FAR EAST ORCHARD LIMITED

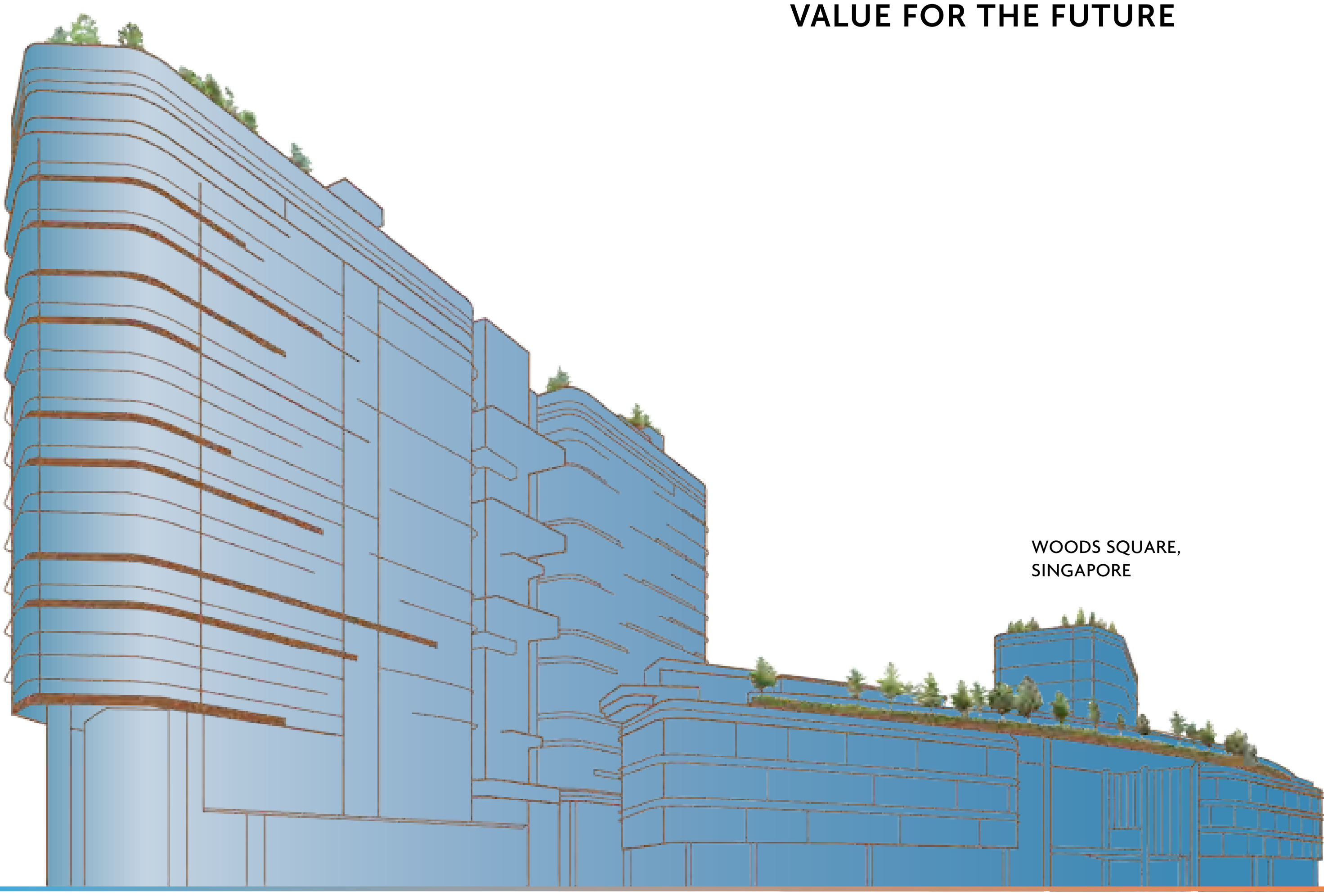
A MEMBER OF FAR EAST ORGANIZATION

PRIMED FOR GROWTH

ANNUAL REPORT 2016

CONTENTS

BUILDING ON OUR SOLID TRACK RECORD SUPPORTED BY OUR TWIN PILLARS, FAR EAST ORCHARD IS **PRIMED FOR GROWTH** AND READY TO MAINTAIN ITS COMPETITIVENESS IN THE EVOLVING MARKETPLACE TO CREATE **SUSTAINABLE VALUE FOR THE FUTURE**



WOODS SQUARE, SINGAPORE

CORPORATE PROFILE

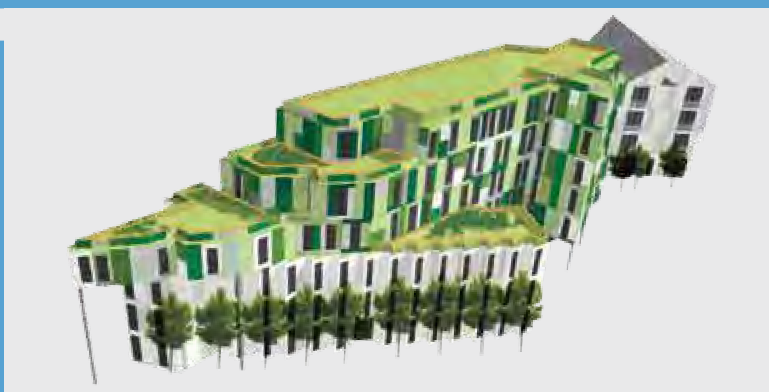
Far East Orchard Limited ("Far East Orchard") is a member of Far East Organization, Singapore's largest private property developer. Incorporated as Ming Court Limited in 1967, Far East Orchard was acquired by Far East Organization in 1987 and was renamed Orchard Parade Holdings Limited in 1991. In July 2012, it adopted the new name of Far East Orchard Limited to better reflect its close alignment with its substantial shareholder and leverage on the "Far East" brand. Far East Orchard has been listed on the Mainboard of the Singapore Exchange since 1968.

An established developer, Far East Orchard has delivered a number of successful residential, commercial and hospitality developments in Singapore. Its latest completed project is SBF Center, a premier development with office and medical spaces set in a park-like environment within the Central Business District. Together with Frasers Centrepoint Limited and Sekisui House, Ltd, it is currently developing RiverTrees Residences, a residential project located along the Punggol Reservoir. Over at Woodlands Regional Centre, Singapore's Northern Gateway and upcoming business hub, Far East Orchard is jointly developing an integrated office development, Woods Square, with Far East Organization and Sekisui House, Ltd. Far East Orchard has also successfully developed quality landed, cluster and high-rise residences such as euHabitat, Floridian, The Nexus, Glendale Park, Regent Grove, Seasons View, Seasons Park, Kew Green, Kew Residencia and The Manor Houses.

In Malaysia, Far East Orchard has recently completed the redevelopment of its commercial building in Kuala Lumpur into a hotel – Oasia Suites Kuala Lumpur.

Oasia Hotel Downtown, Singapore

2016 MILESTONES



Acquired a student accommodation property for development in Brighton, East Sussex, United Kingdom

MARCH

Adina Apartment Hotel Norwest Sydney, Australia

Since 2014, Far East Orchard has expanded into Australia and the United Kingdom ("UK"). Together with Australia's Toga Group, Far East Orchard's first Australian joint venture development project - Harbourfront Balmain, is a mixed-use residential and retail/ commercial development built along Sydney's iconic harbourfront. In the UK, Far East Orchard has a portfolio of purpose-built student accommodation properties in Brighton and Newcastle upon Tyne. Far East Orchard's latest acquisition, in the prime central borough of the City of Westminster, London, is a former fire station slated for redevelopment into a mixed-use development comprising residential accommodation and a restaurant.

Redefining itself through a strategic transformation of the business in 2012, Far East Orchard expanded into the complementary business lines of hospitality management and healthcare real estate segments.

Through its hospitality partnerships with The Straits Trading Company and Toga Group in 2013, Far East Orchard's hospitality arm - Far East Hospitality - has grown beyond Singapore and Malaysia, into Australia, Denmark, Germany, Hungary and New Zealand. It owns more than 10 hospitality assets and manages over 90 properties with more than 13,600 rooms internationally. Far East Hospitality's stable of 10 unique and complementary hospitality brands are Oasia, Quincy, Rendezvous, Village, Far East Collection, Adina Apartment Hotels, Medina Serviced Apartments, Travelodge Hotels, Vibe Hotels and TFE Hotels Collection.

Far East Orchard also owns a portfolio of medical suites in Singapore's premier medical hub of Novena. These purpose-built medical suites in Novena Medical Center and Novena Specialist Center are conceptualised to set the benchmark for a new generation of healthcare buildings with premium quality finishes, advanced technology and modern infrastructure for medical specialists.

Today, Far East Orchard has a diversified international real estate portfolio in both property development and investment, and is also a vertically integrated international hospitality owner and operator with a sizeable overseas network.

Opening of Oasia Suites Kuala Lumpur, Malaysia

Expanded into the UK residential market with the acquisition of the former Westminster Fire Station for redevelopment into a mixed-use development in the City of Westminster, central London

APRIL

JULY

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

In a year characterised by weak global economic growth and volatility, the Group recorded a stable set of results for the financial year ended 31 December 2016 ("FY2016") as we pushed ahead and focused on strengthening recurring income streams. This was achieved on the back of firm foundations laid over time and our strategic restructuring exercise in 2012 which led to the diversification of our businesses.

Adina Apartment Hotel Frankfurt, Germany

KEEPING THE MOMENTUM

The Group reported sales of S$184.9 million and profit attributable to equity shareholders of S$65.0 million in FY2016.

We continued to increase the presence of our hospitality management business with the commencement of operations of new hotels and serviced residences in Singapore, Malaysia and Germany and secured new pipeline hotel management agreements in Australia and Germany. With an expanding international footprint of more than 13,600 rooms at the end of 2016, we are well-placed for the continued growth of our hospitality management business.

In the United Kingdom ("UK"), developments for our portfolio of purpose-built student accommodation properties in Newcastle upon Tyne and Brighton are progressing as planned. We look forward to our student accommodation portfolio contributing a stable source of recurring income for the Group in the long run.

On the property development front, the acquisition of the former Westminster Fire Station, located in the City of Westminster, central London, marks our first residential project in the UK. We intend to redevelop the site into a mixed-use development comprising residential accommodation and a restaurant.

LOOKING AHEAD

Global growth is forecasted to be 3.4% in 2017, a slight improvement from 3.1% in 2016 and the Singapore

Vibe Hotel Rushcutters Bay Sydney, Australia economy is estimated to grow at a modest pace of 1.0% to 3.0% in 2017, following a 2.0% expansion in 2016. Nonetheless, market uncertainties abound in the year ahead arising from key geopolitical developments including the UK's vote to leave the European Union, the United States' stance on international trade as well as China's growing economic and political influence. We will continue to grow our business amidst the challenging business environment and cautious business sentiments by monitoring developments closely and refining our strategy to capitalise on opportunities as they arise, so as to create greater value for our shareholders over the long term.

DIVIDENDS

In appreciation of our shareholders' support, the Board is pleased to propose a first and final one-tier tax exempt dividend of six cents per ordinary share for FY2016.

2017: A MILESTONE YEAR

The Group will celebrate its 50th anniversary in December 2017, marking its growth from an owner of a single hotel to an international hospitality operator, which manages one of Singapore's largest hospitality portfolios. Apart from establishing ourselves as a developer of residential, commercial and hospitality properties, we also have property investments in various asset classes including medical suites in Singapore's premier medical hub in Novena and a portfolio of student accommodation properties in the UK.

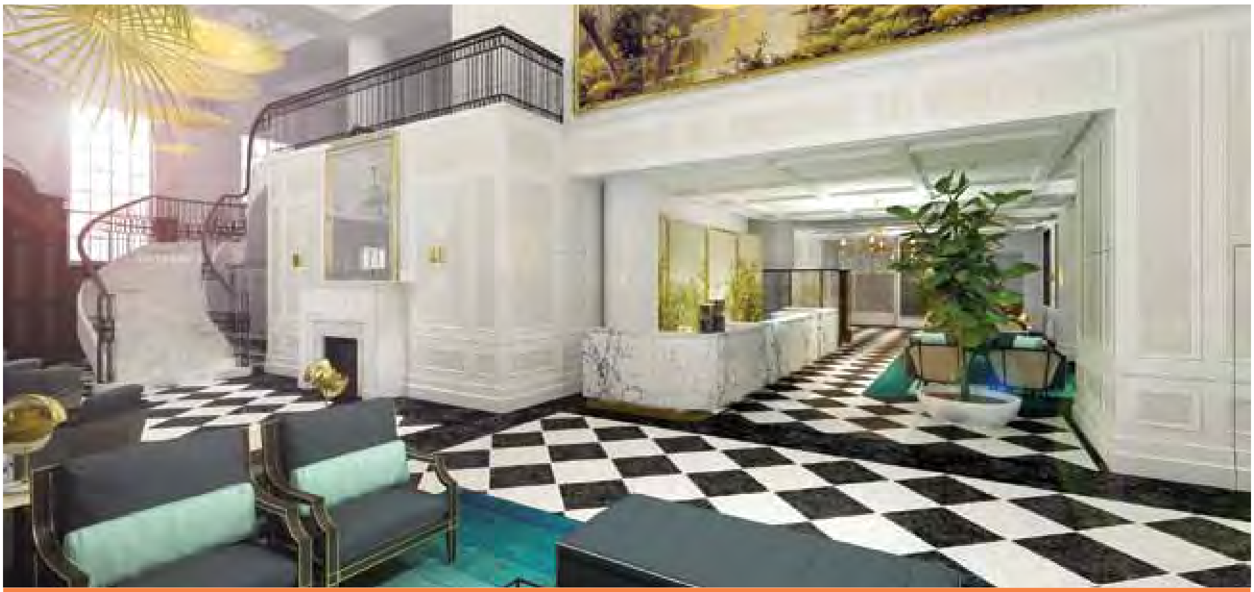
I wish to take this opportunity to thank my fellow directors for their commitment and valuable insights. On behalf of the Board, I would like to extend my gratitude to Mr Cheng Hong Kok, who will be retiring from the Board, for his close to 20 years of invaluable guidance and contributions towards the Group's transformation over the years. I would also like to welcome Ms Koh Kah Sek who joined us as a Non-Executive Director in November 2016. Her financial expertise and extensive experience will be instrumental to our development.

Lastly, I would like to express sincere appreciation to the management team and all our employees for their contributions and thank our business partners and shareholders for their unstinting support.

Looking ahead, we are committed to continued growth to entrench our market position in the industry with your ongoing support.

KOH BOON HWEE
Chairman
23 March 2017

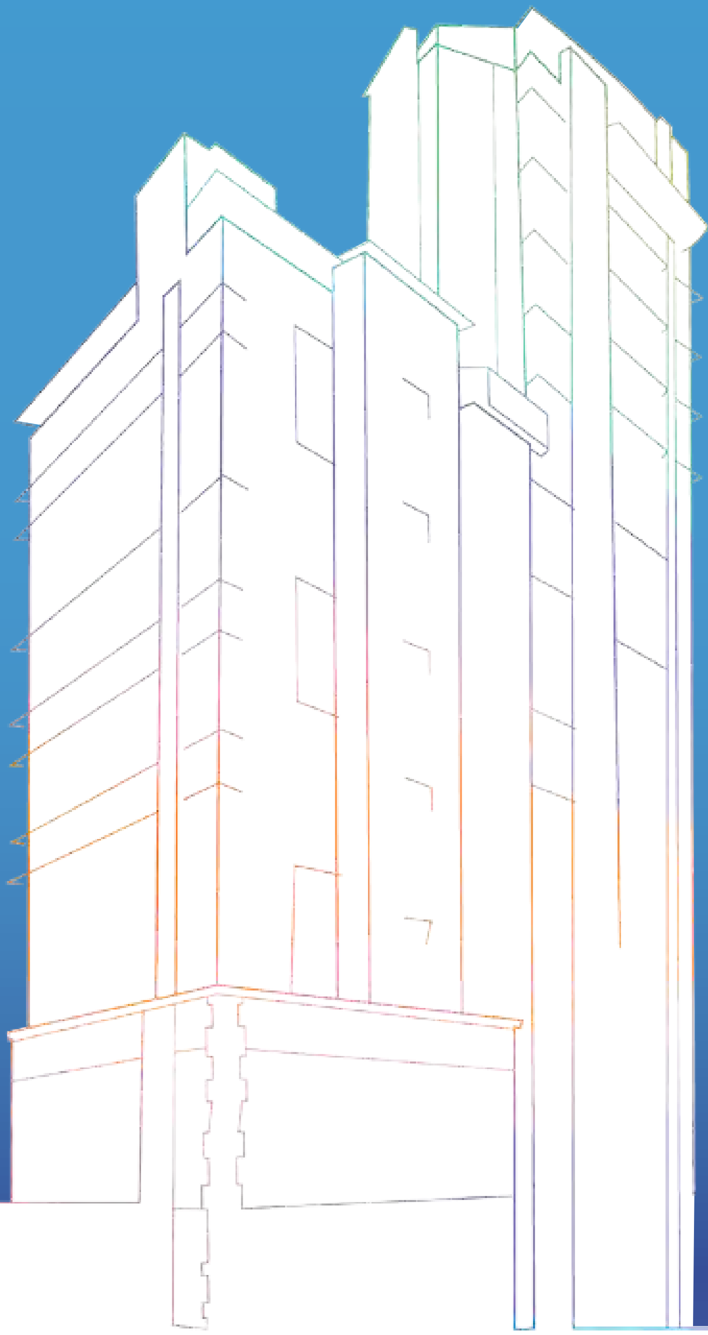
> "WE WILL CONTINUE TO GROW OUR BUSINESS ... BY MONITORING DEVELOPMENTS CLOSELY AND REFINING OUR STRATEGY TO CAPITALISE ON OPPORTUNITIES AS THEY ARISE, SO AS TO CREATE GREATER VALUE FOR OUR SHAREHOLDERS OVER THE LONG TERM."


Adina Grand Apartment Hotel Brisbane, Australia (under development)

PURSUING SUSTAINABLE GROWTH

EXPANDING INTERNATIONAL FOOTPRINT

Continues to actively secure new growth avenues and seek opportunities in existing and new geographical markets to deliver greater value for our stakeholders



OASIA SUITES
KUALA LUMPUR,
MALAYSIA

Adina Apartment Hotel Macquarie Park Sydney, Australia [1]

Oasia Hotel Downtown, Singapore

Adina Apartment Hotel Nuremberg, Germany

Hotel Kurrajong Canberra, Australia

Adina Apartment Hotel Hamburg, Germany [1]

The Calile Fortitude Valley, Australia [1]

NOTES:

1 Part of pipeline contracts opening in 2017 and 2018.

DEAR SHAREHOLDERS,

2016 was a volatile year marked by unexpected global events. Notwithstanding the challenges, we continued with our drive to build a sustainable business with a focus on strengthening our twin pillars of growth – the hospitality and property divisions and had successfully expanded our presence locally and beyond our shores.

FINANCIAL HIGHLIGHTS

The Group posted sales of S$184.9 million for the financial year ended 31 December 2016 ("FY2016"), a decrease from S$270.9 million in FY2015. This was mainly attributable to the absence of progressive revenue recognised in FY2015 from our residential development project euHabitat, the divestment of the Group's interest in the properties at Bassein Road in FY2015, early termination of Rendezvous Hotel Adelaide in September 2015 and end of onerous hospitality lease agreements, such as Rendezvous Hotel Auckland in September 2016. The decline in 2016 was partially offset by full-year contribution from the Group's two operating student accommodation properties in the United Kingdom ("UK") acquired in September 2015.

Our FY2016 profit attributable to equity shareholders was S$65.0 million, as compared to S$29.1 million in FY2015, mainly due to share of profit from our commercial development, SBF Center and stronger performance from the hospitality joint ventures.

Our financial strategy includes optimising capital efficiency through recycling of capital towards higher yielding opportunities when appropriate and managing working capital effectively. As at 31 December 2016, the Group maintained a healthy financial position with cash and cash equivalents of S$209.3 million and a low gearing ratio of 0.16.

Total liabilities and net assets increased to S$811.1 million and S$1.26 billion as at 31 December 2016 from S$733.4 million and S$1.19 billion respectively a year ago.

Net asset value per share for FY2016 was S$2.91, an increase from S$2.86 in FY2015.

HOSPITALITY – A KEY GROWTH PILLAR

Our hospitality business continues to contribute a steady flow of income to the Group by delivering a total operating profit of S$38.1 million in FY2016, a 13.1% increase from S$33.7 million in FY2015. The increase was largely due to stronger performance from our overseas hospitality portfolio and share of gain on sale of Vibe Hotel Sydney in Australia in FY2016, which offset the decline in fair values, revaluation losses and impairment arising from weaknesses faced in selected hospitality markets.

International tourism grew 3.9% year-on-year in 2016 according to the United Nations World Tourism Organization World Tourism Barometer and the outlook is expected to remain positive in 2017.[1]

Our hospitality management team marked two milestones in 2016 by expanding the Oasia brand with its first overseas property (Oasia Suites Kuala Lumpur, Malaysia) and its first serviced residence (Oasia Residence, Singapore). 2016 also saw the opening of Oasia Hotel Downtown in Singapore's Central Business District.

Visitor arrivals in Singapore grew 7.7% to 16.4 million in 2016 but Revenue per Available Room ("RevPAR") declined by 4.6% as hotel room supply increased by 4.8% year-on-year.[2] For 2017, the Singapore Tourism Board forecasts growth of up to 2.0% in visitor arrivals to 16.7 million. However, the outlook for Singapore's hospitality industry remains challenging, given the estimated new supply of 3,425 rooms in 2017, lower demand for

Adina Apartment Hotel Frankfurt, Germany

NOTES:
1 Sustained growth in international tourism despite challenges, UNWTO, 17 Jan 2017.
2 More spending on rooms, but not all rosy for hotels, Straits Times, 16 Feb 2017.
3 RevPARs to face further downward pressure in 2017, Singapore Business Review, 11 Dec 2016.

corporate travel[3], competition from other markets and strength of the Singapore dollar relative to regional currencies[4]. However, we believe our strong customer-focused approach and range of hotel brands catering to different traveller profiles will help to drive performance.

Beyond Singapore and Malaysia, we have a portfolio of 55 hospitality properties under management across Australia in 2016. In addition, we secured five new Hotel Management Agreements ("HMA") last year to add to our growing pipeline. Australia's domestic visitor arrivals grew 4.8% for the 12 months up to September 2016 while international arrivals grew 11.0% in 2016, with Sydney and Melbourne enjoying the highest hotel occupancies at 89% and 88% respectively.[5]

Oasia Residence, Singapore

“NOTWITHSTANDING THE CHALLENGES, WE CONTINUED WITH OUR DRIVE TO BUILD A SUSTAINABLE BUSINESS WITH A FOCUS ON STRENGTHENING OUR TWIN PILLARS OF GROWTH – THE HOSPITALITY AND PROPERTY DIVISIONS AND HAD SUCCESSFULLY EXPANDED OUR PRESENCE LOCALLY AND BEYOND OUR SHORES.”

Outlook for the Australian hospitality industry remains positive, supported by strong growth in tourism demand. Domestic visitor nights and international visitor nights are forecast to grow by 3.2% and 6.2% per annum respectively over the next three years, on the back of economic growth and a weak Australian dollar.[5] Although RevPAR in Australia is projected to grow 3.1% by 2019[5], the Group's pace of growth is expected to vary amongst the different states, with Sydney and Melbourne experiencing faster growth vis-à-vis Perth and Brisbane. With a healthy pipeline of more than 1,000 rooms to be added to our Australia portfolio within the next two years, we are well-positioned to ride on the positive industry trends.

We expanded our European presence to nine properties under management in 2016 with the opening of two hotels in Germany - Adina Apartment Hotel Frankfurt and Adina Apartment Hotel Nuremberg, which is our first foray in Nuremberg. The launch of these two hotels and the new pipeline HMA secured in Germany signify our growth in the country as we expect to double our Adina Apartment Hotel portfolio by 2019.

Even as the outlook for Europe's hospitality sector remains clouded by uncertainty arising from political instability and security concerns, Tourism Economics forecasts a 3.0% and 4.4% visitor growth in Europe for 2017 and 2018 respectively. We remain confident in Europe's long-term prospects as one of the most vibrant and appealing destinations globally.[6]

PROPERTY – BUILDING ON STRONG FOUNDATIONS

Our property division recorded sales of S$15.0 million in FY2016, compared to S$77.2 million in the previous year. Total operating profit for the segment totalled S$57.1 million, representing an increase from S$18.8 million in FY2015. The increase was primarily due to the recognition of our share of profits from SBF Center which obtained its Temporary Occupation Permit ("TOP") in 2016.

Our joint venture property development with Frasers Centrepoint Limited and Sekisui House, Ltd, RiverTrees Residences, a residential project located along the Punggol Reservoir, has been well-received and was 99% sold as at 31 December 2016. It is expected to obtain its TOP in 2017.

On the mixed-use commercial development front, SBF Center, a premier commercial development with office and medical spaces

NOTES:
4 Hospitality Real Estate (Singapore), DBS Group Research, 11 Nov 2016.
5 Pgs 3,6 and 7, Tourism and Hotel Market Outlook, Deloitte Access Economics, Feb 2017.
6 Pgs 8 and 12, European Tourism 2016 - Trends & Prospects (Q4/2016), European Travel Commission, Feb 2017.

"WE WILL CONTINUE TO STRENGTHEN OUR GROWTH PILLARS, WITH A VIEW TOWARDS ENHANCING OUR RECURRING INCOME STREAMS TO BRING SUSTAINABLE GROWTH."

Woods Square, Singapore

within the Central Business District, developed together with Far East Organization, was granted its TOP in June last year and was 99% sold as at 31 December 2016. In August 2016, we launched the first phase comprising 124 strata office units in Woods Square, an integrated office development, of which 50% of the units were sold last year.

Against a backdrop of sluggish economic growth, outlook for the property sector in Singapore is expected to remain weak. Property cooling measures and rising interest rates will weigh on the growth of the private residential market. Demand for office space is expected to be tempered by weak business sentiments and a short-term supply overhang.[7] The Group will continue to seek appropriate development opportunities in Singapore.

Our first residential project in Australia, Harbourfront Balmain, is scheduled for completion in 2017. The development has achieved strong sales and was 87% sold at the end of 2016. As at 30 September 2016, Sydney's residential property price index rose 3.2% year-on-year. The National Australia Bank estimates that Sydney apartment prices will increase by 1.0% in 2017 as investor demand is expected to slow on the back of elevated prices[8], higher interest rates and stricter lending restrictions.[9] Nonetheless, Australia remains an attractive long-term proposition.

The acquisition of the former Westminster Fire Station, a freehold property in the City of Westminster, central London, in July 2016, represents our expansion into the UK residential market. We intend to refurbish the 1906 heritage property into a mixed-use development comprising residential accommodation and a restaurant, thereby enhancing its character whilst preserving the appearance of this decommissioned Grade II Listed Edwardian fire station. A new residential building will also be developed at the rear of the site.

We remain positive about the long-term fundamentals of the UK residential market where demand remains resilient for well-located properties. Average house prices in the UK increased by 7.2% in 2016, with weaker growth seen in the second half of 2016. Property prices in prime central London are forecast

Oasia Suites Kuala Lumpur, Malaysia

NOTES:
7 Pgs 3 and 6, Singapore Q4 2016 Headwinds and Headways, CBRE, 13 Jan 2017.
8 Pg 2, Residential Commentary – Sydney Apartment Market, JLL, 13 Feb 2017.
9 Pgs 34 and 35, Australia Market Outlook, CBRE, Feb 2017.

to remain flat in 2017 and envisaged to grow by 21.0% by 2021.[10] Going forward, we will continue to closely monitor developments in the UK as it prepares to exit the European Union ("Brexit").

We are making significant progress in our newly acquired student accommodation asset in the UK. Our portfolio of 612 beds in Portland Green Student Village in Newcastle upon Tyne enjoyed healthy occupancy levels and contributed its first full year results to our property investment division in 2016.

Plans to expand our presence in Portland Green Student Village are on track with Marshall Court and Bryson Court expected to be completed this year to welcome students for the 2017/2018 academic year. We have also commenced development works

SBF Center, Singapore

for another building in October 2016 following the completion of the acquisition of land sites for Buildings 7, 8 and 9 last year. Our student accommodation development in the city of Brighton is progressing as planned and will add another 193 beds to our portfolio.

The UK student accommodation sector is set to reach a total value of £45.8 billion by September 2017. The sector is expected to witness continued appetite from global capital and a 2.5% rental growth in 2017.[11] Property industry experts believe that Brexit will have a marginal impact on the undersupplied purpose-built student accommodation sector given its counter-cyclical fundamentals and track record of strong occupancy and rental growth.[12]

On the healthcare front, our investments in medical suites at Novena Specialist Center and Novena Medical Center in Singapore continue to provide us with a source of stable recurring income. Long-term prospects of the healthcare industry remains positive given Singapore's reputation for quality healthcare, an ageing population and demand for quality private healthcare services.[13]

CELEBRATING 50 YEARS OF SUCCESS IN 2017

As we mark a significant corporate milestone in December 2017 with our 50th anniversary, we are focused on building our future to bring us to another 50 years.

The foundations of our business remain strong despite the low-growth economic environment and political uncertainties globally in 2017. We maintain an optimistic long-term view on real estate development and the hospitality segment in the markets we operate in. Demand for quality properties in global gateway cities has held steady[14] and global international tourist arrivals are projected to grow 3.0% to 4.0% in 2017.[1] We will continue to strengthen our growth pillars, with a view towards enhancing our recurring income streams to bring sustainable growth. We will also keep a keen eye on market trends and opportunities as we actively seek growth opportunities in current and new markets while upholding our financial discipline to maintain a strong balance sheet.

I would like to extend my appreciation to our shareholders for their unwavering support, our Board of Directors for their guidance and all employees and business associates for their diligence and contributions to the Group.

LUI CHONG CHEE
Group Chief Executive Officer
and Managing Director
23 March 2017

NOTES:

10 Prime London Residential Markets, Savills, 17 Jan 2017.
11 Student housing sector to hit £45bn valuation next year, Property Week, 21 Dec 2016.
12 JLL UK Student Housing Quarterly Bulletin, JLL, 13 Jan 2017.
13 Singapore Healthcare, Maybank Kim Eng, 11 Jan 2017.
14 Pgs 6 and 10, Real Estate Market Outlook - Asia Pacific, CBRE, 4 Feb 2017.

Harbourfront Balmain, Australia

Bryson Court, United Kingdom

euHabitat, Singapore

RiverTrees Residences, Singapore

GROWING OUR DIVERSIFIED PORTFOLIO

BUILDING ON STRONG FOUNDATIONS

An established real estate group with a solid track record of developing quality residential, commercial and hospitality developments

4 GREYCOAT PLACE, UNITED KINGDOM (FORMER WESTMINSTER FIRE STATION)

BUSINESS STRUCTURE

HOSPITALITY

LEASED PROPERTIES [2]

SINGAPORE

100%

- Orchard Parade Hotel
- Village Hotel Albert Court
- Village Residence Clarke Quay

AUSTRALIA AND NEW ZEALAND

70%

- Rendezvous Hotel Sydney The Rocks
- Rendezvous Hotel Christchurch

OWNED PROPERTIES [2]

AUSTRALIA

70%

- Rendezvous Hotel Perth Scarborough
- Rendezvous Hotel Perth Central
- Rendezvous Hotel Melbourne
- Restaurant and manager unit at Adina Apartment Hotel Brisbane Anzac Square
- Retail podium at Rendezvous Hotel Perth Scarborough

32%

- Adina Apartment Hotel Sydney Darling Harbour
- Adina Apartment Hotel Adelaide Treasury
- Travelodge Resort Darwin

Under Development

- 280 George Street Sydney
- 171 George Street Brisbane

GERMANY

35%

- Adina Apartment Hotel Berlin Checkpoint Charlie
- Adina Apartment Hotel Berlin Mitte
- Adina Apartment Hotel Frankfurt Neue Oper

DENMARK

35%

- Adina Apartment Hotel Copenhagen

MALAYSIA

100%

- Oasia Suites Kuala Lumpur

INVESTMENTS

SINGAPORE

33%

- FEO Hospitality Asset Management Pte. Ltd.
- FEO Hospitality Trust Management Pte. Ltd.

MANAGEMENT AND OTHER

SINGAPORE AND MALAYSIA

70%

- Far East Hospitality
  Operates the brands *Oasia, Quincy, Rendezvous, Village and Far East Collection*

AUSTRALIA, NEW ZEALAND,GERMANY, HUNGARY AND DENMARK

32%

- TFE Hotels
  Operates the brands *Adina Apartment Hotels, Medina Serviced Apartments, Rendezvous, Travelodge Hotels, Vibe Hotels and TFE Hotels Collection*

Travelodge Hotel Sydney Airport, Australia [3]

Rosedale Court, United Kingdom

The Calile Fortitude Valley, Australia [3]

PROPERTY INVESTMENT

SINGAPORE

100%

- Offices at Tanglin Shopping Centre
- Medical units at Novena Medical Center and Novena Specialist Center

20%

- Shops at SBF Center

UNITED KINGDOM

100%

- Turner Court student accommodation building
- Rosedale Court student accommodation building
- Land sites for student accommodation buildings

PROPERTY DEVELOPMENT

SINGAPORE

100%

- Medical units at Novena Medical Center and Novena Specialist Center

33%

- Woods Square

30%

- RiverTrees Residences

20%

- Medical unit and office at SBF Center
- euHabitat

AUSTRALIA

50%

- Harbourfront Balmain

UNITED KINGDOM

90%

- 4 Greycoat Place, London, SW1P 1SB (Former Westminster Fire Station)

PROPERTY

Vibe Hotel Canberra Airport, Australia

NOTES:

1 Percentages shown here are based on the Group's effective interest.
2 Managed by Far East Hospitality or TFE Hotels.
3 Pipeline contract.

PROPERTIES OF THE GROUP

As at 31 December 2016

	Location	Effective Interest	Tenure	Site Area (sm)	No. Of Units/ Rooms
Hospitality Properties					
Owned properties					
AUSTRALIA					
Rendezvous Hotel Perth Scarborough	Perth	70%	Freehold	11,467	336
Rendezvous Hotel Perth Central	Perth	70%	Freehold	1,973	103
Rendezvous Hotel Melbourne	Melbourne	70%	Freehold	1,999	340
Adina Apartment Hotel Sydney Darling Harbour	Sydney	32%	Leasehold	3,058	114
Adina Apartment Hotel Adelaide Treasury	Adelaide	32%	Leasehold	4,154	79
Travelodge Resort Darwin	Darwin	32%	Freehold	13,100	224
Retail podium at Rendezvous Hotel Perth Scarborough	Perth	70%	Freehold	-	13
Restaurant at Adina Apartment Hotel Brisbane Anzac Square	Brisbane	70%	Freehold	-	1
Manager unit at Adina Apartment Hotel Brisbane Anzac Square	Brisbane	70%	Freehold	-	1
DENMARK					
Adina Apartment Hotel Copenhagen	Copenhagen	35%	Freehold	3,000	128
GERMANY					
Adina Apartment Hotel Berlin Checkpoint Charlie	Berlin	35%	Freehold	2,143	127
Adina Apartment Hotel Berlin Mitte	Berlin	35%	Freehold	1,798	139
Adina Apartment Hotel Frankfurt Neue Oper	Frankfurt	35%	Freehold	1,455	134
MALAYSIA					
Oasia Suites Kuala Lumpur	Kuala Lumpur	100%	Freehold	1,880	247
Leased and managed					
SINGAPORE					
Orchard Parade Hotel	Singapore	100%	Freehold	8,143 [1]	388
Village Hotel Albert Court	Singapore	100%	Leasehold	4,273	210
Village Residence Clarke Quay	Singapore	100%	Leasehold	6,238	127
Properties under redevelopment					
AUSTRALIA					
280 George Street	Sydney	32%	Freehold	583	- [2]
171 George Street	Brisbane	32%	Freehold	1,485	- [2]

NOTES:

1 Includes 1,069sm of leasehold area.

2 Under redevelopment from office building into apartment hotel.

	Location	Effective Interest	Tenure	Site Area (sm)	No. Of Units/ Rooms
Development Properties					
Residential projects under development					
SINGAPORE					
RiverTrees Residences	Singapore	30%	Leasehold	14,930	496
AUSTRALIA					
Harbourfront Balmain	Sydney	50%	Freehold	12,375	121
UNITED KINGDOM					
4 Greycoat Place, London, SW1P 1SB (Former Westminster Fire Station)	London	90%	Freehold	768	18 [(3)]
Commercial project under development					
SINGAPORE					
Woods Square	Singapore	33%	Leasehold	18,569	514 [(4)]
Completed properties					
SINGAPORE - RESIDENTIAL					
euHabitat	Singapore	20%	Leasehold	-	1
SINGAPORE - COMMERCIAL					
Medical suites at Novena Medical Center	Singapore	100%	Leasehold	-	7
Medical suites at Novena Specialist Center	Singapore	100%	Leasehold	-	30
Medical suite at SBF Center	Singapore	20%	Leasehold	-	1
Office at SBF Center	Singapore	20%	Leasehold	-	1
Investment Properties					
SINGAPORE					
Offices at Tanglin Shopping Centre	Singapore	100%	Freehold	-	4
Medical suites at Novena Medical Center	Singapore	100%	Leasehold	-	37
Medical suites at Novena Specialist Center	Singapore	100%	Leasehold	-	10
Shops at SBF Center	Singapore	20%	Leasehold	-	3
UNITED KINGDOM					
Turner Court student accommodation building	Newcastle upon Tyne	100%	Freehold	2,640	274
Rosedale Court student accommodation building	Newcastle upon Tyne	100%	Freehold	3,548	338
Land sites for student accommodation buildings	Newcastle upon Tyne	100%	Freehold	13,226	- [(5)]
Land site for student accommodation buildings	Brighton	100%	Freehold	1,616	- [(5)]

NOTES:

3 17 residential units and 1 restaurant unit.
4 Integrated office development comprising offices, retail, F&B and childcare component.
5 Under development.

MR KOH BOON HWEE

Chairman
Non-Executive and Non-Independent Director
- Member, Nominating Committee

Mr Koh Boon Hwee was appointed as a Non-Executive Director and Chairman of the Board on 1 January 2013, and was last re-elected on 20 April 2016. Mr Koh is a member of the Nominating Committee. As Mr Koh serves on various executive committees in Far East Organization, the Nominating Committee of the Company considers Mr Koh to be non-independent.

Mr Koh started his career in 1977 at Hewlett Packard and rose to become its Managing Director in Singapore, a post he held from 1985 to 1990. From 1991 to 2000, he was Executive Chairman of the Wuthelam Group. Mr Koh has been with Sunningdale Tech Ltd since 2003, where he oversaw the operations of the company as Executive Chairman and Chief Executive Officer from 2005 to 2008, and as Chairman from 2008 to-date. He is also the Chairman of Yeo Hiap Seng Limited since 2010.

Mr Koh was also the Non-Executive Chairman of the Singapore Telecom Group (SingTel) and its predecessor organisations from 1986 to 2001. From 2001 to 2005, Mr Koh served as Non-Executive Chairman of Singapore Airlines Limited, and from 2005 to 2010 as Non-Executive Chairman of DBS Group Holdings Ltd and DBS Bank Ltd.

From 1996 to 2010, Mr Koh served on the board of Temasek Holdings Pte Ltd, and was a member of the Executive Committee from 1997 to 2010.

Mr Koh graduated from Imperial College with a Bachelor of Science (Mechanical Engineering), First Class Honours, in 1972, and obtained a Master in Business Administration with Distinction from Harvard Business School in 1976.

Present directorships in other listed companies:

SINGAPORE
- Sunningdale Tech Ltd (Chairman)
- Yeo Hiap Seng Limited (Chairman)

OVERSEAS
- AAC Technologies Holdings Inc (Chairman) (Cayman Islands, listed on the Hong Kong Stock Exchange)
- Agilent Technologies, Inc (Chairman) (USA, listed on the New York Stock Exchange)

Other principal commitments:

SINGAPORE
- CM Houlder (SEA) Pte Ltd (Chairman)
- Credence Partners Pte Ltd (Chairman)
- FEO Hospitality Asset Management Pte. Ltd. (Chairman)
- FEO Hospitality Trust Management Pte. Ltd. (Chairman)
- Nanyang Technological University, Board of Trustees (Chairman)
- Rippledot Capital Advisers Pte Ltd (Chairman)
- The William and Flora Hewlett Foundation (Director)
- Bank Pictet & Cie (Asia) Ltd (Director)

OVERSEAS
- Credence Capital Fund II (Cayman) Ltd (Executive Director)
- First Spring Ltd (Director)
- Razer Inc (Director)

Past directorships in other listed companies (2014-2016):

Nil

MR LUI CHONG CHEE

Group Chief Executive Officer and Managing Director
Executive Non-Independent Director

Mr Lui Chong Chee was appointed as an Executive Director on 1 September 2014 and was last re-elected on 22 April 2015. Mr Lui was also appointed as the Group Chief Executive Officer and Managing Director of the Company on 1 September 2014.

Mr Lui has extensive financial and business leadership experience from major listed companies. He served as Chief Financial Officer of Raffles Medical Group Ltd, where he was responsible for its financial management and business development. During his time with the CapitaLand Group, he held various senior management positions, including Group Chief Financial Officer of CapitaLand Limited; Chief Executive Officer of CapitaLand Residential Limited; and Chief Executive Officer of CapitaLand Financial Limited. He also held various posts as Director in various listed companies with the CapitaLand Group, and was the Chairman of Australand Holdings Limited, which was listed in the Australian Securities Exchange. Prior to joining the CapitaLand Group, Mr Lui was Managing Director and Senior Vice President, Capital Markets Group of Citicorp Investment Bank (Singapore) Limited.

Mr Lui received a Bachelor of Science in 1985 in Business Administration (magna cum laude) from New York University, USA, as well as a Master of Business Administration in 1986 in Finance and International Economics. In 2005, he attended the Advanced Management Program at Harvard Business School.

Present directorships in other listed companies:

Nil

Other principal commitments:

SINGAPORE

- Far East Hospitality Holdings Pte. Ltd. (Chairman)
- The Boys' Brigade Share-a-Gift (Chairman)

OVERSEAS

- Toga Hotel Holdings Pty Limited (Director of the Trustee Board)

Past directorships in other listed companies (2014-2016):

Nil

MR HENG CHIANG MENG

Non-Executive Lead Independent Director

- Chairman, Remuneration Committee
- Chairman, Nominating Committee
- Member, Audit & Risk Committee

Mr Heng Chiang Meng was appointed as a Non-Executive Director of the Company on 19 June 1998 and was last re-appointed on 20 April 2016. He was appointed as Lead Independent Director of the Company in 2008. Mr Heng is the Chairman of the Remuneration Committee and the Nominating Committee, and a member of the Audit & Risk Committee. Mr Heng, who has served on the Board for more than 9 years, is considered independent by the Nominating Committee because he has continued to demonstrate strong independence in character and judgment and has contributed effectively as an Independent Director by providing impartial and autonomous views.

In his corporate career spanning over 30 years, Mr Heng held senior positions in several financial institutions including Citibank NA, the Monetary Authority of Singapore and Overseas Union Bank Limited. His other major area of experience is in real estate, having been the Managing Director of First Capital Corporation Limited, the Executive Director in the Far East Organization Group, and the Group Managing Director of Lim Kah Ngam Limited.

He also served four terms as a Member of Parliament from 1984 to 2001 during which he chaired the Government Parliamentary Committees for Communications and the Environment as well as the Ang Mo Kio-Cheng San Community Development Council and the Cheng San Town Council.

Mr Heng holds a Bachelor of Business Administration (Honours) degree from the University of Singapore.

Present directorships in other listed companies:

SINGAPORE
Nil

OVERSEAS

- Academies Australasia Group Limited (listed on the Australian Stock Exchange in Sydney, Australia)

Other principal commitments:

Nil

Past directorships in other listed companies (2014-2016):

- Keppel Land Limited
  (retired with effect from 30 April 2015)
- Macquarie International Infrastructure Fund Limited
  (resigned with effect from 26 October 2015)

MR CHENG HONG KOK

Non-Executive Independent Director
- Chairman, Audit & Risk Committee
- Member, Remuneration Committee

Mr Cheng Hong Kok was appointed as a Non-Executive Director on 30 May 1996, and was last re-appointed on 20 April 2016. Mr Cheng is the Chairman of the Audit & Risk Committee, and a member of the Remuneration Committee. Mr Cheng, who has served on the Board for more than 9 years, is considered independent by the Nominating Committee because he has continued to demonstrate strong independence in character and judgment and has contributed effectively as an Independent Director by providing impartial and autonomous views.

Mr Cheng is currently a director of SP Corporation Limited, a Singapore-listed company. He was also a director of Gul Technologies Singapore Ltd, from which he stepped down after its successful voluntary delisting from the Singapore Exchange in January 2013. Mr Cheng was a director and an Executive Committee member of Singapore Petroleum Company Limited (SPC) from 1999 to 2009. Prior to that, he was the President and Chief Executive Officer of SPC from 1981 to 1996. Through SPC, he was involved in the Asean Council on Petroleum (ASCOPE) for many years. He was also a Board member of the Singapore Economic Development Board from 1987 to 1990 and was a member of the Government Economic Planning Committee from 1989 to 1991.

Mr Cheng graduated from the University of London in 1964 with a First Class Honours degree in Chemical Engineering and attended the Advanced Executive Management Program at the Kellogg Graduate School of Management, Northwestern University, USA, in 1981. In 1961, he was awarded the Singapore State Scholarship, the Colonial Welfare and Development Scholarship and the University of Malaya Entrance Scholarship. He was also awarded the University of Cambridge Fellowship and the Eisenhower Fellowship in 1964 and 1979 respectively.

Present directorships in other listed companies:
SP Corporation Limited

Other principal commitments:
Nil

Past directorships in other listed companies (2014-2016):
Nil

MS CHUA KHENG YENG, JENNIE

Non-Executive Independent Director
- Member, Audit & Risk Committee
- Member, Nominating Committee

Ms Chua Kheng Yeng, Jennie was appointed as a Non-Executive Director of the Company on 1 January 2014, and was last re-appointed on 20 April 2016. Ms Chua is a member of the Audit & Risk Committee and the Nominating Committee. The Nominating Committee considers Ms Chua to be an Independent Director.

Ms Chua brings with her over 40 years of international experience in tourism and hospitality. Ms Chua is a Director of two other entities listed on the Singapore Stock Exchange – GL Limited and GuocoLand Limited.

On the public/community service front, she is currently Chairman of Alexandra Health System Pte Ltd, WoodlandsHealth Pte Ltd, Yishun Community Hospital Pte Ltd and Geriatric Education & Research Institute Limited. She is also the Deputy Chairman of Temasek Foundation CLG Limited.

She is Singapore's Non-Resident Ambassador to the United Mexican States.

She is a Director of MOH Holdings Pte Ltd and Singapore Chinese Girls' School.

She is a member of Singapore's Pro-Enterprise Panel and a member of MOH Holdings Healthcare Infrastructure and Planning Committee.

She is a Justice of the Peace and an Adviser to the Community Chest.

She was formerly President and CEO of Raffles Holdings Ltd, Chairman of Raffles International Limited, President and CEO of The Ascott Group Limited, a Director of Ascott Residence Trust Management Limited, the Chief Corporate Officer of CapitaLand Limited, Chairman of the Singapore International Chamber of Commerce and Singapore's Non-Resident Ambassador to The Slovak Republic. She was a Director of ISS A/S, a company listed on NASDAQ OMX Copenhagen stock exchange and was the Chairman of the Community Chest.

Awards and accolades: Singapore National Day Awards including the Meritorious Service Medal, President's Volunteerism & Philanthropy Award, Outstanding Contribution to Tourism, NTUC Medal of Commendation, amongst others.

Ms Chua graduated from Cornell University's School of Hotel Administration.

Present directorships in other listed companies:

SINGAPORE
- GL Limited
- GuocoLand Limited

OVERSEAS
Nil

Other principal commitments:

SINGAPORE
- Alexandra Health Pte Ltd (Chairman)
- Temasek Foundation CLG Limited (Deputy Chairman)
- MOH Holdings Pte Ltd (Director)
- Singapore Chinese Girls' School (Director)
- The RICE Company Limited (Chairman)
- Singapore University of Technology and Design (Member, Board of Trustees)

OVERSEAS
Nil

Past directorships in other listed companies (2014-2016):

- ISS A/S (listed on NASDAQ OMX Copenhagen) (retired on 15 April 2015)
- CapitaMalls Asia Limited (Director) (retired on 17 April 2014)

MDM EE CHOO LIN DIANA

Non-Executive Independent Director
- **Member, Audit & Risk Committee**
- **Member, Remuneration Committee**

Mdm Ee Choo Lin Diana was appointed as a Non-Executive Director on 29 April 2011, and was last re-elected on 24 April 2014. Mdm Ee is a member of the Audit & Risk Committee and Remuneration Committee. The Nominating Committee considers Mdm Ee to be an Independent Director.

Mdm Ee has over 28 years of international experience in the tourism and hospitality industry. She held senior leadership positions at Raffles International Limited managing multi-hotel brands and gained broad experience in the areas of business management, sales and marketing, operations, technical services, quality assurance management, human resources and organisational development. She was formerly President of Raffles Hotels & Resorts where she held responsibilities for the group's growth strategy and for the operating and financial performance of its hotels spanning South East Asia, China, the United States, Middle East and Europe. Mdm Ee served as a Board Member of the Singapore Tourism Board from 2010 to 2015.

Active in supporting areas related to pre-employment education, continuing education and skills development, Mdm Ee sits on the Advisory Committee of the School of Hospitality at Republic Polytechnic, Singapore and is the Vice Chairman of SHATEC Institutes, the educational arm of the Singapore Hotel Association. Mdm Ee is also the Chairman of Mt Faber Leisure Group Pte Ltd.

Mdm Ee obtained her Bachelor of Arts degree in Economics from the National University of Singapore.

Present directorships in other listed companies:

Nil

Other principal commitments:

SINGAPORE
- Mt Faber Leisure Group Pte Ltd (Chairman)
- SHATEC Institutes Pte Ltd (Vice-Chairman), SHATEC Mentorship Programme (Co-Chairman)
- BND Associates Pte Ltd (Director)
- Far East Hospitality Holdings Pte. Ltd. (Director)
- Republic Polytechnic Singapore, School of Hospitality Advisory Committee (Committee Member)

OVERSEAS
- Toga Hotel Holdings Pty Limited (Director and Member of the Audit & Risk Committee of the Trustee Board)

Past directorships in other listed companies (2014-2016):

Nil

MS KOH KAH SEK

Non-Executive Director

Ms Koh Kah Sek was appointed as a Non-Executive Director on 1 November 2016. As Ms Koh is directly associated with Far East Organisation Pte Ltd, which is a substantial shareholder of the Company, she is considered by the Nominating Committee of the Company to be non-independent.

Ms Koh is the Executive Director and Chief Financial Officer of Far East Organization ("FEO"), where she is responsible for FEO's financial affairs, including corporate finance, treasury, overseas investments, risk management and capital management. Prior to joining FEO, Ms Koh worked in Singapore Telecommunications Limited (SingTel) from 2005 to 2011. In SingTel, she held various senior management positions, such as the Group Financial Controller, CFO of Singapore Business and Group Treasurer. Ms Koh previously served as a board member of public listed companies including Globe Telecom Inc. and Advanced Info Service Public Company Limited. Prior to SingTel, Ms Koh began her career with Price Waterhouse and thereafter she worked at a leading global investment bank before she held a senior management role in a public listed F&B company in Singapore.

Ms Koh will retire pursuant to Regulation 103 of the Company's Constitution at the Company's 49th Annual General Meeting.

Ms Koh holds a Degree in Commerce from the University of Melbourne and is a Chartered Accountant of Singapore and CPA Australia.

Present directorships in other listed companies:

Nil

Other principal commitments:

SINGAPORE AND OVERSEAS

- Far East Organization (Executive Director and Chief Financial Officer)

Past directorships in other listed companies (2014-2016):

Nil

MR KIONG KIM HOCK ARTHUR

Chief Executive Officer, Far East Hospitality

Mr Kiong Kim Hock Arthur was appointed Chief Executive Officer of the hospitality business of the Company on 1 September 2012.

Mr Kiong was the Managing Director of Hotel Operation (Asia Pacific & China) and Senior Vice President of Group Marketing Services at Banyan Tree Hotels & Resorts from 2008 to 2012. He was the Director of Far East Hospitality Business Group from August 2005 to 2007. Mr Kiong was Vice-President of Marketing (Asia Pacific) for the Peninsula Group based in Hong Kong from 2002 to 2005, where he was responsible for the marketing functions in Head Office and sales performance of the hotels outside the USA.

Mr Kiong has 30 years of hotel industry experience having held operations, sales and marketing roles for various hotels in Asia and the USA including The Peninsula Hotels, The Mandarin Oriental Hong Kong, The Ritz-Carlton, Hyatt International, Westin Hotels and Banyan Tree Hotels & Resorts.

MR LING ANG KERNG, KELVIN

Chief Financial Officer

Mr Ling Ang Kerng, Kelvin was appointed Chief Financial Officer of the Company on 1 January 2014. He is responsible for business ventures, strategic partnerships, and overall financial matters of the Company and its group of companies.

Mr Ling was previously the Chief Operating Officer of the Retail Business Group at Far East Organization ("FEO"). In other senior roles with FEO, Mr Ling had spearheaded the implementation of shared services including the consolidation of accounting functions across FEO's hospitality portfolio, identifying and implementing business solutions to drive financial discipline and enhance the assets' financial performance.

Prior to joining FEO, Mr Ling spent over 20 years in finance and operations in professional and commercial business environments including The Oriental Singapore, Pontiac Marina, Coopers & Lybrand and various insurance companies. He was also involved in incubating services for start-ups at PwC Consultants Singapore.

Mr Ling is a Chartered Accountant of Singapore, and a Fellow of the Association of Chartered Certified Accountants.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Chairman
Mr Koh Boon Hwee

Group Chief Executive Officer and Managing Director
Mr Lui Chong Chee

Independent Directors
Mr Heng Chiang Meng
(Lead Independent Director)
Mr Cheng Hong Kok
Ms Chua Kheng Yeng, Jennie
Mdm Ee Choo Lin Diana

Non-Executive Director
Ms Koh Kah Sek
(from 1 November 2016)
Mdm Ng Siok Keow
(until 20 April 2016)

COMPANY SECRETARIES

Ms Madelyn Kwang Yeit Lam
Ms Phua Siyu, Audrey
(from 16 December 2016)
Ms Chwee Chong Foon
(until 16 December 2016)

AUDIT & RISK COMMITTEE

Chairman
Mr Cheng Hong Kok

Members
Mr Heng Chiang Meng
Ms Chua Kheng Yeng, Jennie
Mdm Ee Choo Lin Diana

NOMINATING COMMITTEE

Chairman
Mr Heng Chiang Meng

Members
Mr Koh Boon Hwee
Ms Chua Kheng Yeng, Jennie

REMUNERATION COMMITTEE

Chairman
Mr Heng Chiang Meng

Members
Mr Cheng Hong Kok
Mdm Ee Choo Lin Diana

REGISTERED OFFICE

1 Tanglin Road #05-01
Orchard Parade Hotel
Singapore 247905
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F | (65) 6738 8085
W | www.fareastorchard.com.sg

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
T | (65) 6536 5355
F | (65) 6536 1360

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424

Partner-in-charge
Mr Tan Boon Chok
(Appointed since the financial year ended 31 December 2012)

MAIN BANKERS

Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd

Woods Square, Singapore

Far East Orchard Limited (the "**Company**") is firmly committed to maintaining a high standard of corporate governance and promoting corporate transparency, accountability and integrity to enhance shareholders' value.

This report describes the corporate governance practices and structures of the Company and its subsidiaries (the "**Group**") with reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**"), the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Companies Act (Cap. 50) of Singapore ("**Companies Act**"), where applicable. The Group remains focused on the spirit and substance of the Code. It is constantly reviewing its current practices in line with the guidelines of the Code.

BOARD MATTERS
Principle 1: The Board's Conduct of its Affairs

Fiduciary Functions and Independent Judgement
The board of directors of the Company (the "**Board**"), as fiduciaries acting in the interests of the Company, is collectively responsible for the long-term success of the Group. It has the responsibility to oversee the effectiveness of the management of the Company (the "**Management**"), provide entrepreneurial leadership, review the Group's corporate strategies and direction, and ensure that the necessary financial and human resources are adequate to achieve the Group's goals. The Company's Management remains accountable to the Board.

The functions of the Board include reviewing and approving the annual budget of the Group, ensuring that there is a sound system of internal controls to safeguard the Group's assets, reviewing management accounts, reviewing the Management and business performance of the Group, approving the release of the quarterly and year-end results announcements, and endorsing the framework of remuneration for the Board and key management executives (such as the heads of the strategic business units of the Group) (the "**Key Executives**").

The directors on the Board ("**Directors**") have the right core competencies and experience to enable the Board to contribute effectively.

Every Director is expected, in the course of carrying out his/her duties, to act in good faith, provide insights and consider at all times, the interests of the Group.

Delegation by the Board
The Board has established three (3) board committees ("**Board Committees**") to assist in the execution of its responsibilities. They are the Audit & Risk Committee ("**ARC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**"). Each Board Committee is governed by clear terms of reference which have been approved by the Board.

Meetings of Directors
The Board meets at least four (4) times a year at regular intervals and whenever particular circumstances require. Telephonic attendance and conference via audio communication at Board meetings are allowed under the Company's Constitution. The Board and Board Committees may also make decisions by way of circulating resolutions.

The Company recognises the contribution of the Directors beyond attendance at the meetings of the Board and Board Committees. The attendance of the Directors at scheduled meetings of the Board and Board Committees during the financial year ended 31 December 2016 is disclosed below:

	Board	Audit & Risk Committee	Nominating Committee	Remuneration Committee
No. of Meetings	**4**	**5**	**1**	**2**
Names of Directors				
Koh Boon Hwee	4	-	1	-
Lui Chong Chee	4	-	-	-
Ng Siok Keow[1]	1	-	-	-
Koh Kah Sek[2]	1	-	-	-
Heng Chiang Meng	4	5	1	2
Cheng Hong Kok	4	5	-	2

	Board	Audit & Risk Committee	Nominating Committee	Remuneration Committee
No. of Meetings	**4**	**5**	**1**	**2**
Names of Directors				
Chua Kheng Yeng, Jennie	4	5	1	-
Ee Choo Lin Diana	4	5	-	2

NOTES:
1 Mdm Ng Siok Keow retired as a Non-Executive Director on 20 April 2016.
2 Ms Koh Kah Sek was appointed as a Non-Executive Director with effect from 1 November 2016.

Material Transactions

The Company has adopted internal guidelines regarding matters that require Board approval. The types of material transactions, which require Board approval, include:

i) transactions in the ordinary course of business that have not been delegated by the Board to any Board Committee for approval;
ii) major transactions not in the ordinary course of business;
iii) bank borrowings;
iv) provision of corporate guarantees or other securities to secure loans granted to subsidiaries and associated companies;
v) acquisition or disposal of fixed assets, save where authority has been delegated by the Board to any Board Committee for approval;
vi) equity or contractual joint ventures;
vii) diversification into new businesses; and
viii) interested person transactions, each with a value of more than S$100,000.

Training and Orientation

Changes to regulations and accounting standards are monitored closely by Management. The Directors are briefed, during Board meetings or at specially convened sessions conducted by professionals, on regulatory changes that have any significant bearing on the Group's or Directors' obligations.

Newly appointed Directors are briefed on the roles and responsibilities of a Director of a public listed company and on the business activities and strategic directions of the Group. Each new Director is provided with a formal letter setting out the Director's duties and obligations. Directors are provided with relevant information on the Group's policies and procedures relating to corporate conduct and governance, including disclosure of interests in securities, restricted periods for dealings in the Group's securities and restrictions on disclosure of confidential or price sensitive information.

During the financial year ended 31 December 2016, the Directors were updated on recent changes to the Companies Act and the SGX-ST Listing Manual, and provided with opportunities to attend appropriate courses, conferences and seminars, at the Company's expense, which include programmes conducted by the Singapore Institute of Directors.

Conflict of Interest

To address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including requiring (i) Directors to declare upfront at each Board meeting, any conflict of interest to any proposal or papers submitted for discussion at such Board meeting, and (ii) for such Directors to refrain from participating in meetings or discussions (or relevant segments thereof) in addition to abstaining from voting, on any matter in which they are so interested or conflicted.

Principle 2: Board Composition and Guidance

Independence of Directors

The Board currently consists of seven (7) Directors, four (4) of whom are considered independent by the Board ("**IDs**"), namely Mr Heng Chiang Meng, Mr Cheng Hong Kok, Ms Chua Kheng Yeng, Jennie and Mdm Ee Choo Lin Diana. There is a strong element of independence on the Board, with the IDs constituting more than half of the Board.

The IDs have each provided declarations to confirm that they do not have any relationship with the Company or its related companies and its officers that could impair, interfere, or be reasonably perceived to interfere, with their judgement in the best interests of the Company. The NC and the Board have deliberated their declarations and considered them independent.

Presently, Mr Heng Chiang Meng and Mr Cheng Hong Kok have been on the Board for more than nine (9) years. The Board has subjected their independence to a rigorous review. In considering their independence, the Board has determined that they do not have a direct or indirect relationship with the Company based on:
(a) the guidelines described in Guideline 2.3 of the Code;
(b) all relevant facts and circumstances; and
(c) all relevant transactions and relationships.

During the review, Mr Heng and Mr Cheng had excused themselves and abstained from all deliberations and discussion.

Taking into account the views of Mr Heng and Mr Cheng, the Board concurs that they continued to demonstrate strong independence in character and judgement in the discharge of their responsibilities as Directors of the Company. They express their viewpoints, debate issues and objectively scrutinise and challenge Management. They would seek clarification as required and have direct access to Management and staff of the Company.

They have in-depth understanding of the Group's business and operating environment and provide the Company with their experience and knowledge of the Group's business and the industry. Based on their respective confirmation of independence, they have no association with Management that could compromise their independence.

Having considered the above factors, the Board is of the view that Mr Heng and Mr Cheng continue to be considered as IDs, notwithstanding that they have served on the Board for more than nine (9) years.

Composition and Size

The Board is of the view that its present size is appropriate and facilitates effective decision-making, taking into account the scope and nature of the Group's operations. The Board comprises respected members of the business community who have long and extensive experience in various fields, including real estate, engineering, hospitality, corporate management, accounting, banking and finance. A profile of each member of the Board is found in the "Board of Directors and Management" section of this Annual Report.

Board members engage in open and constructive debate and challenge Management on its assumptions and proposals which are fundamental to good corporate governance. The Board aids in the development of growth strategies and oversees effective implementation by Management to achieve set objectives. The Board also monitors reporting of performance. The non-executive Directors ("**Non-Executive Directors**") constitute a majority on the Board, and are well supported by accurate, complete and timely information. Non-Executive Directors have unrestricted access to Management. Informal meetings are held for Management to brief Directors on prospective deals and potential developments at an early stage, before formal Board approval is sought. When Directors are unable to attend any Board or Board Committee meetings, they may provide their comments to the Chairman of the Board or the relevant Board Committees separately.

The Board has no dissenting view on the Chairman's Statement from the Chairman and the CEO's Message from the Group Chief Executive Officer and Managing Director ("**Group CEO**") for the year in review.

Principle 3: Chairman and Chief Executive Officer

Role of Chairman and Group CEO

The roles and responsibilities of the Chairman and the Group CEO are distinct and separate to maintain effective supervision and accountability. The Chairman and the Group CEO are not related family members.

The Chairman is responsible for ensuring the effectiveness of the Board and Board Committees as well as the governance process. He promotes an open environment for debate, ensures sufficient allocation of time for thorough discussion of Board Meeting agenda items and ensures that Non-Executive Directors are able to speak freely and contribute effectively. In addition, he provides close oversight, guidance, advice and leadership to the Group CEO and Management.

At annual general meetings ("**AGM**") and other shareholders meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

The Group CEO, who is an executive Director ("**Executive Director**"), manages and develops the businesses of the Group. He is responsible for effectively managing and supervising the day-to-day business operations in accordance with the strategies, policies and business plans approved by the Board. The Group CEO is supported by the Key Executives in the day-to-day operations of the Group. Board interaction with, and independent access to, Management is encouraged.

Lead Independent Director

Shareholders with concerns may contact the lead independent director ("**Lead ID**"), Mr Heng Chiang Meng, directly when contact through the normal channels via the Chairman or other Management personnel has failed to provide satisfactory resolution, or when such contact is inappropriate. The Lead ID's email address is available on the Company's website.

The IDs, led by the Lead ID, meet without the presence of other Directors as and when required and provide feedback to the Chairman after such meetings.

Principle 4: Board Membership

NC Composition and Role

The NC was established on 25 March 2002 and now comprises Mr Heng Chiang Meng, Mr Koh Boon Hwee and Ms Chua Kheng Yeng, Jennie, who are all Non-Executive Directors, the majority of whom are independent. Mr Heng Chiang Meng, who was appointed as the Lead ID in 2008, is the Chairman of the NC.

The NC's key Terms of Reference include making recommendations to the Board on all appointments to the Board and Board Committees, assessing the effectiveness of the Board as a whole. The NC reviews the training and professional development programmes for the Board and maintains effective working relationships with the Board and Management. The NC makes recommendations to the Board to review succession planning for Directors and Management.

Board Renewal, Selection, Nomination and Re-nomination

The Board's renewal is an on-going process, to ensure good governance and to maintain relevance to the business as well as the changing needs of the Group. New Directors are normally appointed by way of a Board Resolution, after the NC has approved their nomination.

The NC will consider the Company's current Board in terms of its size, composition, collective skills and experience and diversity. Potential candidates are selected through internal resources, referrals from existing Directors and/or external searches. In its search and selection process, the NC considers whether candidates possess relevant experience and have the calibre to contribute to the Group and its businesses, and complement the skills and competencies and attributes of the existing Board and the requirements of the Group.

The NC is charged with the responsibility of re-nominating the Directors. The Company's Constitution requires one-third, or the number nearest to one-third, of the Directors, including the person holding the office of Managing Director (or any equivalent appointment however described), to retire from office. The Directors to retire every year are those who have been longest in office since their last election or appointment. No Director stays in office for more than three (3) years without being re-elected by shareholders. In addition, a newly appointed Director will hold office only until the next AGM at which he/she will be eligible for re-election.

Each member of the NC abstains from voting on any resolution, making any recommendation and/or participating in respect of matters in which he/she is interested in.

The list of Directors who are subject to retirement by rotation in accordance with the Company's Constitution and who are seeking re-election at the next AGM on 20 April 2017 are stated in the Notice of AGM on page 118 of this Annual Report.

There were no alternate directors appointed on the Board for the financial year ended 31 December 2016.

The NC conducts an annual review of the independence of each Director, taking into account the relationships and the tenure of service under the Code. Each ID submits a confirmation on his/her independence, based on the guidelines provided by the Code, for the NC's consideration. The NC provides its views on the independence of the Directors, to the Board for the Board's consideration.

Multiple Board Representations

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company. The NC noted that Board and Board Committee meetings are scheduled in advance to facilitate the Directors' scheduling of their commitments, and while some of the Directors have multiple board representations, there was full attendance at the Board and Board Committee meetings during the year. Accordingly, the NC is of the view that there is no current need to determine the maximum number of board representations a Director should have, and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company.

The NC is satisfied that all Directors have discharged their duties adequately for the financial year ended 31 December 2016.

Key Information of Directors

Key information regarding the Directors is listed in the "Board of Directors and Management" of this Annual Report. Information on the Directors is also available on www.fareastorchard.com.sg.

Principle 5: Board Performance

Board Performance Evaluation

The responsibilities of the NC include evaluating the performance of the Board and the Chairman of the Board based on a set of criteria. The assessment criteria include the Board's performance against established performance objectives, namely competencies, commitment, contribution, performance, attendance, preparedness, participation and candour of the Board and Directors, contribution to ensuring effective risk management, response to problems and crises, the Board's relationship with the Management and adequacy of Board and Board Committee meetings held to enable proper consideration of issues. The NC is of the view that the primary objective of the assessment exercise is to create a platform for the Board members to encourage an exchange of views on the Board's strengths and shortcomings with a view to strengthening the effectiveness of the Board as a whole.

A formal review of the Board's performance is undertaken collectively and individually by the Board annually. The evaluation exercise is carried out annually by way of performance evaluation checklists which are circulated to the Board members for completion and thereafter, for the NC to review and determine the actions required to improve the corporate governance of the Company and effectiveness of the Board and Board Committees as a whole.

Informal evaluation of the performance of the Board will be undertaken on a continuous basis by the NC with inputs from the Executive Director and the Chairman. The latter will act on the results of the evaluation and where appropriate, in consultation with the NC, will propose the appointment of new Directors or seek resignation of current Directors.

Principle 6: Access to Information

Access to Management

The Board has separate and independent access to the Management of the Group. Management also keeps the Board apprised of the Group's operations and performance by providing periodic management reports. In order to ensure that the Board is able to fulfil its responsibilities, Management is required to provide complete, adequate and timely information to the Board on issues that require their decision. Whenever appropriate, employees who can provide additional insight in the matters to be discussed are invited to attend the Board meetings.

Adequate and Timely Information

Information provided include board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and quarterly internal financial statements. In respect of budgets, material variances between the projections and actual results are also disclosed and explained.

Company Secretary

The Directors also have separate and independent access to each Company Secretary. The role of the Company Secretary includes attendance at all Board meetings, preparation of the agenda and papers for meetings of the Board and its various committees, writing and circulating minutes of meetings, sending Board members information relating to the Group as needed, ensuring that board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

The Company's Constitution and Terms of Reference of the Board Committees provide for meetings by teleconferencing or videoconferencing where physical meetings are not possible. Communication could also be effected by electronic means such as emails.

Independent Professional Advice

The Board has a procedure for Directors, individually or as a group, in the furtherance of their duties, to seek independent professional advice, if necessary, at the Company's expense.

Principle 7: Procedures for Developing Remuneration Policies

RC Composition and Role

The RC was established on 25 March 2002 and now comprises three (3) members, all of whom are IDs. Mr Heng Chiang Meng, the Lead ID, chairs the RC. The other members of the RC are Mr Cheng Hong Kok and Mdm Ee Choo Lin Diana.

The key Terms of Reference of the RC include reviewing matters concerning remuneration of the Board, Group CEO and Management, including but not limited to Director's fees, salaries, allowances, bonuses and benefits-in-kind.

The RC approves the framework of remuneration for the entire organisation, including the structuring of any long-term incentive plans. The members of the RC do not participate in any decisions concerning their own remuneration. The RC's recommendations are submitted for the Board's discussion or, as the case may be, approval.

The RC recommends to the Board the specific remuneration packages for each Executive Director and the Group CEO upon recruitment. Subsequently, various aspects of their remuneration will be reviewed by the RC for recommendation to the Board.

The RC members having managed large organisations, are all familiar with and knowledgeable concerning executive compensation matters.

The Directors' fee framework is evaluated periodically for appropriateness, taking into account the level of contributions, the responsibilities and obligations of these Directors, the prevailing market conditions and referencing the Directors' fees against comparable and independent benchmarks. All Directors' fees are subject to shareholders' approval at the Company's AGM.

The RC has access to appropriate advice from the Head of Human Resources, who attends all RC meetings. The RC may also seek external expert advice on remuneration of Directors and employees. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Group's relative performance to the industry and the performance of the individual Directors. For the financial year ended 31 December 2016, the Company did not appoint any external remuneration consultants to advise on the renumeration of Directors.

The RC has reviewed the Company's obligations arising in the event of termination of the Executive Director's and Key Executives' contracts of employment and is of the view that such contracts of employment contain fair and reasonable termination clauses which are neither overly generous nor reward poor performance.

Principle 8: Level and Mix of Remuneration

Remuneration of Directors and Key Executives

All Directors receive the same amount of base retainer fees for being a member of the Board ("**Base Retainer Fees**"). The Board Chairman, Lead ID, Chairman and members of the various Board Committees receive additional fees ("**Additional Fees**"). At the AGM of each financial year, the Company will seek shareholders' approval for the aggregate of the Base Retainer Fees and Additional Fees payable in such financial year ("**Directors' Fees**"). The Board will recommend the Directors' Fees payable for the financial year ending 31 December 2017 for shareholders' approval at the 49th AGM.

The RC is of the view that the IDs are not over-compensated to the extent that their independence may be compromised.

The Group does not have any employee share option scheme.

Contractual Provisions for Executive Director & Key Executives

Mr Lui Chong Chee, the Group CEO and Managing Director, and an Executive Director, had entered into a contract of employment with the Company which links rewards to corporate and individual performance to promote shareholders' interests, long-term success of the Group and risk management policies. The contract of employment covers the terms of employment, specifically salary and other benefits. The remuneration package of Mr Lui Chong Chee includes a variable performance bonus.

The Company currently does not have contractual provisions to reclaim any incentive components of remuneration from the Executive Director and Key Executives and there are no excessively lengthy or onerous removal clauses in their contracts of employment.

Principle 9: Disclosure on Remuneration

Breakdown of Level and Mix of Directors' Fees

A breakdown showing the level and mix of the Directors' Fees for the financial year ended 31 December 2016 is appended below:

	Fees (S$)
Board Chairman	70,000
Board Member (Base Retainer Fee)	35,000
Lead Independent Director	15,000
Board Committees:	
Audit & Risk Committee	
- Chairman	43,500
- Member	24,000
Remuneration Committee	
- Chairman	14,000
- Member	7,500
Nominating Committee	
- Chairman	14,000
- Member	7,500

Breakdown of Directors' Fees received by each Director

A further breakdown of the aggregate Directors' Fees received by each Director for the financial year ended 31 December 2016 is appended below:

Name of Director	Aggregate Director Fee (S$)
Koh Boon Hwee	77,500
Lui Chong Chee	35,000
Ng Siok Keow[1]	10,673
Koh Kah Sek[2]	5,801
Heng Chiang Meng[3]	102,000
Cheng Hong Kok	86,000
Chua Kheng Yeng, Jennie[3]	66,500
Ee Choo Lin Diana[4]	101,500

NOTES:
1 Mdm Ng Siok Keow retired as a Non-Executive Director on 20 April 2016.
2 Ms Koh Kah Sek was appointed as a Non-Executive Director with effect from 1 November 2016.
3 The respective Directors' Fees of Mr Heng Chiang Meng and Ms Chua Kheng Yeng, Jennie are paid to companies in which they are a member/director.
4 The Directors' Fees received by Mdm Ee Choo Lin Diana include fees for her directorship on the board of Far East Hospitality Holdings Pte. Ltd. (S$10,000) and Toga Hotel Holdings Pty Limited (director and member of the audit & risk committee of the trustee board) (S$25,000).

Disclosure of remuneration of the Group CEO and Managing Director

The remuneration of the Group CEO and Managing Director (who currently is the Company's only Executive Director) for the financial year ended 31 December 2016 is disclosed below. The Board has assessed and decided that this is a key position, and the remuneration is disclosed in percentage terms for confidentiality. To disclose the exact details of the remuneration may subject the Company to the risk of attrition of this position, which is not in the best interests of the Company or its shareholders. In addition, the remuneration of the Group CEO and Managing Director has been disclosed in bands such that the minimum and maximum range is apparent.

Group CEO and Managing Director	Fees (%)	Base Salary[1] (%)	Variable/ Performance-related income/ bonuses (%)	Benefits-in-kind (%)
S$1,000,000 to S$1,249,999				
- Lui Chong Chee	3.22	77.97	18.55	0.26

NOTES:
1 Inclusive of allowances and Central Provident Fund contributions.

Disclosure of Key Executives' Remuneration

Key Executives' compensation consists of salary, allowances and bonuses. Bonuses are conditional upon the executives and the Group meeting certain performance targets. A significant proportion of executives' remuneration is linked to the Group and individual performance.

Since its restructuring in 2012, the Company has been growing steadily and Management has been keeping a lean team of staff. For confidentiality reasons and in view of the highly competitive human resource environment, the Company will disclose the remuneration of the top five (5) Key Executives in percentage terms for the financial year ended 31 December 2016. The Board is of the view that disclosure of the total aggregate remuneration and exact details would not be in the interests of the Company as such information may affect the retention of competent personnel in a competitive industry where experienced employees may be poached by competitors. The Board is mindful of the need to maintain stability and business continuity and that any attrition in a lean team of Key Executives would adversely affect the operations and business of the Company.

The Board is of the opinion that the disclosure of remuneration in percentage terms and in bands where the minimum and maximum range is apparent would enable shareholders to have an adequate appreciation of the Company's compensation policies and practices.

Key Executives	Designation	Base Salary [1] (%)	Variable / Performance-related income/ bonuses (%)	Benefits-in-kind (%)
S$750,000 - S$999,999				
Kiong Kim Hock Arthur	CEO, Far East Hospitality	88.95	8.38	2.67
S$500,000 - S$749,999				
Ling Ang Kerng, Kelvin	Chief Financial Officer	86.33	9.81	3.86
S$250,000 - S$499,999				
Brian Stampe	Head, Operations, Far East Hospitality	90.99	8.23	0.78
Audrey Chung Suet Cheng	Head, Global Sales & Marketing, Far East Hospitality	91.33	8.31	0.36
Tan Thiam Soon	Head of Human Resources	90.84	8.36	0.80

NOTES:
1 Inclusive of allowances and Central Provident Fund contributions.

For the financial year ended 31 December 2016, there was no termination, retirement or post-employment benefit granted to Directors, the Group CEO or any of the Key Executives.

Immediate Family Member of a Director or the Group CEO

No employee of the Company and its subsidiaries was an immediate family member of a Director or the Group CEO and whose remuneration exceeded S$50,000 during the financial year ended 31 December 2016.

Principle 10: Accountability

Accountability of the Board and Management

The Board conducts itself in ways that deliver maximum sustainable value to the shareholders. The Board promotes best practices in providing timely and full disclosure of material information in compliance with the statutory reporting requirements. The Board is accountable to shareholders and is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects through SGXNET announcements on a quarterly basis.

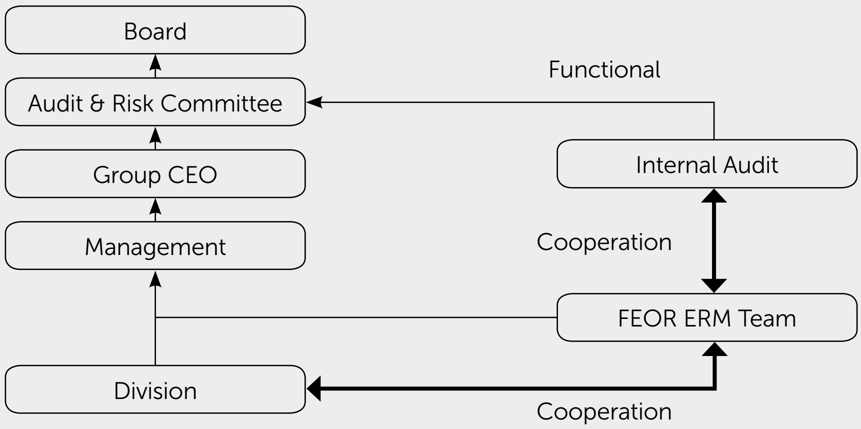
In preparing the financial statements, the Board has selected suitable accounting policies and applied them consistently. The Board has made judgements and estimates that are reasonable and prudent and ensures that all applicable accounting standards have been followed. The financial statements were prepared on the basis that the Directors have reasonable expectations, having made enquiries that the Group has adequate resources to continue operations for the foreseeable future.

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the SGX-ST, for instance, by establishing written policies where appropriate.

Management provides members of the Board with quarterly management accounts and other information in connection with certain matters or transactions, which would require Board approval. In this way, the Board is kept abreast of the operations, financial performance, position and prospects of the Group.

Principle 11: Risk Management and Internal Controls

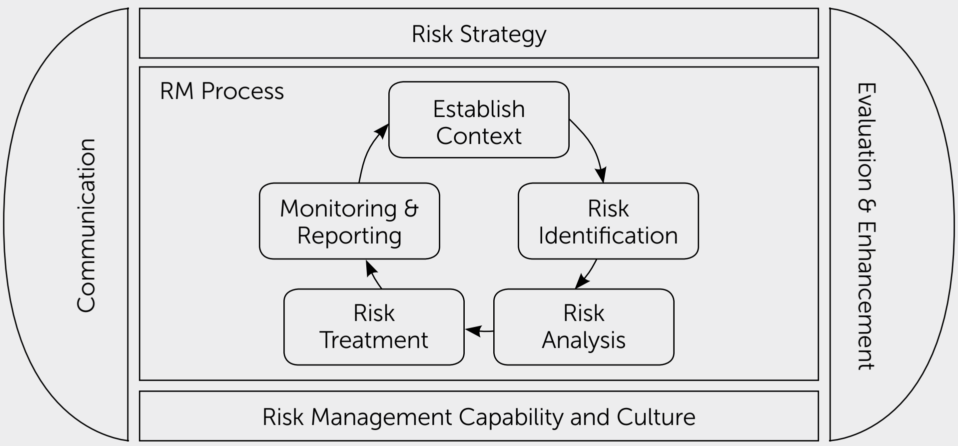
The Company believes that it maintains a sound system of risk management and internal controls, addressing material financial, operational, compliance and information technology ("**IT**") risks, amongst other risks, to safeguard shareholders' interests and the Group's assets. The Company has established the following structure to facilitate management of risks:



The Board determines the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Group refers all significant matters to the ARC and the Board. The Board reviews, at least annually, the adequacy and effectiveness of the Group's risk management and internal control systems.

The ARC assists the Board in determining the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. The ARC considers the nature of the risks facing the Group and the extent to which these risks are acceptable, the likelihood of risks materialising and the Group's ability to reduce their occurrence and impact on the business, and the cost versus the benefit of managing the risks. The ARC ensures that the internal auditors conduct reviews of the Group's internal controls, addressing material financial, operational and compliance controls. Risk management and financial management are also assessed.

The Group has in place an Enterprise Risk Management ("**ERM**") framework that consolidates the risk management practices across the Group. The consolidated approach provides the Management a formal framework and structure to identify risks and optimise available resources to mitigate the risks. The ERM framework encompasses an evaluation process to determine its adequacy and effectiveness; and accords appropriate enhancements to improve the ERM framework and structure. The framework is reviewed annually taking into considerations the changing business landscape and expansion of our operations. References are drawn from Corporate Governance Council Risk Governance Guidance for Listed Boards and SS ISO 31000:2011 when conceptualising this framework.



The ARC reviews the key risks of the Group quarterly and the key risks identified by the Group may be broadly categorised into the following:

Financial Risks
The Group's activities are affected by various financial risks, including interest rate risk, exchange rate risk and liquidity risk. The details of each are set out in Note 31 to the Financial Statements of this Annual Report.

Operational Risks
The operational risks facing the Group include changes in external market conditions such as oversupply of properties, price-cutting by competitors and drop in visitor arrivals due to political instability, terrorism and health warnings. Other risks include increase in operating costs and the necessity for capital expenditure from time to time.

Compliance Risks
The Group faces compliance risks such as changes to government policies, rules and regulations relating to the property and hospitality industry within the jurisdictions where the Group operates.

IT Risks
Failure of critical IT systems can potentially disrupt the Group's business. Confidential information, such as customers' personal data, may be at risk of cyber-attacks. The Group continuously reviews its IT security and processes, and makes necessary enhancements to mitigate such risks.

Management undertakes periodic reviews of the Group's past performances and conducts horizon scanning in order to identify and assess current and future risks related to the aforementioned risk categories – financial, operational, compliance and IT. Based on these reviews, Management employs reasonable endeavours in ensuring that these risks are within limits and strategies approved by the Board.

Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board is satisfied that the system of risk management and internal controls that the Group has in place provides reasonable assurance against material financial misstatements or loss, safeguarding of assets, the maintenance of proper accounting records, reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks. The Board, with the concurrence of the ARC, is therefore of the opinion that the Group's system of risk management and internal controls is adequate and effective to address financial, operational, compliance and IT risks of the Group in its current business environment.

Assurance from CEO and CFO
The Board has received assurance from the Group CEO and the Chief Financial Officer ("**CFO**") that:
(i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
(ii) the Group's risk management and internal control systems are adequate and effective in addressing the material risks in the Group in its current business environment, including material financial, operational, compliance and IT risks.

Principle 12 : Audit & Risk Committee

The Company's ARC comprises four (4) Directors, all of whom are IDs. Mr Cheng Hong Kok is the Chairman of the ARC, the other members are Mr Heng Chiang Meng, Ms Chua Kheng Yeng, Jennie and Mdm Ee Choo Lin Diana. The Board is of the view that all members of the ARC have accounting and/or related financial management expertise and experience to discharge their responsibilities as members of the ARC.

The ARC has explicit authority to investigate any matter within its Terms of Reference, which include assessing the appropriateness of mechanisms created to identify, prevent and minimise business risks; ensuring integrity of financial statements and performance; ensuring that a review of the effectiveness of the Group's material internal controls is conducted at least annually; reviewing the independent auditors' proposed audit scope, their remuneration, the terms of their engagement and the final audit report; reviewing the performance and considering the independence of the independent auditors and meeting with them quarterly; and reviewing all interested persons transactions.

The ARC has full access to and the co-operation of the Group's Management and in addition, has absolute discretion to invite any Director or Management of the Group to attend its meetings, as it deems necessary.

Audit and Non-audit Services

The ARC has conducted an annual review of non-audit services provided by the independent auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity provided by the independent auditors before nominating them for re-appointment. The aggregate amount of fees payable to the independent auditors of the Company and subsidiaries for audit services for the financial year ended 31 December 2016 amounted to S$535,000. The fees for non-audit services provided by the independent auditors for the financial year ended 31 December 2016 were S$117,000 and were incurred for the provision of corporate tax compliance, tax advisory and certification services. The ARC has nominated PricewaterhouseCoopers LLP ("**PwC**") for re-appointment as independent auditors of the Company at the forthcoming AGM.

All local subsidiaries have appointed PwC as their independent auditors. All except two (2) of the overseas subsidiaries have also appointed PwC or its affiliated firms as their independent auditors. The Board and the ARC had reviewed the appointment of a different auditor for its two (2) overseas subsidiaries and were satisfied that the appointment of one (1) different auditor for the two (2) overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The Company is in compliance with Rules 712 and 715 of the Listing Rules in relation to its independent auditors.

In the last financial year, the ARC held five (5) meetings. In those meetings, the ARC reviewed, *inter alia*, the internal auditors' report on interested party transactions as well as the various reports on other areas of the Group's business, the internal auditors' audit plan and fee for the current financial year, the independent auditors' final audit report, the quarterly and year-end announcements on financial statements, the Group's quarterly and year-end performances, and corporate governance matters.

The ARC has also met separately with the independent auditors and the internal auditors without the presence of the Company's Management. These meetings enable the independent auditors and internal auditors to raise issues, if any, encountered in the course of their audit directly to the ARC.

Where applicable, the ARC was provided with updates and explanation by the CFO and the independent auditors during the financial year, on changes to the accounting standards and issues which have direct impact on the Group's consolidated financial statements.

Whistle Blowing Policy

During the last financial year, the ARC reviewed the Whistle Blowing Policy of the Group. The Whistle Blowing Policy provides employees with an avenue to raise concerns in good faith and confidence about possible improprieties in financial reporting or other matters without fear of reprisals. The objective of the Policy is to ensure an independent investigation of such matters for appropriate follow-up action. Details of the Whistle Blowing Policy are made available to all employees in four different languages, namely, English, Mandarin, Bahasa Indonesia and Bahasa Malay.

Principle 13 : Internal Audit

During the financial year in review, the Group had outsourced its internal audit function to RSM Ethos Pte Ltd to provide the internal audit services.

The ARC ensures the adequacy of the internal audit function by examining the scope of the internal auditors' work, the quality of their reports, their qualifications and training, their relationship with the independent auditors and their independence of the areas reviewed. The internal auditors have unfettered access to the ARC, the Company's documents, records, properties and personnel.

Having regard to the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, and having reviewed the functions and organisational structure of the internal auditors, the ARC is satisfied that the internal auditors meet the requisite standards, are adequately resourced, and have appropriate standing within the Group.

The ARC reviews, at least once a year, the adequacy and effectiveness of the internal auditors.

Principle 14 : Shareholder Rights

The Company practises fair and equitable treatment to all shareholders and stakeholders. To facilitate the exercise of ownership rights, the Company provides all material information which would materially affect the price or value of the Company's shares in an accurate and timely manner via SGXNET, so as to enable shareholders to make informed decisions.

Shareholders are entitled to and encouraged to attend all general meetings to stay informed of the Company's goals and strategies and to ensure a high level of accountability. The Board is satisfied that shareholders have been given the opportunity to participate effectively and to vote at general meetings. Shareholders are also informed of voting procedures governing general meetings.

Voting Rights
The Company's Constitution allows shareholders to vote in person or by proxy or by attorney, or in the case of a corporation, by a representative. A shareholder may appoint up to two proxies to attend and vote in his stead at a general meeting. For shareholders who hold shares through nominees such as CPF and custodian banks, they are now able to attend and vote at general meetings under the multiple proxy regime. The Company has not amended its Constitution to provide for other methods of voting in absentia due to security and integrity concerns. The Company noted that provision for such other methods of voting in absentia would also require a costly system of authentication to ensure the integrity of information and the identity of shareholders in telephonic and electronic media.

Principle 15 : Communication with Shareholders

The Company is committed to making timely, full and accurate disclosures in accordance with the listing rules of the SGX-ST and the Code. It strives to disclose information, including price sensitive information, to its shareholders in a timely and accurate manner within the mandatory periods. Such announcements include the quarterly and full-year results, material transactions and other major developments that will have an impact on the Company or the Group. The above-mentioned information and other additional information are posted on the Company's corporate website (http://www.fareastorchard.com.sg), ensuring that all stakeholders can access relevant and up-to-date information about the Company. Members of the public may also subscribe to RSS feeds of all announcements and press releases issued by the Company through its website. The Company also responds to queries from investors, fund managers and analysts, based on publicly available information, without making selective disclosures.

The first three quarters' financial results are released to shareholders no later than 45 days from the end of each quarter. Full year results are released no later than 60 days from the financial year end.

The Company recognises the importance of regular, effective and timely communication with the shareholders.

The Company's main forum for dialogue with shareholders takes place at its AGM, where members of the Board, Management and the independent auditors are in attendance. To solicit and understand shareholders' views, shareholders are given the opportunity at the AGM to express their views and ask questions regarding the Group. The Company conducts surveys at each AGM to receive feedback from shareholders.

Notices of general meetings are dispatched to shareholders, together with explanatory notes or a circular on items of special business, on a timely basis in accordance with the legal requirements.

Principle 16 : Conduct of Shareholder Meetings

The procedures at general meetings facilitate opportunities for shareholders to participate and communicate with the Directors.

At general meetings, each distinct issue is the subject of a separate resolution.

The Chairmen of the Board and the Board Committees are available at the Company's general meetings to address questions raised. The Company's independent auditors are also present at the AGM of the Company to address shareholders' queries on the conduct of audit and the preparation and content of the auditors' report. Shareholders also have the opportunity to communicate their views and discuss with the Board and Management after the general meetings.

The Company prepares Minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management. These Minutes will be available to shareholders upon their request.

Voting by E-polling at General Meetings
Shareholders are given opportunities to vote at general meetings. The voting process for all AGM shall be by electronic polling for all resolutions for greater transparency in the voting process. Votes cast for or against and the respective percentages on each resolution will be tallied and displayed 'live' on-screen to shareholders immediately after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages will also be announced in a timely manner after the AGM via SGXNET.

DEALINGS IN SECURITIES

On an annual basis, the Company issues a securities trading policy to its Directors and employees where they are reminded to refrain from dealing in the securities of the Company:

(i) during the two weeks before and up to the date of announcement of the Company's first three quarters' results and during the one month before and up to the date of announcement of the full year results;
(ii) on short term considerations; and
(iii) at any time if they are in possession of unpublished material price-sensitive information.

The Company also issues a quarterly circular to its Directors and employees reminding them of the prohibited period from dealing in the Company's securities before the release of the results and at any time if they are in possession of unpublished material price-sensitive information.

MATERIAL CONTRACTS

Save for the transactions set out in the Company's circular to shareholders dated 24 June 2013 and the related parties transactions as disclosed in the financial statements and this Annual Report, no material contract involving the interests of any Director or controlling shareholder of the Group has been entered into by the Company or any of its subsidiaries during the financial year and no such material contract is subsisting as at 31 December 2016.

INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the SGX-ST are as follows:

Name of interested person	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual** (excluding transactions less than S$100,000)	**Aggregate value of all interested person transactions during the financial year under review** (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
	12 months ended 31 December 2016 S$'000	12 months ended 31 December 2016 S$'000
China Classic Pte Ltd		
Hospitality management income	111	-
Dollar Land Singapore Private Limited		
Hospitality management income	388	-
Far East Hospitality Real Estate Investment Trust		
Rental expense on operating leases		
- offices	(1,254)	-
- hotels and serviced residences	(22,629)	-
Capital expenditure committed [(1)]	-	(4,900)
Far East Management (Private) Limited		
Management service fees	(2,249)	-
Hospitality services	(1,691)	-
Project management service fees	(643)	-
Far East Organization Centre Pte Ltd		
Hospitality management income	2,373	-
Far East Property Sales Pte Ltd		
Sales and marketing service fees	(232)	-
Far East Soho Pte Ltd		
Hospitality management income	607	-
Golden Development Private Limited		
Hospitality management income	2,911	-
Golden Landmark Pte Ltd		
Hospitality management income	1,451	-
Orchard Mall Pte Ltd		
Hospitality management income	942	-
Orchard Parksuites Pte Ltd		
Hospitality management income	1,575	-
Oxley Hill Properties Pte Ltd		
Hospitality management income	560	-

Name of interested person	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual** (excluding transactions less than S$100,000)	**Aggregate value of all interested person transactions during the financial year under review** (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
	12 months ended 31 December 2016 S$'000	12 months ended 31 December 2016 S$'000
Riverland Pte Ltd		
Hospitality management income	481	-
Serene Land Pte Ltd		
Hospitality management income	1,842	-
Transurban Properties Pte Ltd		
Hospitality management income	1,915	-
Far East Civil Engineering (Pte.) Limited		
Interest accrued on shareholders' loan(s) extended to Woodlands Square Pte. Ltd. ("WSPL"), a joint venture with an interested person in relation to the development of Woods Square	-	1,998 (2)

NOTES:

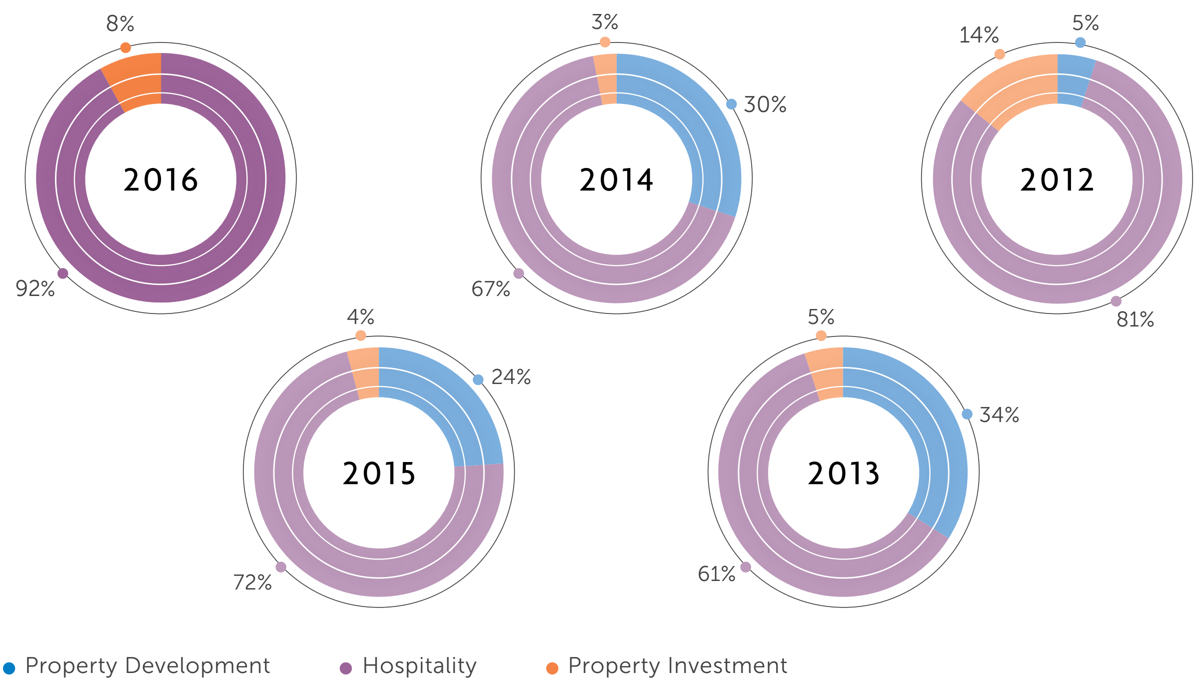
1 The capital expenditure committed relates to certain renovation and asset enhancement works in relation to Orchard Parade Hotel (the "Additional Works"). The Company, DBS Trustee Limited (as trustee of Far East H-REIT) and FEO Hospitality Asset Management Pte. Ltd. (as manager of Far East H-REIT) have agreed that the Company's maximum liability for the Additional Works shall not exceed S$4,900,000, which represents approximately 35.25% of the total estimated costs of the Additional Works.

2 The aggregate amount owing by WSPL to Tannery Holdings Pte Ltd, a wholly-owned subsidiary of the Company and a shareholder of WSPL, as at 20 December 2016, is S$146,386,569 (inclusive of interest of S$5,324,720). This aggregate amount was capitalised into redeemable preference shares in the capital of WSPL on 20 December 2016.

5-YEAR
FINANCIAL HIGHLIGHTS

	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Hospitality	169,877	193,689	212,001	96,072	60,620
Property development	-	65,829	94,380	54,146	4,157
Property investment	15,011	11,349	9,156	8,351	10,399
Sales	**184,888**	**270,867**	**315,537**	**158,569**	**75,176**
Profit before income tax	77,925	33,490	48,758	21,049	189,352
Profit attributable to shareholders	65,041	29,138	35,498	29,385	190,755
Shareholders' equity	1,228,611	1,173,976	1,169,416	1,142,758	1,100,050
Total assets	2,071,200	1,926,087	1,876,837	1,930,839	1,676,975
Net assets per share ($)	2.91	2.86	2.92	2.93	2.92
Basic earnings per share (cents)	15.6	7.2	9.0	7.6	51.5
Final dividend per share (cents)	6.0	6.0	6.0	6.0	6.0
Special dividend per share (cents)	-	-	-	-	12.0
Dividend in specie per share (cents)	-	-	-	-	87.0
Gearing ratio	0.16	0.13	0.09	0.08	0.03

GROUP REVENUE BY BUSINESS SEGMENT



NOTES:
1 The Group early adopted some new and amended FRS. These standards were applied retrospectively and therefore the 2012 consolidated statement of comprehensive income and balance sheet had been restated. Consequently, the affected ratios have been restated accordingly.
2 Basic earnings per share are calculated by reference to the weighted average number of shares in issue during the year.
3 Dividend in specie of 0.22086 Yeo Hiap Seng Limited (YHS) share per share is calculated using the market price of YHS shares on the date of payment.
4 Figures have been rounded.

FINANCIAL REPORT

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors present their statement to the members together with the audited financial statements of Far East Orchard Limited (the "Company") and its subsidiaries (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 51 to 115 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 Koh Boon Hwee
Mr Lui Chong Chee
Mr Heng Chiang Meng
Mr Cheng Hong Kok
Ms Chua Kheng Yeng, Jennie
Mdm Ee Choo Lin Diana
Ms Koh Kah Sek (appointed on 1 November 2016)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2017 were the same as those as at 31 December 2016.

SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

AUDIT & RISK COMMITTEE

The members of the Audit & Risk Committee at the end of the financial year were as follows:

Mr Cheng Hong Kok (Chairman)
Mr Heng Chiang Meng
Ms Chua Kheng Yeng, Jennie
Mdm Ee Choo Lin Diana

All members of the Audit & Risk Committee were independent non-executive directors.

The Audit & Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- 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.

The Audit & Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

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

On behalf of the directors

Mr Lui Chong Chee
Director

Mr Cheng Hong Kok
Director

23 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FAR EAST ORCHARD LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of Far East Orchard Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated balance sheet of the Group and the balance sheet 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 comprehensive income of the Group for the year ended 31 December 2016;
- the consolidated balance sheet of the Group as at 31 December 2016;
- the balance sheet of the Company as at 31 December 2016;
- 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.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties and land and buildings classified under property, plant and equipment As at 31 December 2016, the Group's investment properties of $446,515,000, and land and buildings classified under property, plant and equipment of $547,130,000, representing 48% of total assets, are carried at fair value based on independent external valuations. The valuation of the investment properties and land and buildings classified under property, plant and equipment is an area of audit focus as the valuation is highly judgemental, involving the use of estimates and assumptions in determining the key inputs applied in the valuation techniques. The key inputs include: • pre-adjusted comparable sales price for the sales comparison method; • net profit margin, discount rate and terminal yield for the discounted cash flow method; and • capitalisation rate for the income capitalisation method. The key inputs and sensitivities are disclosed in Note 19, Note 20 and Note 3(a) to accompanying financial statements respectively.	Our audit procedures focused on the valuation process and include the following: • we assessed the competency, independence and integrity of the professional valuers engaged by the Group; • discussed with the professional valuers the significant judgemental areas and understanding the respective valuation techniques used in determining each valuation; • assessed the appropriateness of the underlying comparable transactions used to derive the pre-adjusted comparable sales price, taking into account the nature, location and tenure of the property; • assessed the reasonableness of the net profit margins estimated, taking into account historical actual performance, accuracy of management forecast in prior years and industry outlook; and • compared the discount rates, terminal yields and capitalisation rates used against those used for similar type of properties and in the prior year. Based on the procedures performed, we found that the valuers are members of recognised professional bodies, the valuation techniques used are in line with generally accepted market practices and the key inputs to be within the range of market data. We have also assessed the adequacy of the disclosures relating to the estimates and judgements made and also found the disclosures in the financial statements to be appropriate.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment testing of goodwill	
As at 31 December 2016, the Group's goodwill balance of $52,855,000, arising from past acquisitions is allocated to two cash generating units ("CGU") within its hospitality business, namely the 'Management services – Singapore' CGU and 'Property ownership – Australia' CGU. Based on the goodwill impairment testing performed by the Group, no impairment was identified. The recoverable amount of • 'Management services – Singapore' CGU was determined based on Fair Value Less Cost To Sell ("FVLCTS") using a combination of Discounted Cash Flow ("DCF") method and Guideline Public Company ("GPC") method; and • 'Property ownership – Australia' CGU was determined based on Value-In-Use ("VIU") calculation using the Discounted Cash Flow ("DCF") method. The impairment test is a key area of audit focus due to the judgments involved in computing the recoverable amounts of each CGU. These include judgements about the estimates and assumptions used to forecast the future cash flows from each CGU, as well as judgements about terminal growth rates and discount rates applied in the DCF method and the comparability of underlying companies applied in the GPC method. The key estimates, assumptions and sensitivities are disclosed in Note 21(a) and Note 3(b) to the accompanying financial statements respectively.	Our audit procedures focused on the reasonableness of the underlying key estimates and assumptions applied in the respective methods. The audit procedures were performed with the support from our valuation specialists. In respect of the DCF methods, we performed the following audit procedures: • assessed the reasonableness of the forecasted cash flows by taking into account the relevant CGU's expected future operating performance (including revenue growth rates and net profit margins), as well as historical actual performance, accuracy of management forecast in prior years and the general industry outlook; and • assessed the reasonableness of the terminal growth rates and discount rates applied using commonly accepted methodologies and benchmarks. For the GPC method, we performed the following audit procedures: • compared the normalised earnings used to historical actual performance and obtained explanations from management regarding the nature and appropriateness of adjustments identified for one-off or exceptional items; and • assessed the appropriateness of the underlying comparable companies used to derive the earnings multiples, taking into account factors such as their principal business activity, size and financial performance. Based on the procedures performed, we found the underlying estimates and assumptions applied to be reasonable. We have also assessed the adequacy of the disclosures relating to the estimates and judgements made and found the disclosures in the financial statements to be appropriate.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Carrying value of investment in material joint venture, Toga Hotel Holdings Unit Trust ("Toga JV")	
As at 31 December 2016, the carrying value of the Group's material equity accounted joint venture, Toga JV amounted to $190,988,000. The carrying value of the Group's investment in Toga JV is impacted by significant accounting estimates and judgements applied at Toga JV level as disclosed in Note 3(c), namely: • Valuation of land and buildings classified under property, plant and equipment held at fair value; and • Impairment testing of goodwill and brands with indefinite lives. The summarised financial information of Toga JV, and sensitivities of the two areas of audit focus are disclosed in Note 17 and Note 3(c) to accompanying financial statements respectively.	We involved our component auditor in performing an audit on the Toga JV's financial information used by the Group in determining the carrying value. The audit focused on the two areas where significant accounting estimates and judgements were applied by Toga JV. Audit procedures similar to those in key audit matter "Valuation of investment properties and land and buildings classified under property, plant and equipment" and "Impairment testing of goodwill" above were performed. In the context of determining the carrying value of Toga JV, we found that for: • the valuation of land and buildings classified under property, plant and equipment held at fair value, the valuers are members of recognised professional bodies, the valuation techniques used are in line with generally accepted market practices and key inputs to be within the range of market data; and • the impairment testing of goodwill and brands with indefinite lives, the underlying estimates and assumptions applied to be reasonable. We have also assessed the adequacy of the disclosures relating to the determination of the Toga JV's carrying value and also found the disclosures in the financial statements to be appropriate.

Other Information

Management is responsible for the other information. The other information comprises the following sections in the annual report:

- Corporate Profile
- Chairman's Statement
- CEO's Message
- Business Structure
- Properties of the Group
- Board of Directors and Management
- Corporate Information
- Corporate Governance
- 5-year Financial Highlights
- Directors' Statement
- Statistics of Shareholdings

which we obtained prior to the date of this auditor's report.

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

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

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

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 Tan Boon Chok.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore,
23 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Sales	4	**184,888**	270,867
Cost of sales		**(125,536)**	(200,101)
Gross profit		**59,352**	70,766
Other income	7	**7,054**	5,407
Other losses – net	8	**(5,438)**	(10,866)
Expenses:			
– Distribution and marketing		**(11,336)**	(12,697)
– Administrative		**(36,193)**	(33,145)
– Finance	9	**(4,500)**	(4,105)
– Other		**(2,390)**	(1,407)
Share of profit of			
– joint ventures	17	**69,079**	16,989
– associated companies	16	**2,297**	2,548
Profit before income tax		**77,925**	33,490
Income tax expense	10(a)	**(9,482)**	(2,140)
Total profit		**68,443**	31,350
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income/(loss) of			
– joint ventures		**343**	5
– associated companies		**(586)**	(1,182)
Currency translation differences arising from consolidation		**2,436**	(9,779)
		2,193	(10,956)
Items that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive income of joint ventures		**8,805**	11,118
Revaluation gains/(loss) on property, plant and equipment – net	27(i)	**3,344**	(7,159)
Tax on revaluation gains	25	**(9,185)**	(6,300)
Other comprehensive income/(loss), net of tax		**5,157**	(13,297)
Total comprehensive income		**73,600**	18,053
Profit attributable to:			
Equity holders of the Company		**65,041**	29,138
Non-controlling interest		**3,402**	2,212
		68,443	31,350
Total comprehensive income attributable to:			
Equity holders of the Company		**60,841**	11,164
Non-controlling interest		**12,759**	6,889
		73,600	18,053
Basic and diluted earnings per share for profit attributable to equity holders of the Company (cents per share)	11	**15.60**	7.18

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

BALANCE SHEET – GROUP

AS AT 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**209,262**	127,072
Trade and other receivables	13	**33,265**	75,284
Inventories		**361**	592
Development properties	14	**21,753**	–
Properties held for sale	15	**124,030**	124,030
		388,671	326,978
Non-current assets			
Other receivables	13	**57,147**	223,538
Investments in associated companies	16	**9,964**	9,790
Investments in joint ventures	17	**465,689**	247,677
Investment properties	19	**446,515**	408,630
Property, plant and equipment	20	**566,726**	567,117
Intangible assets	21	**136,388**	142,258
Deferred income tax assets	25	**100**	99
		1,682,529	1,599,109
Total assets		**2,071,200**	1,926,087
LIABILITIES			
Current liabilities			
Trade and other payables	22	**132,013**	122,486
Current income tax liabilities	10(b)	**6,299**	9,442
Borrowings	23	**157,008**	121,809
Provisions	24	**642**	3,438
		295,962	257,175
Non-current liabilities			
Other payables	22	**427,481**	408,711
Borrowings	23	**46,353**	33,061
Deferred income tax liabilities	25	**39,060**	30,398
Provisions	24	**2,267**	4,059
		515,161	476,229
Total liabilities		**811,123**	733,404
NET ASSETS		**1,260,077**	1,192,683
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	**475,489**	457,046
Revaluation and other reserves	27	**316,807**	322,029
Retained profits	28	**436,315**	394,901
		1,228,611	1,173,976
Non-controlling interest		**31,466**	18,707
TOTAL EQUITY		**1,260,077**	1,192,683

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

BALANCE SHEET – COMPANY

AS AT 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**150,219**	74,854
Trade and other receivables	13	**170,559**	204,248
Inventories		**9**	10
		320,787	279,112
Non-current assets			
Other receivables	13	**493,192**	507,578
Investments in associated companies	16	**696**	696
Investment in a joint venture	17	**300**	300
Investments in subsidiaries	18	**511,691**	509,154
Investment properties	19	**124,922**	126,743
Property, plant and equipment	20	**308,502**	334,522
		1,439,303	1,478,993
Total assets		**1,760,090**	1,758,105
LIABILITIES			
Current liabilities			
Trade and other payables	22	**14,011**	13,231
Current income tax liabilities	10(b)	**485**	494
Borrowings	23	**80,901**	74,271
		95,397	87,996
Non-current liabilities			
Other payables	22	**631,805**	613,974
Deferred income tax liabilities	25	**476**	431
		632,281	614,405
Total liabilities		**727,678**	702,401
NET ASSETS		**1,032,412**	1,055,704
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	**475,489**	457,046
Revaluation and other reserves	27	**278,022**	303,752
Retained profits	28	**278,901**	294,906
TOTAL EQUITY		**1,032,412**	1,055,704

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital $'000	Capital reserve $'000	Asset revaluation reserve $'000	Currency translation reserve $'000	Fair value reserve $'000	Hedging reserve $'000	Retained profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
		← Attributable to equity holders of the Company →									
2016											
Beginning of financial year		**457,046**	**10,557**	**335,727**	**(21,569)**	**(1,807)**	**(879)**	**394,901**	**1,173,976**	**18,707**	**1,192,683**
Profit for the year		–	–	–	–	–	–	65,041	65,041	3,402	68,443
Other comprehensive income for the year		–	–	(5,444)	1,484	(586)	346	–	(4,200)	9,357	5,157
Share of a joint venture's transfer of revaluation gains to retained profits, net of tax		–	–	(1,022)	–	–	–	1,022	–	–	–
Total comprehensive income for the year		**–**	**–**	**(6,466)**	**1,484**	**(586)**	**346**	**66,063**	**60,841**	**12,759**	**73,600**
Shares issued in-lieu of cash for dividend relating to 2015	26	18,443	–	–	–	–	–	(18,443)	–	–	–
Dividend paid in cash relating to 2015	29	–	–	–	–	–	–	(6,206)	(6,206)	–	(6,206)
Total transactions with owners, recognised directly in equity		**18,443**	**–**	**–**	**–**	**–**	**–**	**(24,649)**	**(6,206)**	**–**	**(6,206)**
End of financial year		**475,489**	**10,557**	**329,261**	**(20,085)**	**(2,393)**	**(533)**	**436,315**	**1,228,611**	**31,466**	**1,260,077**
2015											
Beginning of financial year		439,617	10,557	345,023	(14,055)	(625)	(897)	389,796	1,169,416	11,818	1,181,234
Profit for the year		–	–	–	–	–	–	29,138	29,138	2,212	31,350
Other comprehensive loss for the year		–	–	(9,296)	(7,514)	(1,182)	18	–	(17,974)	4,677	(13,297)
Total comprehensive income for the year		–	–	(9,296)	(7,514)	(1,182)	18	29,138	11,164	6,889	18,053
Shares issued in-lieu of cash for dividend relating to 2014	26	17,429	–	–	–	–	–	(17,429)	–	–	–
Dividend paid in cash relating to 2014	29	–	–	–	–	–	–	(6,604)	(6,604)	–	(6,604)
Total transactions with owners, recognised directly in equity		17,429	–	–	–	–	–	(24,033)	(6,604)	–	(6,604)
End of financial year		457,046	10,557	335,727	(21,569)	(1,807)	(879)	394,901	1,173,976	18,707	1,192,683

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Total profit		**68,443**	31,350
Adjustments for:			
– Income tax expense		**9,482**	2,140
– Depreciation of property, plant and equipment		**9,594**	8,429
– Amortisation of intangible assets		**4,153**	3,653
– Loss on disposal of a country club membership		**–**	5
– Loss/(gain) on disposal of property, plant and equipment		**203**	(35)
– Fair value gains on investment properties		**(2,651)**	(5,160)
– Revaluation losses on property, plant and equipment		**7,913**	973
– Write-off of/impairment loss on property, plant and equipment		**58**	358
– Impairment loss on goodwill arising from acquisition of hospitality businesses		**–**	4,898
– Impairment loss on hospitality lease and management agreements		**1,192**	–
– Interest income		**(5,559)**	(4,696)
– Interest expense		**4,500**	4,105
– Share of profit of joint ventures		**(69,079)**	(16,989)
– Share of profit of associated companies		**(2,297)**	(2,548)
– Unrealised currency translation (gains)/losses		**(1,195)**	9,732
		24,757	36,215
Change in working capital:			
– Trade and other receivables		**42,167**	7,716
– Inventories		**244**	41
– Development properties and properties held for sale		**(21,592)**	38,525
– Trade and other payables		**3,228**	(12,225)
– Provisions		**(4,669)**	(10,083)
Cash generated from operations		**44,135**	60,189
Interest paid		**(180)**	(135)
Income tax paid – net		**(5,990)**	(71)
Net cash provided by operating activities		**37,965**	59,983
Cash flows from investing activities			
Additions to property, plant and equipment		**(11,919)**	(7,571)
Disposal of property, plant and equipment		**10**	495
Additions to investment properties		**(49,140)**	(89,740)
Dividends received from joint ventures		**27,581**	17,406
Investments in joint ventures		**(19,061)**	(5,942)
Advances to joint ventures		**(12)**	(13,733)
Advances from joint ventures		**44,771**	23,048
Liquidation of an associated company		**36**	–
Interest received		**5,935**	912
Income tax paid – net		**(7,130)**	(1,417)
Net cash used in investing activities		**(8,929)**	(76,542)
Cash flows from financing activities			
Proceeds from borrowings		**98,764**	130,530
Repayment of borrowings		**(35,334)**	(71,224)
Interest paid		**(5,672)**	(5,486)
Dividends paid to equity holders of the Company		**(6,206)**	(6,604)
Advances from a non-controlling interest		**2,053**	–
Net cash provided by financing activities		**53,605**	47,216
Net increase in cash and cash equivalents		**82,641**	30,657
Cash and cash equivalents			
Beginning of financial year	12	**127,072**	98,386
Effects of currency translation on cash and cash equivalents		**(451)**	(1,971)
End of financial year	12	**209,262**	127,072

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Far East Orchard Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 1 Tanglin Road #05-01, Orchard Parade Hotel, Singapore 247905.

The principal activities of the Company are investment holding, hotel operations, property development and property investment. The principal activities of its significant subsidiaries are included in Note 36.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRSs") 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. The areas involving a higher degree of judgement or complexity, or areas where estimates, assumptions and judgements are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies and disclosures in the financial statements 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

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and the specific criteria for each of the Group's activities are met as follows:

(a) Hospitality operations

Revenue from operation of owned or leased hospitality properties is recognised when the accommodation and related services are provided.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(b) Hospitality management and other related fees

(i) Hospitality management fees

Management fees earned from hospitality properties managed by the Group are recognised when services are rendered under the terms of the contract. The fees include a base fee, which is generally a percentage of the hospitality property's revenue, and/or an incentive fee, which is generally based on the hospitality property's profitability.

(ii) Other related fees

Other related fees include centralised services fees, property management fees, project management fees, technical services fees and other incidental fees. The fees are recognised when services are rendered under the terms of the contract.

(c) Sale of development properties

Revenue from sale of development properties under construction is recognised when the properties are delivered to the buyers, except for cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses, in which case sales are recognised by reference to the stage of completion of the properties. Please refer to the paragraph "Development properties" for the accounting policy for such cases.

(d) Sale of properties held for sale

Revenue from sale of properties held for sale is recognised when the properties are delivered to the buyers.

(e) 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.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Dividend income

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

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

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

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

(b) Transactions with non-controlling interest

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

(c) Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

– its assets, including its share of any assets held jointly;
– its liabilities, including its share of any liabilities incurred jointly;
– its revenue from the sale of its share of the output arising from the joint operation;
– its share of the revenue from the sale of the output by the joint operation; and
– its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise its share of the gains and losses until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or an impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Joint operations (continued)

The Company applies the same accounting policy on joint operations in its separate financial statements.

(d) Associated companies and joint ventures

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

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

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(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 companies' or joint ventures' 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 companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(d) Associated companies and joint ventures (continued)

(iii) Disposals

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

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

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers on triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus for the same asset. All other decreases in carrying amounts are recognised in profit or loss.

(ii) Other property, plant and equipment

Construction-in-progress are initially carried at cost and subsequently transferred to the respective classes of property, plant and equipment upon completion.

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(iii) 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. Cost also includes borrowing costs. Please refer to the paragraph "Borrowing costs" for the accounting policy on borrowing costs.

(b) Depreciation

Freehold land and construction-in-progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings	50 years
Plant, equipment, furniture and fittings	3–10 years
Motor vehicles	5–10 years
Other assets	5–10 years

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

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains and losses". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Development properties

Development properties refer to properties developed for sale.

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

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

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

The stage of completion is determined by reference to the proportion of construction costs incurred to date, as certified by the architects or quantity surveyors, to the estimated total construction costs for the project. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as expense immediately.

At balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses, if any) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "Due from customers" within "Trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is shown as "Due to customers" within "Trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "Trade and other receivables". Advances received are included within "Trade and other payables".

2.6 Properties held for sale

Properties held for sale refer to completed properties that are held for sale. They are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries 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 assets acquired.

Goodwill on subsidiaries and joint operations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

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

(b) Acquired hospitality lease agreements and hospitality management agreements

Hospitality lease agreements and hospitality management agreements acquired in a business combination are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. These costs are amortised to profit or loss using the straight-line method over the term of the agreements of 5 to 40 years.

2.8 Borrowing costs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Investment properties

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

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

Subsequent expenditure is capitalised to the investment property's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.10 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies 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 are recognised in profit or loss.

2.11 Impairment of non-financial assets

(a) Goodwill and intangible assets (including brands) with indefinite lives

Goodwill and intangible assets (including brands) with indefinite lives are tested for impairment annually and whenever there is indication that the goodwill may be impaired.

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

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

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

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment of non-financial assets (continued)

(b) Other intangible assets
Property, plant and equipment
Investments in subsidiaries, joint ventures and associated companies

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

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, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.12 Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 13) and "Cash and cash equivalents" (Note 12) on the balance sheet. They are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

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. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial assets (continued)

Loans and receivables (continued)

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.

2.13 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries and joint ventures. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries or joint ventures fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values, if material, plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' and joint ventures' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less. 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)

2.16 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

The Group had entered into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in a foreign currency. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and transferred to the cost of a hedged non-monetary asset upon acquisition.

The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

2.17 Fair value estimation of financial assets and liabilities

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

2.18 Operating leases

(a) When the Group is the lessee

The Group leases hospitality properties and offices under operating leases from non-related and related parties (Note 32(b)).

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.

Contingent rents are recognised as an expense in profit or loss when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Operating leases (continued)

(b) When the Group is the lessor

The Group leases investment properties under operating leases to non-related parties.

Leases 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.

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities, except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Provisions

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

2.21 Employee compensation

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

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.

2.22 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency 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 and all other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains and losses".

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Currency translation (continued)

(c) Translation of Group entities' financial statements

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

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

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

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Director and management who is responsible for allocating resources and assessing performance of the operating segments.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts, if any. Bank overdrafts, if any, are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.26 Dividends to Company's shareholders

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

2.27 Reclassification of comparative figures

Certain comparative figures in the consolidated statement of comprehensive income and balance sheet of the Group have been reclassified to conform to current year presentation. The reclassification did not have any material impact to the comparative figures.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) Valuation of investment properties and property, plant and equipment

As at 31 December 2016, the Group's investment properties of $446,515,000 (Note 19) and land and buildings of $547,130,000 (Note 20) classified under property, plant and equipment are stated at their estimated fair values determined by independent professional valuers. These estimated fair values may differ significantly from the prices at which these properties can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from unforeseen events. Consequently, the actual results and the realisation of these properties could differ significantly from the estimates set forth in these financial statements.

If the actual fair values of investment properties increase or decrease by 1% (2015: 1%) from the estimates, the profit after tax and net assets of the Group will increase or decrease by $4,232,000 (2015: $3,990,000).

If the actual fair values of land and buildings classified under property, plant and equipment increase or decrease by 1% (2015: 1%) from the estimates, the total comprehensive income and net assets of the Group will increase or decrease by $4,912,000 (2015: $4,657,000).

(b) Impairment testing of goodwill

Based on management's impairment assessment, no impairment is required for Group's goodwill allocated to CGUs within the hospitality business, namely $37,257,000 to 'Management Services – Singapore' CGU and $15,598,000 to 'Property Ownership- Australia' CGU (Note 21(a)). The recoverable amounts of the CGUs are determined on the following basis:

(i) 'Management services – Singapore' CGU: Fair value less costs to sell ("FVLCTS"); and

(ii) 'Property ownership – Australia' CGU: Value-in-use (VIU)

Significant judgements are used to estimate the key assumptions applied (Note 21(a)) in computing the recoverable amounts of the CGUs.

Management services – Singapore

A reasonably possible change of the following magnitude on the key assumptions will not result in a reduction of the carrying amount of the goodwill as at 31 December 2016:

	Higher/ (lower)
Discounted Cash Flow ("DCF") method	
Annual revenue growth rate from 2017 to 2021	(2.0%)
Terminal growth rate	(0.5%)
Post-tax discount rate	0.5%
Guideline Public Company ("GPC") method	
Multiples (number of times)	(1x)
Normalised earnings	(5.0%)

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(b) Impairment testing of goodwill (continued)

Property ownership – Australia

A reasonably possible change of the following magnitude on the key assumptions will result in a reduction of the carrying amount of goodwill as at 31 December 2016 as follows:

	Higher/ (lower)	Reduction in carrying amount of goodwill $'000
Average net profit margin from 2017 to 2026	(1.0%)	5,160
Pre-tax discount rate	0.5%	5,485
Terminal growth rate	(0.5%)	6,029

(c) Carrying value of investment in material joint venture, Toga Hotel Holdings Unit Trust ("Toga JV")

As at 31 December 2016, the carrying value of the Group's investment in Toga JV accounted for using the equity method of accounting amounted to $190,988,000 (Note 17). The Group's share of Toga JV's post-acquisition results recognised in the profit or loss and its share of post-acquisition other comprehensive income are affected by the significant estimates and assumptions applied by Toga JV in the:

(i) determination of the fair value of its land and buildings classified under property, plant and equipment with a carrying amount of $198,099,000; and

(ii) impairment test of its goodwill and brands with indefinite lives with a carrying amount of $200,351,000.

The carrying amounts above reflect the amounts presented in the financial statements of Toga JV and not the Group's share of those amounts.

If the actual fair values of these land and buildings increase or decrease by 1.0% (2015: 1.0%), the net assets of the Group will increase or decrease by $904,000 (2015: $884,000).

If the recoverable amount of the CGU (which the goodwill and brands with indefinite lives are allocated to) decreases by 5% (2015: 5%), there is no reduction (2015: no reduction) in the carrying value of the Group's investment in Toga JV.

4. SALES

	Group 2016 $'000	Group 2015 $'000
Hospitality operations	**151,573**	174,709
Hospitality management and other related fees received/ receivable from:		
– related parties (Note 32(b))	**15,298**	15,117
– non-related parties	–	250
Sale of development properties	**–**	65,829
Rental income	**18,017**	14,962
Total sales	**184,888**	270,867

5. EXPENSES BY NATURE

	Group 2016 $'000	Group 2015 $'000
Cost of development properties sold and properties held for sale	**–**	58,352
Depreciation of property, plant and equipment (Note 20)	**9,594**	8,429
Amortisation of intangible assets (Note 21(b))	**4,153**	3,653
Advertising, promotion and marketing	**4,827**	5,184
Hospitality supplies and services	**31,553**	35,076
Hospitality management fees – joint venture	**3,488**	4,050
Directors' fees	**490**	513
Employee compensation (Note 6)	**50,327**	60,443
Property tax and upkeep of properties	**8,929**	7,039
Property pre-opening expenses	**538**	512
Rental expense on operating leases		
– related parties (Note 32(b))	**18,710**	21,093
– non-related parties	**12,903**	15,824
Support services paid/payable to:		
– joint venture	**6,885**	8,271
– related parties (Note 32(b))	**4,052**	4,109
Fees on audit services paid/payable to:		
– auditor of the Company	**535**	442
– other auditors*	**270**	160
Fees on non-audit services paid/payable to:		
– auditor of the Company	**117**	68
– other auditors*	**11**	–
Professional fees	**1,732**	2,057
Acquisition-related costs	**414**	895
Other expenses	**15,927**	11,180
Total cost of sales, distribution and marketing, administrative and other expenses	**175,455**	247,350

* Includes the network of member firms of PricewaterhouseCoopers ("PwC") International Limited (PwCIL) and an auditor not within the network of member firms of PwC.

Included in the Group's rental expense on operating leases is contingent rent amounting to $7,034,000 (2015: $13,295,000) offset by amortisation of deferred income (Note 22) amounting to $5,166,000 (2015: $5,166,000).

6. EMPLOYEE COMPENSATION

	Group 2016 $'000	Group 2015 $'000
Wages and salaries	**46,793**	56,635
Employer's contribution to defined contribution plans, including Central Provident Fund	**3,534**	3,808
	50,327	60,443

7. OTHER INCOME

	Group 2016 $'000	Group 2015 $'000
Interest income from:		
– bank deposits	**2,146**	989
– advances to joint ventures	**3,413**	3,707
Other miscellaneous income	**1,495**	711
	7,054	5,407

8. OTHER LOSSES – NET

	Group 2016 $'000	Group 2015 $'000
Impairment losses of:		
– property, plant and equipment (Note 20)	**–**	(270)
– goodwill arising from acquisition of hospitality businesses (Note 21(a))	**–**	(4,898)
– hospitality lease and management agreements (Note 21(b))	**(1,192)**	–
Fair value gains on investment properties (Note 19)	**2,651**	5,160
Revaluation losses on property, plant and equipment (Note 20)	**(7,913)**	(973)
Currency translation gains/(losses) – net	**1,219**	(9,915)
(Loss)/gain on disposal of:		
– country club membership	**–**	(5)
– property, plant and equipment	**(203)**	35
	(5,438)	(10,866)

9. FINANCE EXPENSES

	Group 2016 $'000	Group 2015 $'000
Interest expense for:		
– bank borrowings	**4,489**	4,192
– advances from a non-controlling interest	**1,331**	1,331
	5,820	5,523
Less: Borrowing costs capitalised in development properties, investment properties, and property, plant and equipment	**(1,320)**	(1,418)
Finance expenses recognised in profit or loss	**4,500**	4,105

10. INCOME TAXES

(a) Income tax expense

	Group	
	2016 $'000	2015 $'000
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax		
– Singapore	**1,369**	853
– Foreign	**11,447**	5,817
	12,816	6,670
Deferred income tax (Note 25)	**1,204**	(685)
	14,020	5,985
– Over provision in prior financial years:		
Current income tax		
– Singapore	**(4)**	(1,751)
– Foreign	**(2,531)**	(1,254)
	(2,535)	(3,005)
Deferred income tax (Note 25)	**(2,003)**	(840)
	(4,538)	(3,845)
	9,482	2,140

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

	Group	
	2016 $'000	2015 $'000
Profit before tax	**77,925**	33,490
Share of profit of:		
– joint ventures, net of tax	**(69,079)**	(16,989)
– associated companies, net of tax	**(2,297)**	(2,548)
	(71,376)	(19,537)
Profit before tax and share of profit of joint ventures and associated companies	**6,549**	13,953
Tax calculated at tax rate of 17% (2015: 17%)	**1,113**	2,372
Effects of:		
– different tax rates in other countries	**1,058**	832
– tax incentives	**(138)**	(60)
– expenses not deductible for tax purposes	**6,789**	6,255
– income not subject to tax	**(1,485)**	(2,907)
– statutory stepped income exemption	**(60)**	(79)
– deferred tax asset not recognised	**734**	936
– recognition of previously unrecognised tax losses and capital allowances	**(1,377)**	(3,657)
– profit of a joint venture subject to tax on remittance	**7,386**	2,293
– over provision of tax in prior financial years	**(4,538)**	(3,845)
Tax charge	**9,482**	2,140

10. INCOME TAXES (continued)

(b) Movement in current income tax liabilities

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Beginning of financial year	**9,442**	7,519	**494**	494
Currency translation differences	**(304)**	(254)	**–**	–
Income tax (paid)/refunded – net	**(13,120)**	(1,488)	**(9)**	1,794
Tax expense	**12,816**	6,670	**–**	–
Over provision in prior financial years	**(2,535)**	(3,005)	**–**	(1,794)
End of financial year	**6,299**	9,442	**485**	494

(c) Tax effects – other comprehensive income

The tax charge or credit relating to each component of other comprehensive income, if any, is presented in the other comprehensive income.

11. EARNINGS PER SHARE

Basic earnings per share ("EPS") 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	Group 2015
Net profit attributable to equity holders of the Company ($'000)	**65,041**	29,138
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**416,823**	405,784
Basic earnings per share (cents per share)	**15.60**	7.18

Diluted EPS was the same as basic EPS as there are no dilutive potential ordinary shares.

12. CASH AND CASH EQUIVALENTS

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Cash at bank and on hand	**47,098**	47,188	**7,319**	11,074
Short-term bank deposits	**162,164**	79,884	**142,900**	63,780
	209,262	127,072	**150,219**	74,854

Included in cash and cash equivalents of the Group is the Group's share of its joint operation's bank balances and deposits amounting to $3,032,000 (2015: $5,439,000) held under the development project rules in Singapore and the use of which is also governed by these rules.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Current				
Trade receivables:				
– related parties (Note 32(b))	**4,130**	1,797	**364**	166
– non-related parties	**13,764**	19,462	**1,925**	1,498
Accrued receivables	**7,773**	43,998	**–**	–
	25,667	65,257	**2,289**	1,664
Less: Allowance for impairment of receivables – non-related parties	**(1,130)**	(372)	**–**	–
	24,537	64,885	**2,289**	1,664
Advances to subsidiaries	**–**	–	**162,511**	196,938
Deposits:				
– related parties (Note 32(b))	**5,394**	5,378	**5,210**	5,232
– non-related parties	**107**	1,452	**–**	6
Prepayments	**1,113**	1,824	**48**	168
Other receivables:				
– joint ventures	**65**	207	**–**	–
– related parties (Note 32(b))	**559**	577	**–**	2
– non-related parties	**1,490**	961	**501**	238
	8,728	10,399	**168,270**	202,584
	33,265	75,284	**170,559**	204,248

The advances to subsidiaries by the Company and the other receivables from related parties by the Group and the Company, if any, are unsecured, repayable on demand and interest-free, except that the advances to subsidiaries by the Company of $154,812,000 (2015: $189,903,000) which is interest-bearing at a weighted average effective rate of 2.0% (2015: 1.8%) per annum.

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Non-current				
Prepayments	**381**	405	**234**	248
Advances to:				
– subsidiaries	**–**	–	**531,048**	551,298
– joint ventures	**56,766**	223,133	**39,910**	41,208
– associated company	**862**	862	**–**	–
	58,009	224,400	**571,192**	592,754
Less: Allowance for impairment of:				
– Advances to:				
– subsidiaries	**–**	–	**(78,000)**	(85,176)
– associated company	**(862)**	(862)	**–**	–
	(862)	(862)	**(78,000)**	(85,176)
	57,147	223,538	**493,192**	507,578

13. TRADE AND OTHER RECEIVABLES (continued)

The non-current advances to joint ventures by the Group and the Company represent the advances provided to fund the projects held by these joint ventures.

The non-current advances to subsidiaries, joint ventures and an associated company by the Group and the Company, if any, are unsecured, not expected to be repayable in the next twelve months and interest-free except as follows:

– advances to subsidiaries by the Company of $80,901,000 (2015: $237,796,000), which is interest-bearing at a weighted average effective rate of 1.3% (2015: 2.0%) per annum;

– advances to joint ventures of the Group of $39,752,000 (2015: $200,245,000), which is interest-bearing at a weighted average effective interest rate of 1.4% (2015: 2.0%) per annum; and

– advances to a joint venture of the Company of $39,752,000 (2015: $39,752,000), which is interest-bearing at a weighted average effective interest rate of 1.4% (2015: 2.3%) per annum.

The fair values of non-current other receivables approximate their carrying amounts.

14. DEVELOPMENT PROPERTIES

	Group	
	2016	2015
	$'000	$'000
Freehold land	**17,173**	–
Development costs	**4,580**	–
	21,753	–

The amounts relate to unsold properties under development in the United Kingdom.

15. PROPERTIES HELD FOR SALE

	Group	
	2016	2015
	$'000	$'000
Residential	**167**	167
Medical suites	**123,863**	123,863
	124,030	124,030

At the balance sheet date, the details of the Group's properties held for sale are as follows:

Location	Description/ existing use	Gross floor area (sm)	Group's effective interest
euHabitat, 186 – 332 Jalan Eunos	1 residential unit	105	20%
Novena Medical Center, 10 Sinaran Drive Singapore	7 units of medical suites	515	100%
Novena Specialist Center, 8 Sinaran Drive Singapore	30 units of medical suites	2,249	100%

16. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Equity investment at cost			**696**	696
Beginning of financial year	**9,790**	8,424		
Share of:				
– profit	**2,297**	2,548		
– movement in fair value reserve (Note 27(iii))	**(586)**	(1,182)		
Liquidation during the financial year	**(1,537)**	–		
End of financial year	**9,964**	9,790		

The details of the Group's associated company, FEO Hospitality Asset Management Pte Ltd ("FEOHAM"), which, in the opinion of the directors is material to the Group are set out in Note 36. Set out below are the summarised financial information for FEOHAM.

Summarised balance sheet

	As at 31 December	
	2016 $'000	2015 $'000
Current assets	**7,692**	4,970
Includes:		
– Cash and cash equivalents	**1,833**	1,789
Current liabilities	**(3,442)**	(3,368)
Includes:		
– Other current liabilities (including trade payables)	**(3,442)**	(3,368)
Non-current assets	**24,905**	21,302
Net assets	**29,155**	22,904

Summarised statement of comprehensive income

	For the financial year ended	
	2016 $'000	2015 $'000
Sales	**13,201**	11,779
Expenses		
Includes:		
– Depreciation and amortisation	**(15)**	(93)
Profit before income tax	**9,657**	9,315
Income tax expense	**(1,631)**	(1,578)
Net profit	**8,026**	7,737
Other comprehensive loss, net of tax	**(1,775)**	(3,581)
Total comprehensive income	**6,251**	4,156

The information above reflects the amounts presented in the financial statements of FEOHAM and not the Group's share of those amounts.

16. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

There are no contingent liabilities relating to the Group's interest in FEOHAM.

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

	2016 **$'000**	2015 $'000
Net assets at beginning of financial year	**22,904**	18,748
Profit for the year	**8,026**	7,737
Other comprehensive loss	**(1,775)**	(3,581)
Net assets at end of financial year	**29,155**	22,904
Interest in FEOHAM (2016 and 2015: 33%)	**9,621**	7,558
Goodwill	**343**	343
Carrying amount	**9,964**	7,901
Add:		
Carrying amount of individually immaterial associated companies	**–**	1,889
	9,964	9,790

17. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2016 **$'000**	2015 $'000	**2016** **$'000**	2015 $'000
Equity investment at cost			**300**	300
Beginning of financial year	**247,677**	241,107		
Additions	**19,061**	5,942		
Share of profit	**69,079**	16,989		
Share of movements in:				
– asset revaluation reserve (Note 27(i))	**8,805**	11,118		
– currency translation reserve (Note 27(ii))	**(151)**	(21)		
– hedging reserve (Note 27(iv))	**495**	26		
Capitalisation of advances to a joint venture	**146,387**	–		
Dividend received	**(27,581)**	(17,406)		
Foreign exchange differences	**1,917**	(10,078)		
End of financial year	**465,689**	247,677		

During the financial year, the Group

– made a capital contribution of $19,061,000 (or A$19,008,000) for an additional 2.8% interest in the total issued securities of Toga Hotel Holdings Unit Trust ("Toga JV"); and

– capitalised amount (inclusive of principal and interest) owing by Woodlands Square Pte. Ltd. ("WSPL") to Tannery Holdings Pte Ltd, a wholly-owned subsidiary of the Company and a shareholder of WSPL, into redeemable preference shares in the capital of WSPL. The total capitalised amount was $146,387,000, inclusive of interest of $5,325,000.

The Group's share of unrecognised losses of its joint ventures for the year and cumulatively are both $nil (2015: $1,086,000 and $3,239,000 respectively).

17. INVESTMENTS IN JOINT VENTURES (continued)

Information about material joint ventures

The details of the Group's joint ventures, Toga JV, Far East Opus Pte. Ltd. ("FEOPL") and Watervine Homes Pte. Ltd. ("WHPL"), which, in the opinion of the directors are material to the Group are set out in Note 36. Set out below are the summarised financial information for Toga JV, FEOPL and WHPL.

Summarised consolidated balance sheet

	Toga JV		FEOPL		WHPL	
	2016	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Current assets	**125,229**	139,759	**142,702**	543,117	**230,332**	259,744
Includes:						
– Cash and cash equivalents	**75,342**	41,628	**54,438**	82,226	**12,846**	17,094
– Trade and other receivables	**46,488**	40,659	**75,974**	9,184	**4,544**	1,346
– Development properties	**–**	–	**–**	451,615	**212,942**	241,304
Current liabilities	**(90,872)**	(131,492)	**(51,842)**	(449,379)	**(185,347)**	(16,579)
Includes:						
– Financial liabilities (excluding trade payables)	**(16,756)**	(71,617)	**–**	–	**(171,943)**	–
– Other current liabilities (including trade payables)	**(74,116)**	(59,875)	**(51,842)**	(449,379)	**(13,404)**	(16,579)
Non-current assets	**509,671**	497,218	**137,703**	884	**–**	–
Includes:						
– Property, plant and equipment [1]	**227,731**	225,081	**–**	–	**–**	–
– Intangible assets [2]	**278,577**	268,713	**–**	–	**–**	–
– Advances to shareholders	**–**	–	**126,703**	–	**–**	–
Non-current liabilities	**(137,418)**	(110,359)	**(12,911)**	(107,626)	**(7,300)**	(232,445)
Includes:						
– Financial liabilities (excluding trade payables)	**(95,250)**	(66,057)	**–**	(107,626)	**–**	(230,545)
– Other current liabilities (including trade payables)	**(42,168)**	(44,302)	**(12,911)**	–	**(7,300)**	(1,900)
Net assets	**406,610**	395,126	**215,652**	(13,004)	**37,685**	10,720

(1) Includes land and buildings held at fair value amounted to $198,099,000 (2015: $206,626,000).
(2) Includes goodwill and brand with indefinite lives amounted to $200,351,000 (2015: $187,142,000).

17. INVESTMENTS IN JOINT VENTURES (continued)

Information about material joint ventures (continued)

Summarised consolidated statement of comprehensive income

	Toga JV		FEOPL		WHPL	
	For the financial year ended					
	2016	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Sales	**371,385**	360,458	**751,709**	–	**289,465**	174,120
Interest income	**1,546**	733	**542**	251	**–**	–
Expenses						
Includes:						
– Depreciation and amortisation	**(8,594)**	(13,974)	**–**	–	**–**	–
– Interest expense	**(4,684)**	(6,631)	**(20)**	–	**–**	–
Profit/(loss) before income tax	**43,835**	22,836	**277,045**	(356)	**32,365**	20,992
Income tax (expense)/credit	**(3,556)**	(5,148)	**(48,389)**	34	**(5,400)**	(1,900)
Net profit/(loss)	**40,279**	17,688	**228,656**	(322)	**26,965**	19,092
Other comprehensive income, net of tax	**5,556**	6,181	**–**	–	**–**	–
Total comprehensive income/ (loss)	**45,835**	23,869	**228,656**	(322)	**26,965**	19,092
Dividend received from joint venture	**24,863**	15,880	**–**	–	**–**	–

The information above reflects the amounts presented in the financial statements of the joint ventures, and not the Group's share of those amounts.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

17. INVESTMENTS IN JOINT VENTURES (continued)

Information about material joint ventures (continued)

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in the joint ventures are as follows:

	Toga JV		FEOPL		WHPL	
	2016	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Net assets/(liabilities) at beginning of financial year	**395,126**	428,294	**(13,004)**	(12,682)	**10,720**	(8,372)
Additions during the year	**19,061**	1,560	**–**	–	**–**	–
Profit/(loss) for the year	**40,279**	17,688	**228,656**	(322)	**26,965**	19,092
Other comprehensive income	**5,556**	6,181	**–**	–	**–**	–
Dividend paid	**(58,962)**	(38,547)	**–**	–	**–**	–
Foreign exchange differences	**5,550**	(20,050)	**–**	–	**–**	–
Net assets/(liabilities) at end of financial year	**406,610**	395,126	**215,652**	(13,004)	**37,685**	10,720
Interest in Toga JV (2016: 46%. 2015: 43%), FEOPL (2016 and 2015: 20%) and WHPL (2016 and 2015: 30%)	**185,174**	169,094	**43,130**	(2,601)	**11,306**	3,216
Cap of losses exceed the carrying amount of the investment	**–**	–	**–**	2,601	**–**	–
Goodwill	**5,814**	5,814	**–**	–	**–**	–
Carrying value	**190,988**	174,908	**43,130**	–	**11,306**	3,216

Information about immaterial joint ventures

The following table summarises, in aggregate, the Group's carrying amount, share of net profit and other comprehensive income of the individually immaterial joint ventures accounted for using the equity method:

	2016	2015
	$'000	$'000
Carrying amount	**220,265**	69,553
(Loss)/profit from continuing operations	**(95)**	7,181
Other comprehensive income	**6,624**	8,488
Total comprehensive income	**6,529**	15,669

The immaterial joint ventures individually accounts for less than 10% of the Group's total assets or profit before tax and includes the Group's 33% joint venture equity interest in WSPL (Note 36) with a carrying amount of $142,899,000 and the Group's share of losses from continuing operations amounted to $2,408,000.

18. INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	$'000	$'000
Equity investments at cost	**521,354**	518,817
Less: Allowance for impairment of equity investments	**(9,663)**	(9,663)
	511,691	509,154

There were no changes during the financial year in the Group's ownership interest in its significant subsidiaries as set out in Note 36.

The details of the subsidiary with material non-controlling interest, Far East Hospitality Holdings Pte. Ltd., are set out in Note 36. The summarised consolidated financial information for Far East Hospitality Holdings Pte. Ltd. and its subsidiaries, before inter-company eliminations with other subsidiaries within the Group, is set out below.

Summarised consolidated balance sheet

	As at 31 December	
	2016	2015
	$'000	$'000
Assets		
Current assets	**71,553**	61,614
Non-current assets	**612,170**	575,269
Total assets	**683,723**	636,883
Liabilities		
Current liabilities	**(295,968)**	(297,579)
Non-current liabilities	**(282,867)**	(276,946)
Total liabilities	**(578,835)**	(574,525)
Net assets	**104,888**	62,358
Carrying value of non-controlling interest at 30% (2015: 30%)	**31,466**	18,707

Summarised consolidated statement of comprehensive income

	For the financial year ended	
	2016	2015
	$'000	$'000
Sales	**127,488**	149,285
Profit before income tax	**18,344**	9,404
Income tax expense	**(7,004)**	(2,030)
Net profit	**11,340**	7,374
Other comprehensive income, net of tax	**31,190**	15,590
Total comprehensive income	**42,530**	22,964
Total comprehensive income allocated to non-controlling interest	**12,759**	6,889

18. INVESTMENT IN SUBSIDIARIES (continued)

Summarised consolidated statement of cash flows

	For the financial year ended	
	2016	2015
	$'000	$'000
Operating cash inflows	**13,998**	17,950
Investing cash inflows	**736**	13,596
Financing cash outflows	**(6,067)**	(24,393)
Total cash inflows	**8,667**	7,153

There were no changes during the financial year in the Group's ownership interest in its significant subsidiaries.

19. INVESTMENT PROPERTIES

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**408,630**	315,598	**126,743**	120,066
Fair value gains/(losses) recognised in profit or loss – net	**2,651**	5,160	**(1,821)**	6,677
Additions				
– Direct acquisitions	**14,337**	83,704	**–**	–
– Subsequent expenditure	**35,554**	6,036	**–**	–
Transfer from property, plant and equipment (Note 20)	**–**	2,605	**–**	–
Foreign exchange differences	**(14,657)**	(4,473)	**–**	–
End of financial year	**446,515**	408,630	**124,922**	126,743
Comprised of:				
– Completed properties	**388,358**	396,310	**124,922**	126,743
– Properties under construction	**58,157**	12,320	**–**	–
	446,515	408,630	**124,922**	126,743

(a) Investment properties of the Group with carrying amounts of $104,732,000 (2015: $85,672,000) are provided as security for bank borrowings (Note 23).

(b) Completed properties are leased to non-related parties and/or related parties (Note 32(b)) under operating leases. The following amounts are recognised in profit or loss:

	Group	
	2016	2015
	$'000	$'000
Rental income	**18,380**	14,572
Direct operating expenses arising from investment properties that generate rental income	**(5,534)**	(4,329)

19. INVESTMENT PROPERTIES (continued)

(c) At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
In Singapore		
Orchard Parade Hotel, 1 Tanglin Road	Shops and offices (land only)	Freehold and leasehold
Tanglin Shopping Centre, 19 Tanglin Road	4 units of offices	Freehold
Novena Medical Center, 10 Sinaran Drive	37 units of medical suites	Leasehold with 99 years lease expiring on 27 August 2101
Novena Specialist Center, 8 Sinaran Drive	10 units of medical suites	Leasehold with 99 years lease expiring on 22 April 2106
In Australia		
Rendezvous Hotel Perth Scarborough	13 units of shops	Freehold
Adina Apartment Hotel Brisbane Anzac Square	1 restaurant and 1 manager unit	Freehold
In the United Kingdom		
Turner Court, Newcastle upon Tyne	Student accommodation	Freehold
Rosedale Court, Newcastle upon Tyne	Student accommodation	Freehold
Land sites at Newcastle upon Tyne	Student accommodation	Freehold
Land sites at Brighton	Student accommodation	Freehold

(d) Valuation processes, techniques and inputs used in Level 3 fair value measurements

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of the financial year based on the properties' highest and best use.

The Group's investment properties are measured and carried at fair value using inputs that are not based on observable market data (unobservable inputs), i.e., Level 3 fair values.

Level 3 fair values of the Group's investment properties and land and buildings classified under property, plant and equipment (Note 20) have generally been derived using one or more of the following valuation techniques:

– sales comparison method, where the properties are valued using transacted prices for comparable properties with necessary adjustments made for the differences in location, tenure and condition of the property as well as prevailing market conditions relative to the date of the comparable transaction. The most significant unobservable input to the valuation is the pre-adjusted comparable sales price.

– discounted cash flow method, where the future net cash flows over a period are discounted to arrive at a present value. The most significant unobservable inputs to the valuation are the estimated net profit margin (for land and buildings classified under property, plant and equipment only), discount rate and terminal yield applied.

19. INVESTMENT PROPERTIES (continued)

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

– income capitalisation method, where the net income is capitalised at a rate which reflects the yield expected from the property. The most significant unobservable input to the valuation is the capitalisation rate applied.

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

Description	Fair value as at 31 December 2016 $'000	Fair value as at 31 December 2015 $'000	Valuation technique(s)	Significant unobservable input(s) and range	Relationship of unobservable inputs to fair value
Freehold and leasehold land – Singapore	**113,801**	114,972	Sales comparison	Pre-adjusted comparable sales price – $3,812 to $7,258 (2015: $5,245 to $7,133) psf	The higher the comparable sales price, the higher the fair value
Office units – Singapore	**11,120**	11,771	Sales comparison	Pre-adjusted comparable sales price – $1,705 to $2,764 (2015: $1,794 to $3,286) psf	The higher the comparable sales price, the higher the fair value
Medical suites – Singapore	**163,047**	163,047	Sales comparison	Pre-adjusted comparable sales price – $3,210 to $7,350 (2015: $4,306 to $7,002) psf	The higher the comparable sales price, the higher the fair value
Shops, restaurant and manager unit – Australia(1)	**32,326**	32,053	Discounted cash flow	Discount rate – 8.3% (2015: 9.5%) Terminal yield – 7.3% (2015: 8.0%)	The lower the discount rate or terminal yield, the higher the fair value
			Income capitalisation	Capitalisation rate – 7.0% to 8.9% (2015: 7.8% to 8.4%)	The lower the capitalisation rate, the higher the fair value
Student accommodation – The United Kingdom	**126,221**	86,787	Discounted cash flow	Discount rate – 9.3% to 9.5% (2015: 9.5%) Terminal yield – 6.8% (2015: 7.0%)	The lower the discount rate or terminal yield, the higher the fair value
	446,515	408,630			

(1) Valuation determined using the average of discounted cash flow and income capitalisation

20. PROPERTY, PLANT AND EQUIPMENT

	Freehold and leasehold land $'000	Freehold and leasehold buildings $'000	Plant, equipment, furniture and fittings $'000	Construction-in-progress $'000	Motor vehicles $'000	Other assets $'000	Total $'000
Group – 2016							
Cost or valuation							
Beginning of financial year							
Cost	–	–	56,856	38,897	1,046	4,024	100,823
Valuation	384,520	127,389	–	–	–	–	511,909
	384,520	127,389	56,856	38,897	1,046	4,024	612,732
Currency translation differences	393	2,043	179	(783)	–	20	1,852
Additions	–	–	1,153	10,755	–	405	12,313
Disposals	–	(514)	(1,153)	–	–	(28)	(1,695)
Transfers	–	43,574	2,354	(45,750)	–	(178)	–
Revaluation adjustments							
– profit or loss	–	(9,185)	–	–	–	–	(9,185)
– other comprehensive income (Note 27(i))	(18,799)	17,709	–	–	–	–	(1,090)
End of financial year	366,114	181,016	59,389	3,119	1,046	4,243	614,927
Representing:							
Cost	–	–	59,389	3,119	1,046	4,243	67,797
Valuation	366,114	181,016	–	–	–	–	547,130
	366,114	181,016	59,389	3,119	1,046	4,243	614,927
Accumulated depreciation and impairment losses							
Beginning of financial year	–	297	42,172	–	273	2,873	45,615
Currency translation differences	–	12	98	–	–	11	121
Depreciation charge	–	5,705	3,482	–	106	301	9,594
Write-off	–	–	58	–	–	–	58
Disposals	–	(308)	(1,145)	–	–	(28)	(1,481)
Transfers	–	–	178	–	–	(178)	–
Revaluation adjustments							
– profit or loss	–	(1,272)	–	–	–	–	(1,272)
– other comprehensive income (Note 27(i))	–	(4,434)	–	–	–	–	(4,434)
End of financial year	–	–	44,843	–	379	2,979	48,201
Net book value							
End of financial year	**366,114**	**181,016**	**14,546**	**3,119**	**667**	**1,264**	**566,726**

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold and leasehold land $'000	Freehold and leasehold buildings $'000	Plant, equip-ment, furniture and fittings $'000	Construct-ion-in-progress $'000	Motor vehicles $'000	Other assets $'000	Total $'000
Group – 2015							
Cost or valuation							
Beginning of financial year							
Cost	–	–	56,342	36,189	1,064	5,077	98,672
Valuation	410,830	125,700	–	–	–	–	536,530
	410,830	125,700	56,342	36,189	1,064	5,077	635,202
Currency translation differences	(3,473)	(5,853)	(757)	(4,417)	–	(12)	(14,512)
Additions	–	–	1,767	7,125	–	4	8,896
Disposals	–	–	(496)	–	(18)	(1,045)	(1,559)
Transfers to investment properties	–	(2,632)	–	–	–	–	(2,632)
Revaluation adjustments							
– profit or loss	–	(1,623)	–	–	–	–	(1,623)
– other comprehensive income (Note 27(i))	(22,837)	11,797	–	–	–	–	(11,040)
End of financial year	384,520	127,389	56,856	38,897	1,046	4,024	612,732
Representing:							
Cost	–	–	56,856	38,897	1,046	4,024	100,823
Valuation	384,520	127,389	–	–	–	–	511,909
	384,520	127,389	56,856	38,897	1,046	4,024	612,732
Accumulated depreciation and impairment losses							
Beginning of financial year	–	–	39,184	–	172	3,309	42,665
Currency translation differences	–	(26)	(22)	–	–	(143)	(191)
Depreciation charge	–	4,611	3,230	–	108	480	8,429
Impairment charge	–	270	–	–	–	–	270
Write-off	–	–	88	–	–	–	88
Disposals	–	–	(308)	–	(7)	(773)	(1,088)
Transfers to investment properties	–	(27)	–	–	–	–	(27)
Revaluation adjustments							
– profit or loss	–	(650)	–	–	–	–	(650)
– other comprehensive income (Note 27(i))	–	(3,881)	–	–	–	–	(3,881)
End of financial year	–	297	42,172	–	273	2,873	45,615
Net book value							
End of financial year	384,520	127,092	14,684	38,897	773	1,151	567,117

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold and leasehold land $'000	Plant, equip-ment, furniture and fittings $'000	Construct-ion-in-progress $'000	Motor vehicles $'000	Other assets $'000	Total $'000
Company – 2016						
Cost or valuation						
Beginning of financial year						
Cost	–	28,015	101	468	1,778	30,362
Valuation	331,329	–	–	–	–	331,329
	331,329	28,015	101	468	1,778	361,691
Additions	–	103	375	–	11	489
Disposals	–	(79)	–	–	–	(79)
Revaluation adjustments	(25,730)	–	–	–	–	(25,730)
End of financial year	305,599	28,039	476	468	1,789	336,371
Representing:						
Cost	–	28,039	476	468	1,789	30,772
Valuation	305,599	–	–	–	–	305,599
	305,599	28,039	476	468	1,789	336,371
Accumulated depreciation						
Beginning of financial year	–	25,311	–	82	1,776	27,169
Depreciation charge	–	725	–	48	4	777
Disposals	–	(77)	–	–	–	(77)
End of financial year	–	25,959	–	130	1,780	27,869
Net book value						
End of financial year	**305,599**	**2,080**	**476**	**338**	**9**	**308,502**
Company – 2015						
Cost or valuation						
Beginning of financial year						
Cost	–	28,008	–	468	1,778	30,254
Valuation	357,206	–	–	–	–	357,206
	357,206	28,008	–	468	1,778	387,460
Additions	–	108	101	–	–	209
Disposals	–	(101)	–	–	–	(101)
Revaluation adjustments	(25,877)	–	–	–	–	(25,877)
End of financial year	331,329	28,015	101	468	1,778	361,691
Representing:						
Cost	–	28,015	101	468	1,778	30,362
Valuation	331,329	–	–	–	–	331,329
	331,329	28,015	101	468	1,778	361,691
Accumulated depreciation						
Beginning of financial year	–	24,494	–	36	1,774	26,304
Depreciation charge	–	892	–	46	2	940
Disposals	–	(75)	–	–	–	(75)
End of financial year	–	25,311	–	82	1,776	27,169
Net book value						
End of financial year	331,329	2,704	101	386	2	334,522

Property, plant and equipment of the Group with carrying amounts $255,456,000 (2015: $47,197,000) are provided as security for bank borrowings (Note 23).

20. PROPERTY, PLANT AND EQUIPMENT (continued)

The freehold and leasehold land and buildings of the Group and the Company with carrying values of \$547,130,000 (2015: \$511,909,000) and \$305,599,000 (2015: \$331,329,000) respectively are carried at the revalued amounts in accordance with the Group's accounting policy as described in Note 2.4. If these land and buildings were included in the financial statements at cost less accumulated depreciation and impairment losses, their net book values would have been \$187,560,000 (2015: \$147,470,000) and \$2,183,000 (2015: \$2,183,000) respectively.

Property, plant and equipment of the Group, for which an impairment loss of \$270,000 was recognised, is part of the 'Hospitality operations – Australia and New Zealand' segment (Note 33) in 2015. The impairment was due to a reduction of the market value of the assets.

Valuation processes, techniques and inputs for Level 3 fair value measurements

The Group engages external, independent and qualified valuers to determine the fair value of the Group's property, plant and equipment, on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts, based on the properties' highest and best use. The following table presents the valuation techniques and key inputs (as described in Note 19) that were used to determine the fair value which is categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December		Valuation technique(s)	Significant unobservable input(s) and range	Relationship of unobservable inputs to fair value
	2016 \$'000	2015 \$'000			
Freehold and leasehold land – Singapore	**305,599**	331,329	Sales comparison	Pre-adjusted comparable sales price – \$2,918 to \$6,792 (2015: \$2,918 to \$6,792) psf	The higher the comparable sales price, the higher the fair value
Freehold land and freehold and leasehold building (2015: Freehold land) – Malaysia	**48,676**	10,566	Sales comparison	Pre-adjusted comparable sales price – \$394 to \$476 (2015[1]: \$925 to \$1,083) psf	The higher the comparable sales price, the higher the fair value
Freehold land and freehold and leasehold buildings – Australia[2]	**192,855**	170,014	Discounted cash flow	Net profit margin – 16.1% to 31.0% (2015: 19.5% to 29.5%) Discount rate – 8.0% to 9.3% (2015: 9.5% to 10.3%) Terminal yield – 6.8% to 8.0% (2015: 7.8% to 9.0%)	The higher the net profit margin, the higher the fair value. The lower the discount rate or terminal yield, the higher the fair value
			Income capitalisation	Capitalisation rate – 6.0% to 7.3% (2015: 7.5% to 8.3%)	The lower the capitalisation rate, the higher the fair value
	547,130	511,909			

(1) Based on residual land value.

(2) Valuation determined using the average of discounted cash flow and income capitalisation.

21. INTANGIBLE ASSETS

	Group 2016 $'000	Group 2015 $'000
Goodwill arising from acquisition of hospitality businesses (Note (a))	**52,855**	52,676
Hospitality lease and management agreements (Note (b))	**83,533**	89,582
	136,388	142,258

(a) Goodwill arising from acquisition of hospitality businesses

	Group 2016 $'000	Group 2015 $'000
Beginning of financial year	**57,574**	58,271
Currency translation differences	**179**	(697)
End of financial year	**57,753**	57,574
Accumulated impairment		
Beginning of financial year	**4,898**	–
Impairment charge	**–**	4,898
End of financial year	**4,898**	4,898
Net book value	**52,855**	52,676

Impairment tests for goodwill

Goodwill is allocated to the CGUs within the Group's hospitality business as follows:

	Group 2016 $'000	Group 2015 $'000
Management services – Singapore (Note (i))	**37,257**	37,257
Property ownership – Australia (Note (ii))	**15,598**	15,419
	52,855	52,676

(i) Management services – Singapore

31 December 2016

The recoverable amount of the "Management services – Singapore" CGU was determined based on fair value less cost to sell ("FVLCTS"). The Group engaged an external, independent and qualified valuer to assist it in determining the FVLCTS for the CGU.

The FVLCTS adopted by the Group was computed using the average of the values derived from the following two level 3 valuation techniques performed by the external valuer:

- Discounted Cash Flow ("DCF") method; and
- Guideline Public Company ("GPC") method

21. INTANGIBLE ASSETS (continued)

(a) Goodwill arising from acquisition of hospitality businesses (continued)

(i) Management services – Singapore (continued)

DCF method

The assumptions used in the future net cash flows takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

Cash flow projections used in the DCF were based on financial projections approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rate stated below. The growth rate did not exceed the long-term average growth rate for the hospitality management services business in which the CGU operates. Key assumptions used for the analysis of the CGU also include the annual revenue growth rates for the period from 2017 to 2021 which are benchmarked to industry reports and a discount rate which reflects a market participant's required return on the CGU being tested for impairment.

	2016
Terminal growth rate	2.5%
Post-tax discount rate	9.0%

GPC method

The GPC method entails applying multiples to the normalised earnings of the CGU and adjusted for the risk and size of the CGU. The key assumptions are the GPC multiples and normalised earnings.

The GPC multiples is determined based on published data regarding traded price and earnings of public companies that are engaged in the same or similar line of business as the CGU. The CGU's normalised earnings is determined by management based on past performance and its expectations of market developments.

Based on the FVLCTS adopted by the Group, the recoverable amount of the CGU exceeds the carrying value and the allocated goodwill is not impaired.

21. INTANGIBLE ASSETS (continued)

(a) Goodwill arising from acquisition of hospitality businesses (continued)

(i) Management services – Singapore (continued)

31 December 2015

The recoverable amount of the management services CGU was determined based on VIU calculations. Cash flow projections used in the value-in-use calculations were based on financial projections approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rate stated below. The growth rate did not exceed the long-term average growth rate for the hospitality management services business in which the CGU operates. Key assumptions used for the analysis of the CGU also include the annual revenue growth rates from 2016 to 2020 which are based on management's forecasts and consistent with industry reports and a discount rate which is pre-tax and reflected specific risks relating to the CGU.

	2015
Terminal growth rate	2.9%
Pre-tax discount rate	11.1%

Based on the value-in-use calculations, an impairment charge of $4,898,000 was recognised, representing the write-down of the CGU's goodwill to its recoverable amount.

(ii) Property ownership – Australia

The recoverable amount determined was based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial projections approved by management covering a ten-year period as the CGU is only expected to achieve a steady growth rate of cash flows after ten years. Cash flows beyond the ten-year period were extrapolated using the estimated growth rate stated below. The growth rate did not exceed the long-term average growth rate for the hospitality operations business in which the CGU operates. Key assumptions used for the analysis of the CGU also include the budgeted net profit margin for the period 2017 to 2026 determined by management based on past performance and its expectations of market developments and a discount rate which was pre-tax and reflected specific risks relating to the CGU.

	2016	2015
Pre-tax discount rate	**8.5%**	9.7%
Terminal growth rate	**1.2%**	1.4%

The CGU's recoverable amount exceeded its carrying amount and the allocated goodwill was not impaired.

21. INTANGIBLE ASSETS (continued)

(b) Hospitality lease and management agreements

	Group	
	2016	2015
	$'000	$'000
Cost		
Beginning of financial year	**100,235**	100,235
Currency translation differences	**(779)**	–
End of financial year	**99,456**	100,235
Accumulated amortisation and impairment		
Beginning of financial year	**10,653**	7,000
Currency translation differences	**(75)**	–
Amortisation charge included within "Cost of sales" in profit or loss	**4,153**	3,653
Impairment charge	**1,192**	–
End of financial year	**15,923**	10,653
Net book value	**83,533**	89,582

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Current				
Trade payables:				
– related parties (Note 32(b))	**723**	1,190	**113**	224
– non-related parties	**20,435**	16,396	**1,315**	805
	21,158	17,586	**1,428**	1,029
Deferred income:				
– related parties (Note 32(b))	**7,060**	7,775	**6,797**	6,797
– non-related parties	**1,081**	1,384	**9**	5
	8,141	9,159	**6,806**	6,802
Other payables:				
– joint ventures	**12,108**	8,131	**–**	–
– non-related parties	**205**	148	**–**	–
	12,313	8,279	**–**	–
Advances from a non-controlling interest	**66,552**	66,781	**–**	–
Accrual for operating expenses	**20,433**	16,890	**5,493**	5,232
Deposits received	**3,398**	3,693	**284**	168
Interest payable	**18**	98	**–**	–
	132,013	122,486	**14,011**	13,231

Other payables to joint ventures and advances from a non-controlling interest of the Group are unsecured, repayable on demand and interest-free, except for the advances from a non-controlling interest of $66,348,000 (2015: $66,348,000) which bear interest at a weighted average effective interest rate of 2.0% (2015: 2.0%) per annum.

22. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Non-current				
Deferred income – related parties (Note 32(b))	**303,498**	310,295	**303,498**	310,295
Deposits received	**800**	1,128	**–**	83
Advances from:				
– subsidiaries	**–**	–	**328,307**	303,596
– joint ventures	**49,220**	23,875	**–**	–
– associated company	**–**	1,503	**–**	–
– non-controlling interest	**73,963**	71,910	**–**	–
	427,481	408,711	**631,805**	613,974

Deferred income from related parties refers to the unamortised portion of the proceeds from Far East Hospitality Trust for the Company's grant of a 50-year leasehold interest in the freehold and leasehold land of Orchard Parade Hotel to Far East Hospitality Trust.

The non-current advances from subsidiaries to the Company and the advances from joint ventures, associated company and non-controlling interest of the Group are unsecured, interest-free and not repayable in the next 12 months.

Advances from a non-controlling interest of $71,910,000 (2015: $71,910,000) are repayable at its nominal value, or convertible to shares of the subsidiary in whole or in part and in the same proportion as a similar loan from the Company to the same subsidiary, such that the Company's share of equity interest in the subsidiary does not change, at the rate of one share per $1 nominal value of the loan, upon the unanimous approval of the Company and the non-controlling interest. This advance is deemed as part of the non-controlling interest's net investment in the subsidiary as the non-controlling interest has no intention to demand repayment in the foreseeable future.

The fair values of non-current trade and other payables of the Group and the Company approximate their carrying amounts.

23. BORROWINGS

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Bank borrowings				
– current (secured)	**76,107**	47,538	**–**	–
– current (unsecured)	**80,901**	74,271	**80,901**	74,271
	157,008	121,809	**80,901**	74,271
– non-current (secured)	**46,353**	33,061	**–**	–
	203,361	154,870	**80,901**	74,271

The Group and Company's bank borrowings are:

– at variable interest rates with contractual repricing dates less than 6 months from balance sheet date (2015: Less than 6 months); and

– secured over certain investment properties (Note 19) and certain property, plant and equipment (Note 20).

The fair values of non-current borrowings of the Group approximate their carrying amounts.

24. PROVISIONS

	Group	
	2016	2015
	$'000	$'000
Onerous hospitality lease agreements:		
– current	**642**	3,438
– non-current	**2,267**	4,059
	2,909	7,497

A provision is recognised at the balance sheet date for the unavoidable costs of meeting the obligations under the hospitality lease agreement which exceeds the economic benefits expected to be received over the remaining contractual term.

The movements in the provisions for onerous hospitality lease agreements are as follows:

	Group	
	2016	2015
	$'000	$'000
Beginning of financial year	**7,497**	18,629
Provision reversed	**(1,323)**	(5,105)
Provision utilised	**(3,347)**	(4,978)
Currency translation differences	**82**	(1,049)
End of financial year	**2,909**	7,497

25. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Deferred income tax assets				
– To be recovered after one year	**100**	99	**–**	–
Deferred income tax liabilities				
– To be settled within one year	**728**	654	**209**	137
– To be settled after one year	**38,332**	29,744	**267**	294
	39,060	30,398	**476**	431

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately $54,877,000 (2015: $51,497,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. These tax losses have no expiry date.

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

Deferred income tax liabilities – Group

	Accelerated tax depreciation $'000	Revaluation gains – net $'000	Recognition of profits on percentage of completion $'000	Other $'000	Total $'000
Group – 2016					
Beginning of financial year	15,346	15,328	7,171	2,016	39,861
(Credited)/charged to:					
– profit or loss	(467)	285	(6,107)	1,239	(5,050)
– other comprehensive income (Note 27(i))	–	9,185	–	–	9,185
Over provision in prior financial years	–	–	–	(2,003)	(2,003)
Currency translation differences	–	290	–	12	302
End of financial year	**14,879**	**25,088**	**1,064**	**1,264**	**42,295**
Group – 2015					
Beginning of financial year	15,944	9,977	5,992	1,563	33,476
(Credited)/charged to:					
– profit or loss	(598)	(465)	1,179	523	639
– other comprehensive income (Note 27(i))	–	6,300	–	–	6,300
Currency translation differences	–	(484)	–	(70)	(554)
End of financial year	15,346	15,328	7,171	2,016	39,861

25. DEFERRED INCOME TAXES (continued)

Deferred income tax assets – Group

	Tax losses $'000	Other $'000	Total $'000
Group – 2016			
Beginning of financial year	(9,463)	(99)	(9,562)
Charged to profit or loss	6,254	–	6,254
Currency translation differences	(26)	(1)	(27)
End of financial year	**(3,235)**	**(100)**	**(3,335)**
Group – 2015			
Beginning of financial year	(7,302)	(106)	(7,408)
Credited to profit or loss	(1,324)	–	(1,324)
Over provision in prior financial years	(840)	–	(840)
Currency translation differences	3	7	10
End of financial year	(9,463)	(99)	(9,562)

Deferred income tax liabilities – Company

	2016 $'000	2015 $'000
Accelerated tax depreciation		
Beginning of financial year	**431**	548
Charged/(credited) to profit or loss	**45**	(117)
End of financial year	**476**	431

26. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2016 '000	2015 '000	**2016 $'000**	2015 $'000
Beginning of financial year	**410,840**	400,587	**457,046**	439,617
Shares issued in-lieu of dividends	**11,837**	10,253	**18,443**	17,429
End of financial year	**422,677**	410,840	**475,489**	457,046

All issued ordinary shares are fully paid and there is no par value for these ordinary shares.

27. REVALUATION AND OTHER RESERVES

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Capital reserve	**10,557**	10,557	**–**	–
Asset revaluation reserve	**329,261**	335,727	**278,022**	303,752
Currency translation reserve	**(20,085)**	(21,569)	**–**	–
Fair value reserve	**(2,393)**	(1,807)	**–**	–
Hedging reserve	**(533)**	(879)	**–**	–
	316,807	322,029	**278,022**	303,752

Capital reserve of the Group represents the difference between a non-controlling interest's share of the carrying amount of the business and the fair value of the consideration received by the Group when it transferred 30% out of the 100% held interest in the subsidiary, Far East Hospitality Holdings Limited (Note 18) to the non-controlling interest.

The movements for the other categories of reserves are as follows:

(i) Asset revaluation reserve

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**335,727**	345,023	**303,752**	329,629
Revaluation gains/(losses) – net	**3,344**	(7,159)	**(25,730)**	(25,877)
Share of joint venture's reserve movement	**8,805**	11,118	**–**	–
Tax charge relating to				
– revaluation gains	**(8,523)**	(5,515)	**–**	–
– share of joint venture's reserve movement	**(662)**	(785)	**–**	–
Share of a joint venture's transfer of revaluation gains to retained profits, net of tax	**(1,022)**	–	**–**	–
Less: Non-controlling interest	**(8,408)**	(6,955)	**–**	–
End of financial year	**329,261**	335,727	**278,022**	303,752

(ii) Currency translation reserve

	Group	
	2016	2015
	$'000	$'000
Beginning of financial year	**(21,569)**	(14,055)
Net currency translation differences of financial statements of foreign subsidiaries and joint ventures	**(1,546)**	6,988
Net currency translation differences of advances designated as net investments in subsidiaries	**3,981**	(16,767)
Share of joint venture's reserve movement	**(151)**	(21)
Less: Non-controlling interest	**(800)**	2,286
	(20,085)	(21,569)

27. REVALUATION AND OTHER RESERVES (continued)

(iii) Fair value reserve

	Group	
	2016	2015
	$'000	$'000
Beginning of financial year	**(1,807)**	(625)
Share of associated company's reserve movement	**(586)**	(1,182)
End of financial year	**(2,393)**	(1,807)

(iv) Hedging reserve

	Group	
	2016	2015
	$'000	$'000
Beginning of financial year	**(879)**	(897)
Share of joint venture's reserve movement	**495**	26
Less: Non-controlling interest	**(149)**	(8)
End of financial year	**(533)**	(879)

Revaluation and other reserves are non-distributable.

28. RETAINED PROFITS

Retained profits of the Group are distributable except for the accumulated retained profits from the share of results of joint ventures and associated companies amounting to $78,251,000 (2015: $35,117,000).

The movements for the retained profits of the Company are as follows:

	Company	
	2016	2015
	$'000	$'000
Beginning of financial year	**294,906**	303,287
Shares issued in-lieu of dividends (Note 29)	**(18,443)**	(17,429)
Dividends paid to shareholders in cash (Note 29)	**(6,206)**	(6,604)
Net profit for the financial year	**8,644**	15,652
End of financial year	**278,901**	294,906

29. DIVIDENDS

	Company	
	2016	2015
	$'000	$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of 6 cents (2015: 6 cents) using		
– new shares issued	**18,443**	17,429
– cash	**6,206**	6,604
	24,649	24,033

At the Annual General Meeting on 20 April 2017, a final dividend of 6.00 cents per share amounting to a total of $25,361,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2017.

30. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Investment in joint ventures	**35,569**	54,550	**–**	–
Investment properties	**36,294**	61,642	**–**	–
Property, plant and equipment	**5,133**	5,992	**4,434**	1,725
	76,996	122,184	**4,434**	1,725

Included in the capital commitment for property, plant and equipment above is an amount of $4,434,000 relating to the Company's outstanding capital commitment for certain renovation and asset enhancement works for Orchard Parade Hotel (the "Additional Works"). The Company, as master lessee, and Far East Hospitality Trust (DBS Trustee Limited as the trustee and FEO Hospitality Asset Management Pte. Ltd as the trust manager), as master lessor, have agreed that the Company's maximum liability for the Additional Works shall not exceed $4,900,000, which represents approximately 35.25% of the total estimated costs of the Additional Works. During the financial year, an amount of $466,000 of the capital commitment had been expended.

30. COMMITMENTS (continued)

(b) Operating lease commitments – where the Group is a lessee

The Group and the Company lease hotels, serviced residences and offices from related parties and non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Not later than one year				
– related parties (Note 32(b))	**18,263**	17,767	**10,803**	10,456
– non-related parties	**2,253**	12,385	**–**	–
	20,516	30,152	**10,803**	10,456
Between one and five years				
– related parties (Note 32(b))	**68,790**	68,054	**40,514**	40,016
– non-related parties	**8,661**	8,502	**–**	–
	77,451	76,556	**40,514**	40,016
Later than five years				
– related parties (Note 32(b))	**181,038**	198,085	**106,493**	116,521
– non-related parties	**–**	1,795	**–**	–
	181,038	199,880	**106,493**	116,521
	279,005	306,588	**157,810**	166,993

Included in the above are commitments of the Group under non-cancellable lease rentals that relate to the fixed portion over the remaining tenure of the initial lease term due to related parties and non-related parties. In addition to the fixed portion, contingent rent determined based on a percentage of gross operating revenue and gross operating profits of these properties have also been committed.

(c) Operating lease commitments – where the Group is a lessor

The Group and Company lease out investment properties to non-related parties under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Not later than one year	**11,880**	13,553	**279**	333
Between one and five years	**12,518**	15,154	**–**	279
Later than five years	**9,878**	14,128	**–**	–
	34,276	42,835	**279**	612

31. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Group's overall risk management objective is to effectively manage these risks and minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out by a team within the management of the Group.

(a) Market risk

(i) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets other than fixed deposits with banks, the Group's income is substantially independent of changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings (Note 23). The Company's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings and advances from/to subsidiaries at variable rates. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

The borrowings of the Group at variable rates are mainly denominated in British Pound ("GBP"), Australian Dollar ("AUD") and Malaysian Ringgit. The profit after tax of the Group would have been lower/higher by $595,000 (2015: $851,000), $249,000 (2015: $291,000) and $209,000 (2015: $Nil) respectively as a result of higher/lower interest expense on these borrowings if the interest rates had increased/decreased by 1.0% (2015: 1.0%) with all other variables including tax rate being held constant.

(ii) Currency risk

The Group operates in Singapore, Australia, New Zealand, the United Kingdom ("UK") and Malaysia. The entities within the Group transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), Australian Dollar ("AUD"), New Zealand Dollar ("NZD") and British Pound ("GBP"). Where such currency risk becomes significant, the Group considers the use of currency swaps and forwards to manage the risk.

31. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

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

	SGD $'000	AUD $'000	NZD $'000	GBP $'000
At 31 December 2016				
Financial assets				
Cash and cash equivalents	170,186	27,853	4,156	2,044
Trade and other receivables	63,002	23,146	1,123	1,467
Intra-group receivables	64,206	50,848	6,052	321,172
	297,394	101,847	11,331	324,683
Financial liabilities				
Borrowings	–	(35,533)	–	(140,660)
Trade and other payables	(212,733)	(16,546)	(2,632)	(6,017)
Intra-group payables	(64,206)	(50,848)	(6,052)	(321,172)
	(276,939)	(102,927)	(8,684)	(467,849)
Net financial assets/(liabilities)	20,455	(1,080)	2,647	(143,166)
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	(84,098)	25,517	3,407	144,558
Net currency exposure	**(63,643)**	**24,437**	**6,054**	**1,392**
At 31 December 2015				
Financial assets				
Cash and cash equivalents	99,044	16,358	4,632	5,193
Trade and other receivables	267,807	23,286	2,508	2,965
Intra-group receivables	62,714	86,645	5,531	158,032
	429,565	126,289	12,671	166,190
Financial liabilities				
Borrowings	–	(35,091)	–	(91,713)
Trade and other payables	(188,617)	(12,717)	(5,081)	(3,337)
Intra-group payables	(62,714)	(86,645)	(5,531)	(158,032)
	(251,331)	(134,453)	(10,612)	(253,082)
Net financial assets/(liabilities)	178,234	(8,164)	2,059	(86,892)
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	(240,971)	31,270	3,506	87,590
Net currency exposure	(62,737)	23,106	5,565	698

31. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

If the foreign currencies strengthened/weakened against their respective functional currencies by 5.0% (2015: 5.0%) with all other variables including tax rate being held constant, the Group's profit before tax for the financial year would decrease as follows:

	2016 $'000	2015 $'000
SGD strengthened against AUD	**(3,182)**	(3,137)
AUD weakened against SGD	**(1,222)**	(1,155)
NZD weakened against SGD	**(303)**	(278)
GBP weakened against SGD	**(70)**	(35)

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Australia, the UK and Malaysia are managed through borrowings denominated in the relevant foreign currencies.

The Company's business is not exposed to any significant foreign exchange risk as the majority of its financial assets and liabilities are denominated in Singapore Dollars.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade receivables, advances to joint ventures and deposits. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and/or requiring deposits to be placed with the Group prior to provision of certain of its services. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group has no significant concentrations of credit risk and has in place credit policies and procedures to ensure on-going credit evaluation and active account monitoring.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. In addition, the Company has off-balance sheet exposure to credit risk as follows:

	Company	
	2016 $'000	2015 $'000
Corporate guarantees provided to banks on banking facilities of subsidiaries and/or joint ventures	**27,447**	28,067

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

Bank deposits that are neither past due nor impaired are mainly deposits with reputable banks. Trade and other receivables, advances to joint ventures and deposits that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

31. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

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

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Past due 0 to 2 months	**5,044**	2,313	**537**	421
Past due 2 to 4 months	**566**	436	**37**	–
Past due over 4 months	**85**	–	**–**	–
	5,695	2,749	**574**	421

The carrying amount of trade 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	**1,130**	372	**–**	–
Less: Allowance for impairment losses	**(1,130)**	(372)	**–**	–
	–	–	**–**	–
Beginning of financial year	**372**	98	**–**	–
Allowance made	**740**	372	**–**	–
Allowance utilised	**–**	(98)	**–**	–
Currency translation differences	**18**	–	**–**	–
End of financial year	**1,130**	372	**–**	–

The impaired trade receivables arise mainly from sales to customers with significant delay in payments.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, as well as the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 12.

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

31. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group –				
At 31 December 2016				
Trade and other payables	123,872	52,073	–	71,910
Borrowings	161,278	47,618	–	–
	285,150	**99,691**	**–**	**71,910**
At 31 December 2015				
Trade and other payables	113,326	26,506	–	71,910
Borrowings	126,117	35,368	–	–
	239,443	61,874	–	71,910
Company –				
At 31 December 2016				
Trade and other payables	7,205	328,307	–	–
Borrowings	81,923	–	–	–
Financial guarantee for borrowings of a subsidiary	27,447	–	–	–
	116,575	**328,307**	**–**	**–**
At 31 December 2015				
Trade and other payables	6,429	303,679	–	–
Borrowings	76,206	–	–	–
Financial guarantee for borrowings of a subsidiary	28,067	–	–	–
	110,702	303,679	–	–

(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 capital based on a gearing ratio. Consistent with how management monitors capital, the gearing ratio is calculated as total borrowings divided by total equity.

31. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk (continued)

	Group		Company	
	2016	2015	**2016**	2015
Total borrowings ($'000)	**203,361**	154,870	**80,901**	74,271
Total equity ($'000)	**1,260,077**	1,192,683	**1,032,412**	1,055,704
Gearing ratio (%)	**16%**	13%	**8%**	7%

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

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Loans and receivables	**298,180**	423,665	**813,688**	786,264
Financial liabilities at amortised cost	**451,216**	366,612	**416,413**	384,379

32. RELATED PARTY TRANSACTIONS

(a) Immediate and ultimate holding company

The Company's immediate and ultimate holding company is Far East Organisation Pte Ltd, incorporated in Singapore.

(b) Sales and purchases of goods and services from other related parties

Other related parties comprise mainly companies which are controlled by the shareholders of the Company's ultimate holding company. In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties at terms agreed between the parties:

	Group	
	2016 $'000	2015 $'000
Amounts billed to/(by) other related parties:		
Administrative income	**354**	586
Sale of goods and services	**305**	605
Purchase of goods and services	**(264)**	(902)
Amounts billed by other related parties to joint ventures:		
Support services	**(755)**	(193)
Purchase of goods and services	**(119)**	–
Payments made on behalf for other related parties	**4,282**	4,170

32. RELATED PARTY TRANSACTIONS (continued)

(b) Sales and purchases of goods and services from other related parties (continued)

Outstanding balances at 31 December 2016, arising from deposits, sale and purchase of goods and services are set out in Notes 13 and 22 respectively.

(c) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2016	2015
	$'000	$'000
Wages and salaries, including directors' fees	**3,022**	3,976
Employer's contribution to defined contribution plans, including Central Provident Fund	**66**	50
	3,088	4,026

33. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Director and management for performance measurement and resource allocation.

The Group operates its hospitality business across three segments.

(i) Management services
The management services segment includes all of the hospitality properties that the Group manages directly in Singapore.

(ii) Operations
The operations segment includes leased properties in Singapore, Australia, New Zealand and the Group's investment in Toga JV and the REIT Manager of Far East Hospitality Trust.

(iii) Property ownership
The property ownership segment includes hospitality properties located in Australia, Germany, Denmark and Malaysia that are owned directly by the Group or through the Group's investments in joint ventures.

The Group manages its property business across two segments.

(i) Development
The development segment includes all property development projects at various stages of development and unsold completed properties that are held through either joint ventures or joint operations; and medical suites that are held for sale. Rental income from the leasing of medical suites held for sale, if any, is included under the investment segment on the reports reviewed by the Group's Executive Director and management.

(ii) Investment
The investment segment includes medical suites, student accommodation buildings including those under development and some offices that are held for rentals or/and long-term capital appreciation.

There are no revenues from transactions with a single external customer that accounts for 10 per cent or more of the Group's revenue for the financial years ended 31 December 2016 and 2015.

33. **SEGMENT INFORMATION** (continued)

The segment information provided to the Executive Director and Management for the reportable segments are as follows:

	Hospitality				Property		Total
	Management services – Singapore $'000	Operations – Singapore $'000	Operations – Australia and New Zealand $'000	Property ownership $'000	Development $'000	Investment $'000	**$'000**
2016							
Total segment sales	18,544	43,367	49,495	61,739	–	15,011	**188,156**
Inter-segment sales	(3,268)	–	–	–	–	–	**(3,268)**
Sales to external parties	**15,276**	**43,367**	**49,495**	**61,739**	**–**	**15,011**	**184,888**
Operating profit	4,306	2,965	3,600	5,932	(267)	7,312	**23,848**
Share of profit of:							
– joint ventures	–	–	17,013	1,633	50,433	–	**69,079**
– associated companies	–	2,649	–	–	(352)	–	**2,297**
Total operating profit	**4,306**	**5,614**	**20,613**	**7,565**	**49,814**	**7,312**	**95,224**
Other losses – net*							**(5,438)**
Corporate expenses							**(5,094)**
Other expenses							**(6,767)**
Profit before income tax							**77,925**
Income tax expense							**(9,482)**
Total profit							**68,443**
Segment assets	125,876	325,003	32,149	320,683	215,670	421,122	**1,440,503**
Investments in associated companies	–	9,964	–	–	–	–	**9,964**
Investments in joint ventures	–	–	190,988	47,474	227,227	–	**465,689**
	125,876	**334,967**	**223,137**	**368,157**	**442,897**	**421,122**	**1,916,156**
Corporate assets							**155,044**
Total assets							**2,071,200**

* Included $1,192,000 impairment loss on hospitality lease and management agreements allocated to 'Hospitality operations – Australia and New Zealand' segment.

33. SEGMENT INFORMATION (continued)

	Hospitality				Property		Total
	Management services – Singapore $'000	Operations – Singapore $'000	Operations – Australia and New Zealand $'000	Property ownership $'000	Development $'000	Investment $'000	$'000
2015							
Total segment sales	18,689	47,727	69,298	61,297	65,829	11,349	274,189
Inter-segment sales	(3,322)	–	–	–	–	–	(3,322)
Sales to external parties	15,367	47,727	69,298	61,297	65,829	11,349	270,867
Operating profit	2,998	2,459	6,974	8,564	5,439	6,527	32,961
Share of profit of:							
– joint ventures	–	–	7,535	2,635	6,819	–	16,989
– associated companies	–	2,551	–	–	(3)	–	2,548
Total operating profit	2,998	5,010	14,509	11,199	12,255	6,527	52,498
Other losses – net*							(10,866)
Corporate expenses							(6,735)
Other expenses							(1,407)
Profit before income tax							33,490
Income tax expense							(2,140)
Total profit							31,350
Segment assets	126,587	349,211	40,969	276,294	404,677	387,322	1,585,060
Investments in associated companies	–	7,901	–	–	1,889	–	9,790
Investments in joint ventures	–	–	174,908	42,406	30,363	–	247,677
	126,587	357,112	215,877	318,700	436,929	387,322	1,842,527
Corporate assets							83,560
Total assets							1,926,087

* Included $4,898,000 impairment loss on goodwill arising from acquisition of hospitality businesses allocated to the 'Hospitality management services – Singapore' segment and $270,000 impairment loss on property, plant and equipment allocated to 'Hospitality operations – Australia and New Zealand' segment.

33. SEGMENT INFORMATION (continued)

Geographical information

The Group's five business segments operate in five main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the hotel operations, property development, property investment and investment holding;
- Australia – the operations in this area are principally the hotel operations;
- New Zealand – the operations in this area are principally the hotel operations;
- The United Kingdom – the operations in this area are principally property investment; and
- Other countries – the operations include hotel operations in Malaysia and investment holding in Germany and Denmark.

	Sales	
	2016	2015
	$'000	$'000
Singapore	**67,821**	137,950
Australia	**78,734**	91,578
New Zealand	**30,210**	39,017
The United Kingdom	**5,833**	2,322
Other countries	**2,290**	–
	184,888	270,867

	Non-current assets	
	2016	2015
	$'000	$'000
Singapore	**870,516**	867,298
Australia	**586,702**	555,266
New Zealand	**–**	–
The United Kingdom	**126,222**	86,789
Other countries	**99,089**	89,756
	1,682,529	1,599,109

34. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2017. The Group and Company do not expect that adoption of these accounting standards or interpretations will have a material impact on the Company's financial statements except for the following:

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

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased asset) 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.

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

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

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating leases of $279,005,000 (Note 30(b)). 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.

35. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Far East Orchard Limited on 23 March 2017.

36. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

Name of companies	Principal activities	Country of business/ incorporation	Group effective ownership interest held 2016 %	2015 %
Significant subsidiaries				
Far East Hospitality Holdings Pte. Ltd.	Investment holding	Singapore	**70**	70
Jelco Properties Pte Ltd	Investment and sales of properties	Singapore	**100**	100
Far East Hospitality Properties (Australia) Pte. Ltd.	Ownership of hospitality properties	Singapore	**70**	70
Far East Hospitality Investments (Australia) Pte. Ltd.	Investment holding	Singapore	**70**	70
Significant joint ventures				
Toga Hotel Holdings Unit Trust	Ownership and management of hospitality properties	Australia	**32**	30
Far East Opus Pte. Ltd.	Property development	Singapore	**20**	20
Watervine Homes Pte. Ltd.	Property development	Singapore	**30**	30
Woodlands Square Pte. Ltd.	Property development	Singapore	**33**	33
Significant associated company				
FEO Hospitality Asset Management Pte. Ltd.	REIT Manager of Far East Hospitality Trust	Singapore	**33**	33

STATISTICS OF SHAREHOLDINGS
AS AT 6 MARCH 2017

Issued and fully paid-up capital	:	S$475,489,373.46
Number of shares issued	:	422,677,415
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 – 99	300	5.61	8,836	0.00
100 – 1,000	566	10.59	379,369	0.09
1,001 – 10,000	3,228	60.37	14,960,061	3.54
10,001 – 1,000,000	1,230	23.00	43,564,892	10.31
1,000,001 and above	23	0.43	363,764,257	86.06
Total	5,347	100.00	422,677,415	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	FAR EAST ORGANISATION PTE LTD	257,792,448	60.99
2	UNITED OVERSEAS BANK NOMINEES (PRIVATE LIMITED)	18,794,180	4.45
3	CITIBANK NOMINEES SINGAPORE PTE LTD	13,959,879	3.30
4	ESTATE OF KHOO TECK PUAT, DECEASED	11,417,000	2.70
5	THE BANK OF EAST ASIA (NOMINEES) PRIVATE LIMITED	9,741,443	2.30
6	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	9,586,694	2.27
7	DAIWA (MALAYA) PRIVATE LIMITED	6,731,200	1.59
8	DBS NOMINEES (PRIVATE) LIMITED	6,105,031	1.44
9	PARAMOUNT ASSETS INVESTMENTS PTE LTD	5,522,357	1.31
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,258,591	0.77
11	LEE PINEAPPLE COMPANY PTE LTD	3,056,364	0.72
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,253,099	0.53
13	TAN SU KIOK OR SIA LI WEI JOLIE (SHE LIWEI JOLIE)	1,867,330	0.44
14	KHOO POH KOON	1,724,425	0.41
15	HOTEL HOLDINGS (PRIVATE) LTD	1,699,600	0.40
16	UOB KAY HIAN PRIVATE LIMITED	1,627,408	0.39
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,387,420	0.33
18	OCBC SECURITIES PRIVATE LIMITED	1,353,315	0.32
19	RAFFLES NOMINEES (PTE) LIMITED	1,240,555	0.29
20	HEXACON CONSTRUCTION PTE LTD	1,230,905	0.29
	TOTAL	**360,349,244**	**85.24**

STATISTICS OF SHAREHOLDINGS
AS AT 6 MARCH 2017

SUBSTANTIAL SHAREHOLDERS
(as shown in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Far East Organisation Pte Ltd	257,792,448	60.99	–	–
Tan Kim Choo[1]	224,659	0.05	257,792,448	60.99
The Estate of Ng Teng Fong, deceased[2]	–	–	257,792,448	60.99

Notes:

(1) Mdm Tan Kim Choo is deemed to be interested in the shares of the Company held by Far East Organisation Pte Ltd ("**FEOPL**") through her 50% shareholding in the issued share capital of FEOPL.

(2) The Estate of Ng Teng Fong, deceased, is deemed to be interested in the shares of the Company held by FEOPL through the Estate's 50% shareholding in the issued share capital of FEOPL.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on the information provided to the Company as at 6 March 2017, approximately 38.96% of the issued share capital of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

FAR EAST ORCHARD LIMITED

(Incorporated in the Republic of Singapore) (Registration No: 196700511H)

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of Far East Orchard Limited (the "**Company**") will be held at Antica Ballroom, Level 2, Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905 on Thursday, 20 April 2017 at 10:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors' Statement and the Report of the Independent Auditor thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of S$0.06 per ordinary share for the financial year ended 31 December 2016. **(Resolution 2)**

3. To approve the sum of up to S$520,000 as Directors' fees for the financial year ending 31 December 2017, to be paid quarterly in arrears. (2016: S$503,500) **(Resolution 3)**

4. To re-elect Ms Koh Kah Sek, a Director retiring pursuant to Regulation 103 of the Company's Constitution, and being eligible, has offered herself for re-election. (See Explanatory Note (1)) **(Resolution 4)**

5. To re-elect Mdm Ee Choo Lin Diana, a Director retiring pursuant to Regulation 98 of the Company's Constitution, and being eligible, has offered herself for re-election. (See Explanatory Note (2)) **(Resolution 5)**

6. To note the retirement of Mr Cheng Hong Kok, a Director retiring pursuant to Regulation 98 of the Company's Constitution, who has decided not to seek re-election (See Explanatory Note (3))

7. To re-appoint PricewaterhouseCoopers LLP as Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

8. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

9. Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore ("**Act**") and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors to:

(a) (i) issue shares in the capital 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 or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding any treasury shares, if any) (as calculated in accordance with sub-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, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares, if any) shall be based on the total number of issued Shares (excluding treasury shares, if any) in the capital of the Company 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 Act and 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." (See Explanatory Note (4)) **(Resolution 7)**

10. Proposed Renewal 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 of the SGX-ST, for the Company, its subsidiaries and associated companies which are entities at risk as defined under Chapter 9 of the Listing Manual, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Appendix to this Notice of Annual General Meeting, with any person who is of the class of Interested Persons described in the Appendix to this Notice of Annual General Meeting, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders and are in accordance with the review procedures for Interested Person Transactions as set out in the Appendix to this Notice of Annual General Meeting;

(b) the approval given in sub-paragraph (a) above (the "**Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until 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; and

(c) the Directors be and are hereby authorised, jointly or severally, to take such steps and exercise such discretion as the Directors may in their absolute discretion deem fit, advisable or necessary or in the interest of the Company to give effect to the Mandate and/or this Resolution." (See Explanatory Note (5)) **(Resolution 8)**

BY ORDER OF THE BOARD

PHUA SIYU, AUDREY
MADELYN KWANG YEIT LAM
Company Secretaries

Singapore,
5 April 2017

Notes:

(i) A member of the Company entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member (and the number and class of Shares must be specified).

"relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Act.

(ii) The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal.

(iii) A proxy need not be a member of the Company.

(iv) The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 1 Tanglin Road #05-01, Orchard Parade Hotel, Singapore 247905 **not less than 72 hours** before the time appointed for holding the Annual General Meeting. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names 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.

Explanatory Notes:

(1) **Ordinary Resolution 4**, is to re-elect Ms Koh Kah Sek (who was appointed on 1 November 2016) pursuant to Regulation 103 of the Company's Constitution and if she is re-elected, she is considered as a Non-Executive Director.

(2) **Ordinary Resolution 5**, is to re-elect Mdm Ee Choo Lin Diana who will be retiring by rotation pursuant to Regulation 98 of the Company's Constitution and if she is re-elected, she will remain as a member of the Audit & Risk Committee and the Remuneration Committee. Mdm Ee is considered an Independent Director for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(3) Mr Cheng Hong Kok will retire as a Director of the Company at the conclusion of the 49th Annual General Meeting. Consequent thereto, Mr Cheng will also cease to act as the Chairman of the Audit & Risk Committee and as a Member of the Remuneration Committee at the conclusion of the 49th Annual General Meeting.

(4) **Ordinary Resolution 7**, if passed, will empower the Directors of the Company from the date of the passing of this Resolution until the next Annual General Meeting to allot and issue Shares and to make or grant instruments convertible into Shares and to issue Shares in pursuance of such Instruments, for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of Shares which may be issued (including Shares to be issued pursuant to convertibles) under this Resolution shall not exceed 50% of the issued Shares (excluding treasury shares, if any), of which not more than 20% may be issued other than on a pro-rata basis. The total number of Shares which may be issued will be calculated based on the total number of issued Shares (excluding treasury shares, if any) at the time this Resolution is passed after adjusting for (a) new Shares arising from the conversion or exercise of convertible securities or employee share options on issue at the time this Resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Shares. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

(5) **Ordinary Resolution 8**, if passed, will renew the Mandate and empower the Company, its subsidiaries and associated companies, to enter into the Interested Person Transactions as described in the Appendix to this Notice of Annual General Meeting. The authority under the renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier.

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, 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 the warranty in (ii).

FAR EAST ORCHARD LIMITED
(Incorporated in the Republic of Singapore)
(Registration No: 196700511H)

Important
1. For investors who have used their CPF monies to buy ordinary shares in the capital of Far East Orchard Limited ("Shares"), this Report is forwarded to them at the request of the CPF Agent Banks and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS Investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

Personal Data Privacy
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 AGM dated 5 April 2017.

PROXY FORM
ANNUAL GENERAL MEETING

I/We ____________________

of ____________________

being a member/members of Far East Orchard Limited (the "**Company**") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares (Ordinary Shares)	%
Address			

and/or *(delete as appropriate)*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares (Ordinary Shares)	%
Address			

or failing whom, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the Forty-Ninth Annual General Meeting ("**AGM**") of the Company to be held on Thursday, 20 April 2017 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions	For*	Against*
ORDINARY BUSINESS			
1.	Adoption of Audited Financial Statements together with the Directors' Statement and Report of the Independent Auditor for the financial year ended 31 December 2016		
2.	Payment of first and final tax-exempt dividend		
3.	Approval of Directors' fees for the sum of up to S$520,000 for the financial year ending 31 December 2017 (2016: S$503,500)		
4.	Re-election of Ms Koh Kah Sek as a Director		
5.	Re-election of Mdm Ee Choo Lin Diana as a Director		
6.	Re-appointment of PricewaterhouseCoopers LLP as Independent Auditor		
SPECIAL BUSINESS			
7.	Authority to allot and issue shares		
8.	Proposed renewal of the shareholders' mandate for Interested Person Transactions		

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this ____________ day of ____________ 2017.

	Total number of shares in:
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

Affix
Postage
Stamp

Company Secretary
FAR EAST ORCHARD LIMITED
1 Tanglin Road
#05-01 Orchard Parade Hotel
Singapore 247905

1st fold here

2nd fold here

Notes:

1. (a) A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead at the AGM. Where a member appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.

   (b) A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies, to attend and vote in his/her stead at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. In relation to a Relevant Intermediary who wishes to appoint more than two proxies, it should annex to the instrument appointing a proxy or proxies the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF investors as its proxies shall comply with this Note.

   (c) "Relevant Intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**").

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

3. This proxy form must be deposited at the Company's registered office at 1 Tanglin Road #05-01, Orchard Parade Hotel, Singapore 247905 **not less than 72 hours** before the time set for the AGM.

4. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal.

5. 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 or proxies, failing which the instrument may be treated as invalid.

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

7. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

FAR EAST ORCHARD LIMITED

A MEMBER OF FAR EAST ORGANIZATION

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