



ANNUAL
REPORT

2018



Bund Center Investment Ltd
Listed on the Singapore Exchange

Contents

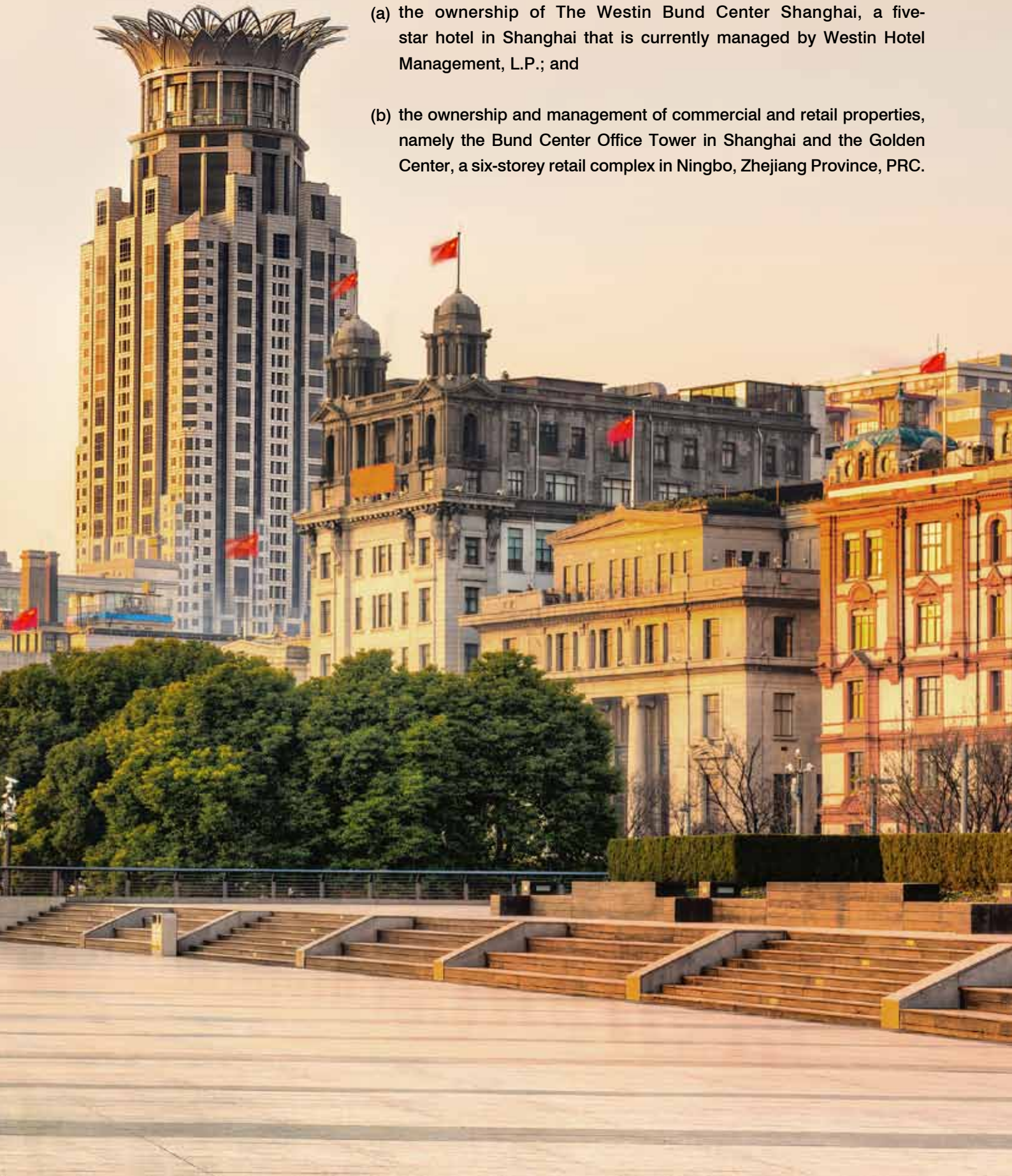
- 01 Corporate Profile
- 03 Corporate Overview
- 04 Corporate Structure
- 05 Property Portfolio
- 06 Board of Directors
- 10 Chairman's Statement
- 12 Operations Review
- 16 Corporate Directory
- 17 Corporate Governance Report
- 41 Financial Report
- 85 Shareholding Statistics
- 87 Notice of Annual General Meeting



Corporate Profile

The Group is engaged in investment holding property businesses in PRC. Currently, it is engaged in:

- (a) the ownership of The Westin Bund Center Shanghai, a five-star hotel in Shanghai that is currently managed by Westin Hotel Management, L.P.; and
- (b) the ownership and management of commercial and retail properties, namely the Bund Center Office Tower in Shanghai and the Golden Center, a six-storey retail complex in Ningbo, Zhejiang Province, PRC.





**HEAVENLIES STAIRCASE
WESTIN BUND CENTER SHANGHAI**

Corporate Overview

Listed on the Singapore Exchange on 30 June 2010, the Group owns The Bund Center and Golden Center.

THE BUND CENTER, SHANGHAI

The Bund Center, spanning approximately 189,100 sq ft, was completed in 2002 and comprised our Office Tower, our Hotel, a podium which contained several retail outlets and a carpark.

Our Office Tower

Our Office Tower with a total gross floor area of approximately 1,414,600 sq ft, comprises 43 storeys (including podium) of premium office premises. Being one of the tallest structures in the Bund skyline and its crown rooftop, it is now an iconic landmark on the Bund.

In 2002, our Office Tower was awarded the Shanghai Magnolia award for excellent engineering and construction and in 2004, our Office Tower received the FIABCI Prix d'Excellence Award. In September 2005, our Office Tower was named "Top Ten Best Office Building in China" by China Business Newspaper (中国经营报).

Our Office Tower has maintained a high average annual occupancy of 86.1% in FY2018 and continues to command premium rental rates. Key advantages of our Office Tower are its strategic location, which is at the center and heart of the prestigious Shanghai Bund, Super Grade A quality of the building and the convenience of having a leading hotel in the same property. Our Office Tower also provides added facilities and services to our tenants, including operating free shuttle bus services to the main public transport hub, providing concierge services, laundry pickup, cleaning and collection services, indoor air quality system, a mid-high scale staff cafeteria and a bund lounge space. In addition, our Office Tower has in place stringent security measures such as card access security gates and round-the-clock patrol dogs that are trained in detecting explosive materials on special occasions and events.

Our Hotel

The five-star Westin Bund Center Shanghai with a total gross floor area of 636,100 sq ft, is strategically located in the historic and magnificent Bund area, at the center of the commercial

area of Shanghai and easily accessible to our Office Tower, convention centers, luxury branded shops and celebrated restaurants in the Bund area.

Our Hotel which comprising two 22-storey towers with about 570 tastefully decorated guest rooms, is currently the only flagship Westin hotel in Shanghai.

It is also one of the hotels that is frequently involved in staging large scale corporate and fashion events in Shanghai. Our Hotel hosted many high profile events for many renowned international brands, including fashion shows, gala events, product launches, international blockbuster movies premieres, as well as provided catering services for numerous high-end motor vehicle brands at the Autoshow.

Since its opening in 2002, our Hotel has won many accolades and has established itself as a world class luxury hotel offering premium services. It has been recognised consistently by influential global publications as an outstanding hotel. Our reputation for an excellent dining experience has been acknowledged, with numerous significant industry and culinary awards and acclaim received.

GOLDEN CENTER, NINGBO

The Golden Center complex with a total gross floor area of 1,936,800 sq ft is developed by the Group. The whole complex consists of a 6-storey Golden Center retail complex, a 32-storey Ningbo Financial Center office tower - the headquarter of Ningbo People's Bank of China and a 52-storey luxurious residential tower, "Riviere Mansion" - the tallest residential tower in Zhejiang province then. It is strategically located in the central business district area of Ningbo, at the south west side of the junction of Zhongshan East Road and Jiangdong North Road facing the entrance of Jiangxia Bridge in Jiangdong District of Ningbo, which is one of the major bridges connecting Jiangdong District to the centre of Haishu District. This locality, known as Sanjiangkou (three estuaries), is a popular commercial and retail area.

The Group currently owns the Golden Center six-level retail complex with a total gross floor area of 340,600 sq ft.

Corporate Structure



Bund Center Investment Ltd

HONG KONG/CHINA	OTHERS
96.79% Shanghai Golden Bund Real Estate Co., Ltd	100% Casleton International Limited
89.21% Ningbo Zhonghua Land Co., Ltd	100% Handful Resources Limited
100% Koon Chung Limited	100% Smart Investment Ltd
	100% Primewyn Management & Services Pte Ltd

Property Portfolio



Name and Location of Mixed Development	Tenure	Site Area (sq ft)	Gross Floor Area (sq ft)	Lettable Rooms/ Net Lettable Area (sq ft)	Valuation
The Bund Center: An integrated development comprising:	50-year lease till 2045	189,100	2,050,700		RMB8,885 million ⁽¹⁾ (S\$1,759 million)
(a) Hotel Located at 88 Henan Road Central, Huangpu District Shanghai 200002, PRC			636,100	570 rooms	RMB2,794 million ⁽¹⁾ (S\$553 million)
(b) Office Tower Located at 222 Yanan Road East, Huangpu District Shanghai 200002, PRC			1,414,600	872,600	RMB6,091 million ⁽¹⁾ (S\$1,206 million)
Golden Center		66,500	340,600	168,300	RMB781 million ⁽¹⁾ (S\$155 million)
(a) Golden Center, Ningbo A 6-storey retail complex. Located at 279 Zhongshan Road East, Jiangdong District, Ningbo City 315040, Zhejiang Province, PRC	50-year lease till 2045	65,700	295,400	131,900	
(b) Annex to Golden Center	40-year lease till 2033	800	45,200	36,400	
Grand Total					RMB9,666 million (S\$1,914 million)

Note:

⁽¹⁾ Valuation as assessed by the independent valuers, Jones Lang LaSalle Corporate Appraisal and Advisory Limited dated 18 February 2019.

Board of Directors



FRANKLE (DJAFAR) WIDJAJA
Executive Chairman and
Chief Executive Officer

Mr. Frankle Widjaja is the Executive Chairman and Chief Executive Officer of Bund Center Investment Ltd (“BCI” or the “Company”). He was appointed as a Director of BCI in September 2009, and his last re-appointment as a Director was in 2018. As Executive Chairman and Chief Executive Officer, Mr. Frankle Widjaja oversees the business, sets the strategies and leads the overall management of the BCI Group. He is also primarily responsible for all aspects of the Group’s Hotel, Office Tower and Golden Center, including the ongoing evaluation, investment and improvement of the aforesaid properties. He took charge of the China property business in Shanghai and Ningbo since 1992.

Mr. Frankle Widjaja, aged 62, graduated from the University of California, Berkeley, USA with a degree of Bachelor of Science in 1978.

Mr. Frankle Widjaja has extensive management and operational experience and, since 1979, he has been involved in the management and operations of pulp and paper, financial services, food and agriculture and real estate businesses. From the mid-eighties to the early nineties, Mr. Frankle Widjaja had held various senior positions including that as the Head of Property Development, PT Duta Pertiwi Tbk; President of several factories for pulp and paper and agri-business, and assumed responsibilities for the expansion of the paper business. Mr. Frankle Widjaja was previously a Director of Sinarmas Land Limited (“SML”) and Golden Agri-Resources Ltd (“GAR”) until he retired from SML and GAR board of directors in April 2012 and April 2018, respectively, to focus on his current appointments.

Presently, Mr. Frankle Widjaja sits on the boards of several subsidiaries of BCI.

Since 1998, Mr. Frankle Widjaja has been the Director of both the Shanghai Overseas Friendship Association and the Shanghai Overseas Exchange Association. He was the Deputy Chairman of the Shanghai Overseas Chinese Chamber of Commerce. Mr. Frankle Widjaja was awarded the Third Shanghai Charity Star



Special Awards in 2008; the Top Ten Overseas Chinese Award in 2007; the Five Star Diamond Award in 2006; the Shanghai Magnolia Honorable Award in 2006; and the Shanghai Magnolia Memorial Award in 2004. He is an honorary citizen of Ningbo City.

Present directorships in other Singapore listed companies: Nil

Other principal commitments: Nil

Past directorships in other Singapore listed companies (2016 – 2018):

- Golden Agri-Resources Ltd

Board of Directors



FRANKY OESMAN WIDJAJA
Non-Executive Director

- Member of Nominating Committee and Remuneration Committee

Mr. Franky Widjaja is a Non-Executive Director of BCI and a member of its Nominating and Remuneration Committees. He was appointed as a Director in September 2009, and his last re-appointment as a Director was in 2016.

Mr. Franky Widjaja, aged 61, graduated from Aoyama Gakuin University, Japan with a Bachelor's degree in Commerce in 1979. He has extensive management and operational experience and, since 1982, has been involved with different businesses including pulp and paper, property, chemical, telecommunication, financial services and agriculture.

Mr. Franky Widjaja also sits on the board of directors of Golden Agri-Resources Ltd ("GAR") and Sinarmas Land Limited ("SML"), both listed on the Official List of the Singapore Exchange Securities Trading Limited. He has been a Director and the Chief Executive Officer of GAR since 1996; and the Chairman of GAR since 2000. Mr. Franky Widjaja has also been a Director of SML since 1997; and the Executive Chairman of SML since 2006.

Mr. Franky Widjaja is a member of the boards of several subsidiaries of BCI, GAR and SML. Since 2003, he has been the President Commissioner of PT Sinar Mas Agro Resources and Technology Tbk, a subsidiary of GAR listed on the Indonesia Stock Exchange.

Currently, Mr. Franky Widjaja is the Co-Chairman of Partnership for Indonesia Sustainable Agriculture ("PISAgro"); Co-Chair of World Economic Forum ("WEF"): Grow Asia, and he is a member of WEF: Global Agenda Trustee for World Food Security and Agriculture Sector; Vice Chairman of the Indonesian Chamber of Commerce and Industry ("KADIN") for Agribusiness, Food and Forestry Sector; and a member of the Advisory Board of the Indonesian Palm Oil Association ("GAPKI").

Previously, from 2007 to 2015, Mr. Franky Widjaja was Vice President Commissioner of PT Bumi Serpong Damai Tbk and PT Duta Pertiwi Tbk; and he was also Vice President Commissioner of PT Puradelta Lestari Tbk until his resignation in May 2016, all subsidiaries of SML listed on the Indonesia Stock Exchange.

Present directorships in other Singapore listed companies:

- Golden Agri-Resources Ltd
- Sinarmas Land Limited

Other principal commitments: Nil

Past directorships in other Singapore listed companies (2016 – 2018): Nil



DEBORAH WIDJAJA
Executive Director and
Deputy Chief Executive Officer

Ms. Deborah Widjaja was appointed as an Executive Director of BCI in May 2012, and was promoted as Deputy Chief Executive Officer on 2 March 2015. Her last re-appointment as a Director was in 2016.

Ms. Deborah Widjaja, aged 35, graduated Magna Cum Laude with a Bachelor of Arts degree from the University of Southern California, Los Angeles, USA, in December 2006. Ms. Deborah Widjaja was a USC Renaissance Scholar double majoring in International Relations and Communication with a minor in Cinema-Television. During her undergraduate studies, she was on the Dean's list for six semesters and a member of two National Honors Societies, Alpha Lamda Delta and Lamda Pi Eta, and was awarded two Outstanding Leadership Awards from the International Students' Assembly. After graduating from university, she enrolled in the New York Film Academy in 2007, and had written, directed, and produced four short films.

Ms. Deborah Widjaja is currently an Executive Director and Deputy Chief Executive Officer of Shanghai Golden Bund Real Estate Co., Ltd. ("SGB"), a subsidiary of BCI. Since 2010, she has held senior management positions in SGB. Prior to joining SGB as a Personal Assistant to the Executive Chairman in 2010, Ms. Deborah Widjaja undertook various work experience/ research internship positions at the Singapore Economic Development Board and at The Westin Bund Center Shanghai, where she obtained management trainee experience in the areas of Public Relations, Sales & Marketing, Food & Beverage and Finance, as well as led marketing initiatives to launch the grand opening of the new hotel tower.

Present directorships in other Singapore listed companies: Nil

Other principal commitments: Nil

Past directorships in other Singapore listed companies

(2016 - 2018): Nil

Board of Directors



CHEW YOW FOO
Executive Director and
Chief Financial Officer

Mr. Chew Yow Foo is an Executive Director and the Chief Financial Officer of BCI. He was appointed as a Director in September 2009 and his last re-appointment as a Director was in 2017. Mr. Chew sits on the boards of several subsidiaries of BCI.

Mr. Chew, aged 59, holds a MBA from the University of Durham (Dunelm) and a BSSc (Hons) in Accounting with Economics from the Queens University of Belfast (QUB), UK.

Mr. Chew joined SML group as Chief Internal Auditor for its PRC property business in 2006. In 2007, he was re-designated as Chief Financial Officer for its property business in the PRC and Singapore.

Before he joined SML group, Mr. Chew was a general manager and the head of the property investment division at Sichuan Veritas Investment Consulting (Singapore) Co. Ltd., a company which provides consultation services in property development, from January 2005 to April 2006.

From October 2002 to December 2004, Mr. Chew was an acting president and financial controller at Shanghai Firstreach Real Estate Development Co., Ltd., a real estate development company located in the Putuo district of Shanghai. Between October 1995 and October 2002, Mr. Chew was with Anastoria Sdn Bhd, a company involved in the property development business of residential and commercial projects in Malaysia, where he was a finance manager from October 1995 to July 1997 and a regional manager (in charge of the northern regional office) from August 1997 to October 2002.

Prior to 1995, Mr. Chew was involved in financial and management accounting, corporate finance, treasury management, budget and costing, auditing, taxation and corporate secretarial matters in the manufacturing industry.

Present directorships in other Singapore listed companies: Nil

Other principal commitments: Nil

Past directorships in other Singapore listed companies (2016 - 2018): Nil



LIM JUN XIONG, STEVEN
Lead Independent Director

- Chairman of Audit Committee
- Member of Nominating Committee and Remuneration Committee

Mr. Lim Jun Xiong, Steven is the Lead Independent Director of BCI, Chairman of BCI's Audit Committee, and a member of its Nominating Committee and Remuneration Committee. Mr. Lim has been a Director of the Company since September 2009, and his last re-appointment as a Director was in 2016.

Mr. Lim, aged 63, holds a Bachelor of Commerce majoring in Accounting and Finance from the University of Newcastle, Australia. Mr. Lim is a Fellow member of CPA Australia, the Institute of Singapore Chartered Accountants and a member of the Society of Trusts and Estate Practitioners. Mr. Lim currently provides consultancy advice in the field of global wealth solutions.

Mr. Lim was the Chief Executive Officer of SG Trust (Asia) Ltd, a wholly-owned subsidiary and fiduciary services arm of Societe Generale Private Bank that provides wealth management, estate and succession planning services, until October 2014. Prior to this, he was the Managing Director and subsequently a Senior Consultant at HSBC Private Bank (Suisse) SA Global Wealth Solutions. Mr. Lim started his career at PricewaterhouseCoopers. He was also Non-Executive Chairman and Independent Director of Sapphire Corporation Limited until December 2017.

Presently, Mr. Lim is an Independent Director of Emerging Towns & Cities Singapore Ltd and Mirach Energy Limited, Lead Independent Director of Keong Hong Holdings Limited and Non-Executive and Independent Director of Hong Fok Corporation Limited, all of which are listed on the Official List of the Singapore Exchange Securities Trading Limited.

Present directorships in other Singapore listed companies:

- Emerging Towns & Cities Singapore Ltd
- Mirach Energy Limited
- Keong Hong Holdings Limited
- Hong Fok Corporation Limited

Other principal commitments: Nil

Past directorships in other Singapore listed companies (2016 - 2018):

- Sapphire Corporation Limited

Board of Directors



WILLY SHEE PING YAH @ SHEE PING YAN
Independent Director

- Chairman of Nominating Committee
- Member of Audit Committee and Remuneration Committee

Mr. Willy Shee Ping Yah @ Shee Ping Yan is an Independent Director of BCI, Chairman of BCI's Nominating Committee and a member of its Audit Committee and Remuneration Committee. He has been a Director of the Company since February 2010, and his last re-appointment as a Director was in 2017. He sits on the board of BCI's subsidiary, Shanghai Golden Bund Real Estate Co., Ltd.

Mr. Shee, aged 70, holds a Diploma in Urban Valuation from the University of Auckland, New Zealand (under the Colombo Plan Scholarship 1968-1970). He is a Fellow Member of the Singapore Institute of Surveyors and Valuers and a Fellow Member of the Association of Property and Facility Managers. Mr. Shee is a Licensed Estate Agent in Singapore and a full member of the Singapore Institute of Directors.

Mr. Shee is currently Senior Advisor to CBRE Pte Ltd having assumed a non-executive role after stepping down as the Chairman, Asia of CBRE Pte Ltd in July 2016. From 1991 to June 2005, Mr. Shee was the managing director of CB Richard Ellis (Pte) Ltd, Singapore office, and was responsible for its growth and overall operations.

Other boards which Mr. Shee sits on include Sinarmas Land Limited, Ascendas Hospitality Trust Management Pte Ltd, Ascendas Hospitality Fund Management Pte Ltd, Mercatus Co-operative Ltd and Keppel Land Limited. He is also the Chairman of Ascendas-Singbridge Gives Foundation.

Present directorships in other Singapore listed companies:

- Sinarmas Land Limited

Other principal commitments:

- CBRE Pte Ltd (Senior Advisor)

Past directorships in other Singapore listed companies (2016 – 2018): Nil



FOO MENG KEE
Independent Director

- Chairman of Remuneration Committee
- Member of Audit Committee and Nominating Committee

Mr. Foo Meng Kee is an Independent Director of BCI, Chairman of BCI's Remuneration Committee and a member of its Audit Committee and Nominating Committee. Mr. Foo joined the Board of Directors of BCI in May 2018.

Mr. Foo, aged 69, holds an MBA from the University of Dubuque, USA; Graduate Diploma in Marketing Management from the Singapore Institute of Management; and Bachelor of Commerce (Honours) from the Nanyang University of Singapore.

Currently, Mr. Foo is the principal owner of M K Capital Pte Ltd and M K Marine Pte Ltd. Since 2001, he has held various positions as an independent director of several companies listed on the Official List of the Singapore Exchange Securities Trading Limited. From 1976 to 1998, Mr. Foo was with Hitachi Zosen Singapore Limited (now known as Keppel Shipyard Limited). When he was the Managing Director of Hitachi Zosen Singapore Limited, he led in the listing of the company on the main board of the Singapore Stock Exchange.

Mr. Foo has also previously served on the Committees of the Association of Singapore Marine Industries and the Singapore Armed Forces Reservists' Association.

Present directorships in other Singapore listed companies:

- Golden Agri-Resources Ltd

Other principal commitments:

- M K Capital Pte Ltd (Principal owner)
- M K Marine Pte Ltd (Principal owner)

Past directorships in other Singapore listed companies (2016 – 2018):

- Courage Investment Group Limited
- Jiutian Chemical Group Limited
- Sinarmas Land Limited
- Lee Metal Group Ltd

Chairman's Statement

“The Group achieved a commendable operating performance with a total profit of S\$27.4 million. The Group recorded a revenue of S\$118.9 million with an EBITDA of S\$66.7 million for FY2018”



Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the annual report of Bund Center Investment Ltd (“BCI” or the “Company” and together with its subsidiaries the “Group”) for the financial year ended 31 December 2018 (“FY2018”)

GROUP PERFORMANCE

Despite the challenging business environment, the Group achieved a commendable operating performance with a total profit of S\$27.4 million. The Group recorded a revenue of S\$118.9 million with an EBITDA of S\$66.7 million for FY2018.

The Bund Center, which consists of Office Tower and the Westin Bund Center Shanghai hotel, remains the main contributor to the Group's operating results.

The operating environment for leasing segment continues to be competitive in view of the increased supply in office and lower leasing income from retail spaces in FY2018. Nonetheless, the Group managed to maintain a high average annual occupancy for the Bund Center Office Tower at 86.1%. Leasing income decreased marginally to S\$56.2 million (RMB276 million).

Hotel revenue decreased by 5.2% to S\$62.7 million (RMB308.5 million) in the current year mainly due to lower revenue from its food and beverages operations and lower revenue contribution from meetings, incentives, conventions and exhibitions (MICE) activities. The hotel operations managed to maintain a high average occupancy rate and average room rate of 82.6% and RMB1,205 respectively in FY2018.

Chairman's Statement

As at 31 December 2018, the Group reduced its total liabilities from S\$48.4 million to S\$48.1 million, which was mainly due to lower income tax payable as at the end of the year.

Cash and cash equivalents were higher at S\$141.7 million as compared to S\$93.9 million in the previous financial year mainly due to positive cash generated from operating activities of S\$53 million, net of cash used for capital expenditure of S\$1.1 million during the financial year.

The stable cash inflows allow the Group to maintain a strong financial position and a high level of financial flexibility to seize opportunities when available.

OUTLOOK

The outlook for our operating environment in China remains challenging in view of the increase in supply of new hotel and office in Shanghai and highly competitive retail industry in Ningbo.

We will remain cautiously optimistic and will continue to adopt flexible marketing strategies to improve rental yield and cost efficiency to enhance the Group's business operation in office leasing, hotel and retail in China.

APPRECIATION

To reward our shareholders, the Directors have proposed a first and final cash dividend of 2.2 Singapore cents per ordinary share, subject to shareholders' approval at the forthcoming Annual General Meeting and expected to be paid in May 2019. This equates to a dividend yield of around 3.8% based on the closing share price on the date of the final dividend announcement.

I wish to thank our shareholders, business associates, customers and community for the continued support, and express my appreciation to my fellow Board members, management and staff for their dedication and contribution toward the Group's sustainable growth.

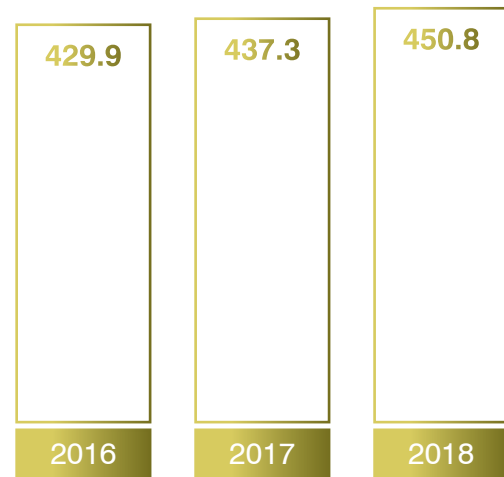


FRANKLE (DJAFAR) WIDJAJA

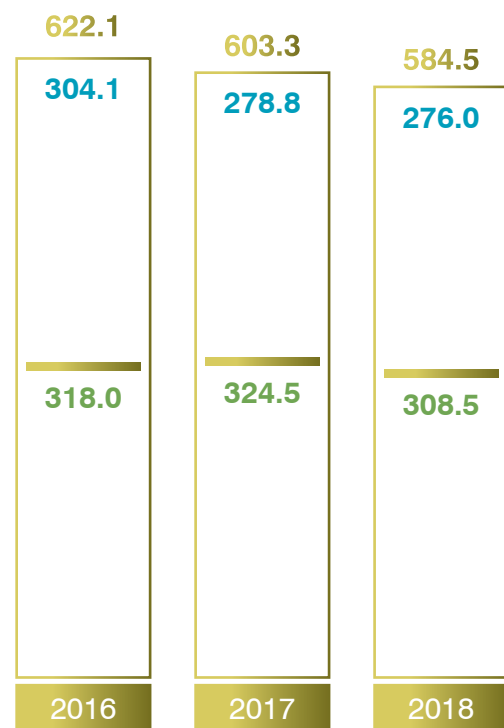
Executive Chairman

14 March 2019

TOTAL EQUITY (S\$'MIL)



REVENUE (RMB'MIL)



■ Leasing

■ Hotel

Operations Review

OFFICE

Bund Center Office Tower

The Bund Center Office Tower has continued to enjoy its prominent position as a city landmark and one of the best super grade A office buildings in Shanghai since 2002. With its location in the historically famous bund area (“the Bund”) or major central business district (“CBD”) in Puxi and offering the conveniences of the five-star Westin Bund Center Shanghai hotel, Bund Center Office Tower has always been recognised as one of the most prestigious office buildings serving world renowned multinational corporations.

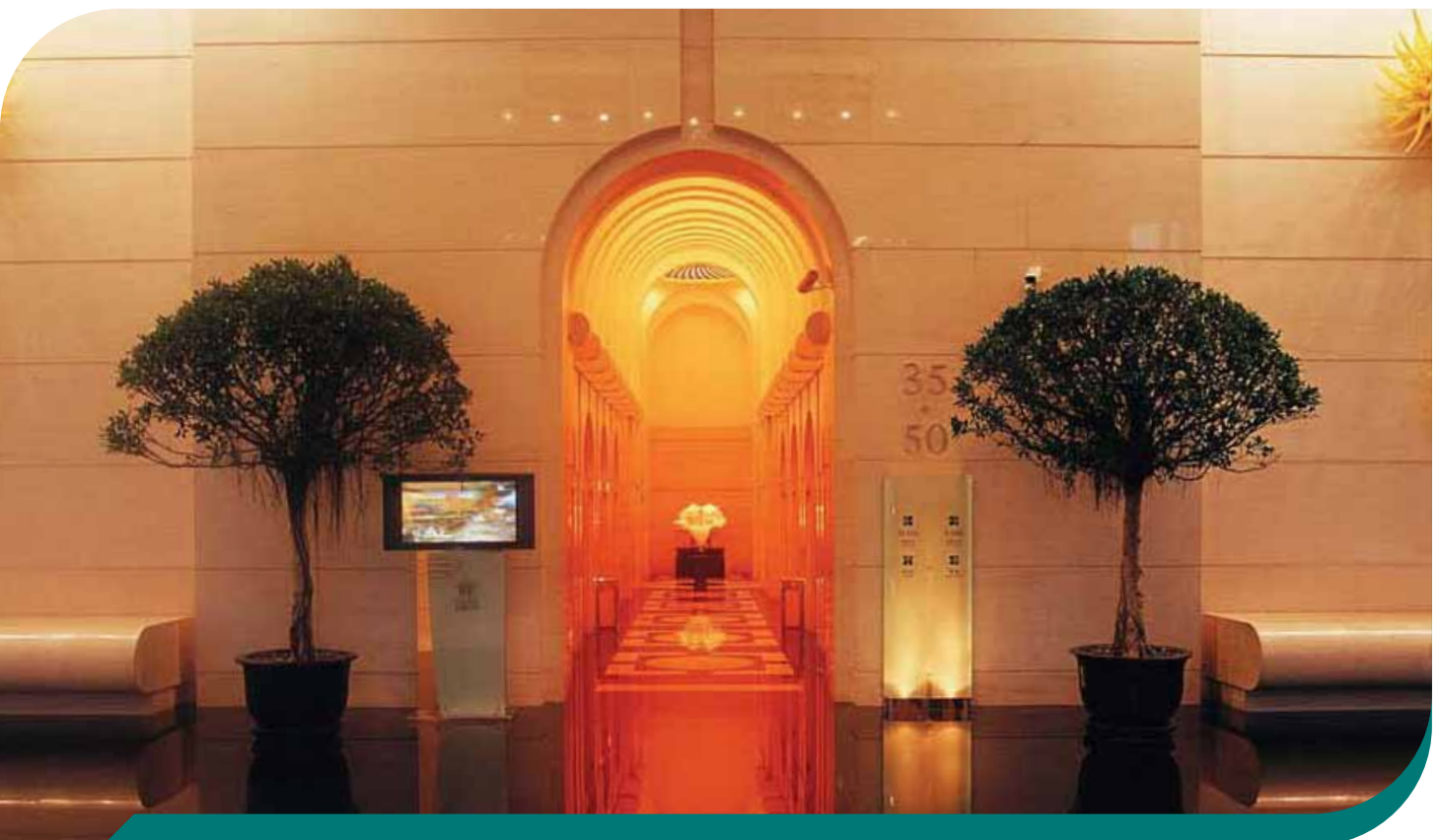
In 2018, 19 renewal deals and 13 new deals were transacted; CMA, Herbert Smith, Norwegian Consulate and South African Consulate were among those leading tenants being successfully retained in Bund Center. With its magnificent crown rooftop, the building is also one of the tallest structures in the Bund skyline, offering international standard high-quality office space. The property management of the building is performed by Colliers International and the major tenants of the building include multi-national companies such as Deloitte Touche Tohmatsu, CMA, Hilton, Rui Yin, Mitsubishi, Jin Mao Law Firm, Herbert Smith, Pillsbury, Norwegian Consulate and South African Consulate.

In spite of increasing office supply, Bund Center Office Tower has successfully maintained a high average annual occupancy of 86.1%, resulting from sustained demand from multinational and domestic companies for office space.

Facilities and services improvement remained as one of the most important objectives of the building operations and management. On the services aspect, the property management continues to make progress in areas such as the tenant moving-in-and-out process, faulty reporting center, tenant renovations, customer communication, relationship and services, car-park management system, upgraded indoor air quality system, staff cafeteria etc. Shuttle-bus and concierge service remain as the most recognizable features of all services in Bund Center. In addition, we have not only made available a bund lounge space in mid zone to better serve our valuable tenants, but also increased substantially the number of short-term events and exhibitions in the lobby in collaboration with tenants’ business and promotion activities. The concierge counter continued to provide tenants and visitors premium services which are normally available only in hotel.

The staff cafeteria and Japanese cuisine in the basement have also continued to support and uplift the corporate image of Bund Center, offering tenants a wide variety of affordable and convenient food options. All these upgrades have enriched the quality of our services and facilities provided, as well as given us a distinctive advantage over our competitors, hence boosting our presence and visibility amidst an increasing supply of office space in the corporate real estate leasing market.

On facilities aspect, the property management has adopted a more proactive approach in facilities up-keeping and maintenance to ensure that Bund Center always looks and feels new.



Operations Review



HOTEL

The Westin Bund Center Shanghai

Since its opening in 2002, The Westin Bund Center Shanghai has won many accolades and established itself as a world class hotel offering premium services. The hotel is a prominent landmark near the Bund. It has 570 tastefully decorated guestrooms including 25 suites ranging from 60 m² to 249 m².

The hotel received its Outside Catering Service Certificate from the Shanghai Food and Drug Department in 2016 and continue to achieve great success with providing tailor made catering services for multinational companies plus a number of high profile events in 2018, including the Shanghai International Film Festival opening event cocktail party. The hotel continues to receive numerous awards for food and service including the hotels award winning Sunday Brunch, as listed in CNN Travel's '50 reasons why Shanghai is the world's greatest city'.

The Westin Bund Center Shanghai is a flagship hotel and one of the most stylish and popular buildings on the Shanghai skyline.

The hotel continues to receive many international hotel awards including being voted "Best Business Hotel in Greater China" by Premium Traveler, "The Best Business Hotel" by City Travel, "Best Business Hotel in Shanghai" by TTG China Travel Awards, "Best Landmark Hotel" by Shanghai WOW, "The Most Popular Hotel for Business Travelers" by That's Hospitality, "Best Featured Hotel" and "Best Hotel Buffet" by The Best Bang Awards, "Best Featured Restaurant" by Target, "The Best MICE Hotel" by Airtime, "Best Wedding Venue Hotel" by City Travel and "The Michelin Plate" by the Michelin Guide Shanghai.

These recognitions further reinforce the hotel's reputation for offering guests the highest levels of service complemented by a contemporary design and new Crown Tower guestroom TVs, Wi-Fi upgrade, new door lock system with keyless check in function.

Despite increasing competition from new hotels in Shanghai, the hotel operations managed to maintain a high average occupancy rate and average room rate of 82.6% and RMB1,205 respectively in FY2018.

The hotel continued to maintain commendable guest satisfaction and employee engagement index scores according to professional independent surveys engaged by Marriot International Hotels.



Operations Review



RETAIL

Golden Center, Ningbo

Given the highly competitive business environment in which the Golden Center operates, the substantial emergence of large scale malls in mid-high/ high market and increasingly popular trend of on-line shopping have drastically led to a greater degree of competitive pressures that were never seen before in the history of Ningbo retail industry.

Under such circumstances, the challenges that Golden Center faces are incredibly high and the business strategy of Golden Center is to maintain its product lines and retain selective reputable tenants with good business track records such as Starbucks, McDonald, Lubliam, OG, Marco Azali, while identifying a good strategic partner to attract new tenants to optimize the shareholders' value.

Moving forward, the retail business environment in Ningbo will continue to be much tougher, even more difficult and volatile as well as full of challenges to all the retail operators in Ningbo amidst the slowing down of China economy, the second largest economy in the World.

Operations Review

OUTLOOK FOR 2019

The operating environment in China is continually expected to be challenging and the Group will continue to adopt flexible marketing strategies to improve rental yield and cost efficiency to enhance the operating performance and its market share.

The approval of the hotel Outside Catering Service Certificate by Shanghai Food and Drug Department in 2016 then, which was the first five-star hotel in Huangpu district, Shanghai to gain such approval has further enhanced its competitive advantages to seize every business opportunity amidst the highly competitive operating environment. The Group will also continue to cautiously explore business opportunities for expansion.

Given the Group's broad exposure and invaluable experiences of its employees, loyal customers, steady cash inflow and consistent innovation of the products and services, the outlook of the Group's performance will remain positive and shall stay ahead in the competitive market.



Corporate Directory



BOARD OF DIRECTORS

Frankle (Djafar) Widjaja
(Executive Chairman and Chief Executive Officer)

Franky Oesman Widjaja
(Non-Executive Director)

Deborah Widjaja
(Executive Director and Deputy Chief Executive Officer)

Chew Yow Foo
(Executive Director and Chief Financial Officer)

Lim Jun Xiong, Steven
(Lead Independent Director)

Willy Shee Ping Yah @ Shee Ping Yan
(Independent Director)

Foo Meng Kee
(Independent Director)

AUDIT COMMITTEE

Lim Jun Xiong, Steven (Chairman)
Willy Shee Ping Yah @ Shee Ping Yan
Foo Meng Kee

NOMINATING COMMITTEE

Willy Shee Ping Yah @ Shee Ping Yan (Chairman)
Lim Jun Xiong, Steven
Foo Meng Kee
Franky Oesman Widjaja

REMUNERATION COMMITTEE

Foo Meng Kee (Chairman)
Lim Jun Xiong, Steven
Willy Shee Ping Yah @ Shee Ping Yan
Franky Oesman Widjaja

COMPANY SECRETARY

Lye Chor Mei ACS, ACIS

ASSISTANT COMPANY SECRETARY

Conyers Corporate Services (Bermuda) Limited

REGISTERED OFFICE

Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda
Tel: +1 (441) 295 5950
Fax: +1 (441) 292 4720

CORRESPONDENCE ADDRESS

c/o 3 Shenton Way, #17-07
Shenton House, Singapore 068805
Tel: (65) 6220 0162
Fax: (65) 6220 0269

BERMUDA SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda
Tel: +1 (441) 295 5950
Fax: +1 (441) 292 4720

SINGAPORE SHARE TRANSFER OFFICE AND SHARE TRANSFER AGENT

B.A.C.S. Private Limited
8 Robinson Road, #03-00 ASO Building,
Singapore 048544
Tel: (65) 6593 4848
Fax: (65) 6593 4847

AUDITORS

Moore Stephens LLP
Public Accountants and Chartered Accountants
10 Anson Road, #29-15 International Plaza,
Singapore 079903
Tel: (65) 6221 3771
Fax: (65) 6221 3815
Partner-in-charge: Lao Mei Leng
(Appointed since the financial year ended
31 December 2017)

PRINCIPAL BANKER

Agricultural Bank of China
(Shanghai Branch)

DATE AND COUNTRY OF INCORPORATION

5 August 2009, Bermuda

SHARE LISTING

The Company's shares are listed on the
Singapore Exchange Securities Trading Limited

DATE OF LISTING

30 June 2010

Corporate Governance Report

Bund Center Investment Ltd (the “Company” or “BCI” and together with its subsidiaries, the “Group”) remains committed to observing high standards of corporate governance, to promote corporate transparency and to enhance shareholder value. The Company has complied substantively with the principles and guidelines set out in the Code of Corporate Governance 2012 (“2012 Code”) through effective self-regulatory corporate practices.

In accordance with Rule 710 of the listing manual (“Listing Manual”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), this report sets out the Company’s corporate governance practices for the financial year ended 31 December 2018 (“FY2018”), with specific reference to the principles and guidelines of the 2012 Code. Deviations from the guidelines in the 2012 Code are explained in this report. For easy reference, the principles of the 2012 Code are set out in italics in this report.

A. BOARD MATTERS

Principle 1: The Board’s Conduct of Affairs

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 the Management remains accountable to the Board.

1.1 The Board’s Role

The primary function of the Board of Directors of the Company (“Board”) is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board has the responsibility to fulfil its role which includes the following:-

- (a) ensuring that the long-term interests of the shareholders are being served and safeguarding the Company’s assets;
- (b) assessing major risk factors relating to the Company and its performance, and reviewing measures, including internal controls, to address and mitigate such risks;
- (c) reviewing and approving Management’s strategic and business plans, including developing a depth of knowledge of the business being served, understanding and questioning the assumptions upon which plans are based, and reaching an independent judgement as to the probability that the plans can be realised;
- (d) monitoring the performance of Management against plans and goals;
- (e) reviewing and approving significant corporate actions and major transactions;
- (f) assessing the effectiveness of the Board;
- (g) ensuring ethical behaviour (including ethical standards) and compliance with laws and regulations, auditing and accounting principles, and the Company’s own governing documents; and
- (h) performing such other functions as are prescribed by law, or assigned to the Board in the Company’s governing documents.

Corporate Governance Report

1.2 Independent Judgement

The Board currently consists of 7 members, as shown below together with their membership on the Board committees of the Company ("Board Committee"):-

	Board Appointment	Board Committee Appointment
Frankle (Djafar) Widjaja, Executive Chairman and CEO	Executive, Non-independent Director	–
Franky Oesman Widjaja	Non-executive, Non-independent Director	Member of NC and RC
Deborah Widjaja, Deputy CEO	Executive, Non-independent Director	–
Chew Yow Foo, CFO	Executive, Non-independent Director	–
Lim Jun Xiong, Steven	Non-executive, Lead Independent Director	Chairman of AC, Member of RC and NC
Willy Shee Ping Yah @ Shee Ping Yan	Non-executive, Independent Director	Chairman of NC, Member of AC and RC
Foo Meng Kee ¹	Non-executive, Independent Director	Chairman of RC, Member of AC and NC

Note:

1. Appointed on 1 May 2018.

Abbreviation:-

AC: Audit Committee
 CEO: Chief Executive Officer
 CFO: Chief Financial Officer
 NC: Nominating Committee
 RC: Remuneration Committee

A majority of our Board members are non-executive, and of the 4 Non-executive Directors, 3 are Independent Directors. More than one-third of the composition of the Board comprise Independent Directors, thereby providing a strong and independent element on the Board. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgement on corporate affairs. It also ensures discussion and review of key issues and strategies in a critical yet constructive manner. Based on the Group's current size and operations, the Board is of the opinion that it is not necessary for the time being to have independent directors make up at least half of the Board.

1.3 Delegation of Duties by the Board

To assist the Board in the execution of its duties, the Board has delegated certain functions to the 3 Board Committees, namely, the AC, the NC and the RC. Each of these Board Committees has its own written terms of reference, which are approved by the Board. All Board Committees are chaired by a Non-executive Independent Director. Please refer to pages 23 to 32 of this report for further information on these Board Committees.

While the Board Committees have been delegated power to make decisions within the authority delegated to the respective committees, the ultimate responsibility for the decisions and actions rests with the Board as a whole.

Corporate Governance Report

1.4 Key Features of Board Processes

To assist Directors in planning their attendance at meetings, the proposed dates of Board meetings, Board Committee meetings and shareholders' meetings together with agenda items, for each new calendar year are notified to all Board members before the start of that calendar year. In addition to regularly scheduled meetings, ad-hoc meetings are convened, if requested or if warranted by circumstances deemed appropriate by the Board. In between regularly scheduled meetings, matters that require the Board and/or Board Committee approval are circulated to all Directors and/or respective Board Committee members, as the case may be, for their consideration and decision by way of circular resolutions, as provided in the Bye-laws of the Company ("Bye-laws") and the terms of reference of the respective Board Committees.

Board meetings are conducted in Singapore or overseas where participation by Board members by teleconference, videoconference or similar communication equipment is permitted under the Bye-laws. In 2018, the Board met 4 times, with the year-end meeting focusing on annual budget and strategic issues; the Board Committees met a total of 8 times; and 1 shareholders' meeting was held.

1.5 Attendance at Meetings in 2018

The attendance of the Directors at Board and Board Committee meetings and shareholders' meetings, as well as the frequency of such meetings in 2018, is disclosed below:-

Name	Board Meetings	AC Meetings	NC Meetings	RC Meetings	AGM	Total Attendance at Meetings
EXECUTIVE DIRECTORS						
Frankle (Djafar) Widjaja Executive Chairman and CEO	4/4	–	–	–	1/1	5/5
Deborah Widjaja Deputy CEO	4/4	–	–	–	1/1	5/5
Chew Yow Foo CFO	4/4	–	–	–	1/1	5/5
NON-EXECUTIVE DIRECTOR						
Franky Oesman Widjaja	4/4	–	1/1	2/2	1/1	8/8
NON-EXECUTIVE INDEPENDENT DIRECTORS						
Lim Jun Xiong, Steven Lead Independent Director	4/4	5/5	1/1	2/2	1/1	13/13
Willy Shee Ping Yah @ Shee Ping Yan	4/4	5/5	1/1	2/2	1/1	13/13
Foo Meng Kee ¹	3/3	3/3	–	1/1	–	7/7
David Yeow ²	1/1	1/2	1/1	1/1	1/1	5/6
Number of Meetings Held	4	5	1	2	1	13

Notes:

1. Appointed on 1 May 2018.
2. Did not seek re-election and retired at the conclusion of the AGM held on 23 April 2018.

Abbreviation:

AGM: Annual General Meeting

Corporate Governance Report

1.6 Matters Requiring Board Approval

Matters specifically requiring the Board's approval are set out in the Company's Internal Guidelines, which include the following corporate events and actions:-

- approval of results announcements
- approval of annual report and financial statements
- dividend declaration/proposal
- convening of shareholders' meetings
- shares issuance
- material acquisitions and disposals of assets
- annual budgets
- interested person transactions
- corporate governance

All Directors are expected to objectively discharge their duties and responsibilities, in the interests of the Company. Directors are required to refrain from discussion and decision-making on any agenda item in which they have conflict of interest.

1.7 Board Orientation and Training for New Directors

Procedures are in place whereby newly appointed Directors will be provided with a formal appointment letter setting out the terms of appointment, general duties and obligations of a Director pursuant to the relevant legislations and regulations. They will also be given relevant governing documents of the Company and contact particulars of senior Management. Directors who do not have prior experience as a director of a Singapore listed company will be required to attend externally conducted training on the roles and responsibilities as a director of a listed company in Singapore.

Newly appointed Non-executive Directors who are not familiar with the Group's business may, upon recommendation of the Chairman or the NC, be provided with orientation through overseas trips and/or Management briefings and presentations, to familiarise them with the Group's operations. Management will also brief new Directors on the Group's business as well as governance practices.

Mr. Foo Meng Kee, who was appointed as a Non-executive Independent Director of the Company during 2018, has been furnished with a director's kit comprising, among others, a letter of appointment, meeting schedules of Board and Board Committee meetings and relevant governing documents of the Company.

1.8 2018 Directors' Training Programme

The NC reviews and makes recommendations on Directors' training which are arranged and funded by the Company. The Company has an annual training budget to fund any Director's participation/attendance at seminars and training programmes that are relevant to his / her duties as a Director.

In conformity with the framework for Directors' Training as approved by the Board, the 2018 Director Training Programme provided a 3-step approach to training as follows, through:-

- (1) Externally conducted courses on audit / financial reporting matters, audit committee's role, corporate governance / regulatory changes and other relevant topics subject to course availability
- (2) Quarterly management updates on operations and industry-specific trends and development
- (3) Quarterly continuing education on regulatory changes and updates, including extraction of case studies on corporate governance, and External Auditors' briefings to AC members on changes to accounting standards and issues

Corporate Governance Report

Directors having attended external courses / seminars, in turn shared their take-aways and knowledge with fellow Directors at the next Board meeting. Seminars attended in 2018 include the following organized by the Singapore Institute of Directors and/or SGX-ST and/or the Accounting and Corporate Regulatory Authority and/or others:

- Audit Committee Seminar 2018: Rebooting Corporate Governance (January 2018)
- Harnessing the Full Potential of Internal Audit (July 2018)
- Singapore Governance and Transparency Forum 2018 and Launch of the Revised Code of Corporate Governance (August 2018)
- Understanding the Revised Code of Corporate Governance and Listing Rule Changes (August and October 2018)

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgement 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.

2.1 Board Size and Composition

Each year, the Board examines its size, composition, skills and core competencies of its members to ensure an appropriate balance and diversity of skills, experience, knowledge and gender. The Board comprises Directors from different industries and background, with business and management experience, knowledge and expertise that collectively as a group provide the core competencies for the leadership of the Company. Currently, the Board includes one female Director. The Company has no alternate Directors on its Board.

Taking into account the scope and nature of operations of the Group, the Board considers that the current composition mix and board size is appropriate to facilitate effective decision making at meetings of the Board and Board Committees.

Please refer to pages 6 to 9 of this Annual Report for key information, including qualifications, on the Directors of the Company.

2.2 Directors' Independence Review

The NC/Board has taken note of the changes to the guidelines and compliance requirements pertaining to the determination of a Director's independence as set out respectively in the Code of Corporate Governance 2018 ("2018 Code") and the Listing Manual, and the effective dates of these changes in 2019/2022 ("Independence Test Changes").

As this report describes corporate governance activities before the 2018 Code takes effect, the ensuing paragraphs set out the criteria and processes to determine a Director's independence based on the 2012 Code, unless otherwise stated.

The Board has adopted guidelines set out in the 2012 Code on relationships, the existence of which, would deem a Director not to be independent. A Director who has no relationship with the Company, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company, is considered to be independent.

The NC is tasked to determine on an annual basis and, as and when the circumstances require, whether or not a Director is independent, bearing in mind the 2012 Code and any other salient factor which would render a Director to be deemed not independent. In addition, consideration is given to Guideline 2.4 of the 2012 Code which requires that the independence of any Director who has served on the Board beyond 9 years, be subject to particularly rigorous review.

Corporate Governance Report

For the purpose of determining independence, each Director is required to complete a self-declaration checklist, at the time of appointment and annually, based on existing guidelines. Included in the Independence Test Changes is Rule 210(5)(d) of the Listing Manual which came into effect on 1 January 2019, and mandates an executive Director as being not independent. Accordingly, effective 1 January 2019, only Non-executive Directors are requested to complete the self-declaration checklist for ascertaining their independence.

Having conducted the relevant reviews, the NC / Board has considered that the following Directors are regarded as Independent Directors of the Company:-

Lim Jun Xiong, Steven*
 Willy Shee Ping Yah @ Shee Ping Yan*
 Foo Meng Kee

* Please see item 2.3 on Rigorous Review

2.3 Rigorous Review

The Board recognises that Independent Directors may over time develop significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. Where there are such Directors serving as an Independent Director for more than 9 years, the Board will do a rigorous review of their continuing contribution and independence.

The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of time. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging the Management in the best interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining a Director's independence than the number of years served on the Board.

During its review, the NC considered that Mr. Lim Jun Xiong, Steven has served more than 9 years and, despite his length of service, he continues to diligently discharge his duties in a professional and objective manner.

In reviewing the independence of Mr. Willy Shee Ping Yah @ Shee Ping Yan, the NC considered that although Mr. Shee has served on the Board for more than 9 years, he continues to demonstrate independence in character and judgement in the discharge of his duties.

As part of the rigorous review procedure, both Mr. Lim Jun Xiong, Steven and Mr. Willy Shee Ping Yah @ Shee Ping Yan provided additional reasons why they should be considered independent despite having served more than 9 years. They also confirmed not having any relationship that could interfere with their exercise of independent judgement in the best interest of the Company.

After taking account these factors, the NC's views and having weighed the need for Board refreshment against tenure, the Board has determined that Mr. Lim Jun Xiong, Steven and Mr. Willy Shee Ping Yah @ Shee Ping Yan be regarded as Independent Directors of the Company, notwithstanding having served more than 9 years.

Each Independent Director has abstained from the NC / Board's determination of his independence.

2.4 Non-executive Directors

Non-executive Directors are encouraged, in line with corporate governance practice, to participate actively at Board meetings and constructively challenge and help develop proposals on strategy; to review the performance of Management in meeting agreed goals and objectives; to monitor the reporting of performance; and to meet regularly without the presence of Management.

The Non-executive Directors, if deemed necessary by the Lead Independent Director, meet and/or hold discussions without the presence of other Executive Directors, Non-Independent Directors and Management.

Corporate Governance Report

Principle 3: Chairman and Chief Executive Officer

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.

3.1 Chairman and CEO

Our Chairman and CEO is Mr. Frankle (Djafar) Widjaja. We believe that the Independent Directors have demonstrated a high commitment in their roles as Directors and have ensured that there is a good balance of power and authority.

The Chairman is responsible for:-

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) ensuring that the Directors receive complete, adequate and timely information;
- (d) ensuring effective communication with shareholders;
- (e) encouraging constructive relations within the Board and between the Board and Management;
- (f) facilitating the effective contribution of non-executive Directors in particular; and
- (g) promoting high standards of corporate governance.

3.2 Lead Independent Director

In view that the Chairman and CEO positions are being held by the same person, the AC Chairman, Mr. Lim Jun Xiong, Steven acts as the Lead Independent Director, whom shareholders with concerns may contact, care of the company secretary, when contact through the normal channels has failed to resolve or is inappropriate.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

4.1 Nominating Committee Composition and Role

The NC comprises the following 4 Directors, 3 of whom, including the NC Chairman, are Non-executive Independent Directors:-

Willy Shee Ping Yah @ Shee Ping Yan	(NC Chairman)
Lim Jun Xiong, Steven	
Franky Oesman Widjaja	
Foo Meng Kee	(appointed as NC member on 1 May 2018)
David Yeow	(ceased as NC member on 23 April 2018)

Corporate Governance Report

The NC's role and responsibilities are described in its terms of reference. The NC is primarily responsible for:-

- (a) reviewing and recommending the nomination or re-nomination of the Directors, having regard to each Director's contribution and performance;
- (b) determining annually whether or not a Director is independent;
- (c) deciding whether or not a Director is able to and has been adequately carrying out his/her duties as a Director;
- (d) in respect of a Director who has multiple board representations on various companies, to review and decide whether or not such Director is able to and has been adequately carrying out his / her duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards;
- (e) making recommendations to the Board regarding training and professional development programmes for the Board; and
- (f) reviewing and approving any new employment of related persons and the proposed terms of their employment.

4.2 Process for Selection and Appointment, Re-appointment of Directors

All new Board appointments are considered, reviewed and recommended by the NC first, before being brought up to the Board for approval. Potential candidates to fill casual vacancies or as an additional Director are sourced with recommendations from Directors, Management or external consultants. The NC then evaluates the suitability of potential candidates for the position taking into account, *inter alia*, the candidate's age, gender, knowledge, skills, experience and ability to contribute to the Board's effectiveness. Upon the NC's recommendation, the Board approves the new appointment. In the event that the membership of the NC falls below the minimum number of 3 members, it shall be dissolved, and any new nominations are channeled directly to the Board for approval after which the NC is reconstituted with the requisite number of members.

During 2018, the NC accepted Mr. David Yeow's decision not to seek re-election as a Director at the 2018 AGM, and accordingly he retired as a Director at the conclusion thereof. In the same year, Mr. Foo Meng Kee was appointed as a Non-executive Independent Director of the Company. After due consideration of the relevant facts, including depth of experience, qualifications, independence, level of commitment and contribution in the role, the Board satisfied itself that Mr. Foo is suitably qualified to be appointed to the said position, and approved the appointment. Mr. Foo was approached by the Management.

4.3 Retirement and Re-appointment at 2019 AGM

Mr. Foo Meng Kee, being a Director appointed by the Board in 2018, will retire at the forthcoming AGM ("2019 AGM") under Bye-law 85(6) of the Bye-laws and, being eligible, has offered himself for re-appointment thereat. The NC has recommended his re-appointment.

Pursuant to the Bye-laws, each Director including the CEO, shall retire at least once every 3 years and a retiring Director shall be eligible for re-appointment at the AGM. Directors retiring at the 2019 AGM under this requirement are Mr. Lim Jun Xiong, Steven, Mr. Franky Oesman Widjaja and Ms. Deborah Widjaja, who, being eligible, has each offered himself / herself for re-appointment as a Director at the 2019 AGM. The NC has recommended each of their re-appointment.

In its deliberation on the re-appointment of retiring Directors who, being eligible, have offered themselves for re-appointment, the NC takes into consideration the Director's attendance, participation, contribution and performance during the previous year.

Each member of the NC has abstained from participating in deliberations and voting on any resolutions in respect of his re-appointment as Director.

Corporate Governance Report

4.4 Directors' Time Commitments and Multiple Directorships

It is recommended under the 2012 Code that the Board considers providing guidance on the maximum number of listed company representations which each Director of the Company may hold in order to address competing time commitments faced by Directors serving on multiple boards. The Board believes that each Director, when accepting new appointments or who already sit on multiple boards, has the individual responsibility to personally determine the demands of his or her competing directorships and obligations, and ensure that he / she can allocate sufficient time and attention to the affairs of each company.

The Board is of the view that setting a numerical limit on the number of listed company directorships that a Director may hold is arbitrary, given that time requirements for each person vary, and therefore prefers not to be prescriptive, currently. As a safeguard, the NC will assess and review annually each Director's attendance record and his/her ability to allocate sufficient time and attention to the affairs of the Company. The NC is satisfied with the time commitment and effort made by each Director to attend meetings in 2018.

Currently, the number of directorships in Singapore listed company(ies), including the Company, held by an Independent Director is 5, that held by a Non-executive Director is 3, and that held by an Executive Director is 1.

Principle 5: Board Performance

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.

Board Evaluation Process

The NC is tasked to carry out the processes as implemented by the Board for the purpose of assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board on an annual basis.

The Company has in place a system to assess the effectiveness / performance of the Board and acts, where appropriate, on feedback from Board members, on improvements.

During the evaluation process, each Director is required to complete the respective forms for self-assessment as well as for assessment of the Board's performance, based on the pre-determined approved performance criteria.

The NC/Board notes that presently, Board and individual Directors are being assessed, and will be reviewing the added assessments of Board Committees.

Principle 6: Access to Information

In order to fulfil 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.

6.1 Complete, Adequate and Timely Information

In order to ensure that the Board is able to fulfill its responsibilities, Management provides the Board with complete and adequate information in a timely manner. Such information extends to documents on matters to be brought up at Board meetings which, as a standard procedure, are circulated in advance and posted on a Board portal for Board and Board Committee members, as the case may be, to access from their tablet for review and consideration. Senior Management and other professionals who can provide additional insights into the matters to be discussed at Board meetings are

Corporate Governance Report

also invited to be present at these meetings, where relevant. As Directors may have further queries on the information provided, they have separate and independent access to the Company's senior Management who accordingly addresses individual Director's request for additional information / documents.

Management provides the Board with financial statements and management reports of the Group on a quarterly basis, and upon request as and when required. Explanations are given by Management for material variance (if any) between any projections in the budget and actual results.

6.2 Company Secretary

The Directors may separately and independently contact the company secretary, who attends and prepares minutes for all Board meetings. The company secretary's role is defined which includes responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with.

The appointment and the removal of the company secretary are matters requiring the Board's approval.

6.3 Independent Professional Advice

The process is in place whereby the Directors, either individually or as a group, in furtherance of their duties, require professional advice, the company secretary can assist them in obtaining independent professional advice, at the Company's expense.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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 own remuneration.

Principle 8: Level and Mix of Remuneration

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.

7.1 Remuneration Committee Composition and Role

The RC comprises 4 Directors, a majority of whom, including the RC Chairman, are Independent Directors. All members of the RC are Non-executive Directors as follows:-

Foo Meng Kee	(appointed as RC member and RC Chairman on 1 May 2018)
Willy Shee Ping Yah @ Shee Ping Yan	
Lim Jun Xiong, Steven	
Franky Oesman Widjaja	
David Yeow	(ceased as RC member and RC Chairman on 23 April 2018)

Corporate Governance Report

The RC has written terms of reference that describes its roles and responsibilities. The duties of the RC include recommending to the Board for approval, the following:-

- (a) a framework of remuneration for the Board and key management personnel;
- (b) the specific remuneration packages for each Director and key management personnel; and
- (c) the Company's obligations arising in the event of termination of 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.

During its annual review of remuneration of Directors and key management personnel, the RC may seek advice from external remuneration consultants as and when it deems necessary.

None of the members of the RC is involved in deliberations in respect of any remuneration, fee, compensation, incentives or any form of benefits to be granted to him.

7.2 Long-Term Incentive Schemes

Currently, the Company does not have long-term incentive schemes, including share schemes.

8.1 Remuneration of Executive Directors and Key Management Personnel

In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate.

The remuneration structure for Executive Directors and key management personnel consists of (a) fixed remuneration, (b) variable bonus and/or (c) other benefits. Executive Directors do not receive Directors' fees.

The level of remuneration is determined by various factors including performance of the Group, industry practices and the individual's performance and contributions towards achievement of corporate objectives and targets.

Variable payments are made based on the extent of the individual's achievement of performance conditions for the year under review.

The use and application of clawback provisions in remuneration contracts of Executive Directors and key management personnel is subject to further consideration by the Company.

8.2 Remuneration of Non-Executive Directors

8.2.1 Non-Executive Independent Directors

Non-executive Independent Directors receive Directors' fees, which are subject to shareholders' approval at AGMs ("Directors' Fees").

Directors' Fees are determined based on a scale of fees comprising a base fee, and fee as AC Chairman, AC member, RC Chairman, RC member, NC Chairman, and NC member.

Additional fee is paid to the Independent Director appointed to the board of the overseas principal subsidiary.

The level of Directors' Fees is reviewed annually by the RC and/or the Board, during which factors such as contributions, regulatory changes and responsibilities and market benchmarks are taken into consideration.

Corporate Governance Report

The RC, with the concurrence of the Board, has recommended that an amount of S\$279,312 as Directors' Fees be paid to the Non-executive Independent Directors for FY2018. These fees will be tabled for shareholders' approval at the 2019 AGM.

8.2.2 Non-Executive Director

No remuneration was paid to the Non-executive Director, Mr. Franky Oesman Widjaja, during the year. He also does not receive Directors' Fees.

Principle 9: Disclosure on Remuneration

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.

9.1 Directors' Remuneration

The Directors' remuneration for FY2018 in bands of S\$250,000 is set out in the table below:-

Name of Directors	Fixed Salary	Bonus paid or payable/Benefit	Directors' Fees	Total
EXECUTIVE DIRECTORS				
S\$1,750,000 to below S\$2,000,000				
Frankle (Djafar) Widjaja	61.1%	38.9%	–	100%
S\$500,000 to below S\$750,000				
Chew Yow Foo	66.9%	33.1%	–	100%
S\$250,000 to below S\$500,000				
Deborah Widjaja	73.3%	26.7%	–	100%
NON-EXECUTIVE INDEPENDENT DIRECTORS				
Below S\$250,000				
Lim Jun Xiong, Steven	–	–	100%	100%
Willy Shee Ping Yah @ Shee Ping Yan	–	–	100%	100%
Foo Meng Kee ¹	–	–	100%	100%
David Yeow ²	–	–	100%	100%
NON-EXECUTIVE DIRECTOR				
Nil				
Franky Oesman Widjaja	–	–	–	–

Notes:

1. Appointed on 1 May 2018.
2. Retired on 23 April 2018.

Variable bonus is based on performance in the same financial year.

Corporate Governance Report

Each Director's remuneration is expressed in bands of S\$250,000 rather than to the nearest dollar, given that remuneration continues to be a sensitive subject, to the extent that it may encourage inappropriate and out of context peer comparisons and lead to discontent. The Company believes that the current format of disclosure in bands of S\$250,000 with a percentage breakdown, is sufficient indication, for the time being, of each Director's remuneration package.

9.2 Remuneration of Top 5 Key Management Personnel

The top 5 key management personnel of the Group (in alphabetical order) who are not Directors of the Company ("KMP") for FY2018 and their remuneration falling in bands of S\$250,000, are as follows:-

Alex Ryu
 Carolyn Wu Hong
 Gregory Findlay*
 Hor Chai Yuen
 Thomas Rappl

* Resigned 31 August 2018

Remuneration Band	Number of KMP
S\$250,000 to below S\$500,000	1
Below S\$250,000	4

The total remuneration paid to the top 5 KMPs for FY2018 amounted to S\$1,121,207.

The Company, having taken into account the relevant personnel's comments and sentiments and determination that their remuneration is not out of line when compared with the market range, believes that it is not in the Group's interest to disclose the above remuneration to the full extent recommended, due to the persistent sensitivity and confidentiality surrounding the issue of remuneration and, moreover, such disclosure may encourage inappropriate and out of context peer comparisons and discontent, and may, in certain cases, also hamper the Group's ability to retain its talent pool in a competitive environment.

9.3 Remuneration of employees who are immediate family members of a Director/CEO

The remuneration of employees who are immediate family members of the CEO, and whose remuneration exceeds S\$50,000 for FY2018, is as follows:-

Remuneration Band	Name of Employee	Relationship
S\$100,000 to below S\$150,000	Jehny Susanty	Spouse

Mr. Frankle (Djafar) Widjaja and Mr. Franky Oesman Widjaja are brothers. Ms. Deborah Widjaja is the daughter of Mr. Frankle (Djafar) Widjaja. Other than disclosed above, none of the Directors had immediate family members who were employees and whose remuneration exceeded S\$50,000 for FY2018.

Corporate Governance Report

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

The Board reviews and approves the results announcements before each release. In presenting the quarterly and annual financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Company's performance, position and prospects.

For the financial year under review, the CEO and the CFO have provided assurance to the Board on the integrity of the financial statements of the Company and its subsidiaries. For interim financial statements, the Board provided a negative assurance confirmation pursuant to Rule 705(5) of the Listing Manual.

Principle 12: Audit Committee

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

12.1 Audit Committee Composition and Role

The AC comprises the following 3 Directors, all of whom, including the AC Chairman, are Non-executive Independent Directors:-

Lim Jun Xiong, Steven	(AC Chairman)
Willy Shee Ping Yah @ Shee Ping Yan	
Foo Meng Kee	(appointed as AC member on 1 May 2018)
David Yeow	(ceased as AC member on 23 April 2018)

The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC. None of the members of the AC were previous partners or directors of our external auditors, Moore Stephens LLP, and none of the members of the AC hold any financial interest in Moore Stephens LLP.

The AC's roles and responsibilities are described in its terms of reference. The AC has the explicit authority to investigate any matter within its terms of reference. In addition, the AC has full access to and co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings. Reasonable resources are made available to enable the AC to discharge its functions properly.

The duties of the AC include the following:-

- (a) reviewing the audit plans of the Company's internal and external auditors, their evaluation of the system of internal controls, their audit reports, their management letter and our management's response;
- (b) reviewing the co-operation given by our Company's management to the external auditors;
- (c) considering and recommending the appointment or re-appointment of the Company's external auditors and matters relating to resignation or dismissal of auditors;
- (d) considering the appointment or re-appointment of an internal auditor or compliance adviser;

Corporate Governance Report

- (e) reviewing the financial statements of the Company and the Group before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with the Listing Manual and any other relevant statutory/regulatory requirements;
- (f) reviewing interested person transactions (if any);
- (g) reviewing potential conflicts of interests (if any) and to set out a framework to resolve or mitigate any potential conflict of interests;
- (h) undertaking such other reviews as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (i) reviewing the internal controls and procedures and ensure co-ordination between the external auditors and management, reviewing the assistance given by management to the auditors, and discussing problems and concerns, if any, arising from interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);
- (j) generally undertaking such other functions and duties as may be required by statute, regulations or the Listing Manual, or by such amendments as may be made thereto from time to time;
- (k) reviewing arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- (l) conducting periodic review of foreign exchange transactions and hedging policies (if any) undertaken by the Group.

Apart from the above functions, the AC will commission and review the findings of internal investigations into matters where there is suspicion of fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation, which has or is likely to have a material impact on the Company's operating results and/or financial position.

The AC reviews with Management, and where relevant, the auditors, the results announcements, annual report and financial statements, interested person transactions and corporate governance, before submission to the Board for approval or adoption.

In performing its functions, the AC meets with the internal auditors and external auditors, and reviews the audit plans and overall scope of both internal and external audits, and the co-operation and assistance given by Management to the respective auditors. Where necessary, the AC also meets with the internal auditors and external auditors whereby any issues may be raised directly with the AC, without the presence of Management. The internal and external auditors have unfettered access to the AC.

In its review of the financial statements of the Group for FY2018 ("FY2018 Financial Statements"), the AC has discussed with the external auditors and Management on matters of significance which are included under "Key Audit Matters" in the Independent Auditors' Report. The AC is satisfied that those matters, ie. revenue recognition and valuation of properties have been appropriately addressed. The AC recommended to the Board to approve the audited FY2018 Financial Statements. The Board has on 14 March 2019 approved the FY2018 Financial Statements.

12.2 External Auditors' Independence

Taking cognizance that the external auditors should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity, the AC undertook a review of the independence of the external auditors, Moore Stephens LLP. During this process, the AC also reviews all non-audit services provided by the external auditors to satisfy itself that the nature and extent of such non-audit services would not affect their independence. Fee for audit services to the external auditors is disclosed in the Notes to the FY2018 Financial

Corporate Governance Report

Statements on page 68 of this Annual Report. The external auditors did not provide any non-audit services to the Group during FY2018.

The AC has recommended to the Board that the external auditors be nominated for re-appointment at the 2019 AGM.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Rules 712 and 715 of the Listing Manual.

12.3 Whistle-Blowing Procedures

The Board is committed to uphold the Company's values and standards, and has put in place whistle-blowing procedures by which staff may, in confidence, raise concerns or complaints about possible improprieties relating to matters of financial reporting or other matters.

Under these procedures, the AC may, if it deems appropriate, engage appropriate external independent advisors, at the Company's expense.

The Company is committed to treat all complaints as confidential, and the anonymity of the whistle-blower concerned will be maintained until the whistle-blower indicates that he or she does not wish to remain anonymous.

12.4 Annual Confirmation on Procedures relating to Rights of First Refusal ("ROFR")

In accordance with paragraph 4.2 of the circular dated 12 November 2014 ("Circular") to shareholders of the Company, the AC confirms that no ROFR (details of which are set out in the Circular) has been granted to and/or exercised by Sinarmas Land Limited and the Company for FY2018.

Principle 13: Internal Audit

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has established an in-house internal audit function.

The Head of Internal Audit's primary reporting line is to the AC Chairman, with an administrative line of reporting to the CEO. The Head of Internal Audit has met the standards set by nationally or internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The role of the internal auditors is to assist the AC to ensure that the Company maintains a sound system of internal controls.

The AC approves the hiring and removal of the Head of Internal Audit and ensures that the internal audit function is adequately staffed and has appropriate standing within the Company. It also ensures the adequacy of the internal audit function.

The annual internal audit plan is established in consultation with, but independent of, Management, and is reviewed and approved by the AC. At AC meetings, the AC reviews and discusses with Management, internal audit findings, recommendations and status of remediation.

The internal auditors have unfettered access to the Group's documents, records, properties and personnel, including access to the AC.

The AC is satisfied that the Company's internal audit function is adequately resourced and has appropriate standing within the Company. It is also satisfied with the independence, adequacy and effectiveness of the internal audit function.

Corporate Governance Report

Principle 11: Risk Management and Internal Controls

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.

11.1 Responsibilities for Risk Management and Internal Controls

The Board, with assistance from the Enterprise Risk Management Committee ("ERMC") and the AC, is ultimately responsible for the governance of risk by ensuring that Management maintains a system of risk management and internal controls, including financial, operational, compliance and information technology controls, to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

11.2 The ERMC

The ERMC, comprising the following members during the year under review, was formed in 2013 to assist Management in its role of managing risks, as part of the Group's efforts to strengthen its risk management processes and framework:-

Frankle (Djafar) Widjaja	–	Executive Chairman and CEO
Deborah Widjaja	–	Executive Director and Deputy CEO
Chew Yow Foo	–	Executive Director and CFO
Gregory Findlay*	–	General Manager, Westin Bund Center
John Woo	–	General Manager, Bund Center Office Tower
Lai Foong Nin	–	Head of Internal Audit (Monitoring Function)

* Resigned 31 August 2018

11.3 ERM Processes

The integrated ERM process of the Group has covered a comprehensive reporting system that would ensure, *inter alia*, the Board fulfilling its reporting obligations with regards to Principle 11 of the 2012 Code relating to risk management and internal controls.

To ensure that the Group's internal controls and risk management systems and processes are in place and adequate and effective, the following has been executed during the ERM implementation:

- (a) performed an analysis to identify and prioritize the Group's critical risks management activities;
- (b) rolled out time frame and plan to manage the Group's existing risk management activities; and
- (c) reviews conducted by the external auditors, internal auditors and the ERMC.

Corporate Governance Report

11.4 Assurance from the CEO and the CFO

The Board has received assurance from the CEO and the CFO that:-

- (a) the financial records of the Group for FY2018 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances in accordance with the applicable financial reporting framework that are free from material misstatement; and
- (b) the internal financial controls, operational, information technology and compliance controls, and risk management policies and systems established by the management of the Group for FY2018 were adequate and effective, based on the internal audit activities conducted in 2018.

The CEO and CFO have obtained similar assurance from the business heads in the Group.

11.5 Opinion on Adequacy and Effectiveness of Internal Control and Risk Management System

The AC is responsible for making the necessary recommendations to the Board such that the Board may make an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group. In this regard, the AC is assisted by the external auditors, internal auditors and the ERM.

The AC has reviewed the Company's key financial risk areas and noted that save for the exchange rate differences, the Group has not entered into any financial contracts which will give rise to significant financial risks. Please refer to paragraph 7 on page 43 of the Financial Report.

The Board is satisfied that there is appropriate and adequate review by the AC of the adequacy and effectiveness of the Company's internal controls, including financial, operational and compliance and information technology controls, and risk management policies and systems established by Management. In its review, the AC had been assisted by the external auditors and the internal auditors, and this review is conducted at least once every year.

During the course of the audit, the external auditors carried out a review of the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls to the extent of their scope as laid out in their audit plan. Material non-compliance and internal control weaknesses noted during their audit are reported to the AC together with their recommendations.

In addition, based on the ERM framework established and maintained, the work performed by the ERM and the internal audit function as well as the assurance received from the CEO and the CFO, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 December 2018 to meet the needs of the Group in its current business environment.

The Board notes that the Company's system of internal controls and risk management provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Corporate Governance Report

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company recognizes the importance of maintaining transparency and accountability to its shareholders. The Board ensures that the Company's shareholders are treated fairly and equitably, and their rights are protected.

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

All shareholders of the Company are entitled to attend and vote at general meetings in person or by proxy. In 2017, the Bye-laws was amended to include provisions to facilitate the sending of documents, including circulars and annual reports, to shareholders, using electronic communications. In that year, the Listing Manual was also amended to allow such electronic communications. Starting with the 2018 AGM, the Company used electronic communications to transmit annual reports and other documents to shareholders. The annual report and other documents are made available on the Company website¹, and all shareholders of the Company receive a letter on how to access the said documents. They also receive the printed notice of AGM, proxy form and request form for printed copies of the annual report and appendices. The notice of AGM is advertised in the newspapers and released via SGXNET.

Principle 15: Communication with Shareholders

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

15.1 Communication with Shareholders

Shareholders are kept informed of corporate developments by announcements and annual reports posted on the SGX-ST website. General information on the Group may also be found on the Company's website.

The Company announces its results on a quarterly basis. The Company does not practice selective disclosure of material information. In line with continuous disclosure obligations of the Company under the Listing Manual, the Company conveys material information and its quarterly financial results through announcements made via SGXNET. Results announcements and annual reports are announced or issued within the specified / stipulated period.

The current situation does not warrant it nor is it cost effective for having a dedicated investor relations personnel or team. Nonetheless, the Executive Directors and Management of the Company remain open to address queries of shareholders and other stakeholders on the Group's operations and related corporate actions. The Directors meet with shareholders at least annually at the AGM.

¹ <http://www.bundcenter.com/en/financial-information/>

Corporate Governance Report

15.2 Dividend Policy

Based on Management recommendations, the Directors determine on a quarterly basis the amount, if any, of dividends to be declared taking into account all relevant factors. Any payouts will be clearly communicated to shareholders via announcements posted on SGXNET.

The Board has recommended a proposed first and final dividend of S\$0.022 per ordinary share for FY2018, subject to shareholders' approval at the 2019 AGM.

Principle 16: Conduct of Shareholder Meetings

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.

During the AGMs which are held in Singapore, shareholders are given the opportunity to express their views and to engage the Board and Management on the Group's business activities and financial performance. Directors are encouraged to attend shareholders' meetings. In particular, members of the AC, NC and RC and the external auditors are asked to be present to address questions at such meetings.

In 2017, the Bye-laws was amended to allow relevant intermediaries to appoint more than two proxies to attend and vote at shareholders' meetings. Such appointments were accordingly permitted by the Company starting with the 2018 AGM.

At shareholders' meetings, each distinct issue is proposed as a separate resolution. Absentia voting methods are currently not permitted, as the authentication of shareholder identity information and other related integrity issues still remain a concern.

In support of greater transparency and to allow for a more efficient voting process, the Company has been conducting electronic poll voting instead of voting by show of hands since the 2013 AGM. With electronic poll voting, shareholders present in person or represented by proxy at the meeting will be entitled to vote on a 'one-share, one-vote' basis. The voting results of all votes cast "for" and "against" and the respective percentages, in respect of each resolution, will be instantly displayed on-screen at the meeting. The detailed breakdown of results showing the total number of votes cast "for" and "against" each resolution and the respective percentages are announced via SGXNET after the AGM.

DEALINGS IN SECURITIES

The Company complies with Rule 1207(19) of the Listing Manual on dealings in securities, and has devised and adopted its own internal compliance code to provide guidance with regard to dealings in the Company's securities by the Company, its Directors and officers, including the prohibition on dealings in the Company's securities on short-term considerations.

Dealings in the Company's securities are prohibited during the period commencing (i) two weeks before announcement of the Company's first, second and third quarter results and (ii) one month before the announcement of the Company's full year results, and ending on the date of the announcement of the results. Such dealings in the securities of the Company as well as securities of other listed companies are also prohibited whilst in possession of unpublished material price-sensitive information in relation to those securities.

INTERESTED PERSON TRANSACTIONS

There were no relevant interested person transactions entered into for FY2018.

Corporate Governance Report

ADDITIONAL REQUIREMENTS UNDER RULE 720(6) OF THE LISTING MANUAL

Information relating to Directors seeking re-election at the 2019 AGM is as follows:

Name of Director	Foo Meng Kee (“FMK”)	Lim Jun Xiong, Steven (“SL”)	Franky Oesman Widjaja (“FOW”)	Deborah Widjaja (“DW”)
Date of Appointment	1 May 2018	9 September 2009	9 September 2009	7 May 2012
Date of last re-appointment (if applicable)	N/A	21 April 2016	21 April 2016	21 April 2016
Age	69	63	61	35
Country of principal residence	Singapore	Singapore	Indonesia	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Please refer to items 4.2 and 4.3 on page 24 of this Annual Report.	Please refer to item 4.3 on page 24 of this Annual Report.	Please refer to item 4.3 on page 24 of this Annual Report.	Please refer to item 4.3 on page 24 of this Annual Report.
Whether appointment is executive, and if so, the area of responsibility	No	No	No	Executive. Responsible for the Group’s overall business units’ operations.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-executive, Independent Director; Chairman of RC, Member of AC and NC	Non-executive, Lead Independent Director; Chairman of AC, Member of RC and NC	Non-executive, Non-independent Director; Member of NC and RC	Executive Director and Deputy CEO
Professional qualifications Working experience and occupation(s) during the past 10 years	Please refer to page 9 of this Annual Report.	Please refer to page 8 of this Annual Report.	Please refer to page 7 of this Annual Report.	Please refer to page 7 of this Annual Report.
Shareholdings interest in the listed issuer and its subsidiaries	Nil	Please refer to item 3 on page 42 of this Annual Report.	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Brother of Mr. Frankle (Djafar) Widjaja, and uncle of Ms. Deborah Widjaja, both Directors of the Company, Brother-in-law of Mdm Jehnny Susanty, a director of the Company’s principal subsidiary, Shanghai Golden Bund Real Estate Co., Ltd.	Daughter of Mr. Frankle (Djafar) Widjaja, and niece of Mr. Franky Oesman Widjaja, both Directors of the Company. Daughter of Mdm Jehnny Susanty, a director of the Company’s principal subsidiary, Shanghai Golden Bund Real Estate Co., Ltd.

Corporate Governance Report

Name of Director	FMK	SL	FOW	DW
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal* Commitments Including Directorships#	<p><u>Past (for last 5 years)</u></p> <ul style="list-style-type: none"> – Courage Investment Group Limited – Jiutian Chemical Group Limited – Lee Metal Group Ltd – MK Ocean Pte Ltd – M K Realty Private Limited – MK Total Holdings Pte Ltd – Titan Petrochemicals Group Limited – Sinarmas Land Limited <p><u>Present</u></p> <ul style="list-style-type: none"> – Golden Agri-Resources Ltd – M K Capital Pte Ltd – MK Energy Navigation Pte Ltd – M K Marine Pte Ltd – MK Offshore Pte Ltd – MK Oil & Gas Services Pte Ltd – MK Ships Pte Ltd – T-Ocean Designs & Services Ltd 	<p><u>Past (for last 5 years)</u></p> <ul style="list-style-type: none"> – Mancala Holdings Limited – Mancala Pty Ltd – Ranken Infrastructure Limited – Sapphire Corporation Limited – SG Trust (Asia) Ltd (Chief Executive Officer) <p><u>Present</u></p> <ul style="list-style-type: none"> – Emerging Towns & Cities Singapore Ltd – Hong Fok Corporation Limited – Keong Hong Holdings Limited – Mirach Energy Limited 	<p><u>Past (for the last 5 years)</u></p> <ul style="list-style-type: none"> – Golden Moment Limited – Massingham International Limited <p><u>Present</u></p> <ul style="list-style-type: none"> – AFP Gardens (Tanjong Rhu) Pte Ltd – AFP Land Limited – Asia Integrated Agri Resources Limited – Florentina International Holdings Limited – Golden Agri International Pte Ltd – Golden Agri Plaza Pte Ltd – Golden Agri-Resources Ltd – Handful Resources Limited – Koon Chung Limited – Madagascar Capital Pte Ltd – Madagascar Investment Ltd – Ningbo Zhonghua Land Co. Ltd – PT Gerbangmas Tunggal Sejahtera – PT Sinar Mas Tunggal – PT Sinar Mas – PT Sinarindo Gerbangmas – Shanghai Golden Bund Real Estate Co., Ltd – Sinarmas Land (HK) Limited – Sinarmas Land Limited – Widjaja Jewel Assets Ltd 	<p><u>Past (for last 5 years)</u></p> <p>Nil</p> <p><u>Present</u></p> <ul style="list-style-type: none"> – Koon Chung Limited – Ningbo Zhonghua Land Co. Ltd – Primewyn Management & Services Pte Ltd – Shanghai Golden Bund Real Estate Co., Ltd.

* "Principal Commitments" has the same meaning as defined in the Code.

These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)

Corporate Governance Report

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

Name of Director	FMK	SL	FOW	DW
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?				
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	Yes ¹	No	Yes ²	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No

Notes:

- From 2 November 2001 to 26 April 2017, FMK was a non-executive independent director of Sinarmas Land Limited ("SML") (then known as Asia Food & Properties Limited) ("AFP") and in 2001, AFP was investigated by the Commercial Affairs Department ("CAD"). As far as FMK is aware, CAD had completed its investigations against AFP and no further action was taken against AFP. As far as FMK is aware, he was not the subject of any investigation and no action has ever been taken against him by the CAD.
- FOW is a director of SML (then known as AFP) and in 2001, AFP was investigated by CAD. As far as FOW is aware, the CAD had completed its investigations against AFP and no further action was taken against AFP. As far as FOW is aware, he was not the subject of any investigation and no action has ever been taken against him by the CAD.

FINANCIAL REPORT

CONTENTS

42-44	Report of the Directors
45	Statement by Directors
46-49	Independent Auditor's Report
50	Consolidated Income Statement
51	Consolidated Statement of Comprehensive Income
52-53	Statements of Financial Position
54	Consolidated Statement of Changes in Equity
55	Consolidated Statement of Cash Flows
56-84	Notes to the Financial Statements

REPORT OF THE DIRECTORS

31 DECEMBER 2018

The directors are pleased to present their report together with the audited consolidated financial statements of Bund Center Investment Ltd (“BCI” or the “Company”) and its subsidiaries (the “Group”) for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

1 Directors

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

Frankle (Djafar) Widjaja
 Franky Oesman Widjaja
 Deborah Widjaja
 Chew Yow Foo
 Lim Jun Xiong, Steven
 Willy Shee Ping Yah @ Shee Ping Yan
 Foo Meng Kee (Appointed on 1 May 2018)
 David Yeow (Resigned on 23 April 2018)

2 Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

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

3 Directors’ Interest in Shares and Debentures

Except as disclosed below, no directors who held office at the end of the financial year had an interest in the shares or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Name of director in <u>which interests are held</u>	Shareholdings registered in the name <u>of directors or their spouse</u>		Shareholdings in which directors are deemed <u>to have an interest</u>	
	<u>At the beginning of the year</u>	<u>At the end of the year</u>	<u>At the beginning of the year</u>	<u>At the end of the year</u>
The Company <u>No of ordinary shares</u>				
Lim Jun Xiong, Steven	666	666	-	-

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2019.

REPORT OF THE DIRECTORS

31 DECEMBER 2018

4 Directors' Receipt and Entitlement to Contractual Benefits

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors have received remuneration in their capacity as directors and/or executives and as disclosed in the notes to the financial statements.

5 Share Options

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

No shares have been issued during the financial year by virtue of the exercise of an option to take up unissued shares of the Company and its subsidiaries.

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

6 Interested Person Transactions Disclosure

There were no relevant interested person transactions entered into during the year ended 31 December 2018.

7 Risk Management

The management reviews regularly the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. In addition, the external auditors carry out in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls. Material non-compliance and internal control weaknesses (if any) noted during their audit are reported to the Audit Committee together with their recommendations. Management will follow up on the auditors' recommendations (if any) so as to strengthen the Group's internal control systems.

The following key financial risks areas have been discussed by the Board:

- (a) Foreign currency risk;
- (b) Interest rate risk;
- (c) Price risk;
- (d) Credit risk; and
- (e) Liquidity risk.

These key financial risk areas are discussed in Note 28 to the financial statements.

REPORT OF THE DIRECTORS

31 DECEMBER 2018

8 Independent Auditors

The auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

FRANKLE (DJAFAR) WIDJAJA
Director

CHEW YOW FOO
Director

Singapore
14 March 2019

STATEMENT BY DIRECTORS

31 DECEMBER 2018

In the opinion of the directors,

- (a) the accompanying statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 50 to 84 are drawn up so as to give a true and fair view of the financial position of the Company and the consolidated financial position of the Group as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

FRANKLE (DJAFAR) WIDJAJA
Director

CHEW YOW FOO
Director

Singapore
14 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BUND CENTER INVESTMENT LTD

Opinion

We have audited the financial statements of Bund Center Investment Ltd (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 2018, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 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 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA 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.

Key Audit Matters	How our audit addressed the risk factors
<p>Revenue recognition</p> <p>We refer to Notes 3(n) and 5 to the financial statements.</p> <p>The Group is principally engaged as a hotel owner and property owner and its revenue comprises hotel revenue and property leasing income. The accounting policies for the different revenue streams are set out in Note 3(n) to the financial statements.</p> <p>This is a key audit matter as revenue is an important measure used to evaluate the performance of the Group. There is a risk that revenue is presented for amounts higher than what has been actually generated by the Group.</p>	<p><u>Our audit response:</u></p> <p>We performed procedures to understand the Group's control environment on the revenue cycle, performed tests of key controls as appropriate, and performed tests of details on a sample basis for hotel revenue and property leasing income. We performed analytical review procedures and enquired with management for any significant or unusual fluctuations noted.</p> <p>We tested the revenue to be recognised in the relevant accounting period by performing cut-off tests at the year end. We also tested journal vouchers for any unusual adjustments made to the revenue account.</p> <p><u>Our audit findings:</u></p> <p>We found the Group's revenue recognition to be consistent with its accounting policies and are satisfied that the Group's revenue has been appropriately recognised and in the relevant accounting period.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BUND CENTER INVESTMENT LTD

(cont'd)

Key Audit Matters	How our audit addressed the risk factors
<p>Valuation of properties</p> <p>We refer to Notes 3(f), 3(g), 15 and 16 to the financial statements.</p> <p>The Group's properties, comprising investment properties of S\$193.5 million and leasehold property of S\$149.2 million under property, plant and equipment, accounted for 68.7% of the Group's total assets as at 31 December 2018. The Group accounts for its properties at cost, less accumulated depreciation and any impairment losses.</p> <p>Management reviews for any indicators of impairment on its properties at year end. An impairment exists when the carrying amount of the properties is higher than its recoverable amount, which is the higher of fair value less cost of disposal and value in use.</p> <p>This is a key audit matter as the assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amount, requires significant management judgement.</p>	<p><u>Our audit response:</u></p> <p>We evaluated management's assessment on impairment indications, including a detailed discussion with the Group's key management and corroborating to evidential materials in support of the management's assessment.</p> <p>We assessed the independence, competence and experience of the external valuers used by the Group. We evaluated the supporting independent professional valuations obtained by management to assess the recoverable value of the Group's properties at year end.</p> <p><u>Our audit findings:</u></p> <p>We found the management's assessment on impairment indications for the Group's properties to be appropriate. The independent valuations for the fair value of the Group's properties to evaluate the recoverable amount of the properties is also within a reasonable range. We also considered the adequacy of the disclosures in the financial statements and found them to be appropriate.</p>

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.

Our opinion on the financial statements does not cover the other information and we do 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BUND CENTER INVESTMENT LTD

(cont'd)

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 ISAs 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 ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BUND CENTER INVESTMENT LTD

(cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with those charged with governance, 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.

The engagement partner on the audit resulting in this independent auditor's report is Ms Lao Mei Leng.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
14 March 2019

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	<u>Note</u>	2018 S\$'000	2017 S\$'000
Revenue	5	118,878	123,006
Cost of sales		<u>(57,128)</u>	<u>(57,840)</u>
Gross profit		<u>61,750</u>	<u>65,166</u>
Selling expenses		(6,633)	(6,557)
General and administrative expenses		<u>(19,707)</u>	<u>(20,534)</u>
Total operating expenses		<u>(26,340)</u>	<u>(27,091)</u>
Operating profit		35,410	38,075
Financial income	6	4,659	2,609
Financial expenses	6	(8)	(8)
Other operating income	7	1,956	5,408
Profit before income tax	8	42,017	46,084
Income tax	9	<u>(14,579)</u>	<u>(16,005)</u>
Profit for the year		<u><u>27,438</u></u>	<u><u>30,079</u></u>
Profit for the year attributable to:			
Owners of the Company		26,517	28,954
Non-controlling interests		<u>921</u>	<u>1,125</u>
		<u><u>27,438</u></u>	<u><u>30,079</u></u>
Earnings per share (cents)			
Basic and diluted	10	<u><u>3.49</u></u>	<u><u>3.82</u></u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 S\$'000	2017 S\$'000
Profit for the year	27,438	30,079
Other comprehensive loss		
<u>Item that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation differences arising from consolidation	<u>(13,359)</u>	<u>(6,425)</u>
Total comprehensive income for the year, net of tax	<u>14,079</u>	<u>23,654</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	13,728	22,762
Non-controlling interests	<u>351</u>	<u>892</u>
	<u>14,079</u>	<u>23,654</u>

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
ASSETS					
Current Assets					
Cash and cash equivalents	11	141,714	93,904	41	89
Short-term investments	12	1,022	1,369	-	-
Trade receivables and other current assets	13	3,531	4,340	31,372	13,513
Inventories, at cost		389	433	-	-
		<u>146,656</u>	<u>100,046</u>	<u>31,413</u>	<u>13,602</u>
Non-Current Assets					
Interest in subsidiaries	14	-	-	410,659	410,659
Investment properties	15	193,492	212,454	-	-
Property, plant and equipment	16	154,148	168,042	-	-
Deferred tax assets	17	4,099	4,527	-	-
Deferred charges	18	568	610	-	-
		<u>352,307</u>	<u>385,633</u>	<u>410,659</u>	<u>410,659</u>
Total Assets		<u>498,963</u>	<u>485,679</u>	<u>442,072</u>	<u>424,261</u>

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	19	26,348	28,672	301	321
Income tax payable		6,080	6,836	-	-
Obligations under finance lease	20	70	70	-	-
		<u>32,498</u>	<u>35,578</u>	<u>301</u>	<u>321</u>
Non-Current Liabilities					
Obligations under finance lease	20	93	163	-	-
Long-term liabilities	21	12,641	10,418	-	-
Deferred tax liabilities	17	2,915	2,236	-	-
		<u>15,649</u>	<u>12,817</u>	<u>-</u>	<u>-</u>
Total Liabilities		<u>48,147</u>	<u>48,395</u>	<u>301</u>	<u>321</u>
Equity Attributable to Owners of the Company					
Share capital	22	105,784	105,784	105,784	105,784
Share premium		304,881	304,881	304,881	304,881
Treasury shares	22	(1,498)	(1,498)	(1,498)	(1,498)
Asset revaluation reserve	23	65,175	65,175	-	-
Merger reserve	24	(133,639)	(133,639)	-	-
Foreign currency translation reserve		31,209	43,998	-	-
Retained earnings		63,066	36,549	32,604	14,773
		<u>434,978</u>	<u>421,250</u>	<u>441,771</u>	<u>423,940</u>
Non-controlling interests		<u>15,838</u>	<u>16,034</u>	<u>-</u>	<u>-</u>
Total Equity		<u>450,816</u>	<u>437,284</u>	<u>441,771</u>	<u>423,940</u>
Total Liabilities and Equity		<u><u>498,963</u></u>	<u><u>485,679</u></u>	<u><u>442,072</u></u>	<u><u>424,261</u></u>

On behalf of the Board of Directors

FRANKLE (DJAFAR) WIDJAJA
Director

CHEW YOW FOO
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	← Attributable to Owners of the Company →									
	Share Capital	Share Premium	Treasury Shares	Asset Revaluation Reserve	Merger Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total	Non- Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1.1.2018	105,784	304,881	(1,498)	65,175	(133,639)	43,998	36,549	421,250	16,034	437,284
Profit for the year	-	-	-	-	-	-	26,517	26,517	921	27,438
Other comprehensive loss for the year - Foreign currency translation	-	-	-	-	-	(12,789)	-	(12,789)	(570)	(13,359)
Total comprehensive income for the year	-	-	-	-	-	(12,789)	26,517	13,728	351	14,079
Dividends payable to non-controlling shareholders	-	-	-	-	-	-	-	-	(547)	(547)
Balance as at 31.12.2018	105,784	304,881	(1,498)	65,175	(133,639)	31,209	63,066	434,978	15,838	450,816
Balance as at 1.1.2017	105,784	304,881	(1,498)	65,175	(133,639)	50,190	22,770	413,663	16,238	429,901
Profit for the year	-	-	-	-	-	-	28,954	28,954	1,125	30,079
Other comprehensive loss for the year - Foreign currency translation	-	-	-	-	-	(6,192)	-	(6,192)	(233)	(6,425)
Total comprehensive income for the year	-	-	-	-	-	(6,192)	28,954	22,762	892	23,654
Dividends (Note 25)	-	-	-	-	-	-	(15,175)	(15,175)	-	(15,175)
Dividends payable to non-controlling shareholders	-	-	-	-	-	-	-	-	(1,096)	(1,096)
Balance as at 31.12.2017	105,784	304,881	(1,498)	65,175	(133,639)	43,998	36,549	421,250	16,034	437,284

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	<u>Note</u>	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Cash flows from operating activities			
Profit for the year		27,438	30,079
Adjustments for:			
Depreciation of investment properties	15	12,025	12,135
Depreciation of property, plant and equipment	16	9,504	9,514
Amortisation of deferred charges	18	24	23
Changes in fair value of financial assets at fair value through profit or loss	7	308	(251)
Property, plant and equipment written off	7	-	2
Allowances for loss on trade receivables	13	11	18
Trade receivables written off	7	-	51
Interest income	6	(4,659)	(2,609)
Interest expense	6	8	8
Unrealised foreign exchange loss		2,661	510
Income tax expenses		14,579	16,005
Operating cash flow before working capital changes		61,899	65,485
Changes in working capital:			
Trade receivables and other current assets		798	(141)
Inventories		44	55
Trade and other payables		(648)	(1,693)
Cash generated from operations		62,093	63,706
Interest received		4,659	2,610
Income tax paid		(13,778)	(16,337)
Interest paid		(8)	(8)
Net cash generated from operating activities		<u>52,966</u>	<u>49,971</u>
Cash flows from investing activities			
Capital expenditure on property, plant and equipment	16	(1,077)	(477)
Payments for deferred expenditure	18	-	(4)
Net cash used in investing activities		<u>(1,077)</u>	<u>(481)</u>
Cash flows from financing activities			
Repayment of obligations under finance lease		(70)	(70)
Payment of dividends		-	(15,175)
Net cash used in financing activities		<u>(70)</u>	<u>(15,245)</u>
Net increase in cash and cash equivalents		51,819	34,245
Cash and cash equivalents at the beginning of the year		93,904	60,553
Effect of exchange rate changes on cash and cash equivalents		(4,009)	(894)
Cash and cash equivalents at the end of the year		<u>141,714</u>	<u>93,904</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1 General Information

Bund Center Investment Ltd (the “Company”) is listed on the Singapore Exchange and was incorporated on 5 August 2009 under the Companies Act 1981 of Bermuda as an exempted company with limited liability.

The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal places of business of the Group are located at Shanghai and Ningbo, the People’s Republic of China (“PRC”). The Company is principally engaged as an investment holding company. Details of the principal activities of the subsidiaries are set out in Note 14 to the financial statements. The controlling shareholders of the Company comprise certain members of the Widjaja Family.

The statement of financial position of the Company and the consolidated financial statements of the Group as at and for the financial year ended 31 December 2018 were authorised for issue by the Board of Directors on 14 March 2019.

2 Adoption of New/Revised International Financial Reporting Standards (“IFRSs”) Issued

(a) Adoption of New and Revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group and the Company have adopted all the new and revised IFRSs issued that are relevant to its operations and effective for annual periods beginning on 1 January 2018. The nature and effect of the changes as a result of adoption of IFRS 9 are described below. Except for the adoption of IFRS 9, the adoption of the other new and revised IFRSs (including IFRS 15) has had no material financial impact on the financial statements of the Group.

IFRS 9, *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new expected credit losses (“ECLs”) model and a new general hedge accounting model.

The Group has elected to apply the short-term exemption to adoption IFRS 9 on 1 January 2018. Accordingly, requirements of IAS 39, *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017 (Accounting policy Note 3 (I)).

Prior to the adoption of IFRS 9, the Group classifies its non-derivative financial assets as loans and receivables, and financial assets at fair value through profit or loss. Under IFRS 9, the Group’s financial assets are classified in the following categories: measured at amortised cost and measured at fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. The adoption of IFRS 9 has not had a significant effect on the Group’s and Company’s accounting policies for financial liabilities.

Under IFRS 9, cash and cash equivalents, trade and non-trade receivables that were classified as loans and receivables are now classified as measured at amortised cost. The Group has continued to measure the short-term investments at FVTPL. Upon adoption of IFRS 9, there has had no material impacts on the amounts recognised in relation to these assets.

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (“ECL”) model. The new impairment model applies to the Group’s and the Company’s financial assets measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 Adoption of New/Revised International Financial Reporting Standards (“IFRSs”) Issued (cont’d)

(a) Adoption of New and Revised IFRSs (cont’d)

IFRS 9, *Financial Instruments* (cont’d)

Prior to the adoption of IFRS 9, the Group and the Company provide allowances for impairment loss for estimated incurred loss on certain receivables. Upon adoption of IFRS 9, the Group and the Company have applied the simplified impairment approach to recognise only lifetime ECL impairment loss on trade receivables. Based on the assessment made, the adoption of IFRS 9 impairment requirement at 1 January 2018 does not have significant financial effect on the Group and the Company, and therefore no adjustments were made to the amount recognised.

There were no adjustments to the Group’s statement of cash flows arising from the adoption of IFRS 9.

(b) New/Revised IFRSs issued but not yet effective

As at the date of authorisation of these financial statements, the following standards that are relevant to the Group and the Company have been issued but are not yet effective:

Description	Effective date (Annual period beginning on or after)
IFRS 16, <i>Leases</i>	1 January 2019
IFRIC 23, <i>Uncertainty over Income Tax Treatments Improvements to IFRSs (2017)</i>	1 January 2019
• Amendments to IAS 12, <i>Income Taxes</i>	1 January 2019

Except as disclosed below, the directors of the Company expect the adoption of the new and revised IFRSs above will have no material impact on the financial statements of the Group and the financial position of the Company in the period of initial application.

IFRS 16, *Leases*

IFRS 16 sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives*; and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

The Group plans to adopt IFRS 16 on 1 January 2019 based on a permitted transition approach that does not restate comparative information, but recognises the cumulative effect of initial applying IFRS 16 as an adjustment to the opening balance of retained earnings as at 1 January 2019. The Group will elect the transition option to record, in respect of leases previously classified as operating leases, the right-of-use assets on 1 January 2019 at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments as at 31 December 2018. The Group also plans to adopt an expedient offered by IFRS 16, exempting the Group from having to reassess whether pre-existing contracts contain a lease.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 Adoption of New/Revised International Financial Reporting Standards (“IFRSs”) Issued (cont’d)

(b) New/Revised IFRSs issued but not yet effective (cont’d)

As disclosed in Note 30 to the financial statements, the Group has entered into operating lease of office premises as lessee. As of 31 December 2018, the minimum lease payments committed under non-cancellable operating lease amount to S\$63,000.

The Group has performed a preliminary assessment of adopting IFRS 16 based on currently available information. Based on its preliminary estimates, the impact on its financial statements would not be significant. This assessment may be subject to changes arising from on-going analysis until the Group adopts IFRS 16 in its financial statements for the year beginning on 1 January 2019.

3 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are prepared on the historical cost basis, except as disclosed in the accounting policies below. The financial statements have been prepared in accordance with IFRSs.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and judgements that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses as well as the disclosures of contingent assets and liabilities. Although these estimates are based on management’s best knowledge of current events and actions, actual results may actually differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 4 to the financial statements.

(b) 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 (the “functional currency”). For the purpose of the consolidated financial statements, the results and financial position of each entity in the Group are presented in Singapore dollars, which is the functional currency of the Company. All financial information presented in Singapore dollars have been rounded to the nearest thousand (S\$’000) unless otherwise indicated.

(c) Foreign Currency Transactions and Translation

Foreign currency transactions are translated into the respective functional currencies of the entities in the Group using the exchange rates prevailing at the dates of transactions are entered into. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign currency denominated monetary assets and liabilities at the rates prevailing at the reporting date are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of initial transactions. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

In the preparation of the consolidated financial statements, the financial statements of those entities whose functional currency is not the Singapore dollars are translated into Singapore dollars, the presentation currency of the Group, as follows:

- assets and liabilities are translated at the closing exchange rate at the reporting date;
- share capital and reserves are translated at historical exchange rates; and
- income and expenses are translated at average exchange rates for the period (unless the average rate is not a reasonable approximation of the cumulative effect of rates prevailing on the transactions dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

(c) Foreign Currency Transactions and Translation (cont'd)

Exchange differences arising from the above translations are recognised in other comprehensive income and these are accumulated in the foreign currency translation reserve. On consolidation, exchange differences arising from the translation of net investments in foreign entities (including monetary items that in substance form part of the net investments in foreign entities) are recognised in other comprehensive income and accumulated foreign currency translation reserve. On disposal, the accumulated translation differences are recognised in the income statement as part of the gain or loss on disposal in the period in which the foreign entity is disposed of. While on a partial disposal which does not result in a loss of control, the proportionate share of accumulated translation differences are re-attributed to non-controlling interests and are not recognised in the income statement.

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to 31 December, after elimination of material balances, transactions and unrealised profit or loss on transactions between the group entities. The financial statements of the subsidiaries are prepared for the same accounting period as the Company, using uniform accounting policies for like transactions and other events in similar circumstances in accordance with IFRSs.

The acquisition method of accounting is used to account for the business combination. The consideration transferred in a business combination is measured at fair value which comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the acquirer. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the acquisition date. Any non-controlling interests in the acquiree is measured at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction. 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 change in carrying amount of the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in the income statement.

Business combinations which involve the transfer of net assets or the exchange of shares between entities under common control are accounted for as a uniting of interests. The financial information included in the consolidated financial statements reflects the combined results of the entities concerned as if the combination had been in effect for all periods presented. In accordance with IFRSs, profits reflected in the financial statements prepared in accordance with IFRSs may differ from those reflected in the PRC statutory financial statements of the subsidiaries, prepared for PRC reporting purposes. In accordance with relevant laws and regulations, profits available for distribution by the PRC subsidiaries are based on the amounts stated in the PRC statutory financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

(e) Subsidiaries

Subsidiaries are entities over which any of the Group companies have control. The Group companies control an entity if and only if they have power over the entity and when they are exposed to, or have rights to variable returns from their involvement with the entity, and have the ability to use their power over the entity to affect those returns. The Group will re-assess whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group companies and are deconsolidated from the date that control ceases.

Interests in subsidiaries are stated at cost less any accumulated impairment losses in the Company's statement of financial position. On disposal of interests in subsidiaries, the difference between the disposal proceeds and the carrying amounts of the interests are recognised in the income statement.

(f) Investment Properties

Investment properties are properties held to earn leasing income and/or for capital appreciation. Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 30 to 40 years or, where shorter, the terms of the relevant leases. Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovation and improvements is capitalised and the carrying amounts of the replaced components are recognised in the income statement. The cost of maintenance and minor improvements is recognised in the income statement 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. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

(g) Property, Plant and Equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment losses whereby the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is charged so as to write off the cost of assets, using the straight-line method, over the following estimated useful lives:

Leasehold land and buildings	-	30 to 40 years
Plant, machinery and equipment	-	5 to 20 years
Motor vehicles	-	5 years
Furniture and fixtures	-	5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The cost of maintenance and repairs is charged to the income statement as incurred; significant renewals and improvements are capitalised. When assets are retired or otherwise disposed of, their carrying amounts and the related accumulated depreciation are derecognised and any resulting gains or losses are recognised in the income statement for the year. The residual values and estimated useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effect of any revision are recognised in the income statement when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

(h) Deferred Charges

Deferred charges comprise certain expenditures, being benefits extend over a period of more than one year which are initially recognised at cost and subsequently carried at cost less accumulated amortisation. These costs are amortised to the income statement over the periods benefited using the straight-line method.

(i) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss or whether there is any impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An asset's recoverable amount is calculated at the higher of the asset's value in use and/or its fair value less cost of disposal.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any depreciation) had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as an income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Leases

- *When the Group is the lessee*

Leases in which a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Leases of property, plant and equipment when the Group assumed substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the finance charges and the reduction of the outstanding lease liability. The finance charge is recognised in the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

- *When the Group is the lessor*

Leases of investment properties where the Group retains substantively all risks and rewards incidental to ownership are classified as operating lease. Leasing income from operating leases (net of any incentives given to the lessees) is recognised in the income statement on a straight-line basis over the lease period. Contingent rents are recognised as income in the income statement when earned. When a lease is terminated before the lease period expires, any payment received by the Group as penalty is recognised as an income when termination takes place.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

(k) Inventories

Inventories comprise primarily hotel consumables are measured at the lower of cost, determined using the first-in, first-out basis, and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion.

(l) Financial Assets

Accounting policy applicable from 1 January 2018

The Group recognises a financial asset when, and only when the Group becomes party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Group classifies its non-derivative financial assets in the following measurement categories: those to be measured at an amortised cost, and those to be measured subsequently at fair value through profit or loss ("FVTPL"). The Group does not have financial assets classified as fair value through other comprehensive income. The Group classifies trade receivables as those measured at amortised cost and short-term investments as measured at FVTPL.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Group measures a financial at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the income statement.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Cash and cash equivalents classified under current assets comprise cash on hand, cash in bank and time deposits with maturities of three months or less and which are highly liquid assets that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

Financial assets that are held for trading or are managed and whose performance is evaluated on fair value basis are measured at FVTPL. These assets are subsequently measured at fair value. Gains and losses including any interest or dividend income and any gain or loss on derecognition will be recorded in income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

(l) Financial Assets (cont'd)

Accounting policy applicable from 1 January 2018 (cont'd)

The Group recognises loss allowance from expected credit losses (“ECLs”) on financial assets measured at an amortised costs. Loss allowances of the Group are measured on either 12-months ECLs that results from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or lifetime ECLs that will result from all possible default events over the expected life of a financial instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the simplified approach to provide for ECLs for all trade receivables as permitted by IFRS 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group applies the general approach to provide for ECLs on all other financial instruments. The general approach requires the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition. At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and includes forward-looking information. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amounts of these assets.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

(l) Financial Assets (cont'd)

Accounting policy applicable before 1 January 2018

The Group classifies its non-derivative financial assets in the following categories: loans and receivables and fair value through profit or loss. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are derecognised when, and only when, the contractual rights to the cash flows from the financial assets have expired, or have been transferred and transferred substantially all the risks and rewards of ownership of the financial assets to another entity.

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 receivable. Loans and receivables include cash and cash equivalents and trade and other current assets (excluding prepayments). Cash and cash equivalents classified under current assets comprise cash on hand, cash in bank and time deposits with maturities of three months or less and which are highly liquid assets that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

Loans and receivables are recognised initially at fair value which is normally the original invoiced amount plus, any directly attributable transaction costs, and subsequently carried at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

Financial assets at fair value through profit or loss are financial assets held for trading and those designated at fair value through profit or loss at inception. Financial assets at fair value through profit or loss are initially recognised at fair value with subsequent changes in fair value recognised in the income statement.

(m) Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. The Group recognises a financial liability when, and only when, the entity becomes a party to the contractual provisions of the instrument. Financial liabilities include finance lease obligations, interest-bearing borrowings and trade and other payables. The accounting policy adopted for finance lease obligations is outlined in Note 3(j) to the financial statements.

Interest-bearing borrowings are recorded at the proceeds received, net of direct issue costs. Direct issue costs are amortised over the period of the borrowings. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received. Interest-bearing trade and other payables are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, interest-bearing trade and other payables are stated at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

(m) Financial Liabilities and Equity (cont'd)

Financial liabilities are derecognised when, and only when, the obligations are discharged, cancelled or they expire. The difference between the carrying of the financial liability derecognised and the consideration paid and payable is recognised in the income statement.

Ordinary shares are classified as equity. Share capital is determined using the par value of shares that have been issued. Share premium includes any excess received on the issuance of shares over the par value, net of any direct issue costs. The application of the share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

The Company's own ordinary shares, which are re-acquired by the Company and held as treasury shares, are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, re-issuance or cancellation of equity shares. Any difference between the carrying amount of treasury shares and the consideration received, if re-issued, is recognised directly in equity as gain or loss on re-issuance of treasury shares.

(n) Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue is recognised in the income statement as follows:

- Hotel room revenue is recognised based on room occupancy while other hotel revenues are recognised when the goods are delivered or the services are rendered to the customers.
- Leasing income from operating leases on investment property is recognised on a straight-line basis over the lease term.
- Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.
- Deferred income is recognised when the right to receive payment is established.

(o) Business Assistance Grant

Business assistance grants are granted by certain district bureau. Such grant which is discretionary in nature is recognised at their fair value and presented as a credit in the income statement under a general heading such as "Other Operating Income" upon receipt.

(p) Borrowing Costs

Interest expense and similar charges are expensed in the income statement in the period in which they are incurred, except to the extent they are capitalised as being directly attributable to the acquisition and construction of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

(q) Income Tax

Current income tax for current and prior years 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 substantially enacted at the reporting date in the countries where the Group operates and generates income. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred income tax is also dealt with in equity. Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority. The amount of deferred income tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(r) Post-Employment Benefits

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Payments to defined contribution plans are charged as an expense when employees have rendered the services entitling them to the contributions.

(s) Dividends Distribution

Dividends distribution to the Company's shareholders is recognised as liability in the financial statements in the period in which the dividends are approved for payment.

(t) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting to the Executive Committee whose members are responsible for allocating and assessing performance of the operating segments.

(u) Related Parties

A related party is a person or entity that is related to the reporting entity. A person is considered to be related if that person has the ability to control or jointly control the reporting entity, exercise significant influence over the reporting entity in making financial and operating decisions, or is a member of the key management personnel of the reporting entity or its parent. An entity is related to the reporting entity if they are members of the same group, an associate or a joint venture. An entity is considered to be related if it is controlled or jointly controlled by the same person who has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity. An entity is also considered related if the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

4 Critical Accounting Estimates, Assumptions and Judgements

The Group makes estimates and assumptions concerning the future. Estimates, assumptions and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical Accounting Estimates and Assumptions

Estimated Useful Lives of Investment Properties and Property, Plant and Equipment

The Group estimates the useful lives of investment properties and property, plant and equipment based on the terms of the relevant leases, or where shorter, the period over which the assets are expected to be available for use. The estimated useful lives of investment properties and property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of investment properties and property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

There is no change in the estimated useful lives of investment properties and property, plant and equipment during the current financial year. The carrying amounts of the Group's investment properties and property, plant and equipment are disclosed in Notes 15 and 16 to the financial statements respectively.

(b) Critical Judgement in Applying Accounting Policy

Impairment of Properties

The Group performs impairment tests on its properties comprising investment properties and leasehold land and buildings under property, plant and equipment, at each reporting date to assess whether they are impaired, in accordance with the accounting policy stated in Note 3(i). The recoverable amounts of the properties are determined at the higher of the asset's value in use and/or its fair value less cost of disposal. In making this judgement, the Group evaluated the fair value of the properties based on independent professional valuations.

As at 31 December 2018, there is no impairment loss recognised in the financial statements and the carrying amount of the Group's investment properties and leasehold land and buildings under property, plant and equipment amounted to S\$193,492,000 (2017: S\$212,454,000) and S\$149,239,000 (2017: S\$163,089,000) respectively (Notes 15 and 16).

5 Revenue

An analysis of the Group's revenue for the year disaggregated by type of revenue streams and by reportable segments is as follows:

	<u>Group</u>	
	<u>2018</u>	<u>2017</u>
	S\$'000	S\$'000
Hotel revenue	62,742	66,170
Property leasing income	56,136	56,836
	<u>118,878</u>	<u>123,006</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

6 Financial Income and Expenses

	<u>Group</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Financial income:		
Interest income on cash and cash equivalents	<u>4,659</u>	<u>2,609</u>
Financial expenses:		
Interest expense on obligations under finance lease	<u>(8)</u>	<u>(8)</u>

7 Other Operating Income

	<u>Group</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Business assistance grant	2,590	3,506
Miscellaneous services income	1,376	953
Penalty on early termination of leases	880	1,921
Advertising income	584	549
Net foreign exchange losses	(3,166)	(1,719)
Changes in fair value of financial assets at fair value through profit or loss	(308)	251
Property, plant and equipment written off	-	(2)
Trade receivables written off (Note 13)	-	(51)
	<u>1,956</u>	<u>5,408</u>

8 Profit before Income Tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:

	<u>Group</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Audit fees paid/payable to:		
Auditors of the Company	120	120
Auditors of the subsidiaries	62	49
Non-audit fees paid/payable to:		
Auditors of the Company	-	-
Auditors of the subsidiaries	-	-
Depreciation of investment properties (Note 15)	12,025	12,135
Depreciation of property, plant and equipment (Note 16)	9,504	9,514
Staff costs:		
Salaries and wages	17,172	17,630
Contributions to defined contribution plans	3,675	3,708
Cost of consumables recognised as an expense in cost of sales	<u>5,280</u>	<u>5,563</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

9 Income Tax

	Group	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Tax expense is made up of:		
Current income tax		
Current year	13,601	15,603
Under-provision in respect of prior years	<u>18</u>	<u>1</u>
	13,619	15,604
Deferred income tax (Note 17)	<u>960</u>	<u>401</u>
	<u>14,579</u>	<u>16,005</u>

Substantially all the Group's operations are located in the PRC. Accordingly, the PRC statutory tax rate is used in the reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate as shown below.

	Group	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Profit before income tax	<u>42,017</u>	<u>46,084</u>
Tax calculated at a tax rate of 25% (2017: 25%)	10,504	11,521
Withholding tax on dividend distributed by a subsidiary	808	1,677
Non-taxable income	(66)	(68)
Non-deductible expenses	2,243	2,360
Effect of different tax rate	173	141
Deferred tax expense arising from unremitted retained earnings	679	120
Unrecognised deferred tax assets	220	253
Under-provision in respect of prior years	<u>18</u>	<u>1</u>
	<u>14,579</u>	<u>16,005</u>

10 Earnings Per Share

The earnings per ordinary share is calculated by dividing the profit attributable to owners of the Company by the weighted average numbers of ordinary shares in issue during the year.

	Group	
	<u>2018</u>	<u>2017</u>
Profit attributable to owners of the Company (S\$'000)	<u>26,517</u>	<u>28,954</u>
Weighted average number of ordinary shares (excluding treasury shares)	<u>758,768,832</u>	<u>758,768,832</u>
Basic and diluted earnings per share (Singapore cents per share)	<u>3.49</u>	<u>3.82</u>

There is no dilution as the Company did not have any potential ordinary shares outstanding as at 31 December 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

11 Cash and Cash Equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Cash on hand	90	115	-	-
Cash in banks	11,138	14,830	41	89
Short-term bank deposits	<u>130,486</u>	<u>78,959</u>	<u>-</u>	<u>-</u>
	<u>141,714</u>	<u>93,904</u>	<u>41</u>	<u>89</u>

The above short-term bank deposits earn interest at rates ranging from 2.1% – 4.6% (2017: 1.1% – 4.7%) per annum.

Cash and cash equivalents are denominated in the following currencies:

	<u>Group</u>		<u>Company</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
RMB	125,962	92,383	5	5
USD	15,527	1,293	19	32
SGD	180	190	17	52
Others	<u>45</u>	<u>38</u>	<u>-</u>	<u>-</u>
	<u>141,714</u>	<u>93,904</u>	<u>41</u>	<u>89</u>

12 Short-Term Investments

The short-term investments (classified as financial assets measured at fair value through profit or loss) represent investment in quoted funds which are denominated in RMB.

13 Trade Receivables and Other Current Assets

	<u>Group</u>		<u>Company</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Trade receivables	1,379	2,115	-	-
Less: Loss allowance	<u>(29)</u>	<u>(18)</u>	<u>-</u>	<u>-</u>
	1,350	2,097	-	-
Non-trade receivables from subsidiaries	-	-	31,311	13,457
Due from third parties	739	900	-	-
Deposits	37	79	-	-
Recoverables	<u>474</u>	<u>454</u>	<u>-</u>	<u>-</u>
	2,600	3,530	31,311	13,457
Prepayments	<u>931</u>	<u>810</u>	<u>61</u>	<u>56</u>
	<u>3,531</u>	<u>4,340</u>	<u>31,372</u>	<u>13,513</u>

The non-trade receivables from subsidiaries are unsecured, interest-free and repayable on demand.

For purpose of impairment assessment, the non-trade receivables are considered to have low credit risk as they are not due for payment at the end of the financial year and there has been no significant increase in the risk of default on the receivables since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

13 Trade Receivables and Other Current Assets (cont'd)

As at 31 December 2018, 4% (2017: 14%) and 5% (2017: 4%) of the Group's trade receivables are past due for less than 3 months and more than 3 months respectively.

Loss allowances for ECLs has been measured at an amount equal to lifetime expected credit losses ("ECL") as disclosed in Note 3(l) to the financial statements. During the previous financial year, the allowance for impairment loss on trade receivables is made for certain receivables that are past due based on an expected incurred loss basis under IAS 39. As at 1 January 2018, management has reassessed the provision using the lifetime ECL method and noted no material difference. Accordingly, no adjustment has been made to the balance as at 1 January 2018.

Movements in loss allowance on trade receivables are as follows:

	<u>Group</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Balance at the beginning of the year	18	-
Loss allowance recognised during the year under:		
Lifetime ECL basis (IFRS 9)	11	-
Expected incurred loss basis (IAS 39)	-	18
Balance at the end of the year	<u>29</u>	<u>18</u>

During the previous financial year, trade receivables of S\$51,000 was written off (Note 7) as the trade debtor had ceased operations and the recovery of these amounts was remote.

Trade receivables and other current assets are denominated in the following currencies:

	<u>Group</u>		<u>Company</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
RMB	3,078	3,567	-	-
USD	374	679	31,320	13,102
SGD	61	56	52	411
Others	18	38	-	-
	<u>3,531</u>	<u>4,340</u>	<u>31,372</u>	<u>13,513</u>

14 Interest in Subsidiaries

	<u>Company</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Unquoted equity shares, at cost	266,194	266,194
Loans receivable denominated in SGD	144,465	144,465
	<u>410,659</u>	<u>410,659</u>

The loans receivable from a subsidiary are unsecured, interest-free and not expected to be repaid in the near future. The fair value of loans receivable is not determinable as the timing of the future cash inflows arising from these amounts cannot be measured reliably, hence these loans are recognised at transaction price.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

14 Interest in Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of company and country of incorporation	Principal activities	The Company's cost of investment		Effective percentage of equity held by the Company	
		2018 S\$'000	2017 S\$'000	2018 %	2017 %
<u>Direct subsidiaries of the Company</u>					
Casleton International Limited (6) British Virgin Islands	Investment holding	160,615	160,615	100.00	100.00
Handful Resources Limited (6) British Virgin Islands	Investment holding	105,579	105,579	100.00	100.00
		<u>266,194</u>	<u>266,194</u>		
Name of company and country of incorporation	Principal activities	Effective percentage of equity held by the Group		Effective percentage of equity held by NCI	
		2018 %	2017 %	2018 %	2017 %
<u>Indirect subsidiaries of the Company</u>					
Koon Chung Limited (4) Hong Kong	Investment holding and trading of hotel supplies and related products	100.00	100.00	-	-
Ningbo Golden Department Store Co., Ltd ("NGDS") (1) People's Republic of China	Deregistered	-	89.21	-	10.79
Ningbo Zhonghua Land Co., Ltd ("NZL") (2) People's Republic of China	Property development	89.21	89.21	10.79	10.79
Primewyn Management & Services Pte Ltd (3) Singapore	Provision of consultancy and management services	100.00	100.00	-	-
Shanghai Golden Bund Real Estate Co., Ltd ("SGB") (2) People's Republic of China	Property owner and developer, and hotel owner	96.79	96.79	3.21	3.21
Smart Investment Ltd (5) Mauritius	Provision of consultancy and management services	100.00	100.00	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

14 Interest in Subsidiaries (cont'd)

Notes:

- (1) NGDS merged into NZL and was deregistered in April 2018.
- (2) Audited by Da Hua Certified Public Accountants, a member firm of Moore Stephens International Limited of which Moore Stephens LLP, Singapore is a member.
- (3) Audited by other firms of accountants, CA Practice PAC.
- (4) Audited by other firms of accountants, Lau & Au Yeung CPA Limited.
- (5) No statutory audit is required as the subsidiary is inactive.
- (6) No statutory audit is required by law of its country of incorporation.

As at 31 December 2018, the accumulated NCI is S\$15,838,000 (2017: S\$16,034,000), of which S\$12,081,000 (2017: S\$11,900,000) is for SGB. The NCI in respect of NZL are individually not material.

The following table summarises the financial information (before intragroup eliminations) relating to SGB which has NCI that are material to the Group:

	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Non-current assets	327,071	357,825
Current assets	112,254	92,105
Non-current liabilities	(12,641)	(10,419)
Current liabilities	<u>(41,675)</u>	<u>(59,788)</u>
Revenue	118,125	120,706
Profit for the year	36,134	35,548
Total comprehensive income for the year	<u>22,210</u>	<u>30,204</u>
Profit for the year allocated to NCI	1,161	1,143
Dividends payable to NCI	<u>547</u>	<u>1,096</u>
Cash flows from operating activities	56,935	51,732
Cash flows (used in)/from investing activities	(859)	580
Cash flows used in financing activities, before dividends to NCI	(31,597)	(17,372)
Net increase in cash and cash equivalents	<u>23,959</u>	<u>34,940</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

15 Investment Properties

	<u>Group</u>		<u>Company</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
<u>Cost</u>				
At the beginning of the year	420,395	426,547	-	-
Currency realignment	<u>(14,357)</u>	<u>(6,152)</u>	<u>-</u>	<u>-</u>
At the end of the year	<u>406,038</u>	<u>420,395</u>	<u>-</u>	<u>-</u>
<u>Accumulated depreciation</u>				
At the beginning of the year	207,941	198,605	-	-
Depreciation charged to cost of sales	12,025	12,135	-	-
Currency realignment	<u>(7,420)</u>	<u>(2,799)</u>	<u>-</u>	<u>-</u>
At the end of the year	<u>212,546</u>	<u>207,941</u>	<u>-</u>	<u>-</u>
Net carrying amount	<u>193,492</u>	<u>212,454</u>	<u>-</u>	<u>-</u>

Investment properties comprise commercial properties namely, The Bund Center office tower and Golden Center retail complex that are leased to third parties under operating leases.

During the current financial year, the direct operating expenses (which include depreciation and repair and maintenance expense) recognised in cost of sales in respect of these operating leases were S\$20,489,000 (2017: S\$23,508,000).

As at 31 December 2018, the fair value of the Group's investment properties is approximately RMB6,872 million, equivalent to S\$1,361 million based on external valuation reports prepared by the independent professional valuers, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, dated 18 February 2019 based on the market data approach.

As at 31 December 2017, the fair value of the Group's investment properties was approximately RMB6,819 million, equivalent to S\$1,398 million based on external valuation reports prepared by the independent professional valuers, Savills Valuation and Professional Services Limited, dated 15 February 2017 based on the market data approach. Management has made a judgement that the fair value will not differ significantly from the valuation report.

Under the market data approach, the valuation was arrived at by reference to market evidence of transaction prices for properties located in a similar location. The most significant input in this valuation approach is the selling price per unit of floor area.

The fair value has been categorised as Level 2 of the fair value hierarchy (as defined in Note 29(b)).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

16 Property, Plant and Equipment

	Leasehold land and buildings S\$'000	Plant, machinery and equipment S\$'000	Motor vehicles S\$'000	Furniture and fixtures S\$'000	Total S\$'000
<u>Cost</u>					
Balance at 1.1.2018	277,736	13,869	1,566	13,508	306,679
Additions	72	3	-	1,002	1,077
Written off	-	-	-	(2)	(2)
Currency realignment	(9,484)	(477)	(17)	(460)	(10,438)
Balance at 31.12.2018	268,324	13,395	1,549	14,048	297,316
<u>Accumulated depreciation</u>					
Balance at 1.1.2018	114,647	12,602	664	10,724	138,637
Depreciation	8,581	18	271	634	9,504
Written off	-	-	-	(2)	(2)
Currency realignment	(4,143)	(431)	(13)	(384)	(4,971)
Balance at 31.12.2018	119,085	12,189	922	10,972	143,168
<u>Net carrying amount</u>					
Balance at 31.12.2018	149,239	1,206	627	3,076	154,148
<u>Cost</u>					
Balance at 1.1.2017	281,818	14,075	1,416	13,406	310,715
Additions	-	-	157	320	477
Written off	(16)	(6)	-	(27)	(49)
Currency realignment	(4,066)	(200)	(7)	(191)	(4,464)
Balance at 31.12.2017	277,736	13,869	1,566	13,508	306,679
<u>Accumulated depreciation</u>					
Balance at 1.1.2017	107,566	12,770	368	10,299	131,003
Depreciation	8,600	21	298	595	9,514
Written off	(16)	(6)	-	(25)	(47)
Currency realignment	(1,503)	(183)	(2)	(145)	(1,833)
Balance at 31.12.2017	114,647	12,602	664	10,724	138,637
<u>Net carrying amount</u>					
Balance at 31.12.2017	163,089	1,267	902	2,784	168,042

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

17 Deferred Tax

Deferred tax balances are presented in the statement of financial position as follows:

	<u>Group</u>		<u>Company</u>	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Deferred tax assets	4,099	4,527	-	-
Deferred tax liabilities	<u>(2,915)</u>	<u>(2,236)</u>	<u>-</u>	<u>-</u>
Net carrying amount	<u>1,184</u>	<u>2,291</u>	<u>-</u>	<u>-</u>

Deferred tax assets/(liabilities) arise from the following:

	Investment properties and property, plant and <u>equipment</u> S\$'000	Unremitted retained <u>earnings</u> S\$'000	<u>Total</u> S\$'000
<u>Deferred tax assets/(liabilities)</u>			
Balance at 1.1.2018	4,527	(2,236)	2,291
Charged to income statement (Note 9)	(281)	(679)	(960)
Currency realignment	<u>(147)</u>	<u>-</u>	<u>(147)</u>
Balance at 31.12.2018	<u>4,099</u>	<u>(2,915)</u>	<u>1,184</u>
Balance at 1.1.2017	4,880	(2,116)	2,764
Charged to income statement (Note 9)	(281)	(120)	(401)
Currency realignment	<u>(72)</u>	<u>-</u>	<u>(72)</u>
Balance at 31.12.2017	<u>4,527</u>	<u>(2,236)</u>	<u>2,291</u>

The Group recognised deferred tax assets on deductible temporary differences attributable to investment properties and property, plant and equipment, as the directors believe it is probable that future taxable profit will be available against which the Group can utilise the benefit therefrom.

As at 31 December 2018, deferred tax liabilities of S\$2,915,000 (2017: S\$2,236,000) have been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries in the PRC as the Group has determined that the distributable earnings of its subsidiaries will be distributed in the foreseeable future.

At the end of the reporting period, a subsidiary has unrecognised tax losses available for offsetting against future taxable profits amounting to S\$14,000,000 (2017: S\$12,711,000). The availability of the unrecognised tax losses for set-off against future taxable profits is subject to the tax regulations of the country in which the subsidiary is incorporated. The tax losses have no expiry period. The deferred tax benefit arising from these unrecognised tax losses of S\$2,380,000 (2017: S\$2,160,000) has not been recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

18 Deferred Charges

	<u>Group</u>		<u>Company</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
<u>Cost</u>				
At the beginning of the year	1,751	1,773	-	-
Additions	-	4	-	-
Currency realignment	(60)	(26)	-	-
At the end of the year	<u>1,691</u>	<u>1,751</u>	<u>-</u>	<u>-</u>
<u>Accumulated amortisation</u>				
At the beginning of the year	1,141	1,134	-	-
Amortisation charged to general and administrative expenses	24	23	-	-
Currency realignment	(42)	(16)	-	-
At the end of the year	<u>1,123</u>	<u>1,141</u>	<u>-</u>	<u>-</u>
Net carrying amount	<u>568</u>	<u>610</u>	<u>-</u>	<u>-</u>

19 Trade and Other Payables

	<u>Group</u>		<u>Company</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Trade payables	2,476	2,274	-	-
Due to third parties	4,580	8,848	-	-
Other taxes payable	5,328	2,816	-	-
Rental deposit received	3,359	5,794	-	-
Accrued expenses	5,155	3,434	298	318
Others	56	57	3	3
	<u>20,954</u>	<u>23,223</u>	<u>301</u>	<u>321</u>
Rental advances received	<u>5,394</u>	<u>5,449</u>	<u>-</u>	<u>-</u>
	<u>26,348</u>	<u>28,672</u>	<u>301</u>	<u>321</u>

Trade and other payables are denominated in the following currencies:

	<u>Group</u>		<u>Company</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
RMB	24,330	24,687	-	-
USD	543	2,907	-	-
SGD	1,453	1,059	301	321
HKD	22	19	-	-
	<u>26,348</u>	<u>28,672</u>	<u>301</u>	<u>321</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

20 Obligations under Finance Lease

	Minimum lease payments		Present value of minimum lease payments	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Group				
Amount payable under finance leases:				
Within one year	78	78	70	70
Between one year to five years	104	183	93	163
	<u>182</u>	<u>261</u>	<u>163</u>	<u>233</u>
Less: Future finance charges	<u>(19)</u>	<u>(28)</u>		
Present value of lease obligations	<u>163</u>	<u>233</u>		
Less: Amount due for settlement within 12 months			<u>(70)</u>	<u>(70)</u>
Amount due for settlement after 12 months			<u>93</u>	<u>163</u>
Net book value of assets under finance lease			<u>332</u>	<u>473</u>
Effective interest rate per annum			<u>4.68%</u>	<u>4.68%</u>

21 Long-Term Liabilities

	Group		Company	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Rental deposits received denominated in RMB	9,237	7,060	-	-
Deferred income denominated in USD	<u>3,404</u>	<u>3,358</u>	<u>-</u>	<u>-</u>
	<u>12,641</u>	<u>10,418</u>	<u>-</u>	<u>-</u>

Deferred income represents pre-operation contribution received.

The fair value of rental deposits received is assumed to approximate their carrying amounts, as the amounts will not be materially different when the Group discharges its obligation upon expiration of the relevant leases.

22 Share Capital and Treasury Shares

Group and Company	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital S\$'000	Treasury shares S\$'000
At the beginning and end of the year	<u>760,489,859</u>	<u>(1,721,027)</u>	<u>105,784</u>	<u>(1,498)</u>

The holder of ordinary shares, except for treasury shares, is entitled to receive dividends as declared from time to time and is entitled to one vote per share at shareholders' meetings. All shares, except for treasury shares, rank equally with regards to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

23 Asset Revaluation Reserve

The asset revaluation reserve relates to the revaluation of the Group's investment properties and hotel properties classified as property, plant and equipment prior to the restructuring exercise in 2010. When the revalued properties are sold, the portion of the revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

24 Merger Reserve

Pursuant to a restructuring exercise in 2010, the Company acquired the interest in its subsidiaries and loans for an aggregate consideration of S\$410,665,000. This consideration was satisfied in full by the allotment and issuance of 1,520,979,718 ordinary shares of US\$0.05 each by the Company at an issue price of S\$0.27 per share. The difference of the nominal value of the shares of the subsidiaries acquired over the nominal value of the Company's shares, has been taken to shareholders' equity as "Merger Reserve" and adjusted accordingly in the financial statements.

25 Dividends

Group and Company	
<u>2018</u>	<u>2017</u>
S\$'000	S\$'000

Interim dividends for the year of S\$0.02 per share

-	15,175
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At the Annual General Meeting to be held on 24 April 2019, a first and final dividend (tax not applicable) of S\$0.022 per ordinary share amounting to S\$16,693,000 will be recommended. These consolidated financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings for the financial year ending 31 December 2019.

26 Related Party Transactions

The key management personnel compensation is as follows:

	Group	
	<u>2018</u>	<u>2017</u>
	S\$'000	S\$'000
Directors of the holding company	3,284	2,845
Other key management personnel	1,121	1,358
	<u>4,405</u>	<u>4,203</u>

Included in the above remuneration are post-employment benefits of S\$76,409 (2017: S\$118,875) for the financial year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

27 Segment Information

The Group's reportable segments are strategic business units that offer different services based on reports reviewed by the Executive Committee. They are managed separately because each business unit requires different marketing strategies. Set out below are the Group's reportable segments:

Hotel – ownership of hotel which is under the management of Westin Hotel Management, L.P; and
Property leasing – ownership and leasing of investment properties.

The following is an analysis of the Group's revenue and profits by reportable segment:

	<u>Segment revenue</u>		<u>Segment profit</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Hotel	62,742	66,170	20,830	23,619
Property leasing	<u>56,136</u>	<u>56,836</u>	<u>45,092</u>	<u>47,281</u>
	<u>118,878</u>	<u>123,006</u>	65,922	70,900
Depreciation and amortisation expenses			(21,553)	(21,672)
Interest income			4,659	2,609
Interest expense			(8)	(8)
Net foreign exchange losses			(3,166)	(1,719)
Certain administrative expenses not allocated			<u>(3,837)</u>	<u>(4,026)</u>
Profit before income tax			<u>42,017</u>	<u>46,084</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales.

Segment profit represents profit generated by each segment prior to allocation of certain administrative expenses, interest income/(expense), depreciation and amortisation and net foreign exchange loss. This is the measure reported to the Executive Committee, which is the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

An analysis of the Group's segment assets is as follows:

	<u>2018</u>	<u>2017</u>
	S\$'000	S\$'000
Hotel	156,641	170,293
Property leasing	<u>312,903</u>	<u>314,202</u>
Total segment assets	469,544	484,495
Other unallocated assets	459,333	426,418
Elimination of inter-segment receivables	<u>(429,914)</u>	<u>(425,234)</u>
Total assets	<u>498,963</u>	<u>485,679</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

27 Segment Information (cont'd)

An analysis of the Group's segment liabilities is as follows:

	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Hotel	3,106	3,016
Property leasing	60,465	61,796
Total segment liabilities	63,571	64,812
Other unallocated liabilities	413,730	408,651
Elimination of inter-segment payables	(429,154)	(425,068)
Total liabilities	<u>48,147</u>	<u>48,395</u>

Other segment information of the Group is as follows:

	<u>Depreciation and amortisation</u>		<u>Additions to properties, plant and equipment</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Hotel	11,349	9,438	949	284
Property leasing	9,990	12,019	117	36
Others	214	215	11	157
	<u>21,553</u>	<u>21,672</u>	<u>1,077</u>	<u>477</u>

No segment information by geographical location has been presented as the Group's activities are primarily carried out in the PRC. No information about major customers has been presented as there is no single external customer contributing more than 10% to the Group's revenue.

28 Financial Risk Management

(a) Capital Risk Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern and to maintain an optimal capital structure so as to maximise the shareholders' value. The Group's overall strategy remains unchanged since 2017.

Neither the Group nor the Company is subject to any externally imposed capital requirements. The directors of the Company review the capital structure of the Group and makes adjustment to it, in light of changes in economic conditions. As part of the review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The Group monitors the capital using the net cash/debt position and gearing ratio, if any. Total equity include all capital, reserves of the Group and non-controlling interests.

The net cash and total equity of the Group as at 31 December 2018 and 2017 are as follows:

	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Cash and cash equivalents	141,714	93,904
Short-term investments	1,022	1,369
Debts – Obligations under finance lease	(163)	(233)
Net cash	<u>142,573</u>	<u>95,040</u>
Total equity	<u>450,816</u>	<u>437,284</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

28 Financial Risk Management (cont'd)

(b) Financial Risk Management

The Group's operations expose it to a variety of financial risks: foreign currency risk, interest risk, price risk, credit risk and liquidity risk.

(i) Foreign Currency Risk

The Group's foreign currency exposures arose mainly from its commercial transactions, recognised assets and liabilities, primarily the exchange rate movements of the United States dollar ("USD"), the Chinese Renminbi ("RMB"), the Hong Kong dollar ("HKD") and the Singapore dollar ("SGD"). The Group did not actively engage in activities to hedge its foreign currency exposures. In addition to transactional exposure, the Group is also exposed to currency translation risk arising from its net investments in foreign operations, including the PRC and Hong Kong. The Group's net investments are not hedged as currency positions in RMB and HKD are considered to be long-term in nature.

The entities within the Group have different functional currencies depending on the currency of their primary economic environment. The following table demonstrates the sensitivity of the Group's profit after tax/equity to a possible change in the respective functional currencies of the Group's entities against USD and RMB with all other variables held constant.

	<u>2018</u> S\$'000	<u>2017</u> S\$'000
RMB/USD - Strengthened by 5%	151	222
- Weakened by 5%	(151)	(222)
HKD/RMB - Strengthened by 5%	(699)	-
- Weakened by 5%	699	-
HKD/USD - Strengthened by 5%	(717)	(19)
- Weakened by 5%	<u>717</u>	<u>19</u>

(ii) Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk primarily arising from its interest-bearing cash and cash equivalents and finance lease at the end of the current reporting period. Interest rate risk arising from the fluctuation of interest rates has no significant impact on the Group's profit for the year.

(iii) Price Risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices. The Group is exposed to price risk arising from its investments held as financial assets at fair value through profit or loss. The Group monitors the market closely to ensure that the risk exposure to the volatility of the investments is kept to a minimum. At the end of the reporting period, there was no significant exposure to price risk.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

28 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(iv) *Credit Risk*

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial asset fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group performs regular credit evaluation of its customers' financial conditions and customers may be required to provide security in terms of cash deposits and advances. At the end of the reporting period, there was no significant concentration of credit risks. The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables as disclosed in Note 13 to the financial statement.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies, with ratings ranging from Baa2 to AA1. There was no impairment loss recognised on cash and cash equivalents during the current financial year.

(v) *Liquidity Risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the financial obligations due to shortage of funds. To manage liquidity risk, the Group maintains a level of cash and bank balances and banking facilities deemed adequate by management to finance its operations. In assessing the adequacy of the facilities, management reviews its working capital requirements.

The table below analyses the maturity profile of the Group's non-derivative financial liabilities based on the contractual undiscounted cash flows (inclusive of principals and estimated interests until maturity).

	<u>1 year or less</u> S\$'000	<u>1 to 5 years</u> S\$'000	<u>Total</u> S\$'000
<u>At 31 December 2018</u>			
Obligations under finance lease	78	104	182
Other financial liabilities	20,954	9,237	30,191
	<u>21,032</u>	<u>9,341</u>	<u>30,373</u>
<u>At 31 December 2017</u>			
Obligations under finance lease	78	183	261
Other financial liabilities	23,223	7,060	30,283
	<u>23,301</u>	<u>7,243</u>	<u>30,544</u>

29 Fair Value Measurement

(a) Fair Value of Financial Instruments

The carrying amounts of financial assets and liabilities with a maturity of less than one year, which include cash and cash equivalents, short-term investments, receivables and payables are assumed to approximate their fair values due to their short-term maturities.

The fair value of finance leases approximates the present value of payments as disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

29 Fair Value Measurement (cont'd)

(b) Fair Value Hierarchy

The following table presents financial assets that are measured at fair value on a recurring basis and classified by level of the following fair value measurement hierarchy:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<u>Level 1</u> S\$'000	<u>Level 2</u> S\$'000	<u>Level 3</u> S\$'000	<u>Total</u> S\$'000
<u>At 31 December 2018</u>				
Financial assets at fair value through profit or loss	1,022	-	-	1,022
<u>At 31 December 2017</u>				
Financial assets at fair value through profit or loss	1,369	-	-	1,369

30 Operating Lease Commitments

(a) The Group as a lessee

As at end of the reporting period, the Group leases office premises from non-related parties under non-cancellable operating leases agreement. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payable under non-cancellable operating leases contracted for at the end of the reporting period are as follows:

	<u>Group</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Within 1 year	42	-
Between 1 year to 5 years	21	-
Minimum lease payments made under operating leases	18	752

(b) The Group as a lessor

At the end of the reporting period, the total committed rental income in respect of operating leases for the rental of investment properties to third parties are as follows:

	<u>Group</u>	
	<u>2018</u> S\$'000	<u>2017</u> S\$'000
Within 1 year	43,769	41,214
Between 1 year to 5 years	112,751	72,424
After 5 years	193,483	16,561

The leases have varying terms, escalation clauses and renewal rights.

SHAREHOLDING STATISTICS

AS AT 8 MARCH 2019

AUTHORISED SHARE CAPITAL	:	US\$500,000,000
ISSUED AND FULLY PAID-UP CAPITAL (including treasury shares)	:	US\$76,048,986 (S\$105,784,139.53)
NUMBER OF SHARES ISSUED (A) (excluding treasury shares and subsidiary holdings)	:	758,768,832
NO. OF TREASURY SHARES HELD (B)	:	1,721,027
NO. OF SUBSIDIARY HOLDINGS HELD (C)	:	Nil
PERCENTAGE OF (B) AND (C) AGAINST (A)	:	0.23%
CLASS OF SHARES	:	Ordinary shares with a par value of US\$0.10 each
VOTING RIGHTS	:	One vote per share. The Company cannot exercise any voting rights in respect of shares held by it as treasury shares.

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	443	6.34	23,766	0.00
100 - 1,000	3,217	46.05	1,685,430	0.23
1,001 - 10,000	2,818	40.34	8,815,135	1.16
10,001 - 1,000,000	498	7.13	21,943,918	2.89
1,000,001 & ABOVE	10	0.14	726,300,583	95.72
TOTAL	6,986	100.00	758,768,832	100.00

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of shares	%
FLAMBO BUND CENTRE LTD.	637,344,964	84.00
UOB KAY HIAN PTE LTD	39,000,619	5.14
CITIBANK NOMINEES SINGAPORE PTE LTD	28,306,660	3.73
RAFFLES NOMINEES (PTE) LIMITED	9,089,216	1.20
RHB SECURITIES SINGAPORE PTE LTD	6,025,156	0.79
DBS NOMINEES PTE LTD	1,653,610	0.22
LIM POH KENG (LIN BAOQING)	1,257,675	0.17
DIANAWATI TJENDERA	1,250,000	0.16
HONG PIAN TEE	1,189,700	0.16
UNITED OVERSEAS BANK NOMINEES PTE LTD	1,182,983	0.16
PHILLIP SECURITIES PTE LTD	771,709	0.10
CHEE SWEE HENG	612,500	0.08
OCBC NOMINEES SINGAPORE PTE LTD	575,119	0.08
DBS VICKERS SECURITIES (S) PTE LTD	527,160	0.07
ANG HAO YAO (HONG HAOYAO)	500,026	0.07
MAYBANK KIM ENG SECURITIES PTE. LTD.	440,732	0.06
LOH MAY-LING	439,400	0.06
LOH WEI-LING	439,400	0.06
DBSN SERVICES PTE LTD	351,337	0.05
ENG KAH JOO	331,300	0.04
Total	731,289,266	96.40

SHAREHOLDING STATISTICS

AS AT 8 MARCH 2019

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares in which they have an Interest				Total Percentage ⁽¹⁾ (Direct and Deemed Interest) (%)
	Direct Interest	Percentage ⁽¹⁾ (%)	Deemed Interest	Percentage ⁽¹⁾ (%)	
FLAMBO BUND CENTRE LTD. ("FlamboBC")	637,344,964	84.00	–	–	84.00
WFMT3 FOUNDATION ⁽²⁾ ("WFMT3")	–	–	637,344,964	84.00	84.00

Notes:

⁽¹⁾ Percentage calculated based on 758,768,832 issued shares (excluding treasury shares and subsidiary holdings).

⁽²⁾ The deemed interest of WFMT3 arises from its interest in 637,344,964 shares held by FlamboBC in the Company.

Based on the information available to the Company as at 8 March 2019, approximately 16% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**Annual General Meeting**”) of Bund Center Investment Ltd (the “**Company**”) will be held on **Wednesday, 24 April 2019 at 9.00 a.m.** at PARKROYAL on Beach Road, Grand Ballroom, Level 1, 7500 Beach Road, Singapore 199591 to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements for the year ended 31 December 2018 together with the Directors’ and Auditors’ reports thereon. **(Resolution 1)**
2. To declare a first and final dividend of S\$0.022 per ordinary share for the year ended 31 December 2018. **(Resolution 2)**
3. To approve the payment of Directors’ fees of S\$279,312 for the year ended 31 December 2018. (FY2017: S\$272,000) **(Resolution 3)**
4. To re-appoint Mr. Foo Meng Kee retiring pursuant to Bye-law 85(6) of the Bye-laws of the Company *{please see note 1}*. **(Resolution 4)**
5. To re-appoint the following Directors retiring by rotation pursuant to Bye-law 86 of the Bye-laws of the Company:
 - (i) Mr. Lim Jun Xiong, Steven *{please see note 2}* **(Resolution 5)**
 - (ii) Mr. Franky Oesman Widjaja *{please see note 3}* **(Resolution 6)**
 - (iii) Ms. Deborah Widjaja *{please see note 3}* **(Resolution 7)**
6. To re-appoint Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without any amendments, the following resolutions as Ordinary Resolutions:

Renewal of the Share Issue Mandate

- 7A. “That, pursuant to the Bye-laws of the Company and the Listing Rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”):
 - (1) authority be and is hereby given to the Directors of the Company to (a) issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise, and/or (b) make or grant offers, agreements or options (collectively, the “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and
 - (2) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier, provided that (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) authority be given to the Directors of the Company to issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force;

Notice of Annual General Meeting

provided further that:

- (i) the aggregate number of Shares to be issued pursuant to such authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) does not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);
- (ii) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the total number of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, after adjusting for:
 - (aa) new Shares arising from the conversion or exercise of any convertible securities;
 - (bb) new Shares arising from the exercise of share options or the vesting of share awards issued and/or granted by the Company which are outstanding or subsisting at the time this Resolution is passed (provided the options or awards were granted in compliance with the SGX-ST's Listing Manual); and
 - (cc) any subsequent bonus issue, consolidation or subdivision of Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument; and

- (iii) in exercising the authority so conferred, the Company shall comply with the provisions of the SGX-ST's Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company." *{please see note 4}* **(Resolution 9)**

Renewal of the Share Purchase Mandate

7B. "That:

- (a) the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("**Shares**") in the share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or
 - (ii) off-market purchases (each an "**Off-Market Purchase**") effected in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act, Chapter 50 of Singapore,

and otherwise in accordance with all other laws and regulations of Singapore and Bermuda and the rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

Notice of Annual General Meeting

- (i) the conclusion of the next annual general meeting or the date on which the next annual general meeting of the Company is required by law to be held; or
 - (ii) the date on which the share purchases are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked;
- (c) in this Resolution:

“Prescribed Limit” means five per cent. (5%) of the issued ordinary Share capital of the Company (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution; and

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price
- (ii) in the case of an Off-Market Purchase: 120% of the Highest Last Dealt Price

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.” *{please see note 5}* **(Resolution 10)**

Renewal of the Interested Person Transactions Mandate

7C. “That:

- (a) approval be and is hereby given, for the purpose of Chapter 9 of the Listing Manual (“**Chapter 9**”) of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions, particulars of which are set out in Appendix 2 to this Notice of Annual General Meeting *{please see note 6}*, with any party who is of the class of interested persons described in Appendix 2, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions as set out in Appendix 2 (the “**IPT Mandate**”);
- (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next annual general meeting of the Company; and

Notice of Annual General Meeting

- (c) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they or he/she may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution." *{please see note 7}* **(Resolution 11)**

By Order of the Board

Frankle (Djafar) Widjaja
 Director
 3 April 2019
 Singapore

Notes:

- (i) If a Depositor whose name appears in the Depository Register wishes to attend, speak and vote at the Annual General Meeting, he must be shown to have shares of the Company entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited ("**CDP**"), not less than 72 hours before the time appointed for the holding of the Annual General Meeting.
- (ii) Where a Depositor(s) is a corporation and wishes to be represented at the Annual General Meeting, it must nominate an appointee/appointees ("**Appointee(s)**") to attend, speak and vote as proxy/proxies of CDP at the Annual General Meeting in respect of its shareholdings.
- (iii) (a) A Depositor(s) who is not a relevant intermediary may appoint not more than two Appointee(s), who shall be natural persons, to attend, speak and vote in his/her/its place as proxy/proxies of CDP in respect of his/her/its shareholding, by completing the proxy form which is despatched together with this Notice of Annual General Meeting to Depositors (the "**Depositor Proxy Form**") in accordance with the instructions therein. Where such a Depositor(s) wishes to nominate more than one Appointee, he/she must specify in the Depositor Proxy Form, the proportion of the shareholdings to be represented by each Appointee.
- (b) A Depositor(s) who is a relevant intermediary may appoint more than two Appointees, who shall be natural persons, to attend, speak and vote in its place as proxies of CDP in respect of its shareholdings by completing the Depositor Proxy Form in accordance with the instructions therein. Where such a Depositor(s) wishes to appoint more than two Appointees, the number and class of shares in relation to which each Appointee has been appointed shall be specified.
- "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
- (iv) The completed and signed Depositor Proxy Form must be deposited with the Company at its mailing address at c/o 3 Shenton Way, #17-07 Shenton House, Singapore 068805, no later than 72 hours before the time appointed for the holding of the Annual General Meeting in order for the Appointee(s) to be able to attend and/or vote at the Annual General Meeting.
- (v) If a registered holder of Shares ("**Shareholder**") wishes to appoint a proxy or proxies, then the enclosed Shareholder Proxy Form ("**Shareholder Proxy Form**") must be completed, signed and deposited with the Company at its mailing address at c/o 3 Shenton Way, #17-07 Shenton House, Singapore 068805, no later than 72 hours before the time appointed for the holding of the Annual General Meeting in order for the Shareholder's proxy or proxies to be able to attend and/or vote at the Annual General Meeting.
- (vi) The completion and return of a Depositor Proxy Form or a Shareholder Proxy Form will not preclude the Depositor or Shareholder concerned from attending and voting in person at the Annual General Meeting.

Notice of Annual General Meeting

Additional Notes relating to this Notice of Annual General Meeting:

1. Mr. Foo Meng Kee, if re-appointed, will remain as a member of the Audit Committee. Mr. Foo is considered to be independent. Please refer to the sections on Board of Directors and Corporate Governance Report in the Annual Report 2018 for further information on Mr. Foo.
2. Mr. Lim Jun Xiong, Steven, if re-appointed, will remain as chairman of the Audit Committee. Mr. Lim is considered to be independent. Please refer to the sections on Board of Directors and Corporate Governance Report in the Annual Report 2018 for further information on Mr. Lim.
3. Please refer to the sections on Board of Directors and Corporate Governance Report in the Annual Report 2018 for further information on Mr. Franky Oesman Widjaja and Ms. Deborah Widjaja.
4. Resolution 9 in item 7A above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares in the capital of the Company, of which up to 20% 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 will be calculated based on the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time Resolution 9 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time when Resolution 9 is passed and any subsequent bonus issue, consolidation or subdivision of shares.

5. Resolution 10 in item 7B above, if passed, will renew for another year, up to the next annual general meeting of the Company, the mandate for share purchase as described in Appendix 1 to this Notice of Annual General Meeting, which will, unless previously revoked or varied by the Company at a general meeting, expire at the next annual general meeting.
6. The mandate for transactions with interested persons as described in Appendix 2 to this Notice of Annual General Meeting includes the placement of deposits by the Company with financial institutions in which interested persons have an interest.
7. Resolution 11 in item 7C above, if passed, is to renew for another year, up to the next annual general meeting of the Company, the mandate for transactions with interested persons as described in Appendix 2, which will, unless previously revoked or varied by the Company at a general meeting, expire at the next 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), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) 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.



Bund Center Investment Ltd

Listed on the Singapore Exchange

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