

**Annual Reports and Related Documents::****Issuer & Securities**

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

**Announcement Details**

<b>Announcement Title</b>	Annual Reports and Related Documents
<b>Date &amp; Time of Broadcast</b>	09-Mar-2017 17:11:24
<b>Status</b>	New
<b>Report Type</b>	Annual Report
<b>Announcement Reference</b>	SG170309OTHRUSSY
<b>Submitted By (Co./ Ind. Name)</b>	Lim Beng Jin
<b>Designation</b>	Company Secretary
<b>Effective Date and Time of the event</b>	09/03/2017 00:00:00
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	Please refer to the attached Annual Report 2016 and Letter to Shareholders dated 9 March 2017.

**Additional Details**

<b>Period Ended</b>	31/12/2016
<b>Attachments</b>	<a href="#">📎PCRD L Annual Report 2016.pdf</a> <a href="#">📎PCRD L Letter to Shareholders.pdf</a> Total size =4687K





A photograph of a wax seal and a wooden stamp. The wax seal is circular with a raised rim and a central embossed fern leaf design. It is attached to a grey cord. The wooden stamp has a round, polished brass head with a matching embossed fern leaf design. The handle is made of dark wood. The background is a light, textured surface.

Annual Report 2016

Pacific Century Regional Developments Limited



## Contents

Corporate Profile	01
Message from the Executive Chairman	02
Corporate Structure	03
Board of Directors	04
Business Review	06
Financial Highlights	10
Corporate Information	12
Financial Statements	13
Report on Corporate Governance	74
Shareholding Statistics	88
Notice of 53 <sup>rd</sup> Annual General Meeting	91
Notes to the Proxy Form	98
Proxy Form	



The background of the entire page is a light, faded image of tropical foliage, including palm fronds and other large-leafed plants, creating a serene and naturalistic atmosphere.

## Corporate Profile

**Pacific Century Regional Developments Limited (PCRD)**, a Singapore-based company listed on the Singapore Exchange Securities Trading Limited (SES: P15), 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 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 PCCRD for the financial year ended 31 December 2016.

PCCRD's most significant asset, PCCW Limited (PCCW), reported a steady performance for 2016.

Continuing to lead the Hong Kong pay-TV market, PCCW Media has significantly enlarged its Asian footprint in the past year. In Hong Kong, Now TV's strategy to continuously enhance its content and multi-platform offering enabled it to increase customer loyalty despite keen market competition.

Following the Hong Kong debut of OTT video entertainment in 2015, Viu premium service was launched in Singapore, Malaysia, India, Indonesia, and the Philippines last year. PCCW's OTT video service is now available in 18 markets globally and has over 10 million subscribers.

PCCW's free TV service, ViuTV, officially commenced broadcasting in April 2016 with a Cantonese channel, which has been gradually building its viewership base. The English service, ViuTVsix, is scheduled to start on 31 March 2017. PCCW undertakes to give Hong Kong viewers an enhanced quality free TV service.

PCCW's IT solutions business consistently enjoys the leading position in Hong Kong. Last year, PCCW Solutions expanded its sales presence and delivery capability in the region, generating further growth. Its industry-specific solutions, digital and cloud services and partnership offerings, such as the D-Infinity global data centre service launched last year, are also key growth drivers in an increasingly digital and connected world, culminating in a notable year-on-year increase in secured orders by the end of 2016. PCCW will continue to focus on enabling enterprises to achieve digital transformation and will seek to further expand its footprint in China and Southeast Asia.

HKT's broadband and mobile communications businesses continued to perform steadily despite the slowdown in economic conditions in Hong Kong and intensified market competition. HKT has further expanded its fibre network, and completed the integration of its core mobile network in the third quarter, releasing synergies according to plan. Tap & Go received Hong Kong's first mobile payment facility licence last August, while HKT rolled out a citywide electric vehicle (EV) charging service in the same month.

The overseas property projects of PCCW's subsidiary, Pacific Century Premium Developments (PCPD), progressed as scheduled. In particular, Pacific Century Place Jakarta, the 40-storey Premium Grade A office building in Indonesia, was topped out in July. Leasing activities are in full swing, with several renowned multinational corporations committing to occupy office space in this new landmark. PCPD will continue to identify new property development opportunities around the world.

PCCRD's logistics investment in KSH Distriparks in India is experiencing steady growth and improving profitability resulting from increased volumes and revenues from new customer acquisitions in its inland container depot and transport business as well as a pick-up in triangulation services. The development by KSH Distriparks of its new warehouse and logistics facilities in Chakan is being completed in phases and available space has been leased to multinational clients at targeted rates upon completion.

Last year's Brexit decision and the changing political environment in the United States could have far reaching global political and economic implications, and have created additional uncertainties for economic recovery and global growth. Meanwhile, there has been some stabilisation of the Hong Kong economy in the second half, but it remains to be seen whether growth can accelerate further.

In 2017, PCCW will continue to build on its market leadership in its core businesses of pay-TV, IT solutions and telecommunications in Hong Kong. New innovative services such as mobile payments and EV charging are gaining traction. Although PCCW's OTT business and free TV service are currently in their investment phase, PCCW is confident that Viu, which has established itself as a leading Asian premium content platform, and ViuTV will add value for its shareholders in the medium to longer term.

My sincere thanks to our shareholders, business partners and stakeholders for their continued support and confidence in the Company. I remain grateful for the commitment and dedication demonstrated by my fellow directors, management and staff to the Company.

**Richard Li**  
Chairman



## Pacific Century Regional Developments Limited

### *Communications Services*

Hong Kong  
China  
North Asia  
South Asia  
Southeast Asia  
United Kingdom  
Global

#### **PCCW Limited**

*(associated corporation & major investment)*

#### **Media Business**

Now TV •

#### **Solutions Business**

PCCW Solutions •

#### **Other Businesses**

UK Broadband •

#### **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 2015. 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 an Independent Non-Executive Director of The Bank of East Asia, Limited, 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 2015. 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, China Foods Limited and Shanghai Industrial Holdings 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, a member of Shanghai People's Political Consultative Conference and a member of the board of trustees of Fudan University in Shanghai.

**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 certain FWD group companies 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.

**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.

**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 Corporation (Singapore) Limited.

He is a fellow member of Singapore Institute of Directors.

**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.

**LAURA DEAL LACEY** was appointed as a Director in February 2015 and re-elected to the position in April 2015. An Independent Director, Ms. Lacey is a member of the Nominating and Remuneration Committees of PCRD.

Ms. Lacey is currently the Managing Director, Asia for the Milken Institute, a global non-profit, economic and policy think tank. Ms. Lacey started the Milken Institute in Singapore three years ago and is responsible for growing its Asia Pacific outreach while creating impactful programs to address capital market development and inclusive economic growth.

Prior to joining the Institute, Ms. Lacey was the executive director of the American Chamber of Commerce (AmCham) in Singapore, the largest American chamber in Southeast Asia. Acting as the face of the organization, Ms. Lacey represented the interests of U.S. companies in Singapore and helped advance policy and business issues that American companies face in Southeast Asia. Before that position, Ms. Lacey was based in New York as global marketing director for Edelman, where she worked out of the CEO's office to promote the agency, its leadership and its intellectual capital around the world.

Ms. Lacey started her career in Geneva, Switzerland at the World Economic Forum (WEF). Over her six years at WEF, she held several leadership roles including senior partnership manager and head of corporate affairs. She co-founded WEF's Women Leaders Programme, aimed at increasing the participation of women leaders at Davos and ensuring that issues affecting women were addressed by global leaders.

Ms. Lacey holds a Bachelor of Science in Business from Arizona State University and a Master of Science in Strategic Communications from Columbia University in the city of New York.



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 continues to be the leading provider of fixedline voice, broadband, mobile communications, pay-TV and enterprise IT services in Hong Kong, and the leading pan-regional OTT video service provider. PCCW is present in more than 40 markets, serving over 12 million consumers globally. 690 of the companies within Forbes Global 2000 are its active customers.

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

### DIGITAL ENTERTAINMENT

PCCW Media is a major player in the Hong Kong entertainment industry operating PCCW's interactive pay-TV service Now TV, pan-regional OTT video service Viu, digital music platform MOOV and other related services.

In Hong Kong, Now TV last year continued to roll out international sports, blockbuster movies, popular TV series and other premium content to reinforce its leadership position in the pay-TV market. In conjunction with NETVIGATOR, the broadband service provider within the PCCW Group, Now TV introduced a 4K ultra high definition set-top box, Now One, in the first half. Now One provides convenient access to Now TV, digital terrestrial TV (DTT) and OTT services including Netflix. PCCW's efforts resulted in increased customer loyalty to its services, such as video on demand, across its multiple delivery platforms.

PCCW Media's OTT video service, Viu, has rapidly expanded its Asian footprint beyond Hong Kong to cover Singapore, Malaysia, India, Indonesia and the Philippines. It enjoys high engagement levels and accelerating growth in video views. PCCW's OTT video service is now present in 18 markets globally with more than 10 million subscribers.

Viu offers an extensive premium content lineup including Korean content from the top four Korean broadcasters, as well as Chinese, Indonesian, Japanese, Malaysian, Taiwanese, Thai, and Hollywood content for local viewers in different markets. Quickly becoming a market leader in Southeast Asia, Viu has been bestowed with awards including Telecom Asia's annual award for Best OTT Video Service, Frost & Sullivan's Asia Pacific ICT Awards 2016 for Asia Pacific Telco Digital Service Provider of the Year and the 2016 Hong Kong ICT Awards Gold Award for Best Mobile App.

### Significant Events in 2016

#### *January*

PCCW Media signs a pan-regional agreement with four top Korean broadcasters to air Korean drama series and other programmes.

Viu OTT service expands into Asia with a launch in Singapore. The service later adds Malaysia, India, Indonesia and the Philippines to its footprint.

#### *March*

Now TV and NETVIGATOR jointly launch Now One 4K all-in-one set-top box.

Now TV and Netflix announce partnership to deliver Netflix content through Now One.



Further regional expansion was achieved when MOOV was launched in Vietnam in September. MOOV in Vietnam features a localised user interface, as well as music from more than 150 content providers in Vietnam and other features.

### FREE TV

In addition to pay-TV and OTT, PCCW has made an investment in a domestic free television service via HK Television Entertainment Company Limited. On 6 April 2016, ViuTV officially commenced broadcasting its Channel 99 Cantonese service via frequency spectrum. ViuTV has developed a following for its original format factual entertainment programs and is seen as a welcome choice by both viewers and advertisers. In 2017, ViuTV will enrich its content lineup with more dramas and music programs.

The English-language service, ViuTVsix, will be launched on 31 March 2017. ViuTVsix will provide viewers with news and public affairs programs, variety shows, infotainment, classic and current dramas.

PCCW remains cautious regarding this highly competitive market, particularly with the imminent entry of a new player in 2017.

### IT SOLUTIONS BUSINESS

PCCW Solutions, PCCW's IT solutions business, aims to assist its customers in becoming digital enterprises. It drives growth by offering industry-specific solutions to customers, leveraging its depth and skills in digital and cloud services, and seeking market expansion in China and the region, through strategic partnerships or alliances where desirable.

In 2016, PCCW Solutions achieved greater diversification in both industry segments and geographically – including new sales presences in Taiwan and Singapore, and a new delivery centre in the Philippines. Overall, PCCW recorded healthy organic growth which was reflected in an increase in the amount of secured orders. Its continued focus on operational efficiencies has also resulted in margin expansion.

PCCW Solutions offers customers seven data centre facilities in Hong Kong and one in Guangzhou, China. In June 2016, PCCW Solutions launched the D-Infinity Global Data Center Alliance, pulling together leading data centre service providers from around the world to address enterprises' growing demand for cost-effective multi-site co-location, value added services, global hosting and connectivity. From 80 facilities across 40 cities, D-Infinity had rapidly grown within a few months to a critical mass of 120 data centre locations in more than 70 cities across North America, Europe and the Asia Pacific region.

### April

HK Television Entertainment Company Limited launches its free TV service ViuTV (Channel 99) in Hong Kong.

Viu OTT garners the Gold Award for Best Mobile App in HKICT Awards 2016.

Now TV secures UEFA EURO 2016 pay-TV broadcast rights in Hong Kong.

### May

HKT is named Best Asian Telecoms Carrier and Best Broadband Carrier in the Telecom Asia Awards 2016.

### June

PCCW launches a programme to support university R&D to promote innovation and technology development in Hong Kong.

PCCW Solutions launches the D-Infinity Global Data Center Alliance.



During the year, PCCW Solutions attained CMMi Level 5, a high-level quality assurance certification, for application development and management covering Hong Kong, China, and the Philippines. It also received top partnership awards from Oracle, SAP and IBM.

With its core value propositions in enterprise applications, analytics, enterprise mobility and cloud, PCCW Solutions will expand its capabilities and service offerings for customers in financial services, telecommunications, media, retail, manufacturing, travel and transportation in Hong Kong, China and ASEAN, and continue to focus on and enhance its services for the public sector in Hong Kong.

The slowdown in the Hong Kong economy has posed challenges for consumer centric businesses, and local enterprise sentiment regarding IT spending has been cautious. Nevertheless, PCCW is confident that PCCW Solutions is well positioned to act as a gateway for Mainland enterprises to expand internationally and for global enterprises to expand their presence in Greater China.

### TELECOMMUNICATIONS

HKT achieved a solid Adjusted Funds Flow (AFF) last year underpinned by satisfactory business performance, operational synergies and improved margins. Its broadband business continued its steady performance in 2016, even though it was faced with the most intense competitive pressure in recent years and lacklustre local economic conditions. As HKT endeavours to serve its customers in remote geographical areas, it expanded its coverage during last year in rural villages, as well as adding to high-speed broadband availability on some of Hong Kong's outlying islands.

HKT is currently the largest mobile communications service operator in Hong Kong, offering a range of service plans and value-added features to meet the exponential increase in mobile data usage.

Following consolidation of the radio cell sites of the legacy CSL and HKT mobile networks at the end of 2015, integration of the core network was successfully concluded in the third quarter of 2016. In addition to realising savings and operational synergies, the unified system is now better positioned than ever to offer reliable, hi-speed services to its mobile customers.

In August, HKT launched a new joint venture with CLP Holdings Limited, Smart Charge (HK) Limited, which offers total electric vehicle charging solutions. Meanwhile, HKT's mobile payment service, Tap & Go, was granted one of Hong Kong's first Stored Value Facilities licences. It has introduced a range of new features to enhance consumer and merchant payment capabilities. These new businesses enable consumers to enjoy a smarter lifestyle.

### July

Pacific Century Place Jakarta, Pacific Century Premium Developments' (PCPD) 40-storey Premium Grade A office building in Indonesia, is topped out.

### August

Now TV becomes Hong Kong Football Association's media partner providing live broadcasts of local Hong Kong football matches until 2018.

HKT forms a joint venture, Smart Charge (HK) Limited, with CLP Holdings Limited to offer electric vehicle charging solutions.

### September

PCCW Media launches MOOV music service in Vietnam.



HKT has long been the preferred telecom partner of large corporations and small-and-medium sized enterprises in Hong Kong because of its reliability and extensive network. HKT offers a wide range of cloud-based and integrated solutions to help businesses improve productivity and effectiveness in reaching customers and driving sales, which is especially important in a challenging economic environment.

### PROPERTY PROJECTS

During the year, PCPD progressed with its development projects in Indonesia, Japan and Thailand according to plan.

Pacific Century Place Jakarta, a 40-storey Premium Grade A office building in the capital city of Indonesia, was topped out in July. The interior works, building services and façade installation are in progress. Leasing activities have been going well with Citibank Indonesia, Sotheby's Hong Kong Limited, FWD and the Northstar Group having committed to leases. More companies have expressed interest in moving their regional headquarters or Indonesia representative offices to the building, which is expected to become operational in 2017.

PCPD is focused on developing green buildings by meeting internationally-recognised standards. Pacific Century Place Jakarta won the Special Recognition in Sustainable Development and Highly Commended Best Office Architectural Design awards in the Indonesia Property Awards, 2016.

In Hokkaido, Japan, the Park Hyatt Hotel and branded residential units are expected to be completed in late 2019. The residential portion is expected to be launched in the first quarter of 2017.

### LOGISTICS

KSH, in which PCRD has a 49.9% stake, is an Indian integrated logistics solutions provider with an inland container depot (ICD) in Pune, India. It provides ICD (including bonding), industrial infrastructure, transportation, domestic warehousing and national third party logistics services to blue chip international industrial clients. Pune continues to benefit from the need to move container volumes from the overcrowded port of Mumbai. There is also a growing demand for warehouse and logistics infrastructure in India. KSH is well positioned to meet this demand with over one million square feet of warehousing and logistics facilities in multiple locations. Development of its new Chakan 38-acre Multimodal Logistics and Industrial Park is being completed in phases and with the commencement of leasing in 2016, the take-up of space by multinational clients as it becomes available is encouraging.

### *October*

HKT is the title sponsor of the Formula E HKT Hong Kong ePrix.

ViuTV announces that its English Channel ViuTVsix (Channel 96) will be launched on 31 March 2017.

### *November*

PCCW Solutions expands its headquarters office in Hong Kong.

HKT announces construction of the Ultra Express Link, a super high capacity fibre optic cable connecting Tseung Kwan O Industrial Estate and Chai Wan in Hong Kong.

Viu OTT achieves 4 million users in its first year of launch.

### *December*

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



## *Condensed Consolidated Income Statement Information*

For the year ended 31 December

	Group	
	2016	2015
	\$'000	\$'000
Revenue	<b>12,954</b>	11,451
Profit from operating activities after finance costs	<b>6,417</b>	3,080
Share of profit of associated corporations	<b>82,728</b>	89,780
Profit before income tax	<b>89,145</b>	92,860
<b>Attributable to equity holders of the Company</b>	<b>86,982</b>	90,973
<b>Per Share Data</b>		
Earnings per share (Singapore cents)	<b>3.28</b>	3.36



## Condensed Consolidated Balance Sheet Information

As at 31 December

	Group	
	2016	2015
	\$'000	\$'000
Current assets	43,100	71,418
Non-current assets	1,135,785	1,049,690
Total assets	1,178,885	1,121,108
Current liabilities	(103,563)	(166,810)
Non-current liabilities	(8,104)	(5,747)
Total liabilities	(111,667)	(172,557)
Net assets	1,067,218	948,551
<b>Represented by:</b>		
Share capital	457,283	457,283
Other reserves	270,890	238,609
Retained profits	339,045	252,659
Net assets	1,067,218	948,551
<b>Attributable to equity holders of the Company</b>		
Net assets	1,067,218	948,551
<b>Per Share Data</b>		
Net assets per share (Singapore cents)	40.3	35.8



## BOARD OF DIRECTORS

**Richard Li Tzar Kai**  
*Chairman*

**Francis Yuen Tin Fan**  
*Deputy Chairman*

**Peter A. Allen**  
*Group Managing Director*

**Alexander Anthony Arena**

**Tom Yee Lat Shing**  
*Lead Independent Director*

**Frances Wong Waikwun**

**Laura Deal Lacey**

## 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

**Charlotte Hsu**  
*(appointed in 2012)*

## 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	14
Independent Auditor's Report	17
Consolidated Income Statement	22
Consolidated Statement of Comprehensive Income	23
Balance Sheets	24
Consolidated Statement of Changes in Equity	25
Consolidated Statement of Cash Flows	26
Notes to the Financial Statements	27



# Directors' Statement

For the financial year ended 31 December 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the balance sheet of the Company as at 31 December 2016.

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 73 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

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

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

## 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	
	At 31.12.2016	At 1.1.2016	At 31.12.2016	At 1.1.2016
<b>The Company</b>				
Richard Li Tzar Kai <sup>(a)</sup>	-	-	28,167,000	28,167,000
Peter A. Allen	5,010,000	5,010,000	-	-

<sup>(a)</sup> 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 2017. 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.



## Directors' Statement

For the financial year ended 31 December 2016

### 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 2016 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.



## Directors' Statement

For the financial year ended 31 December 2016

### 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 four 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

1 March 2017

**Peter A. Allen**  
Group Managing Director



# Independent Auditor's Report

To the Members of Pacific Century Regional Developments Limited

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

### *What we have audited*

The financial statements of the Company and the Group comprise:

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

### *Basis for Opinion*

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

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

### *Independence*

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



# Independent Auditor's Report

To the Members of Pacific Century Regional Developments Limited

## 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 judgments; 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 judgment, were of most significance in our audit of the financial statements of the current period. 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
<p><b>Key Audit Matters in relation to PCCW Limited and its subsidiaries ("PCCW")</b></p> <p><i>Refer to Note 13 in the financial statements for the financial information of PCCW.</i></p> <p>PCCW is a significant investment of the Group and is accounted for under the equity method.</p> <p>The Group's share of profit after tax from PCCW for the year ended 31 December 2016 was S\$82 million which represented 94% of the Group's total profit, and the carrying value of the Group's share of PCCW net assets was S\$835 million as at 31 December 2016.</p> <p>The key audit matters identified by PCCW's auditor for the year ended 31 December 2016 related to the following:</p> <ol style="list-style-type: none"> <li>(1) Revenue recognition</li> <li>(2) Significant judgements on current income tax liabilities and deferred income tax assets</li> <li>(3) Valuation of investment property under development in Indonesia</li> <li>(4) Carrying value of properties under development and properties held for development</li> <li>(5) Impairment assessment on PCCW's key businesses</li> </ol> <p>PCCW's auditor reported that the key audit matters are supported by available evidence.</p>	<p>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.</p> <p>We have also discussed the impact of the key audit matters in PCCW on the Group financial statements with the management of the Group.</p> <p>We found that the Group's share of the profit and net assets of PCCW were supported by available evidence.</p>



# Independent Auditor's Report

To the Members of Pacific Century Regional Developments Limited

## Other information

Management is responsible for the other information. The other information comprises the following sections that have been included in the Group's 2016 Annual Report for the year ended 31 December 2016 (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
- 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.



# Independent Auditor's Report

To the Members of Pacific Century Regional Developments Limited

## 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 Charlotte Hsu.

## **PricewaterhouseCoopers LLP**

Public Accountants and Chartered Accountants

Singapore

1 March 2017



# Consolidated Income Statement

For the financial year ended 31 December 2016

	Notes	2016 \$'000	2015 \$'000
Revenue	3	<b>12,954</b>	11,451
Other income	4	<b>739</b>	235
Expenses			
– Depreciation of property, plant and equipment	15	<b>(60)</b>	(64)
– Employee compensation	5	<b>(1,708)</b>	(1,467)
– Directors' fees		<b>(189)</b>	(286)
– Legal and other professional fees		<b>(1,151)</b>	(1,687)
– Rental expense - operating leases		<b>(365)</b>	(365)
– Travelling expenses		<b>(53)</b>	(345)
– Foreign exchange gain/(loss), net		<b>479</b>	(859)
– Subscriptions and donations		<b>(120)</b>	(231)
– Telecommunications		<b>(38)</b>	(49)
– Others		<b>(342)</b>	(252)
– Finance expenses	6	<b>(3,729)</b>	(3,001)
Total expenses		<b>(7,276)</b>	(8,606)
Share of profit of associated corporations, net of tax		<b>82,728</b>	89,780
Profit before income tax		<b>89,145</b>	92,860
Income tax expense	7(a)	<b>(2,163)</b>	(1,887)
<b>Total profit</b>		<b>86,982</b>	90,973
<b>Attributable to equity holders of the Company</b>		<b>86,982</b>	90,973
<b>Earnings per share attributable to equity holders of the Company</b> (Singapore cents per share)	8		
– Basic		<b>3.28</b>	3.36
– Diluted		<b>3.28</b>	3.36

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



# Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2016

	2016 \$'000	2015 \$'000
<b>Total profit</b>	<b>86,982</b>	90,973
<b>Other comprehensive income/(loss):</b>		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
– Fair value (losses)/gains	(9,901)	5,034
Currency translation differences arising from consolidation		
– Gains, net	22,961	44,451
Share of comprehensive income/(loss) of associated corporations	18,511	(22,650)
<b>Other comprehensive income, net of tax</b>	<b>31,571</b>	26,835
<b>Total comprehensive income</b>	<b>118,553</b>	117,808
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>118,553</b>	117,808

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



# Balance Sheets

As at 31 December 2016

		Group		Company	
	Notes	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	42,367	69,760	31,316	63,484
Trade and other receivables	10	27	775	6	22
Other current assets	11	706	883	473	525
		43,100	71,418	31,795	64,031
<b>Non-current assets</b>					
Available-for-sale financial assets	12	274,273	281,248	233,696	237,213
Investments in associated corporations	13	860,784	767,029	1,098,119	1,018,100
Investments in subsidiary corporations	14	-	-	108,661	109,690
Property, plant and equipment	15	132	188	-	-
Other non-current assets	16	596	1,225	333	781
		1,135,785	1,049,690	1,440,809	1,365,784
<b>Total assets</b>		1,178,885	1,121,108	1,472,604	1,429,815
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	17	2,729	4,777	7,916	55,853
Current income tax liabilities	7(b)	4	5	-	-
Borrowings	18	100,830	162,028	100,814	116,503
		103,563	166,810	108,730	172,356
<b>Non-current liabilities</b>					
Borrowings	18	43	59	-	-
Deferred income tax liabilities	20	8,061	5,688	8,061	5,688
		8,104	5,747	8,061	5,688
<b>Total liabilities</b>		111,667	172,557	116,791	178,044
<b>NET ASSETS</b>		1,067,218	948,551	1,355,813	1,251,771
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	21	457,283	457,283	457,283	457,283
Other reserves	22	270,890	238,609	109,732	83,375
Retained profits		339,045	252,659	788,798	711,113
<b>Total equity</b>		1,067,218	948,551	1,355,813	1,251,771

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



# Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2016

	Share capital \$'000	Other reserves \$'000	Retained profits \$'000	Total equity \$'000
<b>2016</b>				
<b>Beginning of financial year</b>	<b>457,283</b>	<b>238,609</b>	<b>252,659</b>	<b>948,551</b>
Total comprehensive income for the year	–	<b>31,571</b>	<b>86,982</b>	<b>118,553</b>
Purchase and cancellation of shares (Note 21)	–	–	<b>(1,130)</b>	<b>(1,130)</b>
Refund of unclaimed dividends	–	–	<b>364</b>	<b>364</b>
Share of reserves of associated corporations	–	<b>710</b>	<b>170</b>	<b>880</b>
<b>End of financial year</b>	<b>457,283</b>	<b>270,890</b>	<b>339,045</b>	<b>1,067,218</b>
	(Note 21)	(Note 22)		
<b>2015</b>				
<b>Beginning of financial year</b>	<b>457,283</b>	<b>211,536</b>	<b>206,555</b>	<b>875,374</b>
Total comprehensive income for the year	–	<b>26,835</b>	<b>90,973</b>	<b>117,808</b>
Purchase and cancellation of shares (Note 21)	–	–	<b>(42,924)</b>	<b>(42,924)</b>
Share of reserves of associated corporations	–	<b>238</b>	<b>(1,945)</b>	<b>(1,707)</b>
<b>End of financial year</b>	<b>457,283</b>	<b>238,609</b>	<b>252,659</b>	<b>948,551</b>
	(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 2016

	Notes	2016 \$'000	2015 \$'000
<b>Cash flow from operating activities:</b>			
Profit after tax		<b>86,982</b>	90,973
Adjustments for:			
– Income tax expense		<b>2,163</b>	1,887
– Depreciation of property, plant and equipment		<b>60</b>	64
– Dividend income		<b>(12,954)</b>	(11,451)
– Interest income		<b>(38)</b>	(3)
– Gain on disposal of property, plant and equipment		<b>–</b>	(29)
– Finance expenses		<b>3,729</b>	3,001
– Unrealised currency translation losses		<b>18</b>	283
– Fair value gain on financial assets designated as fair value through profit or loss		<b>–</b>	(2)
– Share of profit of associated corporations, net of tax		<b>(82,728)</b>	(89,780)
		<b>(2,768)</b>	(5,057)
Change in working capital:			
– Trade and other receivables		<b>756</b>	(578)
– Trade and other payables		<b>(443)</b>	(180)
Cash used in operations		<b>(2,455)</b>	(5,815)
Interest received		<b>38</b>	3
Income tax paid		<b>(43)</b>	(31)
<b>Net cash used in operating activities</b>		<b>(2,460)</b>	(5,843)
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment		<b>(4)</b>	(190)
Disposal of property, plant and equipment		<b>–</b>	29
Refund of capital contribution from available-for-sale financial assets		<b>4,125</b>	1,392
Dividends from HKT Trust and HKT Limited ("HKT")		<b>12,954</b>	11,451
Disposal of financial assets, at fair value through profit or loss		<b>–</b>	7
Dividends from PCCW Limited ("PCCW")		<b>25,525</b>	–
<b>Net cash provided by investing activities</b>		<b>42,600</b>	12,689
<b>Cash flow from financing activities:</b>			
Finance expenses		<b>(4,228)</b>	(4,068)
Proceeds from borrowings		<b>253,906</b>	295,790
Repayment of borrowings		<b>(316,690)</b>	(201,553)
Purchases of the Company's shares		<b>(1,130)</b>	(42,924)
Refund of unclaimed dividends		<b>12</b>	5
<b>Net cash (used in)/provided by financing activities</b>		<b>(68,130)</b>	47,250
Net (decrease)/increase in cash and cash equivalents		<b>(27,990)</b>	54,096
Cash and cash equivalents at beginning of year	9	<b>69,760</b>	14,978
Effects of currency translation on cash and cash equivalents		<b>597</b>	686
<b>Cash and cash equivalents at end of year</b>	9	<b>42,367</b>	69,760

## Significant non-cash transaction

There was a significant non-cash transaction pertaining to the receipt of dividends in specie of \$53,979,000 (2015: \$63,130,000) 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.*



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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"). The financial statements of the Company and the Group are prepared on a going concern basis for the financial year ended 31 December 2016 notwithstanding the net current liability positions of the Company and the Group, on the basis that the Company and the Group hold a significant number of quoted shares in PCCW and Share Stapled Units ("SSUs") in HKT which are frequently traded, and whose market values are higher than their carrying values on the balance sheets of the Company and the Group as at 31 December 2016.

These financial statements have been prepared 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 2016*

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

### 2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented after eliminating revenue within the Group.

The Group recognises revenue when the amount of revenue 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.

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

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



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Revenue recognition (continued)

#### (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 over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

In preparing these consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with 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 the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

##### (ii) Acquisitions

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

The consideration transferred for the acquisition of a subsidiary 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Group accounting (continued)

#### (a) *Subsidiary corporations (continued)*

##### (ii) *Acquisitions (continued)*

The excess 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 the fair value of the identifiable net assets acquired is recorded as goodwill. Refer to Note 2.5 “Intangible assets – Goodwill on acquisitions” for the policy on accounting for 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.

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



# Notes to the Financial Statements

For the financial year ended 31 December 2016

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

Unrealised gains on transactions between the Group and its associated 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 measured 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. Gains and losses arising from partial disposals or dilutions in investments in associated corporations are recognised in profit or loss.

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.

#### (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:

	<u>Useful lives</u>
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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 Property, plant and equipment (continued)

#### (c) Subsequent expenditure

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

#### (d) Disposal

On disposal of an item of property, plant or 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 on acquisitions

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 include 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.

### 2.8 Impairment of non-financial assets

#### (a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is any 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Impairment of non-financial assets (continued)

#### (a) Goodwill (continued)

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 subsequent periods.

#### (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 flows that are largely independent from those of 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 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.

### 2.9 Financial assets

#### (a) Classification

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

#### (i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.9 Financial assets (continued)

#### (a) Classification (continued)

##### (ii) 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 from the balance sheet date which are presented as non-current assets. Loans and receivables are presented as “trade and other receivables” (Note 10) and “cash and cash equivalents” (Note 9) on the balance sheet.

##### (iii) 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

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

Financial assets are derecognised when the rights to receive cash flows from 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, except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

#### (d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss, are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.9 Financial assets (continued)

#### (e) *Impairment*

The Group assesses at each balance sheet date 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 as an indicator that the available-for-sale financial asset is impaired.

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

### 2.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months from 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 financial year which are unpaid. They are classified as current liabilities if payment is due within one year (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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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 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 that are 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 to 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 finance lease liabilities 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 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 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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 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 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 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. An accrual is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.16 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 date of the transactions. Currency translation 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 rate at the date when the fair values are determined.

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

The results and financial position of all 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 on the reporting date.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.17 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.

### 2.18 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, 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.

### 2.19 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 capital of the Company, or against the retained profits of the Company if the shares are purchased out of 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.

### 2.20 Dividends to the Company's shareholders

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

## 3. REVENUE

	Group	
	2016 \$'000	2015 \$'000
Dividend income	12,954	11,451



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 4. OTHER INCOME

	Group	
	2016	2015
	\$'000	\$'000
Interest income – bank deposits	38	3
Management fees		
– associated corporation	3	3
– related parties	68	158
Rental income	30	40
Fair value gain on financial assets designated as fair value through profit or loss	–	2
Gain on disposal of property, plant and equipment	–	29
Reversal of an expired provision no longer required by a subsidiary corporation	600	–
	<b>739</b>	<b>235</b>

## 5. EMPLOYEE COMPENSATION

	Group	
	2016	2015
	\$'000	\$'000
Wages and salaries	1,598	1,368
Employer's contributions to defined contribution plans including Central Provident Fund	110	99
	<b>1,708</b>	<b>1,467</b>

## 6. FINANCE EXPENSES

	Group	
	2016	2015
	\$'000	\$'000
Interest expense		
– bank borrowings	1,701	1,742
– finance lease liability	3	1
Finance facility fees	2,025	1,258
	<b>3,729</b>	<b>3,001</b>



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 7. INCOME TAXES

### (a) Income tax expense

	Group	
	2016	2015
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Profit from current financial year:		
Current income tax – Singapore	43	30
Deferred income tax (Note 20)	2,123	1,880
	<b>2,166</b>	1,910
Over provision in prior financial years:		
Current income tax	(1)	–
Deferred income tax (Note 20)	(2)	(23)
Tax expense	<b>2,163</b>	1,887

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	
	2016	2015
	\$'000	\$'000
Profit before tax	89,145	92,860
Less: Share of profit of associated corporations	(82,728)	(89,780)
	<b>6,417</b>	3,080
Tax calculated at tax rate of 17% (2015: 17%)	<b>1,091</b>	524
Effects of:		
– income not subject to tax	(170)	(2,529)
– expenses not deductible for tax purposes	1,252	3,913
– different tax rates in other countries	6	11
– partial tax exemption	(9)	(7)
– corporate income tax rebate	(4)	(2)
Tax charge	<b>2,166</b>	1,910

### (b) Movement in current income tax liabilities

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	5	6	–	1
Income tax paid	(43)	(31)	(39)	(1)
Tax expense	42	30	39	–
End of financial year	<b>4</b>	5	<b>–</b>	–

(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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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	
	2016	2015
Net profit attributable to equity holders of the Company (\$'000)	<b>86,982</b>	90,973
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<b>2,649,809</b>	2,705,796
Basic earnings per share (Cents per share)	<b>3.28</b>	3.36

### (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 2015 and 2016.

## 9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	<b>11,498</b>	52,964	<b>447</b>	46,688
Short-term bank deposits	<b>30,869</b>	16,796	<b>30,869</b>	16,796
	<b>42,367</b>	69,760	<b>31,316</b>	63,484



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 10. TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
– Non-related parties	9	7	6	7
Other receivables				
– Related parties <sup>(i)</sup>	15	762	–	43
– Non-related parties	596	596	596	596
	611	1,358	596	639
Less: Allowance for impairment of receivables				
– Related parties	–	(28)	–	(28)
– Non-related parties	(596)	(596)	(596)	(596)
Other receivables, net	15	734	–	15
Amount receivable on sale of an associated corporation <sup>(ii)</sup>	59,776	59,776	–	–
Less: Allowance for impairment of receivable	(59,776)	(59,776)	–	–
Amount receivable on sale of an associated corporation, net	–	–	–	–
Others	3	34	–	–
	27	775	6	22

<sup>(i)</sup> Amounts due from related parties (Note 27(a)) are non-trade in nature, unsecured, interest-free and repayable on demand.

<sup>(ii)</sup> 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 (2015: \$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 2016, the amount due, inclusive of interest, was \$95,705,000 (2015: \$94,606,000). However, the Company has not recognised any amount beyond the amount receivable of \$59,776,000 (2015: \$59,776,000), which is fully provided for.

## 11. OTHER CURRENT ASSETS

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Deposits	5	3	1	1
Prepayments	701	880	472	524
	706	883	473	525



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	<b>281,248</b>	260,593	<b>237,213</b>	226,753
Currency translation differences	<b>7,051</b>	17,013	<b>6,067</b>	15,252
Refund of capital contribution	<b>(4,125)</b>	(1,392)	-	-
Fair value (losses)/gains recognised in other comprehensive income (Note 22(b)(iv))	<b>(9,901)</b>	5,034	<b>(9,584)</b>	(4,792)
End of financial year	<b>274,273</b>	281,248	<b>233,696</b>	237,213

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

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Equity investments, at fair value:				
- Unquoted: Cayman Islands	<b>40,577</b>	44,035	-	-
- Quoted: Hong Kong	<b>233,696</b>	237,213	<b>233,696</b>	237,213
Total	<b>274,273</b>	281,248	<b>233,696</b>	237,213

The Group disposed of its interests in certain unquoted equity investment with carrying amount of \$3,032,000 for a cash consideration of \$3,155,000 in January 2017.

## 13. INVESTMENTS IN ASSOCIATED CORPORATIONS

	Company	
	2016	2015
	\$'000	\$'000
<i>Equity investments – Quoted shares</i>		
At cost	<b>1,098,119</b>	1,018,100
Market value of quoted shares at balance sheet date	<b>1,374,958</b>	1,405,397

Set out below are the associated corporations of the Group as at 31 December 2016. 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	
		2016	2015
PCCW Limited	Hong Kong	<b>22.7</b>	22.3
KSH Distriparks Private Limited	India	<b>49.9</b>	49.9



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 13. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

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.

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 2016, the fair value of the Group's interest in PCCW, which is listed on the Hong Kong Stock Exchange, was \$1,374,958,000 (2015: \$1,405,397,000). The carrying amount of the Group's interest in PCCW was \$835,333,000 (2015: \$742,197,000).

To provide shareholders with information on the results and financial position of PCCW, the financial information from its audited annual report dated 16 January 2017 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 on the reporting date.

### Consolidated statement of comprehensive income of PCCW

	For the year ended 31 December	
	2016	2015
	\$'000	\$'000
Revenue	6,823,579	6,966,985
Cost of sales	(3,154,199)	(3,360,861)
General and administrative expenses	(2,686,838)	(2,575,626)
Other gains, net	5,689	23,924
Interest income	9,244	15,418
Finance costs	(254,035)	(289,567)
Share of results of associates	11,733	9,215
Share of results of joint ventures	(3,733)	(2,658)
Profit before income tax	751,440	786,830
Income tax	(70,220)	(79,215)
<b>Profit for the year</b>	<b>681,220</b>	<b>707,615</b>
<b>Attributable to:</b>		
Equity holders of PCCW	364,609	406,706
Non-controlling interests	316,611	300,909
<b>Profit for the year</b>	<b>681,220</b>	<b>707,615</b>



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 13. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

Consolidated statement of comprehensive income of PCCW (continued)

	For the year ended 31 December	
	2016	2015
	\$'000	\$'000
<b>Profit for the year</b>	<b>681,220</b>	707,615
<b>Other comprehensive (loss)/income</b>		
Items that will not be reclassified subsequently to consolidated income statement:		
Remeasurements of defined benefit obligations	(4,622)	(3,190)
	<b>(4,622)</b>	(3,190)
Items that have been reclassified or may be reclassified subsequently to consolidated income statement:		
Exchange differences on translating foreign operations	(29,332)	(71,241)
Available-for-sale financial assets:		
- changes in fair value	(1,244)	(1,772)
- transfer to consolidated income statement on disposal/impairment	2,489	(177)
Cash flow hedges:		
- effective portion of changes in fair value	139,906	(54,759)
- transfer from equity to consolidated income statement	8,355	(11,873)
	<b>120,174</b>	(139,822)
<b>Other comprehensive income/(loss) for the year</b>	<b>115,552</b>	(143,012)
<b>Total comprehensive income for the year</b>	<b>796,772</b>	564,603
<b>Attributable to:</b>		
Equity holders of PCCW	432,696	299,491
Non-controlling interests	364,076	265,112
<b>Total comprehensive income for the year</b>	<b>796,772</b>	564,603

Consolidated balance sheet of PCCW

	As at 31 December	
	2016	2015
	\$'000	\$'000
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,678,030	3,406,451
Investment properties	600,403	379,364
Interests in leasehold land	78,784	80,460
Properties held for/under development	172,504	154,913
Goodwill	3,378,202	3,309,972
Intangible assets	2,236,950	1,916,118
Interests in associates	135,352	112,499
Interests in joint ventures	117,243	88,288
Available-for-sale financial assets	197,334	146,722
Derivative financial instruments	53,954	-
Deferred income tax assets	211,709	194,051
Other non-current assets	167,463	153,821
	<b>11,027,928</b>	9,942,659



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 13. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

Consolidated balance sheet of PCCW (continued)

	As at 31 December	
	2016	2015
	\$'000	\$'000
<b>Current assets</b>		
Sales proceeds held in stakeholders' accounts	95,213	93,385
Restricted cash	25,950	19,296
Prepayments, deposits and other current assets	1,683,780	1,293,552
Inventories	176,051	140,896
Amounts due from related companies	18,296	16,383
Derivative financial instruments	-	10,922
Trade receivables, net	705,324	722,503
Tax recoverable	2,987	3,095
Short-term deposits	84,572	182
Cash and cash equivalents	886,976	1,365,821
	<b>3,679,149</b>	<b>3,666,035</b>
Assets of disposal group classified as held for sale	150,661	-
	<b>3,829,810</b>	<b>3,666,035</b>
<b>Current liabilities</b>		
Short-term borrowings	(85,318)	(706,120)
Trade payables	(509,855)	(453,999)
Accruals and other payables	(1,277,724)	(1,231,114)
Amount payable to the Government under the Cyberport Project Agreement	(59,928)	(58,616)
Carrier licence fee liabilities	(32,298)	(81,552)
Amounts due to related companies	(6,534)	(12,561)
Advances from customers	(403,256)	(394,655)
Current income tax liabilities	(247,741)	(245,749)
	<b>(2,622,654)</b>	<b>(3,184,366)</b>
Liabilities of disposal group classified as held for sale	(6,721)	-
	<b>(2,629,375)</b>	<b>(3,184,366)</b>
<b>Non-current liabilities</b>		
Long-term borrowings	(8,425,622)	(6,933,775)
Derivative financial instruments	(18,296)	(106,673)
Deferred income tax liabilities	(544,395)	(505,152)
Deferred income	(199,948)	(196,418)
Defined benefit liability	(28,751)	(24,211)
Carrier licence fee liabilities	(101,561)	(114,137)
Other long-term liabilities	(151,221)	(115,229)
	<b>(9,469,794)</b>	<b>(7,995,595)</b>
<b>Net assets</b>	<b>2,758,569</b>	<b>2,428,733</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	2,418,415	2,276,368
Reserves	(173,251)	(269,596)
<b>Equity attributable to equity holders of PCCW</b>	<b>2,245,164</b>	<b>2,006,772</b>
<b>Non-controlling interests</b>	<b>513,405</b>	<b>421,961</b>
<b>Total equity</b>	<b>2,758,569</b>	<b>2,428,733</b>



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 13. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

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

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

	Group	
	2016	2015
	\$'000	\$'000
Performance guarantee	39,116	96,887
Others	3,221	3,647

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	
	2016	2015
	\$'000	\$'000
<b>Net assets</b>		
<b>At 1 January</b>	2,006,772	1,732,419
Profit for the year	364,609	406,706
Other comprehensive gain/(loss)	68,087	(107,215)
Transactions with equity holders	(267,344)	(149,816)
Currency translation differences	73,040	124,678
<b>At 31 December</b>	2,245,164	2,006,772
	Group	
	2016	2015
	\$'000	\$'000
Interest in PCCW (22.7%) (2015: 22.3%)	509,652	447,510
Dividends from PCCW (*)	232,605	232,605
Goodwill and foreign exchange differences	93,076	62,082
<b>Carrying value of PCCW</b>	835,333	742,197
<b>Add:</b>		
<b>Carrying value of KSH</b>	25,451	24,832
<b>Carrying value of Group's interest in associated corporations</b>	860,784	767,029
<b>Dividends received from PCCW</b>	80,693	63,130

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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2016	2015
	\$'000	\$'000
<i>Equity investments, at cost</i>		
Beginning of financial year	<b>109,690</b>	159,841
Currency translation difference	<b>2,806</b>	10,752
Addition	<b>5,611</b>	–
Capital reduction	–	(58,157)
Allowance for impairment	<b>(9,446)</b>	(2,746)
End of financial year	<b>108,661</b>	109,690

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.

In 2015, a subsidiary corporation reduced its issued share capital by \$69,000,000 and \$600,000 on 16 November 2015 and 31 December 2015 respectively via a Court-free process. The capital reductions of \$69,600,000 were settled by way of netting off against an equal amount due by the Company to the subsidiary corporation (Note 17). \$58,157,000 represents the Singapore Dollar equivalent of the Company's investment in the subsidiary corporation. Management is of the view that the capital reduction does not result in a change in the company's ownership interest in the subsidiary corporation, and hence the cumulative currency translation differences relating to the capital reduction do not need to be reclassified to profit or loss.

The Company recognised impairment losses of \$9,446,000 (2015: \$2,746,000) 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
<b>Group</b>			
<b>2016</b>			
<i>Cost</i>			
Beginning of financial year	<b>244</b>	<b>163</b>	<b>407</b>
Currency translation differences	<b>1</b>	–	<b>1</b>
Additions	<b>4</b>	–	<b>4</b>
Disposals	<b>(7)</b>	–	<b>(7)</b>
End of financial year	<b>242</b>	<b>163</b>	<b>405</b>
<i>Accumulated depreciation</i>			
Beginning of financial year	<b>203</b>	<b>16</b>	<b>219</b>
Currency translation differences	<b>1</b>	–	<b>1</b>
Depreciation charge	<b>27</b>	<b>33</b>	<b>60</b>
Disposals	<b>(7)</b>	–	<b>(7)</b>
End of financial year	<b>224</b>	<b>49</b>	<b>273</b>
<b>Net book value</b>			
<b>End of financial year</b>	<b>18</b>	<b>114</b>	<b>132</b>



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Renovations, furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Group</b>			
<b>2015</b>			
<i>Cost</i>			
Beginning of financial year	322	181	503
Currency translation differences	3	–	3
Additions	27	163	190
Disposals	(108)	(181)	(289)
End of financial year	244	163	407
<i>Accumulated depreciation</i>			
Beginning of financial year	260	181	441
Currency translation differences	3	–	3
Depreciation charge	48	16	64
Disposals	(108)	(181)	(289)
End of financial year	203	16	219
<b>Net book value</b>			
End of financial year	41	147	188

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



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Renovations, furniture, fittings and office equipment \$'000
<u>Company</u>	
<b>2015</b>	
Cost	
Beginning of financial year	29
Currency translation differences	2
End of financial year	<u>31</u>
Accumulated depreciation	
Beginning of financial year	29
Currency translation differences	2
End of financial year	<u>31</u>
<b>Net book value</b>	
<b>End of financial year</b>	<u>-</u>

In 2015, included within additions in the consolidated financial statements was a motor vehicle amounting to \$163,000 which was acquired under a finance lease.

The carrying amount of the motor vehicle held under finance lease is \$114,000 (2015: \$147,000) at the balance sheet date.

## 16. OTHER NON-CURRENT ASSETS

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Deposits	92	92	-	-
Prepayments	504	1,130	333	781
Other sundry receivable	-	3	-	-
	<u>596</u>	<u>1,225</u>	<u>333</u>	<u>781</u>



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 17. TRADE AND OTHER PAYABLES – CURRENT

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Trade payables				
– Non-related parties	-	4	-	-
Other payables to				
– Non-related parties	-	352	-	352
– Subsidiary corporations	-	-	6,942	53,075
– Related parties	191	132	191	-
	191	484	7,133	53,427
Accruals for operating expenses	2,538	4,289	783	2,426
	2,729	4,773	7,916	55,853
	2,729	4,777	7,916	55,853

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

## 18. BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Bank loans	100,814	162,013	100,814	116,503
Finance lease liabilities (Note 19)	16	15	-	-
	100,830	162,028	100,814	116,503
<i>Non-current</i>				
Finance lease liabilities (Note 19)	43	59	-	-
Total borrowings	100,873	162,087	100,814	116,503

The secured bank loans for both the Group and the Company are denominated in Hong Kong Dollars and United States Dollars. The loans are secured by shares in PCCW (Note 13) (2015: shares in PCCW and SSUs in HKT (Note 12)) held by the Company. The secured bank loans were repayable in January 2017 (2015: January 2016) and bear effective interest rates ranging from 1.24% to 1.83% (2015: 1.20% to 2.02%) per annum as at 31 December 2016.

### Undrawn bank facilities

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Expiring within one year	61,395	27,305	61,395	-
Expiring beyond one year	236,360	200,530	87,006	127,715
	297,755	227,835	148,401	127,715

Those facilities expiring within one year from the balance sheet date are facilities subject to annual review at various dates during 2017. The longer term facilities are mainly for general corporate funding requirements of the Group.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 19. FINANCE LEASE LIABILITY

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

	Group	
	2016	2015
	\$'000	\$'000
Minimum lease payments due		
– Not later than one year	18	18
– Between one and five years	46	64
	64	82
Less: Future finance charges	(5)	(8)
Present value of finance lease liability	59	74

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

	Group	
	2016	2015
	\$'000	\$'000
Not later than one year (Note 18)	16	15
Between one and five years (Note 18)	43	59
Total	59	74

## 20. DEFERRED INCOME TAX LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Deferred income tax liabilities				
– to be settled after one year	8,061	5,688	8,061	5,688

Movements in the deferred income tax account are as follows:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	5,688	3,543	5,688	3,543
Currency translation differences	252	288	252	288
Tax charge to income statement (Note 7(a))	2,123	1,880	2,123	1,880
Over provision in prior financial year (Note 7(a))	(2)	(23)	(2)	(23)
End of financial year	8,061	5,688	8,061	5,688

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 the jurisdictions in which they operate.

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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 20. DEFERRED INCOME TAX LIABILITIES (continued)

At 31 December 2016, a subsidiary corporation has unutilised tax losses amounting to approximately \$45,730,000 (2015: \$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 country 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
<u>Group and Company</u>				
<b>2016</b>				
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	-
<b>2015</b>				
Beginning of financial year	2,751,667	-	457,283	-
Shares purchased	-	(99,111)	-	(42,924)
Shares cancelled	(99,111)	99,111	-	42,924
End of financial year	2,652,556	-	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.

The Company acquired 2,816,000 (2015: 99,111,000) 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 (2015: \$42,924,000). This is included as a component of shareholders' equity.

The Company cancelled 2,816,000 (2015: 99,111,000) shares during the financial year.

## 22. OTHER RESERVES

(a) Composition:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Currency translation reserve	129,694	111,331	11,701	(24,240)
Equity share compensation reserve	4,295	3,585	-	-
Cash flow hedge reserve	17,688	(5,698)	-	-
Fair value reserve	123,353	133,443	98,031	107,615
Other reserve	(4,140)	(4,052)	-	-
	270,890	238,609	109,732	83,375



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	111,331	79,975	(24,240)	(102,046)
Net currency translation differences of financial statements of the Company, foreign subsidiary corporations and associated corporations	22,961	44,451	35,941	77,806
Share of currency translation reserve of associated corporations	(4,598)	(13,095)	-	-
End of financial year	129,694	111,331	11,701	(24,240)

#### (ii) Equity share compensation reserve

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

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	3,585	3,347	-	-
Share of equity share compensation reserve of an associated corporation	710	238	-	-
End of financial year	4,295	3,585	-	-

#### (iii) Cash flow hedge reserve

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	(5,698)	4,369	-	-
Share of net fair value gains/(losses), net of tax of an associated corporation	23,386	(10,067)	-	-
End of financial year	17,688	(5,698)	-	-



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	<b>133,443</b>	127,803	<b>107,615</b>	112,407
Fair value (loss)/gain on available-for-sale investments:				
– Net (loss)/gain on fair value changes during the year	<b>(9,901)</b>	5,034	<b>(9,584)</b>	(4,792)
– Share of an associated corporation's net (losses)/gains on fair value changes	<b>(189)</b>	606	–	–
End of financial year	<b>123,353</b>	133,443	<b>98,031</b>	107,615

#### (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	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	<b>(4,052)</b>	(3,958)	–	–
Share of dividends paid under an associated corporation's share award scheme	<b>(24)</b>	(25)	–	–
Share of an associated corporation's transaction costs in relation to the issuance of SSUs	<b>(64)</b>	(69)	–	–
End of financial year	<b>(4,140)</b>	(4,052)	–	–

## 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	
	2016	2015
	\$'000	\$'000
Payable within one year	<b>259</b>	365
Payable after one year but within five years	–	259
	<b>259</b>	624



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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 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	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Singapore	-	-	557	1,063
India	-	-	25,451	24,832
Hong Kong	12,954	11,451	835,504	742,547
	<b>12,954</b>	<b>11,451</b>	<b>861,512</b>	<b>768,442</b>



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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			42,367
- Cash and cash equivalents			
Total assets			1,178,885
Segment liabilities	2,455	274	2,729
Unallocated corporate liabilities			100,873
- Borrowings			
- Current income tax liabilities			4
- Deferred income tax liabilities			8,061
Total liabilities			111,667
<b>Other segment information:</b>			
Additions to property, plant and equipment	-	4	4



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 24. SEGMENT INFORMATION (continued)

2015	Investment holding \$'000	Business management and consultancy services \$'000	Consolidated \$'000
External revenue	11,451	–	11,451
Operating profit before interest income and depreciation	6,092	50	6,142
Interest income	3	–	3
Depreciation	(58)	(6)	(64)
Profit from operating activities	6,037	44	6,081
Finance expenses	(3,001)	–	(3,001)
Share of profits of associated corporations, net of tax	89,780	–	89,780
Profit before income tax	92,816	44	92,860
Income tax expense	(1,882)	(5)	(1,887)
Total profit	90,934	39	90,973
Segment assets	282,104	802	282,906
Property, plant and equipment	–	188	188
Other non-current assets	1,130	95	1,225
Investments in associated corporations	767,029	–	767,029
	768,159	283	768,442
Unallocated corporate assets			
– Cash and cash equivalents			69,760
Total assets			1,121,108
Segment liabilities	4,442	335	4,777
Unallocated corporate liabilities			
– Borrowings			162,087
– Current income tax liabilities			5
– Deferred income tax liabilities			5,688
Total liabilities			172,557
<b>Other segment information:</b>			
Additions to property, plant and equipment	–	190	190



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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
<b>At 31 December 2016</b>					
<b>Financial assets</b>					
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
	<b>44,719</b>	<b>4,636</b>	<b>77</b>	<b>1</b>	<b>49,433</b>
<b>Financial liabilities</b>					
Other financial liabilities	(388)	(747)	(899)	(695)	(2,729)
Borrowings	(100,814)	(59)	-	-	(100,873)
Intercompany payables	(3,444)	(3,498)	-	-	(6,942)
	<b>(104,646)</b>	<b>(4,304)</b>	<b>(899)</b>	<b>(695)</b>	<b>(110,544)</b>
<b>Net financial (liabilities)/assets</b>	<b>(59,927)</b>	<b>332</b>	<b>(822)</b>	<b>(694)</b>	<b>(61,111)</b>
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)	-	-	
<b>Currency exposure</b>	<b>-</b>	<b>(3,759)</b>	<b>(858)</b>	<b>(694)</b>	



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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
<b>At 31 December 2015</b>					
<b>Financial assets</b>					
Cash and cash equivalents	17,159	46,711	5,889	1	69,760
Trade and other receivables	15	760	-	-	775
Other financial assets	-	98	-	-	98
Intercompany receivables	45,398	3,301	4,376	-	53,075
	62,572	50,870	10,265	1	123,708
<b>Financial liabilities</b>					
Other financial liabilities	(1,923)	(1,283)	(894)	(677)	(4,777)
Borrowings	(162,013)	(74)	-	-	(162,087)
Intercompany payables	(45,398)	(3,301)	(4,376)	-	(53,075)
	(209,334)	(4,658)	(5,270)	(677)	(219,939)
<b>Net financial (liabilities)/assets</b>	<b>(146,762)</b>	<b>46,212</b>	<b>4,995</b>	<b>(676)</b>	<b>(96,231)</b>
Less:					
Net financial liabilities/ (assets) denominated in respective entities' functional currencies	146,762	(682)	(5,821)	-	
Net intercompany receivables denominated in respective entities' functional currencies	-	(3,301)	(4,376)	-	
<b>Currency exposure</b>	<b>-</b>	<b>42,229</b>	<b>(5,202)</b>	<b>(676)</b>	



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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
<b>At 31 December 2016</b>				
<b>Financial assets</b>				
Cash and cash equivalents	31,115	190	11	31,316
Trade and other receivables	-	6	-	6
Other financial assets	-	1	-	1
	<b>31,115</b>	<b>197</b>	<b>11</b>	<b>31,323</b>
<b>Financial liabilities</b>				
Borrowings	(100,814)	-	-	(100,814)
Other financial liabilities	(3,784)	(3,941)	(191)	(7,916)
	<b>(104,598)</b>	<b>(3,941)</b>	<b>(191)</b>	<b>(108,730)</b>
<b>Net financial liabilities</b>	<b>(73,483)</b>	<b>(3,744)</b>	<b>(180)</b>	
<b>Currency exposure after deducting net financial liabilities denominated in the Company's functional currency</b>	<b>-</b>	<b>(3,744)</b>	<b>(180)</b>	
<b>At 31 December 2015</b>				
<b>Financial assets</b>				
Cash and cash equivalents	17,025	46,445	14	63,484
Trade and other receivables	15	7	-	22
Other financial assets	-	1	-	1
	<b>17,040</b>	<b>46,453</b>	<b>14</b>	<b>63,507</b>
<b>Financial liabilities</b>				
Borrowings	(116,503)	-	-	(116,503)
Other financial liabilities	(47,268)	(4,209)	(4,376)	(55,853)
	<b>(163,771)</b>	<b>(4,209)</b>	<b>(4,376)</b>	<b>(172,356)</b>
<b>Net financial (liabilities)/assets</b>	<b>(146,731)</b>	<b>42,244</b>	<b>(4,362)</b>	
<b>Currency exposure after deducting net financial liabilities denominated in the Company's functional currency</b>	<b>-</b>	<b>42,244</b>	<b>(4,362)</b>	



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 25. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

If the value of the SGD and USD change against the HKD by 8% (2015: 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:

	2016		2015	
	Increase/(Decrease)			
	Total profit	Other comprehensive income	Total profit	Other comprehensive income
	\$'000	\$'000	\$'000	\$'000
Group				
USD against HKD				
– strengthened	(57)	-	(55)	(291)
– weakened	57	-	55	291
SGD against HKD				
– strengthened	(18)	(232)	3,023	(219)
– weakened	18	232	(3,023)	219
Company				
USD against HKD				
– strengthened	(12)	-	(290)	-
– weakened	12	-	290	-
SGD against HKD				
– strengthened	(249)	-	2,805	-
– weakened	249	-	(2,805)	-

#### (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 the limits set by the Group.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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 13% (2015: 7%) with all other variables including tax rate being held constant, the total profit and other comprehensive income will be as follows:

	2016		2015	
	Increase/(Decrease)			
	Total profit	Other comprehensive income	Total profit	Other comprehensive income
	\$'000	\$'000	\$'000	\$'000
<u>Group</u>				
Listed equity securities in Hong Kong				
– increased by	-	25,216	-	13,782
– decreased by	-	(25,216)	-	(13,782)
Unlisted equity securities in Cayman Islands				
– increased by	-	4,378	-	2,558
– decreased by	-	(4,378)	-	(2,558)
<u>Company</u>				
Listed equity securities in Hong Kong				
– increased by	-	25,216	-	13,782
– decreased by	-	(25,216)	-	(13,782)

#### (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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<u>By geographical areas</u>				
Singapore	18	321	6	22
Hong Kong	9	457	-	-
	<b>27</b>	<b>778</b>	<b>6</b>	<b>22</b>
	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<u>By types of customers</u>				
Non-related parties	12	44	6	7
Related parties	15	734	-	15
	<b>27</b>	<b>778</b>	<b>6</b>	<b>22</b>

#### (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.

#### (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	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Gross amount	60,372	60,400	596	624
Less: Allowance for impairment	(60,372)	(60,400)	(596)	(624)
	-	-	-	-
Beginning of financial year	60,400	60,399	624	623
Currency translation differences	-	1	-	1
Allowance utilised	(28)	-	(28)	-
End of financial year	<b>60,372</b>	<b>60,400</b>	<b>596</b>	<b>624</b>



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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
<b>Group</b>		
<b>At 31 December 2016</b>		
Trade and other payables	2,729	-
Borrowings	100,991	46
	<b>103,720</b>	<b>46</b>
<b>At 31 December 2015</b>		
Trade and other payables	4,777	-
Borrowings	162,237	64
	<b>167,014</b>	<b>64</b>
<b>Company</b>		
<b>At 31 December 2016</b>		
Trade and other payables	7,916	-
Borrowings	100,973	-
	<b>108,889</b>	<b>-</b>
<b>At 31 December 2015</b>		
Trade and other payables	55,853	-
Borrowings	116,627	-
	<b>172,480</b>	<b>-</b>

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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 25. FINANCIAL RISK MANAGEMENT (continued)

### (d) Capital risk (continued)

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Net debt	61,235	97,104	77,414	108,872
Capital and reserves attributable to equity holders of the Company	1,067,218	948,551	1,355,813	1,251,771
Total capital	1,128,453	1,045,655	1,433,227	1,360,643

There are no externally imposed capital requirements for the financial years ended 31 December 2015 and 2016.

### (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 asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<u>Group</u>				
<b>Assets</b>				
Available-for-sale financial assets				
– Equity investments				
2016	233,696	4,744	35,833	274,273
2015	237,213	7,419	36,616	281,248
<u>Company</u>				
<b>Assets</b>				
Available-for-sale financial assets				
– Equity investments				
2016	233,696	–	–	233,696
2015	237,213	–	–	237,213

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



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 25. FINANCIAL RISK MANAGEMENT (continued)

### (e) Fair value measurements (continued)

The following table presents the changes in Level 3 instruments.

	Group	
	2016	2015
	\$'000	\$'000
Available-for-sale financial assets		
Beginning of financial year	<b>36,616</b>	26,658
Currency translation differences	<b>983</b>	1,761
Refund of capital contribution	<b>(4,125)</b>	(1,392)
Fair value gains recognised in other comprehensive income	<b>2,359</b>	9,589
End of financial year	<b>35,833</b>	36,616

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		Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	31 December					
	2016	2015				
	\$'000	\$'000				
Unquoted equity securities	35,833	36,616	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		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Loans and receivables	<b>42,491</b>	70,633	<b>31,323</b>	63,507
Financial liabilities at amortised cost	<b>103,602</b>	166,864	<b>108,730</b>	172,356



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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		Percentage of equity held by the Group	
		2016 \$'000	2015 \$'000	2016 %	2015 %
Subsidiary corporations directly held by the Company					
<sup>a</sup> PCRD Services Pte Ltd (Singapore)	Investment holding, business management and consultancy services (Singapore)	22,787	22,219	100	100
<sup>a</sup> Surrey Investments Pte. Ltd. (Singapore)	Dormant	-	-	100	100
<sup>a</sup> Gladioli Investments Pte Ltd (Singapore)	Dormant	48,403	47,196	100	100
<sup>a</sup> Riyan Pte Ltd (Singapore)	Dormant	-	-	100	100
<sup>a</sup> Elsmore Pte Ltd (Singapore)	Investment holding (Singapore)	4,744	7,427	100	100
<sup>a</sup> Leapford Pte. Ltd. (Singapore)	Dormant	-*	-*	100	100
<sup>b</sup> Pacific Century Regional Developments (HK) Limited (Hong Kong)	Business management and consultancy services (Hong Kong)	32,727	32,848	100	100
<sup>c</sup> Carander Corporation (British Virgin Islands)	Dormant	-*	-*	100	100
<sup>c</sup> Telegraph Investments Limited (British Virgin Islands)	Dormant	-	-	100	100
<sup>c</sup> Valuable Enterprises Limited (British Virgin Islands)	Dormant	-	-	100	100
<sup>c</sup> Starvest Limited (Cayman Islands)	Dormant	-	-	100	100
<sup>d</sup> PCRD Investments Limited (Hong Kong)	Dormant	-*	-*	100	100
		108,661	109,690		



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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	
		2016	2015	2016	2015
		\$'000	\$'000	%	%

### Associated corporation held by the Company

<sup>b</sup> PCCW Limited (Hong Kong)	Provision of local and international telecommunications and information technology services, technology-related businesses, and investment holding (Hong Kong)	<b>1,098,119</b>	1,018,100	<b>22.7</b>	22.3
		<b>1,098,119</b>	1,018,100		

### Subsidiary corporations indirectly held by the Company

<sup>c</sup> City Ventures Global Limited (Cayman Islands)	Investment holding (Cayman Islands)			<b>100</b>	100
<sup>c</sup> Prosper Global Investments Limited (Cayman Islands)	Investment holding (Cayman Islands)			<b>100</b>	100

### Associated corporation indirectly held by the Company

<sup>e</sup> 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)			<b>49.9</b>	49.9
---	--	--	--	-------------	------

\* Less than \$1,000

<sup>a</sup> Audited by PricewaterhouseCoopers LLP, Singapore

<sup>b</sup> Audited by PricewaterhouseCoopers, Hong Kong

<sup>c</sup> A corporation not requiring audit under the laws in its country of incorporation

<sup>d</sup> Audited by Central & Co., Hong Kong

<sup>e</sup> Audited by BSR & Co. LLP, India



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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	
	2016	2015
	\$'000	\$'000
Management services rendered to:		
– associated corporations	3	3
– related parties	69	158
Payments made on behalf of and reimbursable by		
– associated corporations	183	673
– related parties	64	90
Payments made on behalf by and reimbursable to		
– associated corporations	167	34
– related parties	390	619

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

	Group	
	2016	2015
	\$'000	\$'000
Wages, salaries and other short-term employee benefits	1,335	1,054
Employer's contribution to defined contribution plans including Central Provident Fund	34	30
	1,369	1,084

## 28. EVENTS OCCURRING AFTER BALANCE SHEET DATE

- (a) On 6 February 2017, PCCW's wholly-owned subsidiary, Seamless Industries Limited ("Seamless Industries"), entered into a share purchase agreement with Hutchison 3G UK Limited ("Three UK") in relation to the sale and transfer by Seamless Industries of the entire issued share capital of Transvision Investments Limited ("Transvision") to Three UK (the "Transaction"). Transvision's only material asset is its holding of the entire issued share capital of UK Broadband Limited. The consideration payable by Three UK under the share purchase agreement for the entire issued share capital of Transvision is £300 million (equivalent to approximately \$530 million), subject to possible adjustment. According to PCCW's announcement released on 6 February 2017 bearing the title "Proposed sale of Transvision Investments Limited and UK Broadband Limited Discloseable Transaction", the Transaction is subject to a number of conditions precedent as set out in that announcement. Therefore, there is no assurance that the Transaction will be completed. It is anticipated that PCCW will recognise a gain of not less than approximately HK\$1.3 billion (equivalent to approximately \$236 million) from the Transaction. The Company's share of this gain is expected to be approximately \$53.6 million.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 28. EVENTS OCCURRING AFTER BALANCE SHEET DATE (continued)

- (b) On 13 February 2017, PCCW's wholly-owned subsidiary, CAS Holding No. 1 Limited ("CAS Holding"), and PCCW entered into a placing agreement with Goldman Sachs (Asia) L.L.C. (the "Placing Agent") pursuant to which the Placing Agent has agreed to procure placees to purchase, or failing which to purchase itself, 840,747,000 SSUs issued by HKT (the "Placing SSUs"), to be sold by CAS Holding, at HK\$10.15 per SSU (the "Placing").

Before the Placing, CAS Holding held 4,775,714,681 SSUs, representing approximately 63.07% of the total number of SSUs in issue. Immediately following completion of the Placing and the sale of the Placing SSUs by CAS Holding, CAS Holding will hold 3,934,967,681 SSUs, representing approximately 51.97% of the total number of SSUs. As completion of the Placing is subject to a number of conditions precedent set out in PCCW's announcement released on 13 February 2017 bearing the title "Placing of Share Stapled Units of the HKT Trust and HKT Limited – Discloseable Transaction", there is no assurance that the Placing will be completed. The gross proceeds from the Placing amounted to approximately HK\$8,534 million (equivalent to approximately \$1,563 million). The PCCW group will recognise a credit of approximately HK\$7.6 billion (equivalent to approximately \$1,392 million) from the Placing directly through its reserves. The Company will recognise its share of the credit to reserves.

## 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 2017 and which the Group has not early adopted:

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

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

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies each 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 new Standard is not expected to have any significant impact on the financial statements of the Group.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

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

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

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

The Group has yet to undertake a detailed assessment of the classification and measurement of financial assets.

The other financial assets held by the Group include:

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

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

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

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

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

- 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 a leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of \$259,000 (Note 23). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

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

The new Standard is not expected to have any significant impact on the financial statements of the Group.

## 30. 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 1 March 2017.



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.



# Report on Corporate Governance

## 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 2016 were as follows:

Name	Board		Audit		Nominating		Remuneration	
	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
<b>Richard Li Tzar Kai</b>	4	4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Francis Yuen Tin Fan</b>	4	4	4	4	n.a.	n.a.	1	1
<b>Peter A. Allen</b>	4	4	n.a.	4*	n.a.	1*	n.a.	1*
<b>Alexander Anthony Arena</b>	4	3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Tom Yee Lat Shing</b> <sup>1</sup>	4	4	4	4	1	1	n.a.	n.a.
<b>Frances Wong Waikwun</b>	4	3	4	4	1	1	n.a.	n.a.
<b>Laura Deal Lacey</b>	4	4	n.a.	n.a.	1	1	1	1
<b>Chng Hee Kok</b> <sup>2</sup>	4	1	n.a.	n.a.	1	1	1	1

\* By invitation

n.a. Not applicable

<sup>1</sup> Appointed as member of the Remuneration Committee with effect from 22 April 2016

<sup>2</sup> Mr. Chng Hee Kok retired from the Board following the conclusion of the Annual General Meeting on 22 April 2016

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 seven directors of whom two are executive directors, one is a non-executive director 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 director is Mr. Alexander Anthony Arena.

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 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 or designation as independent director 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 companies ("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 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.



# Report on Corporate Governance

## 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 104 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 108 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
<b>Richard Li Tzar Kai</b>	Executive	08.09.94	24.04.15	Present – PCCW Limited – HKT Limited – Pacific Century Premium Developments Limited – The Bank of East Asia, Limited
<b>Francis Yuen Tin Fan</b>	Non-Executive/ Independent	15.03.05	24.04.15	Present – China Foods Limited – Agricultural Bank of China Limited – Shanghai Industrial Holdings Limited Past 3 years – China Pacific Insurance (Group) Co., Ltd.
<b>Peter A. Allen</b>	Executive	01.11.97	22.04.16	Present – HKT Limited
<b>Alexander Anthony Arena</b>	Non-Executive	05.11.99	22.04.16	Present – HKT Limited
<b>Tom Yee Lat Shing</b>	Non-Executive/ Independent	19.04.91	22.04.16	Present – Bonvests Holdings Limited – Powermatic Data Systems Limited – Cosco Corporation (Singapore) Limited
<b>Frances Wong Waikwun</b>	Non-Executive/ Independent	01.06.13	22.04.16	Present – PCCW Limited – HKT Limited
<b>Laura Deal Lacey</b>	Non-Executive/ Independent	12.02.15	24.04.15	None

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



## **NOMINATING COMMITTEE** (continued)

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 a 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 at a Nominating Committee meeting.

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 seven. 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.



## NOMINATING COMMITTEE (continued)

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.



## Report on Corporate Governance

### AUDIT COMMITTEE (continued)

In the performance of its functions, the Audit Committee is empowered to investigate any activity of PCCW, 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 FY2016.

Fees paid for audit and non-audit services:

	2016 \$'000	2015 \$'000
Fees for audit services paid/payable to:		
- Auditor of the Company	276	220
- Other auditors*	-	-
Fees for non-audit services paid/payable to:		
- Auditor of the Company	-	-
- Other auditors*	-	-
Total	276	220

\* 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 5 key audit matters in its Audit 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 2016 were:

1. Revenue recognition.
2. Significant judgments on current income tax liabilities and deferred income tax assets.
3. Valuation of investment property under development in Indonesia.
4. Carrying value of properties held for development and properties under development.
5. Impairment assessment on PCCW's key businesses.

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 FY2016, 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 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 2016. 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 is 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 FY2016 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-independent non-executive directors 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 2016 and 31 December 2015, the number of directors in each remuneration band is as follows:

	2016	2015
\$1,000,000 to \$1,249,999	1	-
\$750,000 to \$999,999	-	1
\$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 2015 and 2016.

Independent non-executive directors 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.



## REMUNERATION COMMITTEE (continued)

For financial years ended 31 December 2016 and 31 December 2015, the number of non-executive directors in remuneration bands of \$10,000 is as follows:

	2016	2015
\$50,000 to \$59,999	-	1
\$40,000 to \$49,999	4	4
\$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 FY2016, 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 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 other executives is not considered relevant.

For financial years ended 31 December 2016 and 31 December 2015, the number of key management personnel in each remuneration band is as follows:

	2016	2015
\$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.



## REMUNERATION COMMITTEE (continued)

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 FY2016.

## 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 and reviewed by the Board. The Board provides shareholders with quarterly and annual financial 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.

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 of the Audit, Nomination and Remuneration Committees are normally present to address questions at general meetings. In particular, 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.



## COMMUNICATIONS WITH SHAREHOLDERS (continued)

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 the 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).

No dividends were declared or paid for FY2016. 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, is careful and conservative at looking at new opportunities and announces 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 22 April 2016. It is proposed that a new mandate (in substantially the same form as the previous mandate with certain amendments and restrictions) be sought at the forthcoming AGM. In FY2016, 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 (for the first three quarters of the financial year) 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.



# Shareholding Statistics

As at 10 February 2017

## 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

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings		No. of Shareholders	%	No. of Shares	%
1	– 99	31	0.66	647	0.00
100	– 1,000	229	4.87	210,280	0.01
1,001	– 10,000	2,539	54.01	16,663,816	0.63
10,001	– 1,000,000	1,870	39.78	109,403,742	4.13
1,000,001 and above		32	0.68	2,523,461,815	95.23
<b>Total</b>		<b>4,701</b>	<b>100.00</b>	<b>2,649,740,300</b>	<b>100.00</b>

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 10 February 2017

## SUBSTANTIAL SHAREHOLDERS

(including deemed interest as recorded in the Register of Substantial Shareholders as at 10 February 2017)

Substantial Shareholder	Direct Interest No. of issued shares	Deemed Interest No. of issued shares
Jenny W.L. Fung <sup>(1)</sup>	–	2,347,042,230
Lester Huang <sup>(1)</sup>	–	2,347,042,230
OS Holdings Limited <sup>(1)</sup>	–	2,347,042,230
Ocean Star Management Limited <sup>(1)</sup>	–	2,347,042,230
The Ocean Trust <sup>(1)</sup>	–	2,347,042,230
The Ocean Unit Trust <sup>(1)</sup>	–	2,347,042,230
The Starlite Trust <sup>(1)</sup>	–	2,347,042,230
The Starlite Unit Trust <sup>(1)</sup>	–	2,347,042,230
Pacific Century Group Holdings Limited <sup>(2)</sup>	200,000	2,346,842,230
Pacific Century International Limited <sup>(3)</sup>	–	2,330,058,230
Pacific Century Group (Cayman Islands) Limited <sup>(4)</sup>	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 10 February 2017

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Raffles Nominees (Pte) Limited	2,373,817,893	89.59
2	DBS Vickers Securities (Singapore) Pte Ltd	23,470,500	0.89
3	BNP Paribas Nominees Singapore Pte Ltd	17,424,000	0.66
4	Citibank Nominees Singapore Pte Ltd	15,058,134	0.57
5	DBS Nominees (Private) Limited	14,022,985	0.53
6	HSBC (Singapore) Nominees Pte Ltd	9,070,882	0.34
7	Phillip Securities Pte Ltd	7,691,100	0.29
8	Allen Peter Anthony	5,000,000	0.19
9	United Overseas Bank Nominees (Private) Limited	4,437,700	0.17
10	UOB Kay Hian Private Limited	4,374,600	0.17
11	Chong Yean Fong	4,051,000	0.15
12	OCBC Securities Private Limited	3,981,298	0.15
13	DBSN Services Pte. Ltd.	3,866,100	0.15
14	Tan Ling San	3,400,000	0.13
15	Lim & Tan Securities Pte Ltd	3,224,600	0.12
16	OCBC Nominees Singapore Private Limited	2,955,900	0.11
17	Maybank Kim Eng Securities Pte. Ltd.	2,649,610	0.10
18	Teo Thian Seng	2,393,000	0.09
19	Leong Chee Tong	2,200,000	0.08
20	Liu Ming Ching	2,100,000	0.08
<b>Total</b>		<b>2,505,189,302</b>	<b>94.54</b>



# Notice of 53<sup>rd</sup> Annual General Meeting

## Pacific Century Regional Developments Limited

(Incorporated in the Republic of Singapore)

Company Registration No. 196300381N

NOTICE IS HEREBY GIVEN that the 53<sup>rd</sup> Annual General Meeting of the Company will be held at Raffles Town Club, Dunearn 3, Level 1, 1 Plymouth Avenue, Singapore 297753 on Friday, 31 March 2017 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 2016 and the Auditor's Report thereon.
2. To re-elect the following Directors retiring by rotation pursuant to Article 104 of the Constitution of the Company and who, being eligible, offer themselves for re-election:  
  
(a) Mr. Richard Li Tzar Kai  
(b) Mr. Francis Yuen Tin Fan  
(c) Ms. Laura Deal Lacey
3. To approve Directors' fees of S\$198,934 for the year ended 31 December 2016 (2015: S\$234,700).
4. 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, of which Resolutions 5, 6 and 7 will be proposed as Ordinary Resolutions and Resolution 8 will be proposed as a Special Resolution:

5. The Proposed Share Issue Mandate

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,



# Notice of 53<sup>rd</sup> Annual General Meeting

## 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% of the total number of issued shares (excluding treasury shares) (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) (as calculated in accordance with paragraph (2) below);
- (2) (subject to such manner of calculation 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) at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

### 6. 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 9 March 2017 (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.



# Notice of 53<sup>rd</sup> Annual General Meeting

## AS SPECIAL BUSINESS (continued)

### 7. 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 any Shares which are held as treasury shares as at that date); and



# Notice of 53<sup>rd</sup> Annual General Meeting

## 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.

### 8. The Proposed Adoption of the New Constitution

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

By Order of the Board

**Lim Beng Jin**  
Company Secretary

Singapore  
9 March 2017



# Notice of 53<sup>rd</sup> Annual General Meeting

## EXPLANATORY NOTES

Item 2 – Detailed information on these Directors can be found under the Board of Directors and Report on Corporate Governance sections in the Annual Report 2016.

Item 2(a) – Subject to his re-election, Mr. Richard Li Tzar Kai, who is an Executive Director, will remain as the Chairman of the Board of Directors and Chairman of the Executive Committee.

Item 2(b) – Subject to his re-election, Mr. Francis Yuen Tin Fan, who is an Independent Director, will remain as Deputy Chairman of the Board of Directors, Chairman of the Remuneration Committee and a member of the Audit Committee.

Item 2(c) – Subject to her re-election, Ms. Laura Deal Lacey, who is an Independent Director, will remain as a member of the Remuneration and Nominating Committees.

Item 5 – Resolution 5 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% of the total number of issued shares (excluding treasury shares) of the Company of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time that Resolution 5 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 5 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

Item 6 – Resolution 6 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 7 – Resolution 7 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 9 March 2017 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 24 February 2017 (the "**Latest Practicable Date**") and assuming that no further Shares are issued, purchased or acquired by the Company, and held as treasury shares, on or prior to the Annual General Meeting, 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 no further Shares are issued, purchased or acquired by the Company, and held as treasury shares, on or prior to the Annual General Meeting, 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\$0.410 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\$1,629,590. 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\$0.474 for one Share (being the price equivalent to 20% above the highest 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 the 3,974,610 Shares is S\$1,883,965.



## Notice of 53<sup>rd</sup> Annual General Meeting

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\$0.410 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\$108,639,352. 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\$0.474 for one Share (being the price equivalent to 20% above the highest 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 the 264,974,030 Shares is S\$125,597,690.

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 2016 based on these assumptions are set out in paragraph 3.7 of the Company's Letter to Shareholders dated 9 March 2017.

Please refer to the Letter for more details.

Item 8 – Special Resolution 8 is to approve the adoption of a new Constitution following the wide-ranging changes to the Companies Act introduced pursuant to the Companies (Amendment) Act 2014 (the “**Amendment Act**”). The new Constitution will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016 and incorporate amendments to (*inter alia*) take into account the changes to the Companies Act introduced pursuant to the Amendment Act. Please refer to the Letter for more details.

### 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, Chapter 50.

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 48 hours before the time appointed for the Annual General Meeting.



## Notice of 53<sup>rd</sup> 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 48 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 (including any related attachment) appointing a proxy or proxies. 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 9 March 2017.

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 Friday, 31 March 2017 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 (of which Resolutions 1 to 7 (inclusive) will be proposed as Ordinary Resolutions and Resolution 8 will be proposed as a Special Resolution). 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.	Ordinary Resolutions	For	Against
<b>Routine Business</b>			
1	To adopt the Directors' Statement, Audited Financial Statements and Auditor's Report		
2	To re-elect the following Directors:		
	(a) Mr. Richard Li Tzar Kai		
	(b) Mr. Francis Yuen Tin Fan		
	(c) Ms. Laura Deal Lacey		
3	To approve Directors' fees for the year ended 31 December 2016		
4	To re-appoint Messrs PricewaterhouseCoopers LLP as Auditor and to authorise the Directors to fix its remuneration		
<b>Special Business</b>			
5	To authorise the share issue mandate		
6	To approve the proposed adoption of the Shareholders Mandate for Interested Person Transactions		
7	To approve the proposed renewal of the Share Purchase Mandate		
No.	Special Resolution	For	Against
8	To approve the proposed adoption of the new Constitution		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

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

Total Number  
of Shares Held**IMPORTANT: PLEASE READ NOTES ON PAGE 98**



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

2<sup>nd</sup> fold here

3<sup>rd</sup> 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





---

## LETTER TO SHAREHOLDERS

---

### PACIFIC CENTURY REGIONAL DEVELOPMENTS LIMITED

(Incorporated in the Republic of Singapore)  
Company Registration Number: 196300381N

#### Directors:

Richard Li Tzar Kai (*Chairman, Executive Director*)  
Francis Yuen Tin Fan (*Deputy Chairman, Independent Non-Executive Director*)  
Peter A. Allen (*Group Managing Director, Executive Director*)  
Alexander Anthony Arena (*Non-Executive Director*)  
Tom Yee Lat Shing (*Independent Non-Executive Director*)  
Frances Wong Waikwun (*Independent Non-Executive Director*)  
Laura Deal Lacey (*Independent Non-Executive Director*)

#### Registered Office:

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

To: The Shareholders of Pacific Century Regional Developments Limited (the “**Company**”) 9 March 2017

Dear Sir/Madam

#### 1. INTRODUCTION

##### 1.1 Background. We refer to:

- (a) the Notice of the 53<sup>rd</sup> Annual General Meeting (“**AGM**”) of the Company dated 9 March 2017 (the “**Notice**”), accompanying the Annual Report for the financial year ended 31 December 2016, convening the 53<sup>rd</sup> AGM of the Company to be held on 31 March 2017 (the “**2017 AGM**”);
- (b) Ordinary Resolution No. 6 relating to the proposed adoption of the Shareholders Mandate for Interested Person Transactions (as defined in paragraph 2.1 below), as proposed in the Notice;
- (c) Ordinary Resolution No. 7 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 3.1 below), as proposed in the Notice; and
- (d) Special Resolution No. 8 relating to the proposed adoption of the New Constitution (as defined in paragraph 4.2 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. 6 and 7 and Special Resolution No. 8, 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



---

## LETTER TO SHAREHOLDERS

---

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



---

## LETTER TO SHAREHOLDERS

---

- (b) Mr Richard Li Tzar Kai, a Director of the Company, and his associates (as defined in the Listing Manual).

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



---

## LETTER TO SHAREHOLDERS

---

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 currently provides management and support services to FWD Group, the insurance arm of the Pacific Century Group which has 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



---

## LETTER TO SHAREHOLDERS

---

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.



---

## LETTER TO SHAREHOLDERS

---

### *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,



---

## LETTER TO SHAREHOLDERS

---

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.



---

## LETTER TO SHAREHOLDERS

---

- 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 9 March 2017 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, Alexander Anthony Arena, Tom Yee Lat Shing, 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 transaction prices and/or value 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 9 March 2017 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 9 March 2017 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. 6, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2017 AGM.

Mr Richard Li Tzar Kai and his 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. 6, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2017 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 5.1 of this Letter.

Mr Peter A. Allen, a director of the PCGH Group (as described in paragraph 4 of Appendix 1), will abstain from voting his Shares, if any, in respect of Ordinary Resolution No. 6, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2017 AGM. The interests of Mr Peter A. Allen in the Shares extracted from the Register of Directors' Shareholdings as at Latest Practicable Date, are disclosed in paragraph 5.1 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. 6, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2017 AGM; and
- (b) will procure that such persons will also decline to accept appointment as proxy for any



---

## LETTER TO SHAREHOLDERS

---

Shareholder to vote in respect of Ordinary Resolution No. 6, 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. 6.

### 3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

- 3.1 **Share Purchase Mandate.** At the Annual General Meeting of the Company held on 22 April 2016 (the “**2016 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 5 April 2016 (the “**2016 Letter**”) and Ordinary Resolution No. 8 set out in the Notice of the 2016 AGM.

The Share Purchase Mandate took effect on the date of the passing of Ordinary Resolution No. 8 at the 2016 AGM and will expire on the date of the forthcoming 2017 AGM to be held on 31 March 2017. Accordingly, Shareholders’ approval is being sought for the renewal of the Share Purchase Mandate at the 2017 AGM.

As at 24 February 2017, being the latest practicable date prior to the printing of this Letter (the “**Latest Practicable Date**”), the Company has not purchased or acquired any Shares pursuant to the Share Purchase Mandate approved at the 2016 AGM.

As at the Latest Practicable Date, no Shares purchased or acquired by the Company are held as treasury shares.

- 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.



---

## LETTER TO SHAREHOLDERS

---

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 2017 AGM, are the same as were previously approved by Shareholders at the 2016 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 2017 AGM. Any Shares purchased or acquired by the Company and held as treasury shares will be disregarded for purposes of computing the 10% limit.

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

- (a) no further Shares are issued;
- (b) no further Shares are purchased or acquired by the Company; and
- (c) no further Shares are held by the Company as treasury shares,

on or prior to the 2017 AGM, 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 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) 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) 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



---

## LETTER TO SHAREHOLDERS

---

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) 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) 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 2017 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;



---

## LETTER TO SHAREHOLDERS

---

- (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.



---

## LETTER TO SHAREHOLDERS

---

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 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



---

## LETTER TO SHAREHOLDERS

---

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;
- (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.



---

## LETTER TO SHAREHOLDERS

---

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 2016, 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, on or prior to the 2017 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, on or prior to the 2017 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.



---

## LETTER TO SHAREHOLDERS

---

### 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\$0.410 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\$1,629,590.

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\$0.474 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\$1,883,965.

(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\$0.410 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\$108,639,352.

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\$0.474 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\$125,597,690.



---

## LETTER TO SHAREHOLDERS

---

### 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 2016 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,

the financial effects on the audited financial statements of the Group and the Company for the financial year ended 31 December 2016 would have been as follows:

#### ***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 2016 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 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, 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 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. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in**



---

## LETTER TO SHAREHOLDERS

---

**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.



## LETTER TO SHAREHOLDERS

### 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*

As at 31 December 2016	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	1,067,218	1,065,588	1,065,588	1,355,813	1,354,183	1,354,183
Net tangible assets (NTA) <sup>(1)</sup>	1,067,218	1,065,588	1,065,588	1,355,813	1,354,183	1,354,183
Current assets	43,100	41,470	41,470	31,795	30,165	30,165
Current liabilities	103,563	103,563	103,563	108,730	108,730	108,730
Total borrowings	100,873	100,873	100,873	100,814	100,814	100,814
Profit attributable to Shareholders	86,982	86,982	86,982	78,451	78,451	78,451
Cash and cash equivalents	42,367	40,737	40,737	31,316	29,686	29,686
Number of Shares ( '000 ) <sup>(2)</sup>	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)	3.28	3.29	3.29	2.96	2.97	2.97
NTA per Share (cents)	40.28	40.28	40.28	51.17	51.18	51.18
Gearing ratio <sup>(3)</sup>	0.09	0.09	0.09	0.07	0.07	0.07
Current ratio (times) <sup>(4)</sup>	0.42	0.40	0.40	0.29	0.28	0.28



## LETTER TO SHAREHOLDERS

### 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)	Scenario A	Scenario B
As at 31 December 2016		Scenario A	Scenario B		Scenario A	Scenario B
Shareholders' funds	1,067,218	958,579	958,579	1,355,813	1,247,174	1,247,174
Net tangible assets (NTA) <sup>(1)</sup>	1,067,218	958,579	958,579	1,355,813	1,247,174	1,247,174
Current assets	43,100	13,100	13,100	31,795	1,795	1,795
Current liabilities	103,563	182,202	182,202	108,730	187,369	187,369
Total borrowings	100,873	179,512	179,512	100,814	179,453	179,453
Profit attributable to Shareholders	86,982	86,982	86,982	78,451	78,451	78,451
Cash and cash equivalents	42,367	12,367	12,367	31,316	1,316	1,316
Number of Shares ( '000 ) <sup>(2)</sup>	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	-
<b>Financial Ratios</b>						
Basic earnings per Share (cents)	3.28	3.65	3.65	2.96	3.29	3.29



## LETTER TO SHAREHOLDERS

	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 2016	Scenario A    Scenario B		Scenario A    Scenario B			
NTA per Share (cents)	40.28	40.20	40.20	51.17	52.30	52.30
Gearing ratio <sup>(3)</sup>	0.09	0.19	0.19	0.07	0.14	0.14
Current ratio (times) <sup>(4)</sup>	0.42	0.07	0.07	0.29	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.

### 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 2016 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 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, 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 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. 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.



## LETTER TO SHAREHOLDERS

### 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*

As at 31 December 2016	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	1,067,218	1,065,334	1,065,334	1,355,813	1,353,929	1,353,929
Net tangible assets (NTA) <sup>(1)</sup>	1,067,218	1,065,334	1,065,334	1,355,813	1,353,929	1,353,929
Current assets	43,100	41,216	41,216	31,795	29,911	29,911
Current liabilities	103,563	103,563	103,563	108,730	108,730	108,730
Total borrowings	100,873	100,873	100,873	100,814	100,814	100,814
Profit attributable to Shareholders	86,982	86,982	86,982	78,451	78,451	78,451
Cash and cash equivalents	42,367	40,483	40,483	31,316	29,432	29,432
Number of Shares ( '000 ) <sup>(2)</sup>	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)	3.28	3.29	3.29	2.96	2.97	2.97
NTA per Share (cents)	40.28	40.27	40.27	51.17	51.17	51.17
Gearing ratio <sup>(3)</sup>	0.09	0.09	0.09	0.07	0.07	0.07



## LETTER TO SHAREHOLDERS

	Group			Company		
	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)		Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	
<b>As at 31 December 2016</b>		<b>Scenario A</b>	<b>Scenario B</b>		<b>Scenario A</b>	<b>Scenario B</b>
Current ratio (times) <sup>(4)</sup>	0.42	0.40	0.40	0.29	0.28	0.28

### 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*

	Group			Company		
	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)		Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	
<b>As at 31 December 2016</b>		<b>Scenario A</b>	<b>Scenario B</b>		<b>Scenario A</b>	<b>Scenario B</b>
Shareholders' funds	1,067,218	941,620	941,620	1,355,813	1,230,215	1,230,215
Net tangible assets (NTA) <sup>(1)</sup>	1,067,218	941,620	941,620	1,355,813	1,230,215	1,230,215
Current assets	43,100	13,100	13,100	31,795	1,795	1,795
Current liabilities	103,563	199,161	199,161	108,730	204,328	204,328
Total borrowings	100,873	196,471	196,471	100,814	196,412	196,412
Profit attributable to Shareholders	86,982	86,982	86,982	78,451	78,451	78,451
Cash and cash equivalents	42,367	12,367	12,367	31,316	1,316	1,316



## LETTER TO SHAREHOLDERS

	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 2016	Scenario A		Scenario B	Scenario A		Scenario B
Number of Shares ( <sup>'000</sup> ) <sup>(2)</sup>	2,649,740	2,384,766	2,384,766	2,649,740	2,384,766	2,384,766
Treasury shares ( <sup>'000</sup> )	-	264,974	-	-	264,974	-
<u>Financial Ratios</u>						
Basic earnings per Share (cents)	3.28	3.65	3.65	2.96	3.29	3.29
NTA per Share (cents)	40.28	39.48	39.48	51.17	51.59	51.59
Gearing ratio <sup>(3)</sup>	0.09	0.21	0.21	0.07	0.16	0.16
Current ratio (times) <sup>(4)</sup>	0.42	0.07	0.07	0.29	0.01	0.01

### Notes:

- <sup>(1)</sup> NTA equals shareholders' funds less intangible assets.
- <sup>(2)</sup> Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share Purchase.
- <sup>(3)</sup> Gearing ratio equals total borrowings divided by shareholders' funds.
- <sup>(4)</sup> 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



---

## LETTER TO SHAREHOLDERS

---

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).



---

## LETTER TO SHAREHOLDERS

---

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 5.2 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



---

## LETTER TO SHAREHOLDERS

---

number of issued shares excluding treasury shares and the number of treasury shares held 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. THE PROPOSED ADOPTION OF THE NEW CONSTITUTION

- 4.1 **Companies (Amendment) Act 2014.** The Companies (Amendment) Act 2014 (the "**Amendment Act**"), which was passed in Parliament on 8 October 2014 and took effect in phases on 1 July 2015 and 3 January 2016 respectively, introduced wide-ranging changes to the Companies Act. The changes aim to reduce regulatory burden on companies, provide for greater business flexibility and improve the corporate governance landscape in Singapore. The key changes include the introduction of a multiple proxies regime to enfranchise indirect investors and CPF investors, provisions to facilitate the electronic transmission of notices and documents, and the merging of the memorandum and articles of association of a company into one document called the "constitution".
- 4.2 **New Constitution.** The Company is accordingly proposing to adopt a new constitution (the "**New Constitution**"), which consists of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016 (the "**Existing Constitution**") and incorporates amendments to take into account changes to the Companies Act introduced pursuant to the Amendment Act. At the same time, the existing objects clauses will be replaced by a general provision giving the Company full capacity to carry on or undertake any business or activity, do any act or enter into any transaction. The proposed New Constitution also contains updated provisions which are consistent with the listing rules of the SGX-ST prevailing as at the Latest Practicable Date, in compliance with Rule 730(2) of the Listing Manual. In addition, the Company is taking this opportunity to include provisions in the New Constitution to address the personal data protection regime in Singapore, and also to streamline and rationalise certain other provisions.
- 4.3 **Summary of Principal Provisions.** The following is a summary of the principal provisions of the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions:

##### 4.3.1 **Companies Act**

The following articles include provisions which are in line with the Companies Act, as amended pursuant to the Amendment Act:



---

## LETTER TO SHAREHOLDERS

---

- (a) **Article 1 (Article 2 of Existing Constitution).** Article 1, which is the interpretation section of the New Constitution, includes the following additional/revised provisions:
- (i) a revised definition of “in writing” to make it clear that this expression includes any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether physical or electronic. This would facilitate, for example, a proxy instrument being in either physical or electronic form;
  - (ii) new definitions of “registered address” and “address” to make it clear that these expressions mean, in relation to any Shareholder, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly specified;
  - (iii) a new provision stating that the expressions “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in the Securities and Futures Act, Chapter 289 (the “SFA”). This follows the migration of the provisions in the Companies Act which relate to the Central Depository System to the SFA pursuant to the Amendment Act; and
  - (iv) a new definition of “relevant intermediary” and a new provision stating that the expressions “current address”, “electronic communication” and “relevant intermediary” shall have the meanings ascribed to them respectively in the Companies Act. This follows the introduction of new provisions facilitating electronic communication and the multiple proxies regime pursuant to the Amendment Act.
- (b) **New Article 6(B).** Article 6(B) is a new provision which provides that new shares may be issued for no consideration. This is in line with new section 68 of the Companies Act, which clarifies that a company having a share capital may issue shares for which no consideration is payable to the issuing company.
- (c) **Article 12 (Article 54 of Existing Constitution).** Article 12, which relates to the Company’s power to alter its share capital, has new provisions which:
- (i) empower the Company, by Ordinary Resolution, to convert its share capital or any class of shares from one currency to another currency. This is in line with new section 73 of the Companies Act, which sets out the procedure for such redenominations; and
  - (ii) empower the Company, by Special Resolution, to convert one class of shares into another class of shares. This is in line with new section 74A of the Companies Act, which sets out the procedure for such conversions.



---

## LETTER TO SHAREHOLDERS

---

- (d) **Article 20 (Article 18 of Existing Constitution).** The requirement to disclose the amount paid on the shares in the share certificate relating to those shares, and for the share certificate to be issued under the share seal of the Company, has been removed in Article 20, which relates to share certificates. A share certificate need only state (*inter alia*) the number and class of the shares, whether the shares are fully or partly paid up, and the amount (if any) unpaid on the shares. As at the Latest Practicable Date, section 123(2) of the Companies Act still requires share certificates to be issued under the common seal of a company. In addition, Article 20 further provides that a share certificate may, to the extent permitted under the Companies Act, bear facsimile signatures which may be reproduced by mechanical, electronic or other method approved by the Directors.
- (e) **Article 56 (Article 60 of Existing Constitution).** Article 56, which relates to the time-frame for holding annual general meetings, has been revised to remove the specific requirement that, save as otherwise permitted under the Companies Act, an annual general meeting is to be held once in every year and within a period of not more than 15 months after the holding of the last preceding annual general meeting. This has been replaced with a general provision that an annual general meeting shall be held in accordance with the provisions of the Companies Act. The change will accommodate any amendments which may be made to the Companies Act from time to time as regards the timelines for holding annual general meetings. As the Company has a primary listing on the SGX-ST, in determining the time and place of the general meeting pursuant to Article 56(B), the Directors are required to comply with Rule 730A of the Listing Manual, which requires the Company to hold all its general meetings in Singapore, unless prohibited by the relevant laws and regulations in Singapore.
- (f) **Article 60 (Article 64 of Existing Constitution).** Article 60, which relates to the routine business that is transacted at an annual general meeting, has been revised to:
- (i) substitute the reference to “accounts” with “financial statements”, and the reference to “the report of the Directors” with “Directors’ statement”, for consistency with the updated terminology in the Companies Act; and
  - (ii) clarify the types of Directors’ remuneration which will be subject to Shareholders’ approval as routine business.
- (g) **Article 68(B) (Article 70 of Existing Constitution).** Article 68(B), which relates to the method of voting at a general meeting where mandatory polling is not required, has been revised to reduce the threshold for eligibility to demand a poll from 10% to 5% of the total voting rights of the members having the right to vote at the meeting, or of the total sum paid up on all the shares conferring that right. This is in line with section 178 of the Companies Act, as amended pursuant to the Amendment Act.



---

## LETTER TO SHAREHOLDERS

---

- (h) **Articles 73, 79 and 81(A) (Articles 76, 82 and 85 of Existing Constitution).** Articles 73, 79 and 81(A), which relate to the voting rights of Shareholders and the appointment and deposit of proxies, have new provisions which cater to the multiple proxies regime introduced by the Amendment Act. The multiple proxies regime allows “relevant intermediaries”, such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, to appoint more than two proxies to attend, speak and vote at general meetings. In particular:
- (i) Article 79(A) provides that save as otherwise provided in the Companies Act, a Shareholder who is a “relevant intermediary” may appoint more than two proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder, and where such Shareholder’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed must be specified in the form of proxy. This is in line with new section 181(1C) of the Companies Act;
  - (ii) Article 79(B) provides that the Company will be entitled and bound to reject an instrument of proxy lodged by a Depositor if he is not shown to have shares entered against his name in the Depository Register as at 72 (previously 48) hours before the time of the relevant general meeting. Consequential changes have also been made in Articles 73 and 79(B) to make it clear that the number of votes which a Depositor or his proxy can cast on a poll is the number of shares entered against his name in the Depository Register as at 72 (previously 48) hours before the time of the relevant general meeting. This is in line with new section 81SJ(4) of the SFA;
  - (iii) Article 73 provides that in the case of a Shareholder who is a “relevant intermediary” and who is represented at a general meeting by two or more proxies, each proxy shall be entitled to vote on a show of hands. This is in line with new section 181(1D) of the Companies Act; and
  - (iv) the cut-off time for the deposit of proxies has been extended from 48 to 72 hours before the time appointed for holding the general meeting in Article 81(A). This is in line with section 178(1)(c) of the Companies Act, as amended pursuant to the Amendment Act.
- (i) **Article 101 (Article 106 of Existing Constitution).** Article 101, which relates to the filling of the office vacated by a retiring Director in default circumstances except in certain cases, has been revised to remove the event of a Director attaining any applicable retiring age as an exception to a deemed re-election to office. This follows the repeal of section 153 of the Companies Act and removal of the 70-year age limit for directors of public companies and subsidiaries of public companies.



---

## LETTER TO SHAREHOLDERS

---

As a general update, Article 101 further provides that the retirement of a Director shall not have effect until the conclusion of the meeting, except where a resolution is passed to elect some other person in his place, or a resolution for his re-election is lost, and accordingly a retiring Director who is re-elected will continue in office without a break.

- (j) **Article 105 (Article 108 of Existing Constitution).** Article 105, which relates to the Directors' power to appoint any person to be a Director to fill a casual vacancy or as an additional Director, has been expanded to provide that the Company may also do so by Ordinary Resolution. This is in line with new section 149B of the Companies Act, which provides that unless the constitution otherwise provides, a company may appoint a director by ordinary resolution passed at a general meeting.
- (k) **Article 118 (Article 119 of Existing Constitution).** Article 118, which relates to the general powers of Directors to manage the Company's business, clarifies that the business and affairs of the Company are to be managed by or under the direction of or, additionally, under the supervision of, the Directors. These changes are in line with section 157A of the Companies Act, as amended pursuant to the Amendment Act.
- (l) **Articles 127, 146 and 147 (Articles 127, 128, 149, 150 and 151 of Existing Constitution).** Article 147, which relates to the sending of the Company's financial statements and related documents to Shareholders, additionally provides that such documents may, subject to the listing rules of the SGX-ST, be sent less than 14 days before the date of the general meeting with the agreement of all persons entitled to receive notices of general meetings. This is in line with new section 203(2) of the Companies Act, which provides that the requisite financial statements and other related documents may be sent less than 14 days before the date of the general meeting at which they are to be laid if all the persons entitled to receive notice of general meetings of the company so agree. Notwithstanding this proviso, the Company is currently required to comply with Rule 707(2) of the Listing Manual, which provides that an issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting. The requirement to send these documents to debenture holders has also been removed in Article 147.

The references to the Company's "accounts", "profit and loss account(s)" and Directors' "reports" have also been updated/substituted in Articles 127, 146 and 147 with references, or additional references, to "financial statements" and Directors' "statements", as appropriate, for consistency with the updated terminology in the Companies Act.

Article 151 of the Existing Constitution which requires copies of the above documents to be forwarded to any stock exchange upon which shares in the Company may be listed has been removed in the New Constitution as the Company would be obliged under the Listing Manual to forward copies of such documents to the SGX-ST and such requirement is not required to be stated in the constitution.



---

## LETTER TO SHAREHOLDERS

---

- (m) **Articles 150(B) to (F) (Article 155(b) of Existing Constitution).** Articles 150(B) to (F), which relate to the service of notices to Shareholders using electronic communications, have new provisions to facilitate the electronic transmission of notices and documents following the introduction of simplified procedures for the sending of notices and documents electronically pursuant to new section 387C of the Companies Act.

Under new section 387C, notices and documents may be given, sent or served using electronic communications with the express, implied or deemed consent of the member in accordance with the constitution of the company.

There is “express consent” if a shareholder expressly agrees with the company that notices and documents may be given, sent or served on him using electronic communications. There is “deemed consent” if the constitution (a) provides for the use of electronic communications and specifies the mode of electronic communications, and (b) specifies that shareholders will be given an opportunity to elect, within a specified period of time, whether to receive electronic or physical copies of such notices and documents, and the shareholder fails to make an election within the specified period of time. There is “implied consent” if the constitution (a) provides for the use of electronic communications and specifies the mode of electronic communications, and (b) specifies that shareholders agree to receive such notices or documents by way of electronic communications and do not have a right to elect to receive physical copies of such notices and documents. Certain safeguards for the use of the deemed consent and implied consent regimes are prescribed under new regulation 89C of the Companies Regulations, Chapter 50, RG 1 (the “**Companies Regulations**”).

New section 387C was introduced to give effect to recommendations by the Steering Committee for Review of the Companies Act to ease the rules for the use of electronic transmission and to make them less prescriptive, and these recommendations were accepted by the Ministry of Finance (“**MOF**”). In accepting these recommendations, the MOF noted the concerns of some shareholders who would prefer to have an option to receive physical copies of the notices and documents, notwithstanding that the company adopts the implied consent regime, and indicated that such shareholders could highlight their concerns when a company proposes amendments to its constitution to move to an implied consent regime.

Shareholders who are supportive of the new deemed consent and implied consent regimes for electronic communications may vote in favour of the adoption of the New Constitution, which incorporates new provisions (contained in Article 150) to facilitate these regimes, while Shareholders who are not supportive of the new regimes may vote against it.

In particular:

- (i) Article 150(B) provides that notices and documents may be sent to Shareholders using electronic communications either to a Shareholder’s current address (which may be an email address) or by



---

## LETTER TO SHAREHOLDERS

---

making it available on a website;

- (ii) Article 150(C) provides that for these purposes, a Shareholder is deemed to have agreed to receive such notice or document by way of electronic communications and shall not have a right to elect to receive a physical copy of such notice or document (this is the implied consent regime permitted under new section 387C); and
- (iii) Article 150(D) provides that notwithstanding sub-paragraph (ii) above, the Directors may decide to give Shareholders an opportunity to elect to opt out of receiving such notice or document by way of electronic communications, and a Shareholder is deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity but failed to opt out within the specified time (this is the deemed consent regime permitted under new section 387C).

Article 150(E) additionally provides for when service is effected in the case of notices or documents sent by electronic communications. In particular, where a notice or document is made available on a website, it is deemed served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Companies Act and/or other applicable regulations or procedures. Further, under Article 150(F), in the case of service on a website, the Company must give separate notice of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by (1) sending such separate notice to Shareholders personally or by post, and/or (2) sending such separate notice to Shareholders' current addresses (which may be email addresses), and/or (3) by way of advertisement in the daily press, and/or (4) by way of announcement on the SGX-ST.

Under new regulation 89D of the Companies Regulations, notices or documents relating to take-over offers and rights issues are excluded from the application of section 387C and therefore cannot be transmitted by electronic means pursuant to section 387C.

As at the Latest Practicable Date, the outcome of a public consultation by the SGX-ST on (*inter alia*) whether listed issuers should be allowed to send notices and documents to shareholders electronically under the new regimes permitted under the Companies Act is not known yet. In its consultation, the SGX-ST had also asked for comments on additional safeguards in relation to the new regimes. There is no certainty that the listing rules will be amended to allow electronic transmission of notices and documents under the new regimes. Going forward, for so long as the Company is listed on the SGX-ST, the Company will not make use of the new regimes to transmit notices or documents electronically to Shareholders unless the SGX-ST's listing rules allow it, and the Company will comply with the SGX-ST's listing rules on the subject.



---

## LETTER TO SHAREHOLDERS

---

- (n) **Article 157 (Article 165 of Existing Constitution).** Article 157, which relates to Directors' indemnification, has been expanded to permit the Company, subject to the provisions of and so far as may be permitted by the Companies Act, to indemnify a Director against losses "to be incurred" by him in the execution of his duties. This is in line with new sections 163A and 163B of the Companies Act, which permit a company to lend, on specified terms, funds to a director for meeting expenditure incurred "or to be incurred" by him in defending court proceedings or regulatory investigations.

### 4.3.2 **Objects clauses**

The existing objects clauses contained in the Existing Constitution are proposed to be deleted and substituted with a general provision in the New Constitution (see new Article 4) to the effect that, subject to the provisions of the Companies Act and any other written law and its constitution, the Company has:

- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
- (b) for these purposes, full rights, powers and privileges.

This is in line with section 23 of the Companies Act, which provides that a company has full capacity to carry on or undertake any business or activity, do any act or enter into any transactions, subject to the law and to the provisions of its constitution.

By deleting the existing objects clauses (which sets out an extensive list of the activities which the Company has capacity or power to engage in) and taking advantage of the flexibility afforded by section 23, the Company will have all the powers of a natural person, with full capacity and ability to carry on or undertake any business or activity, and to enter into any transaction. This will facilitate the Company in adapting to the rapidly changing business environment, and to undertake various business activities and enter into business transactions for the benefit of the Company and its Shareholders. The proposed change will also remove any uncertainty as to whether the Company has the power to act in a particular way or to engage in a particular transaction arising from unduly restrictive provisions in the specific objects clauses.

Notwithstanding the deletion of the existing objects clauses, the Company will still be required to comply with the Companies Act and the Listing Manual in carrying on its business and undertaking business activities. For example, if required by Chapter 10 of the Listing Manual, the Company will have to obtain Shareholders' approval to enter into a transaction for the acquisition or disposal of assets. Also, if required by Rule 104 of the Listing Manual, a change in the principal business of the Company will be subject to the SGX-ST's approval if in the SGX-ST's opinion, the integrity of the market may be adversely affected, or it is in the interests of the public to do so.

### 4.3.3 **Listing Manual**

Rule 730(2) of the Listing Manual provides that if an issuer amends its articles or other constituent documents, they must be made consistent with all the listing rules prevailing at the time of amendment.



---

## LETTER TO SHAREHOLDERS

---

The following Articles have been included in the New Constitution, or updated, to ensure consistency with the listing rules of the SGX-ST prevailing as at the Latest Practicable Date, in compliance with Rule 730(2) of the Listing Manual:

- (a) **Article 43(A) (Article 24 of Existing Constitution).** Article 43(A), which relates to the Directors' power to decline to register transfers of shares, provides that in the event of the Directors refusing to register a transfer of shares, they shall serve a notice in writing stating the facts which are considered to justify a refusal to register a transfer of shares to the applicant within ten market days after the date on which the application for a transfer of shares was made. This is in line with Rule 733 of the Listing Manual.
- (b) **Articles 68, 69, 70 and 72 (Articles 70, 71, 73, 74 and 75 of Existing Constitution).** Article 68, which relates to the method of voting at general meetings, has new provisions to make it clear that, if required by the listing rules of any stock exchange upon which shares in the Company may be listed, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the SGX-ST). Consequential changes have been made to Articles 69, 70 and 72. Article 69 additionally provides that, if required by the listing rules of any stock exchange upon which shares in the Company may be listed, scrutineers will be appointed. These changes are in line with Rule 730A of the Listing Manual.
- (c) **Articles 98 and 101 (Articles 102 and 106 of Existing Constitution).** Article 98, which relates to the vacation of office of a Director in certain events, additionally provides that the office of a Director shall become vacant if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. Consequential changes have been made to Article 101, which relates to the filling of the office vacated by a retiring Director in certain default events, to provide that a retiring Director is deemed to be re-elected in certain default circumstances except, additionally, where he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. These changes are in line with paragraph (9)(n) of Appendix 2.2 of the Listing Manual.
- (d) **Article 103 (Article 107 of Existing Constitution).** Article 103, which relates to the notice of intention to appoint a Director other than a Director retiring at a meeting, clarifies that such notice of intention, or notice from the person to be proposed giving his consent to the nomination and signifying his candidature for the office, must be lodged at the registered office of the Company not less than 11 nor more than 42 clear days before the date appointed for the meeting. This clarification is in line with paragraph 9(h) of Appendix 2.2 of the Listing Manual.
- (e) **Article 110 (Article 96 of Existing Constitution).** Article 96(1) of the Existing Constitution currently provides that no Director shall vote in respect of any contract, arrangement or transaction in which he is interested, or in respect of any allotment of shares in or debentures of the Company to him and if he does so his vote shall not be counted. This provision has been updated in Article

---

## LETTER TO SHAREHOLDERS

---

110(A) of the New Constitution, which provides additionally that a Director shall not vote in respect of any contract or arrangement or any other proposal in which he has “any personal material interest, directly or indirectly”. This update is in line with paragraph (9)(e) of Appendix 2.2 of the Listing Manual.

- (f) **Article 111 (Article 112 of Existing Constitution).** Article 111, which relates to the proceedings of Directors in case of vacancies in their body, has additional provisions to make it clear that where the number of Directors is reduced to below the minimum number, the continuing Directors(s) may act only for the purpose of filling up such vacancies or of summoning general meetings (except in an emergency). This additional clarification is in line with paragraph (9)(k) of Appendix 2.2 of the Listing Manual.

### 4.3.4 PDPA

In general, under the Personal Data Protection Act 2012, an organisation can only collect, use or disclose the personal data of an individual with the individual's consent, and for a reasonable purpose which the organisation has made known to the individual. New Article 159 specifies, *inter alia*, the purposes for which the Company and/or its agents and service providers would collect, use and disclose personal data of members and their appointed proxies or representatives.

### 4.3.5 General

The following Articles have been included in the New Constitution, or have been updated, streamlined and rationalised generally:

- (a) **New Article 17.** Article 17 is a new provision which provides that all new shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.
- (b) **Article 21(B) (Article 15(3) of Existing Constitution).** Article 21(B), which relates to the issue of share certificates to joint holders of shares, has been updated to provide that in the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.
- (c) **Article 36 (Article 44 of Existing Constitution).** Article 36, which relates to the rights and liabilities of members whose shares have been forfeited or surrendered, additionally provides that the Directors may at their absolute discretion enforce the payment of the moneys payable on such shares without any allowance for the value of the shares at the time of forfeiture or surrender.
- (d) **Article 39 (Article 48 of Existing Constitution).** Article 39, which relates to the application of sale proceeds of a share on which the Company has a lien, additionally provides that for the purpose of giving effect to any such sale, the Directors may authorise some person to transfer or effect the transfer of the



---

## LETTER TO SHAREHOLDERS

---

shares sold to the purchaser.

- (e) **Article 64 (Article 66 of Existing Constitution).** Article 64, which relates to the adjournment of a general meeting if a quorum is not present, has been revised to make it clear that this can occur if a quorum is not present within half an hour from the time appointed for the meeting, “or such longer interval as the Chairman of the Meeting may think fit to allow”, and further that it shall stand adjourned to the same day in the next week “or if that day is a public holiday, then to the next business day following that public holiday”. Article 64 additionally provides that at the adjourned meeting, any one or more members present in person or by proxy shall be a quorum.
- (f) **New Article 67.** Article 67 is a new provision which relates to amendments of resolutions at general meetings. Article 67 provides that if an amendment is ruled out of order in good faith by the Chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling, and further that in the case of a special resolution, no amendment (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
- (g) **Articles 75, 83 and 98 (Articles 78, 86 and 102 of Existing Constitution).** These Articles have been updated to substitute the references to insanity and a person of unsound mind with references to mental disorder and a person who is incapable of managing himself or his affairs, following the enactment of the Mental Health (Care and Treatment) Act, Chapter 178A of Singapore, which repealed and replaced the Mental Disorders and Treatment Act. Article 83 further provides that a vote cast by proxy shall not be invalidated by the previous death or mental disorder of the principal, or revocation of the proxy, provided that no intimation in writing of such death, mental disorder or revocation is received by the Company “at least one hour” before the commencement of the meeting.
- (h) **Articles 80 and 81 (Articles 84 and 85 of Existing Constitution).** Article 80, which relates to the execution of proxies, has new provisions to facilitate the appointment of a proxy through electronic means online. In particular, Article 80 provides that a member can elect to signify his approval for the appointment of a proxy via electronic communication, through such method and in such manner as may be approved by the Directors, in lieu of the present requirement of signing, or where applicable, the affixation of the corporate member’s common seal.

For the purpose of accommodating the deposit by members, and receipt by the Company, of electronic proxy instructions by members who elect to use the electronic appointment process, Article 81, which relates to the deposit of proxies, has new provisions which authorise the Directors to prescribe and determine the manner of receipt by the Company of the instrument appointing a proxy through digital means.

---

## LETTER TO SHAREHOLDERS

---

- (i) **Article 91 (Article 96 of Existing Constitution).** Article 91, which provides that Directors may contract with the Company, additionally clarifies that a Director may also be a party to or interested in a contract in which the Company is interested and hold office in a company in which the Company is interested.
- (j) **New Articles 92 and 93.** These are new provisions to clarify that the Directors may appoint one or more of their body to be the holder of any executive office including, where considered appropriate, the office of Chairman or Deputy Chairman. The appointment of any Director to the office of Chairman or Deputy Chairman will automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of contract. The appointment of any Director to any other executive office will not automatically determine if he ceases to be a Director, unless the contract or resolution under which he holds office expressly states otherwise, in which event such determination will be without prejudice to any claim for damages for breach of any contract or service between him and the Company. The Directors may entrust to and confer upon any Directors holding any executive office any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.
- (k) **Article 99 (Article 104 of Existing Constitution).** Article 99, which relates to the retirement of Directors by rotation, clarifies that the Directors who are to retire by rotation are to be selected in accordance with Article 100 and are in addition to any Director retiring pursuant to Article 105.
- (l) **New Article 102.** Article 102 is a new provision which relates to resolutions for the appointment of Directors. Article 102 provides that a resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it, and any resolution moved in contravention of Article 102 shall be void.
- (m) **Article 106 (Article 109 of Existing Constitution).** Article 106, which relates to the appointment of alternate Directors, contains additional provisions regulating such appointments. In particular, Article 106(D) clarifies that an alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the extent applicable as if he were a Director.
- (n) **Article 107 (Article 110 of Existing Constitution).** Article 107, which relates to meetings of Directors, additionally provides that any Director may waive notice of any meeting and that any such waiver may be retroactive. New Article 107(B) also contains additional provisions regulating participation in such meetings by telephone or video conference.



---

## LETTER TO SHAREHOLDERS

---

- (o) **Article 125 (Article 126 of Existing Constitution).** Article 125, which relates to the affixing of the Common Seal, has been updated to provide that every instrument to which the Seal is affixed shall be signed autographically (previously to be affixed in the presence of and signed) by two Directors, or by a Director and by the Secretary or some other person appointed by the Directors, save that as regards any certificates for shares or debentures or other securities of the Company the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature or other method approved by the Directors.
- (p) **New Article 135.** Article 135 is a new provision which provides that the waiver of any dividend by any document is effective only if the document is signed by the Shareholder (or person entitled in consequence of death or bankruptcy) and delivered to the Company and if or to the extent that it is accepted as such or acted upon by the Company.
- (q) **New Article 138.** New Article 138 will facilitate, if and when desired, the implementation of a scrip dividend scheme enabling Shareholders to elect to receive scrip in lieu of the cash amount of a qualifying dividend.
- (r) **Article 144 (Article 142(3) of Existing Constitution).** Article 144, which relates to the Directors' power to issue free shares and/or to capitalise any undivided profits or other moneys for share-based incentive plans, has been expanded to empower the Directors to do the same for the benefit of non-executive Directors as part of their Directors' remuneration. The aforesaid power to issue shares may only be exercised by directors in reliance of a subsisting authority conferred by shareholders for the issuance of shares pursuant to section 161 of the Companies Act, which provides that the directors shall not, without the prior approval of the company in general meeting, exercise the power of the company to issue shares notwithstanding anything in the company's constitution. This will enable the Company, if it so desires, to remunerate its non-executive Directors by way of Directors' fees in the form of shares, or in a combination of cash and shares, using these methods.
- (s) **Article 150(A) (Article 155(a) of Existing Constitution).** Article 150(A), which relates to the service of notices personally or by post, provides that where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the time when the cover containing the same is posted.
- (t) **Article 153.** Article 153 provides that a Shareholder who, having no registered address within Singapore, has not supplied to the Company or (as the case may be) the Depository an address within Singapore for the service of notices shall not be entitled to receive notices or other documents from the Company.
- (u) **New Article 154.** Article 154 is a new provision which provides that the Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

## LETTER TO SHAREHOLDERS

- (v) **New Article 156.** Article 156 is a new provision which provides that, in the event of a winding up of the Company, every member who is not in Singapore must appoint some householder in Singapore upon whom notices etc. in relation to the winding up may be served and in default, the liquidator may appoint some such person.

4.4 **Appendices 3 and 4.** The text of the principal provisions in the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions, or which have been removed in the New Constitution, is set out in Appendix 3 to this Letter and the main differences are blacklined. The existing objects clauses in the Existing Constitution which are proposed to be deleted and replaced with a general provision in the New Constitution as described in paragraph 4.3.2 above are set out in Appendix 4 to this Letter. The proposed adoption of the New Constitution is subject to Shareholders' approval.

### 5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

5.1 **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:

Directors	Direct Interest	Number of Shares		% of Issued Shares
		Deemed Interest	Total Interest	
Richard Li Tzar Kai <sup>(1)</sup>	-	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	-	-	-	-

**Note:**

- <sup>(1)</sup> 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.

5.2 **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:

Substantial Shareholders	Direct Interest	Number of Shares		% of Issued Shares
		Deemed Interest	Total Interest	
Jenny W.L. Fung <sup>(1)</sup>	-	2,347,042,230	2,347,042,230	88.576
Lester Huang <sup>(1)</sup>	-	2,347,042,230	2,347,042,230	88.576
OS Holdings Limited <sup>(1)</sup>	-	2,347,042,230	2,347,042,230	88.576



## LETTER TO SHAREHOLDERS

Substantial Shareholders	Number of Shares			% of Issued Shares
	Direct Interest	Deemed Interest	Total Interest	
Ocean Star Management Limited <sup>(1)</sup>	-	2,347,042,230	2,347,042,230	88.576
The Ocean Trust <sup>(1)</sup>	-	2,347,042,230	2,347,042,230	88.576
The Ocean Unit Trust <sup>(1)</sup>	-	2,347,042,230	2,347,042,230	88.576
The Starlite Trust <sup>(1)</sup>	-	2,347,042,230	2,347,042,230	88.576
The Starlite Unit Trust <sup>(1)</sup>	-	2,347,042,230	2,347,042,230	88.576
PCGH <sup>(2)</sup>	200,000	2,346,842,230	2,347,042,230	88.576
Pacific Century International Limited <sup>(3)</sup>	-	2,330,058,230	2,330,058,230	87.935
Pacific Century Group (Cayman Islands) Limited <sup>(4)</sup>	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:

- <sup>(1)</sup> 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).
- <sup>(2)</sup> 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.
- <sup>(3)</sup> 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.
- <sup>(4)</sup> Pacific Century Group (Cayman Islands) Limited is deemed to be interested in the 1,169,067,180 shares held by Anglang Investments Limited.

---

## LETTER TO SHAREHOLDERS

---

### 6. DIRECTORS' RECOMMENDATIONS

- 6.1 **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, Alexander Anthony Arena, Tom Yee Lat Shing, 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. 6, being the Ordinary Resolution relating to the proposed adoption of the Shareholders Mandate to be proposed at the 2017 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.

- 6.2 **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. 7, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2017 AGM.
- 6.3 **The Proposed Adoption of the New Constitution.** The Directors are of the opinion that the proposed adoption of the New Constitution is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Special Resolution No. 8, being the Special Resolution relating to the proposed adoption of the New Constitution to be proposed at the 2017 AGM.

### 7. 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 2017 AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2016;
- (b) the Existing Constitution;
- (c) the proposed New Constitution;
- (d) the 2016 Letter;



---

## LETTER TO SHAREHOLDERS

---

- (e) Provenance Capital's letter to the Independent Directors referred to in paragraph 2.3 above; and
- (f) Provenance Capital's letter of consent referred to in paragraph 2.4 above.

### 8. 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 2016, the consolidated NTA of the Group was approximately S\$1,067 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 2017 are published, 5% of the latest audited consolidated NTA of the Group would be approximately S\$53 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



---

## APPENDIX 1

---

- (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;

---

## APPENDIX 1

---

- (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 31 March 2017 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 his associates (as defined in the Listing Manual).

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’s associates (as defined in the Listing Manual).

#### 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.

---

## APPENDIX 1

---

(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.



---

## APPENDIX 1

---

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.



---

## APPENDIX 1

---

- 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.

---

## APPENDIX 2

---

### PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)  
(Incorporated in the Republic of Singapore)  
96 Robinson Road #13-01 SIF Building  
Singapore 068899

9 March 2017

To: The Independent Directors of Pacific Century Regional Developments Limited  
(deemed to be independent in respect of the Shareholders' Mandate)

Mr Francis Yuen Tin Fan	(Deputy Chairman and Independent Non-Executive Director)
Mr Alexander Anthony Arena	(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 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 9 March 2017 ("**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; and (b) Mr Richard Li Tzar Kai, a Director of the Company, and his associates ("**Previous Shareholders' Mandate**").

The Previous Shareholders' Mandate had been approved and renewed by shareholders of the Company at each subsequent annual general meeting ("**AGM**") of the Company until the last AGM held in April 2016. The Previous Shareholders' Mandate had since lapsed.

- 1.2 The Company intends to re-instate the Previous Shareholders' Mandate (in substantially the same form with certain amendments and restrictions) as the Company believes that having the flexibility to utilise the general mandate for potential future transactions with the Interested Persons is beneficial to shareholders of the Company ("**Shareholders**"). Hence, the Company is presently proposing the adoption of the Shareholders' Mandate ("**Shareholders' Mandate**") at the forthcoming AGM to be held on 31 March 2017.



---

## APPENDIX 2

---

The Shareholders' Mandate is subject to the approval of the Shareholders at the AGM and the opinion of the Independent Financial Adviser ("**IFA**") pursuant to Rule 920 of Chapter 9 of the Listing Manual.

- 1.3** In connection with the above, Provenance Capital Pte. Ltd. ("**Provenance Capital**") has been appointed as the IFA to render an opinion to the directors of the Company who are deemed independent in respect of the 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.
- 1.4** As mentioned in Section 1.1 above, Mr Richard Li Tzar Kai, who is the Chairman and Executive Director of the Company, is an Interested Person for the purpose of the Shareholders' Mandate. Mr Peter A. Allen, who is the Group Managing Director and Executive Director of the Company, is also a director of the PCGH Group. As such, both Mr Richard Li Tzar Kai and Mr Peter A. Allen will abstain from deliberating and making any recommendation to Shareholders in respect of the Shareholders' Mandate as Directors of the Company. They will also abstain from voting on the ordinary resolution relating to the proposed adoption of the Shareholders' Mandate in respect of all their shareholding interests in the Company.

The remaining Directors, namely, Mr Francis Yuen Tin Fan, Mr Alexander Anthony Arena, 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 Shareholders' Mandate.

- 1.5** This letter ("**IFA Letter**") is thus addressed to the Independent Directors and sets out, *inter alia*, our evaluation and opinion on the Shareholders' Mandate. This IFA Letter forms part of the Letter to Shareholders which provides, *inter alia*, the details of the Shareholders' Mandate and the recommendation of the Independent Directors.

## **2. TERMS OF REFERENCE**

We have been appointed as the IFA to advise the Independent Directors in respect of the Shareholders' Mandate. We are not and were not involved in or responsible for, in any aspect, the discussions in relation to the Shareholders' Mandate, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Shareholders' Mandate for the approval of Shareholders. We also do not, by this IFA Letter, warrant the merits of the Shareholders' Mandate, other than to express an opinion on whether the guidelines and review procedures as set out in the Shareholders' Mandate 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.

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 Shareholders' Mandate or to compare their 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

---

## APPENDIX 2

---

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 (if 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 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.

The Directors (including those who may have delegated detailed supervision of the Letter to Shareholders) have confirmed that, to the best of their respective knowledge and belief, and having made all reasonable enquiries, 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 Shareholders' Mandate, the Company and 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 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 (if 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 24 February 2017, 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



---

## APPENDIX 2

---

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 are 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 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 of the Latest Practicable Date and the information and representations provided to us as of 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 announcement, relevant to the 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 Shareholders' Mandate, without the prior written consent of Provenance Capital in each specific case.

We have prepared this IFA Letter for the purpose of Rule 920(1)(b) of the Listing Manual and the Independent Directors in connection with their consideration of the Shareholders' Mandate and

---

## APPENDIX 2

---

their advice to Shareholders. The recommendation made to Shareholders in relation to the Shareholders' Mandate remains the responsibility of the Independent Directors.

**Our opinion in relation to the Shareholders' Mandate should be considered in the context of the entirety of this IFA Letter and the Letter to Shareholders.**

### 3. THE SHAREHOLDERS' MANDATE

#### 3.1 Rationale for the Shareholders' Mandate

The full text of the rationale for adopting the Shareholders' Mandate is set out in Paragraph 2.1 of the Letter to Shareholders. An extract of the rationale for the Shareholders' Mandate is reproduced in italics below for your reference.

*"The adoption of the Shareholders Mandate will:*

- 2.1.1 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);*
- 2.1.2 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:*
  - (a) reducing substantially the administrative time, inconvenience and costs associated with the convening of such meetings; and*
  - (b) 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."*

#### 3.2 Classes of Interested Persons

The classes of Interested Persons to be covered in the Shareholders' Mandate are the same as those covered in the Previous Shareholders' Mandate, which are as follows:

- (a) PCGH, a controlling shareholder of the Company, and its associates (as defined in the Listing Manual) ("**PCGH Group**"); and
- (b) Mr Richard Li Tzar Kai, a Director of the Company, and his associates (as defined in the Listing Manual).

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.

#### 3.3 Categories of IPTs

The categories of IPTs to be covered in the Shareholders' Mandate are the same as those covered in the Previous Shareholders' Mandate, which are as follows:



---

## APPENDIX 2

---

(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,

(“**Property-related Transactions**”).

(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**”).

(c) Group Management and Support Services

This category 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) (“**Management and Support Services**”).

The Shareholders’ Mandate does not cover an IPT 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 IPT. Since the lapse of the Previous Shareholders’ Mandate, the Group had not carried out any IPTs with any Interested Person of a value that is S\$100,000 and above.

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.

The Shareholders’ Mandate will facilitate the PCRD Group (namely the Company, its subsidiaries and its associated companies which are considered to be “entities at risk” under Chapter 9 of the Listing Manual) in entering into the specified IPTs with Interested Persons in the ordinary course of business of the PCRD Group.

### 3.4 Guidelines and Review Procedures for the IPTs

To ensure that the IPTs are undertaken on normal commercial terms, consistent with the PCRDC Group's usual business practices and policies and are not prejudicial to the interests of the Company and its minority Shareholders, the Company has put in place the following guidelines and review procedures for the IPTs under the Shareholders' Mandate. These guidelines and review procedures are similar to the Previous Shareholders' Mandate with some amendments, in particular, to the approval threshold limits.

The key amendments to the Shareholders' Mandate are as follows:

- (i) a lower threshold based on 2% of the audited net tangible assets of the Group ("NTA") or S\$20,000,000, whichever is lower, for all categories of IPTs, instead of 5% for borrowings and 3% for the other categories of IPTs in the Previous Shareholders' Mandate; and
- (ii) all IPTs during the financial year will be reviewed by the Group's external auditors as part of the annual external audit plan, instead of being reviewed as part of the annual internal audit plan.

These guidelines and review procedures are also set out in Paragraph 6 of Appendix 1 to the Letter to Shareholders.

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

In relation to Property-related Transactions and Management and Support Services, such IPTs 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.

The determination of whether the prices and terms offered to Interested Person are no more favourable than those extended to third parties, would be based on a comparison of rates and terms offered to at least two unrelated third parties for transactions of a similar nature, size or complexity and shall also take 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, this would be based on a comparison of rates and terms offered by or generally quoted by at least two unrelated third parties who are engaged in providing similar services or products.

For Property-related Transactions relating to the leasing and/or rental of properties, such comparison shall 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



---

## APPENDIX 2

---

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 quotations for comparison cannot be obtained in respect of the IPTs 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 IPTs shall only be entered into after senior executive(s) of the relevant company within the PCRD Group (each having no interest, direct or indirect, in the IPT) 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, that such terms are fair and not prejudicial nor disadvantageous to the PCRD Group.

### *Threshold Limits*

Before entering into any IPTs, all such transactions will be subject to review and the pre-approval by the relevant approving authorities according to the value of the IPTs as set out in the approval matrix below:

<b>Approval Threshold – Property-related Transactions and Management and Support Services</b>		
	<b>Value of each IPT</b>	<b>Approving Authorities (each having no interest, direct or indirect, in the IPT)</b>
1.	Equal to or less than either 2% of NTA or S\$20,000,000, whichever is lower	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 such purpose (having no interest, direct or indirect, in the transaction)
2.	Exceeding either 2% of NTA or S\$20,000,000, whichever is lower	Majority of the Audit Committee

### (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 the equivalent period, of 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*

Before entering into any IPTs, all such transactions will be subject to review and the pre-approval by the relevant approving authorities according to the value of the IPTs as set out in the approval matrix below:

---

## APPENDIX 2

---

Approval threshold - Borrowings		
	Value of each IPT <sup>(1)</sup>	Approving Authorities (each having no interest, direct or indirect, in the IPT)
1.	Equal to or less than either 2% of NTA or S\$20,000,000, whichever is lower	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 such purpose (having no interest, direct or indirect, in the transaction)
2.	Exceeding either 2% of NTA or S\$20,000,000, whichever is lower	Majority of the Audit Committee

**Note:**

- (1) In respect of borrowings from the Interested Persons, the value of the IPT is the interest payable on the borrowings from the Interested Person, and if the loan is for a fixed tenure, the value of the IPT is the interest payable for the entire tenure of the loan.

If deemed necessary or desirable, the Approving Authorities may at 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 IPT.

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 IPT, 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 purpose (having no interest, direct or indirect, in the transaction) (as the case may be).

### 3.5 Additional guidelines and review procedures

Besides the guidelines and review procedures set out in Section 3.4 of this IFA Letter, the Company will also implement and adhere to the following additional guidelines and procedures:

- (i) Maintaining a register of IPTs

A register will be maintained by the Company to record all the IPTs (and the basis including the quotations obtained to support such basis on which they are entered into) which are entered into pursuant to the Shareholders' Mandate. As the Shareholders' Mandate does not cover an IPT which has a value that is below S\$100,000, IPTs which are of a value that is below S\$100,000 will not be recorded in this register.

- (ii) Review by external auditors

The annual external audit plan of the Company shall incorporate a review of all IPTs entered into in the relevant financial year pursuant to the Shareholders' Mandate. The external auditors will review the IPTs to check, amongst other things, that the guidelines and review procedures for the IPTs have been adhered to and the relevant approvals



---

## APPENDIX 2

---

have been obtained. The external auditors will report to the Audit Committee any non-compliance issues noted from the reviews.

(iii) Review by Audit Committee

The Audit Committee shall on a quarterly basis review all IPTs pursuant to the Shareholders' Mandate and the adequacy of internal control procedures on the IPTs to ascertain that the guidelines and review procedures for the IPTs have been complied with.

If during any reviews by the Audit Committee, the Audit Committee is of the view that the guidelines or review procedures for the IPTs have become inappropriate or insufficient in the event of changes to 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 to provide assurance that IPTs are carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

### 3.6 Validity period of the Shareholders' Mandate

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 forthcoming AGM, and will be valid until the next AGM 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 AGM of the Company.

### 3.7 Disclosures

The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the 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 Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the Shareholders' Mandate is in force, in accordance with the requirements of the Listing Manual.

## 4. OPINION

In arriving at our opinion in respect of the Shareholders' Mandate, we have considered, *inter alia*, the following:

- (a) rationale for the Shareholders' Mandate;
- (b) classes of Interested Persons;

---

## APPENDIX 2

---

- (c) categories of IPTs; and
- (d) guidelines and review procedures for the IPTs, including the additional guidelines and review procedures.

**Based on the above, we are of the opinion that the guidelines and review procedures for determining the transaction prices and/or value of the IPTs under the Shareholders' Mandate, as set out in Section 3 of this IFA Letter and Paragraph 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.**

Our opinion is addressed to the Independent Directors for the purpose of their consideration of the Shareholders' Mandate. The recommendation to be made by them to the Shareholders remains their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Letter to Shareholders, neither the Company, its Directors nor any other person may reproduce, disseminate or quote this IFA Letter (or any part thereof) for the purpose of any matter which does not relate to the Shareholders' Mandate at any time and in any manner without our prior written consent 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



---

## APPENDIX 3

---

### THE PRINCIPAL PROVISIONS IN THE NEW CONSTITUTION WHICH ARE SIGNIFICANTLY DIFFERENT FROM THE EQUIVALENT PROVISIONS IN THE EXISTING CONSTITUTION

Set out below are the principal provisions in the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions, or which have been removed in the New Constitution, with the main differences blacklined.

#### 1. Article 1

21. In ~~these Articles, this Constitution~~ (if not inconsistent with the subject or context,) the words ~~standing and expressions set out~~ in the first column of the ~~Table next hereinafter contained~~ below shall bear the meanings set opposite to them respectively in the ~~second column thereof:-~~ Interpretation

<u>WORDS</u>	<u>MEANINGS</u>
<del>"Account Holder"</del>	<del>A person who has a securities account directly with the Depository and not through a Depository Agent.</del>
<del>"The Act"</del>	<del>The Companies Act, Chapter 50. (Cap. 50) or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act for the time being in force concerning companies and affecting the Company and any reference to any provision of the Act is to that provision as so modified, amended or re-enacted or contained in any such subsequent act or acts.</del>
<del>"Alternate Director"</del>	<del>An Alternate Director appointed pursuant to Article 109.</del>
<del>"The Articles" or "These Articles"</del>	<del>These Articles of Association or other regulations of the Company for the time being in force as originally framed, or as from time to time altered by special resolution.</del>
<del>"The Company"</del>	<del>The abovenamed Company by whatever name from time to time called.</del>
<del>"book-entry securities"</del>	<del>The documents evidencing title to listed securities which are deposited</del>

---

## APPENDIX 3

---

	<del>by a Depositor with the Depository and are registered in the name of the Depository or its nominee, and which are transferable by way of book-entry in the Depository Register and not by way of an instrument of transfer.</del>
<del>"Depositor"</del>	<del>An Account Holder or a Depository Agent but does not include a Sub-Account Holder.</del>
<del>"Depository"</del>	<del>The Central Depository (Pte) Limited established by the Exchange, or any other corporation approved by the Minister as a depository company or corporation for the purposes of the Act, which as a bare trustee operates the Central Depository System for the holding and transfer of book-entry securities.</del>
<del>"Depository Agent"</del>	<del>A member company of the Exchange, a trust company (registered under the Trust Companies Act), a banking corporation or merchant bank (approved by the Monetary Authority of Singapore under the Monetary Authority of Singapore Act (Cap. 186)) or any other person or body approved by the Depository who or which:--</del>  <del>(a) performs services as a depository agent for Sub-Account Holders in accordance with the terms of a depository agent agreement entered into between the Depository and the Depository Agent;</del>  <del>(b) deposits book-entry securities with the Depository on behalf of the Sub-Account Holders; and</del>  <del>(c) establishes an account in its name with the Depository.</del>
<del>"Depository Register"</del>	<del>A register maintained by the Depository in respect of book-entry securities.</del>



---

### APPENDIX 3

---

<del>"Director"</del>	<del>Includes any person acting as a Director of the Company and includes any person duly appointed and acting for the time being as an Alternate Director.</del>
<del>"Directors"</del>	<del>The Directors for the time being of the Company.</del>
<del>"Dividend"</del>	<del>Includes bonus dividend.</del>
<del>"Exchange"</del>	<del>Singapore Exchange Securities Trading Limited and its successors and assigns.</del>
<del>"Writing" and "Written in writing"</del>	<del>Includes printing, lithography, typewriting and any other mode of representing or reproducing words in a visible form. <u>Written or produced by any substitute for writing or partly one and partly another and shall include (except where otherwise expressly specified in this Constitution or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in the Statutes) any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.</u></del>
<del>"Market day"</del> <u>Day</u>	<del>Any day between Mondays and Fridays which is not an Exchange market holiday or public holiday. <u>A day on which the Stock Exchange is open for trading in securities.</u></del>
<del>"Member" or "holder of any share"</del>	<del>A registered shareholder for the time being of the Company or if the registered shareholder is the Depository, a Depositor named in the Depository Register (for such period as shares are entered in the Depositor's Securities Account) save that references to "Member" or "holder of any share" shall, where the Act requires, exclude the Company where</del>

---

### APPENDIX 3

---

	<del>it is a Member or holder of any share by reason of its holding of its shares as treasury shares.</del>
<del>"Month</del> <u>month</u> "	Calendar month.
"Office"	The <del>Registered Officer</del> <u>registered office</u> of the Company for the time being.
<del>"Paid up</del> <u>paid</u> "	<del>Includes</del> <u>Paid or</u> credited as paid-up.
<u>"registered address"</u> <u>or "address"</u>	<u>In relation to any member, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly provided in this Constitution.</u>
<del>"Register of Members"</del>	<del>The Register of registered shareholders of the Company.</del>
"Seal"	The Common Seal of the Company <del>or in appropriate cases the Official Seal or duplicate Common Seal.</del>
<del>"Secretary"</del>	<del>The Secretary or Secretaries appointed under these Articles and shall include any person entitled or appointed by the Directors to perform the duties of Secretary temporarily.</del>
<del>"Securities Account"</del>	<del>The securities account maintained by a Depositor with a Depository.</del>
<del>"Singapore"</del>	<del>The Republic of Singapore.</del>
<u>"Statutes"</u>	<u>The Act and every other act for the time being in force concerning companies and affecting the Company.</u>
<u>"Stock Exchange"</u>	<u>Any stock exchange upon which shares in the Company may be listed.</u>
<del>"Sub-Account Holder"</del>	<del>A Holder of an account maintained with a Depository Agent.</del>
<u>"this Constitution"</u>	<u>This Constitution as from time to time altered.</u>



---

### APPENDIX 3

---

~~“Year”~~                      ~~Calendar year.~~

~~“S\$”~~                      ~~The lawful currency of Singapore.~~

The expressions “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in the Securities and Futures Act, Chapter 289.

~~The expressions “bare trustee” and “documents evidencing title” “current address”, “electronic communication”, “relevant intermediary” and “treasury shares” shall have the meanings ascribed to them respectively in Section 130A of the Act and the expressions “Ordinary Resolution”, “Special Resolution” and “treasury shares” shall also have the meanings ascribed to them respectively in the Act.~~the Act.

~~The expression “clear days’ notice” shall, for the purposes of calculating the number of days necessary before a notice is served or deemed to be served, be exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given.~~

~~The expression “shares” shall mean the shares of the Company;~~

References in this Constitution to “holders” of shares or a class of shares shall:

- (a) exclude the Depository or its nominee (as the case may be) except where otherwise expressly provided in this Constitution or where the term “registered holders” or “registered holder” is used in this Constitution;
- (b) where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of those shares; and
- (c) except where otherwise expressly provided in this Constitution, exclude the Company in relation to shares held by it as treasury shares.

and “holding” and “held” shall be construed accordingly.

References in this Constitution to “member” shall, where the Act requires, exclude the Company where it is a member by reason of its holding of its shares as treasury shares.

The expression “Secretary” shall include any person appointed by the Directors to perform any of the duties of the Secretary and where two or more persons are appointed to act as Joint Secretaries, or

---

## APPENDIX 3

---

where one or more Assistant or Deputy Secretaries are appointed, shall include any one of those persons.

All such of the provisions of these Articles this Constitution ~~as are~~ applicable to paid-up shares shall apply to stock, and the words “share” and “shareholder” ~~or similar expression herein shall include “stock” or “stockholder”~~ shall be construed accordingly.

Words denoting the singular ~~number only~~ shall include the plural and vice versa.

Words denoting the masculine ~~gender only~~ shall include the feminine ~~gender~~.

Words denoting persons shall include corporations.

Any reference in this Constitution to any enactment is a reference to that enactment as for the time being amended or re-enacted.

~~Save~~ Subject as aforesaid, any ~~word or expression used~~ words or expressions defined in the Act and the Interpretation Act (Cap. 4) shall, (if not inconsistent with the subject or context,) bear the same ~~meaning in these Articles~~ meanings in this Constitution.

A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of this Constitution.

The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of ~~these Articles~~ this Constitution.

### 2. Article 4

4. Subject to the provisions of the Act and any other written law and this Constitution, the Company has:

Business or activity

- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
- (b) for these purposes, full rights, powers and privileges.



---

## APPENDIX 3

---

### 3. Article 6

6. (A) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.

Shares of a class other than ordinary shares

(B) The Company may issue shares for which no consideration is payable to the Company.

Issue of shares for no consideration

### 4. Article 12

5412. (4A) The Company may by Ordinary Resolution:–

Power to consolidate, cancel and subdivide and redenominate shares

(ia) consolidate and divide all or any of its share capital shares;

(ib) subdivide its shares, or any of them (subject, nevertheless, to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived Statutes and this Constitution), and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and

(c) subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.

(iiiB) The Company may by Special Resolution, subject to the provisions of these Articles and in accordance with the Act Statutes, convert anyone class of shares into any other another class of shares.

Power to convert shares

### 5. Article 17

17. Subject to the provisions of this Constitution and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all new shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

Power of Directors to issue shares

---

## APPENDIX 3

---

### 6. Article 20

~~1820.~~ ~~The Every share certificate of title to shares or debentures in the capital of the Company shall be issued in accordance with the requirements of the Act, under the Seal in such form as the Directors shall from time to time prescribe and may bear the autographic or facsimile signatures of at least two Directors, or by one Director and the Secretary or some other person appointed by the Directors in place of the Secretary for the purpose, and shall specify the number and class of shares to which it relates and the amount paid and the amount unpaid (if any) thereon. The To the extent permitted under the Act, a share certificate may bear facsimile signatures which may be reproduced by mechanical, electronic or other means provided the method or system of reproducing signatures has first been approved by the Auditors of the Company Directors.~~ No certificate shall be issued representing shares of more than one class.

Share certificates

### 7. Article 21(B)

~~1521. (3B) Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders. Only the person whose name stands first in the Depository Register shall be entitled to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders. In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.~~

Issue of certificate to joint holders

### 8. Article 36

~~4436.~~ A ~~Member~~member whose shares have been forfeited or surrendered shall cease to be a ~~Member~~member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at ~~ten~~eight per cent. per annum (or such lower rate as the Directors may ~~approve~~determine) from the date of forfeiture or surrender until payment, ~~but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may~~ and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment of such interest either wholly in whole or in part.

Rights and liabilities of Members~~members~~ whose shares have been forfeited or surrendered



---

## APPENDIX 3

---

### 9. Article 39

~~4839.~~ The net proceeds of such sale, whether of a share forfeited by the Company or of a share over which the Company has a lien, after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid call and accrued interest and expenses and the residue (if any) debts or liabilities and any residue shall be paid to the Memberperson entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.

Application of sale  
proceeds of such  
sale

### 10. Article 43(A)

~~2443.~~ (4A) ~~Subject to these Articles, the Act or as required by the Exchange, there~~ There shall be no restriction on the transfer of fully paid-up shares (except where required by law or the ~~rules, bye-laws or listing rules of the Exchange or of any other stock exchange upon which the shares in the Company may be listed, or bye-laws and rules governing, the Stock Exchange~~) but the Directors may, in their sole discretion, decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve, Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten Market Days beginning with the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes. ~~If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Act.~~

Directors' power to  
decline to register a  
transfer

### 11. Article 56

~~6056.~~ (4A) ~~Subject to the provisions of the Act and Article 149, the Company shall in each year hold a General Meeting in addition to any other meetings in that year to be called the Annual General Meeting, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. Save as otherwise permitted under the Act, an Annual General Meeting shall be held in accordance with the provisions of the Act. All other General Meetings shall be called Extraordinary General Meetings.~~

Annual General  
Meeting and  
Extraordinary  
General Meeting

(B) ~~The Annual General Meeting shall be held at such time and place as the Directors shall appoint. The time and place of any General Meeting shall be determined by the Directors.~~

Time and place

---

## APPENDIX 3

---

### 12. Article 60

~~6460.~~ All business shall be deemed special that is transacted at any Extraordinary General Meeting, and all that is transacted at an Annual General Meeting shall also be deemed special, with the exception of sanctioning a dividend, the consideration of the accounts and balance sheet and the reports of the Directors and Auditors, and any other documents required to be annexed to the balance sheet, electing Directors in place of those retiring by rotation or otherwise and the fixing of the Directors' remuneration and the appointment and fixing of the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:

Special business  
Routine business

- (a) declaring dividends;
- (b) receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;
- (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) appointing or re-appointing the Auditor;
- (e) fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and
- (f) fixing the remuneration of the Directors proposed to be paid in respect of their office as such under article 87 and/or article 88(A).

### 13. Article 64

~~6664.~~ If within ~~half an hour~~ 30 minutes from the time appointed for the ~~Meeting~~ General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the ~~Meeting~~ meeting, if convened on the requisition of ~~Members~~ members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place, ~~or to or~~ or to or such other day ~~and at such other~~ time and/or place as the Directors may ~~determine~~ by not less than ten days' notice appoint and if at such adjourned ~~Meeting~~ meeting a quorum is

Adjournment if if  
quorum not  
present,  
adjournment or  
dissolution of  
meeting



---

## APPENDIX 3

---

not present within half an hour from the time appointed for holding the ~~Meeting~~meeting, the ~~Meeting~~meeting shall be dissolved. At the adjourned meeting any one or more members present in person or by proxy shall be a quorum.

### 14. Article 67

67. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

Amendment of resolutions

### 15. Articles 68, 69, 70 and 72

7068. (A) If required by the listing rules of the Stock Exchange, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by the Stock Exchange).

Mandatory polling

(B) At~~Subject to article 68(A), at~~ any General Meeting a resolution put to the vote of the ~~Meeting~~meeting shall be decided on a show of hands ~~by the Members present in person or by proxy and entitled to vote unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-~~

Method of voting where mandatory polling not required

- (ia) ~~by the Chairman~~chairman of the meeting; or
- (iib) ~~by at least~~not less than three ~~Members~~members present in person or by proxy ~~(where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative and entitled to vote thereat~~at the meeting; or
- (iiic) ~~by any Member or Members~~a member present in person or by proxy ~~(where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or and representing not less than one-tenth~~five per cent. of the total voting rights of all the ~~Members~~members having the right to vote at the ~~Meeting~~meeting; or
- (ivd) ~~by a Member or Members~~a member present in person or by proxy ~~(where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of~~

---

## APPENDIX 3

---

~~a corporation by a representative or any number or combination of such Members, holding or representing not less than one-tenth of the total number of paid-up shares in the Company (excluding treasury shares) conferring a right to vote at the Meeting and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent. of the total sum paid up on all the shares conferring that right.~~

~~Provided always that no poll shall be demanded on the election of a Chairman of a Meeting (or any other Director as the Chairman may appoint to chair the Meeting from time to time) or on a question of adjournment. Unless a poll is~~  
A demand for a poll made pursuant to this article 68(B) may be withdrawn only with the approval of the chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded (and the demand is not withdrawn), a declaration by the Chairman~~chairman~~ of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of the that fact without proof of the number or proportion of the votes recorded in favour of or against the~~such~~ resolution. A demand for a poll may be withdrawn.

~~7169. If a poll is duly demanded (and the demand is not withdrawn)~~Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers) as the Chairman~~chairman of the meeting may direct, and the result of a~~the poll shall be deemed to be the resolution of the Meeting~~meeting at which the poll was demanded~~taken. The Chairman~~chairman of the meeting may, and if so requested shall, (and, if required by the listing rules of the Stock Exchange or if so directed by the meeting, shall) appoint scrutineers and may adjourn the Meeting~~meeting to some place and time fixed by him for the purpose of declaring the result of the poll.~~~~

Taking a poll

~~7470. A poll on the choice of a chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty~~30 days from the date of the Meeting~~meeting) and place as the Chairman~~chairman may direct. No notice need be given of a poll not taken immediately.

Time~~Timing~~ for taking a poll

71. ...

~~7372. Subject to the Act and the requirements of the Exchange, in the case of an equality of votes, whether on a poll or on a show of hands or on a poll, the Chairman~~chairman of the Meeting~~meeting at which the poll or show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote, in addition to the votes to which he may be entitled as a~~

Chairman's casting  
vote of chairman



---

## APPENDIX 3

---

~~Member~~member or as proxy of a ~~Member~~member.

75. ~~The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business, other than the question on which the poll has been demanded.~~

Continuance of  
business after  
demand for a poll

### 16. Article 73

~~76~~73. (4) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to ~~Article 9(3)~~article 13(C), each ~~Member~~member entitled to vote may vote in person or by proxy ~~or attorney, and (in the case of a corporation) by a representative. On a show of hands every Member.~~ Every member who is present in person or by proxy ~~or attorney, or in the case of a corporation by a representative, shall:~~

Voting rights of  
Members  
How  
members may vote

- (a) on a poll, have one vote for every share which he holds or represents; and
- (b) on a show of hands, have one vote ~~provided that,~~  
Provided always that:
  - (i) if a Member in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by their appointor shall vote on a show of hands and in the absence of that member or, failing such determination, only one by the chairman of the two proxies as determined by the Chairman meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and
  - (ii) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands. ~~shall vote on a show of hands and on a poll, every Member who is present in person or by proxy, attorney or representative shall have one vote for each share which he holds or represents~~

~~Provided Always That notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any General Meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not earlier than 48 hours before that General Meeting (the "cut-off time") as a Depositor on whose behalf the~~

---

## APPENDIX 3

---

Depository holds shares in the Company.

~~For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two proxies, to apportion the said number of shares between the two proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant General Meeting, if the instrument is dealt with in such manner as aforesaid.~~ For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

### 17. Article 75

~~7875. If a Member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence~~ Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the Meeting, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.

Voting rights of  
Members of  
unsound mind by  
receivers



---

## APPENDIX 3

---

### 18. Article 79

8279. (4A) Save as otherwise provided in the Act:

Appointment of  
proxies

- (a) A ~~Member~~ member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same 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; and
- (b) a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General 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.

(2B) ~~If the Member~~In any case where a member is a Depositor, the Company shall be entitled and bound:-

Shares entered in  
Depository  
Register

- (ia) to reject any instrument of proxy lodged ~~if the~~by that Depositor if he is not shown to have any shares entered ~~in its Securities Account~~against his name in the Depository Register as at 72 hours before the ~~cut-off time of the relevant General Meeting~~ as certified by the Depository to the Company; and
- (ib) to accept as ~~validly cast by~~the maximum number of votes which in aggregate the proxy or proxies appointed by ~~the~~that Depositor is or are able to cast on a poll ~~that a number of votes which corresponds to or is less than the aggregate number of shares entered in its Securities Account~~against the name of that Depositor in the Depository Register as at 72 hours before the ~~cut-off time of the relevant General Meeting~~ as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(C) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

Notes and  
instructions

---

## APPENDIX 3

---

~~83. (D) A proxy or attorney need not be a Member, and shall be entitled to vote on a show of hands on any question at any General Meeting~~member of the Company.

Proxy need not be a Membermember

~~82. (3E) Where a Member~~member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% per cent. of the shareholding and any second named proxy as an alternate to the first named.

Apportionment of shareholding to be represented by proxy

~~(4) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the member personally or by his attorney, or in the case of a corporation by its representative.~~

~~(5) Where a Member appoints a proxy in respect of more shares than the shares standing to his name in the Register of Members, or in the case of a Depositor, standing to the credit of that Depositor's Securities Account, such proxy may not exercise any of the votes or rights of the shares not registered to the name of that Member in the Register of Members or standing to the credit of that Depositor's Securities Account as at the cut-off time, as the case may be.~~

### 19. Article 80

~~8480. (A) Any~~An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and the common form approved by the Directors under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, under seal or under the hand of its attorney duly authorised and the Company shall accept as valid in all respects the form of proxy approved by the Directors for use at the date relevant to the General Meeting in question.

Instrument appointing a proxyExecution of proxies

(a) in the case of an individual, shall be:

- (i) signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or
- (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

(b) in the case of a corporation, shall be:

- (i) either given under its common seal or



---

## APPENDIX 3

---

signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument is delivered personally or sent by post; or

- (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of articles 80(A)(a)(ii) and 80(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

(B) The signature on, or authorisation of, ~~an~~ such instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed or authorised 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 pursuant to article 81(A), failing which the instrument may be treated as invalid.

Witness and authority

(C) The Directors may, in their absolute discretion:

- (a) approve the method and manner for an instrument appointing a proxy to be authorised; and
- (b) designate the procedure for authenticating an instrument appointing a proxy,

Directors may approve method and manner, and designate procedure, for electronic communications

as contemplated in articles 80(A)(a)(ii) and 80(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), article 80(A)(a)(i) and/or (as the case may be) article 80(A)(b)(i) shall apply.

### 20. Article 81

~~8581.~~ (A) The~~An~~ instrument appointing a proxy, together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy and must be left at the Office or such other place (if any) as is:

To be left at Company's officeDeposit of proxies

- (a) if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or

---

## APPENDIX 3

---

in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or

- (b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the Meetingmeeting.

and in either case, not less than ~~forty-eight~~72 hours before the time appointed for the holding of the Meetingmeeting or adjourned Meetingmeeting (or (in the case of a poll before the time appointedtaken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll) at which it is to be used failing which the instrument may, and in default shall not be treated as invalidvalid. AnThe instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the Meetingmeeting as for the Meetingmeeting to which it relates; Provided always that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this article 81 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

(B) The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 81(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), article 81(A)(a) shall apply.

Directors may specify means for electronic communications

### 21. Article 83

~~8683.~~ A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding cast by proxy shall not be invalidated by the previous death or insanitymental disorder of the principal or by the revocation of the appointment of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided appointment was made. Provided always that no intimation in writing of such death, insanity, mental disorder or revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) at least one hour before the commencement of the Meetingmeeting or adjourned Meeting (or meeting or (in the case of a poll before taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll) at which the proxyvote is usedcast.

Intervening death or insanity of principal not to revoke proxymental disorder



---

## APPENDIX 3

---

### 22. Article 91

~~9691. (1) No Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established but every Director shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors in contracts or proposed contracts with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director and any contract or arrangement to be entered into by or on behalf of the Company in which any Director shall be in any way interested shall be subject to any requirements that may be imposed by the Exchange. No Director shall vote in respect of any contract, arrangement or transaction in which he is so interested as aforesaid or in respect of any allotment of shares in or debentures of the Company to him and if he does so vote his vote shall not be counted. A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.~~

Powers of Directors  
to may contract with  
Company

### 23. Article 92

92. (A) The Directors may from time to time appoint one or more of their body to be the holder of any executive office (including, where considered appropriate, the office of Chairman or Deputy Chairman) on such terms and for such period as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.

Directors may hold  
executive offices

(B) The appointment of any Director to the office of Chairman or Deputy Chairman shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

Cessation of  
directorship of  
Chairman or  
Deputy Chairman

---

## APPENDIX 3

---

(C) The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

Cessation of  
directorship of  
Executive Director

### 24. Article 93

93. The Directors may entrust to and confer upon any Directors holding any executive office any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Power of Executive  
Directors

### 25. Article 98

~~10298. (1) Subject as herein otherwise provided or in the terms of any subsisting agreement, the~~ The office of a Director shall be vacated on any one of the following events, namely:-

Vacation of/When  
office of Director to  
be vacated

- ~~(ia)~~ if he is prohibited from being a Director by reason of any order made under the Act; shall become prohibited by law from acting as a Director; or
- ~~(iib)~~ if he ceases to be a Director by virtue of any of the provisions of the Act; if he shall become disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or
- ~~(iiic)~~ if he resigns if (not being a Director holding any executive office for a fixed term) he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer; or
- ~~(ivd)~~ if a receiving order is made against him or if he suspends payments or makes any arrangement or compounds with his creditors generally; if he shall have a bankruptcy order made against him or if he shall make any arrangement or composition with his creditors generally; or
- ~~(vie)~~ if he absents himself from meetings of the Directors for a continuous period of six months without leave from the Directors and the Directors resolve that his office be vacated; or
- ~~(vif)~~ if he should be found lunatic or becomes of unsound



---

## APPENDIX 3

---

~~mind or bankrupt during his term of office; if he becomes mentally disordered and incapable of managing himself or his affairs or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or~~

(vii) ~~if he is removed by a resolution of the Company in General Meeting pursuant to these Articles; or this Constitution.~~

(viii) ~~subject to the provisions of the Act at the conclusion of the Annual General Meeting commencing next after he attains the age of 70 years.~~

### 26. Article 99

~~10499. Subject to these Articles and to the Act, at~~ At each Annual General Meeting ~~at least~~ one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not ~~lesser~~ less than one-third), selected in accordance with article 100, shall retire from office by rotation (in addition to any Director retiring pursuant to article 105). ~~Provided that all Directors shall retire from office at least once every three years.~~

Retirement of  
Directors by  
rotation

### 27. Article 101

~~106101.~~ The Company at the ~~Meeting~~ meeting at which a Director retires under any provision of ~~these Articles~~ this Constitution may by Ordinary Resolution fill ~~up the office being vacated~~ office by electing ~~a person thereto~~ thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected, ~~unless~~ except in any of the following cases:-

Deemed  
re-appointed  
Filling  
vacated office

(ia) where at such Meeting meeting it is expressly resolved not to fill ~~up such vacated~~ office or a resolution for the re-election of such Director is put to the ~~Meeting~~ meeting and lost; or

(ib) where such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or

(iic) ~~such Director has attained any retiring age applicable to him as a Director.~~ where such Director is

---

## APPENDIX 3

---

disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or

- (d) where the default is due to the moving of a resolution in contravention of the next following article.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

### 28. Article 102

102. A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this provision shall be void.

Resolution for  
appointment of  
Directors

### 29. Article 103

103. No person, other than a Director retiring at the Meeting, shall, unless recommended by the Directors for re-election, be eligible for appointment as a Director at any General Meeting unless not less than ~~eleven~~ 11 nor more than 42 clear days (exclusive of the date on which the notice is given) before the day date appointed for the Meeting there shall have been left lodged at the Office notice in writing signed by some Member member (other than the person to be proposed) duly qualified to attend and vote at the Meeting for which such notice is given of his intention to propose such person for election and also or notice in writing duly signed by the nominee person to be proposed giving his consent to the nomination and signifying his candidature for the office or the intention of such Member to propose him. Provided always that in the case of a person recommended by the Directors for election not less than nine clear days' notice only shall be necessary and notice of each and every candidate for electionsuch person shall be served on all Membersthe members at least seven clear days prior to the Meeting at which the election is to take place.

Notice of intention  
to appoint Director

### 30. Article 105

105. The Directors shall have power at any time and from time to time to The Company may by Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Without prejudice thereto the Directors shall have power at any time so to do, but the total number of Directors shall not at any time exceed the maximum number (if any) fixed by these Articles. Any Directorany person so appointed by the

Directors' power to  
fill casual  
vacancies and to  
appoint additional  
Directors



---

## APPENDIX 3

---

Directors shall hold office only until the next Annual General Meeting and He shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such Meetingmeeting.

### 31. Article 106

~~409106.~~(4A) Any Director ~~of the Company~~ may at any time by writing under his hand and deposited at the Office, or delivered at a meeting of the Directors, appoint any person ~~who is not a Director or an alternate of (other than another Director or Alternate Director and who is approved by a majority of his Co-Directors)~~ to be his Alternate Director and may in like manner at any time ~~remove any such Alternate Director from office. terminate such appointment.~~ Such appointment, unless previously approved by the Directors, shall have effect only upon and subject to being so approved. ~~No~~ person shall ~~be appointed thenot act as~~ Alternate Director ~~for to~~ more than one Director at the same time. ~~No Director may act as an Alternate Director.~~

Appointment of  
Alternate Directors

(3B) ~~An~~The appointment of an Alternate Director shall ~~ipso facto cease to be an Alternate Director if his appointor determine on the happening of any event which if he were a Director would cause him to vacate such office or if the Director concerned (below called "his principal") ceases for any reason to be a Director otherwise than by retiring and being re-elected at the same meeting.~~

Determination of  
appointment of  
Alternate Directors

(2C) An Alternate Director shall ~~(subject to his giving to the Company an address in~~except when absent from Singapore) be entitled to receive notices of all meetings of the Directors and shall be entitled to attend and vote as a Director at any such meetingsmeeting at which ~~the Director appointing him~~his principal is not personally present and generally at such meeting to perform all functions of his ~~appointor as a Director in his absence.~~ principal as a Director and for the purposes of the proceedings at such meeting the provisions of this Constitution shall apply as if he (instead of his principal) were a Director. If his principal is for the time being absent from Singapore or temporarily unable to act through ill health or disability, his signature to any resolution in writing of the Directors shall be as effective as the signature of his principal. To such extent as the Directors may from time to time determine in relation to any committee of the Directors, the foregoing provisions of this article shall also apply *mutatis mutandis* to any meeting of any such committee of which his principal is a member. An Alternate Director shall not (save as aforesaid) have power to act as a Director nor shall he be deemed to be a Director for the purposes of this Constitution.

Powers of Alternate  
Directors

(4D) An Alternate Director ~~so appointed~~ shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company such proportion in respect of his appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointorprincipal as such

Alternate Directors  
may contract with  
Company

---

## APPENDIX 3

---

~~appointor principal~~ may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an Alternate Director shall be deducted from the remuneration otherwise payable to his appointor.

~~(4) All appointments and removals of Alternate Directors shall be effected in writing under the hand of the Director making or terminating such appointment left at the Office.~~

~~(6) Every person acting as an Alternate Director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him.~~

### 32. Article 107

~~110107.~~(4A) ~~The~~Subject to the provisions of this Constitution the Directors may meet together for the despatch of business, adjourn ~~and~~ otherwise regulate their meetings as they think fit. ~~Unless otherwise determined, any two (2) Directors for the time being approved to the Board of Directors shall be a quorum. At any time any~~ Director may, and the Secretary on the requisition of a Director shall, ~~at any time~~ summon a meeting of the Directors by notice in writing given to each Director. Any Director may waive notice of any meeting and any such waiver may be retroactive. The accidental omission to give to any Director, or the non-receipt by any Director of, a notice of a meeting of Directors shall not invalidate the proceedings at that meeting.

Meetings of  
Directors

(4B) Directors may participate in a meeting of the ~~Board of~~ Directors ~~either in person or by means of a conference telephone, radio, video, conference television or similar communications equipment or any other form of audio or audio-visual communication by means of which all persons participating in the meeting can hear and be heard by one another, for the despatch of business, adjourned or otherwise regulate their meetings as they think fit each other,~~ without a Director being in the physical presence of another Director or Directors, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting ~~for all purposes of these Articles. The quorum for such meetings held by teleconference or other alternative means shall be the same as the quorum required by a Directors' meeting provided in these Articles.~~ The Directors participating in any such a meeting shall be counted in the quorum for such meeting and, subject to there being a requisite quorum ~~under these presents,~~ in accordance with article 108, all resolutions agreed by the Directors in such meeting shall be deemed to be as effective as ~~resolutions passed at a physical meeting. The minutes signed by the Chairman of the meeting shall be conclusive evidence of any a~~ resolution so passed. Notwithstanding that the Directors are not passed at a meeting in person of the Directors duly convened and held. A meeting conducted by means of a conference telephone or similar communications equipment as aforesaid is deemed to be held at the place determined by the

Participation by  
telephone or video  
conference



---

## APPENDIX 3

---

chairman of the meeting, Provided always that at least one of the Directors present together at one place at the time of the conference, the meeting shall be deemed held on the same day and at the time at which such conference was held and shall be deemed held at that the meeting was at that place determined by the Chairmanduration of the meeting.

### 33. Article 110

~~96110. (4A) No Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established but every Director shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors in contracts or proposed contracts with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director and any contract or arrangement to be entered into by or on behalf of the Company in which any Director shall be in any way interested shall be subject to any requirements that may be imposed by the Exchange. No Director shall~~A Director shall not vote in respect of any contract, or arrangement or transaction any other proposal whatsoever in which he is so interested as aforesaid has any personal material interest, directly or indirectly, or in respect of any allotment of shares in or debentures of the Company to him and if he does so vote his vote shall not be counted. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Powers of Directors to contract with Company Directors not to vote on transactions in which they have an interest

~~(2B) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under the Company, or where the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or where the Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to these Articles~~this Constitution or where the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and subject to article 110(A), he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof. ~~For avoidance of doubt, a Director shall not vote in respect to any contract or arrangement or proposed contract or arrangement in which he has directly or indirectly a personal material interest.~~

Relaxation of restriction on voting

~~(3) The provisions of this Article may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction by the Company in General Meeting, and any particular contract, arrangement or transaction carried out in contravention~~

Ratification by General Meeting

---

## APPENDIX 3

---

of this Article may be ratified by Ordinary Resolution of the Company.

(4) ~~Subject to applicable law, a general notice that a Director is an officer or member of any specified firm or corporation and is to be regarded as being interested in all transactions with that firm or company shall be deemed to be a sufficient disclosure under Article 96 as regards such Director and the said transaction if it specifies the nature and extent of his interest in the specified firm or corporation and his interest is not different in nature or greater in extent than the nature and extent so specified in the general notice at the time any transaction is so made, but no such notice shall be of effect unless either it is given at a meeting of the Directors or the Director takes reasonable steps to ensure that it is brought up and read at the next meeting of the Directors after it is given.~~

General notice by  
Director

### 34. Article 111

~~111.~~ The continuing Directors may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with ~~these Articles~~ this Constitution the continuing Directors or Director may, ~~except in an emergency,~~ act only for the purpose of filling up such vacancies to ~~such minimum number or of summoning General Meetings of the Company, but not for any other purpose (except in an emergency).~~ If there ~~are~~ be no Directors or Director able or willing to act, then any two ~~Members~~ members may summon a General Meeting for the purpose of appointing Directors.

Proceedings in  
case of vacancies

### 35. Article 118

~~118.~~ The ~~management of the business and affairs of the Company shall be vested in the Directors who (in addition to the powers and authorities by these Articles or otherwise expressly conferred upon them) managed by, or under the direction or supervision of, the Directors. The Directors may exercise all such powers and do all such acts and things as may be exercised or done by~~ of the Company ~~and as are not hereby or by the Act expressly directed or Statutes or by this Constitution required to be exercised or done by the Company in General Meeting but nevertheless to the provisions of the Act and of these Articles and to any regulations from time to time made by the Company in General Meeting, provided that no regulations so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made; provided always that the~~ The Directors shall not carry into effect any ~~sale or proposals for selling or disposing of the whole or substantially the whole of the Company's undertaking or property unless these~~ such proposals have been approved by the Company in General Meeting. The general powers given by this ~~Article~~ article shall not be limited or restricted by any special authority or power given to the Directors by any other ~~Article~~ article.

General  
~~power~~ powers of  
Directors to  
manage  
Company's  
business



---

## APPENDIX 3

---

### 36. Article 125

~~126~~125.(1) ~~The Directors shall provide for the safe custody of the Seal, which shall only be used by the authority of the Directors or a committee of Directors authorised by the Directors in that behalf, and every~~Every instrument to which the Seal is affixed shall ~~(subject to the provisions of these Articles as to certificates for shares)~~shall be affixed in the presence of and signed by two Directors, shall be signed autographically by one Director and the Secretary or by a second Director and by the Secretary or some other person appointed by the Directors in place of the Secretary for the purposes save that as regards any certificates for shares or debentures or other securities of the Company the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature or other method approved by the Directors.

Affixing Seal

### 37. Article 127

127. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents ~~and~~and accounts ~~and financial statements~~relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents ~~or~~accounts or financial statements are elsewhere than at the Office, the local manager ~~and/or~~or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution ~~of the Directors,~~or an extract from the minutes of a meeting, of the Company or of the Directors or any committee which is certified as such in accordance with the provisions of the last preceding Article ~~aforesaid~~shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or, as the case may be, that such extract ~~any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting of the Directors or such committee.~~ Any authentication or certification made pursuant to this Article~~article~~may be made by any electronic means approved by the Directors for such purpose from time to time for such purpose incorporating, if the Directors deem necessary, the use of security and/or identification procedures ~~or~~and devices approved by the Directors.

Power to authenticate documents

### 38. Article 135

135. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

Waiver of dividends

**39. Article 138**

138. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:

Scrip dividend scheme

- (a) the basis of any such allotment shall be determined by the Directors;
- (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this article 138;
- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, Provided always that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the "elected shares") and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of



---

### APPENDIX 3

---

allotment determined as aforesaid. For such purpose and notwithstanding the provisions of article 143, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

(B) The shares of the relevant class allotted pursuant to the provisions of article 138(A) shall rank *pari passu* in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

Ranking of shares

(C) The Directors may, on any occasion when they resolve as provided in article 138(A), determine that rights of election under that article shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of article 138 shall be read and construed subject to such determination.

Record date

(D) The Directors may, on any occasion when they resolve as provided in article 138(A), further determine that no allotment of shares or rights of election for shares under article 138(A) shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

Eligibility

(E) Notwithstanding the foregoing provisions of this article, if at any time after the Directors' resolution to apply the provisions of article 138(A) in relation to any dividend but prior to the allotment of shares pursuant

Disapplication

---

## APPENDIX 3

---

thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of article 138(A).

(F) The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of article 138(A), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).

Fractional entitlements

### 40. Article 144

~~142~~144.(3) In addition and without prejudice to the powers provided for by ~~Articles 142(1) and 142(2)~~article 143, the Directors shall have ~~the~~ power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full ~~unissued~~new shares, in each case on terms that such shares shall, upon issue,:

Power to issue free shares and/or to capitalise reserves for share-based incentive plans and Directors' remuneration

- (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or
- (b) be held by or for the benefit of non-executive Directors as part of their remuneration under article 87 and/or article 88(A) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

### 41. Article 146

~~149~~146. In accordance with the provisions of the Act ~~and the requirements of the Exchange~~, the Directors shall cause to be prepared and to be laid before the Company in General Meeting such ~~profit and loss accounts~~financial statements, balance sheets, ~~group accounts (if any) and reports, statements and other documents~~ as may be necessary. The interval between the close of a financial year of the Company and the date of the

Presentation of accounts/financial statements



---

## APPENDIX 3

---

Company's Annual General Meeting shall not exceed four months (or such other period as may be ~~prescribed~~permitted by the Exchange and/or any applicable law~~Act~~).

### 42. Article 147

~~150~~147. A copy of ~~every~~the financial statements and, if required, the balance sheet (including every document required by law to be attached thereto), which is duly audited and ~~profit and loss account~~ which is to be laid before ~~at the Company in~~ General Meeting ~~of the Company (including every document required by the Act to be annexed thereto)~~ together with a copy of every report of the Auditors relating thereto and of the ~~Directors'~~Director's accompanied by a copy of the Auditor's report thereon, shall not less than ~~fourteen~~14 days before the date of the ~~Meeting~~meeting be sent to every Member of, and every holder of debentures (if any) of, member of the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the ~~Act~~Statutes or of these Articles; ~~provided that this Constitution~~; Provided always that:

Copies of accounts  
financial  
statements

- (a) these documents may, subject to the listing rules of the Stock Exchange, be sent less than 14 days before the date of the meeting if all persons entitled to receive notices of meetings from the Company so agree; and
- (b) this Article~~article~~ 147 shall not require a copy of these documents to be sent to more than one of any joint holders or to any person of whose address the Company is not aware or to more than one of the joint holders of a share in the Company or the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise, but any ~~Member~~member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the ~~office~~Office.

### 43. Article 151 of the Existing Constitution

~~151~~. ~~Such number of each document as is referred to in the preceding Article or such other number as may be required by the Exchange shall be forwarded to the Exchange at the same time as such documents are sent to the Members.~~

Accounts to Stock  
Exchange

---

## APPENDIX 3

---

### 44. Article 150

~~155~~150.(aA) Any notice or document (including a share certificate) may be served on or delivered to any member by the Company on any Member either personally or by sending it through the post in a prepaid ~~letter or wrapper~~cover addressed to such ~~Member~~member at his registered address appearing in the Register of Members or (as the case may be) the Depository Register (as the case may be), or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company or (as the case may be) supplied by him to the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the time when the cover containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted. When a given number of days' notice or notice extending over any other period is required to be given the day of service shall, unless it is otherwise provided or required by this Constitution or by the Act, be not counted in such number of days or period. Any notice on behalf of the Company or of the Directors shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised officer of the Company, whether such signature is printed, written or electronically signed.

Service of notices

(bB) Without prejudice to the provisions of ~~Article 155(a)~~article 150(A), but subject otherwise to the Act and any regulations made thereunder and (where applicable) the listing rules of the Stock Exchange, relating to electronic communications, any notice or document (including, without ~~limitations~~limitation, any accounts, balance—sheet, financial statements or report) which is required or permitted to be given, sent or served under the Act or under ~~these Articles~~this Constitution by the Company, or by the Directors, to a ~~Member or an officer or Auditor of the Company~~member may be given, sent or served using electronic communications:

Electronic communications

- (a) to the current address of that person; or
- (b) by making it available on a website prescribed by the Company from time to time,

~~in accordance with the provisions of, or as otherwise provided by this Constitution, the Act and/or any other applicable regulations or procedures. Such notice or document shall be deemed to have been duly given, sent or served upon transmission of the electronic communication to the current address of such person or as otherwise provided under the Act and/or any other applicable regulations or procedures.~~

(C) For the purposes of article 150(B) above, a member shall be deemed to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a

Implied consent



---

### APPENDIX 3

---

physical copy of such notice or document.

(D) Notwithstanding article 150(C) above, the Directors may, at their discretion, at any time give a member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.

Deemed consent

(E) Where a notice or document is given, sent or served by electronic communications:

When notice given  
by electronic  
communications  
deemed served

- (a) to the current address of a person pursuant to article 150(B)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act and/or any other applicable regulations or procedures; and
- (b) by making it available on a website pursuant to article 150(B)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, or unless otherwise provided under the Act and/or any other applicable regulations or procedures.

(F) Where a notice or document is given, sent or served to a member by making it available on a website pursuant to article 150(B)(b), the Company shall give separate notice to the member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:

Notice to be given of  
service on website

- (a) by sending such separate notice to the member personally or through the post pursuant to article 150(A);
- (b) by sending such separate notice to the member using electronic communications to his current address pursuant to article 150(B)(a);

---

## APPENDIX 3

---

- (c) by way of advertisement in the daily press; and/or
- (d) by way of announcement on the Stock Exchange.

### 45. Article 153

153. A member who (having no registered address within Singapore) has not supplied to the Company or (as the case may be) the Depository an address within Singapore for the service of notices shall not be entitled to receive notices or other documents from the Company.

No notice to members with no registered address in Singapore

### 46. Article 154

154. The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

Power to present winding up petition

### 47. Article 156

156. In the event of a winding up of the Company every member of the Company who is not for the time being in the Republic of Singapore shall be bound, within 14 days after the passing of an effective resolution to wind up the Company voluntarily, or within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some householder in the Republic of Singapore upon whom all summonses, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served, and in default of such nomination the Liquidator shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such member for all purposes, and where the Liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such member by advertisement in any leading daily newspaper in the English language in circulation in Singapore or by a registered letter sent through the post and addressed to such member at his address as appearing in the Register of Members or (as the case may be) the Depository Register, and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted.

Member outside Singapore



**48. Article 157**

~~165~~157. Subject to the provisions of ~~the Act~~ and so far as may be permitted by the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto, ~~and in particular and without~~. Without prejudice to the generality of the foregoing, no Director, ~~Manager~~, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune ~~whatever~~whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.

Indemnity of  
Directors and  
officers

**49. Article 159**

159. (A) A member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:

Personal data of  
members

- (a) implementation and administration of any corporate action by the Company (or its agents or service providers);
- (b) internal analysis and/or market research by the Company (or its agents or service providers);
- (c) investor relations communications by the Company (or its agents or service providers);
- (d) administration by the Company (or its agents or service providers) of that member's holding of shares in the Company;
- (e) implementation and administration of any service provided by the Company (or its agents or service providers) to its members to receive notices of meetings, annual reports and other shareholder communications and/or for proxy appointment, whether by electronic means or otherwise;

---

### APPENDIX 3

---

- (f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any General Meeting (including any adjournment thereof);
- (g) implementation and administration of, and compliance with, any provision of this Constitution;
- (h) compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines; and
- (i) purposes which are reasonably related to any of the above purpose.

(B) Any member who appoints a proxy and/or representative for any General Meeting and/or any adjournment thereof is deemed to have warranted that where such member discloses the personal data of such proxy and/or representative to the Company (or its agents or service providers), that member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in articles 159(A)(f) and 159(A)(h), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member's breach of warranty.

Personal data of  
proxies and/or  
representatives



---

## APPENDIX 4

---

### THE EXISTING OBJECTS CLAUSES

Set out below are the objects clauses in the Existing Constitution which are proposed to be deleted and replaced with a general provision in the New Constitution.

3. The objects for which the Company is established are all or any of the following, it being intended that the objects or all or any of the objects specified in each paragraph of this clause shall except and unless where otherwise expressed in such paragraph not be limited or restricted by reference to or inference from the terms of any other paragraph or group of paragraphs and shall be capable of being pursued as an independent object and either alone or in conjunction with all or any one or more of the other objects specified in the same or in any other paragraph or group of paragraphs and the discontinuance or abandonment of all or any of the business or objects hereinafter referred to shall not prevent the Company from carrying on any other business authorised to be carried on by the Company and it is hereby expressly declared that in the interpretation of this clause the meaning of any of the Company's objects shall not be restricted by reference to any other object or by the juxtaposition of two or more of them and that in the event of any ambiguity this clause shall be construed in such a way as to widen and not to restrict the powers of the Company: -
- (1) To carry on the business of an investment holding company and for that purpose to acquire and hold either in the name of the Company or in that of any nominee shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities and all derivatives thereof issued or guaranteed by any company wherever incorporated or carrying on business and debentures, debenture stock, bonds, notes, obligations and securities and all derivatives thereof issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, dependent, municipal, local or otherwise in any part of the world.
  - (2) To acquire any such shares, stock, debentures, debenture stock, bonds, notes, obligations and securities and all derivatives thereof by original subscription, contract, tender, purchase, exchange, underwriting, participation in syndicates or otherwise, and whether or not fully paid up, and to subscribe for the same subject to such terms and conditions (if any) as may be thought fit.
  - (3) To purchase or otherwise acquire for investment or resale, and to traffic in lands, houses, buildings, plantations and immovable property of any tenure or any interest therein, and to sell and deal in, freehold and leasehold land and to acquire, deal in, traffic by way of sale, lease, exchange or otherwise with property of every description, whether immovable or movable, real or personal and whether for valuable consideration or not.
  - (4) To acquire by purchase, lease, exchange or otherwise for investment or let on lease or license land, estate, houses, buildings, flats, plantations, hereditaments and immovable property of any tenure or kind and whenever situate or any interest or rights therein.
  - (5) To exercise and enforce all rights and powers conferred by or incident to the ownership of any such shares stock obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or

---

#### APPENDIX 4

---

nominal amount thereof and to provide managerial and other executive supervisory and consultant services for or in relation to any company in which the company is interested upon such terms as may be thought fit.

- (6) To carry on any business whether manufacturing or otherwise, and to do all such lawful things incidental or conducive to the attainment of the above objects or any of them, which may seem to the Company capable of being conveniently carried on in connection with any business which the Company is authorised to carry on or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
- (7) To purchase, subscribe for or otherwise acquire and hold shares, stock, debentures, debenture stock, bonds, obligations, and securities and all derivatives thereof issued or guaranteed by any company whether constituted or carrying on business in Singapore or elsewhere, and debentures, debenture stock, bonds, obligations and securities and all derivatives thereof issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, municipal, local or otherwise, whether at home or abroad.
- (8) To acquire any such shares, stock debentures, debenture stock, obligations or securities and all derivatives thereof by original subscription, tender, purchase, exchange or otherwise either for cash or a consideration other than cash and to subscribe for the same, either conditionally or otherwise and to guarantee the subscription thereof in any manner and to exercise and enforce all or any of the rights and powers conferred by or incident to the ownership thereof.
- (9) To issue debentures, debenture stock, bonds, obligations, and securities of all kinds and all derivatives thereof, and to frame, constitute and secure the same, as may seem expedient, with full power to make the same transferable by delivery, or by instrument of transfer or otherwise, and either perpetual or terminable, and either redeemable or otherwise, and to charge or secure the same by trust, deed, or otherwise, on the undertaking of the Company, or upon any specific property and rights, present and future, of the Company (including, if thought fit, uncalled capital) or otherwise howsoever.
- (10) To invest money at interest on the security of immovable property or any interest therein or on the security of any movable property or assets of any kind and generally to lend and advance money with or without security upon such terms as may be arranged and to guarantee either with or without remuneration the payment of moneys or debts by any person or company and to guarantee the performance of any contracts bonds or obligations and to discount, buy, sell and deal in bills, notes, warrants, coupons and other negotiable or transferable securities or documents and all derivatives thereof.
- (11) To hold manage work or develop any estates lands buildings or other real property of every description acquired by the Company or in which the Company is interested, and in particular by laying out and preparing the same for building purposes, constructing, altering, pulling down, decorating, maintaining furnishing, fitting up and improving buildings and by planting, paving, draining, farming, cultivating, letting on building lease or building agreement, and by advancing money to and entering into contracts and arrangements of all kinds with builders, contractors, tenants and others.



---

#### APPENDIX 4

---

- (12) To purchase, hire, take on lease or in exchange or otherwise howsoever acquire and to obtain or grant options over or turn to account grant leases and tenancies of lands, houses, buildings, easements, rights, privileges, concessions and immovable property of any description or tenure whatsoever in any part of the world and every manner of right or interest therein.
- (13) To improve, manage, develop, sell, exchange, lease, demise, hire mortgage, charge, enfranchise, dispose of, turn to account or otherwise deal with all or any part of the property, assets and rights of the Company.
- (14) To carry in all or any of the business of proprietors of flats, maisonettes, dwelling-houses, shops, offices and clubs, and for these purposes to purchase, take on lease, or otherwise acquire and hold any lands or buildings of any tenure or description wherever situate, or rights or interests therein or connected therewith; to prepare building sites, and to construct, reconstruct, pull down, alter, improve, decorate, furnish and maintain flats, maisonettes, dwelling houses, shops, offices, clubs, buildings, works and conveniences of all kinds; to lay out roads and pleasure gardens and recreation grounds; to plant drain or otherwise improve the land or any part thereof.
- (15) To manage, or let the immovable property referred to in the preceding paragraph or any part thereof for any period, whether belonging to the Company or not, and at such rent and on such conditions as the Company shall think fit; to collect rents and income, and to supply to tenants and occupiers and others, light, heat refreshments, attendants, messengers, waiting rooms, reading rooms, meeting rooms, lavatories, bath houses, laundry conveniences, electric conveniences, garages, recreation facilities and other advantages which from time to time the Company shall consider desirable, or to provide for such management, letting and advantages as aforesaid by employing any person, firm or company to carry out or supply the same on such terms as the Company may think fit.
- (16) To build, construct, alter, improve, maintain, develop, work, manage, carry out or control any buildings, factories, warehouses, shops, stores, houses, and other works and conveniences which may seem calculated directly or indirectly to advance the Company's interests and to contribute and subsidise or otherwise assist or take part in the construction, improvement, maintenance, working, management, carrying out or control thereof.
- (17) To act as nominees, trustees, managers, receivers, stewards or agents in any capacity and undertake or direct the management property, lands, and estates of any tenure or kind of any persons whether members of the Company or not in the capacity of stewards or receivers or otherwise, and to undertake and execute any trusts the undertaking of which may seem desirable and either gratuitously or otherwise and for any person, firm company or authority whatsoever.
- (18) To vest any real property, rights or interest acquired by or belonging to the Company in any person or company on behalf of or for the benefit of the Company, and with or without any declared trust in favour of the Company.

---

## APPENDIX 4

---

- (19) To sell or dispose of the undertaking property and assets of the Company or any other part thereof at such time in such manner and for such consideration as may be thought fit.
- (20) To facilitate and encourage the creation, issue, or conversion of debenture, debenture stock, bonds, obligations, shares, stock and securities and all derivatives thereof, and to act as trustees in connection with any such securities, and to take part in the conversion of business concerns and undertakings into companies.
- (21) To take part in the formation, management, supervision, or control of the business or operations of any company or undertaking, and for that purpose to appoint and remunerate any directors, accountants, or other experts or agents.
- (22) To constitute any trusts with a view to the issue of preferred and deferred or any other special stocks or securities based on, or representing any shares, stock, or other assets, specifically appropriated for the purpose of any such trust, and to settle and regulate, and if thought fit to undertake and execute any such trusts, and to issue, dispose of, or hold any such preferred, deferred, or other special stocks or securities.
- (23) To charge or create any encumbrance over all or part of the undertaking, property, assets and rights present and future and uncalled capital of the Company by any means whatsoever to secure any liabilities or obligations (whether monetary or otherwise) of the Company or of any third party, whether or not the Company receives any consideration or advantage in respect of the creation of such charge or other encumbrance.
- (24) To give any guarantee in relation to the repayment of any debentures, debenture stock, bonds, obligations, stocks, shares, or other securities and all derivatives thereof, or the payment of any interest or dividends thereon or for the performance of contracts or obligations by any person or company in such manner as the Company may think fit and whether or not it receives any benefit therefrom and to secure such obligations of the Company by charging all or any part of the property, assets and undertaking of the Company.
- (25) To purchase, take on lease, or in exchange, hire, or otherwise acquire and hold for any estate or interest and work and develop, any lands, buildings, easements, rights, privileges, concessions, machinery, patents, plants, stock in trade, and immovable and movable property of any kind.
- (26) To lend and advance money or give credit to any person or company, to secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company and to otherwise financially assist any person or company.
- (27) To borrow or raise or secure the payment of money in such manner as may be thought fit, and for that purpose to issue notes, debentures, or debenture stock, perpetual or redeemable, or to accept bills of exchange or make promissory notes and to secure the repayment or any moneys borrowed or raised or owing by the Company by a charge or lien upon or conveyance of the whole or any part of the Company's property or assets, including its uncalled capital, and to give to lenders and creditors or trusts on their



---

## APPENDIX 4

---

behalf, powers of sale and all other usual and necessary powers.

- (28) To transact or carry on any kind of agency business, and in particular in relation to the investment of money, the sale of property and the collection and receipt of money.
- (29) To carry on the business of general importers and exporters, manufacturers, general merchants, commission agents, and wholesale or retail dealers of articles of all kinds and descriptions and whether manufactured or in a raw state and to buy, sell, barter, exchange, or otherwise deal in the same.
- (30) To apply for, purchase, or otherwise acquire use, assign, sell and generally deal in patents, patent rights, trade marks, designs, or other exclusive or limited rights or privileges, and to use develop, grant licences and otherwise turn to account the same, or any interests thereunder, and at pleasure to dispose of the same in any way.
- (31) To pay for any property or rights acquired by the Company, either in cash or in fully or in partly paid shares, with or without preferred or deferred rights in respect of dividend or repayment of capital or otherwise, or by the issue of securities, or partly in one mode and partly in another and generally on such terms as may be arranged or determined.
- (32) To carry on in connection with the above such other businesses as may be conveniently or profitably carried on therewith or may usefully employ or turn to account or enhance the value of or render profitable any of the Company's property or rights.
- (33) To acquire and undertake the whole or any part of the business, goodwill and assets of any person, firm or company carrying on or proposing to carry on any of the businesses which the Company is authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm, company or to acquire an interest in, amalgamate with or enter into any arrangements for sharing profits or for co-operation or for limiting competition or for mutual assistance with any such person, firm or company and to give or accept by way of consideration for any of the acts or things aforesaid or for any property acquired, any shares, debentures, or securities that may be agreed upon and to hold good and retain or sell or mortgage any shares, debentures or securities so received.
- (34) To promote any other company for the purpose of acquiring all or any of the property and undertaking and all or any of the liabilities of the Company or of undertaking any business or operations which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company and to place or guarantee the placing of, underwrite, apply for, accept and hold or subscribe, the whole or any part of the capital or securities or to lend money to or guarantee the performance of the contract of any such company.
- (35) To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account or otherwise deal with the whole or any part of the undertaking, property, assets and rights of the Company, either together or in portions for such consideration as may be agreed and in particular for shares, debentures, debenture stock or securities of any company purchasing the same.

---

## APPENDIX 4

---

- (36) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures, stock and other negotiable or transferable instruments.
- (37) To acquire or obtain from any government or authority, supreme, municipal, local or otherwise, or any corporation, company or person any charters, rights, privileges, and concessions which may be conducive to any of the objects of the Company and to accept, make payments under, carry out, exercise and comply with any such charters, rights, privileges and concessions.
- (38) To act as agents or brokers and subject to compliance with any restrictions imposed by law as trustees for any person, firm or company and also to act in any of the businesses of the Company through or by means of agents, brokers, subcontractors, or others.
- (39) To grant pensions or gratuities to any past or serving directors, officers, or employees of the Company or to the relations, connections, or dependants of any such person, or to effect and make payment towards insurances in respect of and for the benefit of any such persons and to establish or support associations, institutions, funds and trusts (whether solely connected with the trade, carried on by the Company or any of its subsidiary company or not) which may be considered or calculated to benefit any such persons or otherwise advance the interests of the Company or of its Members.
- (40) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or securities of the Company credited as fully paid up in full or in part or otherwise.
- (41) To pay all or any expenses incurred in connection with the formation and incorporation of the Company or to contract with any person, firm or company to pay the same and to pay commissions to brokers and others for underwriting, placing, selling, or guaranteeing the subscription of any shares, debentures or securities of the Company or a company promoted by the Company.
- (42) To effect insurances against losses, damage risks and liabilities of all kinds which may affect any person or company having contractual relationship with the Company.
- (43) To distribute among the Members of the Company in kind any property of the Company and in particular any immovable property or any shares, debentures or securities of other companies belonging to the Company or of which the Company may have the power of disposing, but so that no distribution involving a reduction of the capital may be made without such sanctions as may be required by law.
- (44) To establish branches and agencies for the purposes of the Company.
- (45) Subject to compliance with the restrictions imposed by law to undertake and execute any trusts the undertaking whereof may seem desirable and either gratuitously or otherwise.
- (46) To invest and deal with the moneys of the Company not immediately required upon such securities or without security and in such manner as may from time to time be determined.



---

#### APPENDIX 4

---

- (47) To appoint from time to time either with full or restricted powers of sub-delegation and either with or without remuneration agents, attorneys, local or managing Directors, or any persons or corporations under power of attorney or otherwise within or outside the Republic of Singapore for the purpose of carrying out and completing all or any of the objects of the Company as mentioned in this Memorandum of Association and of arranging conducting or managing the business or businesses of the Company or any matter or concern whatsoever in which the Company now is or may from time to time be or become or be about to become interested or concerned with the same or more limited powers than the Directors of the Company have and to delegate such powers.
- (48) To amalgamate with any other company.
- (49) To enter into any arrangement for sharing profits, union of interests, co-operation, joint venture, reciprocal concessions or otherwise with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction capable of being conducted so as directly or indirectly to benefit the Company and to take or otherwise acquire shares and securities of any such company and to sell hold re-issue with or without guarantee or otherwise deal with the same.
- (50) To cause the Company to be registered or recognised in any foreign country or place.
- (51) To make donations for patriotic or for charitable purpose.
- (52) To transact any lawful business in aid of Singapore in the prosecution of any war or hostilities in which Singapore is engaged.
- (53) Unless expressly excluded or modified herein or by the Company's Articles of Association to exercise each and every one of the powers set forth in the Third Schedule to the Companies Act, Cap. 50.
- (54) To do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors, or otherwise and either alone or in conjunction with others, and either by or through local managers, agents, sub-contractors, trustees or otherwise.
- (55) To do all such other things as are incidental or conducive to the above objects or any of them.

AND IT IS HEREBY DECLARED as follows: -

- (A) The word "company" in this clause except where used in reference to the Company shall wherever the context so permits be deemed to include any partnership or other body of persons whether incorporated or not, and whether domiciled in the Republic of Singapore or elsewhere.
- (B) None of the paragraphs in this clause or the object or objects therein specified or the powers thereby conferred shall be deemed subsidiary or ancillary to the objects or powers mentioned in any other paragraph, but the Company shall have full power to exercise all or any of the powers and to achieve or to endeavour to achieve all or any of the objects conferred by and provided in any one or more of the said paragraph.