Roxy-Pacific
Holdings Limited

PRIMED FOR GROWTH

ANNUAL REPORT **2017**



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CORPORATE **PROFILE**

Roxy-Pacific Holdings Limited is an established property and hospitality group with an Asia-Pacific focus and a track record that extends back to May 1967.

Listed on the SGX Mainboard on 12 March 2008, the Group is principally engaged in the development and sale of residential and commercial properties ("Property Development"). The Group's recurring income streams are strengthened through its flagship hotel in the heart of historical Katong, Grand Mercure Singapore Roxy, self-managed upscale boutique hotel, Noku Kyoto and Noku Osaka, Japan, and other investment properties in Asia-Pacific ("Hotel Ownership and Property Investment").

In Property Development, Roxy-Pacific is an established brand name for small to medium size residential developments such as apartments and condominiums targeted at middle to upper middle income segments.

Between 2004 and 2017, the Group developed and launched 44 small-to-medium sized developments comprising a total of more than 4,300 residential and commercial units in Singapore, Malaysia and Australia.

Grand Mercure Singapore Roxy, a major asset of the Group, is self-managed under franchise agreement with international hotel operator, Accor Group. Strategically located in the East Coast area, the hotel is close to the CBD, the Changi airport and the Marina Bay Resort Casino. Beyond Singapore, the Group has opened its first upscale boutique hotel under the Noku Roxy brand name in Kyoto, Japan, followed by Osaka, Japan and has acquired a resort in Maldives and other land parcels intended for development into hotels in Phuket, Thailand.

For Property Investment, the Group owns 52 retail shops at The Roxy Square Shopping Centre in Singapore. In Australia, Roxy-Pacific owns a 50% interest in a 14-storey, freehold, commercial building at 117 Clarence Street in Sydney's CBD and Melbourne House, a freehold six-storey commercial and retail building in Melbourne's CBD. In Auckland, the Group owns NZI Centre and has a 50% interest in the office building at 205 Queen Street, marking Roxy-Pacific's maiden foray into New Zealand.



FINANCIAL HIGHLIGHTS

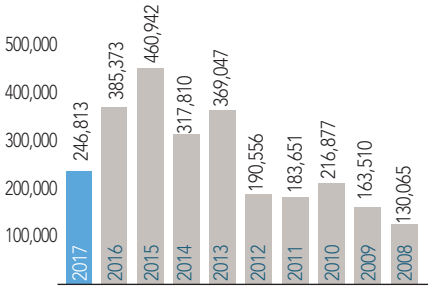
	FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR
PERIOD	**Dec-17**	**Dec-16**	**Dec-15**	**Dec-14**	**Dec-13**	**Dec-12**	**Dec-11**	**Dec-10**	**Dec-09**	**Dec-08**
PROFIT & LOSS (S$'000)							(restated)[2]	(restated)[2]	(restated)[2]	(restated)[2]
Revenue	246,813	385,373	460,942	317,810	369,047	190,556	183,651	216,877	163,510	130,065
Finance Costs	(14,343)	(15,187)	(13,124)	(9,107)	(5,476)	(4,394)	(4,650)	(4,470)	(3,774)	(4,233)
Share of result of Associates	13,022	18,641	11,134	54,858	9,944	3,974	288	55	-	-
Profit Before Tax	46,742	65,584	101,060	110,275	106,728	65,875	58,524	53,232	36,248	30,365
Total Comprehensive Income Attributable to Shareholders	29,423	49,804	85,096	96,653	92,250	58,447	51,807	43,573	27,910	24,995
BALANCE SHEET (S$'000)										
No. of Ordinary Shares Issued ('000)	1,192,223	1,192,243	1,193,550	1,193,550	1,193,550	954,840	636,560	636,560	636,560	636,560
Share Capital	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399	47,399
Treasury shares	(564)	(555)	-	-	-	-	-	-	-	-
Revaluation reserve	533	-	-	-	-	-	-	-	-	-
Fair Value Reserve	312	50	68	174	111	144	-	-	-	-
Translation Reserve	(4,527)	(2,149)	(8,083)	(3,168)	-	-	-	-	-	-
Retained Earnings	459,512	446,518	418,197	355,933	282,112	206,038	166,864	124,605	87,398	64,262
Equity Attributable to Owners of the Company	502,665	491,263	457,581	400,338	329,622	253,581	214,263	172,004	134,797	111,661
Non-Controlling Interests	5,071	3,745	629	515	347	199	-	-	-	-
Total Equity	507,736	495,008	458,210	400,853	329,969	253,780	214,263	172,004	134,797	111,661
Long Term Liabilities	334,565	303,643	344,114	300,931	133,129	89,657	100,820	97,507	90,243	80,841
Current Liabilities	673,518	662,967	606,457	731,535	835,846	580,697	433,522	332,115	200,489	217,704
Total Equity and Liabilities	1,515,819	1,461,618	1,408,781	1,433,319	1,298,944	924,134	748,605	601,626	425,529	410,206
Property, plant and equipment	215,507	175,527	129,680	120,309	81,942	76,147	73,928	70,421	64,515	65,958
Intangible Assets	541	68	86	-	-	1,672	1,672	1,672	1,672	1,672
Investment Properties	124,191	198,835	179,768	175,663	67,987	61,247	44,692	78,767	55,688	32,428
Investment in Associates	163,309	146,458	60,460	69,005	16,726	6,837	2,413	1,635	450	-
Other Non-Current Assets	37,151	12,689	68,141	1,574	2,207	1,684	-	-	-	-
Current Assets	975,120	928,041	970,646	1,066,768	1,130,082	776,547	625,900	449,131	303,204	310,148
Total Assets	1,515,819	1,461,618	1,408,781	1,433,319	1,298,944	924,134	748,605	601,626	425,529	410,206
FINANCIAL RATIOS (S$)										
Earning Per Share (cents)[1]	2.47	4.17	7.13	8.10	7.73	4.90	4.34	3.65	2.34	2.09
Net Asset Value Per Share (cents)[1]	42.16	41.20	38.34	33.54	27.62	21.25	17.95	14.41	11.29	9.36
Return On Asset (ROA)	1.9%	3%	6%	7%	7%	6%	7%	7%	7%	6%
Return On Equity (ROE)	5.9%	10%	19%	24%	28%	23%	24%	25%	21%	22%
Total Liabilities to Equity Ratio (times)	1.36	1.31	1.39	1.54	1.87	1.64	1.43	1.58	1.35	1.68
Net Assets Value (S$m)	502.66	491.26	457.58	400.34	329.62	253.58	214.26	172.00	134.80	111.66
Revaluation surplus (S$m)[3]	490.27	471.94	463.42	460.35	441.47	384.53	344.14	257.10	169.00	214.18
Adjusted Net Assets Value (S$m) (ANAV)	992.94	963.20	921.00	860.69	771.09	638.11	558.40	429.10	303.80	325.84
Adjusted Net Assets Value per share[1]	83.28	80.79	77.16	72.11	64.60	53.46	46.78	35.95	25.45	27.30
Net Debt to ANAV (times)	0.55	0.53	0.45	0.58	0.68	0.56	0.45	0.51	0.47	0.48

(1) Adjusted based on total issue of 1,192,223,494 (2008 - 2016: 1,192,243,494) ordinary shares.

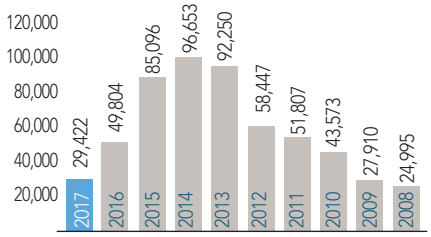
(2) The figures have been restated to take into account of the retrospective effect of adoption of Amendments to FRS12.

(3) Refer to revaluation surplus of the Grand Mercure Roxy Hotel, Noku Hotel in Kyoto, Noku Hotel in Osaka, hotel in Phuket, Maldives and office premise.

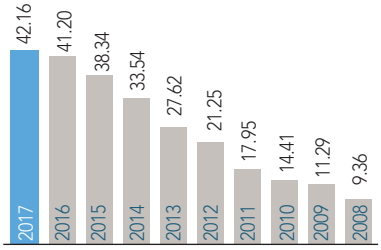
REVENUE (S$'000)



TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS (S$'000)



NET ASSET VALUE PER SHARE (cents)[1]



CALENDAR OF EVENTS

JANUARY

Acquisition of freehold residential properties at Upper Bukit Timah Road, Singapore. The sites have an aggregate total land area of 953 square metres.

Jade Residences has obtained Temporary Occupation Permit on 24 January 2017.

FEBRUARY

Completion of purchase of development property at 120 Grange Road, Singapore. The site is freehold and has an estimated total land area of 1,466 square metres.

MARCH

Completion of purchase of development property at 211 to 223A Pasir Panjang Road, Singapore. The site is freehold and has an estimated total land area of 2,856 square metres.

APRIL

Completion of purchase of freehold residential properties at Upper Bukit Timah Road, Singapore.

Sales launch for residential apartment, West End Glebe Tower 1 (The Foundry) at 10-11 Cowper Street, Glebe, Sydney. West End Glebe Tower 1 consists of 140 units.

Sunnyvale has obtained Temporary Occupation Permit on 26 April 2017.

MAY

Payment of final dividend of $0.542 cents per ordinary shares for the financial year ended 2016.

Payment of special dividend of $0.622 cents per ordinary shares for the financial year ended 2016.

JUNE

Liv on Wilkie has obtained Temporary Occupation Permit on 30 June 2017.

JULY

Sales launch for residential apartment, West End Glebe Tower 2 (Art House) at 10-11 Cowper Street, Glebe, Sydney. West End Glebe Tower 2 consists of 91 units.

Repurchase of 4.50 per cent notes due in 2018 amounted to S$16,500,000 in aggregate principal amount of the Notes in the open market.

AUGUST

Acquisition of office building at 205 Queen Street in Auckland, New Zealand. The properties comprises 2 commercial tower with 17 storeys and 22 storeys respectively.

Acquisition of freehold residential site at River Valley, Singapore. The sites have an aggregate total land area of 2,675 square metres.

Payment of interim dividend of $0.214 cents per ordinary shares for the financial year ended 2017.

SEPTEMBER

Acquisition of freehold residential site at 12 and 14 Guillemard Lane, Singapore. The sites have an aggregate total land area of 1,075 square metres.

Acquisition of office building at 1 Fanshawe Street, Auckland, New Zealand. The property known as NZI Centre consists of 6 storey commercial building.

Repurchased another S$3,000,000 principal amount of the MTN Notes in the open market. The total repurchased MTN Notes of S$19,500,000 have been cancelled on 6 September 2017. Following the cancellation of the repurchased MTN Notes, the aggregate outstanding principal amount of the MTN Notes is S$40,500,000.

OCTOBER

Acquisition of freehold residential site at 2 and 6 Guillemard Lane, Singapore. The sites have a total estimated land area of 1,303 square metres. The Group intends to amalgamate this freehold site with another freehold site at 12 and 14 Guillemard Lane which it had acquired in September 2017.

Acquisition of freehold residential site at 386/A/B, 388/A/B, 390/A/B, 392/A/B Dunearn Road, Singapore. The sites have an estimated land area of 1,784 square metres.

Completion sale of office building at 59 Goulburn Street, Sydney Australia for A$158,000,000.

Completion of acquisition land and hotel building of Tenmabashi Grand Hotel Osaka. The 154 rooms Hotel has an estimated land area of 886 square metres and existing hotel building comprises 9 floors of guest rooms of total area of 3,672 square metres.

NOVEMBER

Completion of purchase of freehold residential site at River Valley, Singapore.

Acquisition of an office building at 312 St Kilda Road, Southbank, Melbourne, Australia. The property consists of 6 levels of office and 4 basement levels.

Eon Shenton has obtained Temporary Occupation Permit on 28 November 2017.

DECEMBER

Completion of purchase of Office building at 205 Queen Street in Auckland, New Zealand.

Completion of purchase of Office building at 1 Fanshawe Street, Auckland, New Zealand.

Acquisition of commercial and retail building at 360 Little Bourke Street, Melbourne, Australia. The property consists of 6 storey commercial and retail building known as Melbourne House.

Acquisition of freehold residential site at 5 Derbyshire, Singapore. The site has an estimated land area of 1,719 square metres.


Noku Kyoto, Japan


Noku Kyoto, Japan

OUR AWARDS

- **Certificate of Appreciation – Boon Lay Garden Primary School**
  The award is to recognise the efforts in support of Boon Lay Garden Primary School's Learning Buffet 2017 programme.
- **Hotel Security Excellence Award 2017**
  The award is to recognise the hotel for ensuring security measures are in compliance with the standards of the Singapore Hotel Association and Singapore Police Force.
- **Excellent Service Award 2017 – 21 Gold and 33 Silver**
  A national award presented by Singapore Hotel Association to recognise individuals who have delivered quality service in Singapore.
- **Service Gold – National Kindness Award 2017**
  The award is to recognise hotel staffs who have displayed service excellence, gracious and kind acts at the workplace by Singapore Hotel Association.
- **Water Efficiency Award 2017**
  The water efficiency award recognises companies who have shown exemplary water efficiency performance in their respective industries awarded by PUB – Singapore National Water Agency.
- **People's Association Community Spirit Awards 2017 – Merit Award**
  The award is to recognise Roxy Foundation in recognition of its commendable contributions towards the community awarded by People's Association Community Partnership.


Noku Kyoto, Japan


Grand Mercure Roxy Singapore

CHAIRMAN'S STATEMENT



Noku Maldives

TEO HONG LIM
Executive Chairman and Chief Executive Officer

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Roxy-Pacific, it is my pleasure to present to you the Annual Report for the full year ended December 31, 2017 ("**FY2017**").

BACK TO OUR ROOTS

FY2017 represented a challenging yet fulfilling year for us at Roxy-Pacific. Globally, there had been many arduous global challenges that took its impact on businesses worldwide, following political events like rising tensions within the Korean Peninsula, China's slowing economic growth and easing GDP, and increasingly volatile global stock market. Closer to home, on the residential property front, the slowdown took a turn for the better towards the second half of 2017, signaling a turnaround for the sector. For the whole of 2017, private residential property prices rose 1.1%, reversing from a 3.1% decline in the previous year.

We continue to rebalance our property portfolio geographically and by business mix, strengthening our recurring income streams through our hospitality pillar and property investments, to complement our core property development business.

Notably, with the gradual pick-up of the Singapore residential property market, we returned to our 'roots', with a renewed focus on our core market where we have deep familiarity. We will continue to be on the lookout for land banks selectively, amidst opportunities presented by the recovering market.

For FY2017, we achieved revenue of S$246.8 million, a 36% decrease from S$385.4 million recorded in preceding financial year ("**FY2016**"), mainly due to the absence of Property Development revenue recognised on completion of projects in 2016 and early 2017 including Whitehaven, Jade Residences, LIV on Wilkie and LIV on Sophia. The decrease in revenue was mitigated by higher revenue recognised from Trilive, with residential units 100% sold and one remaining unsold commercial unit.

It is noteworthy that although our projects in Australia and Malaysia had made good progress on sales and construction, revenue from these projects can only be recognised upon completion[1], unlike projects in Singapore that record revenue progressively.

Additionally, the Group's total attributable pre-sale revenue remains strong at S$459.4 million, with profits from the Singapore residential projects to be progressively recognised from 1Q2018 to FY2020. This also comprises profits from our Australian residential projects that can only be recognised upon completion – we expect to recognise the profits from The Hensley in FY2018 and that from Glebe and Octavia in FY2019.

During the year, we saw a 43% increase in other operating income in FY2017 to S$32.8 million from S$23.0 million in FY2016, lifted mainly by the higher fair value gain on investment property recorded for 59 Goulburn Street in Australia.

However, due mainly to lower revenue coupled with higher other operating expenses relating to impairment on long-term loan to an associate in Australia, FY2017 net profit decreased 41% to S$29.4 million in FY2017 from S$49.8 million in FY2016.

Nonetheless, we are pleased to have made good progress in the recycling of funds from the successful divestment of 59 Goulburn Street into other yield-

accretive property investments, namely, the acquisitions of Grade A commercial towers at 205 Queen Street and NZI Centre in Auckland – marking our maiden foray into New Zealand.

Like what we've done with 59 Goulburn Street, we're exploring a possible divestment of our 117 Clarence Street office building in Sydney. While it is contributing healthy recurring income, we want to capitalise on the favourable market cycle to unlock value and maximise the yield on our investment. We are still deliberating options and will update shareholders at an appropriate time should there be material developments.

At the same time, we are back actively in the Singapore residential market, building our land bank with the gradual uptick in the property sector.

We will continue to look for opportunities to suitably recycle our capital for enhancement of shareholder value. We will continually seek an optimal mix between our three segments – Property Development, Property Investment and Hotel Ownership – and balance our assets portfolio both geographically and across sectors for sustainable growth.

Our strategy is supported by our strong balance sheet, with cash and cash equivalents of S$234.4 million, a comfortable net debt-to-adjusted Net Asset Value ratio of 0.55 time notwithstanding the completion of acquisition of properties in Japan, New Zealand and Singapore in FY2017, and good headroom from our S$500 million Multicurrency Debt Issuance programme, of which S$60 million has been issued to date. We have repurchased S$19.5 million of the issued debt in 2017 and also set aside another S$40.5 million to fully pay down the balance in FY2018, and this should improve our gearing levels.

PRIMED FOR GROWTH

PROPERTY DEVELOPMENT

Singapore

The Urban Redevelopment Authority ("**URA**") reported that private residential property prices in 4Q2017 rose 0.8%, continuing the 0.7% growth in 3Q2017[2], signaling a turnaround for the sector. For the whole of 2017, prices rose 1.1% compared to the 3.1% decline in the previous year[2]. In a recent Bloomberg survey, Singapore home prices were projected to increase about 5.5% in 2018[3].

The URA data also showed that developers sold 10,566 units last year, a 32.5% increase compared to 7,972 units sold in 2016[2]. The number of units sold also outweighs the 6,020 units launched in 2017[2].

Our decision to progressively accumulate predominantly freehold sites at attractive prices over the last two years, amidst the property downturn, has proven to be a prudent move. We are now able to tap the opportunities presented by the buoyant property market in 2018 with our impending launches. The Navian, which was officially launched for sale on January 28, 2018 received strong reception, having sold 23 units as of February 5, 2018. Comprising 48 units, the six-storey freehold residential development is within close proximity of amenities such as the Singapore Post Centre, Paya Lebar Square and Tanjong Katong Shopping Centre, and is well connected to major roads and expressways.

In all, we have accumulated ten development sites in Singapore of which Derby Court at Derbyshire Road, Wilshire at Farrer Road and the Kismis sites in the prime Upper Bukit Timah estates were acquired after year end. Of the ten sites, we plan to launch for sale six projects comprising a total of 440 units in FY2018. In view of the expected pick-up in prices and sales volumes, we are well placed to leverage on this turnaround in the Singapore residential property market. Apart from The Navian, other developments sites located at Upper Bukit Timah Road, Grange Road, Guillemard Lane, Pasir Panjang and River Valley will also be launched. These projects are expected to contribute positively to the Group's


Noku Maldives

CHAIRMAN'S STATEMENT


Roxy Maldives Resort, Maldives

earnings progressively from 1Q2019. To ride on the turnaround of the residential sector, we'll monitor market conditions closely and also consider the possible launch of the Dunearn and the Derbyshire sites in the coming year.

Although priority will be to successfully sell and deliver the units from our current land bank, we will continue to selectively replenish our land bank, with a greater focus on unique development sites, ensuring sustainable long-term growth for the Company.

Australia and Malaysia

In Australia, residential property prices rose 8.3% during the 12-month period between September 2016 and September 2017, led by year-on-year growth registered in Sydney and Melbourne of 9.4% and 13.2%, respectively[4].

The Group's wholly-owned residential development projects in Sydney have done well. The Hensley and Octavia are substantially sold each with only two remaining unsold units, while the Glebe project, which was launched in two phases, is nearly 70% sold as of February 5, 2018. Our 40%-owned luxury condominium project in Brisbane, New World Tower, has received healthy reception and is 63% sold as of February 5, 2018.

In Malaysia, The Colony by Wisma Infinitum is close to 70% sold as at February 5, 2018, having found a niche in the form of compact dual key configurations that are efficiently designed. Phase Two of our Malaysian freehold JV project, The Luxe by Wisma Infinitum, which is strategically located in the Kuala Lumpur City Centre and is positioned higher than The Colony to target a different market segment, is 30% sold as of February 5, 2018.

Having accumulated experience overseas, especially in Australia, we will continue to work closely with our strategic partners to deepen our footprint in these favourable markets, while we continue to prudently seek out unique and yield-accretive opportunities in Singapore to replenish our land bank. We will remain focused on project execution in FY2018.

PROPERTY INVESTMENT

Australia

As for the Australian office sector, the September quarter recorded the fastest growth in nominal rents of 0.7%[5]. Property analysts believe the office property sector will continue to provide the best income returns over the next two years, with Victoria recording the best returns of 3.4% and 4.5%, respectively, while New South Wales is projected to achieve 3.3% and 3.8%[5].

Notably, there is an undersupply of office space in New South Wales over the next one to three years, compared to other states[5], boding well for our 50%-owned, 14-storey commercial asset in Sydney's CBD, 117 Clarence Street, which has achieved full occupancy. In Melbourne, we have acquired a 6-storey office building located at 312 St Kilda Road, minutes from Melbourne's CBD. This 45%-owned property enjoys a high occupancy of 92% as at January 31, 2018 and contributes strong recurring rental income to the Group.

We are also acquiring a freehold, 6-storey commercial and retail building in the prime retail area in the centre of Melbourne's CBD, in close proximity to Melbourne's General Post Office, Bourke Street Mall and the cosmopolitan Hardware Lane. We expect to complete the acquisition on March 1, 2018 and intend to redevelop this wholly-owned property into a hotel with a retail component on the ground or basement levels.

First entry into Auckland, New Zealand

Our acquisition of the 50%-owned property comprising two Grade A commercial towers of 17 storeys and 22 storeys at 205 Queen Street, Auckland, New Zealand, marked our maiden entry into this market. Situated in the core of Auckland's CBD, this property presents a prime investment opportunity for us and has the potential to be a stable source of rental income for the Group. We see opportunity to capitalise on the upward trending market cycle in New Zealand to raise occupancy from the current 93% to 100% in the near future to maximise rental yield.

With our in-house management expertise, coupled with our property investment experience gained both locally and in overseas markets, we made a second acquisition in this country to further broaden our recurring income stream. Our wholly-owned 5-storey building, NZI Centre, situated in the western end of Auckland's CBD, is fully leased to a well-known tenant – IAG New Zealand Limited – the largest insurer in New Zealand.

Overall, our strategy for this segment will continue to be on the acquisition of well-located and tenanted commercial buildings which will strengthen our recurring income stream.

HOTEL OWNERSHIP

On the hospitality front, latest statistics from the Singapore Tourism Board ("**STB**") showed that Singapore hit a record high in tourist arrivals and spending for the second consecutive year, having received 17.4 million visitors in 2017, exceeding earlier forecasts that had projected 17.0 million visitors for the year. Similarly, tourism receipts rose 3.9% in 2017 to S$26.8 billion.

For 2018, the STB expects further growth for the tourism sector, forecasting visitor arrivals to grow 1% to 4% to be in the range of 17.6 million to 18.1 million, while tourism receipts are expected to grow between 1% and 3%.

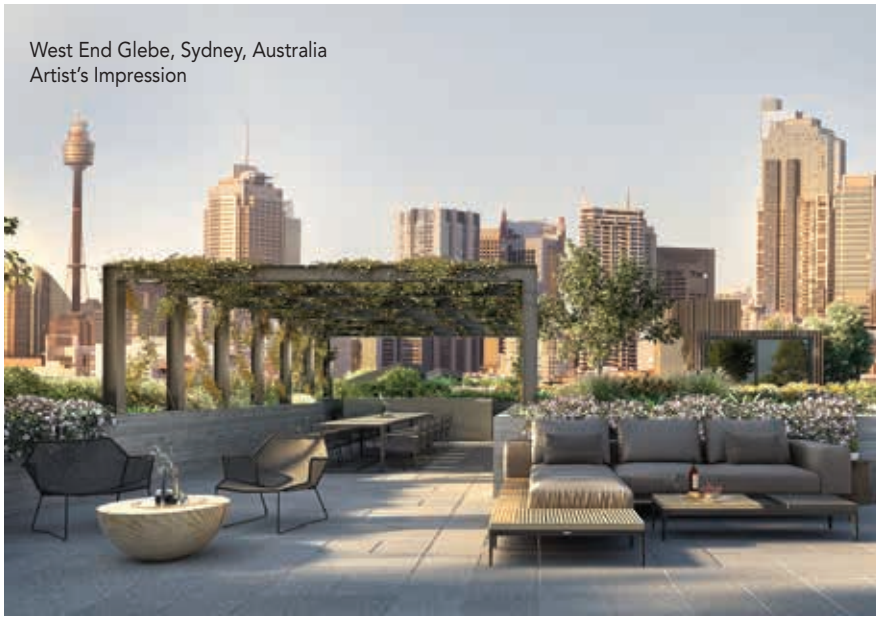
The Grand Mercure Singapore Roxy hotel took impact from subdued corporate activity caused by continued global economic uncertainty in certain sectors such as Offshore and Marine and pricing competition from new hotel supply, with declines in average occupancy rate ("**AOR**"), average room rate ("**ARR**") and revenue per available room ("**RevPAR**"). With a stronger demand forecast by STB, and fewer new room supply in 2018, we are optimistic that Grand Mercure Singapore Roxy hotel will improve its performance in the coming year.

Contrary to Singapore's subdued tourism outlook, according to the Japanese National Tourism Organisation, Japan received 28,690,932 visitors in 2017 YTD, an increase of 19% year-on-year. In the month of December, Japan saw 2,521,300 visitors, which was a 23% increase year-on-year[6].

As at YTD June 2017, a total of 8 million visitor nights were spent in Osaka City[7]. International accommodation guests, which accounts for 36.1% of total accommodation guests, increased by 6.7% year-on-year to 2.9 million, while domestic accommodation guests increased by 2.6% year-on-year to 5.1 million[7]. Kyoto is estimated to be visited by over 50 million tourists annually, with foreign and Japanese tourists spending an average of ¥100,000 and ¥47,000 per person respectively[8].

Our first self-managed hotel asset, *Noku Kyoto*, which was launched in November 2015, recorded healthy AOR, ARR and RevPAR. *Noku Kyoto* has enjoyed high ARR; with its favourable location adjacent to the Kyoto Imperial Palace and connectivity to the Marutamachi train station, coupled with its unique value proposition through curated tours and personalised services. Given the warm response that we have received since opening and given Kyoto's resilient tourism prospects, we remain optimistic of its performance in the coming year.

Replicating our proven model for the successful, self-managed, upscale boutique *Noku Kyoto* hotel, we acquired and subsequently rebranded our 154-room hotel in Osaka to Noku Osaka in January 2018. Noku Osaka is an 8-minute walk away from Tenjibashi shopping street – the longest shopping street in Japan – and is within close proximity to tourist hotspots including the Osaka Tenmangu Shrine, Osaka Castle Park, as well as the famous Cherry Blossoms at the Osaka Mint Bureau. Due to its ideal location, Noku Osaka has enjoyed high occupancy since the acquisition. We are self-managing this 9-storey hotel under the Group's Noku Roxy hospitality management and has repositioned it into another upscale boutique hotel.


West End Glebe, Sydney, Australia
Artist's Impression

CHAIRMAN'S STATEMENT

The self-managed *Noku Roxy* hospitality brand has most recently been extended to the Kudafunafaru island at Noonu Atoll, Maldives. The upscale resort, which will consist 50 villas on a total land area of 89,896 sqm upon completion, soft opened in December 2017 and will be fully opened in 2018.

In line with our intention to hone our hotel management capabilities and strengthen our recurring income streams, we also intend to launch our Noku-branded resort in Phuket, Thailand, by 2019.

With a geographically-diversified portfolio, we hope to progressively build a sustainable stream of recurring income for the Hotel Ownership segment. While we intend to self-manage hotel assets where possible, we will also consider collaborating with international hotel operators in managing larger-scale city hotels. For Grand Mercure Roxy Hotel in Singapore, it is self-managed under franchise agreement with Accor Group.

Going forward, we will work towards the launch of our pipeline hospitality assets to strengthen our recurring income and deepen our presence in existing markets and new geographical markets to build up our yield-accretive hospitality asset base.

PROPOSED CASH & BONUS DIVIDEND

To reward our loyal shareholders for their continuous support, the Board has proposed a final cash dividend (one-tier tax exempt) of 0.771 SGD cents. Coupled with the interim dividend (one-tier tax exempt) of 0.214 SGD cents, this brings the total distributions for the financial year to 0.985 SGD cents, representing a dividend payout ratio of 40%.

The Board has also on February 28, 2018 proposed a bonus issue on the basis of one bonus share for every ten existing ordinary shares. Apart from giving due recognition to shareholders for their support, the proposed bonus share issue will also serve to increase the Group's issued share capital base that may in turn increase accessibility to more investors to encourage trading liquidity and participation by investors, thereby broadening the shareholder base.

WORDS OF APPRECIATION

I would like to take this opportunity to thank our Lead Independent Director and Audit Risk Management Committee Chairman, Mr Hew Koon Chan, for his guidance and invaluable contributions over the past 10 years with the Group. I would also like to thank our Board of Directors for their guidance and wise counsel in the last financial year. At the same time, I would also like to take this opportunity to welcome Mr Tong Din Eu, who joined the Board as an Independent Director with effect from October 2, 2017. Mr Tong's deep experience in corporate finance will be valuable to us.

In closing, I would like to thank our management and staff for their dedication and contributions to Roxy-Pacific. Last but not least, I would like to extend our appreciation to our shareholders, clients, consultants, suppliers, partners and business associates for their strong support as we stay primed for a sustainable growth, working closely alongside all of you.

TEO HONG LIM
Executive Chairman and
Chief Executive Officer

March 9, 2018

Sources:

1 *For overseas projects, revenue is recognised using completion method. If the Group adopts the percentage of completion method, revenue to be recognised in FY2017 will be S$14.9 million (FY2016: S$15.6 million) for the project in Malaysia and S$112.7 million (FY2016: S$62.5 million) for the projects in Australia.*
2 *Urban Redevelopment Authority, Jan 26, 2018 – Release of 4th Quarter 2017 real estate statistics*
3 *Bloomberg Markets, Jan 22, 2018 – Singapore Home Prices Seen Rebounding After Four-Year Slump Ends*
4 *Australian Bureau of Statistics, Dec 12, 2017 – Residential Property Price Indexes: Eight Capital Cities Sep 2017*
5 *National Australia Bank, Oct 2017 – NAB Commercial Property Survey Q3 2017*
6 *Japanese National Tourism Organisation, Jan 10, 2018 – Tourism Statistics*
7 *JLL, Oct 2017 – Hotel Destination – Asia Pacific*
8 *Japan Times, Jan 13, 2018 – Kyoto shifts focus to wealthy tourists with yen for cultural immersion*

FINANCIAL & OPERATIONS REVIEW

TURNOVER REVIEW

For the financial year ended December 31, 2017 ("**FY2017**"), the Group recorded revenue of S$246.8 million, 36% lower than the S$385.4 million achieved in the preceding financial year ("**FY2016**"). The decrease in revenue was mainly due to lower contributions from the Property Development and Property Investment segments.

PROPERTY DEVELOPMENT

The Property Development segment contributed S$191.8 million or 78% of the Group's total FY2017 revenue, a 41% decrease from S$326.6 million recorded in FY2016. The decrease in revenue was mainly due to lower revenue recognition from Jade Residences, Whitehaven, LIV on Wilkie and absence of revenue recognised on completion of LIV on Sophia.

Additionally, although projects in Australia and Malaysia had made good progress on sales and construction, revenue from these projects can only be recognised upon completion, unlike projects in Singapore that record revenue progressively. In Australia, the Group expects to recognise revenue from The Hensley in FY2018, followed by Glebe and Octavia in FY2019.

Based on units sold from ongoing development projects, the Group has accumulated total attributable pre-sale revenue of S$459.4 million as of February 5, 2018, the profits of which will be progressively recognised from 1Q2018 to FY2020.

Over the last few years, the Group has been prudently replenishing its land bank amidst a lacklustre real estate market in Singapore whilst prices were suppressed. In the coming financial year, Roxy-Pacific is well-positioned to ride on the wave of recovery for the Singapore residential real estate sector, having accumulated 10 land bank sites that could yield a total of 800 units for sale.

With land purchase prices on the rise, many of these development sites that the Group had acquired before the property upcycle have already appreciated in value. Having accumulated these sites early, Roxy-Pacific is poised to enjoy an early-mover advantage in the residential sector recovery, launching most of its land bank sites for sale this year. Comparatively, most recent en bloc development sites may only be launched next year onwards, having to wait for the necessary permits and approvals.

PRE-SALE REVENUE TO BE RECOGNISED BY ONGOING DEVELOPMENT PROJECTS (S$'M)

	Project name	Type of Development	Group Stake	Total units in project	Unit sold	Attributable total sale value[(i)(ii)]	Attributable revenue recognised up to 31 December 2017	Balance attributable progress billings to be recognised from 1Q2018
	Singapore		%	Units	%	$'m	$'m	$'m
1	Trilive	Residential	85%	222	100%	$224.1	$207.3	$16.8
		Shop	85%	2	50%	$0.7	$0.6	$0.1
2	Straits Mansions	Residential	100%	25	100%	$48.2	$16.8	$31.4
	Malaysia							
3	Wisma Infinitum – The Colony	Residential	47%	423	70%	$50.2	–	$50.2
	Wisma Infinitum – The Luxe	Residential	47%	300[(ii)]	30%	$18.6	–	$18.6
	Australia							
	Sydney							
4	The Hensley, Potts Point	Residential	100%	44	95%	$71.5	–	$71.5
		Shop	100%	1	100%	$1.1	–	$1.1
5	Octavia, Killara	Residential	100%	43	95%	$48.4	–	$48.4
6	West End Glebe, Tower 2 (Foundry)	Residential	100%	140	86%	$144.2	–	$144.2
	West End Glebe, Tower 2 (Art House)	Residential	100%	91[(iv)]	41%	$46.0	–	$46.0
	South Brisbane							
7	New World Towers, Peel Street	Residential	40%	195[(v)]	63%	$31.1	–	$31.1
	Total			**1,486**		**$684.1**	**$224.7**	**$459.4**

(i) For Singapore projects, sale value is based on Option to Purchase granted up to 5 February 2018

(ii) For overseas projects, sale value is based on contract signed up to 5 February 2018

(iii) Represents Block B – The Luxe by infinitum. An Additional 31 commercial units are pending launch

(iv) Represents Block 2 of the development which was launched on 29th July 2017

(v) Represents Tower 1 of the development. Tower 2 with an estimated 240 units are pending launch

Note: Pre-sale revenue of overseas projects will be recognised based on completed contract method

FINANCIAL & OPERATIONS REVIEW

DEVELOPMENT LAND BANK SINGAPORE AS AT 5 FEBRUARY 2018

	Project name/Location	Proposed Development	Approximate Land Area (sqf)	Approximate Gross Floor Area (sqf)	Group's stake	Approximate Attributable Gross Floor Area (sqf)	Approximate Attributable Land Cost (SGD)
1	The Navian[1]	48 units of Residential Development	26,189	34,897	100%	34,897	$25.2
2	Harbour View Gardens	57 units of Residential Development	30,742	43,034	100%	43,034	$33.3
3	120 Grange	56 units of Residential Development	15,780	33,142	90%	29,828	$43.6
4	826/A-834/A Upper Bukit Timah Road	34 units of Residential Development	10,258	25,640	80%	20,512	$13.6
5	River Valley Road	148 units of Residential Development	28,793	80,632	100%	80,632	$110.0
6	2, 6, 12 & 14 Guillemard Lane	97 units of Residential Development	25,601	71,682	50%	35,841	$28.0
7	386/A/B, 388/A/B, 390/A/B, 392/A/B, Dunearn Road	36 units of Residential Development	19,203	26,884	100%	26,884	$36.3
8	5 Derbyshire Road	70 units of Residential Development	18,506	53,154	100%	53,154	$73.9
9	15, 17 & 19 Lorong Kismis[2]	168 units of Residential Development	100,336	140,470	60%	84,282	$78.5[4]
10	22 Farrer Road[3]	86 units of Residential Development	39,130	62,608	40%	25,043	$39.5
	Total	**800 units**	**314,538**	**572,143**		**434,107**	**$481.9**

(1) The Navian was officially launched in January 2018 and 23 units was sold as of 5th February 2018

(2) The acquisition is subject to and conditional upon the obtaining of in-principle approval from the Singapore Land Authority to issue a fresh 99 years lease for the Property and an Order for Sale from the Strata Titles Board or the High Court (as case may be) approving this sale and purchases, if necessary.

(3) The acquisition is subject to and conditional upon obtaining an Order for Sale from the Strata Titles Board or the High Court (as may be necessary) approving this sale

(4) Included estimated development charge / top up lease premium

Of the 10 land bank sites, six are planned for launch in FY2018 (no. 1-6 in the table above) to capitalise on the rising residential prices. Depending on market conditions, the Group will also consider launching the Dunearn Road (no. 7) and Derbyshire (no. 8) sites for sale in FY2018, with the recently-acquired Lorong Kismis and 22 Farrer Road sites to follow when the necessary approvals from the relevant authorities are obtained.

The Group is optimistic on the take-up of the property launches in FY2018, considering that developers sold 32.5% more units in 2017 than in 2016[1], and a strong track record for moving units quickly even before the residential sector's turnaround. Most recently, the Group's latest launch, The Navian, sold almost 50% of its units within a week of its official launch in January 2018. This demonstrates Roxy-Pacific's ability to execute well-located and differentiated products that resonate well with buyers.

Overseas, Roxy-Pacific has also replenished its Australian land bank with the acquisition of Melbourne House, a freehold six-storey commercial and retail building in Melbourne's Central Business District, Australia, that is planned to be redeveloped into a mixed-use development, comprising hotel and retail units.

Cognisant of the rising land prices in Singapore, and with a comfortable level of sites in its land bank, Roxy-Pacific will selectively acquire sites in Singapore with favourable attributes and the potential for higher margins. Overseas, the Group will continue to work closely with its partners to keep a look out for choice development opportunities for long-term sustainable growth.

In line with the Group's strategy to bolster its recurring income from the Hotel Ownership segment, the segment contributed S$44.3 million revenue or 18% of the Group's FY2017 revenue, compared to S$46.3 million or 12% recorded in FY2016.

The Grand Mercure Singapore Roxy hotel took impact from subdued corporate activity caused by continued global economic uncertainty in certain sectors such as Offshore and Marine and pricing competition from new hotel supply, with declines in average

HOTEL OWNERSHIP AS AT 5 FEBRUARY 2018

	Hotels in Operations				Hotels under Development
	Grand Mercure Singapore Roxy	Noku Kyoto	Noku Osaka	Noku Maldives	Noku Phuket
Location	50 East Coast Road	205-1 Okuracho Kyoto, Japan	Kita-Ku, Osaka City, Japan	Island of Kudafunafaru, Noonu Atoll, Maldives	48/13 Moo 6, Chaofa Road, Phuket, Thailand
Managed by	Roxy under franchise agreement with Accor Group	Noku Roxy	Noku Roxy	Noku Roxy	Noku Roxy
No. of Rooms/Villas	576	81	154	50	91
Date of TOP/Acquisition	TOP: Sep 2000	Oct 2, 2014	Oct 17, 2017	May 11, 2016	Nov 6, 2014
Tenure	Freehold	Freehold	Freehold	Leasehold; 40 years remaining	Freehold
Approximate Land Area (sqm)	15,172	940	886	89,896	46,878
Commencement of operations/ Estimated Completion Date	2000	Nov 2016	May 2017	Dec 2017	2019

occupancy rate ("**AOR**"), average room rate ("**ARR**") and revenue per available room ("**RevPAR**") in FY2017.

For 2018, the Singapore Tourism Board expects the tourism sector to grow further, in the range of 1% to 3%. Coupled with an expected decline in new supply of hotel rooms in 2018[2], the Group is optimistic that Grand Mercure Singapore Roxy will report stronger performance in the coming year.

The Group's self-managed upscale boutique hotel, *Noku Kyoto* in Japan continues to enjoy healthy room rates and occupancy. With its ideal location diagonally opposite the Kyoto imperial palace, convenient access just a minute's walk from the Marutamachi metro station, and clear positioning with personalised services, the Group expects *Noku Kyoto* to continue its healthy performance in FY2018.

Following the success of *Noku Kyoto*, the Group has extended the *Noku Roxy* brand and proven model to the neighbouring Osaka, with the acquisition of the 154-room hotel in 2017. Despite being a new entrant that soft opened only in October 2017, the 9-storey *Noku Osaka* has recorded healthy AOR, ARR and RevPAR during the 2-month period. In the coming year, *Noku Osaka* will work towards increasing room rates and maintaining its healthy occupancy to maximise yield.

During the year, *Noku Roxy* also saw the soft launch of its first upscale resort in the Kudafunafaru island, Maldives, in December 2017. *Noku Maldives* has enjoyed strong take-up since its soft launch despite being in its final stages of renovation. *Noku Maldives* is expected to be fully opened in FY2018.

Noku Roxy also looks forward to the launch of its second resort asset in Chalong Sub-District, Mueang, Phuket, Thailand, in 2019.

With four operating hospitality assets in FY2018, the Group expects the Hotel Ownership segment to increase its contributions to the Group in the coming financial year. Roxy-Pacific plans to grow the Noku Roxy brand and self-manage hotel assets, wherever possible, to develop its hotel management expertise. It continues to be on the look out for opportunities to extend the brand to key gateway cities and top tourist destinations.

PROPERTY INVESTMENT

The Property Investment segment contributed to the remaining 4% of the Group's FY2017 revenue, recording S$10.8 million of segment revenue compared to S$12.5 million in FY2016. The lower segment revenue was mainly due to the sale of 59 Goulburn Street in Sydney, for A$158.0 million in October 2017, a significant increase compared to the A$90.2 million purchase price in July 2014.

Funds from the divestment of 59 Goulburn Street had been recycled into other yield-accretive property investments, namely, Roxy-Pacific's maiden foray into New Zealand – the acquisitions of Grade A commercial towers at 205 Queen Street and NZI Centre in Auckland.

The 50%-owned 205 Queen Street enjoys direct transportation links with doorstep access to the upcoming City Rail Link Aotea station, boasting large and efficient floor plates for versatility. The Group's wholly-owned NZI Centre is currently fully leased to the largest insurer in New Zealand, IAG New Zealand Limited.

Subsequent to the financial year end, the Group had also announced a 45% acquisition of 312 St Kilda Road in the heart of Melbourne's central business district that will further strengthen the Group's recurring income streams. The freehold property sits on a total site size of about 1,906 square metres, consisting of 6 floors of commercial office space and 4 floors of basement car park space and total net lettable area of about 9,854 square metres.

Just as it has done with 59 Goulburn Street, the Group is exploring the possible sale of its remaining office building in Sydney, 117 Clarence Street. In the meantime, the 50%-owned, 14-storey freehold commercial building continues to

FINANCIAL & OPERATIONS REVIEW

INVESTMENT PROPERTIES AS AT 5 FEBRUARY 2018

	Location	Description	Date of TOP/ acquisition	Grup's stake	Net Lettable Area/Floor Area (sqm)	Occupancy (%) as at 31 December 2017 (on lettable area)	Valuation[1] ($)	Estimated Total Annual Gross Income (S$)
	Held by a subsidiary company							
1	50 East Coast Road, Roxy Square, Singapore	49 shop units[2]	1984/1998	100%	2,403	94%	S$64.3 m	S$1.7 m
2	NZI Centre, 1 Fanshawe Street, Auckland, New Zealand	6-Storey commercial building	15-Dec-17	100%	9,313	100%	S$59.9 m (NZ$63.2 m)	S$6.0m (NZ$6.3m)
	Total				**11,716**		**$124.2**	
	Held by an Associate company							
3	117 Clarence Street, Sydney, Australia	14-Storey commercial building	10-Feb-16	50%	12,517	100%	S$125.0 m (A$120.0 m)	S$7.5m (A$7.2m)
4	205 Queen Street, Auckland, New Zealand	2 Office Tower with 17 and 22 Storey	20-Dec-17	50%	25,380	93%	S$165.2 m (NZ$174.0 m)	S$8.9m (NZ$9.4m)
5	312 St Kilda Road, Melbourne, Australia	6 levels of office and 4 basement levels	23-Jan-18	45%	9,854	92%	S$77.2 m (A$74.1 m)	S$4.2m (A$4.0m)
	Total				**47,751**		**$367.40**	

(1) Based on latest valuations as of 31 December 2017

(2) Excludes 3 units which are for owner-use premises

contribute healthy recurring income to the segment.

The Group continues to seek well-located and tenanted commercial buildings to strengthen its recurring property investment income, both in Singapore and abroad.

GROSS PROFIT

FY2017 gross profit decreased 27% to S$59.5 million compared to S$81.2 million in FY2016.

Notwithstanding the lower segment revenue, the Property Development segment, which contributed 47% of the Group's FY2017 gross profit, achieved higher gross profit margin of 15% compared to 14% across the comparative periods.

The Hotel Ownership and Property Investment segments contributed 40% and 13% of the Group's FY2017 gross profit, respectively. The Hotel Ownership segment registered a decline of 4 percentage points in its gross profit margin to 54% due mainly to the lower RevPAR achieved by Grand Mercure Singapore Roxy during the year. Gross profit margin for the Property Investment segment slid 1 percentage point to 71%.

NET PROFIT

Lifted mainly by higher fair value gain on investment property recorded for 59 Goulburn Street, higher foreign exchange gain, and partially offset by a fair value loss recorded for shop units in Roxy Square. Other Operating Income rose 43% to S$32.8 million in FY2017 compared to S$23.0 million in FY2016.

The Group's share of results of associates declined 30% to S$13.0 million in FY2017 from S$18.6 million a year ago on lower revenue recognised from Eon Shenton.

As a result of the above, the Group recorded a 41% decrease in FY2017 net profit after tax of S$29.4 million from S$49.8 million in FY2016.

BALANCE SHEET

The Group's balance sheet remained healthy with cash and cash equivalents of S$234.4 million and a comfortable net debt-to-adjusted Net Asset Value ratio of 0.55 time notwithstanding the completion of acquisition of properties in Japan, New Zealand and Singapore in FY2017.

Sources:

[1] Urban Redevelopment Authority, January 26, 2018 – Release of 4th Quarter 2017 real estate statistics

[2] Savills Hotels, December 2017 – Singapore Hotel Market Perspectives

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER:
196700135Z

REGISTERED OFFICE:
50 East Coast Road #B1-18
Roxy Square
Singapore 428769

BOARD OF DIRECTORS:
Teo Hong Lim
(Executive Chairman and Chief Executive Officer)

Chris Teo Hong Yeow
(Executive Director and Managing Director)

Koh Seng Geok
(Executive Director and Chief Financial Officer)

Hew Koon Chan
(Lead Independent Director)

Winston Tan Tien Hin
(Independent Director)

Tay Kah Poh
(Independent Director)

Tong Din Eu
(Independent Director)

COMPANY SECRETARY:
Koh Seng Geok, *CA*

INVESTOR RELATIONS:
Dolores Phua
Citigate Dewe Rogerson, Singapore Pte Ltd.
55 Market Street #02-01
Singapore 048941
Tel: (65) 6534 5122
Fax: (65) 6534 4171

SHARE REGISTRAR AND SHARE TRANSFER OFFICE:
KCK CorpServe Pte. Ltd.
333 North Bridge Road #08-00
KH KEA Building
Singapore 188721

AUDIT RISK MANAGEMENT COMMITTEE:
Hew Koon Chan *(Chairman)*
Tay Kah Poh
Winston Tan Tien Hin
Tong Din Eu

NOMINATING COMMITTEE:
Tay Kah Poh *(Chairman)*
Hew Koon Chan
Winston Tan Tien Hin
Tong Din Eu

REMUNERATION COMMITTEE:
Tay Kah Poh *(Chairman)*
Hew Koon Chan
Winston Tan Tien Hin
Tong Din Eu

PRINCIPAL BANKERS:
DBS Bank Limited
Hong Leong Finance Limited
Malayan Banking Berhad
Overseas-Chinese Banking Corporation Limited
Standard Chartered Bank
United Overseas Bank Limited

AUDITORS:
Foo Kon Tan LLP
(a principal member of HLB International)
Chartered Accountants
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621
(Partner-in-charge: Mr Ho Teik Tiong, CA)
(Appointed from the financial year ended 31 December 2017)



PROJECTS TOP IN 2017



Sunnyvale Residences
TOP on 26 April 2017


LIV on Wilkie
TOP on 30 June 2017



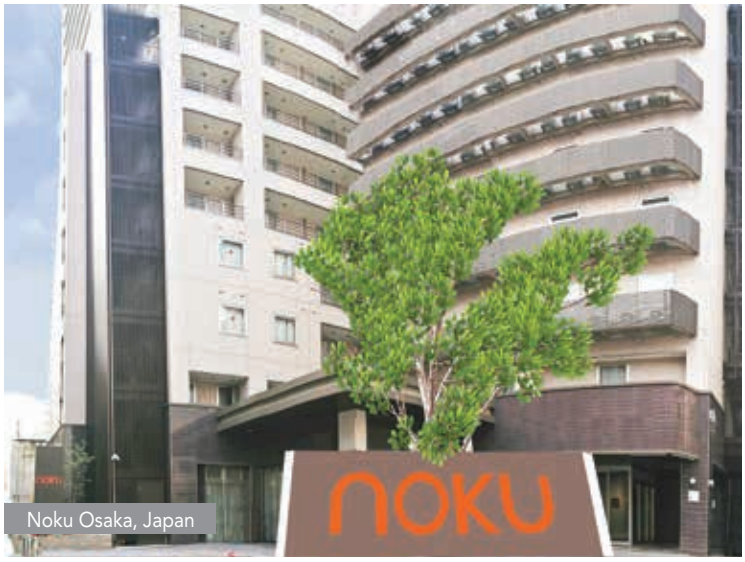
Eon Shenton
TOP on 28 November 2017


Jade Residences
TOP on 24 January 2017

ASSETS ACQUIRED IN 2017


1 Fanshawe Street, Auckland, New Zealand


205 Queen Street, Auckland, New Zealand



Noku Osaka, Japan


360 Little Bourke Street, Melbourne, Australia


312 St Kilda Road, Melbourne, Australia

BOARD OF DIRECTORS



From Left to Right
Seated: Tay Kah Poh, Teo Hong Lim, Koh Seng Geok.
Standing: Tong Din Eu, Winston Tan Tien Hin, Chris Teo Hong Yeow, Hew Koon Chan.

TEO HONG LIM

Teo Hong Lim, our Executive Chairman and Chief Executive Officer and a Director since 20 May 1993. Mr Teo sets out our Group's strategies and leads overall management. He was last re-elected as Director on 27 March 2015. Outside of the group, Mr. Teo is also currently the Chairman of Monfort Care, a network of programmes committed to improving the lives of individuals, families and the community facing transitional challenges. He believes in contributing back to society especially for the less fortunate. Mr Teo graduated from the National University of Singapore with an honours degree in Accountancy. He worked for DBS Bank Ltd as assistant treasurer before joining our Company.

CHRIS TEO HONG YEOW

Chris Teo Hong Yeow joined our Group in 1993 and his main task was in the planning and facilities design of Grand Mercure Roxy Hotel. He has been an Executive Director since 4 January 1999 and was appointed as our Managing Director on 16 July 2001. He was last re-elected as Director on 4 April 2016. Mr Teo is primarily responsible for all aspects of our Hotel Ownership business, including ongoing evaluation, investment and improvement of the hotel segment. Mr Teo graduated from Michigan State University with a Bachelor of Arts degree in Hotel, Restaurant and Institutional Management. Mr Teo has more than 20 years of experience in the hospitality industry. He is also Director of Shatec Global Limited. He has previously held managerial appointments at several international hotels in Asia, such as the Oriental Hotel in Singapore, the Amanpuri in Phuket, Thailand and the Amandari in Bali, Indonesia.

KOH SENG GEOK

Koh Seng Geok has been the Executive Director of our Company since 1 September 2001 and was last re-elected as Director on 11 April 2017. He is also our Chief Financial Officer and Company Secretary. Mr Koh is primarily responsible for the financial, banking and accounting aspects of our Group. He also oversees our Group's corporate secretarial and legal matters. Mr Koh joined our Group in February 2000 as the Financial Controller of Grand Mercure Roxy Hotel. He graduated from the National University of Singapore with a Bachelor of

Accountancy degree and he is a non-practising member of the Institute of Singapore Chartered Accountants. He also holds a Master in Business Administration from the University of Leicester. Prior to joining our Group, Mr Koh worked as an auditor in Deloitte and Touche and Haw Par Brothers International Limited, and held appointments as the Finance Manager of Goldtron Electronics Pte Ltd and Equant Integration Services Pte Ltd.

HEW KOON CHAN

Hew Koon Chan was appointed as our Company's Lead Independent Director on 17 December 2007 and was last re-elected as Director on 4 April 2016. He is Chairman of Roxy-Pacific Holdings Limited's Audit Risk Management Committee and a Member of Nominating Committee and Remuneration Committee. Mr Hew is an Independent Director of DeClout Limited, Far East Group Limited, Nordic Group Limited and Shopper360 Ltd. He is also currently the Managing Director of Integer Capital Pte Ltd, a company which is in business advisory and consultancy services. Mr Hew's previous appointments include investment director in Seavi Venture Services Pte Ltd which is a private equity firm. He was also previously an Independent Director of Action Asia Limited and a process engineer in Texas Instruments Singapore (Pte) Ltd. Mr Hew graduated from the National University of Singapore with a Bachelor of Engineering (Mechanical) degree and he also holds a Certified Diploma in Accounting and Finance conferred by the Association of Chartered Certified Accountants.

TAY KAH POH

Tay Kah Poh was appointed as an Independent Director of our Company on 17 December 2007 and was last re-elected as Director on 11 April 2017. He is Chairman of Roxy-Pacific Holdings Limited's Nominating Committee and Remuneration Committee and a Member of Audit Risk Management Committee. He is currently Executive Director, Residential Sales & Leasing at Knight Frank Pte Ltd, Singapore. He was previously an Associate Professor at the National University of Singapore Department of Real Estate, and Executive Vice President at the Pacific Star Group. Mr Tay holds a Master of Arts in Business Administration from the University of Georgia (Athens), United States of America and a Bachelor of Science (Honours) degree in Estate Management from the National University of Singapore.

WINSTON TAN TIEN HIN

Winston Tan Tien Hin has been a Non-Executive Director of our Company since 14 December 2006. Mr Tan was re-designated from the position of Non-Executive and Non Independent Director to Independent Director on 12 January 2012 and was last re-elected as Director on 27 March 2015. He is a Member of Roxy-Pacific Holdings Limited's Audit Risk Management Committee, Nominating Committee and Remuneration Committee. Mr Tan is a Non-Executive Director of Plastoform Holdings Limited and Serrano Limited. He is currently the Managing Director for Winmark Investments Pte. Ltd., Corporate Brokers International Pte. Ltd. and ZhenXing Commercial Consultancy (Shanghai) Co. Ltd. Amongst others, he was also previously an Independent Non-Executive Director of Pteris Global Limited and Singapore Technologies Engineering Ltd.; Director of Singapore Technologies Kinetics Limited; Director of Ascendas Pte. Ltd. and AETOS Security Management Pte Ltd; General Manager of Deutsche Bank AG (Singapore Branch) and Vice-President at Citibank N.A. Mr Tan graduated from the University of Singapore with a Bachelor of Science (Physics) degree.

TONG DIN EU

Tong Din Eu was appointed as an Independent Director of Roxy-Pacific Holdings Limited on 2 October 2017. He is a Member of Roxy-Pacific Holdings Limited's Audit Risk Management Committee, Nominating Committee and Remuneration Committee. Mr Tong is an Independent Non-Executive Director and Lead Independent Director of Midas Holdings Limited. He holds a Bachelor Degree in Accountancy from the National University of Singapore and passed the examinations to be a Chartered Financial Analyst. Mr Tong has many years of experience in corporate finance and had advised many regional initial public offerings and merger & acquisitions transactions.

SENIOR EXECUTIVE OFFICERS



From Left to Right
Seated: Melvin Poon Tuck Meng, Angela Khoo Ying Hui, Shermin Chan Poh Choo, Michael Teo Hong Wee.
Standing: Foo Yong Kit Steve, Klaus Gottschalk, Benjamin Hopkins, Teo Hong Hee.

TEO HONG HEE

Teo Hong Hee is the Senior Human Resource and Administration Director of the Company. He joined the Group in 1988 and was an Executive Director from 30 August 1989 to 30 September 2014. He currently heads our human resource and administration department of the Group. Mr Teo graduated with a Bachelor of Science degree in Business Administration from the University of Southern California.

MICHAEL TEO HONG WEE

Michael Teo Hong Wee has been our Executive Director since 14 November 1991. He holds an important role in the architectural conceptualisation, design and planning of all of our development projects. In particular, he was heavily involved in the development of the second phase of Roxy Square and the Grand Mercure Roxy Hotel, from their respective pre-construction stage to completion. He heads our Property Development arm and oversees the progress of all our development projects. Mr Teo graduated from the University of Southern California with a Bachelor of Architecture degree. Mr Teo resigned as Executive Director of the Group and was appointed as Senior Director with effect from 1 January 2017.

FOO YONG KIT STEVE

Foo Yong Kit Steve is the Director (Developments), for the Group's Property Development business. Mr Foo joined the Group in May 2007 as Project Manager and he oversees all aspects of our development projects from review of development designs, evaluation of tender and administration of construction and maintenance programmes. As head of the Contract, Project and Property Management division he ensures successful initiation, completion and handover of our development projects. He also supports the technical aspects of the Group overseas Hospitality development projects. Mr Foo has more than 30 years of experience in the field of construction and property management. Prior to joining our Group, Mr Foo was employed by the Keppel Club as Manager overseeing the Club maintenance and development of a new MasterPlan project. Mr Foo holds a certificate in Architectural Draughtsmanship and a Diploma in Building from Singapore Polytechnic and also holds a certificate in Common Examination for Housing Agents from the Singapore Institute of Surveyors and

Valuers (SISV). He is also a certified Fire Safety Manager as awarded by the Singapore Civil Defence Force (SCDF).

SHERMIN CHAN POH CHOO

Shermin Chan Poh Choo is the Director of Finance for the Group. She joined the Group in May 2007 as Assistant Finance Manager. Her duties and responsibilities include management of the Group's financial and accounting functions, as well as corporate reporting, secretarial and banking matters. Ms Chan was trained and started her career as an auditor for a mid-tier Singapore public accounting firm for 10 years. Prior to joining our Group, she worked for Xpress Print Pte Ltd in the accounting and finance department. Ms Chan obtained her professional qualification in accountancy from The Association of Chartered Certified Accountants and is a non-practising member of the Institute of Singapore Chartered Accountants.

ANGELA KHOO YING HUI

Angela Khoo Ying Hui is the Assistant Director for 2 departments; Sales and Marketing department and Human Resource and Administration department. She joined the Group in 2010 as the Manager of Sales and Marketing. Her responsibilities in Sales and Marketing department includes the entire process from inception, preparation and launching of projects, the management of the sales and marketing team and overseeing the Groups leasing and investment properties segment, both locally and overseas. Concurrently as the Assistant Director for Human Resource and Administration department, she works closely with the Senior Director in strategizing and planning for personnel and meeting the human resource needs of the Company. She leads the Group's yearly Corporate and Social Responsibility initiatives and endeavours. In addition, she is also a member of the Sustainability Steering Committee for the Group. Prior to joining our Group, Ms Khoo was with Knight Frank Pte Ltd as Residential Tenancy & Leasing Manager with a large portfolio of multinational clients. Ms Khoo holds a Bachelor of Science degree with honours in Business and Management from the University of Bradford (UK) and a Diploma in Building and Real Estate Management from Ngee Ann Polytechnic.

KLAUS GOTTSCHALK

Klaus Gottschalk joined the Group in April 2014 as General Manager of Grand Mercure Roxy Hotel, responsible for the overall operations of our Singapore hotel. Mr Klaus has more than 35 years of experience in the Hospitality Industry. Having started his career in Germany, he has since worked in senior management positions in Europe, the Middle East, Australia, New Zealand, China, Indonesia and Malaysia. He joined Accor in 1994 as Deputy General Manager for the Novotel Twin Waters Resort in Australia's Sunshine Coast and thereafter also held positions as Hotel Manager in Ibis Slipi Jakarta and later as General Manager for Ibis Jakarta Mangga Dua. In 2000, Klaus returned to Australia as General Manager for the Novotel Pacific Bay Resort before transferring to New Zealand in 2005. Based at the Novotel & Ibis properties in Rotorua, he was Area General Manager for the Central North Island, New Zealand. Prior to joining Grand Mercure Roxy Hotel, Mr Klaus opened the Pullman Shanghai Skyway Hotel in China and the Pullman Kuala Lumpur Bangsar in Malaysia. Mr Klaus graduated from Hotel Management School, D. Speiser Tegernsee in Germany.

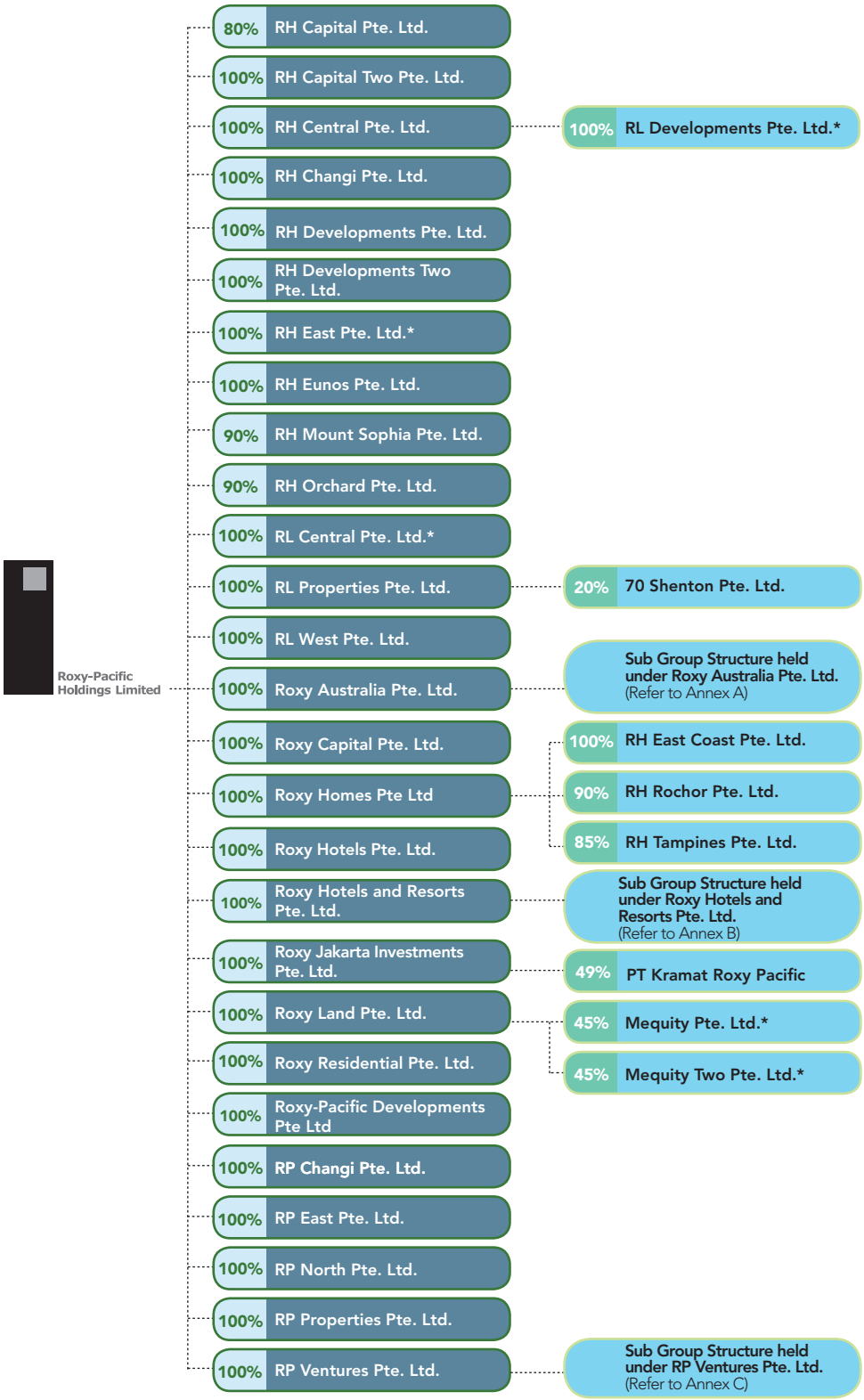
MELVIN POON TUCK MENG

Melvin Poon Tuck Meng is the Director (Hotel Operations), and is responsible for the overall business and operational matters of the Group's hotels. Mr Poon joined Grand Mercure Roxy Hotel in 2002 as a Financial Controller and was subsequently promoted to Finance and Administration Director. Mr Poon has more than 20 years of experience in hotel financial management and administration. Prior to joining our Group, he was the executive assistant manager of Yuda Palace Hotel in Zhengzhou, China. Previously, he held appointments as the Financial and Accounts Controller of other hotels in Singapore, namely Golden Landmark Hotel, Boulevard Hotel and Orchard Parade Hotel. Mr Poon holds two Master degrees; a Master of International Business degree from the University of Wollongong, Australia and a Master of Business in Accounting degree from Victoria University of Technology, Melbourne, Australia.

BENJAMIN HOPKINS

Benjamin Hopkins joined the Group in January 2015 as the Director of the Group's operations in Australia. Mr Hopkins was previously employed at Savills plc, where he spent 10 years working in the Asia-Pacific region. From 2011, he was based in Singapore as the Director of the Development and Project Management Division for Southeast Asia. Mr Hopkins has been involved in development projects in Singapore, Philippines, Papua New Guinea, India, Malaysia, Myanmar, Japan, Australia and New Zealand. Mr Hopkins holds a Bachelor of Engineering Honours (Civil) from the University of Sydney and a Diploma in Property Investment and Finance certificate by the Property Council of Australia. He is also a Green Star Accredited Professional by the Green Building Council of Australia.

GROUP STRUCTURE

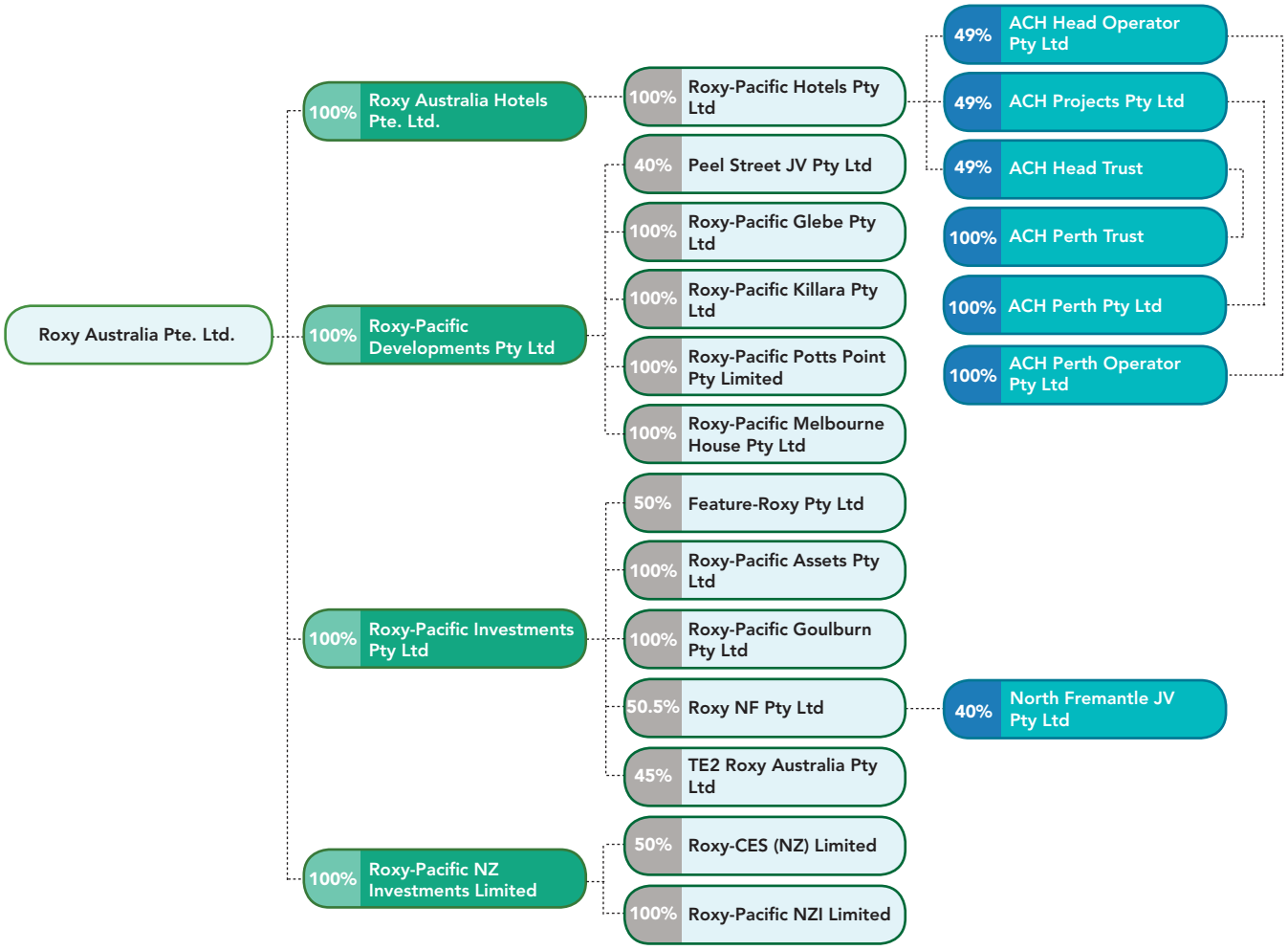


* In members' voluntary liquidation.

Annex A

Sub-Group Structure

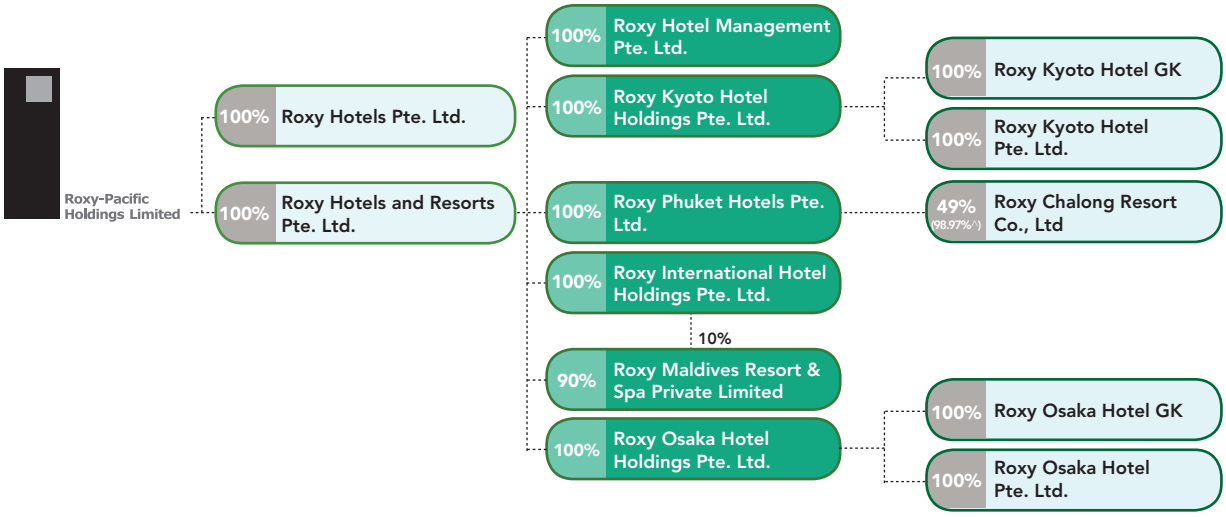
Held under Roxy Australia Pte. Ltd.



GROUP STRUCTURE

Annex B

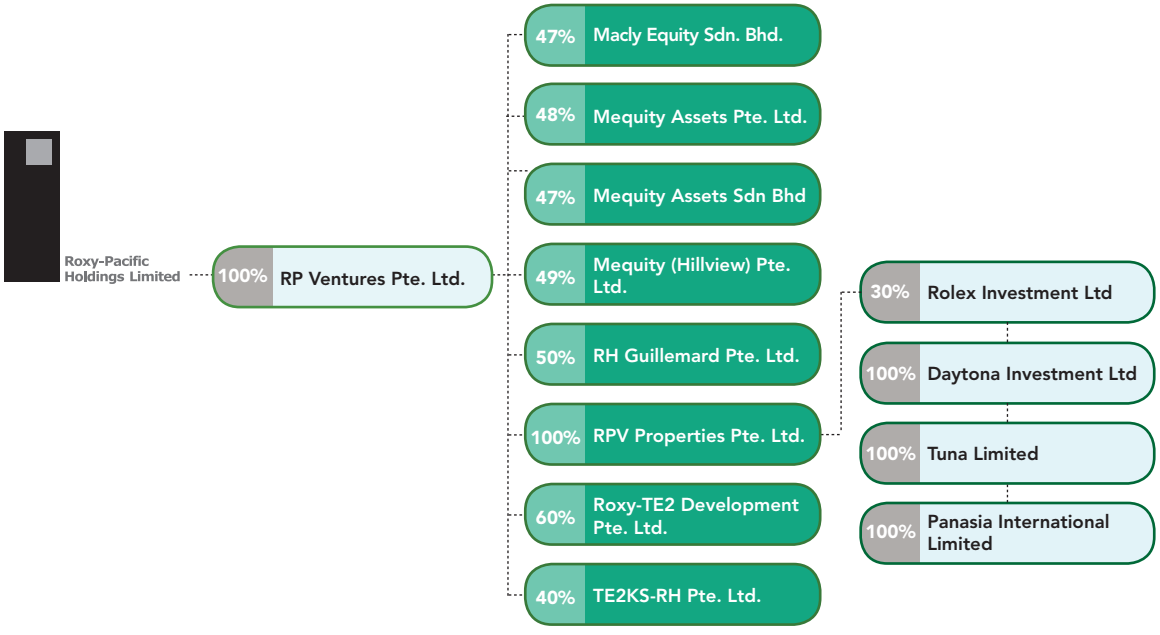
Sub-Group Structure
Hospitality
Held under Roxy Hotels & Resorts Pte. Ltd.



Annex C

Sub-Group Structure

Held under RP Ventures Pte. Ltd.



Note:
^ Based on voting rights
Updated on 28 February 2018

INVESTOR RELATIONS

SHARE PRICE PERFORMANCE



* *Source from http://ir.listedcompany.com/stocks_factsheet.pl/c/sg/id/E8Z*

2017 INVESTOR RELATIONS CALENDAR

1ST QUARTER

- Release of 4Q2016 and FY2016 financial results and results briefing to media and analyst

2ND QUARTER

- Release of 1Q2017 financial results
- Annual General Meeting
- Payment of 2016 final and special dividends

3RD QUARTER

- Release of 2Q2017 and 1H2017 financial results
- Payment of 2017 interim dividends

4TH QUARTER

- Release of 3Q2017 and 9M2017 financial results

SUSTAINABILITY REPORT

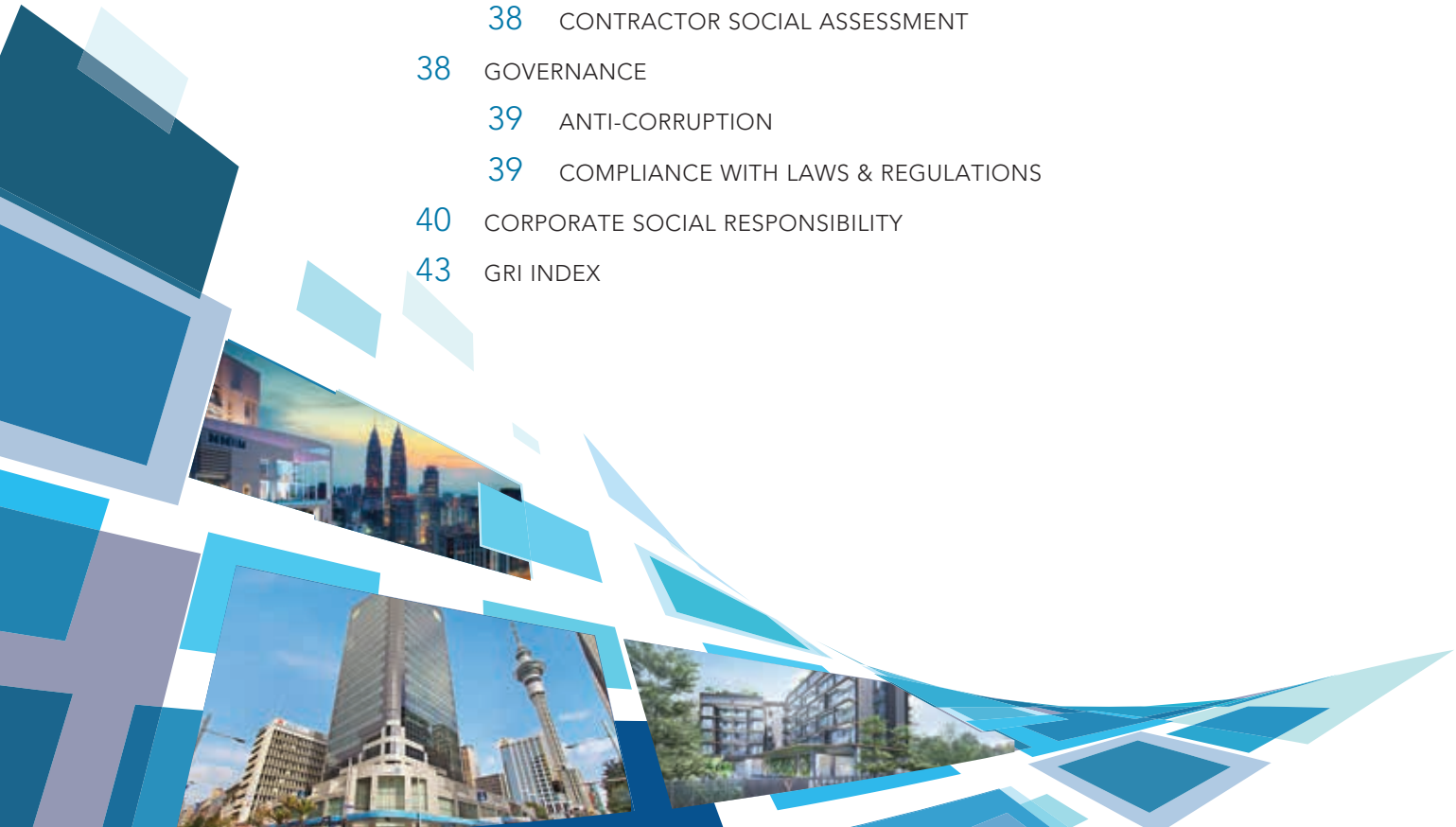
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BOARD STATEMENT

At Roxy-Pacific Holdings Limited ("the Group"), we have always seen great value in giving back to and caring for society. As the business environment changes, we are recognising that an increased awareness of the environmental and social impacts of our activities is part of the growth, maturity and progress of our business. We continue to learn and develop in this area as we adapt to new regulation as well as customer and investor demand. We realise that this growth takes time and we hope to become stronger in this area in the future as we integrate sustainability and business strategy for the long-term success of Roxy-Pacific.

We believe that it is important for us to focus on the areas where we can have the most effect. The Board oversaw a materiality assessment that was conducted to identify where to concentrate our sustainability efforts in high impact areas which support our business strategy. In addition, we have set out how we manage our impacts in these areas as well as our performance and targets for the upcoming year. The Board is supported in their role by the Audit Risk Management Committee ("ARMC") and the Sustainability Steering Committee ("SSC"), made up of senior management as well as heads of each department. The SSC meet regularly to monitor the progress of sustainability initiatives and efforts within Roxy-Pacific.

We have taken measures to regularly reach out to all stakeholders – from our employees to the community-at-large, and to be responsible stewards of our social and natural environment. We are also mindful of our governance practices in our place of operations. We believe that this productive, dynamic and on-going process will enable us to secure holistic growth in the long run.

Ultimately, we believe that the measurement of our success lies beyond our financial performance. While we aim to maintain profitability and maximise shareholder return, we also recognise how sustainability works hand-in-hand with high standards of services. We are committed to creating value to our stakeholders whilst being beneficial to the community at large.

We invite you to learn more about our journey and the measures we have taken to ensure the sustainable growth of Roxy-Pacific Holdings Limited. It is with pleasure that we present the inaugural Sustainability Report which encapsulates our commitment to grow sustainably as a forward-looking corporate entity. We are supportive of the sustainability reporting regulatory requirements set by Singapore Exchange (SGX); SGX-ST Listing Rules 711A and 711B. Our Sustainability Report adheres to the SGX-ST Listing Rules – Sustainability Reporting Guide and references the internationally recognised Global Reporting Initiative (GRI) Standards (2016).

ABOUT THE REPORT

This inaugural sustainability report is published as a declaration of Roxy-Pacific Holdings Limited's commitment towards sustainability in its business practices. To be read in conjunction with its financial statements, this report addresses the Group's material environmental, social and governance (ESG) topics from 1 January to 31 December 2017.

Reporting Scope

Roxy-Pacific Holdings Limited is principally engaged in the development and sale of residential and commercial properties ("Property Development"). The Group's residential development projects typically comprise of small-to-medium sized residential developments such as apartments and condominiums targeted at middle-to-upper income segments. Grand Mercure Singapore Roxy hotel, a major asset of the Group, is self-managed under franchise agreement with international hotel operator, Accor Group. Beyond Singapore, the Group has opened its first upscale boutique hotel under the Noku Roxy brand name in Kyoto, Japan followed by Osaka, Japan and has acquired a resort in Maldives and other land parcels intended for development into hotels in Phuket, Thailand ("Hotel Ownership").

In this report, we have scoped in the following properties located in Singapore from Property Development: Jade Residences, Sunnyvale Residences, Trilive, LIV on Wilkie and Straits Mansions. Also, as a major hotel from Hotel Ownership, the sustainability performance of Grand Mercure Singapore Roxy ("the Hotel") is included in the report.

SUSTAINABILITY REPORT

The following legends have been used in the report to identify the reporting scope for each disclosure:

Developments	Jade Residences, Sunnyvale Residences, Trilive, LIV on Wilkie and Straits Mansions
Hotel	Grand Mercure Singapore Roxy

In defining the reporting scope, the Group has considered its level of operational control over the various activities as well as the significance of any resulting economic, environmental and social impacts.

Reporting Standard

This report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B. The report is with reference to the Global Reporting Initiative (GRI) Standards (2016). The GRI Index and the relevant references are presented on pages 43 to 45. Our data is reported in good faith and to the best of our knowledge.

Feedback

We welcome all feedback to help us improve our sustainability practices. Please send your comments or feedback to info@roxypacific.com.sg.

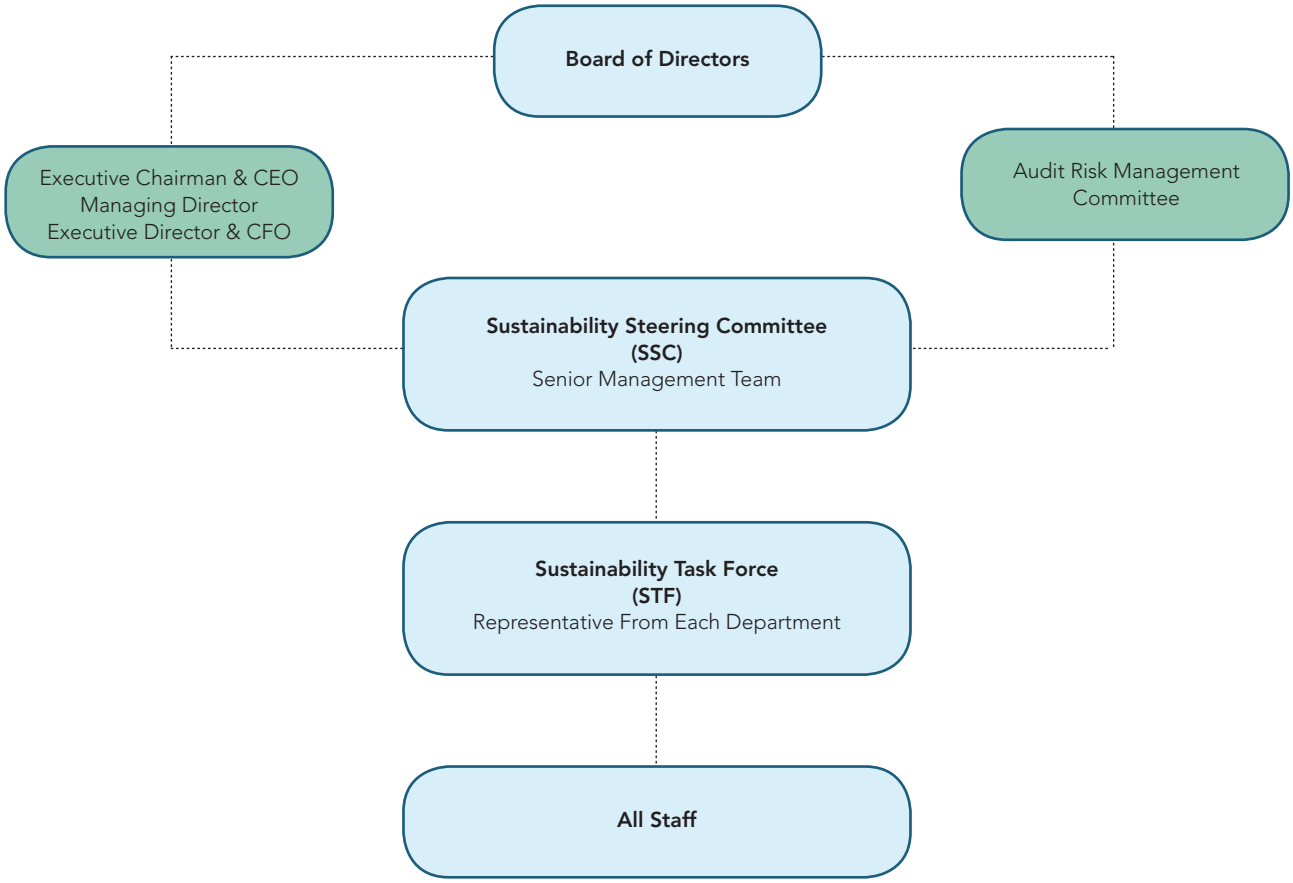
STAKEHOLDER ENGAGEMENT

At Roxy-Pacific Holdings Limited, we serve a diverse group of stakeholders. Effective consultation and involvement with our key stakeholders is crucial so that we can better align our business decisions with their needs and concerns. We are also committed to maintaining regular two-way communication with key stakeholders to foster accountability and transparent communication.

Key Stakeholder	Engagement Methods
Investors *Maintain profitability and maximise shareholder return through strong fundamentals and prudent strategies.*	• Release of financial results, announcements, press releases, presentation slides and other relevant disclosures on SGXNet and our website, www.roxypacific.com.sg • Annual General Meeting • Extraordinary General Meeting, where necessary
Customers *Deliver affordable, quality and innovative products and services that meets the needs of our customers.*	• Guest satisfaction surveys • Networking events
Employees *Care for the personal well-being and career development of our employees.*	• Employee Engagement Survey • Career Development Performance Reviews • Regular e-mailers, meetings, and town-halls sessions • Induction programmes • Regular wellness, sports and social activities
Business Partners *Treat our business partners fairly and to build on each other's competencies.*	• Regular meetings with key service providers • Communicate standard operating procedures
Community *Act as a responsible corporate citizen by contributing to the communities in which we operate.*	• Corporate giving and philanthropy activities through the Corporate Social Responsibility events • Corporate volunteering • Open feedback channels

SUSTAINABILITY GOVERNANCE STRUCTURE

We formalised our sustainability governance this year. Supported by Audit Risk Management Committee and the Sustainability Steering Committee ("SSC"), the Board oversees the sustainability direction, action plans, sustainability performance, and the development of the sustainability report. The SSC is made up of senior management within the Group, and the Sustainability Task Force ("STF") is made up of data owners from each department. STF members are responsible for the sustainability performance of their departments. The diagram below shows the sustainability governance structure for The Group.



MATERIALITY ASSESSMENT

During the year, a three-step materiality assessment was conducted to identify, prioritise and validate ESG factors that shine a spotlight on opportunities to transform our strategy, operations and practices. Facilitated by an independent sustainability consultant, the materiality assessment was carried out via a physical workshop. In identifying material ESG factors, these exercises required the SSC to consider business risks and opportunities as well as stakeholder concerns.

In prioritising the material ESG factors, the SSC considered the following:

- global and local emerging sustainability trends;
- main topics and future challenges for the property development and hotel ownership, as identified by peers;
- insights gained from regular day-to-day interactions with external stakeholders; and
- key organisational strategies and risks identified in our existing Audit Risk Management Committee ("ARMC").

SUSTAINABILITY REPORT

The SSC identified 13 factors which are material to the Group. These factors were validated by the Board and will be the focus of this inaugural sustainability report.

	Material Topics	Developments	Hotel
Environment	Energy		√
	Water		√
	Materials	√	
	Contractor Environmental Assessment	√	
Social	Talent Retention	√	√
	Training and Education	√	√
	Occupational Health & Safety	√	√
	Contractor Social Assessment	√	
Governance	Socioeconomic Compliance	√	√
	Environmental Compliance	√	√
	Customer Health & Safety	√	√
	Anti-corruption	√	√
	Marketing and Labelling	√	√

ENVIRONMENT

ENERGY Hotel

FY2017 Highlight

Energy Intensity	Year-on-year Analysis	Target
2017 energy intensity – 29.26 kWh/occupant	2% reduction	Maintain energy intensity levels within 5% of historical average

Globally, energy use and its associated greenhouse gas emissions is an emerging concern due to the potential threats from rising global temperatures and climate change. Closer to home, as part of the Sustainable Singapore Blueprint, our island-state targets to reduce overall energy intensity levels by 35% by 2030 (using 2005 as base). As our business operations at Grand Mercure Singapore Roxy use substantial amounts of energy, we do our part for the environment by focusing on efficient energy consumption and management.

The Hotel has implemented, and continues to explore, various energy efficiency initiatives to enhance operational performance. These initiatives resulted in the Grand Mercure Singapore Roxy being awarded the BCA Green Mark Gold Award since 2016. Some of these initiatives include:

- tracking and monitoring of energy consumption on a daily, weekly and monthly basis;
- installing energy-saving key cards for all hotel guestrooms;
- shutting down of two out of three hotel service lifts after 11 pm on a daily basis;

- encouraging hotel guests, and housekeeping during their rounds, to maintain a room temperature of 23 degree Celsius; and
- regular maintenance and upgrading of chillers and other hotel equipment.

Grand Mercure Singapore Roxy continues to improve on the measures that have been put in place. Currently, the Hotel has also achieved Gold Level rating, in accordance with the PLANET 21, Accor Hotels Corporate Social Responsibility (CSR) programme, for its sustainability initiatives and strives to maintain the rating in the coming years.

New initiatives – Waste Management

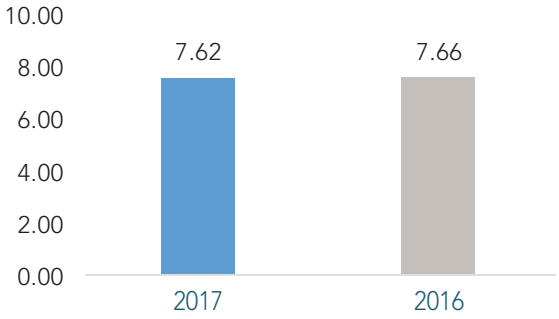
Grand Mercure Singapore Roxy believes good waste management can make good business sense. A number of competitive advantages can be provided to the Hotel by minimising waste: improved resource efficiency, reduced disposal cost, enhanced corporate image and international reputation.

Moving forward, with strong support from the management, we endeavour to continue to implement and develop waste management practices:

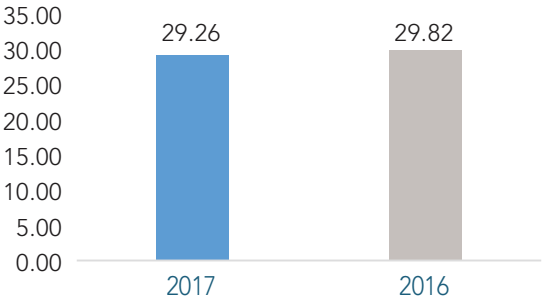
- Spice Garden: planting spices, such as lemongrass, in the spice garden along pool side. Irrigating with rice water waste and harvesting by staffs from the hotel kitchen.
- Battery Recycle: assessing the feasibilities of recycling any electrical or electronic equipment that cannot be reused or repaired (e.g. batteries) by appointing licensed vendors which provide recycling solutions and onsite collection.
- Food Waste: weighing and tracking the total kilogram of food waste on a daily basis. Investigating the feasibilities of food waste reduction in the near future.

The Hotel's energy consumption is derived solely from purchased grid electricity. In 2017, electrical energy consumption amounted to 7,621,676 kilowatt hours (kWh), representing a 0.6% year-on-year decrease from 7,663,796 kWh in 2016. This was achieved through the abovementioned initiatives that were carried out throughout the year to improve energy efficiency. The overall energy intensity for Grand Mercure Singapore Roxy also decreased from 29.82 kWh/occupant in 2016 to 29.26 kWh/occupant in 2017.

TOTAL ENERGY CONSUMPTION (million kWh)



ENERGY INTENSITY (kWh/occupant)



SUSTAINABILITY REPORT

WATER Hotel

FY2017 Highlights

Water Intensity	Year-on-year Analysis	Target
2017 water intensity – 0.3846 m^3/occupant in 2017	0.6% reduction	Maintain water intensity levels within 5% of historical average

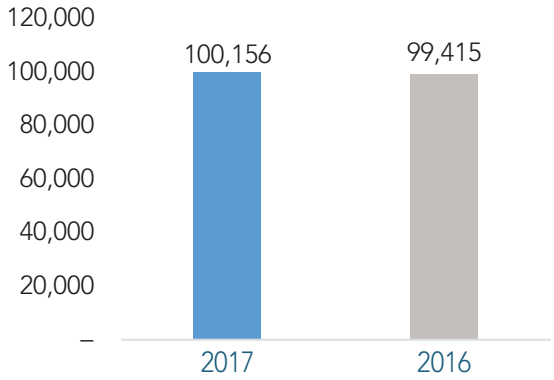
Water is essential to our day-to-day hotel operations – in ensuring our guests' comfort, our visitors' satisfaction and our communities' livelihoods. Like energy, water management provides opportunities for the Group to enhance the operational performance of the Hotel, as well as explore water recycling or reuse innovations in the future.

The Hotel has implemented, and continues to explore, various water management initiatives to enhance operational performance and contribute to the Green Mark status. As a result, the Hotel is awarded BCA Green Mark Gold Award since 2016. Some of these initiatives include tracking and monitoring of water consumption on a daily, weekly and monthly basis. Water saving devices have also been installed in all guestrooms including the fitting of aerators for all water taps to reduce water flow. In order to encourage guests to participate in the Hotel's water saving initiatives, all guestrooms display environmental awareness messages and tips such as to reuse towels and linens.

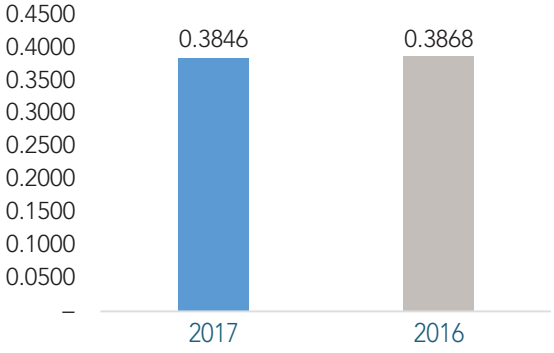
Grand Mercure Singapore Roxy continues to improve on the measures that have been put in place and our Gold Level rating in accordance with PLANET 21 also encompasses water management initiatives.

While majority of the Hotel's water supply is sourced from public utilities, Grand Mercure Singapore Roxy also utilises water from alternative sources to reduce the reliance on potable water. Non-potable water is used for irrigation as well as flushing in lavatories. In 2017, the Hotel's water consumption amounted to 100,156 cubic metres (m^3), representing a 0.7% year-on-year increase from 99,415 m^3 in 2016. This was due to an increase of 10.5% in business activities in the F&B section. However, overall water intensity for Grand Mercure Singapore Roxy, the amount of water used per hotel occupant, actually decreased slightly from 0.3868 m^3/occupant in 2016 to 0.3846 m^3/occupant in 2017.

TOTAL WATER CONSUMPTION (m^3)



WATER INTENSITY (m^3/occupant)



MATERIALS Developments

FY2017 Highlights

Materials performance	Target
All demolition works are compliant with Green Mark	Ensure that Green Mark requirements for materials are adhered to.

As a property developer, our impact on the environment is largely dependent on the materials used to construct our buildings. The type and quantity of materials used is indicative of our reliance on natural resources and can be impacted by our contribution to resource conservation.

Building materials are purchased by contractors. As such, the Group has limited control over the type and quantity of materials purchased for the Developments. Instead, the scope of disclosure for materials is confined to areas it has operation control: the promoting of responsible sourcing practices along the supply chain, and to encourage the use of eco-friendly and recycled materials.

At the Group, we thus strive to do our part for the environment to the best of our ability. We ensure that our operations cause minimal harm to the surrounding biodiversity. We ensure that any demolition works are compliant with Green Mark and any resultant wood collected will be recycled. Under the partial design and build model (residential properties), the Group has adopted the use of timber wood (green wood). The Group is also progressing with the times and favour development's designs that are eco-efficient. For instance, developments now seek to incorporate LED lights, solar PV panels, and are designed to maximise the use of natural light and ventilation, so as to reduce energy consumption. New developments are also fitted with WELS fittings and fixtures to reduce water consumption.

In order to promote eco-efficient practices, we also encourage our contractors to adopt prefabricated bathroom units (PBU) and/or prefabricated construction material towards cleaner and safer construction sites. We also make it mandatory for our contractors to adopt sanitary wares and fittings with 3 ticks, thereby fulfilling green mark requirements. Materials used by contractors must also be approved for use in Singapore (as regulated by BCA, NEA, PUB and other relevant authorities).

Moving forward, Roxy-Pacific Holdings Limited targets to ensure that green mark requirements for materials are adhered to.

CONTRACTOR ENVIRONMENTAL ASSESSMENT Developments

FY2017 Highlights

Contractor environmental assessment performance	Target
100% of new contractors were screened, where applicable, using the vendor evaluation form and/or consultant's recommendation	Continue to screen 100% of new contractors, where applicable, using the vendor evaluation form and/or consultant's recommendation

Understanding that the actions and business practices of our business partners can impact us, at Roxy-Pacific Holdings Limited, we take our due diligence practices seriously. In order to prevent and mitigate negative impacts resulting from our supplier chain, we have implemented a range of vendor selection criteria and one part of the selection involves their environmental efforts.

The Group strives to foster business relationships with responsible companies. In order to ensure that we work with like-minded businesses, a comprehensive vendor selection criterion is in place to assess potential vendors based on a range of criteria. During the year, 100% of all new contractors, where applicable, were screened using the vendor evaluation form and/or consultant's recommendation. The Group's assessment of new vendors is for contracts more than S$500,000 and contract period of more than 6 months.

SUSTAINABILITY REPORT

Beyond vendor assessment, contractors are also strongly encouraged and reminded to abide by the following during the entire construction period as part of their effort in conserving the environment, but not limited to:

- conveyance of materials so as to cause minimal damage to existing roads and culverts;
- apply proper air pollution and Earth control measures;
- reduce use of diesel generators for construction;
- collect rainwater for washing;
- use of recycle bins at construction site; and
- encourage the use of green label products (e.g. paint, laminate, and other buildings materials).

Moving forward, Roxy-Pacific Holdings Limited will continue to screen 100% of all new contractors, where applicable, for environmental factors.

SOCIAL

TALENT RETENTION Hotel Developments

FY2017 Highlights

Talent Retention Performance	Year-on-year Analysis	Target
2017 Headcount – 278	Headcount – no change	Maintain employee turnover rate within 5% of FY2016's turnover rate
Rate of turnover (Grand Mercure Singapore Roxy) 23.4%	Rate of turnover (Grand Mercure Singapore Roxy) – Decrease from 23.7%	
Rate of turnovers (Roxy Pacific Holdings Limited) 6.38%	Rate of turnover (Roxy Pacific Holdings Limited) – Increase from 2.2%	

Note: employee data includes permanent employees in Singapore only.

At Roxy-Pacific Holdings Limited, we uphold that our success is built upon the foundation of a talented team, who are key to enhancing and enriching our clients' overall experience.

We constantly endeavour to create an environment where our employees feel valued and respected. The Group employs human resource strategies and policies which are grounded on equal opportunities and fair employment practices. The employee handbook, which is a manifestation of these strategies, details policies over hiring, learning and development as well as employee's conduct. Similarly, the Grand Mercure Singapore Roxy's Staff Handbook describes the Hotel's business values, integrity, and ethics including a detailed description of the fair employment practices and conflict of interests' policy it subscribes to.

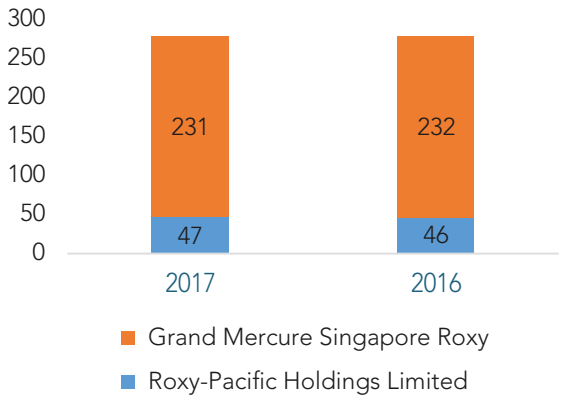
The Group seeks to encourage open communication between employees and management to facilitate the flow of ideas and opinions. We have established a common corporate folder on the Intranet, which is accessible by all employees to communicate any implemented or updated policies and procedures to better guide employees in their course of work.

As part of our open communication approach, we also promote face-to-face conversations, which we believe is a more effective way to gather genuine feedback from employees. This also allows us to better adjust and align expectations between employees and our corporate goals.

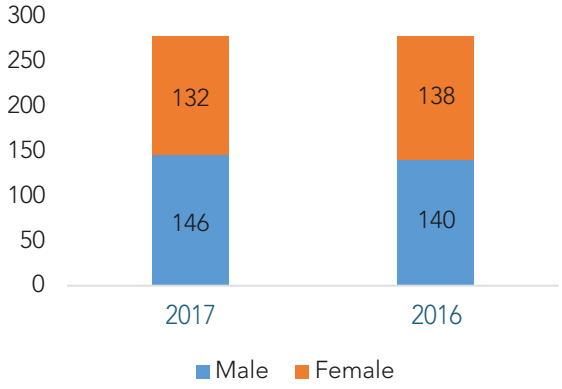
Roxy-Pacific Holdings Limited places emphasis on employing individuals with the necessary competencies, experience, qualifications and mind-set to make a positive contribution to the values and business objectives of the Group. We employ qualified candidates without any discrimination against age, gender, race, marital status or religion. This is consistent with our belief that a dedicated, diverse and driven workforce will empower us to deliver service of the highest standards to our clients.

Over and above the emphasis placed on our employees' competencies and capability as well as their contributions to the Group, we seek to mentor and nurture our employees. This is clearly magnified in the Hotel where we work with adults with disabilities and special needs on our internship program. One of said interns was taken on for a full time employment and we hope to replicate more of these opportunities in our internship program; enabling them to be independent and self-sustaining individuals.

TOTAL HEADCOUNT (as of 31 December)



EMPLOYEE BREAKDOWN (by gender)



SUSTAINABILITY REPORT

	Roxy-Pacific Holdings Limited		Grand Mercure Singapore Roxy	
	2016	2017	2016	2017
Number of new employee hires				
Total	3	5	53	50
Number of new employee hires – by age group				
< 30 years old	0	0	32	27
30 – 50 years old	3	5	18	21
> 50 years old	0	0	3	2
Number of new employee hires – by gender				
Male	2	2	23	32
Female	1	3	30	18
Number of employee turnover				
Total	1	3	55	54
Number of employee turnover – by age group				
< 30 years old	0	0	28	24
30 – 50 years old	1	3	19	26
> 50 years old	0	0	8	4
Number of employee turnover – by gender				
Male	1	2	28	25
Female	0	1	27	29

TRAINING AND EDUCATION Hotel Developments

FY2017 Highlights

Average training hours	Year-on-year Analysis	Target
• **Grand Mercure Singapore Roxy** – 35 hours • **Roxy-Pacific Holdings Limited** – 15 hours	**Grand Mercure Singapore Roxy** – Increase from 28 hours **Roxy-Pacific Holdings Limited** – Decrease from 19 hours	Achieve an average number of training hours as follows: • **Grand Mercure Singapore Roxy** – 30 hours per hotel employee per year • **Roxy-Pacific Holdings Limited** – 15 hours per employee per year

We are a strong advocate of developing employee potential to contribute towards the progress of the Group. In a dynamic business environment, we recognise the need to constantly upgrade our employees in order to equip them with the skills necessary for growth. The Group continues to invest in the training and development of our employees to help them to achieve their full potential, including the sponsorship of degree and diploma programmes as part of the Continuous Learning Program.

Training programmes thus form part of our core focus. At the start of each year, our Heads of Department set training objectives for their employees to ensure that they are adequately skilled to meet their relevant work requirements. Employees are also encouraged to set goals for their development for the year. The Human Resource department is tasked to monitor and ensure that employees achieve their targeted training hours for the year. Monthly training reports are submitted to Management for tracking and monitoring purposes. Quarterly training reports are also prepared and disseminated to the various Heads of Department for review and follow-up.

At Grand Mercure Singapore Roxy, we have developed a Learning and Development policy that details how an employee's plan should be implemented. We encourage a 70/20/10 rule whereby 70% of learning is centred on experience/exposure, 20% is on coaching and feedback and 10% is on formalised training. The Hotel also strives to emulate best practices of Accor Hotels, starting with a training plan for its employees. The training plan consists of mandatory and structured on-the-job training, soft skills training and product training including leadership and management. Employees are also encouraged to sign up for recommended and optional programmes. Annually, employees are required to complete a learning plan, based on inputs and discussions with the Performance Manager, which will guide the employee towards achieving their full potential.

Additionally, employees can also initiate to undertake relevant training courses that are useful to their areas of work. We also sponsor some of the courses as we believe that learning is the key to enhancing the productivity and efficiency of the Group in the long term.

Average hours of training at Roxy-Pacific Holdings Limited decreased from 19 hours per employee per year in 2016 to 15 hours in 2017 due to some changes in staffing. Two management level staff are on sabbatical leave and we received five new hires this year who have not yet started training. See details on training hours below:

Average hours of training per employee per year	Roxy-Pacific Holdings Limited		Grand Mercure Singapore Roxy	
	2016	2017	2016	2017
Total	19	15	28	35
Male	22	14	26	35
Female	17	15	30	35
Senior management level	32	21	25	36
Middle management level	21	17	0	0
Executive level	18	14	34	35
Non-Executive level[1]	0	0	25	35

1 Roxy-Pacific Holding Limited's non-executive staffs do not require specific training. For Grand Mercure Singapore Roxy, non-executive staffs received training related to skills needed for their role mostly thru on-the-job training.

SUSTAINABILITY REPORT

EMPLOYEE WELL-BEING Hotel Developments

Our employees have worked hard and contributed invaluably towards the Group's success. We believe that in order to perform optimally at work, employees need to enjoy a healthy work-life balance. Efforts are taken to ensure that our employees feel appreciated for their contributions. Investing in the wellbeing of our employees is part of creating a working environment which respects individuals and acknowledges achievements. As such, we organise engaging events to actively promote positive bonding between management and employees.

During the year, we organised a number of company-wide events, including team-bonding activities such as 'art-jamming' and ice-cream making, a fully-sponsored 4 days 3 nights trip to Hong Kong, as well as luncheons and department activities. These informal get-togethers have provided opportunities for employees to forge closer ties, which have enhanced working relationships.

To promote a healthy lifestyle, the Group also provides passes which are available on a first-come first-serve basis for employees to utilise the Hotel gym and pool facilities. We also have a Healthy Fruit Day regime on a bi-weekly basis, which normally takes place on a Thursday with the employees being given varieties of fruits, nuts or juices.

At Grand Mercure Singapore Roxy, we take effort to ensure that our employees feel appreciated for their contributions and service to the Hotel. During our monthly birthday celebrations for our staff, we present tokens to our employees-of-the-month as well as recognise the personal and special achievements of deserving employees.

In order to better understand and meet the needs of our talents, monthly luncheons are held between the Hotel employees and the General Manager. Hotel staff surveys are also conducted regularly. This, along with the myriad of other events – weekly badminton sessions, 3 days 2 nights all-expense-paid retreat to Malacca, and regular department activities, fosters strong ties between employees and cultivates camaraderie within the Hotel.

OCCUPATIONAL HEALTH & SAFETY Hotel Developments

FY2017 Highlights

Performance data	2016	2017	Target
Lost-Time Injury Rate[2]			• Achieve zero workplace fatalities • Achieve a 5% reduction in accident frequency and accident severity rates compared to FY2016 performance
Roxy-Pacific Holdings Limited	0	0	
Grand Mercure Singapore Roxy	10.7	7.5	
Injury Severity Rate[3]			
Roxy-Pacific Holdings Limited	0	0	
Grand Mercure Singapore Roxy	165.4	161.2	

2 Lost-time injury rate - Number of workplace injuries per million man hours worked
3 Injury severity rate - Number of man-days lost to workplace injuries per million man-hours worked

The Group is committed to ensure the health and safety of our employees at the office of Roxy-Pacific Holdings Limited and in the Hotel.

In our efforts to cultivate a resilient culture of health and safety in our workplace, we conduct regular safety audits in the office, including checks to ensure that all hazards are adequately signposted. Emailers are sent to employees periodically as a reminder of the importance of workplace health and safety. Any workplace related injuries or incidents are reported at once to the Human Resource department for proper management and treatment.

At the Hotel, we ensure that all hotel employees undergo a health and safety briefing during commencement of employment. Important health and safety information

is also detailed in the Staff Handbook. In addition, the Hotel has a designated Workplace Safety Officer, who is certified bizSAFE3.

During the year, both Roxy-Pacific Holdings Limited and Grand Mercure Singapore Roxy continued to record zero incidents of work-related fatalities. Likewise, the lost-time injury rate (LTIR) and injury severity rate (ISR) for Roxy-Pacific Holdings Limited were zero respectively. Grand Mercure Singapore Roxy on the other hand reported an LTIR and ISR of 7.5 and 161.2 respectively. This is an improvement from the previous year as we continue to strengthen our safety management practices to minimise injuries in the workplace.

CUSTOMER HEALTH & SAFETY Hotel Developments

FY2017 Highlights

Number of Incidents of Non-compliance	Target
No incident of non-compliance with regulations and/or voluntary codes concerning the health and safety of guests and visitors at the Developments and the Hotel in the year ended 31 December 2017	Zero incidents of non-compliance concerning the health and safety of guests and visitors

At Grand Mercure Singapore Roxy, the safety of our guests and visitors is of paramount importance. Recognising that a hazard-free and inviting environment is vital to an enjoyable experience, we aim to transform our hotel into a place where people yearn to live, work and play.

In order to ensure a hazard-free environment – where guests and visitors are safe from injury at all times, we are committed to abiding by safety laws and regulations. This includes adhering to food hygiene and food safety standards set by the National Environment Agency (NEA) as well the guidelines on communal property fire & other risks set by the Building Maintenance & Strata Management Act, amongst others.

The Hotel also strives to adopt best practices and achieve the best of industry standards. We employ a comprehensive approach towards ensuring the health and safety of our guests and visitors. We have implemented policies to maintain a high level of safety and hygiene. These include policies for proper sanitation and pest control, waste treatment, as well as food handling and storage. We maintain strict safety procedures which include health and safety inspections, food safety and hygiene compliance checks, and regular scheduled maintenance of equipment and machinery. Additionally, any identified hazards are adequately signposted to prevent accidents or injuries and daily security checks are performed.

The Group meets with the Managing Agents every month to discuss and assess the safety performance of the developments. Managing Agents are required to submit incident reports and maintenance records on a monthly basis of the completed development until the Management Corporation – Strata Title ("MCST") fully take over the development.

As a testament to the abovementioned initiatives, there were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety of guests and visitors which resulted in any significant fine, penalty or warning in the Development or the Hotel during the year.

SUSTAINABILITY REPORT

CONTRACTOR SOCIAL ASSESSMENT Developments

FY2017 Highlights

Contractor environmental assessment performance	Target
100% of new contractors were screened, where applicable, using the vendor evaluation form and/or consultant's recommendation	Continue to screen 100% of new contractors, where applicable, using the vendor evaluation form and/or consultant's recommendation

The Group evaluates existing vendors based on criteria which include, but not limited to:

- quality of services and/or workmanship;
- technical and/or product knowledge;
- safety awareness; and
- inconvenience caused to the public.

During construction period, we require all contractors to comply with Health and Safety Standards. The fortnightly or monthly site meetings, which are conducted for all construction projects, encompass health and safety reminders to the main contractors for all their onsite workers.

Furthermore, we also request the contractors to minimise harmful impacts, such as noise pollution to the surroundings by complying with local government bodies and other authorities' requirements.

Beyond vendor assessment, contractors are strongly encouraged and reminded to abide by the following, but not limited to:

- adhere strictly to instructions on storage of flammable or combustible materials;
- use of explosives on a need basis, in accordance with all by-laws, regulations and acts;
- minimise any interference or nuisance caused to vehicular and human traffic;
- monitor vibrations on surrounding properties.

During the year, 100% of all new contractors were screened, where applicable, using the vendor evaluation form and/or consultant's recommendation. The Group's assessment of new vendors is for contracts more than S$500,000 and contract period more than 6 months.

Moving forward, Roxy-Pacific Holdings Limited will continue to screen 100% of all new contractors, where applicable, for social factors.

GOVERNANCE

Roxy-Pacific Holdings Limited is committed to ensuring and maintaining a high standard of corporate governance and business conduct to safeguard the interests of its stakeholders. We are dedicated to uphold integrity and honesty in our operations.

ANTI-CORRUPTION Hotel Developments

FY2017 Highlights

Number of Confirmed Incidents of Corruption	Target
No confirmed incident of corruption in the year ended 31 December 2017	Zero confirmed incidents of corruption concerning employees or business partners

The Group's Code of Conduct sets out expectations of employees in relation to issues such as fraud, conflicts of interest and anti-competitive conduct. The Group's whistleblowing policy, which is made available on its corporate website and displayed at the office pantry, provides a transparent channel for employees to report concerns about possible fraud, improprieties in financial reporting and other matters. All employees are also required to submit a conflict of interests declaration form bi-annually to demonstrate their willingness to adhere to the conflicts of interest policy.

Grand Mercure Singapore Roxy also adopts Accor Hotel's Ethics and Corporate Social Responsibility Charter. The Charter, along with the Staff Handbook, guides the actions and behaviours of our hotel employees, covering areas of management ethics, integrity and compliance, as well as corporate social responsibility.

There were no confirmed incidents of corruption during the year.

COMPLIANCE WITH LAWS & REGULATIONS Hotel Developments

FY2017 Highlights

Number of Incidents of Non-compliance	Target
No incident of non-compliance with laws and regulations resulting in significant[4] fines or sanctions in the year ended 31 December 2017	Zero incidents of non-compliance with laws and regulations resulting in significant[4] fines or sanctions

4 Significant fine is one over S$50,000

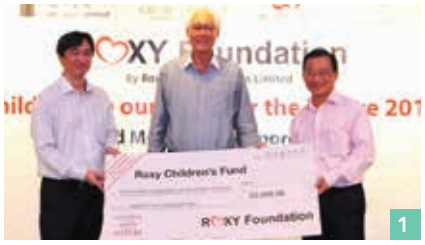
Roxy-Pacific Holdings Limited prides itself on its good corporate governance practices, which includes abiding by all applicable laws and regulations. The Group adheres to the Code of Corporate Governance 2012, listing rules and regulations set out by SGX, the MAS Securities and Futures Act, as well as all other applicable laws and regulations.

Our developments are subject to environmental laws and regulations, including the Building Control (Environmental Sustainability) Regulations administered by the Building and Construction Authority (BCA), as well as the Energy Conservation Act and Environment Protection and Management Act governed by the National Environment Agency (NEA).

The Group is also committed to providing transparent, fair and clear marketing information in the conduct of its business. Marketing materials in relation to the Group's development are reviewed for accuracy, consistency and compliance with policies, such as the Singapore Code of Advertising Practice and the Personal Data Protection Act. Rigorous procedures have been implemented, such as the use of a comprehensive checklist, to ensure consistency in the standards of all marketing collaterals within the Group.

There were no incidents of non-compliance with laws and regulations, including environmental regulations and marketing guidelines, resulting in significant fines or sanctions in 2017.

CORPORATE SOCIAL RESPONSIBILITY



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1. *Mr Teo Hong Lim, Chairman & CEO of Roxy-Pacific Holdings Limited presenting the cheque to Mr Seah Kian Peng, Vice Chairman of South East CDC for the Roxy Children's Fund, witnessed by Emeritus Senior Minister Goh Chok Tong*

2. *Token of appreciation hand-made by the Corporate Social Responsibility Team together with Mr Klaus Gottschalk and Mr Teo Hong Lim, for our generous and committed business associates and supporters in the "Children Are Our Hope for the Future" initiative.*

3. *Mr Klaus Gottschalk, General Manager of Grand Mercure Singapore Roxy and Mr Chris Teo, Managing Director of Roxy-Pacific Holdings Limited, together with voluntary staffs of both companies participating in the car wash fund-raising event.*


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4. *Presenting our handmade token of appreciation.*
(Left to Right) – Mr Lim Wei Liang (Naili Print Media Pte Ltd), Mr Ernest Chua (CSH Landscapes & Construction), Mr Don Ho (Nanyang Inc. Pte Ltd), Mr Heng Yew Seng (Swiss Cottage Secondary School) , Emeritus Senior Minister Goh Chok Tong , Mr Teo Hong Lim (Roxy-Pacific Holdings Limited), Ms Ng Li Peng (Marine Parade CCC), Mr Glenn Ong & Flying Dutchman (One FM 91.3).

Roxy-Pacific Holdings Limited places great importance on social responsibility and contributes in numerous ways to the communities within which it operates. We are a strong believer in giving back to society beyond our professional business commitment; therefore, Corporate Social Responsibility (CSR) is a fundamental strategic priority for us.

This year, as each year, our CSR initiatives cover a variety of important initiatives that include children's wellbeing and elderly care. We select our corporate social initiatives by considering our role and capabilities and focusing on areas where we can play our part in making the overall environment a better place for the community.

CHILDREN'S WELLBEING

In 2017, we were excited to enter the tenth year of our children's initiative "Children Are Our Hope for the Future", which was launched in 2007. Over the last ten years, this has been our prominent CSR initiative through which we have reached out to children with the aim of improving their living standards and quality of life. The Group commits funds to social causes close to our hearts through our foundation, Roxy Foundation. The Foundation is administered by the "Community Foundation of Singapore". Funds from the Foundation are boosted by donation raised from the event that we hold during the year and which are supported and organised by our employees who are happy to devote a portion of their time to these causes.

Our prominent annual car wash fund-raising was held once again on 12th May 2017. This year, 90 voluntary employees divided into teams and work in rotation, dedicated their time for the event that lasted 8 hours and washed a total of 104 vehicles. The car washing event raised a total of S$134,000 which includes funds committed from Roxy-Pacific Holdings Limited.

To celebrate the tenth year of "Children Are Our Hope for the Future" initiative, we organised a celebratory dinner on the 27th of July. The dinner was intended to show our appreciation to our business associates and long-time supporters for their generous donations over the

years. During the dinner, we received voluntary assistance from Swiss Cottage Secondary School's students as well as 15 voluntary employees and we prepared an enjoyable fun-filled dinner for 320 attendees. We were honored to welcome the Emeritus Senior Minister, Goh Chok Tong as our guest of honour.

The dinner also served as a platform for distributing a portion of funds raised from the car washing event. We were thrilled to donate the sum of $25,000 to the South East Community Development Council for Roxy Children's Fund. This fund is used to support 6 family service centres within the district. In addition, a total of $56,100 is awarded to the following students; 137 selected primary and secondary students received vouchers of S$300 each and 15 Nanyang Polytechnic students were awarded S$1,000 individually to support their tertiary education fund.

On 16th June, in the month of Ramadan, 17 employees carried out our yearly "Breaking of Fast" activity with children from Jamiyah Children Home. In line with the practice of previous years, we contributed a donation of S$5,000 to the home as well as covering the cost of dinner whilst creating a festive mood for the children. For this event, Ms Fatimah Lateef, MP of Marine Parade GRC is also present to join in on our celebration.

Finally, as part of the Group's continuous efforts to bring excitement and fun, and not just financial support, into the lives of these children, we arranged a "Family Movie Day" on 7th September. We were joined by 248 children and families from St Hilda's Community and Montfort Care to watch "Disney Cars 3" at i12 Katong cineplex.


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5. Senior citizens arriving from St Hilda's Community Services for Chinese New Year Banquet.
6. Hari Raya shopping for the senior citizens from Montfort Care.

ELDERLY CARE

Elderly care is our other key CSR pillar. We proactively take part in community initiatives which make positive impacts to the lives of the elderly in order to show our gratitude for the contributions made by them towards our nation.

At the beginning of the year, we hosted a Chinese New Year Banquet for the senior citizens of St Hilda's Community Services. The celebration took place on 9th February and proved to be a highly entertaining affair with 270 seniors' participation. 36 of our employees joined students from Tanjong Katong Secondary School in serving our seniors during the banquet and with entertaining performances.

We also once again organised a Hari Raya shopping trip on 15th June for 15 senior citizens from Montfort Care. The senior citizens were each given S$50 to spend during the outing. They were taken care by 30 volunteers comprises of our employees and students from Victoria School. Everyone had a pleasant and enjoyable time immersing themselves in festive shopping. To finish the day, our employees and the seniors break fast together at the centre.

OVERSEAS OUTREACH

Twice a year, we engage with the Salvation Army Evangeline Booth girls' home in Medan, Indonesia. For each trip, we will seek collaboration with secondary school in Singapore to partner with us for the visit. Thru the visits, we want to encourage interaction between the girls and the students; giving the girls exposure to the happenings that is outside of their village.


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7. St Andrew's Secondary School students re-decorating Evangeline Booth girls' home in Medan.
8. Students and teachers from St Andrew's Secondary School as well as representatives from the CSR team, together with the girls of Salvation Army Evangeline Booth, Medan.
9. Annual Christmas outing for the girls from Salvation Army Evangeline Booth, Medan.

CORPORATE SOCIAL RESPONSIBILITY

Each time, apart from visiting the home and spending time with the girls, we will also purchase and bring along necessities that are needed at the home, depending on their needs at the time. During our October 2017 visit, St Andrews Secondary School in Singapore collaborated with us and we also brought along cleaning equipment and washing agents to top up their supplies.

A total of 18 students and 3 teachers joined us in visiting the home; they interacted and participated in various activities together with the girls such as sports and games during the 2 days visitation. The highlight of this visit is to re-decorate the girls' dining room which the Singapore students did it by manually painting and designing the walls with bright coloured paints.

During this visit, the Singapore students and teachers also glimpsed insight into Indonesian school's culture and lesson proper as they paid a visit to a local secondary school.

Also a part of our tradition, in December, we supported the girls in their annual Christmas outing where they were given the opportunity to shop and choose new clothes for themselves. On Christmas day, we hosted a small scale dinner party which we enjoyed together with the girls at the home.



10. *Our employees participating in the Ground Zero Run for Humanity on 13th August 2017.*

OTHERS

Apart from these yearly activities and various donations that we contributed, we also extend our support to local events whenever we can. This year, we took part in the Ground Zero Run for Humanity organised by Mercy Relief on 13th August 2017. Held in observance of World Humanitarian Day, 41 of our employees were challenged with a simulated experience of a survivor's journey from ground zero, a disaster site, to safety. Participants had to collect urgent supplies needed in the immediate aftermath of a disaster and carry a relief pack weighing 5kg for a chosen distance.

We are delighted to share the highlights of our CSR initiatives in 2017 and we are committed to continue to make a positive difference to the lives of our various beneficiaries and employees.

GRI INDEX

GRI Standards (2016)		Notes/Page number(s)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	Roxy-Pacific Holdings Limited
102-2	Activities, brands, products, and services	Corporate Profile Projects in 2017, page 14 Assets Acquired in 2017, page 15
102-3	Location of headquarter	Corporate Information, page 13 Financial Statements, page 88
102-4	Location of operations	Corporate Information, page 13 Financial Statements, page 88
102-5	Ownership and legal form	Corporate Information, page 13 Financial Statements, page 88
102-6	Markets served	Financial Statements, page 88
102-7	Scale of the organisation	Sustainability Report – Social, page 32 Financial & Operational Review, page 09 Financial Statements, page 88
102-8	Information on employees and other workers	Social, Talent Retention page 32 The Group did not have any significant variation in employment numbers. Employee data disclosed is as at 31 December 2017.
102-9	Supply chain	Contractor Environmental Assessment, page 31 Contractor Social Assessment, page 38
102-10	Significant changes to organisation and its supply chain	No significant changes during FY2017.
102-11	Precautionary principle or approach	The Group does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Our Awards, page 03
102-13	Membership of associations	Real Estate Developers' Association of Singapore (REDAS) • Singapore Business Federation (SBF) • Singapore Hotel Association (SHA) • Singapore National Employers Federation (SNEF)
Strategy		
102-14	Statement from senior decision-maker	Board Statement, page 25
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Board Statement, page 25 Corporate Governance Report, page 49
Governance		
102-18	Governance structure	Board Statement, page 25

GRI INDEX

Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, page 26
102-41	Collective bargaining agreements	There are no collective bargaining agreements in place at the Group
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, page 26
102-43	Approach to stakeholder engagement	Stakeholder Engagement, page 26
102-44	Key topics and concerns raised	Stakeholder Engagement, page 26
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Financial Statements, page 88
102-46	Defining report content and topic boundaries	Materiality Assessment, page 27 All ESG factors are relevant within our organisation only
102-47	List of material topics	Materiality Assessment, page 27
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	1 January 2017 – 31 December 2017
102-51	Date of most recent report	Not applicable
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About the Report, page 25
102-54	Claims of reporting in accordance with GRI Standards	About the Report, page 25
102-55	GRI content index	GRI Index, page 43
102-56	External assurance	The Group has not sought external assurance for this reporting period and may consider it for future periods.
Management Approach		
103-1	Explanation of the material topic and its boundary	Board Statement, page 25 Materiality and management initiatives are discussed within the section for each material factor
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
Material Topics		
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption, page 39
Energy		
302-1	Energy consumption within the organisation	Energy, page 28
302-3	Energy intensity	Energy, page 28 Energy disclosed in this report refers to purchased electricity only

Water		
303-1	Water withdrawal by source	Water, page 30
		The only water used by the Group is public utilities water
303-3	Water intensity	Water, page 30
Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Contractor Environmental Assessment, page 31
Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Compliance with Laws and Regulations, page 39
Employment		
401-1	New employee hires and employee turnover	Talent Retention, page 32
Occupational Health and Safety		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety, page 36
Training and Education		
404-1	Average hours of training per year per employee	Training and Education, page 34
404-2	Programs for upgrading employee skills and transition assistance programs	Training and Education, page 34
Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	Contractor Assessment, page 38
Customer Health and Safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety, page 37
Marketing and Labelling		
417-3	Incidents of non-compliance concerning marketing communications	Compliance with Laws and Regulations, page 39
Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance with Laws and Regulations, page 39

FINANCIAL CONTENTS

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168 NOTICE OF ANNUAL GENERAL MEETING
PROXY FORM



PROPERTY SUMMARY REPORT

SUMMARY OF PROPERTIES HELD BY THE GROUP AS AT 31-DEC-17

Hotel properties

Name	Location	Managed by	No of units	Approximate Land Area (sq m)	Approximate GFA (sq m)	Effective interest	Tenure
Grand Mercure Singapore Roxy	50 East Coast Road, Singapore	Accor Group	576 rooms	15,172	35,336	100%	Freehold
Noku Kyoto	205-1 Okuracho, Kyoto, Japan	Noku Roxy	81 rooms	940	4,780	100%	Freehold
Noku Osaka	10-17 2-Chome, Tema, Kita Ku Osaka City, Osaka, Japan	Noku Roxy	154 rooms	886	3,672	100%	Freehold

Hotel under development/renovation

Name	Location	Estimated Completion	No of units	Approximate Land Area (sq m)	Approximate GFA (sq m)	Effective interest	Tenure
Noku Phuket	48/13 Moo 6, Chaofa Road, Phuket, Thailand	2019	91 rooms/ Villas	46,878	22,974	100%	Freehold
Noku Maldives	Island of Kudafunafaru, Noonu Atoll, Maldives	2018	50 Villas	89,896	16,830	100%	Leasehold

Commercial properties

Name	Location	Description	Approximate net lettable area (sq m)	Effective interest	Tenure
Roxy Square	50 East Coast Road, Singapore 428769	49 shop units	2,403	100%	Freehold
117 Clarence Street	117 Clarence Street, Sydney, Australia	14-storey commercial building	12,517	50%	Freehold
205 Queen Street	205 Queen Street, Auckland, New Zealand	2 office towers with 17 and 22 storey	25,380	50%	Leasehold
NZI Centre	1 Fanshawe Street, Auckland New Zealand	6-storey commercial building	9,313	100%	Leasehold

Properties for sale under development

Project name	Location	Description	Stage of completion	Expected date of completion	Approximate land area (sq m)	Gross floor area (sq m)	Effective interest	Tenure
Trilive	111, 113, 115 Tampines Road Singapore	222 residential units & 2 shop units	95%	Dec 18	7,419	15,580	85%	Freehold
Straits Mansions	26 Sea Avenue Singapore	25 residential units	35%	Sept 20	1,809	2,533	100%	Freehold
The Hensley	37-41 Bayswater Road, Potts Point, Sydney, Australia	44 residential units & 1 shop unit	74%	Dec 18	930	3,581	100%	Freehold

PROPERTY SUMMARY REPORT

Properties for sale under development (continued)								
Project name	**Location**	**Description**	**Stage of completion**	**Expected date of completion**	**Approximate land area (sq m)**	**Gross floor area (sq m)**	**Effective interest**	**Tenure**
Octavia Killara	6A and 8 Buckingham Road Killara Sydney, Australia	43 residential units	66%	Apr 19	3,792	4,402	100%	Freehold
West End Glebe	10-11 Cowper Street, Glebe, Sydney, Australia	231 residential units	49%	Oct 19	7,125	18,960	100%	Freehold
New World Towers, Peel Street	64 Peel Street and 9 Cordelia Street, South Brisbane, Australia	195 residential units, 2 commercial units & 1 management office in Tower 1 and 240 units of residential development in Tower 2	*	Mar 20	2,597	56,830	40%	Freehold
Wisma Infinitum	18 Jalan Dewan Sultan Sulaiman, Kuala Lumpur, Malaysia	423 residential units in Block A, and 300 residential units in Block B & 31 commercial units	25%	Oct-20	6,678	64,912	47%	Freehold
Land held for development								
The Navian	178 & 180A,180,182,184 Jalan Eunos	48 Residential Development	*	Dec-20	2,315	3,242	100%	Freehold
Bracks Street	54 & 85 Bracks Street, North Fremantle, Perth, Australia	Industrial land; to be rezoned for commercial and residential use	*	TBC	45,463	TBC	20.2%	Freehold
Kramat, Jakarta	Jalan Kramat, Raya No 110, Jakarta, Indonesia	Commercial Development	*	TBC	1,703	7,152	49%	Freehold
Harbour View Gardens	211-223A Pasir Panjang Road, Singapore	57 residential units	*	TBC	2,856	3,998	100%	Freehold
120 Grange	120 Grange Road, Singapore	56 residential units	*	TBC	1,466	3,079	90%	Freehold
826/A-834/A Upper** Bukit Timah	826/A-834/A Upper Bukit Timah, Singapore	34 residential units	*	TBC	953	2,382	80%	Freehold
River Valley**	River Valley Road, Singapore	148 residential units	*	TBC	2,675	7,491	100%	Freehold
Guillemard Lane**	2, 6, 12 & 14 Guillemard Lane, Singapore	97 residential units	*	TBC	2,378	6,659	50%	Freehold

* *Construction of these properties has yet to commence as of 31 December 2017.*

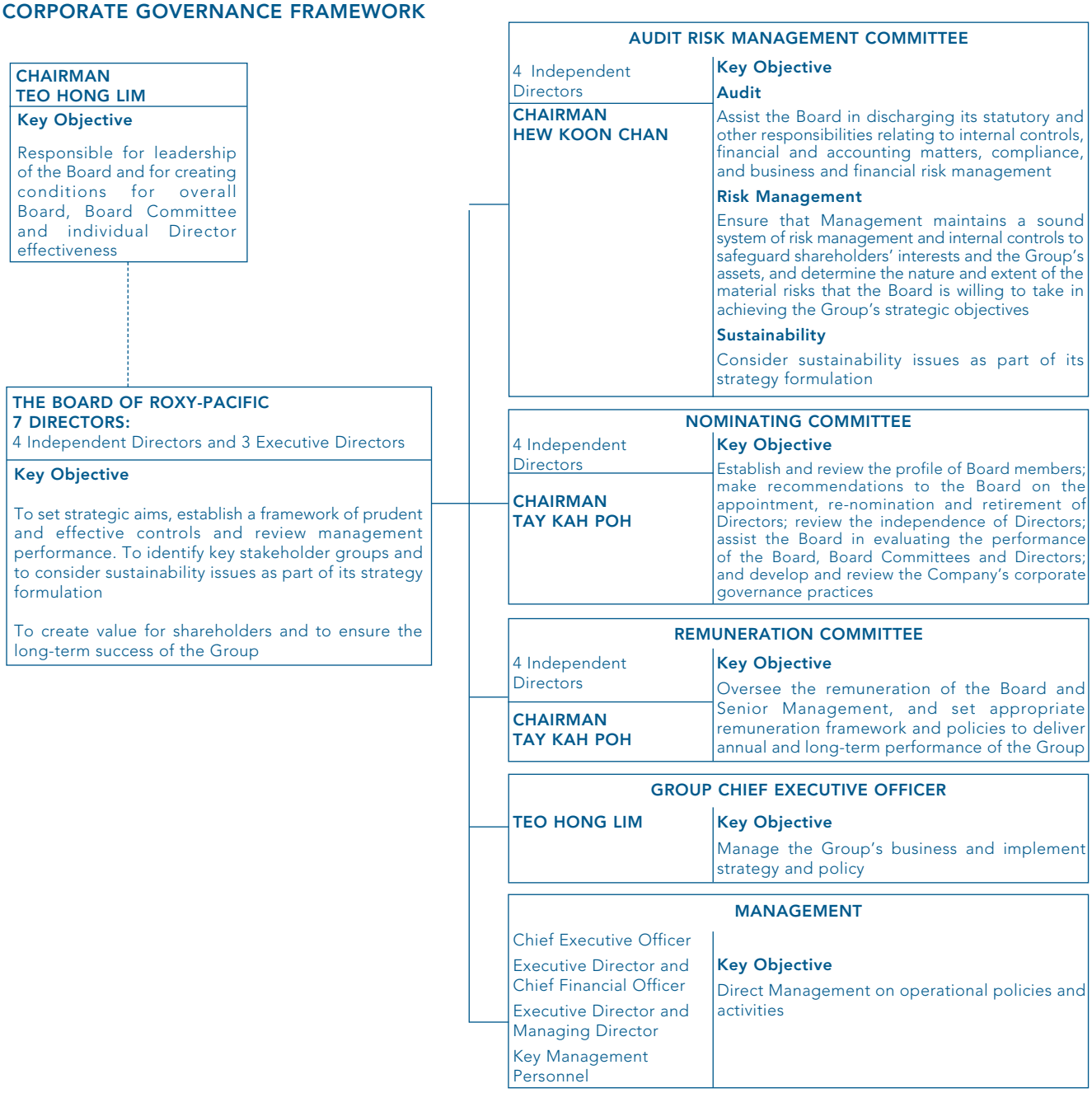
** *Project name has yet to be confirmed*

STATEMENT OF CORPORATE GOVERNANCE

Roxy-Pacific Holdings Limited (the "Company") and its subsidiaries (the "Group") are committed to ensuring and maintaining a high standard of corporate governance in complying with the Code of Corporate Governance. The Board and Management believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group's businesses and performance. The Board and its committees have established policies and rules on good governance, and they are guided by their respective written Terms of References. The Company will continue to review and refine its corporate governance framework based on best practices that we are aware of and which are appropriate with the needs and circumstances of the Group.

This report sets out the Group's corporate governance practices for the financial year ended 31 December 2017 ("FY2017") with reference to the Code of Corporate Governance 2012 (the "Code").

CORPORATE GOVERNANCE FRAMEWORK



STATEMENT OF CORPORATE GOVERNANCE

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: *Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.*

Guideline 1.1
Board's Role

The Board of Directors of the Company (the "Board") provides leadership to the Group by setting the corporate policies and strategic aims. The Board oversees the Group's affairs and is accountable to shareholders for the management of the Group business and its performance.

Guideline 1.2
Objective Decision Making
Directors' Duties and Responsibilities

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and works with the Management to make objective decisions in the interest of the Group.

The Company has in place a financial authority matrix and approval guidelines for investments, divestments, corporate exercises and arrangements. New investments and banking facilities, business acquisitions and divestments exceeding certain thresholds require approval of the Board.

The principal responsibilities of the Board include the following:

(a) To provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;

(b) To establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;

(c) To review management performance;

(d) To identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) To set the company's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met;

(f) To consider sustainability issues as part of its strategy formulation; and

(g) To approve interested persons transactions.

STATEMENT OF CORPORATE GOVERNANCE

Board Charter

The Board has a Board Charter which sets out the responsibilities for it to oversee the business affairs of the Group and documents internal guidelines that govern the composition of the Board, process for appointment and resignation of directors, proceedings of Board meetings and matters reserved for Board's approval and the process for seeking Board's approval.

Sustainability issues

The Board recognises that to ensure business is sustainable; the Group has to strike a balance between its business needs and the need of the society and the environment in which the Group operates. The Board believes that to grow sustainably as a forward-looking corporate entity, the Group has to regularly reach out to all stakeholders, from its employees to the community, and to be responsible stewards of its natural environment. The Group's efforts to ensure customers' health and safety, its attempts to employ eco-friendly and sustainable value chain processes, its development and training programmes for its employees, its interaction and cooperation with the communities, its anti-corruption procedures and the relevant policy to ensure health, safety and welfare of its employees and other initiatives on sustainability issues in FY2017 are set out in the Sustainability Report and Corporate Social Responsibility Section on page 24 to page 45.

Independent judgment

All directors exercise due diligence and independent judgment, and make decisions objectively in the best interests of the Group.

The present Board comprises seven members. Of the seven Board members, three are executive and four are independent directors.

	Board Committees			
Name of director	**Board Membership**	**Audit Risk Management Committee**	**Nominating Committee**	**Remuneration Committee**
Teo Hong Lim	Executive Chairman	–	–	–
Chris Teo Hong Yeow	Executive Director	–	–	–
Koh Seng Geok	Executive Director	–	–	–
Hew Koon Chan	Lead Independent Director	Chairman	Member	Member
Tay Kah Poh	Independent Director	Member	Chairman	Chairman
Winston Tan Tien Hin	Independent Director	Member	Member	Member
Tong Din Eu[1]	Independent Director	Member	Member	Member

1 Mr Tong Din Eu was appointed on 2 October 2017.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 1.3
Delegation of Authority to Board Committees

In carrying out and discharging its duties and responsibilities efficiently and effectively, the Board is assisted by various Board Committees namely, the Audit Risk Management Committee ("ARMC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC").

These Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The Board also constantly reviews the effectiveness of each Committee. The segments of this report under Principle 4 to 5, 7 to 9, 11 to 13 detailed the activities of the NC, RC and ARMC respectively.

Guideline 1.4
Meetings of Board and Board Committees and Attendance Records of the Board Members

The Board meets at least once every quarter for the purpose of approving the release of the financial results. Ad hoc Board and Board Committee Meetings are also held from time to time when the need arises. Where exigencies prevent a Director from attending a Board meeting in person, the Constitution of the Company permits the Director to participate via teleconferencing or video conferencing. The Board and Board Committees may also make decisions by way of resolutions in writing. Directors are free to seek clarifications and explanations from Management on the reports and papers submitted to the Board.

During FY2017, Independent Directors met on an ad hoc basis with the CEO, executive directors and senior management team to discuss and update on the on-going matters, including issues faced. The Company benefited from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committees meetings.

The table below sets out the number of Board/General and Board Committee meetings which were convened during FY2017:

	Board	Audit Risk Management	Remuneration	Nominating	Annual General Meeting
Number of meetings held	6	5	2	2	1
Name of directors	**Number of meetings attended**				
Teo Hong Lim	6	NA	NA	NA	1
Chris Teo Hong Yeow	5	NA	NA	NA	1
Koh Seng Geok	6	NA	NA	NA	1
Winston Tan Tien Hin	6	5	2	2	1
Hew Koon Chan	6	5	2	2	1
Tay Kah Poh	6	5	2	2	1
Tong Din Eu[1]	1	1	1	1	–

1 Mr Tong Din Eu was appointed on 2 October 2017.

NA – Not applicable as the Directors are non-members of the Board Committees.

While the Board considers Directors' attendance at Board meetings is important, it is not the only criterion to measure their contributions. The Board also takes into account the contributions by board members in other forms including periodic review, level of discussion at board meetings, provision of guidance and advice on various matters relating to the Group.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 1.5
Internal Guidelines on Matters Requiring Board Approval

Matters specifically reserved to the Board for its approval are:–

(a) Matters involving a conflict of interest for a substantial shareholder or a director;

(b) Strategic policies of the Group;

(c) Annual budgets;

(d) Material acquisitions and disposal of assets;

(e) Corporate or financial restructuring; and

(f) Share and bond issuances, interim dividends and other returns to shareholders.

Guideline 1.6
Board Orientation, Continuous Training and Development of Directors

The Company has in place an orientation process. A new incoming director is issued a formal letter of appointment setting out his duties and obligations, and, where appropriate, incorporating processes to deal with possible conflicts of interest that may arise.

Incoming directors joining the Board will be briefed by the NC on their directors' duties and obligations and introduced to the Group's business and governance practice and arrangements, in particular the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on disclosure of price-sensitive information.

The incoming director will meet up with senior management and the Company Secretary to familiarise himself or herself with their roles, organisation structure and business practices. This will enable him or her to get acquainted with senior management and the Company Secretary thereby facilitating board interaction and independent access to senior management and the Company Secretary. In October 2017, Mr Tong Din Eu joined the Board as an Independent Director and received an appropriate induction.

The Directors are continually and regularly updated on the Group's business and governance practices, including changes in laws and regulations, financial reporting standards and code of corporate governance so as to enable Directors to effectively discharge their duties. The Company will fund Directors' participation at industry conferences, seminars or any training programme in connection with their duties as Directors. All Directors are also encouraged to be members of the Singapore Institute of Directors (SID) and for them to receive journal updates and training from SID. Information on training programs, seminars and workshops organised by various professional bodies and organisations were circulated to the directors on a regular basis; some of which the Directors have attended or participated during the year.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 1.7
Formal letter setting out Directors' Duties

A new Director will be provided with a formal letter setting out their duties and responsibilities as well as explaining the policies and practices of the Group. New Directors also receive an information pack that contains the Group's organisation structure, the Company's Annual Report, Board Charter, respective Board committees' terms of reference, annual budget, internal audit and risk management reports, the Group's policy relating to disclosure of interests in securities and prohibition on dealings in the Company's securities. Directors are given appropriate briefings by the Management on the business activities of the Group and its strategic directions.

BOARD COMPOSITION AND GUIDANCE

Principle 2: *There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

Guideline 2.1
Strong and Independent Element of the Board

As at the date of this Report, the Board of Directors comprises seven members; of whom four are independent:

Teo Hong Lim	Executive Chairman and Chief Executive Officer
Chris Teo Hong Yeow	Executive Director and Managing Director
Koh Seng Geok	Executive Director, Chief Financial Officer and Company Secretary
Hew Koon Chan	Lead Independent Director
Tay Kah Poh	Independent Director
Winston Tan Tien Hin	Independent Director
Tong Din Eu	Independent Director

Guideline 2.2
Composition of independent directors on the Board

Under Guideline 2.2 of the Code, the independent directors should make up half the Board where the Chairman is part of management team and is not an independent director. The Board currently has seven members, of which, three are Independent Directors. In accordance with Guideline 2.2, the Board currently has Independent Directors making up more than half the Board.

Guidelines 2.3 & 2.4
Independence of Directors

The criterion for independence is based on the definition given in the Code. The Code has defined an "independent" director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. The independence of each Independent Director is reviewed annually by the NC, based on the definition of independence as stated in the Code.

STATEMENT OF CORPORATE GOVERNANCE

Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. Each of the Independent Directors has confirmed their independence based on the guidelines as set out in the Code.

Mr Winston Tan Tien Hin who was appointed on 14 December 2006, and Mr Hew Koon Chan and Mr Tay Kah Poh, both appointed on 17 December 2007 have served for more than nine years on the Board.

The Board recognises that independent directors may over time develop significant insights in the Group's business and operations, and can continue to provide noteworthy and valuable contributions to the Board. The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board.

The NC has assessed the independence of Mr Tan, Mr Hew and Mr Tay and is satisfied that there is no relationship or other factors such as gifts or financial assistance, past association, business dealings, financial dependence, relationship with the Group or the Group's management, etc. which would impair their independent judgement.

The Board is of the view that Mr Tan, Mr Hew and Mr Tay have demonstrated strong independent character and judgment over the years in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinised and challenged Management. They have sought clarification and amplification as they deemed necessary, including through direct access to the Management. They have also sought external professional advice, where necessary, such as in the review of executive directors' remuneration.

Having served on the Board for more than nine years, each of the Independent Directors is subject to a rigorous review which requires him to complete a Directors' Declaration Checklist to confirm his independence under stricter criteria over and above the guidelines set out in the Code. Under such rigorous review, each Independent Director has confirmed that he nor any of his immediate family, relatives and associates (collectively, "**connected persons**") does not have any relationship or business dealings with a controlling shareholder or a controlling shareholder's connected persons that would give rise to a conflict of interest or impairment of the Independent Director's independence. Emphasis are placed on whether they have continued to demonstrate integrity, professionalism and independent judgement and/or decisions on matters with the interests of the Company at heart without undue reliance on and influence by others. Having subject their independence to rigorous review, the Board has resolved that Mr Tan, Mr Hew and Mr Tay are independent notwithstanding their length of appointment.

Whilst the Board has considered the Independent Directors independent, Mr Hew Koon Chan and Mr Tay Kah Poh as Independent Directors recognise the importance of being independent and be perceived by all stakeholders to be so. In this regard, they have offered to retire when each of them is due to retire by rotation pursuant to the constitution of the Company. However, for a smooth transition, the Board has requested for Mr Hew and Mr Tay to continue to serve up to one more term of three years until replacement Directors are appointed. With the appointment of Mr Tong Din Yu as Independent Director on 2 October 2017, Mr Hew Koon Chan has in accordance with the Constitution submitted himself for retirement by rotation at the forthcoming annual general meeting and will not seek re-election. He will cease as Director at the conclusion of the forthcoming annual general meeting following an 10-year tenure with the Company. Mr Tay Kah Poh has agreed to serve for an additional term.

STATEMENT OF CORPORATE GOVERNANCE

Guidelines 2.5
Composition and Size of the Board

The Company recognises the benefits of diversity on the Board and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

The NC conducted its annual review on the composition of the Board which comprises members from different backgrounds whose core competencies, qualifications, skills and experiences are extensive. During FY2017, Mr. Tong Din Eu was appointed Independent Director of the Company. Details of Mr. Tong's qualifications, background and working experience, principal commitments and shareholdings in related corporations are provided under the "Board of Directors' Profile" section of this Annual Report.

Taking into account the scope and nature of the operations of the Group, it is the NC's considered opinion that the current Board composition and size are appropriate and as a group, the Directors provide relevant competencies to facilitate effective decision making for the existing needs and demands of the Group's businesses. The Board's decision-making process is not dominated by any individual or small group of individuals.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

Guideline 2.6
Competency of the Board

It is the Board's policy that the members of the Board should possess the relevant core competencies in areas such as accounting and finance, legal, strategic planning, business and management experience. In particular, the Executive Directors possess good industry knowledge while the Non-Executive Directors who are professional and experts in their fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgement during Board deliberations.

The current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group.

Guideline 2.7
Role of Non-Executive Directors

During the year, the non-executive Independent Directors constructively challenge and help develop both the Group's short-term and long-term business strategies. Management's progress in implementing such agreed business strategies are monitored by the Non-Executive Directors.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 2.8
Regular Meetings of Non-Executive and Independent Directors

The Company benefited from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committees meetings.

Sessions are available for the Non-Executive and Independent Directors to meet without the presence of management and Executive Directors during the course of Board meetings or outside of Board meetings. The Non-Executive and Independent Directors have convened sessions without the presence of management. The implementation of a Rigorous Directors' Declaration Checklist and the extension of the Company's whistleblowing policy to cover governance issues are a result of such sessions.

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: *There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

Guidelines 3.1 and 3.2
Chairman and Chief Executive Officer

The Executive Chairman, Mr Teo Hong Lim, is also the Group's CEO. As Chairman, he leads the Board, approves the agendas for the Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item. He promotes an open environment for debate, and ensures that the Non-Executive and Independent Directors are able to speak freely and contribute effectively. He exercises control over the quality and quantity of the information as well as the timeliness of the flow of information between the Board and management. He ensures that the responsibilities as set out in the Code are properly discharged.

As CEO, Mr Teo Hong Lim manages and develops the businesses of the Group and implements the Board's decision. He undertakes the executive responsibilities of the Group's performance.

At Annual General Meetings ("**AGMs**") and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management.

Guidelines 3.3 and 3.4
Lead Independent Director

In assuming his roles and responsibilities, Mr Teo consults with the Board and Board Committees on major issues. The Board has appointed Mr Hew Koon Chan as the Lead Independent Director to co-ordinate and to lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board.

The Lead Independent Director is the principal liaison on Board issues between the Independent Directors and the Executive Chairman. He is available to shareholders where they have concerns in which contact through the normal channels of the Executive Chairman and CEO or CFO has failed to resolve or is inappropriate. The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other directors where necessary, and the Lead Independent Director will provide feedback to the Chairman after such meetings. The Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

STATEMENT OF CORPORATE GOVERNANCE

BOARD MEMBERSHIP

Principle 4: *There should be a formal and transparent process for the appointment and reappointment of directors to the Board.*

Guideline 4.1
Nominating Committee

The NC comprises four Directors, all of whom, including the Chairman are independent.

Tay Kah Poh	Chairman	Independent Director
Hew Koon Chan	Member	Lead Independent Director
Winston Tan Tien Hin	Member	Independent Director
Tong Din Eu	Member	Independent Director

Guideline 4.2
NC Responsibilities

The NC has written terms of reference, under which the key functions of the NC are as follows:

(a) to review of board succession plans for directors, in particular, the Chairman and the CEO;

(b) to develop a process for evaluation of the performance of the Board, its committees and directors, and undertake assessment of the effectiveness of the Board, Board Committees and individual directors, including setting a limit on multiple board representations of directors where applicable;

(c) to review the training and professional development programs for the Board;

(d) to recommend to the Board the appointment and re-election of directors; and

(e) to assess the independence of the independent directors.

Guideline 4.3
Determining Directors' Independence

The NC has conducted an annual review of the independence of the Independent Directors, using the criteria of independence in the Code, and has ascertained that they are independent.

Guideline 4.4
Directors' multiple board representations

The NC annually reviews the composition of the Board to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities. The NC has set guidelines on the maximum number of Board appointments in listed companies that a Board member can hold to ensure that the directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each Board member cannot have more than six listed Board representations including the Company. None of the directors currently sit on the boards of more than six listed companies.

The NC has reviewed each Director's outside directorships, their principal commitments and attendance and contributions to the Board. Despite the multiple directorships, the NC is satisfied that the Directors have discharged their duties adequately and satisfactorily for FY2017.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 4.5
Alternate Directors

The Board is guided by the principles set out in Guideline 4.5 of the Code in the appointment of alternate directors. There are currently no alternate directors on the Board.

Guideline 4.6
Process for the Selection, Appointment and Re-appointment of Directors

The Company has in place policies and procedures for the appointment of new directors to the Board, including a description on the search and nomination process. This process includes, *inter alia*, an evaluation of the candidate's capabilities by taking into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors and how the candidate fits into the overall desired competency matrix of the Board. The NC will determine the criteria for identifying candidates and reviewing nominations for the appointment of directors to the Board, ensuring that the process of Board appointments and re-nominations are transparent. Short-listed candidates would be required to furnish their curriculum vitae stating in detail their qualification, working experience, employment history, in addition to completing certain prescribed forms to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines.

The NC confirmed that during the year it had observed the due process enumerated above which led to the appointment of Mr. Tong Din Eu as a Director.

The Articles of the Company's Constitution require at least one-third of the directors, including the CEO or a person holding an equivalent position to retire from office by rotation at each AGM. Accordingly, the directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years. These directors may offer themselves for re-election, if eligible.

According to Article 103 of the Company's Constitution, Mr Teo Hong Lim and Mr Winston Tan Tien Hin will retire at the forthcoming AGM by rotation and are eligible for re-election. Taking into account their attendance and participation at Board meetings, the NC (save for Mr Winston Tan Tien Hin who abstained from deliberation in this matter) is satisfied that Mr Teo Hong Lim and Mr Winston Tan Tien Hin have committed their time to effectively discharge their responsibilities. The NC has recommended their re-election. Mr Hew Koon Chan has opted to retire by rotation in accordance with Article 104 of the Constitution.

In accordance with Article 107 of the Constitution of the Company, newly appointed Directors by the Board during the financial year, without shareholders' approval at the AGM, shall only hold office until the next AGM, and thereafter be eligible for re-election at the AGM. They are in addition to the number of Directors to retire by rotation at the AGM. In this aspect, Mr. Tong Din Eu, who was appointed as Director of the Company with effect from 2 October 2017, will be eligible for re-election at the Company's forthcoming AGM.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 4.7
Key Information on Directors

Key information on the directors is set out on page 16 to 17 of this Annual Report.

Succession planning

The NC will review board succession plans for directors, and will seek to refresh the Board membership in an orderly manner where it deems applicable. The NC will also ensure that the Company has succession planning for its CEO, executive directors and key management personnel, including appointing, training and mentoring successors. The NC has reviewed contingency arrangements for any unexpected incapacity of the CEO or any of the top management personnel and is satisfied with procedures in place to ensure a transition to a full operational management team.

BOARD PERFORMANCE

Principle 5: *There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.*

Guideline 5.1
Conduct of Board performance

The NC will conduct a formal assessment of the effectiveness of the Board as a whole and its committees and the contribution by each director to the effectiveness of the Board on an annual basis.

The NC has with the Board's approval, implemented a process to annually assessing the effectiveness of the Board and its committees and the contribution by each individual director.

This process includes having the directors complete a performance evaluation form seeking their evaluation on various aspects of Board performance, such as Board's level of governance, effective delegation to the Board committees, leadership and accountability. To ensure confidentiality, the evaluation returns completed by all Directors were submitted to the Company Secretary for collation. The Company Secretary compiles the directors' evaluation into a consolidated report. The report is discussed at the NC meeting and also shared with the entire Board. The Chairman will act on the results of the performance evaluation and propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors. The Board was satisfied with the results of the assessment for FY2017.

Guidelines 5.2 and 5.3
Performance Criteria for Board Evaluation
Evaluation of Individual Directors

The NC also evaluates the Board's performance on the level of governance against its peers and industry with reference to the Singapore Transparency and Governance Index. The NC also reviews the Board's performance to enhance shareholders' value in terms of the Company's profitability, liquidity, gearing, dividend yield and total shareholder return against industry peers based on their published financial results.

The NC has reviewed the evaluations of the Board and is satisfied that the Board has been effective in the conduct of its duties and the directors have each contributed to the effectiveness of the Board.

STATEMENT OF CORPORATE GOVERNANCE

Evaluation of individual Director's performance is a continuous process. For the year under review, the NC and the Board Chairman took note of each individual Director's attendance at meetings of the Board, Board committees and at general meetings; participation in discussions at meetings; knowledge of and contacts in the regions where the Group operates; the individual Director's functional expertise and his/her commitment of time to the Company and took such factors into consideration when accessing the performance of the individual Directors.

ACCESS TO INFORMATION

Principle 6: *In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

Guidelines 6.1 and 6.2
Complete, Adequate and Timely Information
Board's Access to Information

To enable the Board to make informed decisions and to fulfil its responsibilities, the Management provides complete, accurate and adequate information in a timely manner. A system of communication between the Management and the Board and Board committees has been established and improved over the time. All scheduled Board and Board committees' meetings are planned 12 months ahead. The Board, its committees and every Director have separate and independent access to the Management and are free to request for additional information as needed to make informed decisions.

All Directors are furnished with information concerning the Company on a periodic and timely basis to enable them to be fully cognisant of the decisions and actions of the Company's executive management team. Management also provides the Board with regular management reports, which includes budgets, forecasts and quarterly management accounts. In respect of budgets, any material variances between the projections and actual results are disclosed and explained to the Board. Management provides Directors with information whenever necessary and board papers are sent to Directors prior to each Board and Board Committee meeting. In carrying out its duties, the Board has unrestricted access to the Company's records and information.

Guidelines 6.3
Board's Access to Company Secretary

The role of the Company Secretary includes, inter alia, advising the Board on all matters regarding the proper functioning of the Board, compliance with the Company's Constitution and applicable regulations, requirements of the Companies Act, Cap. 50 ("**Companies Act**"), the Securities and Futures Act and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual. The Company Secretary assists the Board in implementing and strengthening corporate governance policies and procedures.

Under the direction of the Chairman, the Company Secretary ensures good information flow to and within the Board and its committees and between the Management and Non-Executive Directors.

During FY2017, the Company Secretary attended all meetings of the Board and its committees and the minutes of such meetings were promptly circulated to all members of the Board and Board committees.

The Board has separate and independent access to the Company Secretary and senior management at all times. The Company Secretary attends all Board meetings and meetings of the Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 6.4
Appointment and Removal of Company Secretary

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Guideline 6.5
Board's Access to Independent Professional Advice

The Board takes independent professional advice as and when necessary, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to discharge its responsibilities effectively.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.*

Guideline 7.1
Remuneration Committee

The RC comprises the following four members, all of whom including the Chairman are independent.

Tay Kah Poh	Chairman	Independent Director
Hew Koon Chan	Member	Lead Independent Director
Winston Tan Tien Hin	Member	Independent Director
Tong Din Eu	Member	Independent Director

The RC carried out their duties in accordance with the terms of reference which include the following:

(a) To review and commend to the Board a framework for remuneration for the directors and key executives of the Company;

(b) To review and recommend directors' fees for non-executive directors for approval at the AGM;

(c) To determine specific remuneration packages for each executive director as well as key management personnel;

(d) To review the Group's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and

(e) To review the remuneration of employees who are immediate family members of a director or the CEO to ensure that the remuneration of each of such employee commensurate with his or her duties and responsibilities, and no preferential treatment is given to him or her.

STATEMENT OF CORPORATE GOVERNANCE

Matters concerning remuneration of the Board, senior executives and other employees who are related to the controlling shareholders and/or our Directors (if any) are handled by the RC whose primary function is to establish formal and transparent policies on remuneration matters in the Company.

Matters which are required to be disclosed have been sufficiently disclosed in this Report and in the notes to the Financial Statements of the Company and of the Group.

Guideline 7.2
Remuneration Framework

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the executive directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The Company recognises the need to pay competitive fees to attract, motivate and retain directors and key management personnel without being excessive and thereby maximise shareholder value.

Non-Executive Directors receive Directors' fees which are based on a scale of fees divided into basic retainer fees as Director and an additional fees for serving on any of the Board committees.

The framework for Non-Executive Directors' fees (on per annum basis) is as follows:

Roles	Members (per annum)	Chairman (per annum)
Board of Directors	$34,320	NA
Lead Independent Director	$6,600	NA
Audit Risk Management Committee, Nominating Committee, Remuneration Committee	$3,960	Additional $2,640

In determining the quantum of such fees, factors such as frequency of meetings, time spent, responsibilities of Non-Executive Directors are taken into account. The Chairman and members of each Committee receive additional fees to take into account the nature of their responsibilities. The current remuneration framework for the Non-Executive Directors remains unchanged from that of the previous financial year ended 31 December 2014.

The CEO, being an Executive Director, does not receive Director's fee.

The determination of the remuneration of the Directors is the purview of the Board as a whole; individual Directors do not participate in discussion regarding their own remuneration.

Guideline 7.3
RC's Access to Advice on Remuneration Matters

The RC is provided access to expert professional advice on remuneration matters as and when necessary to ensure the Company's compensation and benefits schemes continue to be relevant and competitive in order to retain and motivate the directors and key management personnel. The expense of such services shall be borne by the Company.

During FY2017, the ARMC has engaged an external remuneration consultant to review on remuneration structure for the executive directors.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 7.4
Termination Clauses in Service Contract

Each of the Executive Directors and key management personnel have a service agreement or employment contract with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on a long term basis and no onerous removal clauses are contained in the service agreement or employment contract.

LEVEL AND MIX OF REMUNERATION

Principle 8: *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

Guideline 8.1
Remuneration of executive directors and key management personnel

A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration is aligned with the interests of shareholders and promotes the long-term success of the Company. The information on the link between remuneration paid to the executive director and key management personnel, and performance is set out under Guideline 9.6 of this Report.

Guideline 8.2
Long-term incentive scheme

The Company has no employee share incentive scheme or other long term incentives. In this regard, the RC has reviewed and is satisfied that the existing compensation structure with variable components paid out in cash has continued to be effective in incentivising performance without being excessive.

Guideline 8.3
Remuneration of non-executive and independent directors

Executive directors are not paid directors' fee. All the non-executive directors who are Independent directors have no service contract and are compensated based on a fixed annual fee taking into consideration their respective contributions and attendance at meetings. Additional variable fees are paid for appointment to Board Committees according to the level of responsibilities undertaken as Chairman or member of the Board Committees.

The RC has reviewed the fee structure for the non-executive and independent directors as being reflective of their responsibilities and work commitments and recommends the directors fee for FY2018 in accordance with the fee structure for shareholders' approval at the Company's AGM. The RC is of the view that the fee structure does not compromise the independence of the non-executive and independent directors. There is no policy to prohibit or require the non-executive and independent directors to hold shares in the Company. Mr Hew Koon Chan, independent director, does not hold any shares in the Company. Mr Winston Tan Tien Hin and Mr Tay Kah Poh, independent directors, hold shares in the Company amounting to 1.60% and 0.08% respectively of the total issued shares in the Company (including treasury shares). The RC and the Board are of the view that the holding of shares by non-executive and independent directors of less than 5% of the total issued shares in the Company encourages the alignment of their interests with the interests of shareholders without compromising their independence.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 8.4
Contractual Provisions

There are no contractual provisions in the employment contracts of directors and key management personnel for the Company to reclaim incentive components of remuneration as there are policies to factor management of risks as performance indicators and to manage risk exposures identified.

DISCLOSURE OF REMUNERATION

Principle 9: *Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

Guidelines 9.1, 9.2 and 9.3
Remuneration Report

Remuneration of directors and the CEO

The remuneration paid to or accrued to each individual director and the CEO for FY2017 is as follows:

Name of Director	Directors Fee S$'000	Salary S$'000	Bonus S$'000	Other benefits[1] S$'000	Total Remuneration S$'000
Chairman and CEO					
Teo Hong Lim	–	600	1,226	96	1,922
Executive Directors					
Chris Teo Hong Yeow	–	400	702	73	1,175
Koh Seng Geok	–	400	702	90	1,192
Independent Directors					
Hew Koon Chan	55	–	–	–	55
Tay Kah Poh	52	–	–	–	52
Winston Tan Tien Hin	46	–	–	–	46
Tong Din Eu[2]	12	–	–	–	12

1 Other benefits refer to benefits-in-kind such as food and beverage benefits, automobile benefits, etc. made available to directors, as appropriate.

2 Mr Tong Din Eu was appointed on 2 October 2017.

STATEMENT OF CORPORATE GOVERNANCE

The remuneration paid to or accrued to the top key management personnel (who are not directors or the CEO) for FY2017 is as follows:

Remuneration Band and Name	Base/Fixed Salary %	Bonus %	Other benefits[1] %	Total %
S$500,000 to S$749,999				
Ben Hopkins (Director – Australia)	63%	30%	7%	100%
S$250,000 to S$499,999				
Klaus Gottschalk (General Manager – Grand Mercure Roxy Hotel)	49%	15%	36%	100%
Melvin Poon Tuck Meng (Director – Hotel Operations)	62%	29%	9%	100%
Steve Foo Yong Kit (Director – Developments)	57%	36%	7%	100%
Shermin Chan Poh Choo (Director – Finance)	54%	36%	10%	100%
Angela Khoo Ying Hui (Assistant Director – Sales and Marketing Assistant Director – Human Resource and Administration)	55%	35%	10%	100%
Below S$250,000				
Teo Hong Hee (Senior Human Resource and Administration Director)	61%	0%	39%	100%
Michael Teo Hong Wee (Senior Director)	61%	0%	39%	100%

1 Other benefits refer to food and beverage benefits, automobile benefits, home passage and CPF contribution.

The aggregate total remuneration paid or accrued to the top key management personnel for FY2017 is $2,078,940.

Guideline 9.4
Remuneration of employees who are immediate family members of a director or the CEO

For FY2017, saved as disclosed in the following table which shows the remuneration of employees who are related to our directors, the Company and its subsidiary companies do not have any other employee who is an immediate family member of a director or the CEO and whose remuneration exceeds S$50,000.

Remuneration Band and Name	Relationship to director or the CEO
S$100,000 to S$149,999	
Cheong Kwai Fun (Assistant Manager – Sales and Marketing)	Cousin of Teo Hong Lim and Chris Teo Hong Yeow
$50,000 to S$99,999	
Phua Lay Leng (Senior Executive – Corporate Secretarial)	Cousin of Teo Hong Lim and Chris Teo Hong Yeow

STATEMENT OF CORPORATE GOVERNANCE

Guideline 9.5
Employee Share Option Scheme

The Company does not have any share option or other share incentive schemes for its employees. The RC has reviewed and is satisfied that the existing compensation structure with variable component paid out in cash to staff has continued to be effective in incentivizing performance.

Guideline 9.6
Link between remuneration paid to the directors, the CEO and key management personnel, and performance

The executive directors do not receive directors' fees. They are paid a fixed salary and a performance-related profit sharing bonus pursuant to their respective service agreements. The performance-related profit sharing bonus is linked to the Company and individual performance. It is based on incremental profit over and above a minimum level set aside for dividends and reserves which help to ensure prudence as well as fairness and equity. This is designed to align remuneration with the interests of shareholders and to link rewards to corporate and individual performance so as to promote the long-term success of the Group. The RC reviews and approves the overall variable bonus payable to the executive directors within the framework of the service agreements. During FY2017, the ARMC has engaged an external remuneration consultant to review on remuneration structure for the executive directors.

The remuneration structure for the Company's top key management personnel comprised both fixed and variable components. The variable component is determined annually based on achievement of specific key performance indicators (KPIs) which are clearly set out for each management personnel each financial year and such KPIs comprise both quantitative and qualitative factors.

The KPIs for individual performance take into consideration the broad categories of objectives, namely financial, business and functional, regulatory and controls, and organisational and people development as well as alignment to the Company's risk policies. For FY2017, the ARMC has evaluated the extent to which each of key management personnel management has delivered on the corporate and individual objectives (details are not disclosed for strategic and confidentiality reasons) and based on the evaluation, has approved the compensation for the key management personnel which were endorsed by the Board.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: *The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

Guideline 10.1
Accountability for Company's Performance, Position and Prospects

The Board provides a balanced and meaningful assessment of the Group's financial performance and prospects regularly through financial statements, announcement of results to shareholders and the SGX-ST as well as the Chairman's statement, and review of operations in the annual report. Financial results are released on a quarterly basis to the shareholders through SGXNET. Price sensitive information, Annual Reports and other material corporate developments are disseminated in a timely manner and posted on the Company's website as well as SGXNet. The financial results are reported each quarter via SGXNet with an accompanying Negative Assurance by the Board to confirm that nothing has come to its attention that may render the results false or misleading in any material aspects. The Company believes that prompt and full compliance with statutory reporting requirements is fundamental to maintaining Shareholder confidence and trust.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 10.2
Compliance with Legislative and Regulatory Requirements

The Board is accountable to the shareholders and is committed to ensure compliance with the Listing Rules of the Singapore Exchange Trading Limited ("SGX-ST"). The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of Listing Rules to undertake to use their best endeavours to comply with the SGX-ST Listing Rules and to procure that the Company shall so comply. A similar undertaking has been executed by the Director of Finance in her capacity as Executive Officer.

The Board ensures timely, reliable and full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Board also reviews regulatory compliance reports from management to ensure that the Group complies with the relevant regulatory requirements.

Guideline 10.3
Management Accounts

The Management currently provides the Board with management accounts which presents a balanced and understandable assessment of the Group's performance, position and prospects on a quarterly basis and as and when deemed necessary.

For FY2017, the CEO and the CFO have provided assurance to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and regarding the effectiveness of the Company's risk management and internal controls system.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: *The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

Guidelines 11.1 and 11.2
Risk Management and Internal Controls System
Adequacy and Effectiveness of Risk Management and Internal Control Systems

The ARMC, through the assistance of internal and external auditors, reviews and reports to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, established by Management. In addition, the Board reviews and determines the Group's level of risk tolerance and risk policies, and oversees the design, implementation and monitoring of the risk management and internal control systems. In assessing the effectiveness of internal controls, the ARMC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate, complete, and reliable and financial information is prepared in compliance with applicable internal policies, laws and regulations.

STATEMENT OF CORPORATE GOVERNANCE

Since FY2012, the Group has had in place an Enterprise Risk Management ("ERM") Framework, which governs the risk management processes of the Group. Risk management capabilities and competencies are continuously enhanced through this Framework. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks and associated key controls in the Group's business. The key risks of the Group are deliberated by Management and reported to the ARMC at least once a year. The ARMC reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-à-vis the external and internal environments, which the Group operates.

Complementing the ERM framework is a Group-wide system of internal controls, which includes documented policies and procedures, proper segregation of duties, approval procedures and authorisations, as well as checks-and-balances built into the business processes. The Group has in place a risk management process that requires business units to perform regular assessments of the effectiveness of applicable internal controls. In addition to ensuring that internal controls and risk management processes are adequate and effective, the ARMC is assisted by various independent professional service providers. The external auditor provided assurance over the risk of material misstatements in the Group's financial statements. The Internal auditor conducted audit reviews based on the approved internal audit plans. All audit reports detailing audit findings and recommendations are provided to Management who timely respond to actions to be taken. The ARMC monitors closely and timely to ensure proper implementation of the required corrective action plans are undertaken by the Management.

The Board has received assurance from the CEO and CFO that, as at 31 December 2017:

(a) the financial record have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems were adequate and effective to address key financial, operational, compliance and information technology risks.

Guidelines 11.3 and 11.4
Board's Comment on Adequacy and Effectiveness of Internal Controls
Risk Committee

Based on the review of the key risks identified through the ERM process, and the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by management and the ARMC; and the aforesaid assurances from the CEO and CFO, the Board, with the concurrence of the ARMC, is of the opinion that the Group's internal controls, addressing financial, operational and compliance and information technology risks, were adequate and effective as at 31 December 2017.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as 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.

STATEMENT OF CORPORATE GOVERNANCE

AUDIT COMMITTEE

Principle 12: *The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

Guideline 12.1
ARMC Membership

The ARMC comprises the following four members all of whom, including the Chairman, are independent.

Hew Koon Chan	Chairman	Lead Independent Director
Tay Kah Poh	Member	Independent Director
Winston Tan Tien Hin	Member	Independent Director
Tong Din Eu	Member	Independent Director

All members of the ARMC do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the ARMC members were previous partners or directors of the Company's external auditor within the last twelve months or hold any financial interest in the external auditor.

Guideline 12.2
Expertise of ARMC Members

The Chairman of the ARMC, Mr. Hew Koon Chan has recent and relevant risk management expertise and has obtained sufficient accounting knowledge to discharge his responsibilities as ARMC Chairman. Mr Tong Din Eu holds a Bachelor Degree in Accountancy and has many years if experience in corporate finance. Mr Winston Tan Tien Hin has over 24 years of corporate and investment banking experience. The other members of the ARMC have many years of experience in business management and financial services. The Board is satisfied that the members of the ARMC have recent and relevant accounting or related financial management expertise or experience to discharge the ARMC's functions.

Guidelines 12.3 and 12.4
Roles, Responsibilities and Authorities of ARMC

The ARMC functions under the terms of reference that sets out its responsibilities as follows:

(a) To review the financial statements of the Company and the Group before submission to the Board;

(b) To review the external and internal audit plans of the Company with the external and internal auditors to ensure the adequacy of the audit scope and findings of auditor's reports;

(c) To review the effectiveness and adequacy of the internal audit and finance functions and co-operation given by the Company's management to the external auditor;

(d) To review and evaluate with internal and external auditors, the effectiveness and adequacy of internal control systems, including financial, operational and compliance controls and risk management policies and framework;

(e) To review the performance of the internal and external auditors and make recommendations to the Board on the appointment, re-appointment or removal of the external auditors;

STATEMENT OF CORPORATE GOVERNANCE

(f) To review the independence of the external auditor and make recommendations to the Board on the appointment, re-appointment and removal of the external auditors;

(g) To review interested person transactions and potential conflicts of interest; and

(h) To review arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting.

The ARMC has the power to conduct or authorise investigations into any matter within the ARMC's scope of responsibility. The ARMC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. The ARMC has full access to and co-operation of Management, has full discretion to invite any director or executive officer to attend its meetings and has been given reasonable resources to enable it to discharge its functions. No member of the ARMC or any director is involved in the deliberations and voting on any resolutions in respect of matters he is interested in.

The role of the ARMC in relation to financial reporting is to monitor the integrity of the quarterly and full year financial statements and that of any formal announcements relating to the Group's financial performance. The ARMC has considered whether accounting standards are consistently applied across the Group and whether disclosures to the financial statements are clear and sufficient.

In the review of the financial statements for FY2017, the ARMC has discussed with the Management and the Independent Auditors on significant issues and assumptions that impact the financial statements. The most significant matters have also been included in the Independent Auditor's Report to the members under "Key Audit Matters". Following the review, the ARMC is satisfied that those matters, valuation of development properties for sale, valuation of investment properties and revenue recognition, have been properly dealt with and recommended the Board to approve the financial statements.

Guideline 12.5
Meeting with External and Internal Auditors without Presence of Management

The ARMC meets with both the external and internal auditors without the presence of the Management at least once a year. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the ARMC.

Guideline 12.6
Independence of External Auditors

The Company confirms compliance with Rule 712 and Rule 715 (read with Rule 716) of the Listing Manual in engaging Foo Kon Tan LLP ("FKT") which is registered with the Accounting and Corporate Regulatory Authority, as the external auditor of the Company and of its Singapore subsidiaries and significant Singapore and foreign associated companies.

Audit fees paid/payables to the external auditor of the Company amounted to S$249,000 for the financial year ended 31 December 2017. The ARMC has reviewed the amount of non-audit services rendered to the Group by the external auditors. During the year, the estimated fees payable to the external auditors of the Company for non-audit services amounted to S$11,000 or 4.4% of the audit fee. Being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the ARMC has recommended their re-nomination to the Board.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 12.7
Whistle-blowing Policy

The Company has a whistle-blowing policy to allow staff to raise concerns in confidence to the ARMC Chairman, and to encourage the reporting of fraud, misappropriation of assets, unauthorised expenditure and violation of regulations in the Group. In 2017, the whistleblowing policy was expanded to cover reporting of serious improper conduct including non-disclosure of conflict of interest by officers and directors or demonstration of or perceived impairment of independence by independent directors.

The policy makes available the contact details of the ARMC Chairman and sets out the procedures for raising concern or making a complaint and the process of investigation and dealing with the outcome of the investigation.

Employees are free to bring complaints to the attention of their supervisors or the Human Resource Department as they would in any other workplace concerns. The recipient of such complaints shall forward them promptly to the ARMC Chairman. The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers. Following investigation and evaluation of a complaint, the ARMC Chairman shall report to the ARMC on recommended disciplinary or remedial action, if any. The action determined by the ARMC shall then be brought to the Board or to appropriate members of senior management for authorisation and implementation respectively.

On a half yearly basis, employees are required to submit an Annual Declaration Form requiring disclosure of any conflicts of interest or raising any issues or concerns of possible irregularities of the Company or the Group's affairs. A "nil" return is also required from the employees.

The policy is communicated to all employees as part of the Group's efforts to promote awareness of fraud control.

The ARMC confirms that no reports have been received under the whistle-blowing policy in 2017.

Guideline 12.8
AC to Keep Abreast of Changes to Accounting Standards

During FY2017, the members of the ARMC attended external training on changes in accounting standards, risk management, corporate governance and regulatory related topics. Besides the external training, the ARMC has kept abreast of changes in accounting standards and issues which impact the financial statements from briefings from auditors during the quarterly ARMC meetings.

Guideline 12.9
Partners or Directors of the Company's Auditing Firm

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARMC.

STATEMENT OF CORPORATE GOVERNANCE

INTERNAL AUDIT

Principle 13: *The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

Guidelines 13.1 and 13.2
Internal Auditors

The Company has engaged KPMG Services Pte. Ltd. as its internal auditor. The internal auditor reports directly to the Chairman of the ARMC on all internal audit matters.

The primary functions of internal audit are to help:–

(a) assess if adequate systems of internal controls are in place to protect the assets of the Group and to ascertain whether control procedures are complied with;

(b) assess if operations of the business processes under review are conducted efficiently and effectively; and

(c) identify and recommend improvement to internal control procedures, where required.

Guidelines 13.3 & 13.4
Internal Audit Function

The Company's internal audit function is independent of the external audit. The IA, KPMG, is a member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. The Group's engagement with KPMG stipulates that its work shall comply with the KPMG's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors (IIA Standards). The Internal Audit continues to meet or exceed the IIA Standards in all key aspects.

During the year, Group Internal Auditor adopted a risk-based audit approach that focused on material internal controls, including financial, operational, compliance and information technology controls. Audits were carried out on all significant business units in the Group. All Group Internal Audit reports are submitted to the ARMC for deliberation with copies of these reports extended to the Chairman and CEO, Executive Directors and the relevant senior key management personnel. In addition, Group Internal Audit summary of findings and recommendations are discussed at the ARMC meetings. To ensure timely and adequate closure of audit findings, the status of implementation of the actions agreed by management is tracked and discussed with the ARMC. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARMC.

Guideline 13.5
Adequacy and Effectiveness of Internal Audit Function

The ARMC has reviewed the Company's internal control assessment and based on the internal auditors' and external auditors' reports and the internal controls in place, it is satisfied that there are adequate and effective internal controls to meet the needs of the Group in its current business environment.

STATEMENT OF CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14: *Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

Guidelines 14.1
Sufficient Information to Shareholders

In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price. Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news release;

(b) Annual Report prepared and issued to all shareholders;

(c) Press releases on major developments of the Group;

(d) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("EGMs"); and

(e) Company's Investor Relations website at http://roxypacific.com.sg/, where shareholders can access timely information on the Group.

Guideline 14.2
Providing Opportunity for Shareholders to Participate and Vote at General Meetings

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairman of each Board Committee as well as external auditors are normally present at the AGMs to address shareholders' queries, if any.

Shareholders are encouraged to attend the AGMs/EGMs to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. They are provided with opportunities to ask questions in the latest AGM and the meeting minutes recorded the details of shareholders' questions and answers. Notice of the AGM/EGM will be advertised in newspapers and announced on SGXNET.

Guideline 14.3
Proxies for Nominee Companies

The Company's Constitution allows all shareholders (who are not relevant intermediaries as set out under the Companies Act) to appoint up to two proxies to attend general meetings and vote on their behalf. The Companies Act allows relevant intermediaries such as the CPF agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

STATEMENT OF CORPORATE GOVERNANCE

COMMUNICATIONS WITH SHAREHOLDERS

Principle 15: *Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

Guidelines 15.1
Communication with Shareholders

The notices are also released via SGXNET, published in local newspapers, and posted on the Company's website. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

Guidelines 15.2
Timely Information to Shareholders

In accordance with the Listing Rules of the SGX-ST, the Board's policy is that all shareholders be informed on a timely basis of all major developments that impact the Group. The Company does not practice selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Listing Rules.

To further enhance its communication with the investors, the Company's website allows the public to have access to information on the Group including the Company's announcements made to the SGX-ST.

Guideline 15.3
Regular Dialogue with Shareholders

The Company's AGM is a forum for the Board to invite shareholders to ask questions on the resolutions tabled at the AGM and to express their views. Shareholders are provided with opportunities to ask questions in the latest AGM and the meeting minutes recorded the details of shareholders' questions and answers. During these meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. Simultaneously, the Company is also able to gather views or input and address shareholders' concerns at general meetings.

The Company has also engaged its shareholders and investors through results briefings and investor roadshows when there are major developments or as and when applicable.

Guideline 15.4
Soliciting and Understanding Views of Shareholders

The Group supports and encourages active shareholder participation at general meetings. The Board believes that general meetings serve as an opportune forum for Shareholders to meet and interact with the Board and key management personnel. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 15.5
Dividend Policy

The Company's priority is to achieve long-term capital growth for the benefit of shareholders. The bulk of its profits, when made, shall therefore be retained for investment into the future. Nevertheless, the Company recognises the desire of some of its shareholders to receive income out of their investment in the Company. Therefore, the Company has adopted a dividend policy with a view of paying dividends, on a half-yearly basis, of at least 50% of the net operating profits attributable to the Company's business of hotel ownership and provision of hotel accommodation services (the "Hotel Business"), subject to the following factors:–

- The level of cash and retained earnings;
- The net profits of the Company;
- The actual and projected overall financial performance of the Company and its subsidiaries (taking into account all of the Company's businesses and operations);
- The projected levels of capital expenditure and other investment plans; and
- Restrictions on payment of dividend that may be imposed by financing arrangements (if any).

The net operating profits attributable to the Hotel Business are defined as the earnings before interest, taxes, depreciation and amortisation in respect of the Hotel Business.

The Board of Directors will continually review the dividend policy and reserve the right to update the dividend policy at any time, in the best interests of the Company and its shareholders.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: *Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

Guideline 16.1
Effective Shareholders' Participation

All resolutions at general meetings are put to vote by electronic poll to allow greater transparency and more equitable participation by shareholders. Voting and vote tabulation procedures are disclosed at the general meetings. Votes cast for, or against, each resolution will be displayed live-on-screen to shareholders immediately at the general meetings. The total numbers of votes cast for or against the resolutions are also announced after the general meetings via SGXNET.

Voting in absentia and by email, which are currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

STATEMENT OF CORPORATE GOVERNANCE

Guideline 16.2
Separate Resolutions at General Meetings

The Company provides for separate resolutions at the general meetings on each distinct issue.

Guideline 16.3
Attendance of Chairman of the Board and Board Committees at General Meetings

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairmen of the ARMC, RC and NC, CEO and CFO are available at the meetings to answer any question relating to the work of these committees. The External Auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Guideline 16.4
Minutes of General Meetings

The Company prepares minutes of general meetings detailing the proceedings and questions raised by shareholders and answers given by the Board and Management. The minutes are available to shareholders for their inspection upon request.

Guideline 16.5
Results of resolutions by poll

All resolutions at general meetings are put to vote by electronic poll. Voting and polling procedures are disclosed at the general meetings. Votes cast for, or against, each resolution will be read out to shareholders immediately. The total numbers of votes cast for or against the resolutions are also announced after the general meetings via SGXNET.

An independent scrutineer firm was present to validate the votes at the last AGM. The results of the electronic poll voting on each resolution tabled at the last AGM, including the total number of votes cast for or against each resolution, were also announced after the said meeting via SGXNet.

INTERESTED PERSONS TRANSACTIONS

Interested Person Transactions ("**IPTs**") are executed on fair terms and at arm's length regardless of nature and size. Where any IPT requires shareholders' approval, the interested person will abstain from voting and the decision will be made by disinterested shareholders. When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The Company has adopted an IPT policy that sets out the procedure of monitoring, reviewing and approving IPTs in the Group to ensure that IPTs entered into are conducted on normal terms and are not prejudicial to the interest of the shareholders.

Quarterly report on IPTs is submitted to the ARMC and Board for review if the Company will be entering into any interested person transaction.

There were no IPT for the financial year ended 31 December 2017.

STATEMENT OF CORPORATE GOVERNANCE

Disclosure of interested person transactions is set out as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Nil	Nil	Nil

DEALINGS IN SECURITIES

Under the Company's policy, the Company, its directors, as well as all management and staff of the Group are prohibited in dealing in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. Notices are issued to all directors and employees of the Group to remind them of, inter alia, laws of insider trading and the importance of not dealing in the shares of the Company and within the Group on short-term consideration or during prohibitive periods. Directors and employees are expected to observe the insider trading laws at all times even when dealing in shares of the Company within permitted trading periods. In addition, all employees who wish to trade in the Company's securities are required to submit a pre-clearance authorisation form and obtain approvals from the CEO and the CFO.

MATERIAL CONTRACTS

There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder during the financial year ended 31 December 2017.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

We are pleased to submit this annual report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and statement of financial position of the Company as at 31 December 2017.

In our opinion:

(a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

The directors in office at the date of this report are:

Teo Hong Lim	(Executive Chairman and Chief Executive Officer)
Chris Teo Hong Yeow	(Executive Director and Managing Director)
Koh Seng Geok	(Executive Director and Chief Financial Officer)
Hew Koon Chan	(Lead Independent Director)
Winston Tan Tien Hin	(Independent Director)
Tay Kah Poh	(Independent Director)
Tong Din Eu	(Independent Director, appointed on 2 October 2017)

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body other than as disclosed in this statement.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, the following directors who held office at the end of the financial year were interested in shares of the Company and its related corporations as follows:

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	As at 1.1.2017	As at 31.12.2017	As at 1.1.2017	As at 31.12.2017
The Company				
Roxy-Pacific Holdings Limited		Number of ordinary shares		
Teo Hong Lim	139,203,125	**139,303,125**	582,916,500	**589,316,500**
Chris Teo Hong Yeow	28,751,875	**28,751,875**	11,250	**11,250**
Koh Seng Geok	6,388,000	**6,388,000**	–	**–**
Winston Tan Tien Hin	–	**–**	19,556,875	**19,056,875**
Tay Kah Poh	985,000	**985,000**	–	**–**
Tong Din Eu	–	**30,000**	–	**–**
Roxy-Pacific Holdings Limited		Principal value of debentures		
$500 million, Multicurrency Debt Issuance Programme, 4.5% Fixed Rate Notes due 2018				
Koh Seng Geok	–	**–**	$500,000	**–**
The Holding Company				
Kian Lam Investment Pte Ltd		Number of ordinary shares		
Teo Hong Lim	6,892	**6,892**	–	**–**
Chris Teo Hong Yeow	3,101	**3,101**	–	**–**
Related company				
Sen Lee Development Private Limited				
Teo Hong Lim	3,390	**3,390**	182,000	**182,000**
Chris Teo Hong Yeow	3,390	**3,390**	–	**–**

Mr Teo Hong Lim, by virtue of the provisions of Section 7 of the Act, is deemed to have an interest in the other subsidiaries of the Company, of which all but seven are wholly-owned.

Mr Winston Tan Tien Hin is deemed to have interest in the shares of the Company held by Winmark Investments Pte Ltd, a Company wholly-owned by Mr Winston Tan Tien Hin and his wife.

There are no changes to the above shareholdings or debentures between the end of the financial year and 21 January 2018.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Share options

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

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

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

Audit Risk Management Committee

The Audit Risk Management Committee comprises the following members:

Hew Koon Chan (Chairman)
Tay Kah Poh
Winston Tan Tien Hin
Tong Din Eu

The Audit Risk Management Committee performs the functions set out in Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing its functions, the Audit Risk Management Committee reviewed the following:

- audit plans of the internal auditor and external auditor, assistance given by the Company's officers to the internal auditors and external auditor and results of the internal and external auditor's audit procedures;
- reviewed the internal and external auditor's evaluation of the Company's system of internal accounting controls;
- reviewed the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;
- met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- reviewed the nature and extent of non-audit services provided by the external auditor;
- reviewed quarterly financial information and annual financial statements of the Group and the Company before submission to the directors of the Company for approval; and
- reviewed interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Audit Risk Management Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Risk Management Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Risk Management Committee is satisfied with the independence and objectivity of the external auditors and has recommended to The Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Risk Management Committee are provided on the Statement of Corporate Governance.

In appointing our auditors of the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....
TEO HONG LIM

.....
KOH SENG GEOK

Dated: 9 March 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROXY-PACIFIC HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Roxy-Pacific Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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

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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of development properties for sale (Refer to Note 11 to the financial statements)

Risk:

Development properties for sale represent the largest category of assets on the balance sheet, at $540.6 million as at 31 December 2017 and include properties for sale under development and developed properties for sale.

Development properties for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price, less estimated costs of completion and selling expenses.

The determination of the estimated net realisable values of these development properties is dependent upon the Group's expectations of future selling prices which are affected by, amongst other things, demand supply factors, interest rates, government policies and economic conditions. There is a risk that the estimate of net realisable values exceed future selling prices, resulting in a loss when these properties are sold.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROXY-PACIFIC HOLDINGS LIMITED

In addition, there is a risk of understatement of project costs where work has been completed up to a certain stage but liabilities owing to contractors or suppliers have yet to be recorded. Also, for development properties where control of risks and rewards have been transferred to the buyer, there is a risk of not recognising the corresponding project costs in profit or loss.

Our response:

We assessed the Group's forecast selling prices by comparing these forecast selling prices to, where available, recently transacted sales prices of units in the same project as well as comparable properties. We focused our work on development projects with low margins.

We performed controls testing and substantive testing on the project costs including controls over review and updating of budgeted costs and recording of costs; and testing of major costs components to source documents and reviewing the reasonableness of the stage of completion.

Valuation of investment properties (Refer to Note 6 to the financial statements)

Risk:

Investment properties, stated at their fair values based on independent external valuations, amounted to $124.2 million, as at 31 December 2017.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. These estimates include rate of capitalisation and adjustments made for differences between the subject properties and comparables, taking into consideration differences such as location, size and tenure.

Our response:

We assessed the Group's processes for the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

We have also evaluated the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the valuation methodologies used against those applied by management valuers for similar property types. We assessed the capitalisation rate and adjustments made for differences between the subject properties and comparables, taking into consideration differences such as location, size and tenure used in the valuation. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the management valuers.

We also considered the adequacy of the disclosure in the financial statements, regarding the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between inputs and fair values.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROXY-PACIFIC HOLDINGS LIMITED

Revenue recognition (Refer to Note 3 to the financial statements)

Risk:

Revenue from sale of property development was $191.8 million out of total revenue of $246.8 million for the financial year ended 31 December 2017.

For Singapore residential and mixed developments projects, revenue on development properties that have been sold are recognised using the "percentage of completion" (POC) method. The stage of completion is certified by the architects or quantity surveyors and measured by reference to the development costs incurred to-date to the budgeted total costs to complete for the properties.

For overseas properties and Singapore commercial projects, revenue are recognised on completed contract method i.e. control over the risks and rewards of the properties are transferred to the buyers in its entirety at a single time upon delivery to buyers on completion.

The need to assess whether the transfer of risks and rewards of ownership have passed before revenue is recognised is key to the revenue recognition process.

Our response:

We assessed the revenue recognition policies adopted to ensure compliance with FRS. We carried out testing of key controls over revenue recognition. We also performed substantive testing including test of details of transactions.

Procedures performed in our audit included reviewing the terms of sales and purchase agreement of development properties, assessing appropriateness of methods of revenue recognition for the types of development properties sold, reviewing the estimates involved in the methods applied for revenue recognition, reviewing whether the transfer of risks and rewards of ownership had passed, testing the revenue billings and accrued costs after the year-end date and reviewing any cancellation of sales after the year end.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we 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 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. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROXY-PACIFIC HOLDINGS LIMITED

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROXY-PACIFIC HOLDINGS LIMITED

- 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 Ho Teik Tiong.

Foo Kon Tan LLP
Public Accountants and Chartered Accountants

Singapore, 9 March 2018

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2017

	Note	The Group 31 December 2017 $'000	The Group 31 December 2016 $'000	The Company 31 December 2017 $'000	The Company 31 December 2016 $'000
ASSETS					
Non-Current					
Property, plant and equipment	4	**215,507**	175,527	**801**	847
Intangible assets	5	**541**	68	**491**	–
Investment properties	6	**124,191**	198,835	**–**	–
Investments in subsidiaries	7	**–**	–	**143,180**	189,404
Investments in associates	8	**163,309**	146,458	**–**	–
Amounts owing by associates	9	**34,876**	11,264	**–**	–
Available-for-sale financial assets	10	**2,275**	1,425	**700**	–
		540,699	533,577	**145,172**	190,251
Current					
Development properties for sale	11	**540,584**	486,369	**–**	–
Inventories	12	**1,065**	784	**–**	–
Trade receivables	13	**53,279**	93,145	**9**	8
Other receivables	14	**57,732**	22,418	**336,084**	251,582
Cash and bank balances	15	**322,460**	325,325	**168,220**	156,715
		975,120	928,041	**504,313**	408,305
Total assets		**1,515,819**	1,461,618	**649,485**	598,556
EQUITY					
Capital and Reserves					
Share capital	16	**47,399**	47,399	**47,399**	47,399
Treasury shares	17	**(564)**	(555)	**(564)**	(555)
Retained earnings		**459,512**	446,518	**174,572**	68,392
Other reserves	18	**(3,682)**	(2,099)	**906**	4,187
Equity attributable to owners of the company		**502,665**	491,263	**222,313**	119,423
Non-controlling interests		**5,071**	3,745	**–**	–
Total equity		**507,736**	495,008	**222,313**	119,423
Liabilities					
Non-Current					
Borrowings	19	**318,090**	270,549	**–**	60,000
Deferred tax liabilities	20	**16,475**	33,094	**643**	168
		334,565	303,643	**643**	60,168
Current					
Trade and other payables	21	**88,889**	98,715	**377,055**	355,506
Current tax liabilities		**30,873**	2,104	**300**	217
Borrowings	19	**553,756**	562,148	**49,174**	63,242
		673,518	662,967	**426,529**	418,965
Total liabilities		**1,008,083**	966,610	**427,172**	479,133
Total equity and liabilities		**1,515,819**	1,461,618	**649,485**	598,556

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Year ended 31 December 2017 $'000	Year ended 31 December 2016 $'000
Revenue	3	**246,813**	385,373
Cost of sales		**(187,275)**	(304,205)
Gross profit		**59,538**	81,168
Other income	23	**32,837**	22,994
Distribution and selling expenses		**(4,960)**	(5,205)
Administrative expenses		**(11,114)**	(15,030)
Other operating expenses		**(28,238)**	(21,797)
Finance costs	24	**(14,343)**	(15,187)
Share of results of associates (net of income tax)		**13,022**	18,641
Profit before taxation	25	**46,742**	65,584
Tax expense	26	**(15,443)**	(12,664)
Profit for the year		**31,299**	52,920
Attributable to:			
– Equity holders of the Company		**29,423**	49,804
– Non-controlling interests		**1,876**	3,116
		31,299	52,920
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale financial assets		**316**	(22)
Tax on other comprehensive income		**(54)**	4
Revaluation surplus of owner occupied property, plant and equipment transferred to investment properties		**533**	–
Currency translation differences arising from consolidation		**(2,378)**	5,934
Other comprehensive income, net of tax		**(1,583)**	5,916
Total comprehensive income for the year		**29,716**	58,836
Attributable to:			
– Equity holders of the Company		**27,840**	55,720
– Non-controlling interests		**1,876**	3,116
		29,716	58,836
Earnings per share – Basic/Diluted (cents)	27	**2.47**	4.17

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of the Company								
	Share capital $'000	Treasury shares $'000	Fair value reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2016	47,399	–	68	–	(8,083)	418,197	457,581	629	458,210
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	49,804	49,804	3,116	52,920
Other comprehensive income									
Net change in fair value of available-for-sale financial assets	–	–	(22)	–	–	–	(22)	–	(22)
Tax on other comprehensive income	–	–	4	–	–	–	4	–	4
Foreign currency translation differences	–	–	–	–	5,934	–	5,934	–	5,934
Total other comprehensive income	–	–	(18)	–	5,934	–	5,916	–	5,916
Total comprehensive income for the year	–	–	(18)	–	5,934	49,804	55,720	3,116	58,836
Transactions with owners, directly recognised in equity									
Share buy back	–	(555)	–	–	–	–	(555)	–	(555)
Contributions by and distributions to owners									
Dividend to shareholders (Note 34)	–	–	–	–	–	(21,483)	(21,483)	–	(21,483)
Total transactions with owners	–	(555)	–	–	–	(21,483)	(22,038)	–	(22,038)
At 31 December 2016	47,399	(555)	50	–	(2,149)	446,518	491,263	3,745	495,008
At 1 January 2017	**47,399**	**(555)**	**50**	–	**(2,149)**	**446,518**	**491,263**	**3,745**	**495,008**
Total comprehensive income for the year									
Profit for the year	**–**	**–**	**–**	**–**	**–**	**29,423**	**29,423**	**1,876**	**31,299**
Other comprehensive income									
Revaluation surplus of owner occupied property, plant and equipment transferred to investment properties	**–**	**–**	**–**	**533**	**–**	**–**	**533**	**–**	**533**
Net change in fair value of available-for-sale financial assets	**–**	**–**	**316**	**–**	**–**	**–**	**316**	**–**	**316**
Tax on other comprehensive income	**–**	**–**	**(54)**	**–**	**–**	**–**	**(54)**	**–**	**(54)**
Foreign currency translation differences	**–**	**–**	**–**	**–**	**(2,378)**	**–**	**(2,378)**	**–**	**(2,378)**
Total other comprehensive income	**–**	**–**	**262**	**533**	**(2,378)**	**–**	**(1,583)**	**–**	**(1,583)**
Total comprehensive income for the year	**–**	**–**	**262**	**533**	**(2,378)**	**29,423**	**27,840**	**1,876**	**29,716**
Transactions with owners, directly recognised in equity									
Share buy back	**–**	**(9)**	**–**	**–**	**–**	**–**	**(9)**	**–**	**(9)**
Contributions by and distributions to owners									
Issue of shares to non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**400**	**400**
Dividend to shareholders (Note 34)	**–**	**–**	**–**	**–**	**–**	**(16,429)**	**(16,429)**	**(950)**	**(17,379)**
Total transactions with owners	**–**	**(9)**	**–**	**–**	**–**	**(16,429)**	**(16,438)**	**(550)**	**(16,988)**
At 31 December 2017	**47,399**	**(564)**	**312**	**533**	**(4,527)**	**459,512**	**502,665**	**5,071**	**507,736**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Year ended 31 December 2017 $'000	Year ended 31 December 2016 $'000
Cash Flows from Operating Activities			
Profit before taxation		**46,742**	65,584
Adjustments for:			
Depreciation of property, plant and equipment	4, 25	**5,730**	6,459
Amortisation of intangible assets	4, 25	**18**	18
Bad debt written off	25	**11**	–
Impairment of other receivables	14, 25	**19**	708
Impairment of investment in associate	8, 25	**5,197**	–
Dividend income from available for sale financial assets	23	**(83)**	(83)
Fair value gains on investment properties	6, 23	**(24,047)**	(17,165)
Share of associates' results		**(13,022)**	(18,641)
Interest income	23	**(2,360)**	(3,244)
Interest expense on bank loans	24	**14,064**	14,949
Fair value gain on cross currency interest rate swap	23	**(666)**	(336)
Gain on disposal of investment property	23	**(379)**	–
Property, plant and equipment written off		**1,213**	–
Foreign exchange (gain)/loss (unrealised)		**(1,911)**	606
Operating profit before working capital changes		**30,526**	48,855
Changes in properties for sale under development		**(49,250)**	53,582
Changes in developed properties for sale		**3,028**	(7,342)
Changes in inventories		**(281)**	(657)
Changes in operating receivables		**6,811**	(68,135)
Changes in operating payables		**(8,139)**	5,817
Cash (used in)/generated from operations		**(17,305)**	32,120
Income tax paid		**(2,350)**	(24,576)
Net cash (used in)/generated from operating activities		**(19,655)**	7,544
Cash Flows from Investing Activities			
Dividend received from associates		**3,260**	13,295
Proceeds from disposal of investment property		**159,563**	–
Dividend received from investment in shares		**83**	–
Investments in associates		**(1,125)**	(1,642)
Acquisition of intangible assets	5	**(491)**	–
Amounts loaned to associates		**(39,624)**	(19,312)
Repayment from associates		**2,212**	3,879
Investment in available-for-sale financial assets	10	**(534)**	–
Acquisition of investment properties	6	**(59,862)**	–
Acquisition of property, plant and equipment	4	**(53,055)**	(47,861)
Interest received		**3,729**	2,911
Net cash generated from/(used in) investing activities		**14,156**	(48,730)
Cash Flows from Financing Activities			
Proceeds from bank loans (Note A)		**376,953**	210,303
Repayment of bank loans (Note A)		**(335,055)**	(191,261)
Fixed deposits pledged to financial institutions		**(120)**	(6,017)
Dividend paid to non-controlling shareholders		**(950)**	–
Share buy back		**(9)**	(555)
Dividends paid		**(16,429)**	(21,483)
Proceeds from share issued to non-controlling interest		**400**	–
Interest paid		**(22,061)**	(26,380)
Net cash generated from/(used in) financing activities		**2,729**	(35,393)
Net changes in cash and cash equivalents		**(2,770)**	(76,579)
Cash and cash equivalents at beginning of year	15	**237,280**	312,983
Effect of exchange fluctuations on cash held		**(215)**	876
Cash and cash equivalents at end of year	15	**234,295**	237,280

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Note A. Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of liabilities arising from financing activities, excluding equity items:

	As at 31 December 2016 $'000	Exchange difference on re-translation $'000	Cash flows – Proceeds from loans $'000	Cash flows – Repayment of loans $'000	Other non-cash flows $'000	As at 31 December 2017 $'000
Borrowings (Note 19):						
Bank loans	772,697	(2,749)	376,953	(315,555)	–	831,346
Multi-currency term notes	60,000	–	–	(19,500)	–	40,500
Total	832,697	(2,749)	376,953	(335,055)	–	871,846

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. General information

The financial statements of the Group and of the Company for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore. The registered office and place of business is located at 50 East Coast Road #B1-18, Roxy Square, Singapore 428769.

The Company was listed on the Singapore Exchange Securities Trading Limited on 12 March 2008.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The immediate and ultimate holding Company is Kian Lam Investment Pte Ltd which is incorporated and domiciled in Singapore.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information has been presented in Singapore dollars, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and any in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(a) Basis of preparation (Continued)

Significant judgements in applying accounting policies

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

(a) Carrying amount of development properties for sale

Significant judgement is required in assessing the recoverability of the carrying value of development properties for sale. The Group pre-sells properties under development. Net realisable value in respect of development properties for sale is assessed with reference to pre-sale proceeds received less estimated costs to complete construction. Significant judgement is required in assessing the expected date of project completion. Significant judgement is required in determining total costs of properties, including construction costs and variation orders. The Group estimates total construction costs based on contracts awarded, past experience and specialists. Significant judgement is also required to assess allowance made for foreseeable losses, if any, where the total estimated construction costs exceeds estimated selling price.

The Group's carrying amount of development properties for sale at the reporting date amounted to $540,584,000 (2016 – $486,369,000).

(b) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

If the present value of estimated future cash flows decreased by 2% from management's estimates, the Group's and the Company's allowance for impairment would increase by $2,816,000 (2016 – $2,489,000) and $6,719,000 (2016 – $5,025,000) respectively. The Group's and the Company's carrying amount of loans and receivables at the reporting date amounted to $140,822,000 (2016 – $124,458,000) and $335,930,000 (2016 – $251,233,000) respectively.

(c) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(a) Basis of preparation (Continued)

Significant judgements in applying accounting policies (Continued)

(d) Income taxes

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under the business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties held in the Republic of Singapore as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

(f) Consolidation

Entities are included within the financial statements of the Group where the Group has control over the entities. Control arises from exposure, or rights, to variable returns from involvement with an entity, where the Group has the ability to affect those returns through its power over the entity. Judgement is applied by management in assessing whether control exists. Judgement is applied in determining the relevant activities of each entity and determining whether the Group has power over these activities. This involves assessment of the purpose and design of the entity, identification of the activities which significantly affect that entity's returns and how decisions are made about those activities. In assessing how decisions are made, management considers voting and veto rights, contractual arrangements with the entity or other parties, and any rights or ability to appoint, remove or direct key management personnel or entities that have the ability to direct the relevant activities of the entity. Consideration is also given to the practical ability of other parties to exercise their rights.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. Although the Group owns less than half of the equity interest in Roxy Chalong Resort Co. Ltd, the Group controls this entity through its 98.97% voting rights (Note 7).

(g) Determination of properties acquired whether it is an acquisition of asset or acquisition of business

The Group acquired properties either for purpose of development for sale, as investment property or for use as hotel. Management will assess for any inputs, processes and outputs as defined under FRS 103, Business Combinations to determine whether the property acquired is a business combination within FRS 103. Significant judgment is involved in the assessment of inputs, processes and outputs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(a) Basis of preparation (Continued)

Critical accounting estimates and assumptions used in applying accounting policies

(a) Revenue recognition

The Group recognised revenues of $191,774,000 (2016 – $326,601,000) on its Singapore residential properties and mixed development properties (combination of residential units and commercial units) as construction progresses using the percentage-of-completion method. The percentage-of-completion is estimated by reference to the stage of completion as certified by the architects or quantity surveyors and based on the proportion of contract cost incurred to date and the estimated total development cost to complete. Significant judgement is required in determining the estimated total development costs which is based on contracts awarded, estimation of variation works, if any, and the experience of qualified project managers.

If contract costs to be incurred increased 10% from management's estimates, the Group's profit would have decreased by $1,254,000 (2016 – $2,408,000).

(b) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Group's management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

A 5% (2016 – 5%) difference in the expected useful lives of these assets from management's estimates would result in approximately 0.76% (2016 – 0.51%) variance in the Group's profit for the financial year. The Group's and the Company's carrying amount of property, plant and equipment at the reporting date amounted to $215,507,000 (2016 – $175,527,000) and $801,000 (2016 – $847,000) respectively.

(c) Valuation of investment properties

The Group's investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers using various valuation methods including the direct comparison method and a combination of discounted cash flows method and capitalisation method. The estimated fair value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers.

A 5% (2016 – 5%) difference in the fair value of these assets from management's estimates would result in approximately 19.8% (2016 – 15.1%) variance in the Group's profit for the financial year. The Group's carrying amount of investment properties at the reporting date amounted to $124,191,000 (2016 – $198,835,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(a) Basis of preparation (Continued)

Critical accounting estimates and assumptions used in applying accounting policies (Continued)

(d) Impairment of non-financial assets

Property, plant and equipment and investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash generating units, have been determined based on adjusted fair value and value-in-use calculations. These calculations require the use of estimates. Estimating the recoverable amount requires the Group to make estimates of the expected future cash flows from the cash-generating unit and use estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors.

A reasonably possible change in key assumptions does not indicate impairment, where the recoverable amount would fall below the carrying amounts of the assets. The carrying amounts of the Group's plant and equipment and investments in associates at the reporting date amounted to $215,507,000 (2016 – $175,527,000) and $163,309,000 (2016 – $146,458,000) respectively. The Company's investments in subsidiaries at the reporting date amounted to $143,180,000 (2016 – $189,404,000).

2(b) Interpretations and amendments to published standards effective in 2017

The directors do not anticipate that the adoption of the FRSs will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following new or amended FRS and INT FRS issued and effective in year 2017:

Reference	Description
Amendments to FRS 7	Statement of Cash Flows

Amendments to FRS 7 Statement of Cash Flows

The Amendments to FRS 7 Statement of Cash Flows requires entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows – excluding contributed equity – to the corresponding liabilities in the opening and closing statements of financial position and to disclose on any restrictions over the decisions of an entity to use cash and cash equivalent balances, in a particular way – e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective on beginning or after 1 January 2017. As this is a disclosure standard, it does not impact the financial position and performance of the Group.

2(c) FRS not yet effective

Convergence with International Financial Reporting Standards (IFRS)

On 29 December 2017, Accounting Standards Council Singapore has issued Singapore Financial Reporting Standards (International) (SFRS(I)s), Singapore's equivalent of the International Financial Reporting Standards (IFRSs). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS(I)s for annual periods beginning on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(c) FRS not yet effective (Continued)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

The Group has performed a preliminary assessment of the impact of SFRS(I) for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group does not expect to change its existing accounting policies on adoption of the new framework.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. However, the Group has not early applied the following new or amended standards in preparing these statements. For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group assessed the transition options and the potential impact on its financial statements, and to implement these standards.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers	1 January 2018
Clarifications to SFRS(I) 15	Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases	1 January 2019

SFRS(I) 2 Classification and Measurement of Share-based Payment Transactions

Summary of the requirements	Potential impact on the financial statements
The amendments to SFRS(I) 2 Share-based Payment clarifies how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: (i) The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) Share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity- settled. Companies are required to apply the amendments for annual periods beginning on or after 1 January 2018.	The Group has not implemented its share-based plan as at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(c) FRS not yet effective (Continued)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

SFRS(I) 9 Financial Instruments

Summary of the requirements	Potential impact on the financial statements
SFRS(I) 9 replaces most of the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.	During 2017, the Group completed its initial assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS(I) 9. For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under SFRS(I) 9. The available-for-sale financial assets are expected to be reclassified as financial assets subsequently measured at Fair Value through Other Comprehensive Income. Impairment – The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. On adoption of SFRS(I) 9, the Group does not expect a significant increase in the impairment loss allowance. Transition – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information and is gathering data to quantify the potential impact arising from the adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(c) FRS not yet effective (Continued)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

SFRS(I) 15 and Clarifications to SFRS(I) 15 Revenue from Contracts with Customers

Summary of the requirements	Potential impact on the financial statements
SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also establishes principles to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. In addition, it also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, SFRS(I) 15 replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services. SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Clarifications to SFRS(I) 15 Revenue Contracts with Customers clarifies how to: • Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; • Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and • Determine whether the revenue from granting a licence should be recognised at a point in time or over time. The amendments have the same effective date as the Standard, SFRS(I) 15, i.e. on 1 January 2018.	During 2017, the Group completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group does not expect significant changes to the basis of revenue recognition for its revenue from rental income from investment properties, properties under development for sale and hotel ownership.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(c) FRS not yet effective (Continued)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

SFRS(I) 16 Leases

Summary of the requirements	Potential impact on the financial statements
SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and financial liabilities to pay rentals with a term of more than 12 months, unless the underlying asset is of a low value. SFRS(I) 16 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor. When effective, SFRS(I) 16 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases – Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied.	The Group has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group has no significant operating leases.

2(d) Significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Subsidiary

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

– power over the investee;

– exposure, or rights or variable returns from its involvement with the investee; and

– the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

– the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by the Group, other vote holders or other parties;

– rights arising from other contractual arrangements; and

– any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Subsidiary (Continued)

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39 Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Subsidiary (Continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill

Goodwill on acquisition of subsidiaries on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

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

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

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisition prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

Bargain purchase

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Buildings	20 to 50 years
Land use rights	40 years
Other assets	3 to 10 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Property, plant and equipment and depreciation (Continued)

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Intangible assets

Intangible assets are accounted for using the cost model. Capitalised costs are amortised on a straight-line basis, which is their estimated useful life for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing, more often if there are any indicators of impairment. Estimated useful lives of intangible assets are as follows:

Websites	5 years
Computer software	3 years

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Investment properties

Investment properties, principally comprising of shop and office units, are held for long-term rental yields and are not occupied by the Group.

Investment properties are treated as non-current investments and are initially recognised at cost and subsequently carried at fair value, representing open market value determined on annual basis by independent professional valuers. Gross changes in fair values and the related tax impact are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Investment properties (Continued)

Transfers

Transfers to, or from, investment properties are made when there is a change in use, evidenced by:

– commencement of owner occupation, for a transfer from investment properties to property, plant and equipment;

– commencement of development with a view to sell, for a transfer of investment properties to development properties; or

– end of owner occupation, for a transfer from property, plant and equipment to investment properties.

For a transfer to investment property from development properties for sale, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is measured at revalued amount and accounted for in accordance with the accounting policy for Property, Plant and Equipment up to the date of change in use.

Investment in subsidiaries

Subsidiaries are entities controlled by the Company. In the Company's separate financial statements, investments in subsidiaries are stated at cost plus any net investment less allowance for any impairment losses on an individual subsidiary basis.

Investment in associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but has no control or joint control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus any net investment and post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and loss resulting from transaction between the Group and the associate are eliminated to the extent of the interest in the associates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Investment in associates (Continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss, on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities.

When an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Financial assets (Continued)

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment of impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

At the reporting date, the Group does not hold any financial assets at fair value through profit or loss or held-to-maturity.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated as available-for-sale or are not classified in any of the categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the profit or loss for the period.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed in profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses recognised in a previous interim period in respect of available-for-sale equity investments are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Financial assets (Continued)

Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

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 arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in the profit or loss.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign exchange and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the hedging reserve, while the ineffective portion is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Derivative financial instruments (Continued)

Cash flow hedges (Continued)

Changes in the carrying amount of cash flow hedges are charged to the hedging reserve in equity. Amounts accumulated in equity are recycled to the profit or loss in the periods when the hedged item affects profit or loss. When the hedged transaction results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a cash flow hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

Development properties

Properties for sale under development and developed properties for sale are recorded as current assets and are stated at specially identified cost, including capitalised borrowing costs directly attributable to the development of the properties and other related expenditure.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. Capitalisation of borrowing costs ceases on issue of Temporary Occupation Permit. The capitalisation rate is determined by reference to the actual rate payable on borrowings for properties for sale under development, weighted as applicable.

Unsold properties for sale under development

Properties for sale under development 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 costs to complete development and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Development properties (Continued)

Sold properties for sale under development

Sold properties for sale under development are stated at the lower of cost plus, where appropriate, a portion of attributable profit, and their estimated net realisable value, net of progress billings. Net realisable value is the price sold in the ordinary course of business less costs to complete development and selling expenses.

When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately. The aggregated costs incurred and the profit/loss recognised in each development property that has been sold is compared against progress billings up to the end of financial period.

Developed properties for sale

Developed properties for sale 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 selling expenses.

Inventories

Inventories, comprising food and beverage and other hotel related consumable stocks, are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes freight and handling charges.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances, fixed deposits and monies held in project accounts.

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.

Treasury shares

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Treasury shares (Continued)

When treasury shares are subsequently sold, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sales or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible bonds and warrants.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of constitution of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Financial liabilities (Continued)

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of reporting period are included in current borrowings in the statement of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period. Borrowings to be settled within the Group's operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statement of financial position.

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Financial guarantees

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

Financial guarantee contracts are initially recognised at fair value plus transaction costs in the statement of financial position.

Financial guarantee contracts are subsequently amortised to the profit or loss over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Operating leases

Where the Group is the lessee

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

Where the Group is the lessor

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Income taxes

Income tax expense represents the sum of the income tax currently payable and deferred income tax.

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 end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

Deferred income tax is provided in full, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

– Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;

– In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

– In respect of deductible temporary differences and carry-forward of unutilised tax losses, if it is not probable that taxable profits will be available against which those deductible temporary differences and carry-forward of unutilised tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Income taxes (Continued)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Employee benefits

Short-term employee benefits

Short-term benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonuses if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Pension obligations

The Group and the Company participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to national pension schemes are charged to the profit or loss in the period to which the contributions relate.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain key executive officers are considered key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Impairment of non-financial assets (Continued)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss, except for goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the revaluation reserve. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services, net of goods and services tax, rebates and discounts. Revenue is recognised as follows:

Revenue from properties for sale under development

The Group enters into sale and purchase agreements with buyers of its properties prior to completion of construction.

Sales of properties for sale under development 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 accounts for revenue on its Singapore residential and mixed-use properties for sale under development using the percentage-of-completion method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Revenue recognition (Continued)

Revenue from properties for sale under development (Continued)

The percentage-of-completion is estimated by reference to the stage of completion as certified by the architects or quantity surveyors and based on the proportion of contract cost incurred to date and the estimated total development cost to complete.

For sales of properties where the control and risk and rewards of the properties are transferred to the buyers in its entirety at a single time, revenue is recognised when the properties are delivered to the buyers on completion.

The Group accounts for revenue on its Singapore commercial and all overseas properties for sale under development on the completed contract method.

Rendering of services

Revenue from the rendering of services for hotel operations is recognised over the period in which the services are rendered.

Rental income

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income

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

Functional currencies

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 of the Group and the Company are presented in Singapore dollars, which is also the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(d) Significant accounting policies (Continued)

Conversion of foreign currencies

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

Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

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.

Group entities

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 rates at the end of that statement of financial position;

(ii) Income and expenses for each statements presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at 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 exchange translation reserve.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Chief Executive Officer who makes strategic resources allocation decisions and assesses segment performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3 Revenue

The Group	2017 $'000	2016 $'000
Property development	**191,774**	326,601
Hotel ownership	**44,272**	46,254
Rental income from investment properties	**10,767**	12,518
	246,813	385,373

4 Property, plant and equipment

The Group	Land $'000	Buildings $'000	Other assets $'000	Total $'000
Cost				
At 1 January 2016	35,921	107,762	20,105	163,788
Additions	9,979	31,881	6,001	47,861
Transfers	–	(3,006)	3,006	–
Exchange differences	1,349	2,964	185	4,498
At 31 December 2016	47,249	139,601	29,297	216,147
Additions	**15,003**	**22,524**	**15,528**	**53,055**
Revaluation surplus	**–**	**533**	**–**	**533**
Transfer to investment properties (Note 6)	**–**	**(1,553)**	**–**	**(1,553)**
Written off	**–**	**–**	**(1,566)**	**(1,566)**
Exchange differences	**(1,536)**	**(3,462)**	**(403)**	**(5,401)**
At 31 December 2017	**60,716**	**157,643**	**42,856**	**261,215**
Accumulated depreciation				
At 1 January 2016	–	25,363	8,745	34,108
Depreciation for the year	160	3,687	2,612	6,459
Exchange differences	2	(244)	295	53
At 31 December 2016	162	28,806	11,652	40,620
Depreciation for the year	**3**	**3,801**	**1,926**	**5,730**
Transfer to investment properties (Note 6)	**–**	**(152)**	**–**	**(152)**
Written off	**–**	**–**	**(353)**	**(353)**
Exchange differences	**(15)**	**(154)**	**32**	**(137)**
At 31 December 2017	**150**	**32,301**	**13,257**	**45,708**
Net book value				
At 31 December 2017	**60,566**	**125,342**	**29,599**	**215,507**
At 31 December 2016	47,087	110,795	17,645	175,527

As at 31 December 2017, land and buildings with a net total carrying amount of $185,908,000 (2016 – $157,882,000) are mortgaged to secure bank loans (Note 19).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4 Property, plant and equipment (Continued)

The properties held by the Group as at 31 December 2017 are as follows:

Location	Use of property	Tenure
50 East Coast Road, Singapore	Hotel, Office	Freehold
205-1 Okuracho, Kyoto, Japan	Hotel	Freehold
48/13 Moo 6, Chaofa Road, Phuket, Thailand	Resort	Freehold
Island of Kudafunafaru, Noonu Atoll, Maldives	Resort	Leasehold*
Kita-Ku Osaka City, Japan	Hotel	Freehold

The Company	Other assets $'000
Cost	
At 1 January 2016	1,180
Additions	40
At 31 December 2016	1,220
Additions	**85**
At 31 December 2017	**1,305**
Accumulated depreciation	
At 1 January 2016	231
Depreciation for the year	142
At 31 December 2016	373
Depreciation for the year	**131**
At 31 December 2017	**504**
Net book value	
At 31 December 2017	**801**
At 31 December 2016	847

* The property has a lease term till year 2056 and it can be further extended by another 49 years subject to certain conditions being met.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 Intangible assets

The Group	Websites $'000	Computer software $'000	Total $'000
Cost			
At 1 January 2016	87	–	87
Additions	–	–	–
At 31 December 2016	87	–	87
Additions	–	**491**	**491**
At 31 December 2017	**87**	**491**	**578**
Accumulated amortisation			
At 1 January 2016	1	–	1
Amortisation for the year	18	–	18
At 31 December 2016	19	–	19
Amortisation for the year	**18**	**–**	**18**
At 31 December 2017	**37**	**–**	**37**
Net book value			
At 31 December 2017	**50**	**491**	**541**
At 31 December 2016	68	–	68

The Company	Computer software $'000
Cost	
At 1 January 2016	–
Additions	–
At 31 December 2016	–
Additions	**491**
At 31 December 2017	**491**
Accumulated amortisation	
At 1 January 2016	–
Amortisation for the year	–
At 31 December 2016	–
Amortisation for the year	**–**
At 31 December 2017	**–**
Net book value	
At 31 December 2017	**491**
At 31 December 2016	–

Note: The additional computer software was capitalised at the end of December 2017, thus no depreciation was provided for the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6 Investment properties

The Group	2017 $'000	2016 $'000
At 1 January	**198,835**	179,768
Additions	**59,862**	–
Transfer from property, plant and equipment	**1,401**	–
Disposal	**(159,184)**	–
Fair value gain recognised in profit or loss (Note 23)	**24,047**	17,165
Effect of movement in exchange rate	**(770)**	1,902
At 31 December	**124,191**	198,835

The fair value of the investment properties located in Singapore is based on valuations determined by an independent firm of professional valuers who has appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued. The fair value is based on the market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is based on direct comparison method which is checked against the fair value derived from the capitalisation method.

The fair value of the investment property located overseas is based on valuations determined by an independent certified appraiser with recognised and relevant professional qualifications and experience within the local market and the category of properties to be valued. The valuation is based on the capitalisation approach and income approach (Note 32).

Investment properties are valued on a highest and best used basis. For all of the Group's investment properties, the current use is considered to be the highest and best use.

The investment properties are leased to third parties under operating leases. As at 31 December 2017, the investment properties with a total carrying amount of $124,191,000 (2016 – $198,835,000) were mortgaged to secure bank loans (Note 19).

The following amounts are recognised in profit or loss:

The Group	2017 $'000	2016 $'000
Rental income (Note 3)	**10,767**	12,518
Direct operating expenses	**(3,175)**	(3,521)
	7,592	8,997

Investment properties as at 31 December 2017 are as follows:

Property name	Location	Description	Total net lettable area (sq m)	Tenure
Roxy Square Shopping Centre	50 East Coast Road, Singapore	49 shop units	2,403	Freehold
NZI Centre	1 Fanshawe Street, Auckland	6-storey commercial building	9,313	Leasehold*

* The property has a lease term until 31 December 2036, which is perpetually renewable for 20 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 Investments in subsidiaries

The Company	2017 $'000	2016 $'000
Unquoted equity investments, at cost	**55,943**	49,343
Amounts owing by subsidiaries on long term loan account (net investment)	**87,237**	140,061
	143,180	189,404

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership interest 2017	Ownership interest 2016	Principal activities
Held by the Company				
Roxy-Pacific Developments Pte. Ltd.(1)	Singapore	**100%**	100%	Property investment and investment holdings
Roxy Homes Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
Roxy Land Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
RP Properties Pte. Ltd.(1)	Singapore	**100%**	100%	Property investment and property development
RP North Pte. Ltd.(1)	Singapore	**100%**	100%	Property investment and property development
RH Changi Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
RH Central Pte. Ltd.(1)	Singapore	**100%**	100%	Investment holding and property development
RL Properties Pte. Ltd.(1)	Singapore	**100%**	100%	Investment holding
RP Ventures Pte. Ltd.(1)	Singapore	**100%**	100%	Investment holding
RP Changi Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
Roxy Hotels Pte. Ltd.(1)	Singapore	**100%**	100%	Hotel ownership and development
RP East Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
RL Central Pte. Ltd.(1)(3)	Singapore	**100%**	100%	Property development
RH East Pte. Ltd.(1)(3)	Singapore	**100%**	100%	Property development
Roxy Residential Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
RL West Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
RH Mount Sophia Pte. Ltd.(1)	Singapore	**90%**	90%	Property development
Roxy Capital Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
Roxy Australia Pte. Ltd.(1)	Singapore	**100%**	100%	Investment holding
Roxy Hotels and Resorts Pte. Ltd.(1)	Singapore	**100%**	100%	Investment holding
RH Eunos Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
Roxy Jakarta Investments Pte. Ltd.(1)	Singapore	**100%**	100%	Investment holding
RH Orchard Pte. Ltd.(1)	Singapore	**90%**	100%	Property development
RH Developments Pte. Ltd.(1)	Singapore	**100%**	100%	Property development
RH Capital Pte. Ltd.(1)	Singapore	**80%**	80%	Property development
RH Capital Two Pte. Ltd.(1)(2)	Singapore	**100%**	–	Property development
RH Developments Two Pte. Ltd.(1)(2)	Singapore	**100%**	–	Property development

All subsidiaries are considered significant to the Group or required for audit under the laws of the country of incorporation, unless otherwise indicated below:

(1) Audited by Foo Kon Tan LLP, Singapore.
(2) The subsidiary is newly incorporated.
(3) This subsidiary is under liquidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 Investments in subsidiaries (Continued)

Name of subsidiary	Country of incorporation	Ownership interest 2017	Ownership interest 2016	Principal activities
Held by Subsidiaries				
RL Developments Pte. Ltd.[1][8]	Singapore	**100%**	100%	Property development
RH Rochor Pte. Ltd.[1]	Singapore	**90%**	90%	Property development
RH East Coast Pte. Ltd.[1]	Singapore	**100%**	100%	Property development
RH Tampines Pte. Ltd.[1]	Singapore	**85%**	85%	Property development
RPV Properties Pte. Ltd.[1]	Singapore	**100%**	100%	Investment holding
Roxy Australia Hotels Pte. Ltd.[1]	Singapore	**100%**	100%	Investment holding
Roxy Kyoto Hotel Holdings Pte. Ltd.[1]	Singapore	**100%**	100%	Investment holding
Roxy Kyoto Hotel Pte. Ltd.[1]	Singapore	**100%**	100%	Hotel ownership
Roxy Phuket Hotels Pte. Ltd.[1]	Singapore	**100%**	100%	Investment holding
Roxy Hotel Management Pte. Ltd.[1]	Singapore	**100%**	100%	Hotel management
Roxy International Hotel Holdings Pte. Ltd.[1]	Singapore	**100%**	100%	Investment holding
Roxy Kyoto Hotel GK[2][4]	Japan	**100%**	100%	Hotel operations
Roxy-Pacific Goulburn Pty. Ltd.[3]	Australia	**100%**	100%	Property investment
Roxy-Pacific Glebe Pty. Ltd.[3]	Australia	**100%**	100%	Property development
Roxy-Pacific Killara Pty. Ltd.[3]	Australia	**100%**	100%	Property development
Roxy-Pacific Potts Point Pty Limited[3]	Australia	**100%**	100%	Property development
Roxy-Pacific Developments Pty. Ltd.[4][5]	Australia	**100%**	100%	Investment holding
Roxy-Pacific Investments Pty. Ltd.[4][5]	Australia	**100%**	100%	Investment holding
Roxy-Pacific Hotels Pty. Ltd.[4][5]	Australia	**100%**	100%	Hotel ownership and investment holding
Roxy NF Pty. Ltd. [4][5]	Australia	**50.5%**	50.5%	Property investment
Roxy-Pacific Assets Pty. Ltd.[4][5]	Australia	**100%**	100%	Property investment
Roxy Chalong Resort Co. Ltd.[5][6]	Thailand	**49%**	49%	Hotel ownership and development
Roxy Maldives Resort & Spa Private Limited[4][5]	Maldives	**100%**	100%	Hotel ownership and development
Roxy-Pacific NZ Investment Limited[4][7]	New Zealand	**100%**	–	Investment holding
Roxy-Pacific NZI Limited[4][7]	New Zealand	**100%**	–	Property investment
Roxy-Pacific Melbourne House Pty Ltd[4][5] (fka: Roxy-Pacific Wentworth Pty Ltd)	Australia	**100%**	–	Property investment
Roxy Osaka Hotel Holdings Pte. Ltd.[1][9]	Singapore	**100%**	–	Investment holding
Roxy Osaka Hotel Pte. Ltd.[1][9]	Singapore	**100%**	–	Hotel ownership
Roxy Osaka Hotel GK.[4][7]	Japan	**100%**	–	Hotel operations

All subsidiaries are considered significant to the Group or required for audit under the laws of the country of incorporation, unless otherwise indicated below:

(1) Audited by Foo Kon Tan LLP, Singapore.
(2) Audited by Kutsunai Certified Public Accountant Office, Japan.
(3) Audited by HLB Australia, a member firm of HLB International.
(4) The subsidiary is not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual.
(5) Not required to be audited under the laws of the country of incorporation. The subsidiary is audited by Foo Kon Tan LLP for consolidation purposes.
(6) Although the Group owns less than half of the equity interest in Roxy Chalong Resort Co. Ltd, the Group controls this entity through its 98.97% voting rights. The shares by the Group carry one vote for each share whilst the shares held by other shareholders carry one vote for every hundred shares.
(7) The subsidiary is newly incorporated and not yet subject to audit. The subsidiary is audited by Foo Kon Tan LLP for consolidation purposes.
(8) The subsidiary is under liquidation.
(9) The subsidiary is newly incorporated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 Investments in subsidiaries (Continued)

Summarised financial information in respect of Group's non-100% owned subsidiaries, all of which have material non-controlling interest (NCI) where ownership interest is not adjusted for is set out below:

2017

	Roxy NF Pty Ltd $'000	RH Tampines Pte Ltd $'000	RH Mount Sophia Pte Ltd $'000	RH Rochor Pte Ltd $'000	Roxy Chalong Resort Co., Ltd $'000	RH Orchard Pte. Ltd. $'000	RH Capital Pte. Ltd. $'000	Total $'000
Current assets	12	164,626	9,209	21,730	3,349	51,065	18,491	268,482
Non-Current assets	20,537	–	–	–	24,391	–	–	44,928
Current liabilities	(20,627)	(138,810)	(2,524)	(10,452)	(17,565)	(49,636)	(17,498)	(257,112)
Non-Current liabilities	–	(4,181)	(1,038)	(1,748)	(12,791)	–	–	(19,758)
Net Assets/ (liabilities)	(78)	21,635	5,647	9,530	(2,616)	1,429	993	36,540
Net Assets attributable to NCI	(39)	3,245	565	953	5	143	199	5,071
Revenue	–	129,886	–	17,957	–	–	–	147,843
Profit/(loss) for the year	(18)	12,165	28	1,156	(644)	(568)	(5)	12,114
Other comprehensive income ("OCI")	1	–	–	–	–	–	–	1
Total comprehensive income/(loss)	(17)	12,165	28	1,156	(644)	(568)	(5)	12,115
Attributable to NCI:								
– Profit	(9)	1,825	3	116	–	(57)	(1)	1,877
– OCI	1	–	–	–	–	–	–	1
Total comprehensive income/(loss)	(8)	1,825	3	116	–	(57)	(1)	1,878
Cash flows (used in)/generated from operating activities	(134)	42,490	27,723	39,683	(849)	(40,973)	(15,177)	52,763
Cash flows generated from/(used in) investment activities	–	198	7	38	(6,637)	–	–	(6,394)
Cash flows generated from/(used in) financing activities (dividends to NCI: $950)	134	(27,981)	(34,145)	(49,266)	10,078	41,119	15,892	(44,169)
Net (decrease)/ increase in cash and cash equivalents	–	14,707	(6,415)	(9,545)	2,592	146	715	2,200

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 Investments in subsidiaries (Continued)

2016

	Roxy NF Pty Ltd $'000	RH Tampines Pte. Ltd. $'000	RH Mount Sophia Pte. Ltd. $'000	RH Rochor Pte. Ltd. $'000	Roxy Chalong Resort Co. Ltd. $'000	Total $'000
Current assets	5	179,205	44,181	69,472	227	293,090
Non-current assets	20,264	–	–	–	17,445	37,709
Current liabilities	(20,331)	(167,999)	(26,169)	(59,586)	(10,521)	(284,606)
Non-current liabilities	–	(1,735)	(2,893)	(1,511)	(9,089)	(15,228)
Net assets/(liabilities)	(62)	9,471	15,119	8,375	(1,938)	30,965
Net assets attributable to NCI	(31)	1,421	1,513	837	5	3,745
Revenue	–	108,688	49,110	63,295	42	221,135
Profit/(loss) for the year	42	8,546	8,124	4,830	(882)	20,660
Other comprehensive income ("OCI")	–	–	–	–	–	–
Total comprehensive income/(loss)	42	8,546	8,124	4,830	(882)	20,660
Attributable to NCI:						
– Profit	21	1,283	812	483	517	3,116
– OCI	–	–	–	–	–	–
Total comprehensive income	21	1,283	812	483	517	3,116
Cash flows (used in)/generated from operating activities	(163)	33,213	16,494	15,768	(172)	65,140
Cash flows generated from/ (used in) investing activities	–	55	43	49	(1,047)	(900)
Cash flows generated from/ (used in) financing activities (dividends to NCI: Nil)	127	(2,654)	(19,274)	(8,731)	1,231	(29,301)
Net (decrease)/increase in cash and cash equivalents	(36)	30,614	(2,737)	7,086	12	34,939

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 Investment in associates

The Group	2017 $'000	2016 $'000
Unquoted equity investments, at cost*	**98,593**	88,496
Impairment on investment in associates	**(5,197)**	–
Share of post-acquisition profits	**111,915**	98,893
Exchange differences	**2,187**	(2)
Dividend income	**(44,189)**	(40,929)
	163,309	146,458

* Inclusive of $78,870,000 (2016 – $80,457,000) of amounts owing by associates on a long term loan account (net investment).

Details of the associates are as follows:

Name of associate	Country of incorporation	Ownership interest 2017	Ownership interest 2016	Principal activities
Held by a Subsidiary				
70 Shenton Pte. Ltd.[1]	Singapore	**20%**	20%	Property development
Mequity (Hillview) Pte. Ltd.[1]	Singapore	**49%**	49%	Property development
Mequity Two Pte. Ltd.[1][8]	Singapore	**45%**	45%	Property development
Mequity Pte. Ltd.[2][8]	Singapore	**45%**	45%	Property development
Mequity Assets Pte. Ltd.[2]	Singapore	**48%**	48%	Property development
Feature-Roxy Pty. Ltd.[3]	Australia	**50%**	50%	Investment holding and property investment
ACH Head Trust[4]	Australia	**49%**	49%	Trust
ACH Head Operator Pty. Ltd.[4]	Australia	**49%**	49%	Hotel management
ACH Projects Pty. Ltd.[4]	Australia	**49%**	49%	Hotel development
Peel Street JV Pty. Ltd.[4]	Australia	**40%**	40%	Property development
North Fremantle JV Pty. Ltd.[4]	Australia	**40%**	40%	Property development
Macly Equity Sdn. Bhd.[5]	Malaysia	**47%**	47%	Property development
Mequity Assets Sdn. Bhd[4]	Malaysia	**47%**	47%	Property development
Rolex Investments Ltd.[4]	Cayman Islands	**30%**	30%	Investment holding and property investment
PT Kramat Roxy Pacific[6]	Indonesia	**49%**	49%	Investment holding and property investment
Roxy-CES (NZ) Limited[7][9]	New Zealand	**50%**	–	Property investment
RH Guillemard Pte. Ltd.[1][9]	Singapore	**50%**	–	Property development
TE2 Roxy Australia Pty Ltd[4][9]	Australia	**45%**	–	Investment holding and property investment

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 Investment in associates (Continued)

All associates are considered significant to the Group, or required for audit under the laws of the country of incorporation, unless otherwise indicated below:

(1) Audited by Foo Kon Tan LLP, Singapore.
(2) Audited by PG Wee Partnership LLP, Singapore. The associate is not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual.
(3) Audited by HLB Australia, a member firm of HLB International.
(4) Not required to be audited under the laws of the country of incorporation. The associate is audited by Foo Kon Tan LLP for consolidation purposes.
(5) Audited by Guan & Associates, Malaysia.
(6) Dormant, not required to be audited under the laws of the country of incorporation.
(7) Under the Company Law of New Zealand, the associate is exempted from audit in its first two years of operations.
(8) The associate is under liquidation.
(9) The associate is newly incorporated.

The properties held by our associates as at 31 December 2017 are as follows:

Project name	Location	Description	Stage of completion	Expected completion	Gross floor area (sq m)	Group effective interest	Tenure
Properties under development							
New World Towers	64 Peel and 9 Cordelia Street, South Brisbane, Australia	195 residential units, 2 commercial units 1 management office in Tower 1 and 240 residential units in Tower 2	*	Mar 20	56,830	40%	Freehold
Wisma Infinitum, The Colony & The Luxe	18 Jalan Dewan Sultan Sulaiman, Kuala Lumpur, Malaysia	423 residential units in Block A, 300 residential units in Block B and 31 commercial units	25%	Oct 20	64,912	47%	Freehold

* Construction has yet to commence as of 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 Investment in associates (Continued)

Project name	Location	Description	Net lettable floor area (sq m)	Group effective interest	Tenure
Investment properties					
117 Clarence Street	117 Clarence Street, Sydney, Australia	14 storey commercial building	12,517	50%	Freehold
205 Queen Street	205 Queen Street, Auckland, New Zealand	17 & 22 storey commercial building	25,380	50%	Leasehold*

Location	Description	Approximate floor area (sq m)	Group effective interest	Tenure
Land held for development				
54 & 85 Bracks Street, North Fremantle, Perth, Australia	Industrial land; to be rezoned for commercial and residential use	45,463	20.2%	Freehold
Jalan Kramat Raya No. 110, Jakarta, Indonesia	Commercial development	1,703	49%	Freehold
2, 6, 12 & 14 Guillemard Lane, Singapore	Residential development	2,378	50%	Freehold
609 Wellington Street, Perth, Australia	Hotel development	1,391	49%	Freehold

The Group has seven (2016 – six) associates that are material and a number of associates that are individually immaterial to the Group.

* The property has a lease term until June 2081, with a right for a further term of 98 years, until the year 2179.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 Investment in associates (Continued)

Summarised financial information, not adjusted for the Group's share of equity interest in respect of the associates is set out below:

2017

	70 Shenton Pte. Ltd. $'000	Rolex Investments Ltd. $'000	Macly Equity Sdn Bhd $'000	Peel Street JV Pty Ltd $'000	Feature – Roxy Pty Ltd $'000	North Fremantle JV Pty Ltd $'000	Roxy – CES(NZ) Limited $'000	Immaterial associates $'000	Total $'000
Revenue	98,236	–	–	–	7,616	–	–	792	106,644
Profit/(loss) for the year	26,314	–	(1,598)	(758)	15,607	293	–	1,847	41,705
Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income/(loss)	26,314	–	(1,598)	(758)	15,607	293	–	1,847	41,705
Attributable to investee's shareholders	26,314	–	(1,598)	(758)	15,607	293	–	1,847	41,705
Current assets	249,377	121,625	93,279	3,941	3,989	1,850	2,299	61,629	537,989
Non-current assets	–	–	101	43,252	126,293	70,908	165,352	22,133	428,039
Current liabilities	(101,484)	(34,920)	(51,829)	–	(1,711)	(21,415)	(1,505)	(33,450)	(246,314)
Non-current liabilities	(13,293)	–	–	–	(63,868)	–	(166,145)	(316)	(243,622)
Net assets attributable to investee's shareholders	134,600	86,705	41,551	47,193	64,703	51,343	*	49,996	476,092
Group's interest in net assets of investee at beginning of the year	21,658	23,674	19,854	18,809	26,239	20,264	–	15,960	146,458
Investment	–	–	–	417	–	208	–	4,274	4,899
Group's share of:									
– Profit/(loss) for the year	5,262	–	(752)	(303)	7,804	117	–	894	13,022
– OCI	–	–	–	–	–	–	–	–	–
Total comprehensive income	5,262	–	(752)	(303)	7,804	117	–	894	13,022
Dividend income	–	–	–	–	–	–	–	(3,260)	(3,260)
Translation differences	–	2,338	428	(45)	(1,691)	(52)	–	1,212	2,190
Carrying amount of interest in investee at end of the year	26,920	26,012	19,530	18,878	32,352	20,537	–	19,080	163,309

* Net assets attributable to investee's shareholders is less than $1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 Investment in associates (Continued)

2016

	70 Shenton Pte. Ltd. $'000	Rolex Investments Ltd. $'000	Macly Equity Sdn Bhd $'000	Peel Street JV Pty Ltd $'000	Feature – Roxy Pty Ltd $'000	North Fremantle JV Pty Ltd $'000	Immaterial associates $'000	Total $'000
Revenue	245,409	–	–	206	6,482	937	–	253,034
Profit/(loss) for the year	65,844	–	(1,205)	(1,099)	12,028	511	609	76,688
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income/(loss)	65,844	–	(1,205)	(1,099)	12,028	511	609	76,688
Attributable to investee's shareholders	65,844	–	(1,205)	(1,099)	12,028	511	609	76,688
Current assets	284,195	132,200	68,911	4,446	4,471	2,182	67,987	564,392
Non-current assets	–	–	120	42,602	107,308	69,778	–	219,808
Current liabilities	(153,881)	(53,288)	(26,789)	(26)	(1,519)	(21,301)	(9,260)	(266,064)
Non-current liabilities	(22,028)	–	–	–	(57,783)	–	(25,503)	(105,314)
Net assets attributable to investee's shareholders	108,286	78,912	42,242	47,022	52,477	50,659	33,224	412,822
Group's interest in net assets of investee at beginning of the year	8,489	24,012	103	(373)	–	(7)	28,236	60,460
Investment	–	–	20,838	19,520	19,818	19,829	650	80,655
Group's share of:								
– Profit/(loss) for the year	13,169	–	(566)	(440)	6,014	205	259	18,641
– OCI	–	–	–	–	–	–	–	–
Total comprehensive income	13,169	–	(566)	(440)	6,014	205	259	18,641
Dividend income	–	–	–	–	–	–	(13,295)	(13,295)
Translation differences	–	(338)	(521)	102	407	237	110	(3)
Carrying amount of interest in investee at end of the year	21,658	23,674	19,854	18,809	26,239	20,264	15,960	146,458

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9 Amounts owing by associates

The Group	2017 $'000	2016 $'000
Amounts owing by associates	**34,876**	11,264

Amounts owing by associates are denominated in the following currencies:

The Group	2017 $'000	2016 $'000
Singapore dollar	**5,329**	–
Australian dollar	**29,547**	11,264
	34,876	11,264

The amounts owing by associates are unsecured advances, interest free and are not expected to be repaid in the next 12 months. The amounts are to be settled in cash.

The fair value represents the discounted, estimated present value of principal payments on amounts owing by associates as at the balance sheet date and is stated as follows:

The Group	2017 $'000	2016 $'000
Present value of amounts owing by associates	**33,192**	10,267

The fair value is within Level 2 of the fair values hierarchy.

10 Available-for-sale financial assets

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Quoted equity securities, at cost, at 1 January	**1,363**	1,363	**–**	–
Additions during the year	**534**	–	**534**	–
Fair value gain	**378**	62	**166**	–
Quoted equity securities, at 31 December	**2,275**	1,425	**700**	–

The fair values are within Level 1 of the fair values hierarchy.

11 Development properties for sale

The Group	2017 $'000	2016 $'000
Properties for sale under development	**536,270**	479,027
Developed properties for sale	**4,314**	7,342
	540,584	486,369

As at 31 December 2017, development properties for sale with a total carrying amount of $540,584,000 (2016 – $486,369,000) were mortgaged as security in respect of bank loans (Note 19).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11 Development properties for sale (Continued)

Details of development properties for sale at 31 December 2017 are as follows:

Properties for sale under development

The Group	2017 $'000	2016 $'000
Land cost	**1,224,542**	1,016,921
Development expenditure	**559,463**	489,869
	1,784,005	1,506,790
Attributable profit	**347,264**	325,802
	2,131,269	1,832,592
Progress billings	**(1,594,999)**	(1,353,565)
	536,270	479,027
Loan interest capitalised as cost of development properties during the year	**9,549**	12,109

The value of properties for sale under development expected to be completed within the Group's normal operating cycle is as follows:

The Group	2017 $'000	2016 $'000
Expected completion date:		
– within the next 12 months	**147,589**	165,263
– beyond 12 months	**388,681**	313,764
	536,270	479,027

Information on properties for sale under development as at 31 December 2017 is as follows:

Location	Project name	Description	Stage of completion	Expected completion	Approximate land area (sq m)	Gross floor area (sq m)	Group effective interest	Tenure
Properties under development								
Singapore								
111, 113 & 115 Tampines Road	Trilive	222 residential units & 2 shop units	95%	Dec 18	7,419	15,580	85%	Freehold
26 Sea Avenue	Straits Mansions	25 residential units	35%	Sept 20	1,809	2,533	100%	Freehold
Australia								
37-41 Bayswater Road, Potts Point, Sydney	The Hensley	44 residential units & 1 commercial unit	74%	Dec 18	930	3,581	100%	Freehold
6A & 8 Buckingham Road, Killara, Sydney	Octavia Killara	43 residential units	66%	Apr 19	3,792	4,402	100%	Freehold
10-11 Cowper Street Glebe, Sydney, Australia	West End Glebe	231 residential units	49%	Oct 19	7,125	18,960	100%	Freehold

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11 Development properties for sale (Continued)

Location	Description	Approximate land area (sq m)	Gross floor area (sq m)	Group effective interest	Tenure
Land held for development					
178, 180,180A,182 &184 Jalan Eunos, Singapore	48 residential units	2,315	3,242	100%	Freehold
211-223A Pasir Panjang Road, Singapore	57 residential units	2,856	3,998	100%	Freehold
120 Grange Road, Singapore	56 residential units	1,466	3,079	90%	Freehold
826/A-834/A Upper Bukit Timah, Singapore	34 residential units	953	2,382	80%	Freehold
River Valley Road, Singapore	148 residential units	2,675	7,491	100%	Freehold

Developed properties for sale

The Group	2017 $'000	2016 $'000
Developed properties for sale	**4,314**	7,342

Information on developed properties for sale as at 31 December 2017 is as follows:

Location	Property name	Description	Gross floor area (sq m)	Group effective interest	Tenure
132 Lorong K Telok Kurau, Singapore	Sunnyvale Residences	3 residential units	314	100%	Freehold

12 Inventories

The Group	2017 $'000	2016 $'000
Hotel supplies, at cost	**1,065**	784

13 Trade receivables

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables	**8,467**	14,255	**–**	–
GST receivables	**3,158**	627	**9**	8
Accrued receivables	**41,659**	78,273	**–**	–
	53,284	93,155	**9**	8
Impairment of trade receivables	**(5)**	(10)	**–**	–
	53,279	93,145	**9**	8

Trade receivables have credit terms of 30 (2016 – 30) days. The Group and the Company does not require collateral in respect of trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13 Trade receivables (Continued)

Accrued receivables represent the remaining balances of sales consideration for development properties to be billed.

Trade receivables are denominated in the following currencies:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore dollar	**48,974**	92,017	**9**	8
United States dollar	**120**	45	**–**	–
Japanese yen	**2,267**	316	**–**	–
Australian dollar	**1,776**	767	**–**	–
New Zealand dollar	**142**	–	**–**	–
	53,279	93,145	**9**	8

Financial assets that are impaired

Trade financial assets that are impaired are as follows:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Movements in impairment of trade receivables:				
At 1 January	**10**	30	**–**	–
Allowance for impairment written-off during the year	**(5)**	(20)	**–**	–
At 31 December	**5**	10	**–**	–

Financial assets that are past due but not impaired

The ageing analysis of trade financial assets (trade receivables, excluding GST receivables), which are not impaired are as follows:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Not past due	**47,697**	89,404	**–**	**–**
Past due not more than 3 months	**1,669**	2,418	**–**	**–**
Past due more than 3 months but less than 6 months	**6**	417	**–**	**–**
Past due more than 6 months	**749**	279	**–**	**–**
	50,121	92,518	**–**	**–**

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due more than 6 months. These receivables are mainly arising by customers that have a good credit record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

14 Other receivables

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Amounts due from subsidiaries (non-trade)	–	–	**327,261**	242,324
Accrued receivable from subsidiaries	–	–	**7,122**	7,238
Advances to associates	**4,834**	16	**750**	–
Deposits	**14,535**	9,409	**9**	9
Prepayments	**1,044**	1,041	**154**	349
Receivable from contractors	**721**	737	**–**	–
Customer deposit held in trust	**27,262**	9,017	**–**	–
Interest receivable	**890**	2,000	**760**	1,658
Tax recoverable	**863**	701	**–**	–
Deposit held in trust	**7,727**	–	**–**	–
Others	**594**	277	**28**	4
	58,470	23,198	**336,084**	251,582
Impairment of other receivables	**(738)**	(780)	**–**	–
	57,732	22,418	**336,084**	251,582

The non-trade amounts due from subsidiaries comprise mainly of advances from the Company.

Amounts due from subsidiaries are unsecured and repayable on demand. At the reporting date, amounts due from subsidiaries of $13,271,000 bear interest at 4.02% (2016 – $19,873,000 at 3.29%) per annum. The remaining amounts due from subsidiaries were interest free. Interest is re-priced every 12 months.

Advances to associates are unsecured, interest-free and repayable on demand.

Other receivables are denominated in the following currencies:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore dollar	**10,840**	10,676	**319,396**	241,843
United States dollar	**756**	384	**253**	–
Indonesia rupiah	**77**	1,087	**77**	4,225
Thailand baht	**956**	91	**434**	–
Japanese yen	**769**	307	**6,734**	2,903
Australian dollar	**43,983**	9,873	**9,190**	2,611
New Zealand dollar	**351**	–	**–**	–
	57,732	22,418	**336,084**	251,582

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

14 Other receivables (Continued)

Financial assets that are impaired

Other financial assets that are impaired are as follows:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Movements in impairment of other receivables				
At 1 January	**780**	80	**–**	–
Additional impairment charged to profit and loss (Note 25)	**19**	708	**–**	–
Allowance for impairment written-off during the year	**(61)**	(8)	**–**	–
At 31 December	**738**	780	**–**	–

Financial assets that are past due but not impaired

The ageing analysis of other financial assets (other receivables excluding prepayments and taxes recoverable), which are not impaired is as follows:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Not past due	**55,753**	20,588	**335,930**	251,233
Past due not more than 3 months	**–**	–	**–**	–
Past due more than 3 months but less than 6 months	**–**	–	**–**	–
Past due more than 6 months	**72**	88	**–**	–
	55,825	20,676	**335,930**	251,233

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of other receivables not past due or past due more than 6 months. These receivables are mainly arising by debtors that have a good credit record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15 Cash and bank balances

Cash and cash equivalents

For the purposes of presenting the consolidated statement of cash flows, cash and cash equivalents comprised the following:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Project accounts				
Cash at bank in project accounts	**34,239**	61,091	**–**	–
Fixed deposits in project accounts	**48,500**	51,000	**–**	–
	82,739	112,091	**–**	–
Cash at bank	**82,265**	38,349	**10,929**	9,303
Fixed deposits	**69,291**	86,840	**69,291**	59,412
Total cash and cash equivalents	**234,295**	237,280	**80,220**	68,715
Fixed deposits pledged[#]	**88,165**	88,045	**88,000**	88,000
Total cash and bank balances	**322,460**	325,325	**168,220**	156,715

Fixed deposits pledged (excluding fixed deposits in project accounts) are pledged to secure bankers' guarantees and for multi-currency loan facilities obtained for working capital purposes of the Group.

Project accounts

The project accounts consist of monies held under the Housing Developers (Project Account) Rules 1997 from which withdrawals are restricted to payments for costs incurred on developing properties for sale.

At the reporting date, the weighted average effective interest rate of fixed deposits in project accounts for the year was 0.512% (2016: 0.494%) per annum.

Cash and bank balances

At the reporting date, the weighted average effective interest rate of fixed deposits (excluding fixed deposits in project accounts) of the Group and the Company was 1.050% (2016 – 1.350%) and 1.216% (2016 – 1.604%) per annum, respectively.

Total cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore dollar	**306,732**	315,087	**168,205**	156,627
United States dollar	**1,075**	702	**–**	–
Thailand baht	**2,827**	136	**–**	–
Maldivian rufiyaa	**24**	24	**–**	–
Japanese yen	**2,016**	1,284	**–**	–
Australian dollar	**8,770**	8,092	**15**	88
New Zealand dollar	**1,016**	–	**–**	–
	322,460	325,325	**168,220**	156,715

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

16 Share capital

The Group and The Company	2017 Number of ordinary shares	2016 Number of ordinary shares	2017 $'000	2016 $'000
Ordinary shares issued and fully paid, with no par value				
Balance at beginning and end of year	**1,193,550**	1,193,550	**47,399**	47,399

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

17 Treasury shares

The Group and The Company	2017 Number of ordinary shares	2016 Number of ordinary shares	2017 $'000	2016 $'000
Balance at beginning of year	**1,306,500**	–	**(555)**	–
Purchase of treasury shares	**20,000**	1,306,500	**(9)**	(555)
Balance at end of year	**1,326,500**	1,306,500	**(564)**	(555)

18 Other reserves

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Revaluation reserve	**533**	–	**–**	–
Fair value reserve	**312**	50	**138**	–
Translation reserve	**(4,527)**	(2,149)	**768**	4,187
	(3,682)	(2,099)	**906**	4,187

Revaluation reserve

Revaluation reserve relates to the excess of the revalued amount and the carrying amount of the property upon its transfer from owner-occupied property to investment property.

Fair value reserve

Fair value reserve comprises of the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Translation reserve

Translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

19 Borrowings

		The Group		The Company	
	Year of Maturity	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current liabilities					
Bank loans (secured):					
Between two and five years	2019 to 2022	**265,898**	155,574	**–**	–
After five years	2023 to 2038	**52,192**	54,975	**–**	–
Multi-currency term notes:					
Between two and five years	2018	**–**	60,000	**–**	60,000
		318,090	270,549	**–**	60,000
Current liabilities					
Bank loans (secured):					
Repayable within one year or less, or on demand	2018	**262,417**	346,391	**8,674**	62,242
Repayable after one year, but within the normal operating cycle	2019 to 2021	**250,839**	214,757	**–**	–
Bank loans (unsecured):					
Repayable within one year or less, or on demand	2018	**–**	1,000	**–**	1,000
Multi-currency term notes:					
Repayable within one year or less	2018	**40,500**	–	**40,500**	–
		553,756	562,148	**49,174**	63,242
Total borrowings		**871,846**	832,697	**49,174**	123,242

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

19 Borrowings (Continued)

The fair value of non-current borrowings at the balance sheet date is as follows:

	Carrying amount		Fair value	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
The Group				
Borrowings with an average effective fixed interest rate of 2.60% (2016 – 3.11%) per annum	**318,090**	270,549	**312,124**	271,027

The fair values are within Level 2 of the fair values hierarchy.

The borrowings are denominated in the following currencies:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore dollar	**676,426**	603,637	**46,500**	76,000
United States dollar	**26,592**	29,497	**2,674**	2,893
Thailand baht	**12,792**	9,719	**–**	–
Japanese yen	**46,862**	23,969	**–**	–
Australian dollar	**70,288**	165,875	**–**	44,349
New Zealand dollar	**38,886**	–	**–**	–
	871,846	832,697	**49,174**	123,242

Bank loans

At the reporting date, the bank loans bear interest at varying effective rates ranging from 1.61% to 4.68% (2016 – 1.87% to 4.91%) per annum. Interest is re-priced between 1 to 12 months (2016: 1 to 12 months).

The bank loans are secured by: freehold land and buildings (Note 4), investment properties (Note 6), and development properties for sale (Note 11).

The Company has provided guarantees to banks in respect of loan facilities granted to subsidiaries and associates amounting to $1,448,318,000 (2016 – $1,316,516,000). At the reporting date, the amount of the loan drawdown under the facilities was $871,846,000 (2016 – $832,697,000). The current interest rates charged by the lenders on the loans to subsidiaries are at market rates and are consistent with the borrowing costs of the subsidiaries without corporate guarantees. The Group has assessed that the fair value of corporate guarantees is immaterial.

Multi-currency debt issuance programme

Current, multi-currency debt issuance comprise of unsecured notes issued by the Company.

The multi-currency debt of $40.5 million fixed rate notes due 2018 (Series: "001 Notes") bear a fixed interest at 4.5% per annum and are repayable on 20 July 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

20 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Properties for sale under development	**10,532**	18,024	**–**	–
Overseas investment property	**16**	9,558	**–**	–
Property, plant and equipment	**4,412**	5,051	**–**	–
Available for sale financial assets	**42**	(12)	**28**	–
Unremitted income	**1,473**	473	**615**	168
	16,475	33,094	**643**	168

Settlement of deferred tax liabilities is as follows:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
To be settled:				
Later than one year and no later than five years	**16,475**	23,103	**643**	168
Later than five years	**–**	9,991	**–**	–
	16,475	33,094	**643**	168

Movement in temporary differences during the year:

The Group	2017 $'000	2016 $'000
Deferred tax liabilities:		
Balance at 1 January	**33,094**	21,328
Recognised in profit or loss (Note 26):		
Properties for sale under development	**(7,492)**	4,916
Overseas investment property	**(9,542)**	6,051
Property, plant and equipment	**(639)**	338
Available for sale financial assets	**54**	(12)
Unremitted income	**1,000**	473
	(16,619)	11,766
Balance at 31 December	**16,475**	33,094

At 31 December 2017, no provision for deferred tax liability has been recognised in respect of undistributed profits of one foreign subsidiary amounting to approximately $48,722,000 (2016 – $28,497,000) because management is able to control both the timing of disposal of the subsidiary and the distribution of profits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

21 Trade and other payables

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade payables	**8,874**	15,550	**99**	58
Other payables	**80,015**	83,165	**376,956**	355,448
	88,889	98,715	**377,055**	355,506

(a) Trade payables

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade payables	**2,159**	5,141	**99**	54
GST payables	**562**	1,053	**–**	4
Retention sums payable	**6,153**	9,356	**–**	–
	8,874	15,550	**99**	58

Trade payables have credit terms between 30 and 60 (2016 – 30 and 60) days.

Trade payables are denominated in the following currencies:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore dollar	**7,916**	14,933	**99**	58
United States dollar	**318**	16	**–**	–
Thai baht	**178**	19	**–**	–
Japanese yen	**138**	154	**–**	–
Australian dollar	**114**	428	**–**	–
New Zealand dollar	**210**	–	**–**	–
	8,874	15,550	**99**	58

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

21 Trade and other payables (Continued)

(b) Other payables

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Amounts due to subsidiaries (non-trade)	–	–	**374,563**	352,666
Amounts due to associates (non-trade)	**19,218**	20,959	–	–
Amount due to non-controlling interests (non-trade)	**14,160**	19,869	–	–
Accrued directors' performance bonus	**2,670**	5,697	–	–
Accrued unbilled progress claims from contractors	**1,065**	1,819	–	–
Accrued construction costs for completed projects	**3,991**	5,889	–	–
Accrued operating expenses	**3,291**	4,675	**312**	273
Accrued payroll and related expenses	**3,384**	3,374	**1,259**	1,181
Accrued interest expense	**2,824**	2,310	**822**	1,328
Hotel management fees payable	**83**	1,120	–	–
Rental deposits received	**516**	438	–	–
Other deposits	**27,864**	10,254	–	–
Other creditors	**949**	795	–	–
Derivative financial liability	–	5,966	–	–
	80,015	83,165	**376,956**	355,448

The non-trade amounts due to subsidiaries, associates and non-controlling interests comprise mainly advances which are unsecured, interest-free and repayable on demand.

Derivative financial liability relates to a cross currency interest rate swap whose details are as follows:

The Group	Contractual notional amount $'000	Fair value of derivative liability 2017 $'000	Fair value of derivative liability 2016 $'000
Cross currency interest rate swap	–	–	5,966

NOTES TO THE FINANCIAL STATEMENTS

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21 Trade and other payables (Continued)

(b) Other payables (Continued)

Other payables are denominated in the following currencies:

	The Group		The Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore dollar	**15,570**	41,559	**373,303**	355,337
United States dollar	**838**	200	**2**	3
Hong Kong dollar	**19,218**	20,959	**–**	–
Thailand baht	**187**	81	**–**	–
Japanese yen	**1,075**	179	**–**	–
Australian dollar	**43,021**	20,187	**3,651**	108
New Zealand dollar	**106**	–	–	–
	80,015	83,165	**376,956**	355,448

22 Operating segments

For management reporting purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units:

(1) Hotel ownership segment relating to ownership of hotel;

(2) Property development segment relating to the development of properties for sale;

(3) Property investment segment relating to the business of investing in properties to earn rentals and for capital appreciation; and

(4) Others relating to corporate office functions.

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22 Operating segments (Continued)

The Group	Hotel Ownership		Property Development		Property Investment		Others		The Group	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Revenue – External	**44,272**	46,254	**191,774**	326,601	**10,767**	12,518	**–**	–	**246,813**	385,373
Total revenue	**44,272**	46,254	**191,774**	326,601	**10,767**	12,518	**–**	–	**246,813**	385,373
Segment results	**(3,126)**	5,377	**21,384**	33,860	**4,209**	7,823	**(4,871)**	(4,947)	**17,596**	42,113
Interest income	**5**	5	**246**	260	**1,215**	442	**894**	2,537	**2,360**	3,244
Finance cost	**(6,861)**	(8,020)	**(812)**	–	**(2,760)**	(2,849)	**(3,910)**	(4,318)	**(14,343)**	(15,187)
Fair value gain on investment properties	**–**	–	**–**	–	**24,047**	17,165	**–**	–	**24,047**	17,165
Net exchange gain/(loss)	**18**	(95)	**1,384**	113	**(98)**	115	**2,090**	(861)	**3,394**	(728)
Fair value gain on currency interest rate swap	**–**	–	**–**	–	**666**	336	**–**	–	**666**	336
Share of results of associates (net of Income tax)	**(93)**	–	**5,311**	12,627	**7,804**	6,014	**–**	–	**13,022**	18,641
Profit/(loss) before tax	**(10,057)**	(2,733)	**27,513**	46,860	**35,083**	29,046	**(5,797)**	(7,589)	**46,742**	65,584
Other information										
Segment assets	**268,090**	194,478	**856,332**	854,213	**214,283**	249,064	**177,114**	163,863	**1,515,819**	1,461,618
Total assets									**1,515,819**	1,461,618
Segment liabilities*	**347,776**	265,790	**479,704**	429,633	**81,317**	109,881	**51,938**	126,108	**960,735**	931,412
Total liabilities									**1,008,083**	966,610
Investment in associates	**5,989**	–	**1,125**	60,838	**–**	19,817	**–**	–	**7,114**	80,655
Capital expenditure relating to investment properties	**–**	–	**–**	–	**59,862**	–	**–**	–	**59,862**	–
Capital expenditure relating to property, plant and equipment	**52,949**	47,464	**–**	–	**21**	356	**85**	41	**53,055**	47,861
Depreciation of property, plant and equipment	**5,401**	6,094	**–**	5	**198**	218	**131**	142	**5,730**	6,459

Major customers

There were no revenue transactions from a single customer that amounted to 10% or more of the Group's revenue for the financial year ended 31 December 2017 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22 Operating segments (Continued)

* Reconciliations of reportable segment liabilities:

The Group	2017 $'000	2016 $'000
Total liabilities for reportable segment	**960,735**	931,412
Current tax liabilities	**30,873**	2,104
Deferred tax liabilities	**16,475**	33,094
Total liabilities	**1,008,083**	966,610

The Group Chief Executive Officer ("Group CEO"), who is designated as the Chief Operating Decision Maker, monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included above. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

The Group's income taxes are managed on a group basis and are not allocated to operating segments.

Geographical segments are as follows:

The Group	Singapore $'000	Australia $'000	Japan $'000	Thailand $'000	Malaysia $'000	New Zealand $'000	Hong Kong $'000	Indonesia $'000	Maldives $'000	Total $'000
2017										
External revenue	**231,554**	**8,845**	**5,503**	**–**	**–**	**251**	**–**	**–**	**660**	**246,813**
Non-current assets	**177,775**	**107,199**	**70,313**	**24,391**	**19,529**	**59,862**	**26,011**	**3,914**	**49,430**	**538,424**
2016										
External revenue	368,961	10,806	5,448	42	–	–	–	–	116	385,373
Non-current assets	175,063	209,507	36,147	17,445	20,972	–	23,674	4,227	45,117	532,152

23 Other income

The Group	2017 $'000	2016 $'000
Change in fair value of investment properties (Note 6)	**24,047**	17,165
Interest income	**2,360**	3,244
Management fees charged to associates	**453**	884
Foreign exchange gain	**4,248**	985
Fair value gain on cross currency interest rate swap	**666**	336
Dividend income	**83**	83
Gain on disposal of investment property	**379**	–
Sundry incomes	**601**	297
	32,837	22,994

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24 Finance costs

The Group	2017 $'000	2016 $'000
Interest expense on bank loans	**14,064**	14,949
Loan commitment fees	**279**	238
	14,343	15,187

25 Profit before taxation

The Group	Note	2017 $'000	2016 $'000
Profit before taxation is arrived at after charging:			
Amortisation of intangible assets	5	**18**	18
Bad debt written off		**11**	–
Depreciation of property, plant and equipment*	4	**5,730**	6,459
Directors' fees		**165**	153
Foreign exchange loss		**854**	1,713
Impairment of investment in associate*	8	**5,197**	–
Impairment of other receivables	14	**19**	708
Property, plant and equipment written off	4	**1,213**	–
Rental expense*		**1,078**	715
Repairs and maintenance*		**1,965**	1,197
Utilities*		**2,114**	1,955
Audit fees			
– Of the external auditor of the Group		**249**	246
– Of other external auditors of the Group		**75**	75
Non-audit fees			
– Of the external auditor of the Group		**11**	8
Staff costs			
Directors			
– Salaries and other related costs		**4,055**	7,529
– Central Provident Fund ("CPF") contributions		**233**	303
Key Management Personnel (other than Directors)			
– Salaries, wages and other related costs		**1,987**	1,791
– CPF contributions		**92**	88
Other than directors and key management personnel			
– Salaries, wages and other related costs		**14,001**	12,975
– CPF contributions		**1,316**	1,480
– Other personnel expenses		**1,443**	1,526
		23,127	25,692

* These are included in other operating expenses in the Consolidated Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

26 Tax expense

The Group	2017 $'000	2016 $'000
Current tax expense		
– Current year	**32,201**	2,171
– Adjustments for prior years	**(139)**	(1,273)
	32,062	898
Deferred tax expense		
– Origination and reversal of temporary differences	**(18,303)**	10,783
– Adjustments for prior years	**1,684**	983
(Note 20)	**(16,619)**	11,766
	15,443	12,664

Singapore income tax is calculated at 17% (2016: 17%) of the estimated assessable profit or loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The applicable tax rate used in the reconciliation between the Group's tax expense and accounting profit is the Singapore statutory tax rate based on the jurisdiction where the Company and most group entities are established. The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the accounting profit as a result of the following:

The Group	2017 $'000	2016 $'000
Profit before taxation	**46,742**	65,584
Tax at statutory rate of 17% (2016 – 17%)	**7,946**	11,149
Expenses not deductible for tax purposes	**3,506**	167
Income not subject to tax	**(3,640)**	(1,872)
Deferred tax assets not recognised	**2,681**	416
Effect of tax rates in foreign jurisdictions	**4,012**	3,735
Tax credit, exemption, group relief, rebate and others	**(607)**	(641)
Adjustment for prior years	**1,545**	(290)
At the effective income tax rate of 33% (2016: 19%)	**15,443**	12,664

At 31 December 2017, the Group had accumulated unutilised tax losses amounting to $16,544,000 (2016 – $11,030,000), of which, $13,636,000 (2016 - $7,323,000) related to foreign entities. There were no unutilised capital allowances which were not recognised at 31 December 2017 (2016 - Nil). The tax losses are subject to agreement by the relevant tax authorities and compliance with tax regulations.

Deferred tax assets of $3,509,000 (2016 – $2,228,000) of which $3,127,000 (2016 – $1,598,000) relates to foreign entities have not been recognised in respect of current year unutilised tax losses because it is not probable that future taxable profits will be available against which the Group can utilise the benefit therefrom.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27 Earnings per share

The basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year. The Company did not have any stock options or dilutive potential ordinary shares during the years ended 31 December 2016 and 2017.

	2017	2016
The Group		
Net profit after taxation ($'000)	**29,423**	49,804
Number of ordinary shares in issue* at 1 January ('000)	**1,192,243**	1,193,550
Purchase of treasury shares through share buyback ('000) (Note 17)	**(20)**	(1,307)
Number of ordinary shares in issue* at 31 December ('000)	**1,192,223**	1,192,243
Weighted average number of ordinary shares in issue during the year ('000)	**1,192,224**	1,193,331
Earnings per share-Basic (cents)	**2.47**	4.17
Earnings per share-Diluted (cents)	**2.47**	4.17

* Excluding treasury shares

28 Capital commitments

At the reporting date, the Group had the following capital commitments:

The Group	2017 $'000	2016 $'000
For completion of property acquisitions		
211-223A Pasir Panjang Road, Singapore	**–**	29,925
120 Grange Road, Singapore	**–**	43,650
386-392 Dunearn Road, Singapore	**32,670**	–
5 Derbyshire Road, Singapore	**70,186**	–
360 Little Bourke Street, Melbourne, Australia	**29,718**	–
2, 6, 12, 14 Guillemard Lane, Singapore	**14,238**	–
	146,812	73,575
Retrofitting and construction of resorts	**28,403**	–
	175,215	73,575

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29 Operating lease commitments (non-cancellable)

Where Group is the lessee

At the reporting date, the Group was committed to making the following rental payments in respect of operating leases of office equipment, motor vehicle, car park and warehouse storage with an original term of more than one year:

The Group	2017 $'000	2016 $'000
Not later than one year	**114**	129
Later than one year but not later than five years	**145**	256
Later than five years	**–**	–
	259	385

The operating leases expire between May 2018 and February 2022 and contain renewal options.

Where Group is the lessor

At the reporting date, the Group had the following rentals receivable under non-cancellable operating leases related to investment properties:

The Group	2017 $'000	2016 $'000
Not later than one year	**7,088**	8,759
Later than one year but not later than five years	**24,666**	13,504
Later than five years	**10,180**	148
	41,934	22,411

The operating leases expire between February 2018 and August 2024 and contain option to renew by the lessee for an additional 2 – 5 years and a rate mutually agreed between the lessor and the lessee.

30 Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following are transactions with related parties made at terms agreed between the parties:

The Group	2017 $'000	2016 $'000
Short-term employee benefits	**263**	247
CPF contributions	**33**	31
	296	278

These employees are Teo Hong Hee[1], Michael Teo Hong Wee[1], Loh Kwang Chew, Cheong Kwai Fun and Phua Lay Leng. Teo Hong Hee and Michael Teo Hong Wee are siblings to two of our Executive Directors, namely Teo Hong Lim and Chris Teo Hong Yeow (the "Executive Directors"). Loh Kwang Chew is the uncle of the Executive Directors. Cheong Kwai Fun and Phua Lay Leng are cousins of the Executive Directors.

1 Mr Teo Hong Hee and Mr Michael Teo Hong Wee are key management personnels and their remuneration is disclosed under the key management personnel (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 Financial risk management

The Group and the Company has documented financial risk management policies. These policies set out the Group's and Company's overall business strategies and its risk management philosophy. The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include: credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance. The Group uses financial instruments such as interest rate swaps to hedge certain risk exposures.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

The Group	Available-for-sale $'000	Loans and receivables $'000	Derivative financial liabilities $'000	Other liabilities (carried at amortised cost) $'000	Total $'000
2017					
Financial assets					
Available-for-sale financial assets	**2,275**	**–**	**–**	**–**	**2,275**
Other assets*	**–**	**140,822**	**–**	**–**	**140,822**
Cash and bank balances	**–**	**322,460**	**–**	**–**	**322,460**
	2,275	**463,282**	**–**	**–**	**465,557**
Financial liabilities					
Borrowings	**–**	**–**	**–**	**871,846**	**871,846**
Trade and other payables#	**–**	**–**	**–**	**88,327**	**88,327**
	–	**–**	**–**	**960,173**	**960,173**
2016					
Financial assets					
Available-for-sale financial assets	1,425	–	–	–	1,425
Other assets*	–	124,458	–	–	124,458
Cash and bank balances	–	325,325	–	–	325,325
	1,425	449,783	–	–	451,208
Financial liabilities					
Borrowings	–	–	–	832,697	832,697
Trade and other payables#	–	–	5,966	91,696	97,662
	–	–	5,966	924,393	930,359

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 Financial risk management (Continued)

The Company	Loans and receivables $'000	Other liabilities (carried at amortised cost) $'000	Total $'000
2017			
Financial assets			
Other assets*	**335,930**	**–**	**335,930**
Cash and bank balances	**168,220**	**–**	**168,220**
	504,150	**–**	**504,150**
Financial liabilities			
Borrowings	**–**	**49,174**	**49,174**
Trade and other payables#	**–**	**377,055**	**377,055**
	–	**426,229**	**426,229**
2016			
Financial assets			
Other assets*	251,233	–	251,233
Cash and bank balances	156,715	–	156,715
	407,948	–	407,948
Financial liabilities			
Borrowings	–	123,242	123,242
Trade and other payables#	–	355,502	355,502
	–	478,744	478,744

* Other assets exclude prepayments, GST receivables and taxes recoverable

\# Trade and other payables exclude GST payables

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's and Company's objective is to seek continual growth while minimising losses arising from credit risk exposure. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. The Group closely monitors and avoids any significant concentration of credit risk on any of its development properties sold. Contractual deposits are collected and scheduled progress payments are received from the buyers when due. Title to properties is only transferred upon full settlement. In addition, receivable balances and payment profile of the debtors are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 Financial risk management (Continued)

Credit risk (Continued)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date, other than as disclosed in Notes 13 and 14, no allowances for impairment is necessary in respect of trade and other receivables past due and not past due.

At the reporting date there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Significant concentrations of credit risk

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. As at 31 December 2017 and 2016, the Group and the Company does not have any significant concentrations of credit risk.

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

Trade and other receivables that are neither past due nor impaired are creditworthy companies or individuals with a good payment record with the Group and the Company. Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings and no history of default.

(ii) Financial assets that are past due but not impaired

There are no other class of financial assets that is past due but not impaired except for trade and other receivables.

Exposure to credit risk

The Company has provided financial guarantees to banks in respect of banking facilities amounting to $1,448,318,000 (2016 – $1,316,516,000) granted to subsidiaries and associates. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees.

The cash and cash equivalents are held with banks of good credit ratings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises from its variable rate bank loans and fixed deposits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 Financial risk management (Continued)

Interest rate risk (Continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates on variable rate bank loans and a change of 10 basis points (bp) in interest rates on fixed deposits at the reporting date would have increased/(decreased) profit or loss before tax and equity by the amounts shown below.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

The Group	Profit before tax increase/(decrease)		Equity increase/(decrease)	
	10 bp*/ 100 bp# $'000	10 bp*/ 100 bp# $'000	10 bp*/ 100 bp# $'000	10 bp*/ 100 bp# $'000
At 31 December 2017				
Fixed deposits	**206**	**(206)**	**206**	**(206)**
Variable rate bank loans	**(6,002)**	**6,002**	**(6,002)**	**6,002**
	(5,796)	**5,796**	**(5,796)**	**5,796**
At 31 December 2016				
Fixed deposits	226	(226)	226	(226)
Variable rate bank loans	(4,753)	4,753	(4,753)	4,753
	(4,527)	4,527	(4,527)	4,527

* Fixed deposits
\# Variable rate bank loans

The Company	Profit before tax increase/(decrease)		Equity increase/(decrease)	
	10 bp*/ 100 bp# $'000	10 bp*/ 100 bp# $'000	10 bp*/ 100 bp# $'000	10 bp*/ 100 bp# $'000
At 31 December 2017				
Fixed deposits	**157**	**(157)**	**157**	**(157)**
Variable rate bank loans	**(87)**	**87**	**(87)**	**87**
	70	**(70)**	**70**	**(70)**
At 31 December 2016				
Fixed deposits	147	(147)	147	(147)
Variable rate bank loans	(632)	632	(632)	632
	(485)	485	(485)	485

* Fixed deposits
\# Variable rate bank loans

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 Financial risk management (Continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group is exposed to currency risk on financial assets and financial liabilities that are denominated in a currency other than the respective functional currencies of Group entities. The currencies that give rise to foreign currency risk are: United States dollar ("USD"), Indonesian rupiah ("IDR"), Malaysian ringgit ("MYR"), Hong Kong dollar ("HKD"), Thai baht ("THB"), Maldivian rufiyaa ("MVR"), Japanese yen ("YEN") and the Australian dollar ("AUD").

A 5% strengthening of the above currencies against the functional currencies of the respective Group entities at the reporting date would have decreased equity and profit or loss before tax as follows:

The Group	2017 $'000	2016 $'000
United States dollar	**(1,724)**	(2,067)
New Zealand dollar	**(395)**	–
Hong Kong dollar	**(164)**	(196)
Thai baht	**(19)**	(19)
Japanese yen	**(25)**	(14)
Australian dollar	**(3,059)**	(8,174)
	(5,386)	(10,470)

This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effect. A 5% weakening of the above currencies against the functional currencies of the respective Group entities would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 Financial risk management (Continued)

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices.

Market price risk arises from available-for-sale equity securities.

Market price sensitivity analysis

All of the Group's and the Company's equity investments are listed on the Singapore Exchange. For such investments classified as available-for-sale, a 5% increase in the value of the underlying equity investments at the reporting date would have increased the Group's and the Company's equity by $94,000 after tax (2016 – $59,000); an equal change in the opposite direction would have decreased the Group's and the Company's equity by $94,000 after tax (2016 – $59,000).

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

		Contractual undiscounted cash flows			
The Group	**Carrying amount $'000**	**Total $'000**	**Less than 1 year $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**
As at 31 December 2017					
Bank loans (Note 19)	**831,346**	**892,269**	**267,755**	**559,900**	**64,614**
Multi-currency debt (Note 19)	**40,500**	**41,499**	**41,499**	**–**	**–**
Trade and other payables*	**88,327**	**88,327**	**88,327**	**–**	**–**
Foreign exchange and interest rate swap (Note 21)	**–**	**–**	**–**	**–**	**–**
– outflow	**–**	**–**	**–**	**–**	**–**
– inflow	**–**	**–**	**–**	**–**	**–**
	960,173	**1,022,095**	**397,581**	**559,900**	**64,614**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 Financial risk management (Continued)

Liquidity risk (Continued)

The Group	Carrying amount $'000	Contractual undiscounted cash flows: Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
As at 31 December 2016					
Bank loans (Note 19)	772,697	826,342	363,697	393,212	69,433
Multi-currency debt (Note 19)	60,000	64,179	2,700	61,479	–
Trade and other payables*	91,696	91,696	91,696	–	–
Foreign exchange and interest rate swap (Note 21)					
– outflow	5,966	68,511	68,511	–	–
– inflow	–	(62,308)	(62,308)	–	–
	930,359	988,420	464,296	454,691	69,433

The Company	Carrying amount $'000	Contractual undiscounted cash flows: Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
As at 31 December 2017					
Bank loans (Note 19)	**8,674**	**8,687**	**8,687**	**–**	**–**
Multi-currency debt (Note 19)	**40,500**	**41,499**	**41,499**	**–**	**–**
Trade and other payables*	**377,055**	**377,055**	**377,055**	**–**	**–**
	426,229	**427,241**	**427,241**	**–**	**–**
As at 31 December 2016					
Bank loans (Note 19)	63,242	63,414	63,414	–	–
Multi-currency debt (Note 19)	60,000	64,179	2,700	61,479	–
Trade and other payables*	355,502	355,502	355,502	–	–
	478,744	483,095	421,616	61,479	–

* Trade and other payables exclude GST payables.

It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

The Company has a multi-currency debt issuance programme, under which it may issue notes of up to S$500 million and as of 31 December 2017, S$459.5 million remains unutilised. Under this Programme, notes issued by the Company may have varying maturities as agreed with the relevant financial institutions.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 Financial risk management (Continued)

Liquidity risk (Continued)

At the reporting date, the Company does not consider it probable that a claim will be made against it under the intragroup financial guarantees. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called and disclosed as follows:

		Contractual undiscounted cash flows			
The Group	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
As at 31 December 2017					
Financial guarantees	**242,177**	**242,177**	**242,177**	**–**	**–**
As at 31 December 2016					
Financial guarantees	84,597	84,597	84,597	–	–

		Contractual undiscounted cash flows			
The Company	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
As at 31 December 2017					
Financial guarantees	**1,448,318**	**1,448,318**	**1,448,318**	**–**	**–**
As at 31 December 2016					
Financial guarantees	1,316,516	1,316,516	1,316,516	–	–

32 Fair value measurement

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

32 Fair value measurement (Continued)

Definition of fair value (Continued)

Fair value hierarchy (Continued)

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis.

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2017				
Financial assets				
Available-for-sale financial assets (Note 10)	**2,275**	**–**	**–**	**2,275**
Financial liabilities				
Cross currency interest rate swap (Note 21)	**–**	**–**	**–**	**–**
31 December 2016				
Financial assets				
Available-for-sale financial assets (Note 10)	1,425	–	–	1,425
Financial liabilities				
Cross currency interest rate swap (Note 21)	–	5,966	–	5,966

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2017				
Investment properties	**–**	**–**	**124,191**	**124,191**
31 December 2016				
Investment properties	–	–	198,835	198,835

Fair value measurement of financial assets

Available for sale financial assets

The fair value of quoted equity securities is determined by reference to their quoted closing bid price at the reporting date.

Cross currency interest rate swap

The fair value of cross currency interest rate swap is determined based on valuation derived from market quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging instrument.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

32 Fair value measurement (Continued)

Fair value measurement of financial assets (Continued)

Bank loans

The carrying amounts of the bank loans, repayable within one year or less, or on demand and whose interest rates are re-priced within 12 months, approximate their fair value.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year, (trade and other receivables, trade and other payables, and amounts owing by/(to) related parties) approximate their fair values because of the short period to maturity.

Fair value measurement of non-financial assets

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Inter-relationship between key unobservable inputs and fair value measurement	Significant unobservable inputs
The Group used the direct comparison method and income capitalisation method for investment properties located in Singapore and the direct comparison method, income capitalisation method and discounted cash flow method for investment property located overseas. – The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. – The income capitalisation method takes into consideration the estimated net rent at a capitalisation rate applicable to the nature and type of asset in question.	*The estimated fair value would increase (decrease) if:* *Price per square meter was higher (lower);* *Expected average rental growth was higher (lower);* *Renewal probability was higher (lower);* *Vacancy period was shorter (longer);* *Capital expenditure was lower (higher);*	Price per square meter: **– 2017: $6,400 to $39,800** – 2016: $6,800 to $39,800 Expected average rental growth: **– 2017: 2.2%** – 2016: 4.0% Renewal probability: **– 2017: 50%** – 2016: 50% Rental period average (in months): **– 2017: 8.0** – 2016: 11.6 Capital expenditure (of gross income): **– 2017: 2.8%** – 2016: 3.45%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

32 Fair value measurement (Continued)

Fair value measurement of non-financial assets (Continued)

Valuation technique and significant unobservable inputs (Continued)

Valuation technique	Inter-relationship between key unobservable inputs and fair value measurement	Significant unobservable inputs
– The discounted cash flows method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth, renewal, vacancy period, capital expenditure and discount rate.	*Discount rate was lower (higher);*	Discount rate: **– 2017: 8.37%** – 2016: 7.5%
	Capitalisation rate was lower (higher).	Capitalisation rate: **– 2017: 7.00%** – 2016: 6.75%

Level 3: fair value measurements

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is disclosed in Note 6.

33 Capital management

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as a going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group and the Company regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company have adopted a dividend policy with a view of paying dividends, on a half-yearly basis, of at least 50% of the net operating profits attributable to the Group's and the Company's business of hotel ownership and provision of hotel accommodation services subject to certain factors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

33 Capital management (Continued)

The Board of Directors monitors capital based on the net debt to adjusted net assets value ratio. Net debt comprises total borrowings less cash and cash equivalents. Adjusted net assets value comprises total equity and the excess of the fair values of the Group's hotel and office premises over their net book values. The Group's hotel and office premises are measured at historical cost. For the purpose of capital management, the fair values of the Group's hotel and office premises are used. The fair value of the hotel and office premises is determined by an independent firm of professional valuers.

There were no changes in the Group's and the Company's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Total borrowings (Note 19)	**871,846**	832,697	**49,174**	123,242
Less: Total cash and bank balances (Note 15)	**(322,460)**	(325,325)	**(168,220)**	(156,715)
Net debt (A)	**549,386**	507,372	**(119,046)**	(33,473)
Equity attributable to owners of the Company	**502,665**	491,263	**222,313**	119,423
Excess of fair values of hotel and office premises over net book values	**490,272**	471,937	**–**	–
Adjusted net assets value (B)	**992,937**	963,200	**222,313**	119,423
Net debt to adjusted net assets value ratio (times) (A)/(B)	**0.55**	0.53	*****	*

* Not presented as the Company has net cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

34 Dividends

The Group	2017 $'000	2016 $'000
Final dividend and special dividend paid in respect of FY2016 (2016 – FY2015) of 1.164 cents (2016 – 1.297 cents) per share	**13,878**	15,480
Interim dividend paid in respect of FY2017 (2016 – FY2016) of 0.214 cents (2016 – 0.503 cents) per share	**2,551**	6,003
	16,429	21,483

The Company proposed a final tax exempt one tier dividend of 0.771 cents per share in respect of the financial year ended 31 December 2017. The proposed final dividend of $9,192,000, which has not been provided for, is subject to the approval of shareholders.

Together with the interim dividend of 0.214 cents per share tax exempt one-tier, total dividends paid and proposed in respect of the financial year ended 31 December 2017 will be 0.985 cents per share (2016 – 1.667 cents per share tax-exempt one-tier).

35 Subsequent events

On 2 January 2018, the Group entered into an agreement to acquire a freehold residential site situated at Lot TS18-1418K at 5 Derbyshire Road, Singapore, also known as Derby Court. The acquisition cost of $73,880,000 will be financed by internal funds and bank borrowing.

On 19 January 2018, the Group with TE2 Development Pte. Ltd. jointly entered into a conditional agreement to acquire a residential site, known as Kismis View, located at 15 & 17 Lorong Kismis, Singapore at $102,750,000 which will be financed by internal funds and bank borrowing.

On 22 January 2018, the Group through its wholly-owned subsidiary, RH Developments Two Pte. Ltd. has subscribed for an additional 1,999,998 ordinary shares for a total consideration of $1,999,998, thereby increasing the investment in RH Developments Two Pte. Ltd. from $2 to $2,000,000.

On 26 January 2018, the Group through its wholly owned subsidiary, RP Ventures Pte. Ltd. with joint venture partners, TE2 Development Pte. Ltd. and Kim Seng Holdings Pte. Ltd. jointly acquired a freehold residential site at 22 Farrer Road, Singapore at $98,800,000 which will be financed by internal funds and bank borrowing. The location of the site is at Lot 2652A of MK 2 and is known as Wilshire.

On 8 February 2018, the Group with TE2 Development Pte. Ltd. jointly entered into a conditional agreement to acquire a property located at 19 Lorong Kismis, Singapore at $5,668,000 which will be financed by internal funds and bank borrowing.

On 28 February 2018, the Company is proposing a bonus issue (the "Proposed Bonus Issue") on the basis of one (1) bonus share ("Bonus Shares") for every ten (10) existing ordinary shares in the capital of the Company.

On 1 March 2018, the Group proposed to sell a freehold property located at 117 Clarence Street, Sydney Australia by appointing two marketing agents.

On 1 March 2018, the Group through its wholly-owned subsidiary, RP Ventures Pte. Ltd. ("RPV"), has subscribed for 799,960 ordinary shares in the issued and paid up share capital of TE2KS-RH Pte. Ltd. ("TE2KS-RH") for a total subscription amount of $799,960.00, thereby increasing the investment in TE2KS-RH from $40.00 to $800,000.00.

From 1 January 2018 to 9 March 2018, the Company repurchased 1,296,000 shares in the Company.

SHAREHOLDINGS STATISTICS

AS AT 1 MARCH 2018

Issued and fully paid-up capital	–	S$47,590,007
Total number of shares including treasury shares	–	1,193,549,994
Total number of shares excluding treasury shares	–	1,192,110,094
Number of treasury shares	–	1,439,900
Class of shares	–	Ordinary
Voting rights (excluding treasury shares)	–	One Vote Per Share

Distribution of Shareholdings as at 1 March 2018

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	34	2.13	1,386	0.00
100 – 1,000	82	5.13	49,125	0.00
1,001 – 10,000	493	30.81	2,843,987	0.24
10,001 – 1,000,000	950	59.37	55,101,696	4.62
1,000,001 and above	41	2.56	1,135,553,800	95.14
Total	**1,600**	**100.00**	**1,193,549,994**	**100.00**

Percentage of shareholdings in the hands of public (Public Float)

As at 1 March 2018, approximately 21.80% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Twenty Largest Shareholders

List of 20 Largest Shareholders as at 1 March 2018

No.	Name	No. of Shares	%
1	KIAN LAM INVESTMENT PTE LTD	456,522,750	38.25
2	SEN LEE DEVELOPMENT	132,993,750	11.14
3	TEO HONG LIM[1]	118,600,625	9.94
4	UNITED OVERSEAS BANK NOMINEES	57,973,600	4.86
5	HONG LEONG FINANCE NOMINEES PL	41,062,428	3.44
6	CHEONG FUNG FAI	35,923,750	3.01
7	SUTANTIO	35,546,250	2.98
8	TJANDRAWATI	33,678,750	2.82
9	OCBC SECURITIES PRIVATE LTD	28,488,650	2.39
10	TEO HONG HEE[2]	24,712,500	2.07
11	DBS NOMINEES PTE LTD	22,614,550	1.90
12	RAFFLES NOMINEES (PTE) LTD	21,200,125	1.78
13	LIM SWEE HAH	18,675,000	1.57
14	MAYBANK KIM ENG SECS PTE LTD	17,082,875	1.43
15	CITIBANK NOMS S'PORE PTE LTD	13,763,925	1.15
16	CGS-CIMB SECURITIES (S) PL	10,702,951	0.90
17	CHEONG KWAI FUN	9,393,750	0.79
18	TEO HONG WEE[3]	7,313,750	0.61
19	LIM BEE YONG	6,647,500	0.56
20	TEO KOK THYE	6,562,500	0.55
	TOTAL	**1,099,459,979**	**92.14**

(1) Excludes Mr Teo Hong Lim's 20,852,500 shares registered in the name of nominees.

(2) Excludes Mr Teo Hong Hee's 3,000,000 shares registered in the name of a nominee.

(3) Excludes Mr Teo Hong Wee's 28,000,000 shares registered in the name of a nominee.

SHAREHOLDINGS STATISTICS

AS AT 1 MARCH 2018

Substantial shareholders as shown in the Register of Substantial Shareholders as at 1 March 2018

	Number of Shares			
Substantial shareholders	**Direct Interest**	**%**	**Deemed Interest**	**%**
Kian Lam Investment Pte Ltd[1]	456,522,750	38.30	132,993,750	11.16
Sen Lee Development Private Limited	132,993,750	11.16	–	–
Teo Hong Lim[2][3]	118,600,625	9.95	610,369,000	51.20
Sutantio[4]	35,546,250	2.98	33,678,750	2.83
Tjandrawati[4]	33,678,750	2.83	35,546,250	2.98

Notes:

(1) Kian Lam Investment Pte Ltd ("**Kian Lam**") holds more than 50% of the issued share capital of Sen Lee Development Private Limited ("**Sen Lee**") and is deemed to be interested in the shares of the Company held by Sen Lee.

(2) Teo Hong Lim holds more than 20% of the issued share capital of Kian Lam. In this respect, pursuant to Section 7 of the Companies Act, Cap. 50, Teo Hong Lim is deemed to be interested in the shares of the Company held by Kian Lam and Sen Lee.

(3) 20,852,500 shares held by Teo Hong Lim are registered in the name of a nominee.

(4) Sutantio is the husband of Tjandrawati. Each of them is deemed to be interested in the shares held by each other.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Roxy-Pacific Holdings Limited (the "**Company**") will be held at Frankel Room, 3rd Floor, Grand Mercure Roxy Hotel, Marine Parade Road, Roxy Square, Singapore 428769 on Friday, 6 April 2018 at 10.00 a.m. for the following purposes:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2017 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax exempt dividend of 0.771 cents per ordinary share in respect of the financial year ended 31 December 2017 (2016: final one-tier tax exempt dividend of 0.542 cents per ordinary share). **(Resolution 2)**

3. To approve Directors' fee of S$153,120 (2017: S$199,320) for the financial year ending 31 December 2018 and the payment thereof on a quarterly basis. **(Resolution 3)**

4. To re-elect Mr Teo Hong Lim, a Director retiring under Article 103 of the Constitution of the Company. **(Resolution 4)**

5. To re-elect Mr Winston Tan Tien Hin, a Director retiring under Article 103 of the Constitution of the Company. **(Resolution 5)**

   *Mr Winston Tan Tien Hin will, upon re-election as a Director of the Company, remain as a member of the Audit Risk Management Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). He will remain as a member of the Nominating and Remuneration Committees.*

6. To re-elect Mr Tong Din Eu, a Director retiring under Article 107 of the Constitution of the Company. **(Resolution 6)**

   Mr Tong Din Eu will, upon re-election as a Director of the Company, remain as a member of the Audit Risk Management Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. He will remain as a member of the Nominating and Remuneration Committees.

   To note the retirement of Mr Hew Koon Chan, pursuant to Article 104 of the Company's Constitution. Mr Hew Koon Chan, the Lead Independent Director, has indicated that he will not be standing for re-election at the forthcoming AGM. Mr Hew will cease to be a Director of the Company, the Chairman of the Audit Committee, a member of the Remuneration Committee and the Nominating Committee with effect from the close of the forthcoming AGM.

7. To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

Note:

Detailed information on these Directors can be found under 'Board of Directors' and 'Statement of Corporate Governance Report' in the Company's Annual Report 2017.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolution with or without modifications:–

8. **Authority to allot and issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**"), and Rule 806 of the Listing Rules of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and/or

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force; provided always that:

(i) 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 fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed five per cent (5%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 8)
(See Explanatory Note 1)

NOTICE OF ANNUAL GENERAL MEETING

9. **Any Other Business**

To transact any other business that may be properly transacted at the Annual General Meeting.

BY ORDER OF THE BOARD

Koh Seng Geok
Executive Director and Company Secretary

Singapore, 15 March 2018

Explanatory Notes on Special Business to be transacted:

1. Resolution 8, if passed, will empower the Directors of the Company from the date of the above meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares and convertible securities, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company, of which up to five (5)% of the total number of issued shares (excluding treasury shares and subsidiary holdings)(including shares to be allotted and issued in pursuance of instruments made or granted pursuant to this resolution) may be issued other than on a pro-rata basis to shareholders.

   For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for 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 when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

2. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two proxies to attend, speak and vote at the meeting.

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

4. The instrument appointing a proxy must be lodged at the registered office of the Company at 50 East Coast Road #B1-18, Roxy Square, Singapore 428769 at least 48 hours before the time appointed for the Annual General Meeting.

5. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he so wishes. Any appointment of a proxy or proxies shall be deemed to revoked if a member attends the Annual General Meeting in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) 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) 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Roxy-Pacific Holdings Limited (the "Company") will be closed on 17 April 2018 after 5.00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd. of 333 North Bridge Road #08-00, KH KEA Building, Singapore 188721 up to 5:00 p.m. on 17 April 2018 will be registered to determine shareholders' entitlements to the proposed final and special dividends. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 17 April 2018 will be entitled to the abovementioned dividends.

Payment of the proposed dividends, if approved by the shareholders at the Annual General Meeting to be held on 6 April 2018 will be paid on 27 April 2018.

BY ORDER OF THE BOARD

Koh Seng Geok
Executive Director and Company Secretary

Singapore, 15 March 2018

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ROXY-PACIFIC HOLDINGS LIMITED

Co. Registration No. 196700135Z
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the Meeting and vote.
2. For investors who have used their CPF moneys to buy shares in Roxy-Pacific Holdings Limited, this Annual Report is forwarded to them at the request of the CPF Approved Nominees.
3. 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.

I/We, _____

of _____

being *a member/members of ROXY-PACIFIC HOLDINGS LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)
*and/or (delete as appropriate)			

as my/our proxy/proxies, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Frankel Room, 3rd Floor, Grand Mercure Roxy Hotel, Marine Parade Road, Roxy Square, Singapore 428769 on Friday, 6 April 2018 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 Annual General Meeting in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

Please indicate your vote "For" or "Against" with a tick [√] within the box provided

No.	Ordinary Resolutions	No. of Votes or indicate with a tick[1]	
		For	Against
	Ordinary Business		
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 and the Auditor's Report thereon.		
2.	To declare a final one-tier tax exempt dividend of 0.771 cents per ordinary share in respect of the financial year ended 31 December 2017.		
3.	To approve Directors' fee of S$153,120 (2017: S$199,320) for the financial year ending 31 December 2018 and the payment thereof on a quarterly basis.		
4.	To re-elect Mr Teo Hong Lim, a Director retiring under Article 103 of the Constitution of the Company.		
5.	To re-elect Mr Winston Tan Tien Hin, a Director retiring under Article 103 of the Constitution of the Company.		
6.	To re-elect Mr Tong Din Eu, a Director retiring under Article 107 of the Constitution of the Company.		
7.	To re-appoint Foo Kon Tan LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
8.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

[1] All resolutions would be put to vote by poll in accordance with listing rule of Singapore Exchange Securities Limited.
Please tick "√" or indicate the number of votes within the box provided. A tick would represent you are exercising all your votes "For" or "Against" the relevant resolution.

Dated this _____ day of _____ 2018

Total Number of Shares Held

_____

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

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. A member of the Company (other than a relevant intermediary as defined in Section 181 of the Companies Act, Cap.50) entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on his stead. Such proxy need not be a member of the Company.
2. A relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the meeting and vote.
3. Where a member of the Company appoints more than one proxy in a proxy form, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
5. This instrument appointing a proxy or proxies must be under the hand of the appointor 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 or under the hand of its attorney or duly authorised officer.
6. A corporation which 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 Meeting, in accordance with its Articles of the Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 50 East Coast Road #B1-18, Roxy Square, Singapore 428769 not later than 48 hours before the time set for the meeting.
8. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, 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 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
10. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
11. 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 Annual General Meeting.

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The Company Secretary
ROXY-PACIFIC HOLDINGS LIMITED
50 East Coast Road #B1-18
Roxy Square
Singapore 428769

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Roxy-Pacific
Holdings Limited

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