Annual Report 2016

Pacific Century Regional Developments Limited

Contents

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 PCRD for the financial year ended 31 December 2016.

PCRD'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-Infinitum 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.

PCRD'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-Infinitum 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-Infinitum 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-Infinitum 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	**12,954**	11,451
Profit from operating activities after finance costs	**6,417**	3,080
Share of profit of associated corporations	**82,728**	89,780
Profit before income tax	**89,145**	92,860
Attributable to equity holders of the Company	**86,982**	90,973
Per Share Data		
Earnings per share (Singapore cents)	**3.28**	3.36

Condensed Consolidated Balance Sheet Information

As at 31 December

	Group 2016 $'000	Group 2015 $'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
Represented by:		
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
Attributable to equity holders of the Company		
Net assets	**1,067,218**	948,551
Per Share Data		
Net assets per share (Singapore cents)	**40.3**	35.8

Corporate Information

BOARD OF DIRECTORS

Richard Li Tzar Kai
Chairman

Francis Yuen Tin Fan
Deputy Chairman

Peter A. Allen
Group Managing Director

Alexander Anthony Arena

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

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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	
The Company	At 31.12.2016	At 1.1.2016	At 31.12.2016	At 1.1.2016
Richard Li Tzar Kai [(a)]	–	–	28,167,000	28,167,000
Peter A. Allen	5,010,000	5,010,000	–	–

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

Except as stated above, no other director who held office at the end of the financial year had an interest in shares or debentures of the Company or its related corporations. There was no change in any of these interests between the end of the financial year and 21 January 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.

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.

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

Peter A. Allen
Group Managing Director

1 March 2017

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.

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
Key Audit Matters in relation to PCCW Limited and its subsidiaries ("PCCW") *Refer to Note 13 in the financial statements for the financial information of PCCW.*	
PCCW is a significant investment of the Group and is accounted for under the equity method. The Group's share of profit after tax from PCCW for the year ended 31 December 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. The key audit matters identified by PCCW's auditor for the year ended 31 December 2016 related to the following: (1) Revenue recognition (2) Significant judgements on current income tax liabilities and deferred income tax assets (3) Valuation of investment property under development in Indonesia (4) Carrying value of properties under development and properties held for development (5) Impairment assessment on PCCW's key businesses PCCW's auditor reported that the key audit matters are supported by available evidence.	In the context of our audit of the Group's investment in PCCW, we have received the report from their auditor issued in accordance with our instructions and we have discussed the results of their work and have reviewed their working papers to enable us to determine whether the audit work performed and evidence obtained were sufficient for our purpose. We also discussed and evaluated their identified key audit matters and audit procedures relating to these key audit matters. We have also discussed the impact of the key audit matters in PCCW on the Group financial statements with the management of the Group. We found that the Group's share of the profit and net assets of PCCW were supported by available evidence.

Other information

Management is responsible for the other information. The other information comprises the following sections that have been included in the Group's 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.

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.

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	**12,954**	11,451
Other income	4	**739**	235
Expenses			
– Depreciation of property, plant and equipment	15	**(60)**	(64)
– Employee compensation	5	**(1,708)**	(1,467)
– Directors' fees		**(189)**	(286)
– Legal and other professional fees		**(1,151)**	(1,687)
– Rental expense - operating leases		**(365)**	(365)
– Travelling expenses		**(53)**	(345)
– Foreign exchange gain/(loss), net		**479**	(859)
– Subscriptions and donations		**(120)**	(231)
– Telecommunications		**(38)**	(49)
– Others		**(342)**	(252)
– Finance expenses	6	**(3,729)**	(3,001)
Total expenses		**(7,276)**	(8,606)
Share of profit of associated corporations, net of tax		**82,728**	89,780
Profit before income tax		**89,145**	92,860
Income tax expense	7(a)	**(2,163)**	(1,887)
Total profit		**86,982**	90,973
Attributable to equity holders of the Company		**86,982**	90,973
Earnings per share attributable to equity holders of the Company			
(Singapore cents per share)	8		
– Basic		**3.28**	3.36
– Diluted		**3.28**	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
Total profit	**86,982**	90,973
Other comprehensive income/(loss):		
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)
Other comprehensive income, net of tax	**31,571**	26,835
Total comprehensive income	**118,553**	117,808
Total comprehensive income attributable to equity holders of the Company	**118,553**	117,808

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

Balance Sheets

As at 31 December 2016

	Notes	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
ASSETS					
Current assets					
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
Non-current assets					
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
Total assets		**1,178,885**	1,121,108	**1,472,604**	1,429,815
LIABILITIES					
Current liabilities					
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
Non-current liabilities					
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
Total liabilities		**111,667**	172,557	**116,791**	178,044
NET ASSETS		**1,067,218**	948,551	**1,355,813**	1,251,771
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	**457,283**	457,283	**457,283**	457,283
Other reserves	22	**270,890**	238,609	**109,732**	83,375
Retained profits		**339,045**	252,659	**788,798**	711,113
Total equity		**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
2016				
Beginning of financial year	**457,283**	**238,609**	**252,659**	**948,551**
Total comprehensive income for the year	**–**	**31,571**	**86,982**	**118,553**
Purchase and cancellation of shares (Note 21)	**–**	**–**	**(1,130)**	**(1,130)**
Refund of unclaimed dividends	**–**	**–**	**364**	**364**
Share of reserves of associated corporations	**–**	**710**	**170**	**880**
End of financial year	**457,283**	**270,890**	**339,045**	**1,067,218**
	(Note 21)	(Note 22)		
2015				
Beginning of financial year	457,283	211,536	206,555	875,374
Total comprehensive income for the year	–	26,835	90,973	117,808
Purchase and cancellation of shares (Note 21)	–	–	(42,924)	(42,924)
Share of reserves of associated corporations	–	238	(1,945)	(1,707)
End of financial year	457,283	238,609	252,659	948,551
	(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
Cash flow from operating activities:			
Profit after tax		**86,982**	90,973
Adjustments for:			
– Income tax expense		**2,163**	1,887
– Depreciation of property, plant and equipment		**60**	64
– Dividend income		**(12,954)**	(11,451)
– Interest income		**(38)**	(3)
– Gain on disposal of property, plant and equipment		**–**	(29)
– Finance expenses		**3,729**	3,001
– Unrealised currency translation losses		**18**	283
– Fair value gain on financial assets designated as fair value through profit or loss		**–**	(2)
– Share of profit of associated corporations, net of tax		**(82,728)**	(89,780)
		(2,768)	(5,057)
Change in working capital:			
– Trade and other receivables		**756**	(578)
– Trade and other payables		**(443)**	(180)
Cash used in operations		**(2,455)**	(5,815)
Interest received		**38**	3
Income tax paid		**(43)**	(31)
Net cash used in operating activities		**(2,460)**	(5,843)
Cash flow from investing activities:			
Purchase of property, plant and equipment		**(4)**	(190)
Disposal of property, plant and equipment		**–**	29
Refund of capital contribution from available-for-sale financial assets		**4,125**	1,392
Dividends from HKT Trust and HKT Limited ("HKT")		**12,954**	11,451
Disposal of financial assets, at fair value through profit or loss		**–**	7
Dividends from PCCW Limited ("PCCW")		**25,525**	–
Net cash provided by investing activities		**42,600**	12,689
Cash flow from financing activities:			
Finance expenses		**(4,228)**	(4,068)
Proceeds from borrowings		**253,906**	295,790
Repayment of borrowings		**(316,690)**	(201,553)
Purchases of the Company's shares		**(1,130)**	(42,924)
Refund of unclaimed dividends		**12**	5
Net cash (used in)/provided by financing activities		**(68,130)**	47,250
Net (decrease)/increase in cash and cash equivalents		**(27,990)**	54,096
Cash and cash equivalents at beginning of year	9	**69,760**	14,978
Effects of currency translation on cash and cash equivalents		**597**	686
Cash and cash equivalents at end of year	9	**42,367**	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.

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.

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.

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.

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:

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

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

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.

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.

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.

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.

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.

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.

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.

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	2015
	$'000	$'000
Dividend income	**12,954**	11,451

4. OTHER INCOME

	Group 2016 $'000	Group 2015 $'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**	–
	739	235

5. EMPLOYEE COMPENSATION

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

6. FINANCE EXPENSES

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

7. INCOME TAXES

(a) Income tax expense

	Group 2016 $'000	Group 2015 $'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
	2,166	1,910
Over provision in prior financial years:		
Current income tax	**(1)**	–
Deferred income tax (Note 20)	**(2)**	(23)
Tax expense	**2,163**	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 $'000	Group 2015 $'000
Profit before tax	**89,145**	92,860
Less: Share of profit of associated corporations	**(82,728)**	(89,780)
	6,417	3,080
Tax calculated at tax rate of 17% (2015: 17%)	**1,091**	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	**2,166**	1,910

(b) Movement in current income tax liabilities

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

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

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

8. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016	2015
Net profit attributable to equity holders of the Company ($'000)	**86,982**	90,973
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,649,809**	2,705,796
Basic earnings per share (Cents per share)	**3.28**	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	**11,498**	52,964	**447**	46,688
Short-term bank deposits	**30,869**	16,796	**30,869**	16,796
	42,367	69,760	**31,316**	63,484

10. TRADE AND OTHER RECEIVABLES – CURRENT

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade receivables				
– Non-related parties	**9**	7	**6**	7
Other receivables				
– Related parties [(i)]	**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 [(ii)]	**59,776**	59,776	**–**	–
Less: Allowance for impairment of receivable	**(59,776)**	(59,776)	**–**	–
Amount receivable on sale of an associated corporation, net	**–**	–	**–**	–
Others	**3**	34	**–**	–
	27	775	**6**	22

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

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

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

The sale was completed in July 1996. Interest has been charged in accordance with the sale and purchase agreement on a net outstanding balance amounting to $53,000,000 (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 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Deposits	**5**	3	**1**	1
Prepayments	**701**	880	**472**	524
	706	883	**473**	525

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**281,248**	260,593	**237,213**	226,753
Currency translation differences	**7,051**	17,013	**6,067**	15,252
Refund of capital contribution	**(4,125)**	(1,392)	**–**	–
Fair value (losses)/gains recognised in other comprehensive income (Note 22(b)(iv))	**(9,901)**	5,034	**(9,584)**	(4,792)
End of financial year	**274,273**	281,248	**233,696**	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	**40,577**	44,035	**–**	–
– Quoted: Hong Kong	**233,696**	237,213	**233,696**	237,213
Total	**274,273**	281,248	**233,696**	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
Equity investments – Quoted shares		
At cost	**1,098,119**	1,018,100
Market value of quoted shares at balance sheet date	**1,374,958**	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	**22.7**	22.3
KSH Distriparks Private Limited	India	**49.9**	49.9

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)
Profit for the year	**681,220**	707,615
Attributable to:		
Equity holders of PCCW	**364,609**	406,706
Non-controlling interests	**316,611**	300,909
Profit for the year	**681,220**	707,615

13. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

Consolidated statement of comprehensive income of PCCW (continued)

	For the year ended 31 December 2016 $'000	2015 $'000
Profit for the year	**681,220**	707,615
Other comprehensive (loss)/income		
Items that will not be reclassified subsequently to consolidated income statement:		
Remeasurements of defined benefit obligations	**(4,622)**	(3,190)
	(4,622)	(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)
	120,174	(139,822)
Other comprehensive income/(loss) for the year	**115,552**	(143,012)
Total comprehensive income for the year	**796,772**	564,603
Attributable to:		
Equity holders of PCCW	**432,696**	299,491
Non-controlling interests	**364,076**	265,112
Total comprehensive income for the year	**796,772**	564,603

Consolidated balance sheet of PCCW

	As at 31 December 2016 $'000	2015 $'000
ASSETS AND LIABILITIES		
Non-current assets		
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
	11,027,928	9,942,659

13. INVESTMENTS IN ASSOCIATED CORPORATIONS (continued)

Consolidated balance sheet of PCCW (continued)

	As at 31 December 2016 $'000	As at 31 December 2015 $'000
Current assets		
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
	3,679,149	3,666,035
Assets of disposal group classified as held for sale	**150,661**	–
	3,829,810	3,666,035
Current liabilities		
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)
	(2,622,654)	(3,184,366)
Liabilities of disposal group classified as held for sale	**(6,721)**	–
	(2,629,375)	(3,184,366)
Non-current liabilities		
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)
	(9,469,794)	(7,995,595)
Net assets	**2,758,569**	2,428,733
CAPITAL AND RESERVES		
Share capital	**2,418,415**	2,276,368
Reserves	**(173,251)**	(269,596)
Equity attributable to equity holders of PCCW	**2,245,164**	2,006,772
Non-controlling interests	**513,405**	421,961
Total equity	**2,758,569**	2,428,733

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
Net assets		
At 1 January	**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
At 31 December	**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
Carrying value of PCCW	**835,333**	742,197
Add:		
Carrying value of KSH	**25,451**	24,832
Carrying value of Group's interest in associated corporations	**860,784**	767,029
Dividends received from PCCW	**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.

14. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company 2016 $'000	Company 2015 $'000
Equity investments, at cost		
Beginning of financial year	**109,690**	159,841
Currency translation difference	**2,806**	10,752
Addition	**5,611**	–
Capital reduction	**–**	(58,157)
Allowance for impairment	**(9,446)**	(2,746)
End of financial year	**108,661**	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
Group			
2016			
Cost			
Beginning of financial year	**244**	**163**	**407**
Currency translation differences	**1**	**–**	**1**
Additions	**4**	**–**	**4**
Disposals	**(7)**	**–**	**(7)**
End of financial year	**242**	**163**	**405**
Accumulated depreciation			
Beginning of financial year	**203**	**16**	**219**
Currency translation differences	**1**	**–**	**1**
Depreciation charge	**27**	**33**	**60**
Disposals	**(7)**	**–**	**(7)**
End of financial year	**224**	**49**	**273**
Net book value			
End of financial year	**18**	**114**	**132**

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Renovations, furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group			
2015			
Cost			
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
Accumulated depreciation			
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
Net book value			
End of financial year	41	147	188

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

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Renovations, furniture, fittings and office equipment $'000
Company	
2015	
Cost	
Beginning of financial year	29
Currency translation differences	2
End of financial year	31
Accumulated depreciation	
Beginning of financial year	29
Currency translation differences	2
End of financial year	31
Net book value	
End of financial year	–

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 $'000	2015 $'000	**2016 $'000**	2015 $'000
Deposits	**92**	92	**–**	–
Prepayments	**504**	1,130	**333**	781
Other sundry receivable	**–**	3	**–**	–
	596	1,225	**333**	781

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
Current				
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
Non-current				
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.

19. FINANCE LEASE LIABILITY

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

	Group 2016 $'000	Group 2015 $'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 $'000	Group 2015 $'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 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'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 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'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.

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
Group and Company				
2016				
Beginning of financial year	**2,652,556**	**–**	**457,283**	**–**
Shares purchased	**–**	**(2,816)**	**–**	**(1,130)**
Shares cancelled	**(2,816)**	**2,816**	**–**	**1,130**
End of financial year	**2,649,740**	**–**	**457,283**	**–**
2015				
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

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)	**–**	–

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	**133,443**	127,803	**107,615**	112,407
Fair value (loss)/gain on available-for-sale investments:				
– Net (loss)/gain on fair value changes during the year	**(9,901)**	5,034	**(9,584)**	(4,792)
– Share of an associated corporation's net (losses)/gains on fair value changes	**(189)**	606	**–**	–
End of financial year	**123,353**	133,443	**98,031**	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	**(4,052)**	(3,958)	**–**	–
Share of dividends paid under an associated corporation's share award scheme	**(24)**	(25)	**–**	–
Share of an associated corporation's transaction costs in relation to the issuance of SSUs	**(64)**	(69)	**–**	–
End of financial year	**(4,140)**	(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	**259**	365
Payable after one year but within five years	**–**	259
	259	624

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
	12,954	11,451	**861,512**	768,442

24. SEGMENT INFORMATION (continued)

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

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
Other segment information:			
Additions to property, plant and equipment	–	190	190

25. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

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

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

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

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	HKD $'000	SGD $'000	USD $'000	Other $'000	Total $'000
At 31 December 2015					
Financial assets					
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
Financial liabilities					
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)
Net financial (liabilities)/assets	(146,762)	46,212	4,995	(676)	(96,231)
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)	–	
Currency exposure	–	42,229	(5,202)	(676)	

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	HKD $'000	SGD $'000	USD $'000	Total $'000
At 31 December 2016				
Financial assets				
Cash and cash equivalents	**31,115**	**190**	**11**	**31,316**
Trade and other receivables	**–**	**6**	**–**	**6**
Other financial assets	**–**	**1**	**–**	**1**
	31,115	**197**	**11**	**31,323**
Financial liabilities				
Borrowings	**(100,814)**	**–**	**–**	**(100,814)**
Other financial liabilities	**(3,784)**	**(3,941)**	**(191)**	**(7,916)**
	(104,598)	**(3,941)**	**(191)**	**(108,730)**
Net financial liabilities	**(73,483)**	**(3,744)**	**(180)**	
Currency exposure after deducting net financial liabilities denominated in the Company's functional currency	**–**	**(3,744)**	**(180)**	
At 31 December 2015				
Financial assets				
Cash and cash equivalents	17,025	46,445	14	63,484
Trade and other receivables	15	7	–	22
Other financial assets	–	1	–	1
	17,040	46,453	14	63,507
Financial liabilities				
Borrowings	(116,503)	–	–	(116,503)
Other financial liabilities	(47,268)	(4,209)	(4,376)	(55,853)
	(163,771)	(4,209)	(4,376)	(172,356)
Net financial (liabilities)/assets	(146,731)	42,244	(4,362)	
Currency exposure after deducting net financial liabilities denominated in the Company's functional currency	–	42,244	(4,362)	

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 $'000	**Other comprehensive income $'000**	Total profit $'000	Other comprehensive income $'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.

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 $'000	**Other comprehensive income $'000**	Total profit $'000	Other comprehensive income $'000
Group				
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)
Company				
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.

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
By geographical areas				
Singapore	**18**	321	**6**	22
Hong Kong	**9**	457	**–**	–
	27	778	**6**	22

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
By types of customers				
Non-related parties	**12**	44	**6**	7
Related parties	**15**	734	**–**	15
	27	778	**6**	22

(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	**60,372**	60,400	**596**	624

25. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

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

	Less than 1 year $'000	Between 1 and 5 years $'000
Group		
At 31 December 2016		
Trade and other payables	**2,729**	**–**
Borrowings	**100,991**	**46**
	103,720	**46**
At 31 December 2015		
Trade and other payables	4,777	–
Borrowings	162,237	64
	167,014	64
Company		
At 31 December 2016		
Trade and other payables	**7,916**	**–**
Borrowings	**100,973**	**–**
	108,889	**–**
At 31 December 2015		
Trade and other payables	55,853	–
Borrowings	116,627	–
	172,480	–

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

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors its capital based on total capital. Total capital is calculated as capital and reserves attributable to equity holders of the Company plus net debt. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

25. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk (continued)

	Group		Company	
	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
Group				
Assets				
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
Company				
Assets				
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.

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	**36,616**	26,658
Currency translation differences	**983**	1,761
Refund of capital contribution	**(4,125)**	(1,392)
Fair value gains recognised in other comprehensive income	**2,359**	9,589
End of financial year	**35,833**	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 31 December		Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	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	**42,491**	70,633	**31,323**	63,507
Financial liabilities at amortised cost	**103,602**	166,864	**108,730**	172,356

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

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					
[b] PCCW Limited (Hong Kong)	Provision of local and international telecommunications and information technology services, technology-related businesses, and investment holding (Hong Kong)	**1,098,119**	1,018,100	**22.7**	22.3
		1,098,119	1,018,100		
Subsidiary corporations indirectly held by the Company					
[c] City Ventures Global Limited (Cayman Islands)	Investment holding (Cayman Islands)			**100**	100
[c] Prosper Global Investments Limited (Cayman Islands)	Investment holding (Cayman Islands)			**100**	100
Associated corporation indirectly held by the Company					
[e] KSH Distriparks Private Limited (India)	Provision of infrastructure and services for an Inland Container Depot, the development of warehousing and industrial parks and third party logistics and transportation solutions (India)			**49.9**	49.9

* Less than $1,000

[a] Audited by PricewaterhouseCoopers LLP, Singapore

[b] Audited by PricewaterhouseCoopers, Hong Kong

[c] A corporation not requiring audit under the laws in its country of incorporation

[d] Audited by Central & Co., Hong Kong

[e] Audited by BSR & Co. LLP, India

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.

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.

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.

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
Richard Li Tzar Kai	4	4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Francis Yuen Tin Fan	4	4	4	4	n.a.	n.a.	1	1
Peter A. Allen	4	4	n.a.	4*	n.a.	1*	n.a.	1*
Alexander Anthony Arena	4	3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tom Yee Lat Shing [1]	4	4	4	4	1	1	n.a.	n.a.
Frances Wong Waikwun	4	3	4	4	1	1	n.a.	n.a.
Laura Deal Lacey	4	4	n.a.	n.a.	1	1	1	1
Chng Hee Kok [2]	4	1	n.a.	n.a.	1	1	1	1

* By invitation
n.a. Not applicable
1 Appointed as member of the Remuneration Committee with effect from 22 April 2016
2 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.

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
Richard Li Tzar Kai	Executive	08.09.94	24.04.15	Present – PCCW Limited – HKT Limited – Pacific Century Premium Developments Limited – The Bank of East Asia, Limited
Francis Yuen Tin Fan	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.
Peter A. Allen	Executive	01.11.97	22.04.16	Present – HKT Limited
Alexander Anthony Arena	Non-Executive	05.11.99	22.04.16	Present – HKT Limited
Tom Yee Lat Shing	Non-Executive/ Independent	19.04.91	22.04.16	Present – Bonvests Holdings Limited – Powermatic Data Systems Limited – Cosco Corporation (Singapore) Limited
Frances Wong Waikwun	Non-Executive/ Independent	01.06.13	22.04.16	Present – PCCW Limited – HKT Limited
Laura Deal Lacey	Non-Executive/ Independent	12.02.15	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.

AUDIT COMMITTEE (continued)

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

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

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

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

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

There were no non-audit services provided by its auditor, PricewaterhouseCoopers for FY2016.

Fees paid for audit and non-audit services:

	2016	2015
	$'000	$'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
Total	**4,701**	**100.00**	**2,649,740,300**	**100.00**

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

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 [(1)]	–	2,347,042,230
Lester Huang [(1)]	–	2,347,042,230
OS Holdings Limited [(1)]	–	2,347,042,230
Ocean Star Management Limited [(1)]	–	2,347,042,230
The Ocean Trust [(1)]	–	2,347,042,230
The Ocean Unit Trust [(1)]	–	2,347,042,230
The Starlite Trust [(1)]	–	2,347,042,230
The Starlite Unit Trust [(1)]	–	2,347,042,230
Pacific Century Group Holdings Limited [(2)]	200,000	2,346,842,230
Pacific Century International Limited [(3)]	–	2,330,058,230
Pacific Century Group (Cayman Islands) Limited [(4)]	1,160,991,050	1,169,067,180
Anglang Investments Limited	1,169,067,180	–

Notes:

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

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

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

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

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
	Total	**2,505,189,302**	**94.54**

Notice of 53rd Annual General Meeting

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

NOTICE IS HEREBY GIVEN that the 53rd 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,

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.

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

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

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.

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.

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
	Routine Business		
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		
	Special Business		
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

2nd fold here

3rd fold here

Pacific Century Regional Developments Limited

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