Indian and Indonesian languages were released. Viu has also brought in mainland Chinese dramas and variety shows, and expanded its offerings to include Asian movies.

April

Now TV and PCCW Global deliver live broadcasts of the Hong Kong Sevens in 360° virtual reality.

Viu launches Viu Original productions.

PCCW Solutions wins a contract for the Next Generation Smart Identity Card System ("SMARTICS-2") in Hong Kong.

May

Viu expands its OTT footprint to Thailand.

HKT wins the Gold Award in the media and communications sector of the Hong Kong Awards for Environmental Excellence (HKAEE) 2016.

Having now established a foothold in many of its target markets, PCCW will focus on penetrating further into those markets with higher growth potential by enhancing its core value proposition of relevant and original content, as well as deployment of the latest technologies.

QUALITY FREE TV CHOICE

Free television service ViuTV, renowned for its factual entertainment programming since its launch in 2016, has expanded into more drama production and developed evening talk shows as its flagship genre. They represented some of the most popular programming among local viewers during the year.

ViuTV also succeeded in reaching audiences across multiple platforms and markets. The accumulated number of downloads of the ViuTV app exceeded 2.4 million as of the end of 2017. ViuTV is also engaged in co-productions with partners across the region. It is creating a pipeline of content for distribution internationally via Viu OTT service in Asia and other partners in mainland China and other markets. Last year, more than 2,200 hours of programs were distributed in eight countries.

PREFERRED DIGITAL TRANSFORMATION PARTNER

As enterprises as well as public and government organisations continue their journey of digital transformation, PCCW Solutions is in an eminent position to support them to revolutionise the way they operate and enrich the experiences of their customers.

For many years PCCW Solutions has been playing a key role in supplying and maintaining some of the most critical IT systems in the public sector in Hong Kong. A notable win in the second half of 2017 was the supply of a Next Generation Electronic Passport System (e-Passport 2) for the Hong Kong Immigration Department, following a major contract with the department in the first half for the Next Generation Smart Identity Card System.

A digital transformation project to enhance customer experience at a major car park facility in Hong Kong which deployed the Infinitum Parking and Charging solution, earned PCCW Solutions the Connected Cars – Highly Commended Award at the Global Telecom Awards in November.

JUNE

PCCW Solutions is selected as the No.1 service provider of Data Center Hosting Services, System Integration and Application Development in Hong Kong by IDC Asia/Pacific.

JULY

NETVIGATOR launches 4x1000M Multi-Use Broadband Service.

AUGUST

Hony Capital, Foxconn Ventures and Temasek invest in PCCW's OTT international media and entertainment business.

HKT rolls out Hong Kong's first 1Gbps mobile network as a step forward to 5G.

HKT opens concept store "io.t by HKT" showcasing Internet of Things related products and services.

PCCW Solutions has also progressively expanded its footprint in Southeast Asia, winning contracts in a number of new markets in the past year. These included multi-year transport related IT solutions in Singapore and Thailand, and contracts in the banking and insurance sectors in Taiwan and the Philippines. To ensure better service delivery, a new office was opened in Singapore in December – the second overseas office in the region outside Greater China.

Providing a comprehensive suite of services, PCCW's D-Infinitum global data centre alliance network was expanded to cover facilities in 134 locations in more than 80 cities, an increase of 10 cities from the end of 2016. In Hong Kong, PCCW's data centres recorded high utilisation rates with the Powerb@se MCX10 Data Center enjoying full utilisation as of the year-end. Among PCCW's clientele are two of the world's leading cloud operators.

LEADERSHIP IN TELECOM SERVICES

PCCW's majority-owned telecom subsidiary, HKT, reported satisfactory results for last year despite intense market competition in the broadband and mobile communications segments.

NETVIGATOR continued to innovate and introduced a multi-use ultra high-speed broadband service for Hong Kong homes, complemented by smart Wi-Fi solutions. In August, CSL rolled out Hong Kong's first 1Gbps mobile network, taking mobile communications to a new level. HKT also opened a concept store promoting Internet of Things (IoT) and showcasing how IoT can benefit communications, entertainment, education and work.

Meanwhile, HKT's mobile payment service Tap & Go launched a number of measures to capture business opportunities in this growing market.

November

PCCW Solutions' smart parking and charging solution is a winner in the Global Telecoms Awards.

Now TV and ViuTV announce exclusive broadcast rights for the 2018 FIFA World Cup Russia.

December

HKT is title sponsor of the Formula E HKT Hong Kong E-Prix.

PCCW Solutions opens a new office in Singapore to facilitate expansion in Southeast Asia.

PCCW Solutions wins a contract for the Next Generation Electronic Passport System (e-Passport 2).

PCCW receives an award for the highest service hours of volunteer services from the Social Welfare Department.

PROPERTY PROJECTS ON SCHEDULE

Construction of Pacific Century Place Jakarta, a major investment project of Pacific Century Premium Developments (PCPD) in Indonesia, is largely complete. The majority of tenants are expected to commence occupation from January 2018. About 69% of the office space has been leased and discussions are being held with more companies which have expressed interest in moving their regional headquarters or representative offices to this premium office building.

As for the project in Hokkaido, Japan, the Park Hyatt Hotel and Branded Residences are expected to be completed in late 2019. PCPD plans to launch the residential units in Asia in several phases over the next two years. Pre-sale activities have already been held in the past months in Hong Kong, Japan and Singapore.

In Hong Kong, PCPD will commence a new project – the co-redevelopment with CSI Properties of Nos.3-6 Glenealy, Central, into a high-end, predominantly residential building.

In the coming year, PCPD will continue to explore investment opportunities around the world to maximise shareholders' return.

KSH DISTRIPARKS

KSH, in which PCRD has a 49.9% stake, is an Indian logistics company with an inland container depot (ICD) in Pune, India. It provides ICD (including bonding) infrastructure, transportation and national third party logistics services to blue chip international industrial clients. There is a strong demand for warehouse and logistics infrastructure in India and KSH is well positioned to exploit this demand. Development of its Chakan facility is substantially complete and leasing of available space to multinational clients has been positive.

Financial Highlights

CONDENSED CONSOLIDATED INCOME STATEMENT INFORMATION
For the year ended 31 December

	Group	
	2017	**2016**
	$'000	**$'000**
Revenue	**14,658**	12,954
Profit from operating activities after finance costs	**7,277**	6,417
Share of profit of associated corporations	**90,842**	82,728
Loss on liquidation of a subsidiary corporation	**(10)**	–
Profit before income tax	**98,109**	89,145
Attributable to equity holders of the Company	**95,596**	86,982
Per Share Data		
Earnings per share (Singapore cents)	**3.61**	3.28
Cash Distribution		
Final dividend * (Singapore cents)	**2.20**	–

* Subject to the approval of shareholders at the 2017 Annual General Meeting

Financial Highlights

CONDENSED CONSOLIDATED BALANCE SHEET INFORMATION
As at 31 December

	Group	
	2017	**2016**
	$'000	**$'000**
Current assets	**61,682**	43,100
Non-current assets	**1,375,263**	1,135,785
Total assets	**1,436,945**	1,178,885
Current liabilities	**(12,368)**	(103,563)
Non-current liabilities	**(9,791)**	(8,104)
Total liabilities	**(22,159)**	(111,667)
Net assets	**1,414,786**	1,067,218
Represented by:		
Share capital	**457,283**	457,283
Other reserves	**219,169**	270,890
Retained profits	**738,334**	339,045
Net assets	**1,414,786**	1,067,218
Attributable to equity holders of the Company		
Net assets	**1,414,786**	1,067,218
Per Share Data		
Net assets per share (Singapore cents)	**53.4**	40.3

Corporate Information

BOARD OF DIRECTORS

Richard Li Tzar Kai
Chairman

Francis Yuen Tin Fan
Deputy Chairman

Peter A. Allen
Group Managing Director

Alexander Anthony Arena
Non-Executive Director

Tom Yee Lat Shing
Lead Independent Director

Frances Wong Waikwun
Independent Director

Laura Deal Lacey
Independent Director

W. Michael Verge
Non-Executive Director

EXECUTIVE COMMITTEE

Richard Li Tzar Kai
Chairman

Peter A. Allen

NOMINATING COMMITTEE

Frances Wong Waikwun
Chairwoman

Tom Yee Lat Shing

Laura Deal Lacey

AUDIT COMMITTEE

Tom Yee Lat Shing
Chairman

Francis Yuen Tin Fan

Frances Wong Waikwun

REMUNERATION COMMITTEE

Francis Yuen Tin Fan
Chairman

Tom Yee Lat Shing

Laura Deal Lacey

COMPANY SECRETARY

Lim Beng Jin

REGISTERED OFFICE

50 Raffles Place #35-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6438 2366
Fax: (65) 6230 8777

AUDITOR

PricewaterhouseCoopers LLP

AUDIT PARTNER

Chua Chin San
(appointed in 2017)

SHARE REGISTRAR

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

COMPANY REGISTRATION NO.

196300381N

Financial Statements

Contents

Directors' Statement

For the financial year ended 31 December 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the balance sheet of the Company as at 31 December 2017.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 22 to 74 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

DIRECTORS

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

Mr. Richard Li Tzar Kai
Mr. Francis Yuen Tin Fan
Mr. Peter A. Allen
Mr. Alexander Anthony Arena
Mr. Tom Yee Lat Shing
Ms. Frances Wong Waikwun
Ms. Laura Deal Lacey
Mr. W. Michael Verge (appointed on 11 August 2017)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, the following directors holding office at the end of the financial year had an interest in the shares or debentures of the Company or its related corporations, or options to subscribe for ordinary shares of the Company:

	Ordinary shares registered in name of director or nominee		Ordinary shares in which directors are deemed to have an interest	
The Company	At 31.12.2017	At 1.1.2017	At 31.12.2017	At 1.1.2017
Richard Li Tzar Kai [a]	–	–	28,167,000	28,167,000
Peter A. Allen	5,010,000	5,010,000	–	–

[a] Richard Li Tzar Kai is deemed to be interested in 28,167,000 shares of the Company held by Hopestar Holdings Limited, a company which is 100% owned by Richard Li Tzar Kai.

Except as stated above, no other director who held office at the end of the financial year had an interest in shares or debentures of the Company or its related corporations. There was no change in any of these interests between the end of the financial year and 21 January 2018. Neither at the end of the financial year, nor at any time during that year, did there exist any arrangements, to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTIONS OF THE COMPANY

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the beginning or end of the financial year.

AUDIT COMMITTEE

The audit committee (the "Committee") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

1. Reviewed the independence of external auditors and recommended to the Board of Directors whether the external auditors be re-appointed.

2. Reviewed with management, upon finalisation and prior to publication, the financial results for each quarter, half-year and full year.

3. Reviewed interested person transactions and the adequacy of the Company's internal control procedures in relation to interested person transactions.

4. Reviewed compliance with accounting standards, all relevant laws, the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance issued by the SGX-ST.

5. Reviewed any changes during the year in accounting policies and their application.

6. Reviewed any significant adjustments proposed or recommendations on internal accounting controls arising from the statutory audit by external auditors.

7. Reviewed the audit plans of the external auditors of the Company and the nature and scope of the audit and the co-operation given by management.

8. Reviewed with the Company's management the adequacy of the Company's internal controls in respect of management and business practices and reviewed with management and external auditors' significant accounting and auditing issues.

9. Reported to the Board or relevant authorities any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any relevant Singapore law or other regulation, which has or is likely to have a material impact on the Group's operating results.

10. Reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Committee reviews all non-audit services provided by the external auditors so as to ensure the nature and extent of such non-audit services does not affect the independence of the external auditors. There were no non-audit services provided by the external auditors to the Company and its subsidiary corporations during the year.

AUDIT COMMITTEE (continued)

Pursuant to the requirements of the SGX-ST, the Committee reviewed the SGX-ST requirements for the approval and disclosure of interested person transactions. The Committee has also reviewed the procedures set up by the Company to identify and report and where necessary, to seek the appropriate approval for interested person transactions.

The Committee convened five meetings during the year with full attendance from all members. The Committee meets with external auditors, without the presence of the Company's management, at least once a year. Further details regarding the Committee are disclosed in the Report on Corporate Governance.

INDEPENDENT AUDITOR

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

On behalf of the directors

Francis Yuen Tin Fan
Deputy Chairman

Peter A. Allen
Group Managing Director

27 March 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of Pacific Century Regional Developments Limited ("the Company") and its subsidiary corporations ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the year ended 31 December 2017;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the balance sheets of the Group and of the Company as at 31 December 2017;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Key Audit Matters in relation to PCCW Limited and its subsidiaries ("PCCW") *Refer to Note 13 in the financial statements for the financial information of PCCW.*	
PCCW is a significant investment of the Group and is accounted for under the equity method. The Group's share of profit after tax from PCCW for the year ended 31 December 2017 was $90 million which represented 95% of the Group's total profit, and the carrying value of the Group's share of PCCW net assets was $1,088 million as at 31 December 2017. The key audit matters identified by PCCW's auditor for the year ended 31 December 2017 related to the following: (1) Revenue recognition (2) Income taxes (3) Investment properties (4) Properties held for/under development (5) Impairment tests for cash generating units ("CGUs") containing goodwill (6) Gain on disposal of subsidiaries PCCW's auditor reported that the key audit matters were supported by available evidence.	In the context of our audit of the Group's investment in PCCW, we have received the report from their auditor issued in accordance with our instructions and we have discussed the results of their work and have reviewed their working papers to enable us to determine whether the audit work performed and evidence obtained were sufficient for our purpose. We also discussed and evaluated their identified key audit matters and audit procedures relating to these key audit matters. We have also discussed the impact of the key audit matters in PCCW on the Group financial statements with the management of the Group. We found that the Group's share of the profit and net assets of PCCW were supported by available evidence.

Other Information

Management is responsible for the other information. The other information comprises the following sections that have been included in the Group's 2017 Annual Report for the year ended 31 December 2017 (but does not include the financial statements and our auditor's report thereon):

- Corporate Profile
- Message from the Executive Chairman
- Corporate Structure
- Board of Directors
- Business Review
- Financial Highlights
- Corporate Information
- Directors' Statement
- Report on Corporate Governance
- Sustainability Report
- Shareholding Statistics

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.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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 Chin San.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore
27 March 2018

Consolidated Income Statement

For the financial year ended 31 December 2017

	Notes	2017 $'000	2016 $'000
Revenue	3	**14,658**	12,954
Other income	4	**371**	739
Expenses			
– Depreciation of property, plant and equipment	15	**(48)**	(60)
– Employee compensation	5	**(1,870)**	(1,708)
– Directors' fees		**(233)**	(189)
– Legal and other professional fees		**(1,205)**	(1,151)
– Rental expense – operating leases		**(354)**	(365)
– Travelling expenses		**(66)**	(53)
– Foreign exchange (loss)/gain, net		**(485)**	479
– Subscriptions and donations		**(88)**	(120)
– Telecommunications		**(42)**	(38)
– Others		**(344)**	(342)
– Finance expenses	6	**(3,017)**	(3,729)
Total expenses		**(7,752)**	(7,276)
Share of profit of associated corporations, net of tax		**90,842**	82,728
Loss on liquidation of a subsidiary corporation		**(10)**	–
Profit before income tax		**98,109**	89,145
Income tax expense	7(a)	**(2,513)**	(2,163)
Total profit		**95,596**	86,982
Attributable to equity holders of the Company		**95,596**	86,982
Earnings per share attributable to equity holders of the Company			
(Singapore cents per share)	8		
– Basic		**3.61**	3.28
– Diluted		**3.61**	3.28

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2017

	2017 $'000	2016 $'000
Total profit	**95,596**	86,982
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
– Fair value gains/(losses)	**19,261**	(9,901)
– Reclassification of fair value gain on disposal of available-for-sale financial assets to income statement	**(212)**	–
Currency translation differences arising from consolidation		
– (Losses)/gains, net	**(74,800)**	22,961
– Reclassification of currency translation differences of a liquidated subsidiary corporation to income statement	**10**	–
Share of comprehensive income of associated corporations	**3,903**	18,511
Other comprehensive (loss)/income, net of tax	**(51,838)**	31,571
Total comprehensive income	**43,758**	118,553
Total comprehensive income attributable to equity holders of the Company	**43,758**	118,553

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

Balance Sheets
As at 31 December 2017

	Notes	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
ASSETS					
Current assets					
Cash and cash equivalents	9	**60,829**	42,367	**44,208**	31,316
Trade and other receivables	10	**101**	27	**5**	6
Other current assets	11	**752**	706	**448**	473
		61,682	43,100	**44,661**	31,795
Non-current assets					
Available-for-sale financial assets	12	**261,130**	274,273	**225,243**	233,696
Investments in associated corporations	13	**1,113,752**	860,784	**1,010,578**	1,098,119
Investments in subsidiary corporations	14	**–**	–	**98,667**	108,661
Property, plant and equipment	15	**87**	132	**–**	–
Other non-current assets	16	**294**	596	**82**	333
		1,375,263	1,135,785	**1,334,570**	1,440,809
Total assets		**1,436,945**	1,178,885	**1,379,231**	1,472,604
LIABILITIES					
Current liabilities					
Trade and other payables	17	**2,034**	2,729	**10,163**	7,916
Current income tax liabilities	7(b)	**8**	4	**–**	–
Borrowings	18	**10,326**	100,830	**10,309**	100,814
		12,368	103,563	**20,472**	108,730
Non-current liabilities					
Borrowings	18	**26**	43	**–**	–
Deferred income tax liabilities	20	**9,765**	8,061	**9,764**	8,061
		9,791	8,104	**9,764**	8,061
Total liabilities		**22,159**	111,667	**30,236**	116,791
NET ASSETS		**1,414,786**	1,067,218	**1,348,995**	1,355,813
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	**457,283**	457,283	**457,283**	457,283
Other reserves	22	**219,169**	270,890	**9,017**	109,732
Retained profits		**738,334**	339,045	**882,695**	788,798
Total equity		**1,414,786**	1,067,218	**1,348,995**	1,355,813

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2017

	Share capital $'000	Other reserves $'000	Retained profits $'000	Total equity $'000
2017				
Beginning of financial year	**457,283**	**270,890**	**339,045**	**1,067,218**
Total comprehensive (loss)/income for the year	**–**	**(51,838)**	**95,596**	**43,758**
Share of reserves of associated corporations	**–**	**117**	**303,693**	**303,810**
End of financial year	**457,283**	**219,169**	**738,334**	**1,414,786**
	(Note 21)	(Note 22)		
2016				
Beginning of financial year	457,283	238,609	252,659	948,551
Total comprehensive income for the year	–	31,571	86,982	118,553
Purchase and cancellation of shares (Note 21)	–	–	(1,130)	(1,130)
Refund of unclaimed dividends	–	–	364	364
Share of reserves of associated corporations	–	710	170	880
End of financial year	457,283	270,890	339,045	1,067,218
	(Note 21)	(Note 22)		

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

	Notes	2017 $'000	2016 $'000
Cash flow from operating activities:			
Profit after tax		**95,596**	86,982
Adjustments for:			
– Income tax expense		**2,513**	2,163
– Depreciation of property, plant and equipment		**48**	60
– Dividend income		**(14,658)**	(12,954)
– Interest income		**(120)**	(38)
– Gain on disposal of available-for-sale financial assets		**(212)**	–
– Finance expenses		**3,017**	3,729
– Unrealised currency translation (gains)/losses		**(469)**	18
– Loss on liquidation of a subsidiary corporation		**10**	–
– Share of profit of associated corporations, net of tax		**(90,842)**	(82,728)
		(5,117)	(2,768)
Change in working capital:			
– Trade and other receivables		**(74)**	756
– Trade and other payables		**(446)**	(443)
Cash used in operations		**(5,637)**	(2,455)
Interest received		**120**	38
Income tax paid		**(91)**	(43)
Net cash used in operating activities		**(5,608)**	(2,460)
Cash flow from investing activities:			
Purchase of property, plant and equipment		**(3)**	(4)
Refund of capital contribution from available-for-sale financial assets		**7,466**	4,125
Dividends from HKT Trust and HKT Limited ("HKT")		**14,658**	12,954
Dividends from PCCW Limited ("PCCW")		**89,801**	25,525
Proceeds from disposal of available-for-sale financial assets		**3,897**	–
Net cash provided by investing activities		**115,819**	42,600
Cash flow from financing activities:			
Payment of finance expenses		**(2,901)**	(4,228)
Proceeds from borrowings		**70,089**	253,906
Repayment of borrowings		**(155,641)**	(316,690)
Purchases of the Company's shares		**–**	(1,130)
Refund of unclaimed dividends		**–**	12
Net cash used in financing activities		**(88,453)**	(68,130)
Net increase/(decrease) in cash and cash equivalents		**21,758**	(27,990)
Cash and cash equivalents at beginning of year	9	**42,367**	69,760
Effects of currency translation on cash and cash equivalents		**(3,296)**	597
Cash and cash equivalents at end of year	9	**60,829**	42,367

			Non-cash changes		
	1 January 2017 $'000	Principal and interest payments $'000	Interest expense $'000	Foreign exchange movement $'000	31 December 2017 $'000
Bank loans	100,814	(86,342)	806	(4,969)	10,309
Finance lease liability	59	(18)	2	–	43

Significant non-cash transaction

In 2016, there was a significant non-cash transaction pertaining to the receipt of dividends in specie of $53,979,000 for the financial year ended 31 December 2016, in the form of new PCCW shares from PCCW, which was eliminated at Group level for consolidation purposes.

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

1. GENERAL INFORMATION

Pacific Century Regional Developments Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited and incorporated and domiciled in Singapore. The address of its registered office is 50 Raffles Place, #35-01 Singapore Land Tower, Singapore 048623.

The immediate holding company of the Company is Pacific Century Group (Cayman Islands) Limited, which is incorporated in the Cayman Islands. The ultimate holding company is OS Holdings Limited, which is incorporated in Bermuda.

The principal activity of the Company is investment holding. The principal activities of its subsidiary corporations and principal associated corporations are set out in Note 26.

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 critical accounting estimates and assumptions. There are no critical areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

Interpretations and amendments to published standards effective in 2017

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

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

FRS 7 Statement of cash flows

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

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

2.2 Revenue and other income recognition

Revenue and other income comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue and other income are presented after eliminating transactions within the Group.

The Group recognises revenue and other income when the amount of revenue, income and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Dividend income

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue and other income recognition (continued)

(b) *Rendering of other services – fee income and others*

Revenue from the provision of other services is recognised when the services are rendered.

(c) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method.

(d) *Rental income*

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

2.3 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

Subsidiary corporations 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 to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and 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 subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation'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 statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in 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 corporation 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 corporation 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiary corporations* (continued)

(ii) *Acquisitions* (continued)

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.5 "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation, including any goodwill, are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss 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 profit or loss.

Please refer to Note 2.7 "Investments in subsidiary corporations and associated corporations" for the accounting policy on investments in subsidiary corporations and associated corporations in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation 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 corporations*

Associated corporations 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%. Investments in associated corporations are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associated corporations 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 corporations represents the excess of the cost of acquisition of the associated corporation over the Group's share of the fair value of the identifiable net assets of the associated corporation and is included in the carrying amount of the investment.

(ii) *Equity method of accounting*

Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated corporations' post-acquisition profits or losses, its share of movements in its investee's other comprehensive income and its share of other movements in the investee's reserves recorded in equity. Dividends received or receivable from associated corporations are recognised as a reduction in the carrying amount of these investments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) *Associated corporations* (continued)

(ii) *Equity method of accounting* (continued)

When the Group's share of losses in an associated corporation equals or exceeds its interest in the associated corporation, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the associated corporation. If the associated corporation subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses not recognised.

Where dividends paid by an associated corporation are in excess of the carrying amount of the Group's investment, the carrying value of the associated corporation is reduced to nil, but does not become negative. If the Group has no legal or constructive obligations to make payments on behalf of the associated corporation, then dividends in excess of the carrying amount of the Group's investment are recognised in profit or loss. In subsequent years, if the associated corporation makes profits, the Group will increase the carrying value of its investment in the associated corporation by its share of subsequent profits and movement in reserves; and will then assess whether the investment is impaired.

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

(iii) *Disposals*

Investments in associated corporations are derecognised when the Group loses significant influence. If the retained equity interest in the former associated corporation is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.7 "Investments in subsidiary corporations and associated corporations" for the accounting policy on investments in associated corporations in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(b) *Depreciation*

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

	Useful lives
Renovations, furniture, fittings and office equipment	3 to 5 years
Motor vehicles	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss 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 profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses".

2.5 Intangible assets – Goodwill

Goodwill on acquisition of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as an intangible asset and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associated corporations represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated corporations is included in the carrying amount of the investment.

Gains and losses on the disposal of subsidiary corporations and associated corporations are calculated after inclusion of the carrying amount of goodwill relating to the entity sold.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiary corporations and associated corporations

Investments in subsidiary corporations and associated corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated corporation is tested for impairment as part of the investment, rather than separately.

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 as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment
Investments in subsidiary corporations and associated corporations

Property, plant and equipment, and investments in subsidiary corporations and associated corporations 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 inflows 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 profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and 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 profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets upon 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 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents" (Note 9) and "trade and other receivables" (Note 10) on the balance sheet.

(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 12 months after the balance sheet date.

(b) *Recognition and derecognition*

Purchases and sales of financial assets in the normal course of business 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 them 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 profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

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.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. 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, together with the related currency translation differences.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

(e) Impairment

At each balance sheet date the Goup assesses 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 profit or loss.

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

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered to be an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in a subsequent period.

2.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, 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 profit or loss, over the period of the borrowings, using the effective interest method.

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of a 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 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 balance sheet date. 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 Company and the Group use a variety of methods and make assumptions based on market conditions existing at each balance sheet date including estimating the fair values of the financial assets by reference to the values reflected in statements from fund managers or the net assets of the investee company, adjusting where applicable using appropriate measures to fair value the underlying assets and liabilities.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.13 Leases

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

The Group leases motor vehicles under finance leases and office premises under operating leases from non-related parties.

(i) *Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as 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 profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *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 profit or loss on a straight-line basis over the period of the lease.

(b) *When the Group is the lessor – Operating leases:*

The Group leases office premises under operating leases to other related parties.

Leases of office premises 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 profit or loss 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 profit or loss over the lease term on the same basis as the lease income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 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 substantively enacted by the balance sheet date.

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 subsidiary corporations and associated corporations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, 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.

2.15 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *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.

(b) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.16 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 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 functional currency of the Company is the Hong Kong Dollar. The financial statements are presented in Singapore Dollars because the Company is listed on the Singapore Exchange Securities Trading Limited and is incorporated and domiciled in Singapore.

(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 balance sheet date are recognised in profit or loss.

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 loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

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

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

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chairman and Group Managing Director, who are responsible for allocating resources and assessing performance of the operating segments.

2.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.20 Share capital and treasury shares

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 ordinary shares ("treasury shares"), the carrying amount, which includes the consideration paid and any directly attributable transaction cost, is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of the capital of the Company, or against the retained profits of the Company if the shares are purchased out of the earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.21 Dividends to Company's shareholders

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

2.22 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3. REVENUE

	Group	
	2017	2016
	$'000	$'000
Dividend income	**14,658**	12,954

4. OTHER INCOME

	Group	
	2017	2016
	$'000	$'000
Interest income – bank deposits	**120**	38
Management fees		
– associated corporation	**3**	3
– other related parties	**27**	68
Rental income	**–**	30
Gain on disposal of available-for-sale financial assets	**212**	–
Reversal of an expired provision no longer required by a subsidiary corporation	**–**	600
Other income	**9**	–
	371	739

5. EMPLOYEE COMPENSATION

	Group	
	2017	2016
	$'000	$'000
Wages and salaries	**1,756**	1,598
Employer's contributions to defined contribution plans including Central Provident Fund	**114**	110
	1,870	1,708

6. FINANCE EXPENSES

	Group	
	2017	2016
	$'000	$'000
Interest expense		
– bank borrowings	**806**	1,701
– finance lease liability	**2**	3
Finance facility fees	**2,209**	2,025
	3,017	3,729

7. INCOME TAXES

(a) Income tax expense

	Group 2017 $'000	Group 2016 $'000
Tax expense attributable to profit is made up of:		
Profit from current financial year:		
Current income tax – Singapore	**93**	43
Deferred income tax (Note 20)	**2,407**	2,123
	2,500	2,166
Under/(over) provision in prior financial years:		
Current income tax	**2**	(1)
Deferred income tax (Note 20)	**11**	(2)
Tax expense	**2,513**	2,163

The tax expense on the Group's profit differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group 2017 $'000	Group 2016 $'000
Profit before tax	**98,109**	89,145
Less: Share of profit of associated corporations	**(90,842)**	(82,728)
	7,267	6,417
Tax calculated at tax rate of 17% (2016: 17%)	**1,235**	1,091
Effects of:		
– income not subject to tax	**(36)**	(170)
– expenses not deductible for tax purposes	**1,309**	1,252
– different tax rates in other countries	**5**	6
– partial tax exemption	**(11)**	(9)
– corporate income tax rebate	**(2)**	(4)
Tax charge	**2,500**	2,166

(b) Movement in current income tax liabilities

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Beginning of financial year	**4**	5	**–**	–
Income tax paid	**(91)**	(43)	**(85)**	(39)
Tax expense	**95**	42	**85**	39
End of financial year	**8**	4	**–**	–

(c) There are no tax charges or credits relating to each component of other comprehensive income.

(d) There are no tax charges or credits recognised directly in equity.

8. 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.

	Group	
	2017	2016
Net profit attributable to equity holders of the Company ($'000)	**95,596**	86,982
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,649,740**	2,649,809
Basic earnings per share (Cents per share)	**3.61**	3.28

(b) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there was no dilutive effect on earnings per share calculations due to the absence of any dilutive financial instruments during the financial years ended 31 December 2016 and 2017.

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**18,241**	11,498	**1,620**	447
Short-term bank deposits	**42,588**	30,869	**42,588**	30,869
	60,829	42,367	**44,208**	31,316

10. TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade receivables				
– Non-related parties	**9**	9	**5**	6
Other receivables				
– Other related parties [i]	**14**	15	**–**	–
– Non-related parties	**596**	596	**596**	596
	610	611	**596**	596
Less: Allowance for impairment of receivables				
– Non-related parties	**(596)**	(596)	**(596)**	(596)
Other receivables, net	**14**	15	**–**	–
Amount receivable on sale of an associated corporation [ii]	**59,776**	59,776	**–**	–
Less: Allowance for impairment of receivable	**(59,776)**	(59,776)	**–**	–
Amount receivable on sale of an associated corporation, net	**–**	–	**–**	–
Others	**78**	3	**–**	–
	101	27	**5**	6

[i] Amounts due from other related parties (Note 27(a)) are non-trade in nature, unsecured, interest-free and repayable on demand.

[ii] The allowance of $59,776,000 for the amount receivable on sale of an associated corporation was made in 1999. The background to this debt is as follows:

In 1995, the Company's 51%-owned subsidiary corporation, Gladioli Investments Pte Ltd ("Gladioli"), disposed of its 39% equity interest in an associated corporation, Bugis City Holdings Pte Ltd ("BCH"), to Montien International Limited ("Montien"). Montien was a shareholder of Gladioli.

The sale was completed in July 1996. Interest has been charged in accordance with the sale and purchase agreement on a net outstanding balance amounting to $53,000,000 (2016: $53,000,000).

The receivable was secured by a second charge against 69,576,000 shares in BCH and by a guarantee given by Madam Endang Utari Mokodompit. On 31 March 2003, a judgement debt was recognised by The High Court of The Republic of Singapore in the sum of $70,224,000 against Madam Endang Utari Mokodompit as well as Montien. As at 31 December 2017, the amount due, inclusive of interest, was $96,881,000 (2016: $95,705,000). However, the Company has not recognised any amount beyond the amount receivable of $59,776,000 (2016: $59,776,000), which is fully provided for.

11. OTHER CURRENT ASSETS

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Deposits	**3**	5	**1**	1
Prepayments	**749**	701	**447**	472
	752	706	**448**	473

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**274,273**	281,248	**233,696**	237,213
Currency translation differences	**(20,973)**	7,051	**(18,630)**	6,067
Refund of capital contribution	**(7,466)**	(4,125)	**–**	–
Disposal of available-for-sale financial assets	**(3,965)**	–	**–**	–
Fair value gains/(losses) recognised in other comprehensive income (Note 22(b)(iv))	**19,261**	(9,901)	**10,177**	(9,584)
End of financial year	**261,130**	274,273	**225,243**	233,696

Available-for-sale financial assets are analysed as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Equity investments, at fair value:				
– Unquoted: Cayman Islands	**35,887**	40,577	**–**	–
– Quoted: Hong Kong	**225,243**	233,696	**225,243**	233,696
	261,130	274,273	**225,243**	233,696

13. INVESTMENTS IN ASSOCIATED CORPORATIONS

	Company	
	2017	2016
	$'000	$'000
Equity investments – Quoted shares		
At cost	**1,010,578**	1,098,119
Market value of quoted shares at balance sheet date	**1,367,780**	1,374,958

Set out below are the associated corporations of the Group as at 31 December 2017. The associated corporations as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Place of business/ country of incorporation	% of ownership interest	
		2017	2016
PCCW Limited	Hong Kong	**22.7**	22.7
KSH Distriparks Private Limited	India	**49.9**	49.9

PCCW's principal activities are the provision of local and international telecommunications and information technology services, technology-related businesses, and investment holding in Hong Kong.

13. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

KSH's principal activities are the provision of infrastructure and services for an Inland Container Depot, the development of warehousing and industrial parks and third party logistics and transportation solutions in India. KSH is not considered to be material to the Group and therefore no further disclosure relating to the summarised financial information of the associated corporation is made.

As at 31 December 2017, the fair value of the Group's interest in PCCW, which is listed on the Hong Kong Stock Exchange, was $1,367,780,000 (2016: $1,374,958,000). The carrying amount of the Group's interest in PCCW was $1,088,098,000 (2016: $835,333,000).

To provide shareholders with information on the results and financial position of PCCW, the financial information from its audited annual report dated 7 February 2018 is set out below. The consolidated statement of comprehensive income is translated at the average rate and the consolidated balance sheet at the closing rate as at balance sheet date.

Consolidated statement of comprehensive income of PCCW

	For the year ended 31 December	
	2017	2016
	$'000	$'000
Revenue	**6,561,703**	6,823,579
Cost of sales	**(2,985,442)**	(3,154,199)
General and administrative expenses	**(2,536,483)**	(2,686,838)
Other gains, net	**212,702**	5,689
Interest income	**23,732**	9,244
Finance costs	**(270,261)**	(254,035)
Share of results of associates	**14,700**	11,733
Share of results of joint ventures	**(5,136)**	(3,733)
Profit before income tax	**1,015,515**	751,440
Income tax	**(200,836)**	(70,220)
Profit for the year	**814,679**	681,220
Attributable to:		
Equity holders of PCCW	**397,776**	364,609
Non-controlling interests	**416,903**	316,611
Profit for the year	**814,679**	681,220

13. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

Consolidated statement of comprehensive income of PCCW (continued)

	For the year ended 31 December 2017 $'000	2016 $'000
Profit for the year	**814,678**	681,220
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to the consolidated income statement:		
Remeasurements of defined benefit retirement schemes obligations	**6,730**	(4,622)
	6,730	(4,622)
Items that have been reclassified or may be reclassified subsequently to the consolidated income statement:		
Translation exchange differences:		
– exchange differences on translating foreign operations	**57,205**	(29,332)
– reclassification of currency translation reserve on disposal of subsidiaries	**30,462**	–
Available-for-sale financial assets:		
– changes in fair value	**18,773**	(1,244)
– transfer to consolidated income statement on (disposal)/impairment	**(1,594)**	2,489
Cash flow hedges:		
– effective portion of changes in fair value	**(58,444)**	139,906
– transfer from equity to consolidated income statement	**(59,861)**	8,355
	(13,459)	120,174
Other comprehensive (loss)/income for the year	**(6,729)**	115,552
Total comprehensive income for the year	**807,949**	796,772
Attributable to:		
Equity holders of PCCW	**422,216**	432,696
Non-controlling interests	**385,733**	364,076
Total comprehensive income for the year	**807,949**	796,772

Consolidated balance sheet of PCCW

	As at 31 December 2017 $'000	2016 $'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	**3,725,002**	3,678,030
Investment properties	**643,255**	600,403
Interests in leasehold land	**69,411**	78,784
Properties held for/under development	**204,110**	172,504
Goodwill	**3,114,563**	3,378,202
Intangible assets	**2,186,448**	2,236,950
Interests in associates	**123,531**	135,352
Interests in joint ventures	**101,711**	117,243
Available-for-sale financial assets	**347,227**	197,334
Derivative financial instruments	**38,657**	53,954
Deferred income tax assets	**208,405**	211,709
Other non-current assets	**175,074**	167,463
	10,937,394	11,027,928

13. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

Consolidated balance sheet of PCCW (continued)

	As at 31 December	
	2017	2016
	$'000	$'000
Current assets		
Sales proceeds held in stakeholders' accounts	**87,279**	95,213
Restricted cash	**25,600**	25,950
Prepayments, deposits and other current assets	**1,641,812**	1,683,780
Inventories	**156,518**	176,051
Amounts due from related companies	**14,776**	18,296
Derivative financial instruments	**172**	–
Other financial assets	**13,573**	–
Trade receivables, net	**629,510**	705,324
Tax recoverable	**3,264**	2,987
Short-term deposits	**279,878**	84,572
Cash and cash equivalents	**1,999,519**	886,976
	4,851,901	3,679,149
Assets of disposal group classified as held for sale	**–**	150,661
	4,851,901	3,829,810
Current liabilities		
Short-term borrowings	**(106,866)**	(85,318)
Trade payables	**(358,738)**	(509,855)
Accruals and other payables	**(1,300,426)**	(1,277,724)
Amount payable to the Government under the Cyberport Project Agreement	**(55,151)**	(59,928)
Derivative financial instruments	**(2,577)**	–
Carrier licence fee liabilities	**(29,723)**	(32,298)
Amounts due to related companies	**(172)**	(6,534)
Advances from customers	**(444,643)**	(403,256)
Current income tax liabilities	**(247,062)**	(247,741)
	(2,545,358)	(2,622,654)
Liabilities of disposal group classified as held for sale	**–**	(6,721)
	(2,545,358)	(2,629,375)
Non-current liabilities		
Long-term borrowings	**(8,008,556)**	(8,425,622)
Derivative financial instruments	**(48,450)**	(18,296)
Deferred income tax liabilities	**(555,460)**	(544,395)
Deferred income	**(237,269)**	(199,948)
Defined benefit retirement schemes liability	**(18,040)**	(28,751)
Carrier licence fee liabilities	**(78,173)**	(101,561)
Other long-term liabilities	**(311,147)**	(151,221)
	(9,257,095)	(9,469,794)
Net assets	**3,986,842**	2,758,569
CAPITAL AND RESERVES		
Share capital	**2,225,620**	2,418,415
Reserves	**1,200,433**	(173,251)
Equity attributable to equity holders of PCCW	**3,426,053**	2,245,164
Non-controlling interests	**560,789**	513,405
Total equity	**3,986,842**	2,758,569

13. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

The information on pages 44 to 46 reflects the information presented in the audited financial statements of PCCW (and not the Group's share of these figures). There are no differences in accounting policies between the Group and PCCW.

Group's share of PCCW's contingent liabilities is as follows:

	Group 2017 $'000	Group 2016 $'000
Performance guarantee	**22,308**	39,116
Others	**5,070**	3,221

PCCW is subject to certain corporate guarantee obligations to guarantee the performance of its subsidiaries in the normal course of their businesses. The amount of liabilities arising from such obligations, if any, cannot be ascertained but the directors of PCCW are of the opinion that any resulting liability would not materially affect the financial position of PCCW.

Reconciliation of financial information

Reconciliation of the financial information presented, to the carrying amount of the Group's interest in associated corporations, is as follows:

	PCCW (#) As at 31 December 2017 $'000	2016 $'000
Net assets		
At 1 January	**2,245,164**	2,006,772
Profit for the year	**397,776**	364,609
Other comprehensive gain	**24,440**	68,087
Transactions with equity holders	**950,278**	(267,344)
Currency translation differences	**(191,605)**	73,040
At 31 December	**3,426,053**	2,245,164

	Group 2017 $'000	Group 2016 $'000
Interest in PCCW (22.7%) (2016: 22.7%)	**777,714**	509,652
Dividends from PCCW (*)	**232,605**	232,605
Goodwill and foreign exchange differences	**77,779**	93,076
Carrying value of PCCW	**1,088,098**	835,333
Add:		
Carrying value of KSH	**25,654**	25,451
Carrying value of Group's interest in associated corporations	**1,113,752**	860,784
Dividends received from PCCW	**89,801**	80,693

Further details of associated corporations are provided in Note 26.

(#) The information above reflects the amounts attributable to equity holders of PCCW.

(*) In 2009, the Company received dividends amounting to $377,478,000 from PCCW. This was $232,605,000 in excess of the carrying value of the Group's investment in PCCW. This amount was recognised in the consolidated income statement. Subsequently, the Group continued to increase the carrying value of its investment in PCCW by recognising its share of subsequent profits and reserves of PCCW.

14. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2017	2016
	$'000	$'000
Equity investments, at cost		
Beginning of financial year	**108,661**	109,690
Currency translation difference	**(8,663)**	2,806
Addition	**–**	5,611
Allowance for impairment	**(1,331)**	(9,446)
End of financial year	**98,667**	108,661

Details of the subsidiary corporations are provided in Note 26.

In 2016, an addition to investments in subsidiary corporations of $5,611,000 was effected through the capitalisation of an amount due from a subsidiary corporation.

The Company recognised impairment losses of $1,331,000 (2016: $9,446,000) against its investments in subsidiary corporations in Singapore and Hong Kong arising from losses incurred by these subsidiary corporations.

15. PROPERTY, PLANT AND EQUIPMENT

	Renovations, furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group			
2017			
Cost			
Beginning of financial year	**242**	**163**	**405**
Currency translation differences	**(4)**	**–**	**(4)**
Additions	**3**	**–**	**3**
Disposals	**(7)**	**–**	**(7)**
End of financial year	**234**	**163**	**397**
Accumulated depreciation			
Beginning of financial year	**224**	**49**	**273**
Currency translation differences	**(4)**	**–**	**(4)**
Depreciation charge	**16**	**32**	**48**
Disposals	**(7)**	**–**	**(7)**
End of financial year	**229**	**81**	**310**
Net book value			
End of financial year	**5**	**82**	**87**

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Renovations, furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group			
2016			
Cost			
Beginning of financial year	244	163	407
Currency translation differences	1	–	1
Additions	4	–	4
Disposals	(7)	–	(7)
End of financial year	242	163	405
Accumulated depreciation			
Beginning of financial year	203	16	219
Currency translation differences	1	–	1
Depreciation charge	27	33	60
Disposals	(7)	–	(7)
End of financial year	224	49	273
Net book value			
End of financial year	18	114	132

	Renovations, furniture, fittings and office equipment $'000
Company	
2017	
Cost	
Beginning of financial year	**32**
Currency translation differences	**(2)**
Disposals	**(7)**
End of financial year	**23**
Accumulated depreciation	
Beginning of financial year	**32**
Currency translation differences	**(2)**
Disposals	**(7)**
End of financial year	**23**
Net book value	
End of financial year	**–**

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Renovations, furniture, fittings and office equipment $'000
Company	
2016	
Cost	
Beginning of financial year	31
Currency translation differences	1
End of financial year	32
Accumulated depreciation	
Beginning of financial year	31
Currency translation differences	1
End of financial year	32
Net book value	
End of financial year	–

The carrying amount of the Group's motor vehicle held under finance lease is $82,000 (2016: $114,000) at the balance sheet date.

16. OTHER NON-CURRENT ASSETS

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Deposits	**83**	92	**–**	–
Prepayments	**198**	504	**82**	333
Other sundry receivable	**13**	–	**–**	–
	294	596	**82**	333

17. TRADE AND OTHER PAYABLES – CURRENT

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Other payables to				
– Subsidiary corporations	**–**	–	**9,320**	6,942
– Other related parties	**–**	191	**–**	191
	–	191	**9,320**	7,133
Accruals for operating expenses	**2,034**	2,538	**843**	783
	2,034	2,729	**10,163**	7,916

Amounts due to subsidiary corporations and other related parties (Note 27(a)) are non-trade in nature, unsecured, interest-free and repayable on demand.

18. BORROWINGS

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Current				
Bank loans	**10,309**	100,814	**10,309**	100,814
Finance lease liability (Note 19)	**17**	16	**–**	–
	10,326	100,830	**10,309**	100,814
Non-current				
Finance lease liability (Note 19)	**26**	43	**–**	–
Total borrowings	**10,352**	100,873	**10,309**	100,814

The secured bank loans for both the Group and the Company are denominated in Hong Kong Dollars and United States Dollars. The loans in 2016 and 2017 are secured by shares in PCCW (Note 13) held by the Company. The secured bank loans were repayable in January 2018 (2016: January 2017) and bear effective interest rates ranging from 1.22% to 1.95% (2016: 1.24% to 1.83%) per annum as at 31 December 2017.

Undrawn bank facilities

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Expiring within one year	**202,974**	61,395	**134,250**	61,395
Expiring beyond one year	**156,641**	236,360	**87,917**	87,006
	359,615	297,755	**222,167**	148,401

Those facilities expiring within one year from the balance sheet date are facilities subject to annual review at various dates during 2018. The longer term facilities are mainly for general corporate funding requirements of the Group.

19. FINANCE LEASE LIABILITY

The Group leases a motor vehicle from a non-related party under a finance lease.

	Group	
	2017	2016
	$'000	$'000
Minimum lease payments due		
– Not later than one year	**18**	18
– Between one and five years	**27**	46
	45	64
Less: Future finance charges	**(2)**	(5)
Present value of finance lease liability	**43**	59

19. FINANCE LEASE LIABILITY (continued)

The present value of finance lease liability is analysed as follows:

	Group	
	2017	2016
	$'000	$'000
Not later than one year (Note 18)	**17**	16
Between one and five years (Note 18)	**26**	43
Total	**43**	59

20. DEFERRED INCOME TAX LIABILITIES

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Deferred income tax liabilities				
– to be settled after one year	**9,765**	8,061	**9,764**	8,061

Movements in the deferred income tax account are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**8,061**	5,688	**8,061**	5,688
Currency translation differences	**(714)**	252	**(714)**	252
Tax charge to income statement (Note 7(a))	**2,407**	2,123	**2,407**	2,123
Under/(over) provision in prior financial year (Note 7(a))	**11**	(2)	**10**	(2)
End of financial year	**9,765**	8,061	**9,764**	8,061

The Group's and Company's deferred tax liabilities have been measured based on the corporate tax rates and tax laws prevailing at the balance sheet date in relevant jurisdictions.

A deferred income tax liability has been provided in respect of certain unremitted earnings from the Company's available-for-sale financial assets. These earnings will be brought to tax by the tax authority if and when they are remitted into Singapore. There are no assessable temporary differences relating to the Group's investments in subsidiary corporations and associated corporations.

At 31 December 2017, a subsidiary corporation has unutilised tax losses amounting to approximately $45,730,000 (2016: $45,730,000) available for set-off against taxable income in the future for which no deferred tax asset is recognised due to uncertainty as to its recoverability. The use of these tax losses is subject to agreement by the tax authority and in compliance with certain provisions of the tax legislation of the jurisdiction in which the subsidiary corporation operates.

21. SHARE CAPITAL

	No. of ordinary shares		Amount	
	Issued share capital '000	Company shares '000	Share capital $'000	Company shares $'000
Group and Company				
2017				
Beginning and end of financial year	**2,649,740**	**–**	**457,283**	**–**
2016				
Beginning of financial year	2,652,556	–	457,283	–
Shares purchased	–	(2,816)	–	(1,130)
Shares cancelled	(2,816)	2,816	–	1,130
End of financial year	2,649,740	–	457,283	–

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

In 2016, the Company acquired 2,816,000 shares in the Company from the open market and cancelled them during the financial year. The total amount paid to acquire the shares was $1,130,000. This is included as a component of shareholders' equity.

In 2016, the Company cancelled 2,816,000 shares.

22. OTHER RESERVES

(a) Composition:

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Currency translation reserve	**70,752**	129,694	**(99,191)**	11,701
Equity share compensation reserve	**4,412**	4,295	**–**	–
Cash flow hedge reserve	**1,957**	17,688	**–**	–
Fair value reserve	**146,188**	123,353	**108,208**	98,031
Other reserve	**(4,140)**	(4,140)	**–**	–
	219,169	270,890	**9,017**	109,732

22. OTHER RESERVES (continued)

(b) Movements:

(i) Currency translation reserve

Movements in the currency translation reserve arise mainly from differences in the translation of the financial statements of companies in the Group whose functional currencies are different from that of the Group's presentation currency.

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**129,694**	111,331	**11,701**	(24,240)
Net currency translation differences of financial statements of the Company, foreign subsidiary corporations and associated corporations	**(74,790)**	22,961	**(110,892)**	35,941
Share of currency translation reserve of associated corporations	**15,848**	(4,598)	**–**	–
End of financial year	**70,752**	129,694	**(99,191)**	11,701

(ii) Equity share compensation reserve

Equity share compensation reserve represents the equity-settled share options granted to employees of an associated corporation.

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**4,295**	3,585	**–**	–
Share of equity share compensation reserve of an associated corporation	**117**	710	**–**	–
End of financial year	**4,412**	4,295	**–**	–

(iii) Cash flow hedge reserve

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**17,688**	(5,698)	**–**	–
Share of net fair value (losses)/gains, net of tax of an associated corporation	**(15,731)**	23,386	**–**	–
End of financial year	**1,957**	17,688	**–**	–

22. OTHER RESERVES (continued)

(b) *Movements:* (continued)

(iv) *Fair value reserve*

The fair value reserve records the cumulative fair value changes in available-for-sale financial assets until they are derecognised or impaired.

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**123,353**	133,443	**98,031**	107,615
Fair value gains/(losses) on available-for-sale investments:				
– Net gains/(losses) on fair value changes during the year	**19,261**	(9,901)	**10,177**	(9,584)
– Reclassification of fair value gain on disposal of available-for-sale financial assets to income statement	**(212)**	–	**–**	–
– Share of an associated corporation's net gains/(losses) on fair value changes	**3,786**	(189)	**–**	–
End of financial year	**146,188**	123,353	**108,208**	98,031

(v) *Other reserve*

The other reserve records the increase in ownership interest in a subsidiary corporation of an associated corporation and dividends paid under the associated corporation's share award scheme.

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**(4,140)**	(4,052)	**–**	–
Share of dividends paid under an associated corporation's share award scheme	**–**	(24)	**–**	–
Share of an associated corporation's transaction costs in relation to the issuance of SSUs	**–**	(64)	**–**	–
End of financial year	**(4,140)**	(4,140)	**–**	–

23. OPERATING LEASE COMMITMENTS – WHERE THE GROUP IS A LESSEE

The Group leases certain office properties under operating lease arrangements. Leases of properties are negotiated for terms ranging from two to three years.

As at the balance sheet date, the Group has future minimum lease payments under operating leases, cancellable with a 3-month notice period, which are not recognised as liabilities, as follows:

	Group	
	2017	2016
	$'000	$'000
Payable within one year	**328**	259
Payable after one year but within five years	**123**	–
	451	259

24. SEGMENT INFORMATION

The chief operating decision makers consist of the Chairman and Group Managing Director.

The chief operating decision makers include a business segment analysis in their strategic decision making process. Management provides information on the business in two business segments: investment holding and business management and consultancy services.

The chief operating decision makers assess the performance of these operating segments based on net profit.

Revenue is derived from dividend income and the provision of business management and consultancy services to other related parties and associated corporations.

The information with respect to total assets and total liabilities is measured in a manner consistent with that used in the financial statements.

All assets other than cash and cash equivalents are allocated to reportable segments.

Liabilities are allocated based on operations within the segment. All liabilities are allocated to reportable segments other than borrowings, current income tax liabilities and deferred income tax liabilities.

Geographical information:

	Group Revenue		Group Non-current assets	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore	**–**	–	**265**	557
India	**–**	–	**25,654**	25,451
Hong Kong	**14,658**	12,954	**1,088,214**	835,504
	14,658	12,954	**1,114,133**	861,512

24. SEGMENT INFORMATION (continued)

2017	Investment holding $'000	Business management and consultancy services $'000	Consolidated $'000
External revenue	**14,658**	**–**	**14,658**
Operating profit before interest income and depreciation	**10,016**	**206**	**10,222**
Interest income	**120**	**–**	**120**
Depreciation	**(48)**	**–**	**(48)**
Profit from operating activities	**10,088**	**206**	**10,294**
Finance expenses	**(3,017)**	**–**	**(3,017)**
Share of profits of associated corporations, net of tax	**90,842**	**–**	**90,842**
Loss on liquidation of a subsidiary corporation	**(10)**	**–**	**(10)**
Profit before income tax	**97,903**	**206**	**98,109**
Income tax expense	**(2,503)**	**(10)**	**(2,513)**
Total profit	**95,400**	**196**	**95,596**
Segment assets	**261,882**	**101**	**261,983**
Property, plant and equipment	**–**	**87**	**87**
Other non-current assets	**198**	**96**	**294**
Investments in associated corporations	**1,113,752**	**–**	**1,113,752**
	1,113,950	**183**	**1,114,133**
Unallocated corporate assets			
– Cash and cash equivalents			**60,829**
Total assets			**1,436,945**
Segment liabilities	**1,832**	**202**	**2,034**
Unallocated corporate liabilities			
– Borrowings			**10,352**
– Current income tax liabilities			**8**
– Deferred income tax liabilities			**9,765**
Total liabilities			**22,159**
Other segment information:			
Additions to property, plant and equipment	**–**	**3**	**3**

24. SEGMENT INFORMATION (continued)

2016	Investment holding $'000	Business management and consultancy services $'000	Consolidated $'000
External revenue	12,954	–	12,954
Operating profit before interest income and depreciation	10,124	44	10,168
Interest income	38	–	38
Depreciation	(58)	(2)	(60)
Profit from operating activities	10,104	42	10,146
Finance expenses	(3,729)	–	(3,729)
Share of profits of associated corporations, net of tax	82,728	–	82,728
Profit before income tax	89,103	42	89,145
Income tax expense	(2,160)	(3)	(2,163)
Total profit	86,943	39	86,982
Segment assets	274,938	68	275,006
Property, plant and equipment	–	132	132
Other non-current assets	504	92	596
Investments in associated corporations	860,784	–	860,784
	861,288	224	861,512
Unallocated corporate assets			
– Cash and cash equivalents			42,367
Total assets			1,178,885
Segment liabilities	2,455	274	2,729
Unallocated corporate liabilities			
– Borrowings			100,873
– Current income tax liabilities			4
– Deferred income tax liabilities			8,061
Total liabilities			111,667
Other segment information:			
Additions to property, plant and equipment	–	4	4

25. FINANCIAL RISK MANAGEMENT

Financial risk factors

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 any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group's associated corporation, PCCW, uses financial instruments such as currency forwards, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Market risk

(i) Currency risk

The Group operates in Asia with operations in Singapore, Hong Kong and India. Entities in the Group regularly transact in currencies other than their functional currencies ("foreign currencies") such as the Singapore Dollar ("SGD"), United States Dollar ("USD") and Hong Kong Dollar ("HKD").

Currency risk arises when transactions involving monetary items are denominated in foreign currencies. Where material, the Group takes steps to manage currency risk.

In addition, the Group is exposed to currency translation risk on the net assets involving monetary items in foreign operations. The Group monitors foreign currency exposures on an on-going basis.

25. 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:

	HKD $'000	SGD $'000	USD $'000	Other $'000	Total $'000
At 31 December 2017					
Financial assets					
Cash and cash equivalents	59,277	1,103	448	1	60,829
Trade and other receivables	–	62	39	–	101
Other financial assets	–	99	–	–	99
Intercompany receivables	3,169	6,151	–	–	9,320
	62,446	7,415	487	1	70,349
Financial liabilities					
Other financial liabilities	(402)	(696)	(297)	(639)	(2,034)
Borrowings	(10,309)	(43)	–	–	(10,352)
Intercompany payables	(3,169)	(6,151)	–	–	(9,320)
	(13,880)	(6,890)	(297)	(639)	(21,706)
Net financial assets/(liabilities)	48,566	525	190	(638)	48,643
Less:					
Net financial assets denominated in respective entities' functional currencies	(48,566)	(536)	(5)	–	
Net intercompany receivables denominated in respective entities' functional currencies	–	(6,151)	–	–	
Currency exposure	–	(6,162)	185	(638)	

25. 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 (continued):

	HKD $'000	SGD $'000	USD $'000	Other $'000	Total $'000
At 31 December 2016					
Financial assets					
Cash and cash equivalents	41,275	1,014	77	1	42,367
Trade and other receivables	–	27	–	–	27
Other financial assets	–	97	–	–	97
Intercompany receivables	3,444	3,498	–	–	6,942
	44,719	4,636	77	1	49,433
Financial liabilities					
Other financial liabilities	(388)	(747)	(899)	(695)	(2,729)
Borrowings	(100,814)	(59)	–	–	(100,873)
Intercompany payables	(3,444)	(3,498)	–	–	(6,942)
	(104,646)	(4,304)	(899)	(695)	(110,544)
Net financial (liabilities)/assets	(59,927)	332	(822)	(694)	(61,111)
Less:					
Net financial liabilities/ (assets) denominated in respective entities' functional currencies	59,927	(593)	(36)	–	
Net intercompany receivables denominated in respective entities' functional currencies	–	(3,498)	–	–	
Currency exposure	–	(3,759)	(858)	(694)	

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Company's currency exposure based on the information provided to key management is as follows (continued):

	HKD $'000	SGD $'000	USD $'000	Total $'000
At 31 December 2017				
Financial assets				
Cash and cash equivalents	**43,731**	**463**	**14**	**44,208**
Trade and other receivables	**–**	**5**	**–**	**5**
Other financial assets	**–**	**1**	**–**	**1**
	43,731	**469**	**14**	**44,214**
Financial liabilities				
Borrowings	**(10,309)**	**–**	**–**	**(10,309)**
Other financial liabilities	**(3,508)**	**(6,618)**	**(37)**	**(10,163)**
	(13,817)	**(6,618)**	**(37)**	**(20,472)**
Net financial assets/(liabilities)	**29,914**	**(6,149)**	**(23)**	
Currency exposure after deducting net financial liabilities denominated in the Company's functional currency	**–**	**(6,149)**	**(23)**	
At 31 December 2016				
Financial assets				
Cash and cash equivalents	31,115	190	11	31,316
Trade and other receivables	–	6	–	6
Other financial assets	–	1	–	1
	31,115	197	11	31,323
Financial liabilities				
Borrowings	(100,814)	–	–	(100,814)
Other financial liabilities	(3,784)	(3,941)	(191)	(7,916)
	(104,598)	(3,941)	(191)	(108,730)
Net financial liabilities	(73,483)	(3,744)	(180)	
Currency exposure after deducting net financial liabilities denominated in the Company's functional currency	–	(3,744)	(180)	

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the value of the USD and SGD change against the HKD by 9% (2016: 8%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2017		2016	
	Increase/(Decrease)			
	Total profit $'000	**Other comprehensive income $'000**	Total profit $'000	Other comprehensive income $'000
Group				
USD against HKD				
– strengthened	**14**	**–**	(57)	–
– weakened	**(14)**	**–**	57	–
SGD against HKD				
– strengthened	**(1)**	**(459)**	(18)	(232)
– weakened	**1**	**459**	18	232
Company				
USD against HKD				
– strengthened	**(2)**	**–**	(12)	–
– weakened	**2**	**–**	12	–
SGD against HKD				
– strengthened	**(459)**	**–**	(249)	–
– weakened	**459**	**–**	249	–

(ii) *Price risk*

The Group is exposed to equity securities price risk because of investments held by the Group which are classified in the consolidated balance sheet as available-for-sale.

These securities consist of listed equity securities in Hong Kong and unlisted equity securities in Cayman Islands.

The Group is not exposed to commodity price risk. To manage price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of its portfolio is done in accordance with limits set by the Group.

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) *Price risk* (continued)

If prices for the listed equity securities in Hong Kong and unlisted equity securities in Cayman Islands change by 14% (2016: 13%) with all other variables including tax rate being held constant, the total profit and other comprehensive income will be as follows:

	2017		2016	
	Increase/(Decrease)			
	Total profit $'000	**Other comprehensive income $'000**	Total profit $'000	Other comprehensive income $'000
Group				
Listed equity securities in Hong Kong				
– increased by	**–**	**26,173**	–	25,216
– decreased by	**–**	**(26,173)**	–	(25,216)
Unlisted equity securities in Cayman Islands				
– increased by	**–**	**4,170**	–	4,378
– decreased by	**–**	**(4,170)**	–	(4,378)
Company				
Listed equity securities in Hong Kong				
– increased by	**–**	**26,173**	–	25,216
– decreased by	**–**	**(26,173)**	–	(25,216)

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that future cash flows from 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 Company and the Group have insignificant exposure to cash flow interest rate risks.

(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.

For trade receivables, the Group adopts the policy of dealing only with external customers with appropriate credit standing and history, and obtaining sufficient security where appropriate to mitigate credit risk.

For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instrument presented in the balance sheet.

The Group's and Company's major classes of financial assets are bank deposits, trade and other receivables and available-for-sale financial assets.

25. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
By geographical areas				
Singapore	**64**	18	**5**	6
Hong Kong	**11**	9	**–**	–
Cayman Islands	**39**	–	**–**	–
	114	27	**5**	6
By types of customers				
Non-related parties	**100**	12	**5**	6
Other related parties	**14**	15	**–**	–
	114	27	**5**	6

(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 and the Company.

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

The Group and the Company do not have any receivables that are past due but not impaired.

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

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Gross amount	**60,372**	60,372	**596**	596
Less: Allowance for impairment	**(60,372)**	(60,372)	**(596)**	(596)
	–	–	**–**	–
Beginning of financial year	**60,372**	60,400	**596**	624
Allowance utilised	**–**	(28)	**–**	(28)
End of financial year	**60,372**	60,372	**596**	596

25. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 and 5 years $'000
Group		
At 31 December 2017		
Trade and other payables	**2,034**	**–**
Borrowings	**10,344**	**27**
	12,378	**27**
At 31 December 2016		
Trade and other payables	2,729	–
Borrowings	100,991	46
	103,720	46
Company		
At 31 December 2017		
Trade and other payables	**10,163**	**–**
Borrowings	**10,326**	**–**
	20,489	**–**
At 31 December 2016		
Trade and other payables	7,916	–
Borrowings	100,973	–
	108,889	–

The Group and the Company manage liquidity risk by maintaining sufficient cash to meet normal operating commitments and by maintaining an adequate amount of committed credit facilities.

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may 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 its capital based on total capital. Total capital is calculated as capital and reserves attributable to equity holders of the Company plus net debt. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

25. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk (continued)

	Group		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Net debt	**(48,443)**	61,235	**(23,736)**	77,414
Capital and reserves attributable to equity holders of the Company	**1,414,786**	1,067,218	**1,348,995**	1,355,813
Total capital	**1,366,343**	1,128,453	**1,325,259**	1,433,227

There are no externally imposed capital requirements for the financial years ended 31 December 2016 and 2017.

(e) Fair value measurements

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

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

(ii) inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices) (Level 2); and

(iii) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Group				
Assets				
Available-for-sale financial assets				
– Equity investments				
2017	**225,243**	**320**	**35,567**	**261,130**
2016	233,696	4,744	35,833	274,273
Company				
Assets				
Available-for-sale financial assets				
– Equity investments				
2017	**225,243**	**–**	**–**	**225,243**
2016	233,696	–	–	233,696

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the closing prices. These instruments are included in Level 1.

The fair values of available-for-sale financial assets held in funds based on values reflected in statements from fund managers are included in Level 2.

25. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

The following table presents the changes in Level 3 instruments.

	Group 2017 $'000	Group 2016 $'000
Available-for-sale financial assets		
Beginning of financial year	**35,833**	36,616
Currency translation differences	**(2,344)**	983
Refund of capital contribution	**(7,466)**	(4,125)
Fair value gains recognised in other comprehensive income	**9,544**	2,359
End of financial year	**35,567**	35,833

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December 2017 $'000	Fair value as at 31 December 2016 $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Unquoted equity securities	**35,567**	35,833	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher is the fair value.

The Group's finance team assesses the fair value of the available-for-sale investments on a quarterly basis.

The carrying values less impairment provision of trade and other receivables and trade and other payables are assumed to approximate their fair values. The fair values of current borrowings approximate their carrying amounts.

(f) Financial instruments by category

The carrying amount of different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 12, respectively, to the financial statements, except for the following:

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Loans and receivables	**61,029**	42,491	**44,214**	31,323
Financial liabilities at amortised cost	**12,386**	103,602	**20,472**	108,730

26. GROUP CORPORATIONS

Details of the subsidiary corporations and associated corporations are as follows:

Name of company (country of incorporation)	Principal activities (place of business)	Carrying amount of investment 2017 $'000	Carrying amount of investment 2016 $'000	Percentage of equity held by the Group 2017 %	Percentage of equity held by the Group 2016 %
Subsidiary corporations directly held by the Company					
[a] PCRD Services Pte Ltd (Singapore)	Investment holding, business management and consultancy services (Singapore)	**20,971**	22,787	**100**	100
[f] Surrey Investments Pte. Ltd. (Singapore)	Liquidated	**–**	–	**–**	100
[a] Gladioli Investments Pte Ltd (Singapore)	Dormant	**44,544**	48,403	**100**	100
[a] Riyan Pte Ltd (Singapore)	Dormant	**–**	–	**100**	100
[a] Elsmore Pte Ltd (Singapore)	Investment holding (Singapore)	**4,008**	4,744	**100**	100
[a] Leapford Pte. Ltd. (Singapore)	Dormant	**–***	–*	**100**	100
[b] Pacific Century Regional Developments (HK) Limited (Hong Kong)	Business management and consultancy services (Hong Kong)	**29,144**	32,727	**100**	100
[g] Carander Corporation (British Virgin Islands)	Dormant	**–***	–*	**100**	100
[c] Telegraph Investments Limited (British Virgin Islands)	Dormant	**–**	–	**100**	100
[c] Valuable Enterprises Limited (British Virgin Islands)	Dormant	**–**	–	**100**	100
[c] Starvest Limited (Cayman Islands)	Dormant	**–**	–	**100**	100
[d] PCRD Investments Limited (Hong Kong)	Dormant	**–***	–*	**100**	100
		98,667	108,661		

26. GROUP CORPORATIONS (continued)

Details of the subsidiary corporations and associated corporations are as follows: (continued)

Name of company (country of incorporation)	Principal activities (place of business)	Carrying amount of investment		Percentage of equity held by the Group	
		2017	2016	**2017**	2016
		$'000	$'000	**%**	%
Associated corporation held by the Company					
[b] PCCW Limited (Hong Kong)	Provision of local and international telecommunications and information technology services, technology-related businesses, and investment holding (Hong Kong)	**1,010,578**	1,098,119	**22.7**	22.7
		1,010,578	1,098,119		
Subsidiary corporations indirectly held by the Company					
[c] City Ventures Global Limited (Cayman Islands)	Investment holding (Cayman Islands)			**100**	100
[c] Prosper Global Investments Limited (Cayman Islands)	Investment holding (Cayman Islands)			**100**	100
Associated corporation indirectly held by the Company					
[e] KSH Distriparks Private Limited (India)	Provision of infrastructure and services for an Inland Container Depot, the development of warehousing and industrial parks and third party logistics and transportation solutions (India)			**49.9**	49.9

* Less than $1,000
[a] Audited by PricewaterhouseCoopers LLP, Singapore
[b] Audited by PricewaterhouseCoopers, Hong Kong
[c] A corporation not requiring audit under the laws in its country of incorporation
[d] Audited by Abacus CPA Limited, Hong Kong
[e] Audited by BSR & Co. LLP, India
[f] Liquidated in 2017
[g] Liquidated in 2018

27. RELATED PARTY TRANSACTIONS

(a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and its related parties during the year, on terms agreed between the respective parties:

	Group	
	2017	2016
	$'000	$'000
Management services rendered to:		
– associated corporations	**3**	3
– other related parties *	**28**	69
Payments made on behalf of and reimbursable by		
– associated corporations	**232**	183
– other related parties *	**33**	64
Payments made on behalf by and reimbursable to		
– associated corporations	**30**	167
– other related parties *	**380**	390

* The above other related parties comprise mainly of companies which are controlled or significantly influenced by the Group's key management personnel.

(b) Key management personnel compensation is as follows:

	Group	
	2017	2016
	$'000	$'000
Wages, salaries and other short-term employee benefits	**1,347**	1,335
Employer's contribution to defined contribution plans including Central Provident Fund	**35**	34
	1,382	1,369

28. DIVIDENDS

At the Annual General Meeting on 23 April 2018, a final dividend of 2.2 cents per share amounting to a total of $58,294,287 will be recommended. These financial statements do not reflect this dividend, which, subject to shareholders' approval, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2018.

29. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2018 and which the Group has not early adopted:

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

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

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

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

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

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

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

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

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

  The Group is required to adopt a new accounting framework from 1 January 2018 (Note 30). The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 30.

- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)

  FRS 115 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.

  The Group is required to adopt a new accounting framework from 1 January 2018 (Note 30). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 30.

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

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

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

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

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

  The Interpretation is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group does not expect a material impact on the financial statements upon adoption of the Interpretation.

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

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

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

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

  The Group is required to adopt a new accounting framework from 1 January 2018 (Note 30). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

30. ADOPTION OF SFRS(I)s

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

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

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group will also concurrently apply new major SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*.

SFRS(I) 9 *Financial Instruments*

The Group plans to elect to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017. The Group expects that the adoption of SFRS(I) 9 will have no material impact on the financial statements in the year of initial application.

30. ADOPTION OF SFRS(I)s (continued)

SFRS(I) 15 *Revenue from Contracts with Customers*

The evaluation made by management of the Group's significant investment, PCCW, relating to the adoption of HKFRS 15 *Revenue from Contracts with Customers* (Hong Kong's equivalent of SFRS(I) 15) is as follows:

PCCW intends to use the full retrospective approach when it adopts HKFRS 15 effective 1 January 2018. While PCCW is continuing to assess the effect of applying HKFRS 15 on PCCW's consolidated financial statements, PCCW has identified a number of its current revenue recognition policies and disclosures that will be impacted by HKFRS 15. Those most significant areas are discussed below. PCCW has not yet completed its quantitative assessment of the impact of HKFRS 15.

HKFRS 15 will require the identification of deliverables in contracts with customers that qualify as separate "performance obligations". The performance obligations identified will depend on the nature of individual customer contracts. For PCCW, these are expected to include mobile handsets, telecommunications and other equipment, gifts provided free of charge and telecommunications and media services provided to customers.

Where customer contracts contain more than one performance obligation, the transaction price receivable from customers must be allocated between PCCW's performance obligations on a relative standalone selling price basis. The primary impact on revenue reporting will be that when PCCW sells telecommunications or other equipment or subsidised mobile handsets together with gifts and telecommunications or media service agreements to customers, revenue allocated to the equipment, handsets and gifts, which are recognised at contract inception when control typically passes to the customer, will be recorded at their relative standalone fair value and not using the current residual value method. Nevertheless, it is expected that there will be no material impact on the total revenue to be recognised by PCCW in the consolidated income statement over the respective contract periods.

Currently, PCCW capitalises subsidised handsets and gifts as customer acquisition costs and amortises these amounts on a straight-line basis over the minimum enforceable contractual periods. Under HKFRS 15, the costs of subsidised handsets and gifts are required to be recognised as costs of goods sold immediately when the corresponding revenue is recognised, rather than the existing treatment of being charged to the consolidated income statement through amortisation of customer acquisition costs. The total net profit recognised by PCCW over the full contract period is not expected to be materially affected.

Under HKFRS 15, revenue from sale of properties is recognised when or as a performance obligation by transferring the properties to the customers is satisfied. A property is transferred when or as the customer obtains control of that property. Depending on the terms of the contracts and the laws that apply to the contracts, control of the properties may transfer over time or at a point in time.

The adoption of HKFRS 15 will not have any material impact on PCCW's consolidated statement of cash flows.

The Group will equity account for PCCW's adoption of HKFRS 15 when PCCW releases its half yearly results for the 6 months ending 30 June 2018. Other than this, management anticipates that the adoption of SFRS(I) 15 will not have a material impact on the financial statements of the Group and of the Company in the period of its initial adoption.

31. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Pacific Century Regional Developments Limited on 27 March 2018.

Report on Corporate Governance

Pacific Century Regional Developments Limited ("PCRD" or the "Company") is committed to upholding high standards of corporate governance in conformity with the Code of Corporate Governance 2012 ("Code") issued by the Singapore Exchange Securities Trading Limited ("SGX").

PCRD supports the principles underpinning best practice in corporate governance. The challenge, as PCRD sees it, is not simply to put the various elements of good corporate governance in place but also to ensure that these elements are effectively integrated, well understood, and appropriately applied. Importantly, also, an appropriate balance must be maintained between the conformance and performance roles of the Board and its Committees.

PCRD has always recognised that improving corporate governance is a continuous process and if implemented effectively, good corporate governance practices provide the integrated strategic framework necessary to achieve required performance outputs and outcomes, as well as discharging the Company's accountability obligations.

The Company has complied in all material respects with the principles of the Code. Deviations from the Code, if any, are explained under the respective sections.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of Affairs

The Board:

1. Acts as the ultimate decision-making body of the Company, except with respect to those matters reserved to shareholders. Directors take decisions objectively in the interests of the Company.

2. Represents shareholders' interest in developing the Company's businesses to successfully optimise long-term financial returns.

3. Reviews and evaluates management performance and ensures that Management is capably executing its responsibilities.

4. Acts as an advisor and counselor to senior management.

5. Identifies key stakeholder groups, sets the Company's values and standards, and recognises and ensures its legal, social and moral obligations towards shareholders and these stakeholders are understood and met.

Specifically, the Board is responsible for:

1. Providing entrepreneurial leadership, formulation of policies and strategies (including consideration of sustainability issues), ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and overseeing the management of the Company as a whole.

2. Approving of major funding, investment and divestment proposals.

3. Overseeing the processes for evaluating the adequacy and effectiveness of internal controls and risk management, including safeguarding of the Company's assets and shareholders' interests.

4. Approving the nominations of board directors.

5. Assuming responsibility for compliance with the Companies Act, Chapter 50 ("Companies Act") and the rules and requirements of regulatory bodies.

Matters that are specifically reserved to the full Board for decision are those involving material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, share buy-backs and dividends. Under internal guidelines adopted by the Company, specific Board approval is required for any investment or expenditure exceeding US$50 million (or its equivalent in any other currency) in total. To facilitate effective management, certain functions have been delegated by the Board to Board Committees namely, the Executive Committee, the Audit Committee, the Nominating Committee and the Remuneration Committee.

BOARD OF DIRECTORS (continued)

The Board meets at least four times a year and as warranted by circumstances. The Company's Constitution allows a board meeting to be conducted by way of videoconference, teleconference and other forms of electronic communication. Attendances of directors at meetings of the Board and Board Committees in 2017 were as follows:

	Board		Audit		Nominating		Remuneration	
Name	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Richard Li Tzar Kai	4	2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Francis Yuen Tin Fan	4	3	5	5	n.a.	n.a.	1	1
Peter A. Allen	4	4	n.a.	5*	n.a.	1*	n.a.	1*
Alexander Anthony Arena	4	4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tom Yee Lat Shing	4	4	5	5	2	2	1	1
Frances Wong Waikwun	4	4	5	5	2	2	n.a.	n.a.
Laura Deal Lacey	4	4	n.a.	n.a.	2	2	1	1
W. Michael Verge [1]	4	1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

* By invitation
n.a. Not applicable
[1] Appointed as a Director with effect from 11 August 2017

New directors are briefed on the Group's business and corporate governance policies. Upon appointment of each new director, PCRD provides a formal letter to the director setting out the director's duties and obligations. Familiarisation visits are organised and funded, as necessary, to facilitate a better understanding of the Group's operations. Whilst there are no formal continuing training programmes for existing directors, briefing sessions and training (including by external professional legal and financial advisors), particularly on relevant new laws, regulations and changing commercial risks, are conducted or provided at the Company's expense when necessary.

Principle 2: Board Composition and Guidance

The Board currently comprises eight directors of whom two are executive directors, two are non-executive directors and four are independent non-executive directors.

The executive directors are the Chairman of the Board, Mr. Richard Li Tzar Kai, and the Group Managing Director, Mr. Peter A. Allen. The non-executive directors are Mr. Alexander Anthony Arena and Mr. W. Michael Verge.

The four independent non-executive directors are the Deputy Chairman, Mr. Francis Yuen Tin Fan, Mr. Tom Yee Lat Shing (Lead Independent Director), Ms. Frances Wong Waikwun and Ms. Laura Deal-Lacey.

The Nominating Committee is responsible for reviewing at least annually the actual structure, size and composition of the Board (including the skills, knowledge, experience and degree of independence) compared to the attributes required by the Board and making recommendations to the Board with regard to any proposed changes.

In its annual review of the degree of independence based on a questionnaire on independence which directors are required to complete, the Nominating Committee adopts the Code's definition on what constitutes an independent director. The Board recognises the contribution of its independent directors who over time have developed a deep insight into the Company's businesses and who are therefore able to provide valuable contributions to the Company. In view of this invaluable insight and the appropriate fit of the present Board members to the current businesses of the Company, the Board has not set a fixed term of office for each of its independent directors so as to be able to retain the services of these directors.

BOARD OF DIRECTORS (continued)

The independence of any director who has served on the Board beyond nine years from the date of his first appointment is subject to particularly rigorous review. Mr. Tom Yee Lat Shing has served on the Board for more than nine years and as a result, the Board has reviewed the extent to which he remains independent. Following this review which comprised an assessment of Mr. Yee's objective Board participation based on a review of Board and Board Committee meeting minutes, and took into account the questionnaire on independence which directors are required to complete, the Board is satisfied that, despite his length of tenure, Mr. Yee is able to discharge his duties with professionalism and objectivity, and exercise strong independent judgement and act in the best interests of the Company; and that therefore he remains independent. No other incumbent independent director has served in that capacity for more than nine years.

The profiles of directors are set out on pages 4 to 5 of this Annual Report.

Members of the Board of Directors are drawn from a range of professional disciplines and all directors have prior relevant practical experience. The Board communicates regularly through the Company Secretary to ensure that alternative views are obtained before embarking on transactions, as well as to ensure that there is an adequate flow of information.

The Board considers its current Board structure, size and composition appropriate for the Group's present scope and nature of operations. The Board has the right mix of skills, experience and gender to provide the Company with the necessary management, financial, business and industry knowledge. Non-executive directors constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The non-executive directors meet without the presence of Management on a need-be basis, and from time to time communicate via telephonic conferences to discuss issues relating to board processes, corporate governance initiatives and other matters to be discussed during Board meetings.

Principle 3: Chairman and Group Managing Director

The Chairman, Mr. Richard Li Tzar Kai, is an executive director and his role is separate from that of Mr. Peter A. Allen, the Group Managing Director. This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman is assisted by an Executive Committee comprising himself and Mr. Peter A. Allen. The Group Managing Director is responsible for the workings of the Board as well as ensuring conformity by Management with corporate governance policies laid down by the Board. The Chairman ensures that board meetings are held when necessary and sets the board meeting agenda in consultation with the Group Managing Director. The Chairman also:

1. Leads the Board to ensure its effectiveness in all aspects of its role;

2. Sets the agenda and ensures that adequate time is available for discussion of all agenda items, including strategic issues;

3. Promotes a culture of openness and debate at the Board;

4. Ensures that directors receive complete, accurate, timely and clear information;

5. Ensures effective communication with shareholders;

6. Encourages constructive relations within the Board and between the Board and Management;

7. Facilitates the effective contribution of non-executive directors;

8. Encourages constructive relations between executive directors and non-executive directors; and

9. Promotes high standards of corporate governance.

BOARD OF DIRECTORS (continued)

As the Chairman is not an independent director and is part of the management team, the Company has appointed a Lead Independent Director ("LID") in line with the recommendations of the Code. The Company's LID is Mr. Tom Yee Lat Shing. The LID is available to shareholders in cases where they have concerns which contact through the normal channels of the Chairman or the Group Managing Director has failed to resolve or is inappropriate. The LID and other independent directors meet periodically without the presence of the other directors, and the LID provides feedback to the Chairman after such meetings.

Principle 6: Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, Board members have full co-operation from Management in providing the Board with key information in a complete, adequate and timely manner and access to company records and information on an on-going basis. In furtherance of the same, each of the directors has been provided with the contact numbers and e-mail addresses of all other PCRD directors, senior management and the Company Secretary.

Board papers, including sufficient background information on matters to be brought before the Board such as business strategies and summaries of disclosure documents, are circulated to Board members prior to meetings by the Company Secretary. Minutes of all Board and Board Committee meetings are also circulated to Board members periodically. The Board is updated on the status of the performance of subsidiary companies ("subsidiary corporations" and each, a "subsidiary corporation") and associated corporations ("associated corporations" and each, an "associated corporation") and the Company also provides independent directors with relevant background and explanatory information to enable them to understand its business and financial environment as well as risks faced by the Company.

The Board has separate and independent access to the Company Secretary and senior management of the Company as and when the need arises.

The Company Secretary's role includes advising the Board on all governance matters. Should directors, whether individually or as a group, need independent professional advice in relation to the conduct of his or their duties, the Company Secretary will, upon direction by the Board, appoint a professional advisor selected by the individual or individuals concerned and approved by the executive directors to render advice. The cost of such professional advice is borne by the Company.

The Company Secretary or his assistant attends all Board meetings and is responsible for ensuring that Board procedures are followed. It is the Company Secretary's responsibility to ensure that the Company complies with the requirements of the Companies Act and all other rules and regulations which are applicable to the Company and that Board members are fully briefed on these and have regard to them when taking decisions. The Company Secretary's responsibilities also include ensuring good information flows within the Board and its Board Committees and between senior management and non-executive directors, as well as facilitating orientation and assisting with professional development as required.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

BOARD COMMITTEES

The Board and Board Committees do not have direct oversight over the affairs of PCCW Limited ("PCCW") as this company is listed on The Stock Exchange of Hong Kong Limited whose high regulatory standards allow the Board and Board Committees of the Company to rely on the board and board committees of PCCW to oversee their own operations.

NOMINATING COMMITTEE

Principle 4: Board Membership

The Nominating Committee was formed on 5 December 2002.

The Nominating Committee comprises three independent directors namely, Ms. Frances Wong Waikwun (Chairwoman), Mr. Tom Yee Lat Shing and Ms. Laura Deal-Lacey.

NOMINATING COMMITTEE (continued)

The duties and responsibilities of the Nominating Committee (as set out in its terms of reference) are as follows:

1. To assess the skills represented on the Board by directors and determine whether those skills meet the required standard to competently discharge the Board's duties, having regard to the strategic direction of the Company, and to make recommendations to the Board on individuals it considers appropriate for appointment or re-appointment.

2. To implement a process for identification of suitable candidates for appointment to the Board and assess the independence of appointees in accordance with the guidelines contained in the Code.

3. To evaluate and assess the effectiveness of the Board as a whole by establishing a process for conducting reviews of all Board members by such means as it considers appropriate.

New directors and retiring directors seeking re-election are recommended to the Board, after the Nominating Committee has agreed to their nomination. Article 99 of the Company's Constitution provides that one-third of the Board of Directors is to retire from office by rotation and is subject to re-election at the Company's Annual General Meeting ("AGM") and every director is to submit himself for re-election at least once every 3 years. In addition, Article 105 of the Company's Constitution provides that a newly appointed director must retire and submit himself for re-election at the next AGM following his initial appointment.

The date of appointment and last re-election of each director, together with their directorships or chairmanships both present and those held in the preceding three years in other listed companies are set out below:

Name of Director	Appointment	Date of initial appointment	Date of last re-election/ re-appointment	Directorships or chairmanships both present and those held over the preceding three years in other listed companies
Richard Li Tzar Kai	Executive	08.09.94	31.03.17	Present – PCCW Limited – HKT Limited – Pacific Century Premium Developments Limited Past 3 years – The Bank of East Asia, Limited
Francis Yuen Tin Fan	Non-Executive/ Independent	15.03.05	31.03.17	Present – Agricultural Bank of China Limited – Shanghai Industrial Holdings Limited – Yixin Group Limited Past 3 years – China Pacific Insurance (Group) Co., Ltd. – China Foods Limited
Peter A. Allen	Executive	01.11.97	22.04.16	Present – HKT Limited
Alexander Anthony Arena	Non-Executive	05.11.99	22.04.16	Present – HKT Limited
Tom Yee Lat Shing	Non-Executive/ Independent	19.04.91	22.04.16	Present – Bonvests Holdings Limited – Powermatic Data Systems Limited – Cosco Shipping International (Singapore) Co., Ltd.
Frances Wong Waikwun	Non-Executive/ Independent	01.06.13	22.04.16	Present – PCCW Limited – HKT Limited
Laura Deal Lacey	Non-Executive/ Independent	12.02.15	31.03.17	None
W. Michael Verge	Non-Executive	11.08.17	n.a.	None

n.a. Not applicable

NOMINATING COMMITTEE (continued)

Key information regarding directors, including academic and professional qualifications, is set out on pages 4 to 5 of this Annual Report.

The process for selection and appointment of new directors to the Board is carried out when necessary by the Nominating Committee. The Nominating Committee initiates and executes a process to search for and identify suitable candidates for nomination to the Board for appointment, taking into consideration the core competencies required to meet the needs of the Company and the competencies of the existing directors. In selecting potential new directors, the Nominating Committee seeks to identify the range of expertise and competencies, such as, broad commercial experience in fund management, property and financial services industries and in the legal field, as well as appropriate financial qualifications and other skills required to enable the Board to fulfill its responsibilities. The need to maximise the effectiveness of the Board is taken into consideration. In so doing, the Nominating Committee has regard to the results of an annual appraisal of the Board's performance. The Nominating Committee may engage recruitment consultants to undertake research on, or assess, candidates for new positions on the Board, or to engage such other independent experts as the Committee considers necessary to assist it in carrying out its duties and responsibilities. The Nominating Committee, having considered the composition of the Board in relation to the needs of the Company and its businesses, prepares a shortlist of candidates with the appropriate profile for nomination.

As recommended by Guideline 4.5 of the Code, the Board does not appoint alternate directors. Alternate directors would only be appointed in exceptional cases such as when a director has a medical emergency.

Principle 5: Board Performance

The Nominating Committee evaluates the Board's performance as a whole and assesses the effectiveness of the Board Committees annually based on performance criteria (determined by the Nominating Committee and approved by the Board) which include an evaluation of the size and composition of the Board, the Board's access to information, Board performance in relation to discharging its principal functions, fiduciary duties and communication with senior management. These performance criteria also include certain financial indicators as a guide to directors such as the company's share price performance over a five-year period compared to the Singapore Straits Times Index and its industry peers, return on assets, return on equity and return on investment as well as other measures of the Board's performance such as the accretion in value of its major investments. PCCW, which comprises the bulk of the inherent value of PCRD, is managed on a day-to-day basis by a separate board and professional management team. The performance criteria do not change from year to year, unless the Nominating Committee is of the view that it is necessary to change the performance criteria, for example, in order to align with any changes to the Code. The evaluation of the Board and Board Committees includes the completion of a Board and Board Committee Evaluation Form by each director. The Nominating Committee collates the responses into a report which is discussed by the Nominating Committee.

In its assessment of the contribution of each individual director to the effectiveness of the Board and Board Committees (including discussion of re-nomination of directors for re-appointment), the Nominating Committee takes into consideration their respective preparedness, commitment, participation, attendance at Board and Board Committee meetings and whether they have the essential skills to competently discharge the Board's duties. As part of the review process (which takes into account the assessment of each individual director which is facilitated by the completion of a Director Evaluation Form by each director, attendance at Board and/or Board Committee meetings and the level of commitment required by a director's other board representations or principal commitments), directors must demonstrate that they are able to give sufficient time and attention to the affairs of PCRD, particularly when a director holds multiple board appointments or other principal commitments. After considering the competing time commitments faced by directors who serve on multiple boards and the level of activities of the Company, the Board has determined that the maximum number of listed company board representations which any director may hold is five. This number will be reviewed in future years to take into account any changes in the nature and activities of the Company. The Board is satisfied that directors are able to adequately carry out their respective duties and responsibilities as directors of the Company.

Each director is required to individually complete a Director Evaluation Form to facilitate the deliberations of the Nominating Committee in its assessment of the Board. The form is designed to assess each director's performance and commitment to the Company's affairs, his understanding of the Company's strategies and operations, business developments, corporate goals and objectives of the Company, his contribution to the development of the Company's strategies and policies and to identify areas for improvement.

The Nominating Committee collates and reviews the feedback from these evaluations and recommends any actions required for improvement to the Board. The Chairman takes careful note of the results of the performance evaluations by the Nominating Committee and, where appropriate, may propose new members to be appointed to the Board and Board Committees or seek the resignation of directors, in consultation with the Nominating Committee.

Based on the Board's assessment and review, the Board has met its performance objectives. The Board and its Board Committees have operated effectively and each Director has contributed to the effectiveness of the Board.

AUDIT COMMITTEE

Principle 12: Audit Committee

The Audit Committee was formed on 19 April 1991. The Audit Committee comprises three independent non-executive directors namely, Mr. Tom Yee Lat Shing (Chairman), Mr. Francis Yuen Tin Fan and Ms. Frances Wong Waikwun. The Board considers that Mr. Tom Yee Lat Shing, a Chartered Accountant who has more than 35 years of experience in the field of accounting and auditing and extensive experience in handling major audit assignments of public listed and private companies, is well qualified to chair the Audit Committee. Mr. Francis Yuen Tin Fan and Ms. Frances Wong Waikwun collectively have strong accounting and financial management expertise and experience. More details on these directors' qualifications and experience can be found in the profiles of directors set out on pages 4 to 5 of this Annual Report. The Board is satisfied that the Audit Committee members' collective wealth of experience and expertise in accounting and financial management enables them to discharge their responsibilities competently. None of the members of the Audit Committee were previous partners or directors of the Company's auditor, PricewaterhouseCoopers LLP ("PricewaterhouseCoopers"), within the previous 12 months, and none of the members of the Audit Committee hold any interest in PricewaterhouseCoopers.

The Audit Committee performs the following main functions:

1. Reviews the independence of external auditors and recommends to the Board of Directors whether the external auditors be re-appointed.

2. Reviews with management, upon finalisation and prior to publication, the financial results for each quarter, half-year and full year.

3. Reviews interested person transactions and the adequacy of PCRD's internal control procedures in relation to interested person transactions.

4. Reviews compliance with accounting standards, all relevant laws, the listing rules of the SGX and the Code.

5. Reviews any changes in accounting principles or their application during the year.

6. Reviews significant adjustments proposed and any recommendations on internal accounting controls arising from the statutory audit by the external auditors.

7. Reviews the audit plans of the external auditors of the Company and ensures the adequacy of the system of accounting controls and the co-operation given by management.

8. Reviews with PCRD's management the adequacy of the Company's internal controls in respect of management and business practices and reviews with management and external auditors significant accounting and auditing issues.

9. Reports to the Board or relevant authorities any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any relevant Singapore laws or other regulations, which has or is likely to have a material impact on PCRD's operating results.

10. Reviews the balance sheet of the Company and the consolidated financial statements of the Group for the financial year end before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

AUDIT COMMITTEE (continued)

In the performance of its functions, the Audit Committee is empowered to investigate any activity of PCRD, and all employees must cooperate as requested by members of the Audit Committee.

The Audit Committee reviews arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters and ensures arrangements are made for an independent investigation of such matters and appropriate follow up action.

The Audit Committee meets at least four times a year. The Audit Committee may invite any executive management team member to attend meetings, as they consider appropriate. The Audit Committee meets with the external auditors, without the presence of the Company's management, at least once a year.

PricewaterhouseCoopers reviews, in the course of its statutory audit, the effectiveness of the Company's material internal controls, focusing primarily on financial controls, with the aim of designing audit procedures that are appropriate to the Company's circumstances. Any material non-compliance noted during this review is reported to the Audit Committee together with the auditor's recommendations and management's comments.

For the financial statements under review, the Audit Committee has reviewed the scope and results of the audit, and the independence and objectivity of the external auditor and confirms that PricewaterhouseCoopers are independent chartered accountants with respect to the Company within the meaning of Section 10 of the Companies Act.

There were no non-audit services provided by its auditor, PricewaterhouseCoopers for FY2017.

Fees paid for audit and non-audit services:

	2017 $'000	2016 $'000
Fees for audit services paid/payable to:		
– Auditor of the Company	**273**	276
– Other auditors*	**–**	–
Fees for non-audit services paid/payable to:		
– Auditor of the Company	**–**	–
– Other auditors*	**–**	–
Total	**273**	276

* Includes the network of member firms of PricewaterhouseCoopers International Limited

The Audit Committee is satisfied that Rules 712 and 715 or 716 of the SGX Listing Manual have been complied with and has recommended to the Board that PricewaterhouseCoopers be nominated for re-appointment as auditor at the next AGM.

Key Audit Matters

PricewaterhouseCoopers has highlighted 6 key audit matters in its Auditor's Report.

These key audit matters all relate to PCCW and were also highlighted by PricewaterhouseCoopers in Hong Kong in their audit report to the shareholders of PCCW.

AUDIT COMMITTEE (continued)

The key audit matters identified by PCCW's auditors for the financial year ended 31 December 2017 were:

1. Revenue recognition.

2. Income taxes.

3. Investment properties.

4. Properties held for/under development.

5. Impairment tests for cash generating units containing goodwill.

6. Gain on disposal of subsidiaries.

The Audit Committee is aware of and has considered the above key audit matters highlighted by PricewaterhouseCoopers in relation to PCCW. The Audit Committee has considered the approach and work carried out by PricewaterhouseCoopers in their review of the audit work performed and the evidence obtained by the auditors of PCCW.

The Audit Committee is satisfied that the Company's share of the profits and net assets of PCCW are properly supported by audit evidence.

In carrying out its duties, the Audit Committee is guided by its Committee terms of reference and the Guidebook for Audit Committees in Singapore. The Audit Committee takes measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements such as attending briefing updates on recent developments in accounting and governance standards, where necessary. In addition, periodic updates on changes in accounting standards and treatment are prepared by external auditors and circulated to members of the Audit Committee to keep them abreast of such changes and the corresponding impact on the financial statements, if any.

Principle 11: Risk Management and Internal Controls

The Board recognises that it is responsible for the governance of risk management, for determining the Company's levels of risk tolerance and for determining the Company's risk policies, to safeguard shareholders' interests and the Group's assets, and oversees management in implementing the risk management and internal controls system of the Company. Risk awareness and ownership of risk management are continuously fostered across the Group. The Audit Committee provides oversight and reports annually to the Board on the Group's risk assessment systems and, based on the management controls in place throughout the Group, the internal control policies and procedures established and maintained by the Group, the regular audits and monitoring and reviews performed by external auditors, the Board, with the concurrence of the Audit Committee, is satisfied that there are adequate and effective internal controls, including material financial, operational, compliance and information technology controls, and risk management systems in the Group. The Group's activities expose it to market risk (including currency, interest rate and price risks), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the adverse effects of unpredictability in financial markets on the Group's financial performance. The Group's financial risk management strategy is discussed in detail in Note 25 to the financial statements. The Group is geographically diverse with earnings from the Asia-Pacific region including India. The Group's operations are subject to extensive government regulation which may impact or limit its flexibility to respond to market conditions and competition. Governments may alter their policies relating to certain industries as well as the regulatory environment in which the Group operates, including taxation. The Group's overseas investments are also subject to risk of imposition of laws restricting the level and manner of ownership and investment. The Group has access to appropriate advisors with regulatory expertise and resources who advise on risk mitigation measures. The Group also works closely with management and partners in countries in which the Group operates and leverages on local expertise, knowledge and ability to ensure compliance. The directors of PCCW, PCRD's major investment, review the effectiveness of its internal controls, including material financial, operational, information technology and compliance controls, the risk management functions of the PCCW group and, in particular, the adequacy of resources, staff qualifications and experience, training programs and budget of PCCW's accounting and financial reporting functions. At PCCW, appropriate policies and control procedures have been designed and established to ensure that: assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the performance of the group are appropriately identified and managed.

AUDIT COMMITTEE (continued)

For FY2017, the Group Managing Director/Chief Financial Officer provided written confirmation to the Board 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 that the Company's risk management, compliance and internal control systems are adequate and effective in addressing the material financial, operational, information technology and compliance risks. This certification covers the Company and subsidiary corporations which are under the Company's management control. In line with the SGX listing rules, every quarter, the Board provides a negative assurance statement to shareholders in respect of the quarterly financial statements, which is supported by a negative assurance statement from the Group Managing Director/Chief Financial Officer, and which is in turn supported by a negative assurance confirmation from the various key business and operating/functional heads within the Group that nothing has come to their attention that would render the quarterly financial results to be false or misleading.

The Board, with the concurrence of the Audit Committee, is of the opinion, based on the work of external auditors, the findings of internal auditors and reviews performed by Management, that the Group's internal controls addressing financial, operational, information technology and compliance risks, which the Group considers relevant and material to its operations, are adequate and effective in meeting the requirements of the Group as at 31 December 2017. Internal control systems established and maintained by the Group provide reasonable, but not absolute, assurance against material financial misstatements or loss. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

Principle 13: Internal Audit

The Audit Committee has the mandate to authorise special reviews or investigations, where appropriate, in discharging its responsibilities. Periodic visits by finance staff are made to review the operations and internal controls of subsidiary corporations and to report back to the Audit Committee. In addition, an external firm of internal auditors are engaged to conduct internal audits on the Group's associated corporation in India. The Group's listed associated corporation, PCCW, which comprises the bulk of the inherent value of PCRD, has its own Group Internal Audit function which conducts selective reviews on the effectiveness of its system of internal controls over financial, operational, compliance controls and risk management functions with emphasis on information technology, data privacy, systems contingency planning and procurement. Additionally, PCCW's heads of major business and corporate functions are required to undertake a control self-assessment of their key controls and the results are assessed by PCCW's Group Internal Audit. Internal audit work in Hong Kong is carried out in compliance with the requirements of the Standards for the Professional Practice of Internal Auditing pronounced by The Institute of Internal Auditors.

The results of internal audit activities are communicated to the Audit Committee and key members of executive and senior management. Audit issues are tracked and followed up on to ensure proper implementation, and progress is reported to senior management and the Audit Committee periodically.

Whistle-blowing

The Company has in place a whistle-blowing policy and arrangements by which staff and agents working for the Company may raise concerns in good faith and in confidence about possible corporate improprieties in financial control and reporting, unlawful conduct or other such matters.

The policy aims to encourage employees to be confident in raising serious concerns and to question and act upon their concerns. It provides avenues within the Company, including a direct channel to the Chairman of the Audit Committee, to raise concerns and assures protection and safeguards to employees from reprisals or victimisation. The policy also ensures employees get a response to their concerns and feedback on any action taken.

To ensure such matters are independently investigated and appropriately followed up, any whistle-blowing report must be recorded and investigated. An annual status report on any whistle-blowing reports must be sent to the Audit Committee. Whistle-blowing records must be made available for inspection by the Audit Committee.

Details of the whistle-blowing policy and arrangements are given to all staff for their easy reference.

REMUNERATION COMMITTEE

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The Remuneration Committee was formed on 5 December 2002.

The Remuneration Committee is presently comprised entirely of independent non-executive directors. They are Mr. Francis Yuen Tin Fan (Chairman), Mr. Tom Yee Lat Shing and Ms. Laura Deal-Lacey. The Remuneration Committee has access to expert advice, both inside and outside the Company, when required. In the event of such advice being sought, the Remuneration Committee ensures that existing relationships, if any, between the Company and its appointed experts or consultants will not affect their independence and objectivity. The Company did not appoint any remuneration experts or consultants in FY2017 as the Remuneration Committee was satisfied that remuneration packages are benchmarked against industry peers and against comparable companies.

The Remuneration Committee's principal responsibilities (as set out in its terms of reference) are as follows:

1. Recommends to the Board a framework of remuneration for the Board which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind. The Remuneration Committee also reviews the remuneration of senior management.

2. Reviews the on-going appropriateness and relevance of the directors' remuneration policy.

3. Reviews and approves the design of all equity-based plans.

4. Oversees the implementation of remuneration policies within PCRD and ensures that no director participates in decisions on his own remuneration.

Executive directors and non-executive directors with executive roles within the Group, including PCCW and HKT, do not receive directors' fees. Each member of the Remuneration Committee abstains from voting on any resolutions in respect of his remuneration package.

For confidentiality and competitive reasons, the Company discloses remuneration bands as follows:

Directors' Remuneration

For financial years ended 31 December 2017 and 31 December 2016, the number of directors in each remuneration band is as follows:

	2017	2016
$1,000,000 to $1,249,999	**1**	1
$750,000 to $999,999	**–**	–
$500,000 to $749,999	**–**	–
$250,000 to $499,999	**–**	–
Below $250,000	**7**	7
Total	**8**	8

The above table includes all directors who held office in 2016 and 2017.

REMUNERATION COMMITTEE (continued)

Independent directors and non-executive directors with no executive role within the Group are paid a basic fee and additional fees for attendance at meetings. The Board recommends the payment of such fees for approval by shareholders at the AGM of the Company. The Board ensures that non-executive directors' fees are appropriate to the level of contribution, taking into account factors such as effort and time spent, and the responsibilities of the non-executive directors, such that the independence of the independent non-executive directors is not compromised by their compensation.

For financial years ended 31 December 2017 and 31 December 2016, the number of non-executive directors in remuneration bands of $10,000 is as follows:

	2017	2016
$40,000 to $49,999	**4**	4
$30,000 to $39,999	**1**	–
$10,000 to $19,999	**–**	1
Below $10,000	**1**	1
Total	**6**	6

PCRD is an investment holding company and its main asset is its Hong Kong-listed associated company, PCCW. The primary executive functions in PCRD itself are performed by executive directors who undertake responsibility for the day-to-day operations of both the Company and the Group. The details of directors' remuneration are disclosed above. Remuneration for executive directors and key management personnel is established in accordance with a remuneration framework comprising basic salary and variable bonuses and benefits-in-kind. Remuneration packages are comparable within the industry and with comparable companies and include a performance-related element coupled with appropriate measures of appraising each individual's performance. Base salaries of executive directors and key management personnel are determined based on the scope, criticality and complexity of each role, equity against peers with similar responsibilities, experience and competencies, individual performance and market competitiveness. Variable bonuses are intended to recognise the performance and contribution of the individual, and are linked to achievement of financial and non-financial key performance indicators. These indicators such as core values, competencies, key result areas, performance rating, and potential of the employees (including key management) link remuneration to corporate and individual performance. For 2017, all executive directors and key management personnel met their respective performance criteria.

The Board is of the view that, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Company and the Group operate, as well as in the interest of maintaining good morale and a strong spirit of teamwork within the Company and the Group, it is in the best interests of the Company and the Group not to disclose a detailed breakdown of the various remuneration components on a named basis (in percentage and dollar terms) or an aggregation of the remuneration of each of the directors (including the Group Managing Director) and key management personnel. Where such precise information is disclosed publicly, this is could be detrimental to the Company's interests as it will allow competitors to gain an unfair advantage when seeking to entice either existing Directors and/or management personnel (including key management personnel) within the Company or, as the case may be, where both the Company and its competitors are desirous of employing senior executives within the same industry. The Company has a limited number of staff, and takes the view that there is only one key management personnel who is not also a director who has the authority and responsibility for planning, directing and controlling the activities of the Company. This is the Vice President Finance and Company Secretary of the Company. Disclosure of the remuneration of the other executives is not considered relevant.

REMUNERATION COMMITTEE (continued)

For financial years ended 31 December 2017 and 31 December 2016, the number of key management personnel in each remuneration band is as follows:

	2017	2016
$250,000 to $499,999	**1**	1
Total	**1**	1

There was no employee in the Group who is an immediate family member of a director (including the Group Managing Director) during the year.

Whilst the Company currently does not have a share option scheme in place for its directors and employees, it will consider the establishment of other forms of longer term incentive schemes, as and when appropriate. The Company does not presently use contractual provisions to clawback incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Having reviewed and considered the remuneration of executive directors and key management personnel, the Remuneration Committee is of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years.

The Company's obligations in the event of termination of service of executive directors and key management personnel are contained in their respective employment letters. The Remuneration Committee is satisfied that termination clauses therein are fair and reasonable to the respective employment class and are not overly generous. No termination, retirement or post-employment benefits were granted to directors (including the Group Managing Director) or the key management personnel of the Company during FY2017.

COMMUNICATIONS WITH SHAREHOLDERS

Principle 10: Accountability

Principle 14: Shareholders Rights and Responsibilities

Principle 15: Communications with Shareholders

Principle 16: Conduct of Shareholder Meetings

The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. In particular, the Company does not practise selective disclosure. Price sensitive announcements, including financial results and relevant announcements from PCCW, which is listed on The Stock Exchange of Hong Kong Limited, are released in a timely manner through SGXNET.

In its communications on the Company's performance, the Board aims to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis using timely information provided by management on a monthly basis and reviewed by the Board. The Board provides shareholders with quarterly and annual results. Results for the first, second and third quarter are released to shareholders within 45 days of the end of each quarter while annual results are released within 60 days from the financial year end.

COMMUNICATIONS WITH SHAREHOLDERS (continued)

In relation to communications with shareholders at general meetings of the Company, shareholders are informed of shareholders' meetings through published notices and announcements or circulars sent to all shareholders. The notices of meetings and related explanatory information are drafted to provide all information that is relevant to shareholders on matters to be voted upon at shareholders' general meetings. It is the objective of the Company to ensure that such information is presented clearly and concisely so that it is unambiguous and easy to understand.

At general meetings, shareholders are encouraged to participate and are given reasonable opportunity to ask the Board of Directors questions regarding the Company and its subsidiaries and to participate in the meeting itself. Under the multiple proxies regime introduced pursuant to the Companies (Amendment) Act 2014, "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, are allowed to appoint more than two proxies to attend, speak and vote at general meetings. This enables indirect investors, including CPF investors, to be appointed as proxies to participate at shareholders' meetings. If any shareholder (who is not a "relevant intermediary") is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance.

The Chairpersons (or Committee members) of the Audit, Nominating and Remuneration Committees are present to address questions at general meetings. In addition, the external auditor of the Company is present at the AGM of the Company to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

All resolutions are put to the vote by poll and the voting procedures are explained to shareholders during the meeting. The Company has not adopted electronic poll voting at its general meetings of shareholders as the number of shareholders and/or proxies in attendance currently does not warrant the implementation of electronic poll voting. The detailed results of voting at general meetings showing the number of votes cast for and against each resolution and the respective percentages are presented to shareholders after the voting process and are thereafter published on SGXNET.

Minutes of the general meetings are also prepared and are available upon request. The minutes include substantial and relevant comments or queries from shareholders, and responses from the Board and Management.

The Board also takes steps to solicit and understand the views of shareholders (apart from communications with shareholders at general meetings of the Company). As and where appropriate, the Company will conduct investor briefings to solicit and understand the views of shareholders. The Company also meets with institutional and retail investors on request periodically. The Company is mindful of not practising selective disclosure and discussions are based on publicly available materials and information. In addition, the Company also attends to general enquiries from shareholders, analysts and the press. Such enquiries, as well as investor briefings and meetings with investors, are handled by the appropriate management staff and/or the Group Managing Director (in lieu of a dedicated investor relations team).

A final dividend was declared for FY2017. The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on factors such as the Company's earnings and results, cash flow and capital requirements, general business conditions, investment activities and development plans. The Board continues to evaluate investment opportunities and new businesses for the Company. The Company is focused on preserving shareholder value and is careful and conservative at looking at new opportunities and will announce any developments as they occur.

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company has adopted an internal policy in respect of any transactions with interested persons and has established procedures for review and approval of the Company's IPTs. The Audit Committee reviews all such transactions to confirm that the guidelines and procedures established to monitor IPTs have been complied with.

The Group did not obtain a general mandate from shareholders of the Company for IPTs at the AGM held on 31 March 2017. It is proposed that a new mandate be sought at the forthcoming AGM. In 2017, the following IPTs were entered into by the Group:

Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
None, all IPTs below $100,000	n.a.

DEALINGS IN SECURITIES

The Group has in place an internal code which provides guidance to directors and certain employees in relation to dealings in the Company's shares. Directors and certain employees of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company's shares when they are in possession of unpublished price-sensitive information on the Group or during periods commencing fourteen days before the date of announcement of the Group's quarterly financial results or one month before the date of announcement of the Group's full year financial results and ending on the date of announcement of such results. In the event that the date of announcement of the financial results of PCCW should fall more than seven days before the date of announcement of the Group's financial results for that financial period, all directors and certain employees of the Group are not permitted to deal in the Company's shares during the period commencing seven days before the announcement of PCCW's financial results and ending on the date of announcement of the Group's results. The code also requires officers of the Company not to deal in securities of the Company on short-term considerations.

MATERIAL CONTRACTS

In the financial year under review, no material contracts of the Company or its subsidiaries were entered into or subsisted at the end of the financial year which involved the interests of any Director or controlling shareholder.

Board Statement

We are pleased to publish our first Sustainability Report.

The Board of Directors recognises the importance of creating sustainable value for all our stakeholders and views sustainability as a key consideration in strategy formulation for the Company. The Board has been actively involved in preparation of this report including the determination and management of material environmental, social and governance ("ESG") factors for the Company.

Pacific Century Regional Developments Limited believes that good ESG performance will bring it and its stakeholders a host of advantages in the long-run through operational performance excellence, careful risk management and protection of its assets and the interests of its shareholders. The Company will take into considerations ESG factors when seeking new business opportunities. In this regard, where applicable, ESG issues will be incorporated into the investment analysis and decision-making process. Appropriate disclosure on ESG issues by investee entities will be sought and reported.

The Board supported by Management will continue to make improvements to the Company's sustainability efforts and work with its stakeholders towards promoting sustainability in its businesses.

About the Report

Pacific Century Regional Developments Limited is a limited liability company incorporated in the Republic of Singapore which is also its place of domicile. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is part of the Pacific Century Group of companies. In this report, unless otherwise stated, references to "PCRD", the "Company" and the "Group" refer to Pacific Century Regional Developments Limited and its controlled subsidiaries.

REPORTING SCOPE AND PERIOD

This report covers the sustainability performance of our operations for the financial year ended 31 December 2017 ("FY2017") and includes data and information relating to our operations in Singapore. To provide additional information for stakeholders, PCRD has included in this report certain highlights on the sustainability efforts of Hong Kong-listed PCCW Limited ("PCCW") and its subsidiary, Hong Kong-listed HKT Trust and HKT Limited ("HKT") drawn from their ESG reports for the financial year ended 31 December 2017.

REPORTING STANDARD AND ASSURANCE

This report has been prepared in reference to the Global Reporting Initiative ("GRI") Standards and in line with the SGX Sustainability Reporting Guide. The report covers the company's policies, practices, initiatives, performance and goals in relation to material ESG factors and will be updated on an annual basis.

We have not sought external assurance for this reporting period, but will consider doing so in future if circumstances merit such assurance.

FEEDBACK

Stakeholder inputs are important to defining our sustainability approach and we value and welcome any feedback with regards to this report or any aspect of our sustainability performance. Please feel to reach out to us at **info@pcrd.com**.

About PCRD

PCRD's principal activity is investment holding, with interests in telecommunications, media, IT solutions, logistics and property development and investment, in the Asia-Pacific region. .

PCRD's most significant investment is its 22.72% stake in PCCW (SEHK: 0008; American Depositary Receipts on the OTC Markets Group Inc. in the US: PCCWY).

PCCW holds a majority interest in HKT (SEHK:6823), Hong Kong's premier telecommunications service provider and leading operator in fixed-line, broadband and mobile communication services. HKT meets the needs of the Hong Kong public and local and international businesses with a wide range of services including local telephony, local data and broadband, international telecommunications, mobile, and other telecommunications businesses such as customer premises equipment sale, outsourcing, consulting, and contact centres.

Separately, PCRD holds a direct interest of 1.74% in HKT.

PCCW also owns a fully integrated multimedia and entertainment group in Hong Kong, PCCW Media. PCCW Media operates Hong Kong's largest local pay-TV operation, Now TV, and is engaged in the provision of over-the-top (OTT) video service under the Viu brand in Hong Kong and other countries in the region.

Through HK Television Entertainment Company Limited, PCCW also operates a domestic free television service in Hong Kong. Also, PCCW's wholly-owned PCCW Solutions is a leading information technology and business process outsourcing provider in Hong Kong and mainland China.

PCCW also holds a majority interest in Hong Kong-listed Pacific Century Premium Developments Limited ("PCPD") (SEHK:0432) which is principally engaged in the development and management of premium property and infrastructure projects, as well as investment in premium-grade buildings in the Asia-Pacific region.

There have been no significant changes to PCRD's percentage interests in these investments in the past year.

PCRD is 89% owned by the Pacific Century Group, which was founded in 1993. The Pacific Century Group acquired control of PCRD in September 1994.

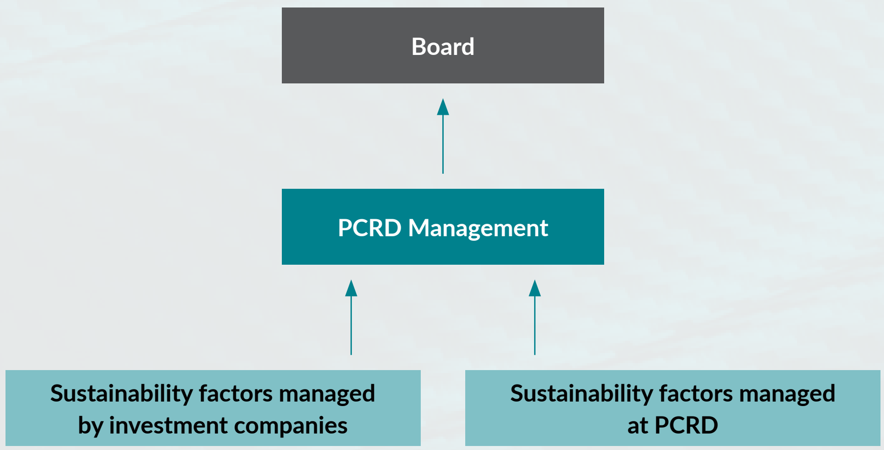
The Company has made no major leadership changes during the year apart from the addition of a Non-Executive Director to the PCRD Board in August 2017.

Sustainability at PCRD

Sustainability is embedded in our DNA. We strongly believe that as an investment holding company, we can play a significant role in driving the sustainability agenda across our business and investment companies.

GOVERNING SUSTAINABILITY AT PCRD

Following the announcement of the SGX sustainability reporting guidelines, we have formalised the governance of our sustainability risks and opportunities. The structure below represents how we govern sustainability across the company.



STAKEHOLDER ENGAGEMENT

Stakeholder engagement is one of the key drivers in the continuous improvement of the Company's sustainability efforts. The Group's main stakeholders are employees, business partners, investors and regulators.

Stakeholders	Frequency of engagement	Method	Topics of Concern	Our Response
Employees	Ad hoc	• Open feedback channel	• Training and career development • Pay and benefits • Channel for reporting of breaches of ethics	• Training opportunities • Competitive benefits • Whistle blowing policy
Investment companies	Ad hoc	• Meetings • Board participation	• Business performance • Investment initiatives and opportunities	• Perform due diligence • Assess risks and opportunities
Investors	Quarterly Annually Ad hoc	• Quarterly/ad hoc announcements • Annual Report • Annual General Meeting	• Business performance • Dividends • Shareholder value	• Corporate Governance Report • Follow-up on feedback • Reduce Costs
Regulators	Quarterly Annually Ad hoc	• Direct engagement • Quarterly/ad hoc announcement • Returns	• Compliance with laws and regulations	• Trainings and updates • External professional support

Sustainability at PCRD (continued)

MATERIALITY ASSESSMENT

We have conducted our Materiality Assessment by taking guidance from the "GRI Standards' Principles for defining report content". A peer and industry review exercise was conducted to short-list potential material factors where our business creates significant impacts. We then validated the material factors to arrive at the final list of material factors which are shown in the table below.

Pillars	Material Factors
Governance	1. Responsible Investments 2. Corporate Governance – Compliance – Business Integrity and anti-corruption – Risk Management
Social	3. Corporate Social Responsibility 4. Training and development

While the Company recognises the importance of aspects covered by GRI for reporting, the focus for this year's sustainability reporting leans towards the areas of Governance and Social. PCRD's approach has been formulated to strike a balance between business integrity by ensuring good corporate governance and compliance with the law, rules and regulations and social engagement by ensuring development of employees and engaging with communities.

Similarly, as an investment holding company, PCRD does not currently have any operational business. For the purposes of the report for this financial year, environmental KPIs are therefore not relevant. However, the Company recognises the importance of responsible investment and is committed to invest in businesses that adopt good environmental practices. Investments for consideration will be subject to assessment of ESG risks, including those covering environmental risks.

The Company will continue to review the relevance and importance of these categories of issues for future years.

PCCW and HKT, the Company's major investments, have conducted comprehensive materiality assessments to identify those issues that reflect significant economic, environmental and social impacts of their business and the issues that matter most to their stakeholders. Material areas identified are reported in their own ESG reports.

Governance

RESPONSIBLE INVESTMENT

Why this is material

We believe that we can create an impact on sustainability through the investments we make and monitor. Any ESG related issues faced by our investments can give rise to potential reputational and financial risks for us. PCRD recognises this and is committed to invest in companies that adopt good environmental and social practices.

How we manage this material factor

We are putting in place mechanisms to assess new investments from a social and economic perspective. We are also considering regular monitoring of the sustainability performance of our key investment companies.

Sustainability performance summary of PCCW and HKT

Information on PCCW's and HKT's ESG management approach, strategy, priorities and objectives are disclosed in their ESG reports. These reports highlight their sustainability efforts in:

- Environmental Aspects (emissions, use of resources, the environment and natural resources)
- Social Aspects (employment, health and safety, development and training, labour standards, supply chain management, product responsibility, anti-corruption and community investment).

The full ESG reports are available at **www.pccw.com** and **www.hkt.com**.

Future outlook

Going forward, we will monitor the sustainability performance of our invested companies on a periodic basis and also assess any new investments from a social and an environmental perspective.

CORPORATE GOVERNANCE

PCRD has zero-tolerance for risks concerning governance issues. PCRD's Board and Management are committed to continually enhancing stakeholder value by maintaining high standards of compliance, professionalism, integrity and commitment at all levels, underpinned by strong internal controls and risk management systems.

Further information on the Company's corporate governance practices can be found in the Annual Report 2017 – Report on Corporate Governance.

COMPLIANCE

Why this is material

As a listed entity, we are subject to a number of laws and regulations in the social and economic space. Any breach of such rules can result in financial loss and pose a risk to our ability to operate.

How we manage this material factor

The Company places great importance on regulatory compliance. PCRD has put in place internal controls and procedures to ensure it is conducting its business in compliance with prevailing laws and regulations. The Company therefore strives to ensure compliance with internal systems of control that are imposed to achieve compliance with externally imposed regulations as well as compliance with external regulations imposed on the company as a whole.

Performance

In 2017, we did not face any fines or sanctions under laws and/or regulations governing social or economic matters.

Future outlook

We will strive to maintain compliance and to incur zero fines for social or economic infringements.

Governance (continued)

CORPORATE GOVERNANCE (continued)

BUSINESS INTEGRITY

Why this is material

We recognise that business integrity can be a significant risk in our industry and any breach of policies pertaining to corruption and ethics can result in significant fines, reputational damage and loss of stakeholder confidence.

How we manage this material factor

The Group is committed to upholding the principles of ethical behaviour, transparency, responsibility and integrity in all aspects of its business.

Objectives	Measures
• Zero bribery; • Comprehensive anti-corruption measures; • Effective anti-money laundering procedures	• Anti-Corruption Policy • Whistle-Blowing Policy • Staff education and training

To ensure the safeguarding of the Group's interests and prevent any illegal or improper behaviour, all directors, officers and employees of the Group are required to observe and uphold the Group's zero-tolerance for corruption, bribery and fraud in any form or at any level in association with any aspects of the Group's activities.

All employees are required to confirm annually that they have read and understood our anti-corruption and bribery policies. These policies provide guidelines for staff to avoid bribery and potential conflict of interests with related parties. Clear procedures have been developed for expenses and reimbursement approvals. All employees are required to report any gifts received to Human Resources and to follow the rules regarding the use of gifts received.

The Group also has a whistle-blowing policy for staff and agents working for the Company to report on possible corporate improprieties in financial controls or unlawful conduct. Complaint channels through which employees and other parties can confidentially and anonymously report unethical and illegal behaviour have been established. Whistle-blowing reports must be investigated to the fullest extent possible and reported to the Audit Committee. Further details on the Company's whistle-blowing policy can be found in the Report on Corporate Governance.

The Company is also committed to comply with all relevant anti-money laundering rules and regulations. Employees are briefed on and are made aware of laws for the prevention of money laundering and financing of terrorism and proliferation. Specifically, finance and corporate secretarial staff are required to confirm that they understand anti-money laundering guidelines issued by ACRA.

Performance

– The Company did not have any reported incidents on corruption or bribery in the 2017 financial year.

– The Company also did not receive any whistle-blowing reports of any impropriety in the 2017 financial year.

Further details on the commitments by PCCW and HKT regarding aspects of anti-corruption can be found in their separate ESG reports.

Future Outlook

We will aim to maintain our zero incidents for bribery and also conduct a refresher training course for our employees in this area.

Governance (continued)

CORPORATE GOVERNANCE (continued)

RISK ASSESSMENT AND MANAGEMENT

Why this is material

The Group's activities expose it to market risk (including currency, interest rate and price risks), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the adverse effects of unpredictability in financial markets on the Group's financial performance.

The Group is geographically diverse with earnings from the Asia-Pacific region including India. The Group's operations are subject to extensive government regulation which may impact or limit its flexibility to respond to market conditions and competition. Governments may alter their policies relating to certain industries as well as the regulatory environment in which the Group operates, including taxation. The Group's overseas investments are also subject to risk of imposition of laws restricting the level and manner of ownership and investment.

How we manage this material factor

The Group has access to appropriate advisors with regulatory expertise and resources who advise on risk mitigation measures. The Group also works closely with management and partners in countries in which the Group operates and leverages on local expertise, knowledge and ability to ensure compliance.

Risk awareness and ownership of risk management are continuously fostered across the organisation. The Company's Audit Committee reviews management's reports and updates the Board half-annually on the Group's risk assessment systems. Based on the management controls in place throughout the Group, the Board is satisfied that there are adequate and effective internal controls, including material financial, operational, compliance and information technology controls, and risk management systems in the Group.

Social

CORPORATE SOCIAL RESPONSIBILITY

Why this is material

Corporate social responsibility is an integral part of the Company's business strategy. The Company is committed to operate in a manner that is economically, socially and environmentally sustainable while balancing the interests of its various stakeholders and providing a valuable service to society. Meeting this commitment is an important management objective and the individual and collective responsibility of all employees.

How we manage this material factor

The Company is committed to fostering positive relationships with the communities in which it operates. It contributes to communities through charitable donations, as well as, sponsorships of community activities in Singapore such as the SGX Bull Run and the Singapore Repertory Theatre.

Our invested companies, PCCW and HKT are engaged in philanthropic and volunteer work including employee engagement in community service. They are also committed to bridging the digital divide in their local communities by supporting technology literacy initiatives and campaigns and helping local communities enjoy easier access to Information and Communications Technology.

Performance

Details of community investments by PCCW and HKT can be found in their respective ESG reports.

Future outlook

We will aim to develop a more strategic approach towards corporate social responsibility.

TRAINING AND DEVELOPMENT

Why this is material

It is important that staff are kept abreast of the latest developments in their respective fields. This helps promote their career development, job satisfaction and assists in achieving lower staff turnover rates.

How we manage this material factor

The Company believes in the continued training and development of its directors and employees. To this effect, the Company is committed to invest in its employees and provides support to employees for their professional memberships, continuing professional education and related studies. Employees are encouraged to attend training sessions and seminars relevant to their work, whenever necessary.

As well as providing an engaging and supportive working environment, the Company helps employees to pursue a healthy lifestyle. The Company promotes a learning culture and staff are encouraged to attend training and post-education courses. The Company is committed to promote a work environment which values and respects all its employees. It also encourages and supports diversity in its workforce and Board.

Performance

Our staff turnover is low with a comparatively large percentage of employees having more than 20 years of service to the Group.

For FY2017, 100% of employees received an annual performance review with salary adjustments in line with industry standards and inflation. All employees with professional memberships attended relevant continuing professional education courses with an average of 21 hours per employee. Training and job-related studies were provided to other staff on an ad hoc basis.

Future outlook

We will strive to provide more needs based training for our employees.

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102-7	Scale of the organisation	Refer to Annual Report page 3
102-8	Information on employees and other workers	97
102-9	Supply chain	91
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	Not applicable
102-12	External initiatives/charters	Not applicable
102-13	Membership of associations	• Singapore Business Federation • Singapore International Chamber of Commerce • American Chamber of Commerce • British Chambers of Commerce, Singapore • Australian Chambers of Commerce, Singapore • Hong Kong Singapore Business Association
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Shareholding Statistics

As at 9 March 2018

ISSUED AND FULLY PAID-UP

S$457,282,365.61 divided into 2,649,740,300 ordinary shares.

Class of Shares – Ordinary share
Voting Rights – One vote per share
Treasury Shares – Nil
Subsidiary Holdings – Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	32	0.72	707	0.00
100 – 1,000	223	5.02	200,180	0.01
1,001 – 10,000	2,403	54.12	15,818,066	0.59
10,001 – 1,000,000	1,751	39.44	105,933,145	4.00
1,000,001 and above	31	0.70	2,527,788,202	95.40
Total	**4,440**	**100.00**	**2,649,740,300**	**100.00**

Approximately 10.15% of the issued ordinary shares are held by the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

SHAREHOLDING STATISTICS

As at 9 March 2018

SUBSTANTIAL SHAREHOLDERS

(including deemed interest as recorded in the Register of Substantial Shareholders as at 9 March 2018)

Substantial Shareholder	Direct Interest No. of issued shares	Deemed Interest No. of issued shares
Jenny W.L. Fung [(1)]	–	2,347,042,230
Lester Huang [(1)]	–	2,347,042,230
OS Holdings Limited [(1)]	–	2,347,042,230
Ocean Star Management Limited [(1)]	–	2,347,042,230
The Ocean Trust [(1)]	–	2,347,042,230
The Ocean Unit Trust [(1)]	–	2,347,042,230
The Starlite Trust [(1)]	–	2,347,042,230
The Starlite Unit Trust [(1)]	–	2,347,042,230
Pacific Century Group Holdings Limited [(2)]	200,000	2,346,842,230
Pacific Century International Limited [(3)]	–	2,330,058,230
Pacific Century Group (Cayman Islands) Limited [(4)]	1,160,991,050	1,169,067,180
Anglang Investments Limited	1,169,067,180	–

Notes:

(1) In April 2004, Mr. Richard Li Tzar Kai transferred his entire beneficial interest in Pacific Century Group Holdings Limited to Ocean Star Management Limited as trustee holding for and on behalf of The Ocean Unit Trust and The Starlite Unit Trust. All the issued units of each of The Ocean Unit Trust and The Starlite Unit Trust are held by Star Ocean Ultimate Limited as trustee for and on behalf of The Ocean Trust and The Starlite Trust respectively. Ocean Star Management Limited is the wholly-owned subsidiary of OS Holdings Limited. Ms. Jenny W.L. Fung and Mr. Lester Huang each holds more than 20% of the shares of OS Holdings Limited. Each of The Ocean Trust, The Starlite Trust, The Ocean Unit Trust, The Starlite Unit Trust, Ms. Jenny W.L. Fung, Mr. Lester Huang, OS Holdings Limited and Ocean Star Management Limited is deemed to have an interest in 2,347,042,230 shares in the Company through Pacific Century Group Holdings Limited (see Note 2).

(2) Pacific Century Group Holdings Limited has a direct interest in 200,000 shares in the Company. Pacific Century Group Holdings Limited is also deemed to be interested in (i) the 16,784,000 shares held by its wholly-owned subsidiary, Borsington Limited (ii) the 1,169,067,180 shares held by Anglang Investments Limited and (iii) the 1,160,991,050 shares held by Pacific Century Group (Cayman Islands) Limited.

(3) Pacific Century International Limited is deemed to be interested in (i) the 1,169,067,180 shares held by Anglang Investments Limited and (ii) the 1,160,991,050 shares held by Pacific Century Group (Cayman Islands) Limited.

(4) Pacific Century Group (Cayman Islands) Limited is deemed to be interested in the 1,169,067,180 shares held by Anglang Investments Limited.

Shareholding Statistics

As at 9 March 2018

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Raffles Nominees (Pte) Limited	2,368,488,193	89.39
2	Citibank Nominees Singapore Pte Ltd	24,640,551	0.93
3	DBS Vickers Securities (Singapore) Pte Ltd	21,606,500	0.82
4	DBS Nominees (Private) Limited	20,237,761	0.76
5	BNP Paribas Nominees Singapore Pte Ltd	16,974,000	0.64
6	HSBC (Singapore) Nominees Pte Ltd	9,050,882	0.34
7	Phillip Securities Pte Ltd	6,957,800	0.26
8	Peter A. Allen	5,000,000	0.19
9	United Overseas Bank Nominees (Private) Limited	4,329,500	0.16
10	UOB Kay Hian Private Limited	4,225,000	0.16
11	OCBC Securities Private Limited	4,148,798	0.16
12	Chong Yean Fong	3,845,500	0.15
13	Leong Chee Tong	3,500,000	0.13
14	Morph Investments Ltd	3,492,300	0.13
15	Tan Ling San	3,400,000	0.13
16	Lim & Tan Securities Pte Ltd	3,201,200	0.12
17	OCBC Nominees Singapore Private Limited	2,436,500	0.09
18	Ho Kim Lee Adrian	2,375,400	0.09
19	Liu Ming Ching	2,058,000	0.08
20	Yu Poh Suan (Yu Baoxuan)	2,038,800	0.08
	Total	**2,512,006,685**	**94.81**

Notice of 54th Annual General Meeting

Pacific Century Regional Developments Limited
(Incorporated in the Republic of Singapore)
Company Registration No. 196300381N

NOTICE IS HEREBY GIVEN that the 54th Annual General Meeting of the Company will be held at Raffles Town Club, Dunearn 3, Level 1, 1 Plymouth Avenue, Singapore 297753 on Monday, 23 April 2018 at 10.00 a.m. to transact the following business:

AS ROUTINE BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the year ended 31 December 2017 and the Auditor's Report thereon.

2 To approve and declare a tax-exempt (one tier) final dividend of S$0.022 per ordinary share for the year ended 31 December 2017.

3. To re-elect the following Directors retiring by rotation pursuant to article 99 of the Constitution of the Company and who, being eligible, offer themselves for re-election:

   (a) Mr. Tom Yee Lat Shing
   (b) Mr. Alexander Anthony Arena
   (c) Mr. Peter A. Allen

4. To re-elect Mr. W. Michael Verge who is retiring pursuant to article 105 of the Constitution of the Company and who, being eligible, offers himself for re-election.

5. To approve Directors' fees of S$226,250 for the year ended 31 December 2017 (2016: S$198,934).

6. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditor of the Company and to authorise the Directors to fix its remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

7. That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**") and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), 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 that 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,

AS SPECIAL BUSINESS (continued)

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 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation and adjustment as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

and, in paragraph (1) above and this paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

8. The Proposed Adoption of the Shareholders Mandate for Interested Person Transactions

THAT:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix 1 to the Company's Letter to Shareholders dated 5 April 2018 (the "**Letter**") with any party who is of the class of interested persons described in Appendix 1 to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "**Shareholders Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) 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 all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders Mandate and/or this Resolution.

AS SPECIAL BUSINESS (continued)

9. The Proposed Renewal of the Share Purchase Mandate

THAT:

(a) for the purposes of Sections 76C and 76E of 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 or prices 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) on the SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) 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 and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase 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;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange immediately preceding the date of market purchase by the Company, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

"**Highest Last Dealt Price**" means the highest price transacted for the Shares as recorded on the market day on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange immediately preceding the date of the making of the offer pursuant to the off-market purchase;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

AS SPECIAL BUSINESS (continued)

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 120% of the Highest Last Dealt Price of the Shares; 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 all such documents as may be required) as they and/or he may consider expedient or necessary 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

Lim Beng Jin
Company Secretary

Singapore
5 April 2018

EXPLANATORY NOTES

Item 3 to 4 – Detailed information on these Directors can be found under the Board of Directors and Report on Corporate Governance sections in the Annual Report 2017.

Item 3(a) – Subject to his re-election, Mr. Tom Yee Lat Shing, who is an Independent Director, will remain as Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

Item 3(b) – Subject to his re-election, Mr. Alexander Anthony Arena will remain a Non-Executive Director.

Item 3(c) – Subject to his re-election, Mr. Peter A. Allen, who is an Executive Director, will remain a member of the Executive Committee.

Item 4 – Subject to his re-election, Mr. W. Michael Verge will remain a Non-Executive Director.

Item 7 – Resolution 7 is to empower the Directors, from the date of the forthcoming Annual General Meeting until the next Annual General Meeting, to issue shares of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total 50 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company of which up to 20 per cent may be issued other than on a *pro rata* basis to shareholders (excluding treasury shares and subsidiary holdings). The aggregate number of shares which may be issued shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time that Resolution 7 is passed, after adjusting for (a) 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 that Resolution 7 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. As at 7 March 2018 (the "**Latest Practicable Date**"), the Company had no treasury shares and no subsidiary holdings.

Item 8 – Resolution 8 is to adopt a mandate to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual), or any of them, to enter into certain interested person transactions with specified classes of interested persons, as described in the Letter. Please refer to the Letter for more details.

Item 9 – Resolution 9 is to renew the mandate to enable the Company to purchase or otherwise acquire its issued Shares, on the terms and subject to the conditions set out in the Resolution.

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 as these will depend on the number of Shares purchased or acquired, whether the purchase or acquisition is made out of profits or capital, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

The illustrative financial effects shown in paragraph 3.7 of the Company's Letter to Shareholders dated 5 April 2018 are based on a purchase or acquisition of Shares by the Company of up to (i) 0.15% of its issued Shares which, based on the number of issued and paid-up Shares as at the Latest Practicable Date and assuming that on or prior to the Annual General Meeting, no further Shares are issued, purchased or acquired by the Company, and held as treasury shares, and no Shares are held as subsidiary holdings, is 3,974,610 Shares, and (ii) 10% of its issued Shares which, based on the number of issued and paid-up Shares as at the Latest Practicable Date and assuming that on or prior to the Annual General Meeting, no further Shares are issued, purchased or acquired by the Company, and held as treasury shares, and no Shares are held as subsidiary holdings, is 264,974,030 Shares.

In the case of market purchases by the Company and assuming that the Company purchases or acquires the 3,974,610 Shares representing 0.15% of such issued Shares at the Maximum Price of S$0.443 for one Share (being the price equivalent to 5% above the average of the last dealt prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 3,974,610 Shares is S$1,760,752. In the case of off-market purchases by the Company and assuming that the Company purchases or acquires the 3,974,610 Shares representing 0.15% of such issued Shares at the Maximum Price of S$0.510 for one Share (being the price equivalent to 20% above the highest dealt prices of the Shares on the market day on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 3,974,610 Shares is S$2,027,051.

In the case of market purchases by the Company and assuming that the Company purchases or acquires the 264,974,030 Shares representing 10% of such issued Shares at the Maximum Price of S$0.443 for one Share (being the price equivalent to 5% above the average of the last dealt prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 264,974,030 Shares is S$117,383,495. In the case of off-market purchases by the Company and assuming that the Company purchases or acquires the 264,974,030 Shares representing 10% of such issued Shares at the Maximum Price of S$0.510 for one Share (being the price equivalent to 20% above the highest dealt prices of the Shares on the market day on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 264,974,030 Shares is S$135,136,755.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2017 based on these assumptions are set out in paragraph 3.7 of the Company's Letter to Shareholders dated 5 April 2018.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General 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 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.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies that has been executed by a member must be lodged at the registered office of the Company at 50 Raffles Place, #35-01, Singapore Land Tower, Singapore 048623 (Attention: Company Secretary), not less than 72 hours before the time appointed for the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or 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 (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply 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 the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notes to the Proxy Form

Notes:

1. 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 registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

2. (a) A member 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 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, Chapter 50.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place, #35-01, Singapore Land Tower, Singapore 048623 (Attention: Company Secretary) not less than 72 hours before the time appointed for the Annual General Meeting. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.

5. The instrument appointing a proxy or proxies, must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. 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.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

General:

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 appointing a proxy or proxies (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the 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 Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Pacific Century Regional Developments Limited
(Incorporated in the Republic of Singapore)
Company Registration No. 196300381N

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 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 shares of Pacific Century Regional Developments Limited, 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.
3. 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 5 April 2018.

I/We, ______________________________ (NRIC/Passport/UEN No.) ______________

of ____ (Address)

being a member/members of Pacific Century Regional Developments Limited (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at Raffles Town Club, Dunearn 3, Level 1, 1 Plymouth Avenue, Singapore 297753 on Monday, 23 April 2018 at 10.00 a.m. and at any adjournment thereof.

(Voting will be conducted by poll. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.		For	Against
	Routine Business		
1	To adopt the Directors' Statement, Audited Financial Statements and Auditor's Report		
2	To approve a final tax-exempt (one tier) dividend of S$0.022		
3	To re-elect the following Directors:		
	(a) Mr. Tom Yee Lat Shing		
	(b) Mr. Alexander Anthony Arena		
	(c) Mr. Peter A. Allen		
4	To re-elect Mr. W. Michael Verge as Director		
5	To approve Directors' fees for the year ended 31 December 2017		
6	To re-appoint Messrs PricewaterhouseCoopers LLP as Auditor and to authorise the Directors to fix its remuneration		
	Special Business		
7	To authorise the share issue mandate		
8	To approve the proposed adoption of the Shareholders Mandate for Interested Person Transactions		
9	To approve the proposed renewal of the Share Purchase Mandate		

Dated this __________ day of ______________________ 2018.

____
Signature(s) of Member(s) or Common Seal

Total Number of Shares Held	

IMPORTANT: PLEASE READ NOTES ON PAGE 110

Fold this flap here for sealing

Affix
Stamp
Here

The Company Secretary

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

50 Raffles Place
#35-01 Singapore Land Tower
Singapore 048623

2nd fold here

3rd fold here

PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

50 Raffles Place, #35-01 Singapore Land Tower,
Singapore 048623
Tel: (65) 6438 2366 Fax: (65) 6230 8777
Company Registration No. 196300381N

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PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration Number: 196300381N

Directors:	**Registered Office:**
Richard Li Tzar Kai *(Chairman, Executive Director)*	50 Raffles Place
Francis Yuen Tin Fan *(Deputy Chairman, Independent Non-Executive Director)*	#35-01
Peter A. Allen *(Group Managing Director, Executive Director)*	Singapore Land Tower
Alexander Anthony Arena *(Non-Executive Director)*	Singapore 048623
Tom Yee Lat Shing *(Independent Non-Executive Director)*	
Frances Wong Waikwun *(Independent Non-Executive Director)*	
Laura Deal Lacey *(Independent Non-Executive Director)*	
W. Michael Verge *(Non-Executive Director)*	

To: The Shareholders of
Pacific Century Regional Developments Limited (the "**Company**")

5 April 2018

Dear Sir/Madam

1. INTRODUCTION

1.1 **Background**. We refer to:

(a) the Notice of the 54th Annual General Meeting ("**AGM**") of the Company dated 5 April 2018 (the "**Notice**"), accompanying the Annual Report for the financial year ended 31 December 2017, convening the 54th AGM of the Company to be held on 23 April 2018 (the "**2018 AGM**");

(b) Ordinary Resolution No. 8 relating to the proposed adoption of the Shareholders Mandate (as defined in paragraph 2.1 below) for interested person transactions, as proposed in the Notice; and

(c) Ordinary Resolution No. 9 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 3.1 below), as proposed in the Notice.

1.2 **Letter to Shareholders**. The purpose of this Letter is to provide shareholders of the Company ("**Shareholders**") with information relating to Ordinary Resolution Nos. 8 and 9, proposed in the Notice (collectively, the "**Proposals**").

1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

1.4 **Advice to Shareholders.** Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. Shareholders who have sold all their issued ordinary shares of the Company ("**Shares**") should immediately forward this Letter to the purchaser or to the stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser.

2. THE PROPOSED ADOPTION OF THE SHAREHOLDERS MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 **Rationale**. The Company is proposing the implementation of a mandate pursuant to Rule 920 of the Listing Manual for interested person transactions of a recurrent nature in the ordinary course of business, as modified or altered from time to time (the "**Shareholders Mandate**"), pursuant to Chapter 9 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), to enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" to enter in the ordinary course of business into certain types of transactions with specified classes of the Company's "interested persons", provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions. The adoption of the Shareholders Mandate will:

(a) facilitate entry into the mandated transactions with the specified classes of interested persons in the ordinary course of the businesses of the PCRD Group (as defined in Appendix 1 to this Letter);

(b) eliminate the need for the Company to convene separate general meetings on each occasion, pursuant to the financial limits imposed under Chapter 9 of the Listing Manual, to seek Shareholders' approval as and when such transactions with the interested persons arise, thereby:

(i) reducing substantially the administrative time, inconvenience and costs associated with the convening of such meetings; and

(ii) enabling the PCRD Group (as defined in Appendix 1 to this Letter) to maintain its overall competitiveness and not be placed at a disadvantage to other parties that do not require shareholders' approval to be obtained for entering into such transactions.

2.2 **The Shareholders Mandate**. The following is a summary of the key provisions of the Shareholders Mandate. The summary is qualified in its entirety by the detailed provisions of the Shareholders Mandate set out in Appendix 1 to this Letter. Unless otherwise defined, terms used in this paragraph 2.2 shall have the same meanings as defined in Appendix 1 to this Letter.

2.2.1 ***Classes of Interested Persons***

The Shareholders Mandate will apply to the Interested Person Transactions which are carried out with the following classes of Interested Persons:

(a) Pacific Century Group Holdings Limited ("**PCGH**"), a controlling shareholder of the Company, and its associates (as defined in the Listing Manual) (the "**PCGH Group**"); and

(b) Mr Richard Li Tzar Kai, a Director of the Company, and any company in which he and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more.

The PCGH Group includes, but is not limited to, Pacific Century International Limited ("**PCIL**") and Pacific Century Group (Cayman Islands) Limited ("**PCG**") which are investment holding companies. PCG is a wholly-owned subsidiary of PCIL, which is in turn a wholly-owned subsidiary of PCGH. The PCGH Group is involved in a wide range of businesses in Asia including property development, asset management, telecommunications, media, IT solutions and life insurance. In the ordinary course of their businesses, they may require management and support services in the areas of finance, insurance, treasury, business development, management information systems, corporate secretarial services, human resources management and business development services. The Shareholders Mandate allows entities in the PCRD Group (including the Company) to benefit from being able to borrow from and/or provide such management and support services to the PCGH Group (which includes PCIL and PCG) in an expedient manner. The Shareholders Mandate enables the PCRD Group to maintain its overall competitiveness and not be placed at a disadvantage to other parties that do not require shareholders' approval prior to entering into such transactions.

2.2.2 ***Categories of Interested Person Transactions***

The Interested Person Transactions to which the Shareholders Mandate will apply, and the benefits to be derived therefrom, are set out below.

(a) **Property-related Transactions**

This category relates to the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the PCRD Group. The transactions within this category comprise:

(i) the leasing and/or rental of properties;

(ii) the provision of property maintenance and property management services; and

(iii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (ii) above,

(the "**Property-related Transactions**").

The Company is an investment holding company and its investments include (but are not limited to) interests in property development and investment. From time to time and in its normal course of business, the PCRD Group may wish to (i) tap on Interested Persons' expertise in property management or property maintenance, or (ii) lease or rent properties to, or from, Interested Persons.

The PCRD Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The PCRD Group would also benefit from an additional source of revenue, as well as having access to competitive quotes from Interested Persons.

(b) **Borrowings**

This category of transactions pertains to the obtaining of financial assistance and services, including the borrowing of funds, from Interested Persons, as well as transactions that are undertaken by the PCRD Group in connection with the management of its funding requirements ("**Borrowings**").

The PCRD Group can benefit from competitive rates or quotes offered by Interested Persons, as well as by leveraging on the financial strength and credit standing of the Interested Persons in an expeditious manner.

(c) **Group Management and Support Services**

This category ("**Management and Support Services**") relates to transactions by the PCRD Group in connection with the provision to, or the obtaining from, Interested Persons of management and support services in the areas of finance, insurance, treasury, business development, management information systems, corporate secretarial services and human resources management and development services (including staff secondment).

By way of example, the Company's wholly-owned subsidiary, PCRD Services Pte Ltd, is the entity under which management and support services are provided to the PCRD Group. PCRD Services Pte Ltd (which is part of the PCRD Group) would benefit from being able to provide such management and support services to the PCGH Group, which has a network of well-established connections in Asia including in Singapore; for instance, PCRD Services Pte Ltd provided management and support services to FWD Group, the insurance arm of the Pacific Century Group when it was establishing a presence in Singapore.

The PCGH Group, a conglomerate with diversified business interests, has various entities, including an asset management business in Singapore, which provide management and support services (including, *inter alia*, tax, investment banking and treasury services) to entities within the PCGH Group where necessary. To the extent that their expertise is relevant to, and may therefore be utilised for the benefit of the PCRD Group, then these services would be obtained by the PCRD Group.

The PCRD Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The PCRD Group would also benefit from an additional source of revenue, as well as having access to competitive quotes from Interested Persons.

2.2.3 ***Review Procedures for Interested Person Transactions***

In general, there are procedures established by the PCRD Group to ensure that transactions with Interested Persons are undertaken on normal commercial terms consistent with the PCRD Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

(a) **Property-related Transactions and Management and Support Services**

In relation to Property-related Transactions and Management and Support Services, such Interested Person Transactions shall be entered into, where applicable, at the prevailing rates/prices of the service or product provider which (in relation to services or products to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to third parties, or (in relation to services or products to be obtained from an Interested Person) are no less favourable than those extended by the Interested Person to third parties, on the service or product provider's usual commercial terms or otherwise in accordance (where applicable) with industry norms.

To determine whether the prices and terms offered to the Interested Person are no more favourable than those extended to third parties, rates and terms offered to at least two unrelated third parties for transactions of a similar nature, size or complexity are compared taking into account factors such as the availability of resources, expertise or manpower for the performance of the services or the provision of such goods and the existence of any cost and/or time saving factors.

To determine whether the terms offered by the Interested Person are fair and reasonable and no less favourable than those extended by the Interested Person to unrelated third parties, rates and terms offered by or generally quoted by at least two unrelated third parties who are engaged in providing similar services or products are compared.

For Property-related Transactions relating to the leasing and/or rental of properties, such comparison should also take into account the prevailing market rental rates for other properties within its vicinity of similar or comparable standing and facilities, the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease.

In the event that comparison quotations cannot be obtained in respect of the Interested Person Transactions which involve the leasing of properties since the nature of real estate is such that there may be properties which are unique without a comparable benchmark, such Interested Person Transactions shall be entered into only after the senior executive(s) of the relevant company within the PCRD Group (having no interest, direct or indirect, in the transaction) has evaluated and has satisfied himself (including by reference to historical rent for comparable leases (based on information provided by consultants or otherwise)) of the reasonableness of the quantum of such rent for the leasing of properties offered to or by the Interested Person, and that such terms are fair and are not prejudicial nor disadvantageous to the PCRD Group.

Threshold Limits

In addition, the following review procedures will apply to Property-related Transactions and Management and Support Services:

(i) a transaction with a value equal to or less than:

(1) 2% of the latest audited consolidated NTA of the Group; or

(2) S$20,000,000,

whichever is the lower, shall be reviewed and approved by a Director of the Company appointed by the Audit Committee from time to time for such purpose or, failing him, such other senior executive(s) designated by the Audit Committee from time to time for this purpose (having no interest, direct or indirect, in the transaction), and all such transactions shall be reviewed on a quarterly basis by the Audit Committee; and

(ii) a transaction with a value exceeding:

(1) 2% of the latest audited consolidated NTA of the Group; or

(2) S$20,000,000,

whichever is the lower, shall be reviewed and approved by the Audit Committee prior to entering such an Interested Person Transaction.

(b) **Borrowings**

In relation to the borrowing of funds from any Interested Person by the PCRD Group, the Company will require that quotations be obtained from such Interested Person and at least two of the principal bankers of the PCRD Group for rates for loans from such bankers of an equivalent amount, and for an equivalent period, as the funds to be borrowed by the PCRD Group. The PCRD Group will only borrow funds from such Interested Person provided that the terms quoted are no less favourable to the PCRD Group than the terms quoted by such principal bankers.

Threshold Limits

Where the interest expense on any borrowing from an Interested Person when aggregated with the interest expense incurred by the PCRD Group on previous borrowings from the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) in the financial year exceeds:

(1) 2% of the latest audited consolidated NTA of the Group; or

(2) S$20,000,000,

whichever is the lower, such (and each subsequent) borrowing from that Interested Person in the same financial year shall require the prior approval of the Audit Committee.

Borrowings from the same Interested Persons in respect of which the interest expense in aggregate does not exceed the limit set out above will be reviewed and approved by a Director of the Company appointed by the Audit Committee from time to time for such purposes or, failing him, such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose (having no interest, direct or indirect, in the transaction), and shall be reviewed on a quarterly basis by the Audit Committee.

In the event that a member of the Board of Directors, Audit Committee or any senior executive of the Company designated by the Audit Committee from time to time (where applicable) is interested in any Interested Person Transaction, he will abstain from any decision-making in respect of that transaction and the review, endorsement and approval of that transaction will be undertaken by the other members of the Board of Directors, Audit Committee or such other senior executive(s) designated by the Audit Committee from time to time for such purposes (having no interest, direct or indirect, in the transaction) (as the case may be).

2.2.4 ***Register of Interested Person Transactions***

A register will be maintained by the Company to record all Interested Person Transactions and the basis (including the quotations obtained to support such basis) on which they are entered into pursuant to the Shareholders Mandate. The annual external audit plan of the Company shall incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the Shareholders Mandate.

2.2.5 ***Audit Committee Reviews***

The Audit Committee reviews Interested Person Transactions reports quarterly and the adequacy of internal control procedures on Interested Person Transactions to confirm that the guidelines and review procedures for Interested Person Transactions have been complied with.

If as a result of any of the reviews by the Audit Committee, the Audit Committee forms the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient due to changes in the nature of, or manner in which, the business activities of the PCRD Group or the Interested Persons are conducted, the Company will revert to Shareholders for a fresh general mandate based on new guidelines and review procedures so that Interested Person Transactions will always be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The full particulars of the Shareholders Mandate, including the rationale for the Shareholders Mandate, the benefits to be derived by the Company and other general information relating to Chapter 9 of the Listing Manual, are set out in Appendix 1 to this Letter.

2.3 **Independent Financial Adviser**. Provenance Capital Pte. Ltd. ("**Provenance Capital**") has been appointed as an independent financial adviser in relation to the proposed adoption of the Shareholders Mandate. Having regard to the matters set out in their letter dated 5 April 2018 to the Directors of the Company (the "**Directors**") who are considered to be independent in relation to the proposed adoption of the Shareholders Mandate, being, as at the Latest Practicable Date (as defined below), Messrs Francis Yuen Tin Fan, Peter A. Allen, Alexander Anthony Arena, Tom Yee Lat Shing, W. Michael Verge, Ms Frances Wong Waikwun and Ms Laura Deal Lacey (the "**Independent Directors**"), Provenance Capital is of the opinion that the guidelines and review procedures set out in Appendix 1 to this Letter for determining the pricing and terms of the interested person transactions under the Shareholders Mandate, if adhered to, are sufficient to ensure that the interested person transactions as set out in paragraph 5 of Appendix 1 to this Letter will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Provenance Capital's letter dated 5 April 2018 to the Independent Directors is reproduced in Appendix 2 to this Letter.

2.4 **Provenance Capital's Consent.** Provenance Capital has given and has not withdrawn its written consent to the issue of this Letter with the inclusion of its name, its letter to the Independent Directors dated 5 April 2018 and all references thereto, in the form and context in which they appear in this Letter.

2.5 **Abstention from Voting**. PCGH and its associates (as defined in the Listing Manual), being interested persons (as described in paragraph 4 of Appendix 1) in relation to the Shareholders Mandate, will abstain from voting their Shares, if any, in respect of Ordinary Resolution No. 8, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2018 AGM.

Mr Richard Li Tzar Kai and his associates which are companies in which he and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more, being interested persons (as described in paragraph 4 of Appendix 1) in relation to the Shareholders Mandate, will abstain from voting their Shares, if any, in respect of Ordinary Resolution No. 8, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2018 AGM. The interests of Mr Richard Li Tzar Kai in the Shares extracted from the Register of Directors' Shareholdings as at Latest Practicable Date, are disclosed in paragraph 4.1 of this Letter.

In addition, the Company:

(a) will use its best endeavours to procure that such persons will abstain from voting their Shares, if any, in respect of Ordinary Resolution No. 8, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2018 AGM;

(b) will procure that such persons will also decline to accept appointment as proxy for any Shareholder to vote in respect of Ordinary Resolution No. 8, unless the Shareholder concerned shall have given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Ordinary Resolution No. 8; and

(c) will disregard votes cast by Mr Richard Li Tzar Kai in respect of his holdings of Shares (if any) and his associates which are companies in which he and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more on Ordinary Resolution No. 8.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 **Share Purchase Mandate**. At the Annual General Meeting of the Company held on 31 March 2017 (the "**2017 AGM**"), Shareholders approved the renewal of a mandate (the "**Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire Shares. The rationale for, the authority and limitations on, and the financial effects of, the Share Purchase Mandate were set out in the Letter to Shareholders dated 9 March 2017 (the "**2017 Letter**") and Ordinary Resolution No. 7 set out in the Notice of the 2017 AGM.

The Share Purchase Mandate took effect on the date of the passing of Ordinary Resolution No. 7 at the 2017 AGM and will expire on the date of the forthcoming 2018 AGM to be held on 23 April 2018. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2018 AGM.

As at 7 March 2018 (the "**Latest Practicable Date**"), the Company has not purchased or acquired any Shares pursuant to the Share Purchase Mandate approved at the 2017 AGM.

3.2 **Rationale for the Share Purchase Mandate**. The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) In managing the business of the Company and its subsidiaries (the "**Group**"), management strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. Share purchases are one of the ways through which the return on equity of the Group may be enhanced.

(b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash which is in excess of the financial and possible investment needs of the Group to Shareholders. In addition, the Share Purchase Mandate allows the Company to have greater flexibility over, *inter alia*, the Company's share capital structure with a view to enhancing the earnings per Share and/or net asset value per Share.

(c) The Share Purchase Mandate provides the Company with the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The approval of the renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in paragraph 3.3.1 below, it should be noted that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised, and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial condition of the Company.

3.3 **Authority and Limits of the Share Purchase Mandate**. The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2018 AGM, are substantially the same as were previously approved by Shareholders at the 2017 AGM, and are summarised below:

3.3.1 ***Maximum Number of Shares***

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares as at the date of the 2018 AGM. Treasury shares and subsidiary holdings (as defined in the Listing Manual)[1] will be disregarded for purposes of computing the 10% limit.

As at the Latest Practicable Date, the Company had no treasury shares and no subsidiary holdings.

Purely for illustrative purposes, on the basis of 2,649,740,300 Shares in issue as at the Latest Practicable Date, and assuming that on or prior to the 2018 AGM:

(a) no further Shares are issued;

(b) no Shares are purchased or acquired by the Company and no Shares purchased or acquired by the Company are held by the Company as treasury shares; and

(c) no Shares are held as subsidiary holdings,

not more than 264,974,030 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

However, as stated in paragraph 3.2 above and 3.8 below, purchases or acquisitions pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would

[1] "Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

result in the Company being delisted from the SGX-ST. **Thus, notwithstanding that the Share Purchase Mandate may enable purchases or acquisitions of up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings) to be carried out, it should be noted that in order to maintain the listing status of the Shares on the SGX-ST, the Company must ensure (pursuant to Rule 723 of the Listing Manual) that there is at all times a public float of not less than 10% of its issued Shares (excluding treasury shares).** Accordingly, assuming solely for illustrative purposes that 268,948,640 Shares (or approximately 10.15% of the issued Shares (excluding treasury shares)) are held in public hands as at the Latest Practicable Date, in order to preserve the listing status of the Shares on the SGX-ST by maintaining a public float of not less than 10% in the issued Shares (excluding treasury shares), the Company would not purchase or acquire more than 3,974,610 Shares (or 0.15% of the issued Shares (excluding treasury shares and subsidiary holdings) as at that date) pursuant to the Share Purchase Mandate as at the Latest Practicable Date. The public float in the issued Shares as at the Latest Practicable Date is disclosed in paragraph 3.8 below.

Notwithstanding the above, the Company anticipates that the public float percentage of the issued Shares will change from time to time consequent upon the dynamic changing profile of public shareholders of the Company. For this reason, the Company is therefore seeking Shareholders' approval to enable the Company to purchase or acquire Shares up to a maximum of 10% of the issued Shares (excluding treasury shares and subsidiary holdings) for flexibility to prospectively cater to any future increase in the number of issued Shares held in public hands of up to 20%. If this occurs, the Company will be able to purchase or acquire in excess of 0.15% of its issued Shares (excluding Shares held in treasury and subsidiary holdings) up to a maximum of 10%.

3.3.2 ***Duration of Authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2018 AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

(a) the date on which the next AGM of the Company is held or required by law to be held;

(b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or

(c) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

3.3.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**"), effected on the SGX-ST, or on any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchases**") effected otherwise than on a stock exchange, pursuant to an equal access scheme.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, Chapter 50 (the "**Companies Act**") as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

(1) terms and conditions of the offer;

(2) period and procedures for acceptances;

(3) the reasons for the proposed purchase or acquisition of Shares;

(4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable take-over rules;

(5) whether the purchases or acquisitions of Shares, if made, could affect the listing of the Shares on the SGX-ST;

(6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and

(7) whether Shares purchased by the Company will be cancelled or kept as treasury shares.

3.3.4 ***Purchase Price***

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. The maximum price to be paid for the Shares as determined by the Directors (the "**Maximum Price**") must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price of the Shares,

in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST or, as the case may be, such stock exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

"**Highest Last Dealt Price**" means the highest price transacted for the Shares as recorded on the market day on which the Shares are transacted on the SGX-ST or, as the case may be, such stock exchange on which the Shares are listed or quoted, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 **Source of Funds**. Under the Companies Act, the Company may purchase or acquire its Shares out of its profits and/or capital so long as the Company is solvent.

The Company intends to use internal and external sources of funds to finance its purchase or acquisition of Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the Group's working capital requirements and ability to service its debts would be adversely affected.

3.5 **Status of Purchased Shares**. Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

3.6 **Treasury Shares**. Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

3.6.1 ***Maximum Holdings***

The number of Shares held as treasury shares[2] cannot at any time exceed 10% of the total number of issued Shares.

3.6.2 ***Voting and Other Rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.6.3 ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

(a) sell the treasury shares for cash;

[2] For these purposes, "treasury shares" shall be read as including shares held by a subsidiary under Sections 21(4B) or 21(6C) of the Companies Act, Chapter 50.

(b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for its employees, directors or other persons;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.7 **Financial Effects**. The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2017, are based on the assumptions set out below.

3.7.1 ***Number of Shares Acquired or Purchased***

(I) ***Scenario I: Purchase or acquisition of 0.15% of the issued Shares by the Company***

Purely for illustrative purposes, on the basis of 2,649,740,300 Shares in issue and a public float of approximately 10.15% as at the Latest Practicable Date, and assuming that no further Shares are issued, purchased or acquired by the Company and no Shares purchased or acquired by the Company are held as treasury shares, and no Shares are held as subsidiary holdings, on or prior to the 2018 AGM, the exercise of the Share Purchase Mandate, on the Latest Practicable Date, up to an extent that would not affect adversely the listing status of the Shares on the SGX-ST, may result in the purchase or acquisition by the Company of 3,974,610 Shares representing 0.15% of such issued Shares (instead of a purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares).

(II) ***Scenario II: Purchase or acquisition of 10% of the issued Shares by the Company***

The illustrative financial effects below are prepared assuming a prospective hypothetical scenario after the Latest Practicable Date whereby future circumstances permit up to 10% of the issued Shares to be acquired or purchased by the Company without resulting in the listing status of the Shares on the SGX-ST being adversely affected.

Purely for illustrative purposes, on the basis of 2,649,740,300 Shares in issue and a public float of approximately 20% as at the Latest Practicable Date, and assuming that no further Shares are issued, purchased or acquired by the Company and no Shares purchased or acquired by the Company are held as treasury shares, and no Shares are held as subsidiary holdings, on or prior to the 2018 AGM, the exercise of the Share Purchase Mandate, on the Latest Practicable Date, up to an extent that would not affect adversely the listing status of the Shares on the SGX-ST, may result in the purchase or acquisition by the Company of 264,974,030 Shares representing 10% of such issued Shares.

3.7.2 ***Maximum Price Paid for Shares Acquired or Purchased***

(I) ***Scenario I: Purchase or acquisition of 0.15% of the issued Shares by the Company***

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 3,974,610 Shares representing 0.15% of such issued Shares (instead of a purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares) at the maximum price of S$0.443 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest

Practicable Date), the maximum amount of funds required for the purchase or acquisition of 3,974,610 Shares is S$1,760,752.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 3,974,610 Shares representing 0.15% of such issued Shares (instead of a purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares) at the maximum price of S$0.510 for one Share (being the price equivalent to 20% above the Highest Last Dealt Price of the Shares on the market day on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 3,974,610 Shares is S$2,027,051.

(II) ***Scenario II: Purchase or acquisition of 10% of the issued Shares by the Company***

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 264,974,030 Shares representing 10% of such issued Shares at the maximum price of S$0.443 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 264,974,030 Shares is S$117,383,495.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 264,974,030 Shares representing 10% of such issued Shares at the maximum price of S$0.510 for one Share (being the price equivalent to 20% above the Highest Last Dealt Price of the Shares on the market day on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 264,974,030 Shares is S$135,136,755.

3.7.3 ***Illustrative Financial Effects***

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 3.7.1 and 3.7.2 above, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2017 are set out below and assuming the following:

(a) the purchase or acquisition of 3,974,610 Shares representing 0.15% of such issued Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases made entirely out of capital and cancelled or held in treasury;

(b) the purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases made entirely out of capital and cancelled or held in treasury;

(c) the purchase or acquisition of 3,974,610 Shares representing 0.15% of such issued Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases made entirely out of capital and cancelled or held in treasury; and

(d) the purchase or acquisition of 264,974,030 Shares representing 10% of such issued Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases made entirely out of capital and cancelled or held in treasury.

Market Purchases

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 December 2017 and are not necessarily representative of future financial performance.

The financial effects of the two alternative scenarios whereby share purchases up to a maximum of 0.15% and 10% of the issued Shares (excluding treasury shares and subsidiary holdings) are implemented by the Company, as set out above, are for illustrative purposes only. Although the Share Purchase Mandate would enable the Company to potentially purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), based on a public float of approximately 10.15% as at the Latest Practicable Date, the Company is at present, only permitted to purchase or acquire up to 0.15% of the issued Shares (excluding treasury shares and subsidiary holdings) being the extent that would not affect adversely the listing status of the Shares on the SGX-ST as at the Latest Practicable Date. Even so, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 0.15% or, as the case may be, (if and when future circumstances permit) the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements and ability to service its debts would be adversely affected.

Market Purchases

(a) *Scenario (A) : Market Purchases of up to 0.15% out of capital and held as treasury shares*
Scenario (B) : Market Purchases of up to 0.15% out of capital and cancelled

	Group			Company		
	Before Share Purchase (S$'000)	**After Share Purchase (S$'000)**		**Before Share Purchase (S$'000)**	**After Share Purchase (S$'000)**	
As at 31 December 2017		**Scenario A**	**Scenario B**		**Scenario A**	**Scenario B**
Shareholders' funds	1,414,786	1,413,025	1,413,025	1,348,995	1,347,234	1,347,234
Net tangible assets (NTA) (1)	1,414,786	1,413,025	1,413,025	1,348,995	1,347,234	1,347,234
Current assets	61,682	59,921	59,921	44,661	42,900	42,900
Current liabilities	12,368	12,368	12,368	20,472	20,472	20,472
Total borrowings	10,352	10,352	10,352	10,309	10,309	10,309
Profit attributable to Shareholders	95,596	95,596	95,596	93,897	93,897	93,897
Cash and cash equivalents	60,829	59,068	59,068	44,208	42,447	42,447
Number of Shares ('000) (2)	2,649,740	2,645,766	2,645,766	2,649,740	2,645,766	2,645,766
Treasury shares ('000)	-	3,974	-	-	3,974	-
<u>Financial Ratios</u>						
Basic earnings per Share (cents)	3.61	3.61	3.61	3.54	3.55	3.55
NTA per Share (cents)	53.39	53.41	53.41	50.91	50.92	50.92
Gearing ratio (3)	0.01	0.01	0.01	0.01	0.01	0.01
Current ratio (times) (4)	4.99	4.84	4.84	2.18	2.10	2.10

Notes:

(1) NTA equals shareholders' funds less intangible assets.

(2) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

(3) Gearing ratio equals total borrowings divided by shareholders' funds.

(4) Current ratio equals current assets divided by current liabilities.

(b) Scenario (A) : Market Purchases of up to 10% out of capital and held as treasury shares
Scenario (B) : Market Purchases of up to 10% out of capital and cancelled

	Group			**Company**		
	Before Share Purchase (S$'000)	**After Share Purchase (S$'000)**		**Before Share Purchase (S$'000)**	**After Share Purchase (S$'000)**	
As at 31 December 2017		**Scenario A**	**Scenario B**		**Scenario A**	**Scenario B**
Shareholders' funds	1,414,786	1,297,403	1,297,403	1,348,995	1,231,612	1,231,612
Net tangible assets (NTA) (1)	1,414,786	1,297,403	1,297,403	1,348,995	1,231,612	1,231,612
Current assets	61,682	18,682	18,682	44,661	1,661	1,661
Current liabilities	12,368	86,751	86,751	20,472	94,855	94,855
Total borrowings	10,352	84,735	84,735	10,309	84,692	84,692
Profit attributable to Shareholders	95,596	95,596	95,596	93,897	93,897	93,897
Cash and cash equivalents	60,829	17,829	17,829	44,208	1,208	1,208
Number of Shares ('000) (2)	2,649,740	2,384,766	2,384,766	2,649,740	2,384,766	2,384,766
Treasury shares ('000)	-	264,974	-	-	264,974	-

As at 31 December 2017	Group: Before Share Purchase (S$'000)	Group: After Share Purchase (S$'000) Scenario A	Group: After Share Purchase (S$'000) Scenario B	Company: Before Share Purchase (S$'000)	Company: After Share Purchase (S$'000) Scenario A	Company: After Share Purchase (S$'000) Scenario B
Financial Ratios						
Basic earnings per Share (cents)	3.61	4.01	4.01	3.54	3.94	3.94
NTA per Share (cents)	53.39	54.40	54.40	50.91	51.64	51.64
Gearing ratio (3)	0.01	0.07	0.07	0.01	0.07	0.07
Current ratio (times) (4)	4.99	0.22	0.22	2.18	0.02	0.02

Notes:

(1) NTA equals shareholders' funds less intangible assets.

(2) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

(3) Gearing ratio equals total borrowings divided by shareholders' funds.

(4) Current ratio equals current assets divided by current liabilities.

Off-Market Purchases

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 December 2017 and are not necessarily representative of future financial performance.

The financial effects of the two alternative scenarios whereby share purchases up to a maximum of 0.15% and 10% of the issued Shares (excluding treasury shares and subsidiary holdings) are implemented by the Company, as set out above, are for illustrative purposes only. Although the Share Purchase Mandate would enable the Company to potentially purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), based on a public float of approximately 10.15% as at the Latest Practicable Date, the Company is at present, only permitted to purchase or acquire up to 0.15% of the issued Shares (excluding treasury shares and subsidiary holdings) being the extent that would not affect adversely the listing status of the Shares on the SGX-ST as at the Latest Practicable Date. Even so, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 0.15% or, as the case may be, (if and when future circumstances permit) the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares

repurchased or hold all or part of the Shares repurchased in treasury.
Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements and ability to service its debts would be adversely affected.

Off-Market Purchases

(c) *Scenario (A) : Off-Market Purchases of up to 0.15% out of capital and held as treasury shares*
Scenario (B) : Off-Market Purchases of up to 0.15% out of capital and cancelled

	Group			**Company**		
	Before Share Purchase (S$'000)	**After Share Purchase (S$'000)**		**Before Share Purchase (S$'000)**	**After Share Purchase (S$'000)**	
As at 31 December 2017		**Scenario A**	**Scenario B**		**Scenario A**	**Scenario B**
Shareholders' funds	1,414,786	1,412,759	1,412,759	1,348,995	1,346,968	1,346,968
Net tangible assets (NTA) (1)	1,414,786	1,412,759	1,412,759	1,348,995	1,346,968	1,346,968
Current assets	61,682	59,655	59,655	44,661	42,634	42,634
Current liabilities	12,368	12,368	12,368	20,472	20,472	20,472
Total borrowings	10,352	10,352	10,352	10,309	10,309	10,309
Profit attributable to Shareholders	95,596	95,596	95,596	93,897	93,897	93,897
Cash and cash equivalents	60,829	58,802	58,802	44,208	42,181	42,181
Number of Shares ('000) (2)	2,649,740	2,645,766	2,645,766	2,649,740	2,645,766	2,645,766
Treasury shares ('000)	-	3,974	-	-	3,974	-
Financial Ratios						
Basic earnings per Share (cents)	3.61	3.61	3.61	3.54	3.55	3.55

As at 31 December 2017	Group			Company		
	Before Share Purchase (S$'000)	After Share Purchase (S$'000)		Before Share Purchase (S$'000)	After Share Purchase (S$'000)	
		Scenario A	Scenario B		Scenario A	Scenario B
NTA per Share (cents)	53.39	53.40	53.40	50.91	50.91	50.91
Gearing ratio [3]	0.01	0.01	0.01	0.01	0.01	0.01
Current ratio (times) [4]	4.99	4.82	4.82	2.18	2.08	2.08

Notes:

[1] NTA equals shareholders' funds less intangible assets.

[2] Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

[3] Gearing ratio equals total borrowings divided by shareholders' funds.

[4] Current ratio equals current assets divided by current liabilities.

(d) *Scenario (A) : Off-Market Purchases of up to 10% out of capital and held as treasury shares*
Scenario (B) : Off-Market Purchases of up to 10% out of capital and cancelled

As at 31 December 2017	Group			Company		
	Before Share Purchase (S$'000)	After Share Purchase (S$'000)		Before Share Purchase (S$'000)	After Share Purchase (S$'000)	
		Scenario A	Scenario B		Scenario A	Scenario B
Shareholders' funds	1,414,786	1,279,649	1,279,649	1,348,995	1,213,858	1,213,858
Net tangible assets (NTA) [1]	1,414,786	1,279,649	1,279,649	1,348,995	1,213,858	1,213,858
Current assets	61,682	18,682	18,682	44,661	1,661	1,661
Current liabilities	12,368	104,505	104,505	20,472	112,609	112,609

As at 31 December 2017	Group Before Share Purchase (S$'000)	Group After Share Purchase (S$'000) Scenario A	Group After Share Purchase (S$'000) Scenario B	Company Before Share Purchase (S$'000)	Company After Share Purchase (S$'000) Scenario A	Company After Share Purchase (S$'000) Scenario B
Total borrowings	10,352	102,489	102,489	10,309	102,446	102,446
Profit attributable to Shareholders	95,596	95,596	95,596	93,897	93,897	93,897
Cash and cash equivalents	60,829	17,829	17,829	44,208	1,208	1,208
Number of Shares ('000) (2)	2,649,740	2,384,766	2,384,766	2,649,740	2,384,766	2,384,766
Treasury shares ('000)	-	264,974	-	-	264,974	-
Financial Ratios						
Basic earnings per Share (cents)	3.61	4.01	4.01	3.54	3.94	3.94
NTA per Share (cents)	53.39	53.66	53.66	50.91	50.90	50.90
Gearing ratio (3)	0.01	0.08	0.08	0.01	0.08	0.08
Current ratio (times) (4)	4.99	0.18	0.18	2.18	0.01	0.01

Notes:

(1) NTA equals shareholders' funds less intangible assets.

(2) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.

(3) Gearing ratio equals total borrowings divided by shareholders' funds.

(4) Current ratio equals current assets divided by current liabilities.

3.8 **Listing Status of the Shares**. Rule 723 of the Listing Manual requires a listed company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. Approximately 10.15% of the issued Shares were held by public Shareholders as at the Latest Practicable Date. No Shares were held by the Company as treasury shares as at the Latest

Practicable Date. If the Company had purchased or acquired Shares from the public up to 0.15% of the issued Shares as explained in paragraph 3.3.1 above pursuant to the proposed Share Purchase Mandate on the Latest Practicable Date, approximately 10% of the issued Shares would have been held by public Shareholders as at that date.

The Company will ensure that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

3.9 **Take-over Implications**. Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

3.9.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

3.9.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of any of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

3.9.3 ***Effect of Rule 14 and Appendix 2***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Purchase Mandate.

Based on the interests of the substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date as set out in paragraph 4.2 below and as confirmed by the Securities Industry Council, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

3.10 **Reporting Requirements.** Rule 886(1) of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares, and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

3.11 **No Purchases During Price Sensitive Developments**. While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of two weeks immediately preceding the announcement of the Company's results for each of the first three quarters of the financial year, and during the period of one month immediately preceding the announcement of the Company's annual results.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 **Directors' Interests**. The interests of the Directors in the Shares, as extracted from the Register of Directors' Shareholdings, as at the Latest Practicable Date, are set out below:

	Number of Shares			
Directors	**Direct Interest**	**Deemed Interest**	**Total Interest**	**% of Issued Shares**
Richard Li Tzar Kai (1)	-	28,167,000	28,167,000	1.063
Francis Yuen Tin Fan	-	-	-	-
Peter A. Allen	5,010,000	-	5,010,000	0.189
Alexander Anthony Arena	-	-	-	-
Tom Yee Lat Shing	-	-	-	-
Frances Wong Waikwun	-	-	-	-
Laura Deal Lacey	-	-	-	-
W. Michael Verge	-	-	-	-

Note:

(1) Mr Richard Li Tzar Kai is deemed to be interested in 28,167,000 Shares held by Hopestar Holdings Limited, a company which is 100% owned by Mr Richard Li Tzar Kai.

4.2 **Substantial Shareholders' Interests**. The interests of the substantial Shareholders in the Shares, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date, are set out below:

	Number of Shares			
Substantial Shareholders	**Direct Interest**	**Deemed Interest**	**Total Interest**	**% of Issued Shares**
Jenny W.L. Fung [(1)]	-	2,347,042,230	2,347,042,230	88.576
Lester Huang [(1)]	-	2,347,042,230	2,347,042,230	88.576
OS Holdings Limited [(1)]	-	2,347,042,230	2,347,042,230	88.576
Ocean Star Management Limited [(1)]	-	2,347,042,230	2,347,042,230	88.576
The Ocean Trust [(1)]	-	2,347,042,230	2,347,042,230	88.576
The Ocean Unit Trust [(1)]	-	2,347,042,230	2,347,042,230	88.576
The Starlite Trust [(1)]	-	2,347,042,230	2,347,042,230	88.576
The Starlite Unit Trust [(1)]	-	2,347,042,230	2,347,042,230	88.576
PCGH [(2)]	200,000	2,346,842,230	2,347,042,230	88.576
Pacific Century International Limited [(3)]	-	2,330,058,230	2,330,058,230	87.935
Pacific Century Group (Cayman Islands) Limited [(4)]	1,160,991,050	1,169,067,180	2,330,058,230	87.935
Anglang Investments Limited	1,169,067,180	-	1,169,067,180	44.120

Notes:

(1) In April 2004, Mr Richard Li Tzar Kai transferred his entire beneficial interest in PCGH to Ocean Star Management Limited as trustee holding for and on behalf of The Ocean Unit Trust and The Starlite Unit Trust. All the issued units of each of The Ocean Unit Trust and The Starlite Unit Trust are held by Star Ocean Ultimate Limited as trustee for and on behalf of The Ocean Trust and The Starlite Trust respectively. Ocean Star Management Limited is the wholly-owned subsidiary of OS Holdings Limited. Ms Jenny W.L. Fung and Mr Lester Huang each holds more than 20% of the shares of OS Holdings Limited. Each of The Ocean Trust, The Starlite Trust, The Ocean Unit Trust, The Starlite Unit Trust, Ms Jenny W.L. Fung, Mr Lester Huang, OS Holdings Limited and Ocean Star Management Limited is deemed to have an interest in 2,347,042,230 shares in the Company through PCGH (see Note 2).

(2) PCGH has a direct interest in 200,000 shares in the Company. PCGH is also deemed to be interested in (i) the 16,784,000 shares held by its wholly-owned subsidiary, Borsington Limited (ii) the 1,169,067,180 shares held by Anglang Investments Limited and (iii) the 1,160,991,050 shares held by Pacific Century Group (Cayman Islands) Limited.

(3) Pacific Century International Limited is deemed to be interested in (i) the 1,169,067,180 shares held by Anglang Investments Limited and (ii) the 1,160,991,050 shares held by Pacific Century Group (Cayman Islands) Limited.

(4) Pacific Century Group (Cayman Islands) Limited is deemed to be interested in the 1,169,067,180 shares held by Anglang Investments Limited.

5. DIRECTORS' RECOMMENDATIONS

5.1 **The Proposed Adoption of the Shareholders Mandate**. The Directors who are considered independent for the purposes of the proposed adoption of the Shareholders Mandate are Messrs Francis Yuen Tin Fan, Peter A. Allen, Alexander Anthony Arena, Tom Yee Lat Shing, W. Michael Verge Ms Frances Wong Waikwun and Ms Laura Deal Lacey. Having considered the opinion of Provenance Capital, the Independent Directors are of the opinion that the proposed adoption of the Shareholders Mandate to permit entry into the Interested Person Transactions (as described in paragraph 5 of Appendix 1) between the PCRD Group (as described in paragraph 2 of Appendix 1) and certain Interested Persons (as described in paragraph 4 of Appendix 1) in the ordinary course of its business will enhance the efficiency of the PCRD Group and is in the best interests of the Company. For the reasons set out in paragraph 2 of Appendix 1, the Independent Directors recommend that Shareholders vote in favour of Ordinary Resolution No. 8, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2018 AGM.

The Independent Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder.

As different Shareholders would have different investment objectives, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to the Shareholders Mandate should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

5.2 **The Proposed Renewal of the Share Purchase Mandate**. The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 9, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2018 AGM.

6. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 50 Raffles Place, #35-01, Singapore Land Tower, Singapore 048623, during normal business hours from the date of this Letter up to the date of the 2018 AGM:

(a) the Annual Report of the Company for the financial year ended 31 December 2017;

(b) the Constitution of the Company;

(c) the 2017 Letter;

(d) Provenance Capital's letter to the Independent Directors referred to in paragraph 2.3 above; and

(e) Provenance Capital's letter of consent referred to in paragraph 2.4 above.

The Annual Report of the Company for the financial year ended 31 December 2017 may also be accessed at the URL www.pcrd.com.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposals, and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

Yours faithfully
for and on behalf of
the Board of Directors of
PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

Richard Li Tzar Kai
Chairman

THE SHAREHOLDERS MANDATE

1. Chapter 9 of the Listing Manual

1.1 Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. Under this Chapter, a listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for a transaction, when the value of that transaction alone or on aggregation with other transactions conducted with the same interested person during the financial year reaches, or exceeds, certain materiality thresholds.

1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and hence are excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:

(a) 5% of the listed company's latest audited consolidated NTA; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

1.3 Based on the latest audited consolidated financial statements of Pacific Century Regional Developments Limited ("**PCRD**" or the "**Company**") and its subsidiaries (the "**Group**") for the financial year ended 31 December 2017, the consolidated NTA of the Group was approximately S$1,415 million. In relation to PCRD, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the consolidated audited financial statements of the Group for the financial year ending 31 December 2018 are published, 5% of the latest audited consolidated NTA of the Group would be approximately S$71 million.

1.4 Chapter 9 of the Listing Manual, however, permits a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

1.5 Under the Listing Manual:

(a) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(b) (in the case of a company) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(c) (in the case of a company) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder means an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, means its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(d) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual; and

(e) an "**interested person transaction**" means a transaction between an entity at risk and an interested person.

2. Rationale for the Shareholders Mandate and Benefits to Shareholders

2.1 The PCRD Group (as defined below) engages in a diversified range of activities with interests in telecommunications and information technology, financial services, property and infrastructure investment and development.

2.2 Due to the diverse business interests and activities of the PCRD Group (as defined below), it is envisaged that in the ordinary course of their businesses, transactions between companies in the PCRD Group (as defined below) and PCRD's interested persons are likely to occur with some degree of frequency, and may arise from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the PCRD Group (as defined below) to PCRD's interested persons or the obtaining of goods and services from them for day-to-day operational needs.

2.3 In view of the time-sensitive nature of commercial transactions, the Shareholders Mandate pursuant to Chapter 9 of the Listing Manual will enable:

(a) PCRD;

(b) subsidiaries of PCRD (other than a subsidiary that is listed on the SGX-ST or an approved exchange, if any); and

(c) associated companies of PCRD (other than an associated company that is listed on the SGX-ST or an approved exchange, if any) over which the Group, or the Group and its interested person(s) has or have control,

(together, the "**PCRD Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions ("**Interested Person Transactions**") set out in paragraph 5 below with the specified classes of PCRD's interested persons (the "**Interested Persons**") set out in paragraph 4 below, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its Shareholders (excluding those who are Interested Persons) (the "**Minority Shareholders**").

2.4 The Shareholders Mandate, and its subsequent renewal thereafter on an annual basis, will enhance the ability of companies in the PCRD Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for PCRD to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the PCRD Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

2.5 The Shareholders Mandate is intended to facilitate transactions in the normal course of business of the PCRD Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

3. The Shareholders Mandate and Validity Period

3.1 The Shareholders Mandate covers a wide range of activities undertaken by the PCRD Group. These activities are set out in detail in paragraph 5 below.

3.2 The Shareholders Mandate does not cover an Interested Person Transaction which has a value that is below S$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such an Interested Person Transaction.

3.3 Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the Shareholders Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3.4 The adoption of the Shareholders Mandate will take effect from the date of the passing of the Ordinary Resolution relating thereto to be proposed at the Annual General Meeting to be held on 23 April 2018 until the next Annual General Meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Thereafter, it is intended that approval from Shareholders for subsequent renewals of the Shareholders Mandate will be sought at each subsequent Annual General Meeting of the Company.

4. Classes of Interested Persons

The Shareholders Mandate applies to Interested Person Transactions which are carried out with the following classes of Interested Persons:

(a) Pacific Century Group Holdings Limited ("**PCGH**") and its associates (as defined in the Listing Manual) (the "**PCGH Group**"); and

(b) Mr Richard Li Tzar Kai, a Director of PCRD, and any company in which he and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more.

The PCGH Group includes, but is not limited to, Pacific Century International Limited ("**PCIL**") and Pacific Century Group (Cayman Islands) Limited ("**PCG**"). PCG is a wholly-owned subsidiary of PCIL, which is in turn a wholly-owned subsidiary of PCGH.

It is anticipated that transactions (as described in paragraph 5 below) may arise between the PCRD Group and the PCGH Group, and/or the PCRD Group and Mr Richard Li and/or any company in which he and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more.

5. Interested Person Transactions

The Interested Person Transactions with the Interested Persons which are covered by the Shareholders Mandate, and the benefits to be derived therefrom, are set out below:

(a) Property-related Transactions

This category relates to the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the PCRD Group. The transactions within this category comprise:

(i) the leasing and/or rental of properties;

(ii) the provision of property maintenance and property management services; and

(iii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (ii) above,

(the "**Property-related Transactions**").

The PCRD Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The PCRD Group would also benefit from an additional source of revenue, as well as having access to competitive quotes from Interested Persons.

(b) Borrowings

This category of transactions pertains to the obtaining of financial assistance and services, including the borrowing of funds, from Interested Persons, as well as transactions that are undertaken by the PCRD Group in connection with the management of its funding requirements ("**Borrowings**").

The PCRD Group can benefit from competitive rates or quotes offered by Interested Persons, as well as by leveraging on the financial strength and credit standing of the Interested Persons in an expeditious manner.

(c) Group Management and Support Services

This category ("**Management and Support Services**") relates to transactions by the PCRD Group in connection with the provision to, or the obtaining from, Interested Persons of management and support services in the areas of finance, insurance, treasury, business development, management information systems, corporate secretarial services and human resources management and development services (including staff secondment).

The PCRD Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The PCRD Group would also benefit from an additional source of revenue, as well as having access to competitive quotes from Interested Persons.

6. Review Procedures for Interested Person Transactions

6.1 In general, there are procedures established by the PCRD Group to ensure that transactions with Interested Persons are undertaken on normal commercial terms consistent with the PCRD Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

(a) Property-related Transactions and Management and Support Services

In relation to Property-related Transactions and Management and Support Services, such Interested Person Transactions shall be entered into, where applicable, at the prevailing rates/prices of the service or product provider which (in relation to services or products to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to third parties, or (in relation to services or products to be obtained from an Interested Person) are no less favourable than those extended by the Interested Person to third parties, on the service or product provider's usual commercial terms or otherwise in accordance (where applicable) with industry norms.

To determine whether the prices and terms offered to the Interested Person are no more favourable than those extended to third parties, rates and terms offered to at least two unrelated third parties for transactions of a similar nature, size or complexity are compared taking into account factors such as the availability of resources, expertise or manpower for the performance of the services or the provision of such goods and the existence of any cost and/or time saving factors.

To determine whether the terms offered by the Interested Person are fair and reasonable and no less favourable than those extended by the Interested Person to unrelated third parties, rates and terms offered by or generally quoted by at least two unrelated third parties who are engaged in providing similar services or products are compared.

For Property-related Transactions relating to the leasing and/or rental of properties, such comparison should also take into account the prevailing market rental rates for other properties within its vicinity of similar or comparable standing and facilities, the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease.

In the event that comparison quotations cannot be obtained in respect of the Interested Person Transactions which involve the leasing of properties since the nature of real estate is such that there may be properties which are unique without a comparable benchmark, such Interested Person Transactions shall be entered into only after the senior executive(s) of the relevant company within the PCRD Group (having no interest, direct or indirect, in the transaction) has evaluated and has satisfied himself (including by reference to historical rent for comparable leases (based on information provided by consultants or otherwise)) of the reasonableness of the quantum of such rent for the leasing of properties offered to or by the Interested Person, and that such terms are fair and are not prejudicial nor disadvantageous to the PCRD Group.

Threshold Limits

In addition, the following review procedures will apply to Property-related Transactions and Management and Support Services:

(i) a transaction with a value equal to or less than:

(1) 2% of the latest audited consolidated NTA of the Group; or

(2) S$20,000,000,

whichever is the lower, shall be reviewed and approved by a Director of the Company appointed by the Audit Committee from time to time for such purpose or, failing him, such other senior executive(s) designated by the Audit Committee from time to time for this purpose (having no interest, direct or indirect, in the transaction), and all such transactions shall be reviewed on a quarterly basis by the Audit Committee; and

(ii) a transaction with a value exceeding:

(1) 2% of the latest audited consolidated NTA of the Group; or

(2) S$20,000,000,

whichever is the lower, shall be reviewed and approved by the Audit Committee prior to entering such an Interested Person Transaction.

(b) Borrowings

In relation to the borrowing of funds from any Interested Person by the PCRD Group, the Company will require that quotations be obtained from such Interested Person and at least two of the principal bankers of the PCRD Group for rates for loans from such bankers of an equivalent amount, and for an equivalent period, as the funds to be borrowed by the PCRD Group. The PCRD Group will only borrow funds from such Interested Person provided that the terms quoted are no less favourable to the PCRD Group than the terms quoted by such principal bankers.

Threshold Limits

Where the interest expense on any borrowing from an Interested Person when aggregated with the interest expense incurred by the PCRD Group on previous borrowings from the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) in the financial year exceeds:

(1) 2% of the latest audited consolidated NTA of the Group; or

(2) S$20,000,000,

whichever is the lower, such (and each subsequent) borrowing from that Interested Person in the same financial year shall require the prior approval of the Audit Committee.

Borrowings from the same Interested Persons in respect of which the interest expense in aggregate does not exceed the limit set out above will be reviewed and approved by a Director of the Company appointed by the Audit Committee from time to time for such purposes or, failing him, such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose (having no interest, direct or indirect, in the transaction), and shall be reviewed on a quarterly basis by the Audit Committee.

If deemed necessary or desirable, the relevant member of the Board of Directors, Audit Committee or any senior executive of the Company designated by the Audit Committee from time to time (where applicable), may at his or their own discretion, at the expense of the Company, obtain independent advice from external or professional sources to facilitate their review and approval of an Interested Person Transaction.

6.2 A register will be maintained by PCRD to record all Interested Person Transactions and the basis (including the quotations obtained to support such basis) on which they are entered into pursuant to the Shareholders Mandate. The annual external audit plan of PCRD shall incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the Shareholders Mandate. The external auditors will review Interested Person Transactions to check, amongst other things, that the guidelines and review procedures for Interested Person Transactions have been adhered to and the relevant approvals have been obtained. The external auditors will report to the Audit Committee any non-compliance issues noted from the reviews.

6.3 The Audit Committee reviews Interested Person Transactions reports quarterly and the adequacy of internal control procedures on Interested Person Transactions to confirm that the guidelines and review procedures for Interested Person Transactions have been complied with.

6.4 In the event that a member of the Board of Directors, Audit Committee or any senior executive of the Company designated by the Audit Committee from time to time (where applicable) is interested in any Interested Person Transaction, he will abstain from any decision-making in respect of that transaction and the review, endorsement and approval of that transaction will be undertaken by the other members of the Board of Directors, Audit Committee or such other senior executive(s) designated by the Audit Committee from time to time for such purposes (having no interest, direct or indirect, in the transaction) (as the case may be).

7. Audit Committee's Statements

7.1 The Audit Committee (currently comprising Mr Tom Yee Lat Shing, Mr Francis Yuen Tin Fan and Ms Frances Wong Waikwun) has reviewed the terms of the Shareholders Mandate, as proposed to be adopted, and is satisfied that the review procedures for Interested Person Transactions, as well as the reviews to be made periodically by the Audit Committee (with management assistance) in relation thereto, are sufficient to ensure that Interested Person Transactions will be made with the relevant class of Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

7.2 If as a result of any of the reviews by the Audit Committee, the Audit Committee forms the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient due to changes in the nature of, or manner in which, the business activities of the PCRD Group or the Interested Persons are conducted, PCRD will revert to Shareholders for a fresh general mandate based on new guidelines and review procedures so that Interested Person Transactions always will be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

8. Disclosure

8.1 PCRD will announce the aggregate value of transactions conducted with Interested Persons pursuant to the Shareholders Mandate for the financial periods which PCRD is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

8.2 Disclosure will also be made in the annual report of PCRD of the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders Mandate is in force, in accordance with the requirements of the Listing Manual.

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

5 April 2018

To: The Independent Directors of Pacific Century Regional Developments Limited
(deemed to be independent in respect of the 2018 Shareholders' Mandate)

Mr Francis Yuen Tin Fan	(Deputy Chairman and Independent Non-Executive Director)
Mr Peter A. Allen	(Group Managing Director and Executive Director)
Mr Alexander Anthony Arena	(Non-Executive Director)
Mr W. Michael Verge	(Non-Executive Director)
Mr Tom Yee Lat Shing	(Independent Non-Executive Director)
Ms Frances Wong Waikwun	(Independent Non-Executive Director)
Ms Laura Deal Lacey	(Independent Non-Executive Director)

Dear Sir/Madam,

PROPOSED ADOPTION OF THE 2018 SHAREHOLDERS' MANDATE

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the letter to shareholders dated 5 April 2018 ("**Letter to Shareholders**").*

1. INTRODUCTION

1.1 Pacific Century Regional Developments Limited ("**PCRD**" or "**Company**", and together with its subsidiaries, "**Group**") had in April 2010 obtained a shareholders' mandate to enable the Company, its subsidiaries and its associated companies, which are considered to be "entities at risk" ("**PCRD Group**") under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"), to enter into certain specified interested person transactions ("**IPTs**") of a recurrent nature in the ordinary course of business with the interested persons ("**Interested Persons**") namely, (a) Pacific Century Group Holdings Limited ("**PCGH**"), the controlling shareholder of the Company, and its associates ("**PCGH Group**"); and (b) Mr Richard Li Tzar Kai ("**Mr Richard Li**"), a Director of the Company, and his associates.

The shareholders' mandates had been approved and renewed by shareholders of the Company ("**Shareholders**") at each subsequent annual general meeting ("**AGM**") of the Company until the AGM held in April 2016. As insufficient votes from Shareholders to pass the resolution for the mandate were obtained at the AGM, the shareholders' mandate was deemed lapsed.

At the AGM held on 31 March 2017, the Company attempted to re-instate the shareholders' mandate in substantially the same form with certain amendments and restrictions ("**2017 Shareholders' Mandate**"). Again, insufficient votes from Shareholders were obtained at the AGM for the re-instatement of the mandate, and accordingly, the ordinary resolution for the 2017 Shareholders' Mandate was not carried.

As the Company believes that having the flexibility to utilise the general mandate for potential future transactions with the Interested Persons will be beneficial to Shareholders, the Company intends to put forth the shareholders' mandate again, in substantially the same form as the 2017 Shareholders' Mandate. Hence, the Company is seeking Shareholders' approval at the forthcoming AGM to be held on 23 April 2018 for the adoption of the 2018 shareholders' mandate ("**2018 Shareholders' Mandate**").

1.2 Pursuant to Rule 920(1) of the Listing Manual, the 2018 Shareholders' Mandate is subject to the opinion of the Independent Financial Adviser ("**IFA**"). Provenance Capital Pte. Ltd. ("**Provenance Capital**") was previously appointed as the IFA for the 2017 Shareholders'

Mandate and our opinion on the 2017 Shareholders' Mandate was set out in our IFA letter dated 9 March 2017 attached as Appendix 2 to the Company's letter to Shareholders dated 9 March 2017.

For the purpose of the adoption of the 2018 Shareholders' Mandate, the Company has re-appointed us as the IFA as required under Rule 920(1) of the Listing Manual as well as to advise the directors of the Company who are deemed independent of the 2018 Shareholders' Mandate ("**Independent Directors**"), on whether the methods and procedures for determining the transaction prices of the IPTs are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

As in the previous shareholders' mandates, Mr Richard Li, who is the Chairman and Executive Director of the Company, is an Interested Person. Hence, he will abstain from deliberating and making any recommendation to Shareholders in respect of the 2018 Shareholders' Mandate as a Director of the Company and will also abstain from voting on the ordinary resolution relating to the proposed adoption of the 2018 Shareholders' Mandate.

In previous shareholders' mandates, Mr Peter A. Allen, who is the Group Managing Director and Executive Director of the Company, and also an Executive Director and Chief Financial Officer of the PCGH Group, had abstained from deliberating and voting on the ordinary resolutions in respect of the previous shareholders' mandates. We understand that such abstentions were voluntary and in the interests of good corporate governance. However, the Company had confirmed that Mr Peter A. Allen is not deemed as an associate of Mr Richard Li pursuant to the definition in the Listing Manual.

Mr W. Michael Verge was appointed as a non-executive Director of the Company on 11 August 2017. He is a consultant to the PCGH Group. The Company had also confirmed that Mr W. Michael Verge is not deemed as an associate of Mr Richard Li pursuant to the definition in the Listing Manual.

Accordingly, for the purpose of the 2018 Shareholders' Mandate, all the remaining Directors other than Mr Richard Li, namely, Mr Peter A. Allen, Mr Francis Yuen Tin Fan, Mr Alexander Anthony Arena, Mr W. Michael Verge, Mr Tom Yee Lat Shing, Ms Frances Wong Waikwun and Ms Laura Deal Lacey, are considered Independent Directors for the purpose of making a recommendation on the 2018 Shareholders' Mandate.

This letter ("**IFA Letter**") is therefore addressed to the Independent Directors and sets out, *inter alia*, our evaluation and opinion on the 2018 Shareholders' Mandate. This IFA Letter forms part of the Letter to Shareholders which provides, *inter alia*, the details of the 2018 Shareholders' Mandate and the recommendation of the Independent Directors.

2. TERMS OF REFERENCE

We have been appointed as the IFA as required under Rule 920(1) of the Listing Manual as well as to advise the Independent Directors in respect of the 2018 Shareholders' Mandate. We are not and were not involved in or responsible for, in any aspect, the discussions in relation to the 2018 Shareholders' Mandate, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the 2018 Shareholders' Mandate for the approval of the Shareholders. We also do not, by this IFA Letter, warrant the merits of the 2018 Shareholders' Mandate, other than to express an opinion on whether the guidelines and review procedures as set out in the 2018 Shareholders' Mandate are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the 2018 Shareholders' Mandate or to compare its relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or which may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comments. Such evaluation or comments, if any, remains the responsibility of the Directors and/or the management of the Company ("**Management**") although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

In rendering our opinion, we have held discussions with the Directors, the Management and/or their professional advisers (if applicable) and have examined and relied to a considerable extent on the information set out in the Letter to Shareholders, other publicly available information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Directors, Management and/or the professional advisers (where applicable). Whilst care has been exercised in reviewing the information which we have relied upon, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. Nevertheless, we have made reasonable enquiries and judgment as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

The Directors (including those who may have delegated detailed supervision of the Letter to Shareholders) have confirmed that, having made all reasonable enquiries to the best of their respective knowledge and belief, information and representations provided by the Directors and Management are accurate. They have also confirmed to us that, upon making all reasonable enquiries and to their best knowledge and belief, all material information available to them in connection with the 2018 Shareholders' Mandate, the Company and/or the Group, have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Letter to Shareholders to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Letter to Shareholders in relation to the 2018 Shareholders' Mandate have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nevertheless have made reasonable enquiries and exercised judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We would like to highlight that all information relating to the Company and the Group which we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and Management and the professional advisers (where applicable). We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company or the Group at any time or as at 7 March 2018, being the Latest Practicable Date referred to in the Letter to Shareholders.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group. Such review or comments, if any, remain the responsibility of the Directors and Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this IFA Letter. We were also not required or authorised to obtain, and we have not obtained, any quotation or transaction price from third parties for the sale, purchase, provision or supply (where applicable) of services and/or products similar to those which are to be covered by the 2018 Shareholders'

Mandate, and therefore are not able to, and will not compare the transactions with similar transactions with third parties.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment). As such, we will be relying on publicly available information, disclosures and representations made by the Company on the value of the assets and liabilities, and profitability of the Company and/or the Group. We have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this IFA Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as at the Latest Practicable Date and the information and representations provided to us as at the Latest Practicable Date. In arriving at our opinion, with the consent of the Directors and the Company, we have taken into account certain other factors and have made certain assumptions as set out in this IFA Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcements relevant to the 2018 Shareholders' Mandate which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder or any specific group of Shareholders. As each Shareholder may have different investment objectives and profiles, we recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Letter to Shareholders (other than this IFA Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review or verification of the Letter to Shareholders (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, whether expressed or implied, on the contents of the Letter to Shareholders (other than this IFA Letter).

Whilst a copy of this IFA Letter may be reproduced in the Letter to Shareholders, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes, at any time and in any manner, other than for the purpose of any matter relating to the 2018 Shareholders' Mandate, without the prior written consent of Provenance Capital in each specific case.

We have prepared this IFA Letter pursuant to Rule 920(1) of the Listing Manual as well as for the use of the Independent Directors in connection with their consideration of the 2018 Shareholders' Mandate and their advice to Shareholders. The recommendation made to Shareholders in relation to the 2018 Shareholders' Mandate remains the responsibility of the Independent Directors.

Our opinion in relation to the 2018 Shareholders' Mandate should be considered in the context of the entirety of this IFA Letter and the Letter to Shareholders.

3. THE 2018 SHAREHOLDERS' MANDATE

The details of the 2018 Shareholders' Mandate are set out in Appendix 1 to the Letter to Shareholders.

Based on the latest audited financial statements of the Group for the financial year ended 31 December 2017, the consolidated net tangible assets ("**NTA**") of the Group was S$1,415 million. The Company envisages that the IPTs with the Interested Persons of a recurrent nature in the ordinary course of business of the Group in the current financial year could exceed 5%

of the latest audited NTA of the Group of S$71 million. Accordingly, the Company is seeking Shareholders' approval for the 2018 Shareholders' Mandate at the forthcoming AGM.

3.1 Rationale for the 2018 Shareholders' Mandate

The rationale for earlier shareholders' mandates remain valid for the 2018 Shareholders' Mandate as the PCRD Group is engaged in a diversified range of activities with interests in telecommunications and information technology, financial services, property and infrastructure investment and development, and it is envisaged that in the ordinary course of its business, the PCRD Group may carry out certain IPTs with the Interested Persons with some degree of frequency. Such IPTs would include, but are not limited to, the provision of goods and services in the ordinary course of business of the PCRD Group to the Interested Persons or the obtaining of goods and services from them for day-to-day operational needs.

The 2018 Shareholders' Mandate, and its subsequent renewal thereafter on an annual basis, will enhance the ability of the PCRD Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for PCRD to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the PCRD Group into such IPTs. This will substantially reduce the expenses associated with the convening of general meetings on an *ad-hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

3.2 Classes of Interested Persons

As the 2018 Shareholders' Mandate is substantially the same as the 2017 Shareholders' Mandate, the classes of Interested Persons are:

(a) PCGH and its associates (as defined in the Listing Manual), collectively the PCGH Group; and

(b) Mr Richard Li, a Director of the Company, and any company in which he and his immediate family (as defined in the Listing Manual) together (directly and indirectly) have an interest of 30% or more.

The PCGH Group includes, but is not limited to Pacific Century International Limited ("**PCIL**") and Pacific Century Group (Cayman Islands) Limited ("**PCG**"). PCG is a wholly-owned subsidiary of PCIL, which is in-turn a wholly-owned subsidiary of PCGH.

Potential IPTs could arise between the PCRD Group and the PCGH Group, and/or the PCRD Group and Mr Richard Li and his associates as described in (b) above.

3.3 Categories of IPTs

The 2018 Shareholders' Mandate covers the same categories of IPTs as those proposed in the 2017 Shareholders' Mandate in the following broad categories:

(a) Provision to and obtaining from Interested Persons of products and services in relation to property-related transactions ("**Property-related Transactions**");

(b) Obtaining of financial assistance and services from Interested Persons in relation to borrowings ("**Borrowings**"); and

(c) Provision to and obtaining from Interested Persons in relation to management and support services ("**Management and Support Services**").

3.4 Guidelines and review procedures for the IPTs

The guidelines and procedures of the 2018 Shareholders' Mandate are substantially the same as the 2017 Shareholders' Mandate as the guidelines and procedures of the 2017

Shareholders' Mandate have already been fine-tuned with restrictions compared to the shareholders' mandate put forth for Shareholders' approval prior to 2017, the last being in 2016.

The key amendments to the 2017 Shareholders' Mandate compared to the last shareholders' mandate in 2016 are summarised below:

	2016 shareholders' mandate	**2017 Shareholders' Mandate**	**2018 Shareholders' Mandate**
Property-related Transactions	3% of NTA and above requires prior approval from Audit Committee	Exceeding 2% of NTA or S$20 million, whichever is lower, requires prior approval from Audit Committee	Same as 2017 Shareholders' Mandate
Borrowings – interest expense on borrowings from Interested Person	5% of NTA and above requires prior approval from Audit Committee	Exceeding 2% of NTA or S$20 million, whichever is lower, requires prior approval from Audit Committee	Same as 2017 Shareholders' Mandate
Management and Support Services	3% of NTA and above requires prior approval from Audit Committee	Exceeding 2% of NTA or S$20 million, whichever is lower, requires prior approval from Audit Committee	Same as 2017 Shareholders' Mandate
Annual review by internal auditor or external auditor	Internal auditor	External auditor	Same as 2017 Shareholders' Mandate

3.5 Validity period of the 2018 Shareholders' Mandate

If approved by Shareholders at the forthcoming AGM, the 2018 Shareholders' Mandate will be valid until the next AGM of the Company (unless revoked or varied by the Company in general meeting). Thereafter, it is intended that approval from Shareholders for subsequent renewals of the 2018 Shareholders' Mandate will be sought at each subsequent AGM of the Company.

3.6 Disclosures

The Company will announce the aggregate value of transactions conducted with the Interested Persons pursuant to the 2018 Shareholders' Mandate for the financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

Disclosure will also be made in the annual report of the Company of the aggregate value of IPTs conducted pursuant to the 2018 Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the 2018 Shareholders' Mandate is in force, in accordance with the requirements of the Listing Manual.

4. OPINION

As the guidelines and procedures of the 2018 Shareholders' Mandate are substantially the same as the 2017 Shareholders' Mandate, our previous opinion remains valid.

Accordingly, we are of the opinion that the guidelines and review procedures for determining the pricing and terms of the IPTs under the 2018 Shareholders' Mandate, as set out in Section 6 of Appendix 1 to the Letter to Shareholders, if adhered to, are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This IFA Letter is prepared pursuant to Rule 920(1) of the Listing Manual and is addressed to the Independent Directors for the purpose of their consideration of the 2018 Shareholders' Mandate. The recommendation to be made by them to the minority Shareholders shall remain their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Letter to Shareholders, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes, at any time and in any manner, other than for the purpose of any matter relating to the 2018 Shareholders' Mandate, without the prior written consent of Provenance Capital in each specific case.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

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