



BONVESTS HOLDINGS LIMITED

ANNUAL REPORT 2019

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CORPORATE PROFILE



BONVESTS HOLDINGS LIMITED



Founded in 1982, Bonvests Holdings Limited is listed on the main board of the Singapore Exchange.

The Group, with over 30 years of experience, has established a sound reputation for quality and service in each of its core businesses.

THE GROUP'S 3 CORE BUSINESSES ARE:



In Singapore, Bonvests owns and manages prime commercial properties, including its flagship building, Liat Towers at Orchard Road.

Cenizaro Hotels and Resorts, the hospitality arm of Bonvests, is a leading international property and hospitality company with a portfolio of independent luxury hotel properties in some of the world's most desirable locations. The Residence by Cenizaro hotels and resorts are located in Tunis, Mauritius, Zanzibar, Maldives and Bintan. In addition, the Group's hotel portfolio includes La Maison Arabe, Marrakech, Sheraton Towers Singapore and Four Points by Sheraton Perth.

In addition, Bonvests owns a 78.94% stake in SGX Catalist-listed subsidiary, Colex Holdings Limited, one of Singapore's leading waste management and contract cleaning companies.

BOARD OF DIRECTORS & CORPORATE DATA



BOARD OF DIRECTORS

MR HENRY NGO

Chairman and Managing Director

MR GARY XIE GUOJUN

Executive Director

MR ANDY XIE GUOYUAN

Executive Director

MR CHEW HENG CHING

Independent Director

MR TOM YEE LAT SHING

Independent Director

MR YEO WEE KIONG

Independent Director

AUDIT COMMITTEE

MR TOM YEE LAT SHING Chairman

MR CHEW HENG CHING

MR YEO WEE KIONG

NOMINATING COMMITTEE

MR YEO WEE KIONG Chairman

MR HENRY NGO

MR TOM YEE LAT SHING

MR CHEW HENG CHING

REMUNERATION COMMITTEE

MR CHEW HENG CHING Chairman

MR YEO WEE KIONG

MR TOM YEE LAT SHING

REGISTERED OFFICE

541 Orchard Road

#16-00 Liat Towers

Singapore 238881

Telephone: (65) 6732 5533

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Website: www.bonvests.com.sg

Email: InvestorRelations@Bonvests.com.sg

Company Registration No.
196900282M

REGISTRAR

KCK CORP SERVE PTE LTD

333 North Bridge Road

#08-00 KH KEA Building

Singapore 188721

COMPANY SECRETARY

MS FOO SOON SOO

AUDITORS

PRICEWATERHOUSECOOPERS LLP

7 Straits View, Marina One

East Tower, Level 12

Singapore 018936

Partner-in-charge: Chua Lay See

Year of appointment: 2017

PRINCIPAL BANKERS

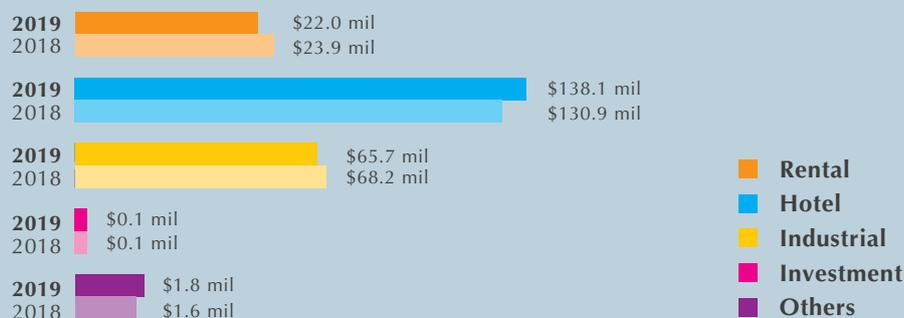
DBS BANK LIMITED, SINGAPORE

**OVERSEA-CHINESE BANKING
CORPORATION LIMITED,
SINGAPORE**

**UNITED OVERSEAS BANK
LIMITED, SINGAPORE**

FINANCIAL HIGHLIGHTS

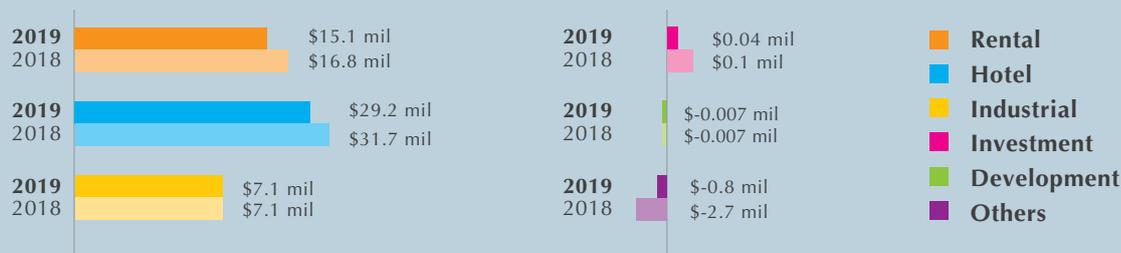
SEGMENT REVENUE



GROUP REVENUE BY BUSINESS SEGMENTS

	2019 S\$'000	2019 %	2018 S\$'000	2018 %
Rental	22,029	9.7%	23,895	10.6%
Hotel	138,137	60.6%	130,927	58.3%
Industrial	65,725	28.9%	68,195	30.3%
Investment	114	0.1%	139	0.1%
Others	1,773	0.7%	1,576	0.7%
	227,778	100.0%	224,732	100.0%

SEGMENT RESULTS



GROUP RESULTS BY BUSINESS SEGMENTS

	2019 S\$'000	2019 %	2018 S\$'000	2018 %
Rental	15,115	29.9%	16,784	31.7%
Hotel	29,186	57.7%	31,696	59.9%
Industrial	7,062	14.0%	7,059	13.3%
Investment	39	0.1%	109	0.2%
Development	(7)	0.0%	(7)	0.0%
Others	(774)	-1.7%	(2,687)	-5.1%
	50,621	100.0%	52,954	100.0%

Segment results is defined as earnings before interest, tax, depreciation and amortisation, and excluding revaluation gain/loss on investment properties, re-development related costs, acquisition costs and impairment recognised. (Refer to page 114 to 118 for details)

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
Income Statement					
Revenue	227,778	224,732	218,812	220,626	212,251
Profit before Taxation	9,868	17,891	19,114	64,647	59,250
Profit after Taxation attributable to Equity Holders of the Company	3,815	12,165	13,217	54,907	48,843
Profit after Taxation attributable to Equity Holders of the Company and excluding Revaluation Gain/(Loss) on Investment Properties, Deferred Tax on Revaluation, Allowance for Impairment of PPE and Goodwill, Re-development related costs and Acquisition costs incurred	7,332	13,803	19,709	61,474	21,829
Balance Sheet					
Property, Plant and Equipment and Investment Properties	1,229,200 ⁽¹⁾	1,139,050	1,077,221	1,019,053	1,031,114
Net Current (Liabilities)/Assets	(146,051)	(198,844)	(52,613)	(20,206)	(164,813)
Shareholders' Funds	876,656	877,713	881,883	901,721	873,946
Non-Controlling Interests	9,203	8,837	8,237	7,572	6,683
Short-term Borrowings	188,560	251,180	81,634	99,978	179,503
Long-term Borrowings	150,941	66,364	133,616	120,414	62,928
Per Share Information					
Gross Dividend Per Share (cents)	–	1.60	1.60	2.60	1.60
Earnings Per Share (cents)	0.950	3.029	3.288	13.654	12.144
Net Asset Value Per Share (\$)	2.18	2.19	2.19	2.24	2.17
Dividend Cover (times)	–	1.89	2.06	5.25	7.59
Key Ratios					
Gearing Ratio	0.28	0.26	0.19	0.20	0.22
Debt to Equity Ratio	0.38	0.36	0.24	0.24	0.28
Return on Shareholders' Funds (%)	0.4	1.4	1.5	6.2	5.8

Footnote:

- (1) Included within Property, plant and equipment ("PPE") for the financial year ended 31 December 2019 are right-of-use assets presented within PPE following the adoption of SFRS(I) 16 Leases on 1 January 2019.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

I am pleased to report the FY2019 results of the Group.

FINANCIAL AND OPERATING PERFORMANCE

During the year under review, the Group posted profit after taxation and non-controlling interests of \$3.815 million in FY2019, decreased by 68.6% as compared to \$12.165 million in FY2018 mainly due to higher depreciation and finance costs, pre-opening costs for a new hotel in Maldives, re-development related costs for properties in Perth, Australia and acquisition costs of hotel and properties in Marrakech, Morocco.

The Group's revenue increased by 1.4% to \$227.778 million in FY2019 from \$224.732 million in FY2018 mainly due to higher revenue from the Hotel Division, partially offset by lower revenue from Property - Rental and Industrial Divisions.

PROPERTY – RENTAL DIVISION

Revenue decreased by 7.8% to \$22.029 million in FY2019 from \$23.895 million in FY2018. Accordingly, earnings before interest, tax, depreciation and amortization excluding fair value gain/loss on investment properties, re-development related costs, acquisition costs and impairment recognised (hereinafter referred to as "segment profit") decreased by 9.9% to \$15.115 million from \$16.784 million in FY2018.

HOTEL DIVISION

Revenue increased by 5.5% to \$138.137 million in FY2019 from \$130.927 million in FY2018. The increase in revenue is due mainly to higher revenue generated from overseas hotels. Segment profit decreased by 7.9% to \$29.186 million for FY2019 from \$31.696 million in FY2018 mainly due to pre-opening costs for a new hotel in Maldives.

INDUSTRIAL DIVISION

Revenue for the Industrial Division decreased 3.6% to \$65.725 million in FY2019 from \$68.195 million in FY2018 due mainly to completion of some existing contracts. Segment profit of \$7.062 million remained comparable to FY2018 of \$7.059 million due mainly to lower operating expenses.

INVESTMENT DIVISION

Revenue for the Investment Division decreased 18.0% to \$0.114 million in FY2019 from \$0.139 million in FY2018 due mainly to lower dividend income received upon disposal of certain investments in FY2019. Segment profit decreased 64.2% to \$0.039 million in FY2019 from \$0.109 million in FY2018.

PROPERTY – DEVELOPMENT DIVISION

There was no revenue in FY2019. Segment losses of \$0.007 million was due to general and administrative expenses incurred.

EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

Earnings per share was 0.95 cents in FY2019 as compared with 3.029 cents in FY2018. Net asset value per share of \$2.18 as at 31 December 2019 remains comparable with last year.

BUSINESS OUTLOOK

The Company had disclosed in its results announcement on 28 February 2020 that the outbreak of the COVID-19 virus has and will negatively impact the demand for corporate and leisure travellers in our hotels and resorts. From the time of the Company's results announcement to date, the COVID-19 situation has got worse. It has since been declared a global pandemic. Most countries have closed their borders and many cities have locked down. The Singapore Government also announced on 22 March 2020 to close Singapore border to short term visitors.

The Group's hotel and resort business have been seriously affected. Furthermore, the Group's rental division will also be negatively affected. The Group's financial results and cash resources would progressively and seriously be negatively impacted as the outbreak continues. Management is therefore taking steps to institute measures to conserve the cash resources of the Group to sustain its business operations and ongoing projects to ensure the viability of the Group until the COVID-19 situation improves.

APPRECIATION

I take this opportunity to express my sincere appreciation to my fellow Board members for their guidance, counsel and dedication.

On behalf of the Board of Directors, I would like to thank our shareholders, customers, suppliers and business associates for their continued support and our dedicated staffs for their hard work and commitment.

HENRY NGO
Chairman and
Managing Director
9 April 2020

PROPERTY



BONVESTS has established itself as an experienced player in the property leasing and management industry for more than 30 years. Bonvests' commercial real estate portfolio comprises business-related office and retail space in Singapore, Australia and Tunisia. We take pride in managing our diverse property portfolio to enhance the experience of our building tenants and visitors. Coupled with an in-depth knowledge of market forces and a sound understanding of asset enhancing strategies, Bonvests continues to maintain good rental yields and occupancy levels across our properties. With a strong foundation, the Group will remain committed to seeking quality projects and opportunities to develop them with innovation.

SINGAPORE

Strategically located within the prime tourist and shopping belt of Orchard Road well-connected to public transportation networks, our flagship property, Liat Towers, remains a desirable location for office and retail. Following the façade enhancement works completed in 2016, we embarked on a green project to upgrade chiller plants and install energy-efficient lighting at Liat Towers, with such efforts expected to yield considerable energy savings and improve environmental performance. We continue to strengthen our property leasing and management team to uphold high standards in all aspects from building maintenance, daily operations to tenant support and service. Such measures ensure that we are ready to face challenges in the retail and office leasing market.



■ Photo courtesy of Masao Nishikawa



PROPERTY

TUNISIA

Featuring a spacious, distinctive modern building with arched ceilings, indoor gardens and natural daylight pouring through glass façade atriums; the landmark Gammarth Centre in the heart of Carthage boasts a diverse yet bespoke mix of stylish and vibrant local and international retailers. Looking out into tranquil greenery, with relaxation spaces for the enjoyment of shoppers, Gammarth Centre offers an exclusive blend of quality lifestyle, food and beverage and retail experiences. With over 4,500sqm of retail space, featuring good frontage, this shopping centre enjoys close to 100 per cent occupancy.

AUSTRALIA

Located within Perth's Central Business District, close to public transport with immediate freeway access in and out of the city, the two office buildings in Murray Street, Perth, offer a strategic location directly behind our Four Points by Sheraton Perth hotel. With close proximity to the Perth Convention and Exhibition Centre and the city's local attractions and financial centre, we are well-placed to take advantage of the economic recovery in Perth.



HOTEL

THE RESIDENCE TUNIS

by *Cenizaro*

The elegance of Arab-Andalucian architecture combines with exceptional service at The Residence Tunis. Set on a private stretch of beach on the shores of the Mediterranean, just outside the ancient city of Tunis, the hotel is a true North African retreat. Guests are offered tantalising cuisine, with four different restaurants, from Mediterranean cuisine at L'Olivier and Chinese delicacies at Li Bai to traditional Tunisian dishes at El Dar. Keen golfers will be kept happy with the hotel's magnificent par-72 course designed by Robert Trent Jones II – while beginners can head to the Golf Academy de Gammarth to be trained like a pro. A true haven of relaxation, the hotel's magnificent Spa and Thalasso centre offers 3,500sqm for rejuvenating therapies by ESPA, exclusivity in Tunisia and all Africa. There is plenty of time to explore the fascinating city of Tunis, relax by the pool, disappear into the spa and make the most of the hotel's services.



FOR LEISURE OR BUSINESS

- Discover the compelling Medina of Tunis, a UNESCO World Heritage site, the ruins of Carthage and the 12th century village of Sidi Bou Said
- Explore the orchards of Cap Bon, the vineyards of Mornag and Kelibia, the Ichkeul Lake, Berber potteries
- Architecturally stunning museums, mosques and a host of other archaeological sites – all within close reach of the hotel
- The Spa & Thalasso is widely acknowledged as one of the best thalassotherapy centres in the Mediterranean. Experience a range of services and treatments offered by a dedicated team of specialists who create a truly holistic approach
- Boasting over 1,082sqm of meeting space for small meetings to grand affairs, these versatile venue spaces includes 2 ballrooms and 6 well-appointed rooms that can host anything from 15 to 500 delegates

161 spacious Rooms, 9 stunning Suites, all with private balconies or gardens
• 4 seasonal Restaurants and 1 Bar • An award winning Spa & Thalasso, featuring ESPA • A magnificent Golf Course.

AWARDS:

- 1) 2020 "Loved by Guests" Award (Hotels.com)
- 2) 2020/2018/2017 Traveller Review Awards (Booking.com)
- 3) 2019/2018 Premium Quality Certificate for Thalasso Spa and Spa Deluxe (Fit Reisen)
- 4) 2018 Room Check Award (Cristal International Standards)
- 5) 2016 Best Golf Club in Tunisia (Golfer's Choice – Leading Courses)
- 6) Consistently ranked top 10 in Tunisia (TripAdvisor's Traveller's Choice for Luxury and Service)

HOTEL

THE RESIDENCE
MAURITIUSby *Cenizaro*

A lofty reception, open to nature, made exotic with Indian wood carvings and splashes of colour from lush plant-life sets the island tone at The Residence Mauritius. This is a place that combines plenty of colonial charm with contemporary, sophisticated elegance, with an unbeatable setting amid lush tropical gardens along a mile-long white sand beach on the east coast of the island. Foodies will be completely at home here; French-Mauritian and international cuisine (The Dining Room), Creole style seafood on the beach (The Plantation) and light lunches by the pool (The Verandah). Days here are spent relaxing on the beach, dipping in and out of the Indian Ocean and making the most of genuine Mauritian hospitality – all guests can choose to have the luxury of a butler to help with anything and everything. This is a hotel with a true sense of fun, brilliant for families and equally romantic for couples.



FOR LEISURE OR BUSINESS

- Complimentary water-sports including kayaking, windsurfing, water skiing and sailing
- Unforgettable excursions on the water - deep sea fishing, catamaran cruises, scuba diving – and on land – tennis, volleyball, yoga and more...
- Keep the kids happy with The Planter's Kids Club, where no detail is overlooked
- Disappear into the Sanctuary Spa, for pampering treatments from Carita
- Inspired by nature - corporate delegates can make the most of the exceptional facilities and flexible boardroom suite for up to 30 guests

135 spacious Guest Rooms, 28 Suites, each with a private balcony opening onto private tropical gardens or overlooking the peaceful lagoon • 3 Restaurants and 1 Bar • A sublime Sanctuary Spa.

AWARDS:

- 1) 2019 Customer Excellence Award (British Airways Holidays)
- 2) 2019 Traveller's Choice (Trip Advisor)
- 3) 2019 Best 5* Hotels (Voyage Prive)
- 4) 2018 Loved by Guests Award (Hotel.com)
- 5) 2017 Traveller Review Award (Booking.com)

THE RESIDENCE ZANZIBAR

by *Cenizaro*

The most welcoming hospitality of the Swahili people and the beauty of the mystical 'Spice Island' come together at The Residence Zanzibar. The hotel combines an intoxicating mix of elegant sophistication and island charm, set along a coconut palm-fringed white sandy beach within 32 hectares of gardens. Food is an art form here, from an Arab-African feel at The Dining Room and Middle Eastern-Mediterranean feasts at The Pavilion to unforgettable private dining experiences and special themed dinners with cultural performances – at sunset or under the stars, on the beach, on the jetty or from the comfort of the villa... There is plenty for everyone without having to wander far – complimentary water-sports, villa bicycles, yoga classes to relax. Equally, Zanzibar is a wonderful, compelling destination with a true treasure trove of experiences waiting to be discovered; all with a touch of island spice.



FOR LEISURE OR BUSINESS

- Endless island excursions... on the water, explore the coastline on a sunset Dhow cruise, rise early for a dolphin safari, try scuba diving or be wowed by sea-life on a snorkelling trip
- And on land, spot indigenous Red Colobus monkeys in the Jozani Forest and don't miss a visit to Stone Town, the island's historic capital and a UNESCO World Heritage Site
- Plenty for children, including a bird sanctuary and the hotel's own donkey, for rides on the beach
- Soothing spa haven and an outdoor yoga pavilion in perfect harmony with nature, offer a heavenly sanctuary dedicated to well-being
- For corporate retreats and receptions, make the most of the private meeting and outdoor spaces to strengthen team bonds

66 exquisite villas, each with its own swimming pool, 58 One-bedroom Villas, 7 Two-bedroom Villas, 1 Presidential Villa • 2 Restaurants and 1 Bar.

AWARDS:

- 1) 2019 Top 25 Hotels in Africa and Top 10 Hotels Zanzibar (Trip Advisor's Traveller's Choice for Luxury and Service)
- 2) 2018/2015/2013 Traveller's Choice Award (Trip Advisor)
- 3) 2016 Zanzibar's Leading Resort (World Travel Awards)
- 4) 2016/2015 Excellence Award (Booking.com)
- 5) 2013 Best swimming pool in the world (Conde Nast Traveler, US)
- 6) 2012 Best International Resort (Conde Nast Traveler, Spain)

HOTEL



Endless oceans meet cloudless skies at a beautiful uninterrupted horizon. A true sense of place and faultless attention to detail blend together at The Residence Maldives. Situated on the fringe of one of the deepest atolls in the Maldives, this is a place where unexplored dive sites wait to be discovered and castaway adventures abound. Exquisite beach and water villas offer total tropical tranquillity – a real paradise. This is a place for romantic sunset dinners on the beach, carefree movie nights under the stars, outstanding dining experiences to entice the taste buds and time spent spotting dolphins, turtles and more. With enchanting turquoise waters, unending experiences and the finest service, this is a place to totally succumb to the magic of the Maldives.



FOR LEISURE OR BUSINESS

- Some of the world's best diving – right on the doorstep – with dramatic reefs, incredible corals and a virtually untouched marine world
- Beginners can learn the ropes at the dive centre; the most experienced divers can spot dolphins, green turtles, parrot fish, eagle and manta rays, and much more...
- Take trips to deserted islands, local villages or go deep-sea fishing
- Plenty for children at the Kids Club – as well as 'Bubblemaker' beginners diving and mini-treatments in the spa
- Disappear to The Spa by Clarins – set out to sea atop a jetty for total seclusion and relaxation
- Expert recreation specialists can tailor-make the perfect corporate retreat, team building event or incentive trip amid white sand beaches, turquoise waters and warm sunshine

94 exquisite Beach and Water Villas, 88 One-bedroom Villas inclusive of 4 Deluxe Villas, 6 Two-bedroom Villas, 44 villas have private pools
 • 3 Restaurants and 3 Bars • The Spa by Clarins • PADI 5* Dive Centre
 • Watersports Centre

AWARDS:

- 1) 2018/2017 Top 10 in Maldives (DestinAsian Reader's Choice Award)
- 2) 2016 Top 13 in Maldives (Conde Nast Traveler, China, Reader's Choice Awards)
- 3) 2014 Best New Honeymoon Hotel (hitched.com.uk)
- 4) 2013 Best Overseas Hotel (National Geographic Traveler, China)
- 5) 2013 Top 20 Best New Spa Worldwide (Conde Nast Traveler, Spain)
- 6) 2013 35 New Hot Spas (Conde Nast Traveler, US Hot List)

THE RESIDENCE BINTAN

by *Cenizaro*

A hidden oasis with huge, uninterrupted views – elegance and nature spectacularly combine at The Residence Bintan. Away from the hustle and bustle, and surrounded by lush greenery, think oversized doors, clean contemporary lines mixed with traditional Javanese aesthetics, and a real feeling of both authenticity and a sense of place. With villas designed to offer the utmost privacy, it is a place to breathe, an escape from the every day and a place to both unwind and indulge. For foodies, traditional Indonesian dishes and Pan-Asian cuisine at signature restaurant Rica Rica offer an exciting flavour of the destination with its authentic tastes of local produce and spices.

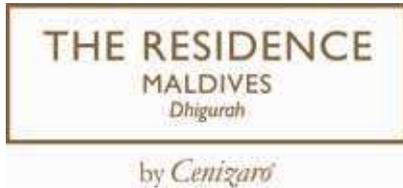


FOR LEISURE OR BUSINESS

- For those who like to explore – nature trekking, trips through the mangroves and visits to local food markets await
- Spend the day kayaking or try your hand at knee-boarding
- All this and in just 30 minutes, you're at Pulau Mapur, one of the best spots in the region to explore the underwater world
- Disappear into the Spa by award-winning British brand *ila*. It's a sanctuary for rest and relaxation. A place where indigenous, organic ingredients combine with both local Ayurvedic rituals and modern techniques
- Make the most of the panoramic views of the South China Sea with outdoor yoga sessions – just you, the ocean and the lush tropical surroundings
- The latest technology combines with innovative team building activities and the space for creativity. An alfresco outdoor area along with three meeting rooms offers plenty of flexibility.

22 exquisite One-bedroom Beachfront Villas, 80 One-bedroom Upper Sea View and Garden Terrace Rooms, 15 One-bedroom Deluxe Sea View Villas, and 4 Opulent Two-bedroom Villas with direct access to the beach • 2 Restaurants, 3 Meeting Rooms and 1 Bar • The Spa with treatments by *ila*.

HOTEL



Feel the demands of the modern world melt away as this 173-villa resort transports you to a haven of unparalleled peace and relaxation, surrounded by nature's unspoilt beauty. An ideal retreat for couples or families, relax with your loved one in the intimacy of the water pool villas or unwind as a family in the spacious sanctuary of the 2-bedroom beach and water pool villas. Here you can indulge in the purest of pleasures, lounging on pristine sun-kissed beaches, snorkelling among stunning coral reefs in crystal clear lagoons, and diving with marine creatures in the ocean depths. Dhigurah is the ultimate island sanctuary for family get-togethers, a retreat with friends, or just about anyone looking for the perfect beachfront vacation experience.



FOR LEISURE OR BUSINESS

- Connected to its sister resort, The Residence Maldives at Falhumaafushi by a one-kilometer bridge.
- Runaway to a deserted castaway for a Robinson Crusoe experience, be it for a dinner under the stars or a picnic for two.
- Family friendly facilities with a dedicated Turtle Kids Club with an outdoor playground for young guests from 3 to 12 years old.
- Diverse marine life surround the resort with regular sightings of dolphins, turtles, reef sharks, eagle rays amongst colourful coral life.
- Home to the Spa by Clarins, a renowned French beauty brand known for its treatments focused on plant-science.
- Corporate and incentive retreats can look forward to activities and dinners for team building whilst seeking relaxation in the warm sunshine.

173 luxurious pool villas - comprising of 161 One-bedroom Villas, 12 Two-bedroom Villas • 3 Restaurants, a Beach Club and Bar • Holistic Wellness Treatments and retreats at The Spa by Clarins • PADI 5* Dive Centre • Watersports Centre • Kids Club



La Maison Arabe
Marrakech
by *Cenizaro*

A legend in the heart of the ancient medina of Marrakech since 1946; Morocco's first boutique riad hotel, La Maison Arabe welcomes its guests in an intimate yet opulent Moorish setting. Experience the soul of Moroccan hospitality within the splendour of this traditional 32-room riad hotel located in the heart of Bab Doukkala neighbourhood, a short walk from the UNESCO heritage site, Jemaa el Fna square. Individually styled with intricate period craftsmanship, each elegant room and suite feature modern amenities and most, highlighted with private terraces and fireplaces. This charming riad hotel also boasts three (3) restaurants, a piano-jazz bar and a world-famous cooking school (open to hotels guests and the public) as well as a serene traditional hammam spa. Immersed in an oasis of secret gardens; guests can relax in an outdoor heated pool amid flower-filled patios or by the pool at the spectacular Country Club annex, just 15 minutes away by complimentary shuttle. Unveil the city's rich history, heritage and culture as celebrated in the enchanting haven of La Maison Arabe.



FOR LEISURE OR BUSINESS

- Discover the hidden cultural treasures of Marrakech on a fascinating tour through a winding maze of souks to gorgeous architecture of El Bahia Palace and Koutoubia Mosque, to the enchanting UNESCO heritage site, Jeema El Fna Square.
- Drift gently over the landscapes surrounding Marrakech, appreciating the views of Berber villages and snow-capped Atlas mountains on a hot air balloon trip of lifetime.
- Master the art and secrets of one of the greatest cuisines of the world at the La Maison Arabe Moroccan cooking school designed for the amateur and professional alike, conducted by professional 'Dada' and assisted by a translator.
- Pamper yourself in the traditional hammam spa to the calming sounds of water fountains with therapies featuring natural, indigenous products.
- Retreat to the oasis of calm of the hotel's private country club in the Palmeraie for private events from gala dinners to wedding receptions in the magical setting under a Caidal tent set amid the luxuriant Kasbah Gardens

32 individually styled Rooms and Suites • 3 Restaurants and 1 Bar • 2 Swimming Pools • Private Country Club • Award-winning Cookery School • Traditional Hammam Spa

AWARDS:

- 1) 2019 Ranked 15th Top Hotels in Africa (Conde Nast Traveler, Reader's Choice Award)
- 2) 2019 Ranked 2nd Best Luxury Hotel in Africa and 10th in the World (TripAdvisor Traveller's Choice Award)
- 3) 2017/2018 Guest Review Awards – Best Service (Booking.com)
- 4) Ranked amongst top 20 boutique hotels in the world in leading luxury, lifestyle travel magazines (Travel+Leisure (USA) & Conde Nast Traveller (UK) and Hotel & Lodge (France))

HOTEL



The iconic Sheraton Towers Singapore is centrally located along Scotts Road with 420 tastefully appointed guestrooms and heritage suites, and 13,400 square feet of prime function space made up of 16 versatile event spaces. Fully equipped with state-of-the-art facilities and modern amenities, the hotel offers characteristically distinct accommodations – the contemporary style of Deluxe, Executive Business and Sheraton Executive Club Rooms, the idyllic Pool and Cabana Rooms as well as a premium collection of heritage suites, each distinctly themed after heritage cities of the world. Housed within the hotel are the award-winning Li Bai Cantonese Restaurant, the picturesque Dining Room set against the signature waterfall, the Lobby Bar that offers a contemporary setting for a refreshing cocktail or leisurely afternoon tea, and the upscale Maetomo Restaurant and Bar that serves up premium omakase showcasing Japan's best seasonal produce. Its strategic location next to Newton Interchange train station makes it easily connected to Singapore's core financial and commercial hub as well as major places of interest across Singapore – whether for work or leisure.

Honourably conferred the Luxury Contemporary Hotel Award 2019 by the World Luxury Hotel Awards, Sheraton Towers Singapore sets the benchmark in the hospitality industry with its outstanding quality standards and impressive service. From the detailed elegant furnishings, exquisite culinary experience to warm, discreet service, the hotel believes in pampering its guests with the comfort, luxury and conveniences that they are accustomed to at home.



FOR BUSINESS OR LEISURE

- Over 13,400 square feet of dedicated function space made up of 16 event venues for private or corporate occasions. A team of dedicated meeting and conference managers ensure the seamless organisation and flawless execution of all events
- A 10-minute walk from the hotel is the world-class shopping district of Orchard Road, the city's most popular retail and entertainment enclave
- Explore the multicultural enclaves and major attractions of Singapore, head to the Central Business District, all easily accessible via the well-connected train lines within a 3-min walk of the hotel
- Enjoy a quiet stroll amid the verdant tropical parklands of Singapore Botanic Gardens, only a short train ride away
- Within close proximity to the Newton Food Centre, a lively local culinary scene of delicious flavours await

420 tastefully appointed Guestrooms and Suites • 3 Restaurants and 1 Bar • 13,400 square feet of function space • 24-hour Fitness Centre • Outdoor Swimming Pool

AWARDS:

- 1) 2019/2018 Singapore's Luxury Contemporary Hotel (World Luxury Hotel Awards)
- 2) 2019 ASEAN Energy Award (ASEAN Centre for Energy (ACE))
- 3) 2017-2019 Best Asian Restaurants Award, Silver – Li Bai (Asian Masters)
- 4) 2017/2016 Singapore's Best Luxury City Hotel (World Luxury Hotel Awards)
- 5) 2016-2018 Certificate of Excellence (TripAdvisor)
- 6) 2018 Best Business Lunch (Asian) – Li Bai Cantonese Restaurant (Gourmet & Travel G Restaurant Awards)
- 7) 2018/2017 Gourmet & Travel G Restaurant Awards of Excellence – Li Bai Cantonese Restaurant (Gourmet & Travel G Restaurant Awards)
- 8) 2016-2019 Singapore's Best Restaurants – Li Bai and The Dining Room (Singapore Tatler's Best Restaurants)
- 9) 2019 Singapore's Top Restaurants, House of Star – Li Bai (Wine & Dine's Singapore Top Restaurants)
- 10) 2019 Singapore's Top Restaurants – The Dining Room (Wine & Dine's Singapore Top Restaurants)



Four Points by Sheraton Perth offers both business and leisure travellers exceptional service, essential amenities and a central location in Perth CBD. Conveniently located directly opposite RAC Arena and just a short walk to the heart of the city, Four Points by Sheraton Perth delivers everything you need to unwind on the road.

Relax in spacious and modern guestrooms and suites with signature Four Points Comfort beds, sleek bathrooms with walk-in showers, large TVs and complimentary Wi-Fi. Upgrade to a suite for an expanded, separate living room, ideal for families or work sessions. Recharge in the large fitness centre or catch up on work in the 24-hour business centre.

Start your day with a delicious buffet breakfast and freshly brewed coffee at The Eatery restaurant. After a full day of meetings, shopping or sightseeing, kick back at The Best Brew Bar & Kitchen with a wide range of local craft beers and a seasonal menu showcasing the freshest local Western Australian produce.



FOR BUSINESS OR LEISURE

- Space to meet – ensure productive meetings in one of four (4) function spaces with seven (7) flexible layout options, equipped to meet a range of event needs. The 422sqm of event space includes a large ballroom, easily accommodating up to 130 banquet style, equipped with state-of-the-art audio visual technology.
- Great location – Conveniently located at the west end of the Perth central business district, directly opposite RAC Arena. The Hotel is close to public transport with immediate freeway access in and out of the city.
- Step out for great local shopping, sports, nightlife and more. Just minutes from major tourist attractions, the financial centre and the Perth Convention and Exhibition Centre.
- Burn some energy in the fitness centre or on one of the many walking trails beside the Swan River and Kings Park Botanic Gardens.

278 Guestrooms, including 7 Spacious Suites • 4 Meeting Rooms • 24 Hour Business Centre • 24 Hour Reception • Fitness Centre • 1 Breakfast Restaurant • 1 All-day Dining Restaurant/Bar and Free Wi-Fi in guest rooms and public areas

AWARDS:

- 1) 2019/2018 FINALIST Australia Hotel Association (AHA WA) Accommodation Industry Awards | Superior Accommodation
- 2) 2017 BRONZE MEDALLIST Perth Airport WA Tourism Awards | Deluxe Accommodation
- 3) 2014 WINNER Australia Hotel Association (AHA WA) Hotel and Hospitality Awards for Excellence | Environmental Practice
- 4) 2014/2013 WINNER Australia Hotel Association (AHA WA) Accommodation Industry Awards | Superior Accommodation

INDUSTRIAL



IPM

Clean environments form the foundation of green Singapore, a vibrant city to flourish for work, play and social bonding. Providing professional waste collection services is key in supporting the preservation of this pristine environment.

One of Singapore's leading waste management companies, Colex, a 48-year veteran has pioneered many innovative value-added services which include the fully mechanised waste disposal vehicles and portable waste compactors used in the industrial and commercial segments today.

Covering a vast range of business sectors including manufacturing, retail, residential, commercial offices and hospitality, Colex offers comprehensive waste management solutions to the public sector via a dedicated fleet and specialist facilities; handling general domestic waste, glass, dry mixed and other segregated recyclables. A licenced Public Waste Collector (PWC) appointed by the National Environmental Agency (NEA), we manage the Jurong sector.

As a company with a leading position in the waste and recycling industry, we are committed to operating responsibly and ethically at all times with due respect for the environment and sustainability.

Our ISO 9001 Quality Management System, ISO 14001 Environmental Management System and the BizSafe Certification affirm our commitment to business excellence. Our zeal to deliver quality service to ensure customer satisfaction is achieved through our team of dedicated workforce who has been continuously upgrading themselves to keep abreast of the latest technology and trends to better serve our customers.



We have also embarked on many community outreach programs by engaging schools, institutions and private entities on recycling. Recycling programs are being set up with scheduled collection of the recyclables and they are sorted out at our Material Recovery Facilities plant.

Augmenting the maintenance of clean and healthy environments, IPM, which is a part of Colex's cleaning division provides customised cleaning solutions to meet high quality hygiene requirements for commercial (office and retail) and residential buildings. It covers whole building cleaning maintenance such as sweeping, mopping, vacuuming, dusting, refuse disposal, cleaning and disinfecting toilets; a full range of quality contract cleaning services including building facade cleaning are undertaken by a dedicated team of professionally trained and reliable staff who are supervised and regularly monitored by our supervisors and area operations managers.

Incorporated in May 1987, IPM is now a brand name in the cleaning sector. The company has come so far because of the determination of its leaders and staff by always putting customers first in its endeavours to delivering quality services.



IPM is awarded Clean Mark (Silver) by NEA under its enhanced Clean Mark accreditation scheme. The scheme recognises companies that deliver high standards of cleaning through the training of workers, use of equipment to improve work processes, and fair employment practices which include the adoption of Progressive Wage Model (PWM) for the cleaning industry.

ORGANISATIONAL CHART



PROPERTY
INVESTMENT & DEVELOPMENT



HOTEL
OWNERSHIP & MANAGEMENT



INDUSTRIAL
WASTE MANAGEMENT &
CLEANING CONTRACT

RENTAL

- Claridges (Perth) Pty Ltd As Trustee For "ATF" Claridges (Perth) Trust
- Goldvista (Perth) Pty Ltd ATF Goldvista (Perth) Trust
- Goldvein Pte Ltd
- Singapore Tunisian Investment Company
- Update Investments Pte Ltd

DEVELOPMENT

- Singapore Tunisian Investment Company Immobiliere[‡]
** (held through Singapore Tunisian Investment Company)*

HOTEL

- Belle Mare Beach Development Company Limited
- Bonaventure (Maldives) Pvt Ltd
- Bonavista (Maldives) Pvt Ltd
- Bonaventure (Perth) Pty Ltd ATF Bonaventure (Perth) Trust
- Goldcove SA
- Hotel & Property Development (Kendwa) Limited
- PT. Bintan Vista
- PT. Bintan Golden Land
- Richvein Pte Ltd
- Singapore Tunisian Investment Company
- Singapore Tunisian Investment Medina[‡]
- Singapore Tunisian Investment Douz[‡]
- Singapore Tunisian Investment Djerba[‡]
** (held through Singapore Tunisian Investment Company)*

INDUSTRIAL

- Colex Holdings Limited
 - Colex Environmental Pte Ltd
 - Integrated Property Management Pte Ltd
 - Juz Clean Pte Ltd

DIRECTORS' PROFILE

HENRY NGO

Mr Ngo is the Executive Chairman/Managing Director of the Group. He is also the founder of Bonvests Holdings Limited and is responsible for mapping out the corporate and growth strategy of the Group.

Under Mr Ngo's leadership, the Group has developed the property arm and diversified into waste management as well as hotel development and operations overseas.

GARY XIE GUOJUN

Mr Gary Xie joined Bonvests Holdings Limited in 2007 and has been serving as Executive Director since 2010. In his role as Executive Director, Mr Gary Xie is responsible for the group's overall business and financial strategy, investments and operations.

With more than 15 years of combined experience in real estate, hospitality and banking, Mr Gary Xie has held positions in investment, asset management and financial analysis. He was previously with GIC Real Estate in Singapore, where he was involved in investment and asset management of direct and corporate real estate, including development projects and listed equities. Prior to that, he was with the investment banking – mergers and acquisitions and financial sponsors division of ING Groep NV in New York City.

A Wallman Scholar at The University of Chicago Booth School of Business, he received his Master of Business Administration with high honors. He also holds a Master of Science in Real Estate with distinction and a Bachelor of Science in Business Administration, cum laude. He is a CFA charter holder and a Board Member of the Singapore Hotel Association. He is also a member of the Singapore Institute of Directors.

ANDY XIE GUOYUAN

Mr Xie joined Bonvests Holdings Limited in 2010. He is currently serving as Executive Director and is responsible for the overall operations of the Group.

Prior to joining the Group, he spent 10 years in the United States working for several technology companies. He has spent 5 years working at Cisco Systems, Inc. as an engineer and was involved in development and operations in the Applications Foundation Solutions group. Prior to that, he was a Technology Analyst at National Semiconductor Corporation.

Mr Xie holds a Master of Science degree from the Robert R. McCormick School of Engineering and Applied Science at Northwestern University in Evanston, Illinois, USA. He also holds a Bachelor of Science in Commerce. He is a member of the Singapore Institute of Directors.

CHEW HENG CHING

Mr Chew is an independent Director of the Company since 1995. He has more than 30 years of senior management experience in the public and private sectors. He is the Founding President of the Singapore Institute of Directors ("SID") and Past Chairman of its Governing Council. He is also a director of various other listed companies. Mr Chew is a Board Member and Past Chairman of the Singapore International Chamber of Commerce. He is an ex-Council Member of the Singapore Business Federation. He is also an ex-Member of Parliament and former Deputy Speaker of the Singapore Parliament.

A Colombo Plan scholar, Mr Chew is a graduate in Industrial Engineering (First Class Honours) and Economics and is a university gold medalist from the University of Newcastle, Australia. He holds an Honorary Doctorate in Engineering from the same university. He is a fellow of SID and CPA Australia.

TOM YEE LAT SHING

Mr Yee is an independent Director and Chairman of the Audit Committee of the Company since 1991. He is a Chartered Accountant and was partner of Ernst & Young, an international public accounting firm, from 1974 to 1989.

He has more than 40 years of experience in the field of accounting and auditing and extensive experience in handling major audit assignments of public listed and private companies in various industries, including insurance, manufacturing and retailing.

Mr Yee is a fellow member of the Singapore Institute of Directors. He also sits on the boards of Pacific Century Regional Developments Limited and Powermatic Data Systems Ltd.

YEO WEE KIONG

Mr Yeo is an independent Director of the Company since 1991. He is an ex-Director of a leading Singapore law firm. Prior to that, he was the managing partner of a law corporation which he founded. He was a former investment banker with a Singapore-based UK merchant bank and a senior industry officer with a government statutory board.

Mr Yeo holds a First Class Honours in Mechanical Engineering and a Masters in Business Administration in addition to his legal qualifications. He graduated with an honours degree in law from the University of London and qualified as a Barrister-at-Law with the Lincoln's Inn in England.

SENIOR EXECUTIVES' PROFILE

DESMOND CHAN KWAN LING

Mr Chan is the Director of Colex Holdings Limited ("Colex") and together with the management team, he is overseeing all key matters of the waste management and recycling division. He is responsible for providing strategic business planning to the operations team and working closely with the Group's subsidiary to carry out the entire Group's financial reporting functions. Mr Chan joined Colex as a General Manager in 1999. He was responsible for overseeing the full spectrum of activities in the waste disposal and recycling operations. His years of experience span across the automotive and transportation industries with Singapore Power Ltd as Head, Transport before joining Colex. He holds a Bachelor of Science (Hons) in Mechanical Engineering and a Master of Science from the University of Birmingham, United Kingdom. He is a Member of the Singapore Institute of Directors.

On 7 September 2012, Mr Chan was appointed as a Director/General Manager of Colex Environmental Pte Ltd, a wholly-owned subsidiary of Colex Holdings Limited.

DING CHEK LEH

Mr Ding is the Director and also General Manager in charge of the day-to-day management of the contract cleaning segment undertaken by Integrated Property Management Pte Ltd (IPM), a wholly-owned subsidiary of Colex Holdings Limited. He worked with the Housing Development Board for 3 years as an Estate Officer before joining IPM in July 1987 as its Operations Manager. He was promoted to Senior Operations Manager in April 1989 and subsequently to General Manager in September 1990. Mr Ding holds an honours degree in Bachelor of Engineering from University of Canterbury (New Zealand).

STEVEN LONG

Mr Long has been with The Sheraton Towers Singapore for over 31 years. He joined the hotel as a management trainee in 1988 and progressively assumed various positions of the hotel operations including front office, food and beverage, sales and marketing as well as finance. Mr Long was the Director of Finance and Operations before he was promoted to General Manager of the hotel in 2001. Mr Long holds a Master of Business Administration degree from Eastern Michigan University and a Bachelor of Commerce degree with high honours from Carleton University.

MEENAKSHI SUNDARAM

Mr Sundaram has joined The Residence Group in 2011 first as Executive Assistant Manager and subsequently promoted as Resident Manager. He was promoted to the position of General Manager of The Residence Maldives in July 2013. Prior to joining The Residence Maldives, he was working with an International Chain in Maldives & U.K. His hospitality career spans over 27 years with 19 years in Maldives. He holds a Bachelor's Degree in Science, Bachelor's Degree in Library & Information Science, Master's Degree in Tourism, Master's Degree in Hotel Management and an MBA in Tourism & Hotel Management.

JEAN-FRANCOIS CHONG

Mr Chong joined The Residence Mauritius in 2007 as Financial Controller. He was promoted as General Manager in 2014. He is a fellow of the Association of Chartered Certified Accountants. He started his career with De Chazal Du Mee which represented Arthur Andersen, in the business advisory and assurance department where he gained extensive experience in various industries of the economy. Afterwards he moved to the hospitality industry for the last 20 years. He was previously working as Director of Finance at The Hilton Mauritius Spa and Resorts.

BRUCE BOWAN

Mr Bowan joined The Residence Zanzibar in May 2017 as General Manager. A Mauritian and French national, Bruce brings on board over 25 years of experience in the hospitality industry. Bruce graduated from the Hotel Institute of Montreux, Switzerland, in Hospitality Business Management. With his strong leadership skills and business acumen, Bruce is versatile at operating both large and boutique hotels and resorts. Prior to his appointment, Bruce has had successful tenures as General Manager at various high end boutique properties in Mauritius, Seychelles and Maldives. His most recent role was at COMO Cocoa Island Resort & Spa, Maldives, where he headed a team that achieved several recognized awards and recognitions.

MEHDI BELKHODJA

Mr Belkhodja has been with The Residence Tunis for 16 years. He began his hospitality journey as a Management trainee with The Residence Tunis in September 2003. He progressively assumed various roles over 16 years and became the Director of Finance. He was promoted to General Manager of the hotel in July 2017. A finance specialist with a bachelor's degree specializing in Business and Management from one of France leading business schools in Paris. He is also an active member of Rotary International.

BAGUS PARAMARTA

Mr Paramarta joined The Residence Bintan in 2016 as General Manager. He has been working in the hospitality industry for 19 years with experiences in both hotel operations and administration position. Prior to joining The Residence Bintan, he was working as Financial Controller at Alila Jabal al Akhdar, Oman. He started his career in Finance where he progressively rose through the ranks to Financial Controller position and has the opportunity to experience this position in overseas such as Japan, Maldives, China and Oman. He holds 2 bachelor degrees of Accountant and Tourism Management from University of Udayana Bali.

CORPORATE GOVERNANCE STATEMENT

The Company is committed to uphold high standards of corporate governance and transparency to protect shareholders' interest and enhance shareholders' value.

The Company has complied in all material aspects with the principles and guidelines of the Code of Corporate Governance 2018 ("Code") as well as compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual's requirements.

There are other sections in this Annual Report which contain information required by the Code. Hence the Annual Report should be read in totality.

BOARD MATTERS

PRINCIPLE 1

The Company is headed by an effective Board which is collectively responsible and works with Management for the long term success of the Company

Provision 1.1

Board's Role

The Board is collectively responsible for providing the overall strategy and direction to the Management and the Group and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. It establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets, supervises the Management and monitors performance of these goals.

Through the Board's leadership, the Group's businesses are able to achieve sustainable and successful performance. The Board is responsible for the overall corporate governance of the Group. The Board has put in place a code of conduct and ethics to set appropriate tone-from-the-top and desired organisational culture, and ensure that the company's values, standards, policies and practices are consistent with the culture. Under the code, Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The Board recognises that to ensure business is sustainable, it has to identify and ensure transparency and accountability to the key shareholders' groups. The Group also strives to strike a balance between its business needs and the needs of the society and the environment in which the Group operates. In accordance with the listing rules of SGX-ST ("Listing Rules"), the Group will issue its sustainability report in 2020, and upload the full Sustainability Report in its website, <http://www.bonvests.com.sg/investors/announcements/>.

Although sustainability principles have long been a part of Bonvests' identity, we have embarked on the development of our first sustainability report in 2018. In 2018, we began the process with the setting up of a Sustainability Steering Team within the Group with members from senior management and across all business units and locations. The Sustainability Steering Team has been regularly updating the Audit Committee and Board of Directors on progress. Since 2019, we conducted materiality assessment which allowed us to identify the Environmental, Social and Governance (ESG) factors that are most material to us and our stakeholders. We have set performance indicators and monitoring processes in place. We had released our inaugural sustainability report in digital form in June 2018. We would be releasing our third sustainability report in 2020 and we look forward to sharing our sustainability initiatives with shareholders then.

CORPORATE GOVERNANCE STATEMENT

Provision 1.2

Directors' Duties and Responsibilities

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

Directors must understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). The Company has in place a process of induction, training and development for new and existing directors as set out herein.

Induction, training and development for Directors

Newly appointed Directors will be given an orientation program to familiarise themselves with the Company's operations. A new incoming Director is issued a formal letter of appointment setting out his duties and obligations, and, where appropriate, incorporating processes to deal with possible conflicts of interest that may arise.

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

Currently, all Directors keep themselves updated on relevant new laws and regulations through Singapore Institute of Directors and other advisors. The Directors are required and have each signed the respective undertaking in the form set out in Appendix 7.7 of the Listing Manual to undertake to use their best endeavours to comply with the SGX-ST Listing Rules and to procure that the Company shall so comply.

During the financial year reported on, the Directors had received periodic updates on regulatory changes to the Listing Rules, Companies Act and the financial reporting standards from external and internal auditors and professional advisers. Management keeps the Directors up-to-date on pertinent developments in the business including changes to laws and regulations on operational and industry related matters. The Chairman updates the Board at each Board meeting on business and strategic developments and also highlights the salient issues as well as the risk management considerations for the Group. Such periodic updates are provided to Directors to facilitate the discharge of their duties. The Directors had also attended appropriate courses, conferences and seminars including programmes run by the Singapore Institute of Directors. The Nominating Committee is tasked with the review of training and professional development programmes for the Board and its Directors.

Provision 1.3

Internal Guidelines on Matters Requiring Board Approval

The Board has adopted internal guidelines governing matters that require the Board's approval.

Matters specifically reserved to the Board for its approval are:

- (a) interim and year end result announcements;
- (b) annual report, financial statements and annual budgets;
- (c) convening of shareholder's meetings;
- (d) corporate strategies and direction of the Group;
- (e) corporate or financial restructuring;
- (f) material acquisitions and disposal of assets;
- (g) matters involving a conflict of interest for a substantial shareholder or a director; and
- (h) share issuances, interim dividends and other returns to shareholders

CORPORATE GOVERNANCE STATEMENT

Provision 1.4

Delegation of Authority to Board Committees

Board Committees, namely the Audit Committee (“AC”), Nominating Committee (“NC”), and Remuneration Committee (“RC”) have been constituted to assist the Board in the discharge of specific responsibilities without the Board abdicating its responsibility. These Board Committees function within clearly defined terms of references and operating procedures including procedures for dealing with conflicts of interest. A Board Committee member is required to disclose his interest and recuse himself from discussions and decisions involving a conflict of interest. Please refer to Provisions 4 to 10 herein for further information on the activities of the NC, RC and AC respectively.

The present Board members and Board Committee members are as follows:

Name of Director	Board membership	Board Committees		
		AC	NC	RC
Henry Ngo	Chairman and Managing Director	–	Member	–
Gary Xie Guojun	Executive Director	–	–	–
Andy Xie Guoyuan	Executive Director	–	–	–
Tom Yee Lat Shing	Lead Independent Director	Chairman	Member	Member
Yeo Wee Kiong	Independent Director	Member	Chairman	Member
Chew Heng Ching	Independent Director	Member	Member	Chairman

Provision 1.5

Meetings of Board and Board Committees

The Board meets regularly and as warranted by particular circumstances or as deemed appropriate by the Board members. The Company Secretary is present at such meetings to record the proceedings. The Company’s Constitution allows the Board meetings to be conducted by way of telephonic or video conference meetings. The Board ensures that Directors with other listed board representations give sufficient time and attention to the affairs of the Group.

The attendance of the Directors at meetings of the Board and Board Committees during the year, as well as the frequency of such meetings, is disclosed below:

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Henry Ngo	4	4	N.A.	N.A.	1	1	N.A.	N.A.
Tom Yee Lat Shing	4	4	4	4	1	1	1	1
Yeo Wee Kiong	4	4	4	4	1	1	1	1
Chew Heng Ching	4	4	4	4	1	1	1	1
Gary Xie Guojun	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Andy Xie Guoyuan ¹	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

N.A. – Not applicable, as the Directors are non-members of the Board Committees.

CORPORATE GOVERNANCE STATEMENT

Provisions 1.6 and 17

Board's Access to Management, Company Secretary and external advisers

In order to fulfil their responsibilities, Board members are provided with complete, adequate and timely information prior to board meetings and on an ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities as Directors.

Quarterly financial summary reports, budgets and forecasts with explanations for material variances and other disclosure documents are provided to the Board to enable them to be fully cognisant of the decisions and actions of the Company's executive management, where appropriate. Board papers are sent to Directors prior to each Board and Board Committee meeting.

In carrying out its duties, the Board has unrestricted access to the Management and Company's records and information. The Directors have separate and independent access to the Company Secretary. The Company Secretary is present at Board meetings to assist in ensuring that Board procedures as well as applicable rules and regulations are followed.

The Company Secretary's responsibilities include ensuring good information flows within the Board and its committees and between Management and Non-Executive Directors, and assisting the Board in implementing and strengthening corporate governance practices and processes. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Where required, the Board, individual Board Committees and individual Directors would seek independent professional advice.

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company

Provision 2.1

Independence of Directors

The Board currently comprises 6 members, 3 of whom are independent and non-executive. Independent Directors make up half the Board, with one of them being a Lead Independent Director.

The criterion for independence is based on the definition given in the Code and the Listing Rules. The Code has defined an "independent director" as one as one who is independent in conduct, character and judgement and who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to in the best interests of the Company. Under the Listing Rules, an independent director is not one who is or has been employed by the Company or any of its related corporations for the current or any of the past three financial years; or not one who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC.

The independence of each Independent Director is reviewed annually by the NC, based on the definition of independence as stated in the Code and the Listing Rules of SGX-ST. All the three Independent Directors, have confirmed their independence based on the provisions of the Code and the Listing Rules which are in effect as at the date of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

Mr Chew Heng Ching, Mr Tom Yee Lat Shing and Mr Yeo Wee Kiong have served for more than nine years. The Board (without the participation of the Independent Directors) has undertaken a rigorous review of their independence. The Board noted that Mr Chew, Mr Yee and Mr Yeo are well qualified retired professionals with many years of experience and who continue to be actively interested and updated in their professional disciplines and keen to contribute their experience to the community. As retired professionals, they have no business and professional conflict of interest. The Board is of the view that they have engaged the Board in constructive discussion; their contributions are relevant and reasoned, and they have exhibited integrity and exercised independent judgement. The Board considers them independent even though they each have served on the Board for more than nine years from the respective dates of their first appointment.

While the Board considers Mr Chew, Mr Yee and Mr Yeo to be independent, pursuant to Listing Rules that will take effect from 1 January 2022 imposing a nine-year cap on the tenure of an independent director, the Board is undertaking a renewal process to comply with the Listing Rules.

Provisions 2.2 and 2.3

Composition of Independent Directors and Non-Executive Directors on the Board

Under the Listing Rules, the Independent Directors should make up one-third of the Board. The composition of the Board complies with the Listing Rules.

Under Provision 2.2 of the Code, the Independent Directors should make up a majority of the Board where the Chairman is not an independent director. Under Provision 2.3 of the Code, the Non-Executive Directors should make up a majority of the Board. All the Non-Executive Directors are Independent Directors who make up half the Board. Given the Board size of six, the three Independent directors led by a Lead Independent Director provide a good balance of authority and power within the Board. In addition, the NC, AC and RC which assist the Board in its functions is each chaired by an Independent Director. The Board is of the view that there is a strong independence element within the Board to justify the departure of the Board composition from the Code.

Provision 2.4

Composition and Size of the Board

The composition of the Board is reviewed on an annual basis by the NC, taking into account the scope and nature of the operations of the Group and the requirements of the business, to ensure that the Board is of the appropriate size and has the mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. Collectively as a team, the current Board provides core competencies such as accounting, finance, law, business and management experience as well as industry knowledge. The Board considers gender as an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members. In the Board renewal process, each candidate will be considered on his or her own merits and suitability to provide a diversity of perspectives.

Details of the Directors' qualifications, background and experience, are provided under the "Board of Directors' Profile" section of this Annual Report.

Provision 2.5

Role of Non-Executive Directors

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

During the year, the Non-Executive Directors who are also Independent Directors, led by the Lead Independent Director communicate among themselves without the presence of Management as and when the need arises, and thereafter where appropriate, the Lead Independent Director provides inputs to the Board. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committee meetings.

CORPORATE GOVERNANCE STATEMENT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making

Provision 3.1

Separate role of Chairman and Managing Director

Currently, Mr Henry Ngo is both the Managing Director (CEO equivalent) and Chairman of the Board. The roles of Chairman and Managing Director are clearly established as distinct where Chairman manages the business of the Board, whereas, the Managing Director and his team implements the strategy into executive action. In assuming his roles and responsibilities, Mr Henry Ngo consults with the Board, AC, NC and RC on major issues. There is also a strong independent element on the Board with half the Board made up of Independent Directors and the appointment of a Lead Independent Director. As such, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

Provision 3.2

Roles and Responsibilities of Chairman and Managing Director

As Chairman, Mr Ngo's responsibilities include:

- leading the Board in its role;
- scheduling of meetings (with assistance from the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- preparing meeting agenda;
- reviewing most board papers before they are presented to the Board;
- promoting openness and candour among the Directors to ensure effective participation and contribution by the Directors in meetings and in communications among the Board and between the Directors and Management; and
- promoting corporate governance.

Provision 3.3

Lead Independent Director

Mr Tom Yee Lat Shing is the Lead Independent Director. As Lead Independent Director, he is the principal liaison on Board issues between the Independent Directors and the Chairman. He is available to shareholders where they have concerns in which contact through the normal channels of the Executive Chairman and Executive Directors has failed to resolve or is inappropriate.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors. The Lead Independent Director will provide feedback to the Chairman after such meetings.

BOARD MEMBERSHIP

PRINCIPLE 4

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board

Provisions 4.1 and 4.2

Nominating Committee

The NC comprises the following members:

Mr Yeo Wee Kiong (Chairman)

Mr Chew Heng Ching

Mr Tom Yee Lat Shing

Mr Henry Ngo

CORPORATE GOVERNANCE STATEMENT

All members of the NC (including the Chairman) are independent and non-executive directors, except for Mr Henry Ngo who is the Executive Chairman of the Company.

The NC functions under written terms of reference which sets out its responsibilities as follows:

- (a) the review of board succession plans for Directors in particular, the Chairman, Managing Director and key management personnel;
- (b) the development of a process for evaluation of the performance of the Board, its Committees and Directors;
- (c) the review of training and professional development programs for the Board; and
- (d) the appointment and re-election of Directors (including Alternate Directors, if applicable)
- (e) determining annually the independence of the Independent Directors

– *Succession planning*

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

Provision 4.3

Selection, appointment and re-appointment of Directors

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

Where there is a resignation or retirement of an existing Director, the NC will re-evaluate the Board composition to assess the competencies for the replacement. The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include among other things, whether the new Director can add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board discussions. Candidates are sourced through a network of contacts and identified based on the established criteria. Search can be made through relevant institutions such as the Singapore Institute of Directors, professional organisations or business federations or external search consultants. New Directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board.

The Company's Constitution provides that one-third of the Directors for the time being (if any) or if their number is not a multiple of 3, then the number nearest to one-third shall retire from office at each general meeting of the Company. Pursuant to the Company's Constitution, Mr Chew Heng Ching and Mr Gary Xie Guojun will retire by rotation pursuant to Regulation 106 of the Constitution and are eligible for re-election at the forthcoming annual general meeting.

The NC has recommended to the Board, the re-election of Mr Chew Heng Ching and Mr Gary Xie Guojun. The NC has taken into consideration these Directors' contribution and performance. Mr Chew Heng Ching has abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own performance or re-election as a Director. The Board has accepted the NC's recommendation.

In accordance with the Rules of the Listing Rules, the information as set out in Appendix 7.4.1 of the Listing Manual in respect of Mr Chew Heng Ching and Mr Gary Xie Guojun are provided on pages 42 to 43 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

Provision 4.4

Determining Directors' Independence

Each Director completes a checklist to confirm his independence on an annual basis. The NC has reviewed the independence of the Directors in accordance with Provision 2.1 of the Code and the Listing Rules in effect as at the date of this Annual Report, and determined that the Independent Directors are independent. Mr Chew Heng Ching, Mr Tom Yee Lat Shing and Mr Yeo Wee Kiong each has abstained from such NC's review of his own independence.

Provision 4.5

Multiple Board Representations

The NC considers and it is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because Directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and for each Director to personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively.

The NC has considered the multiple directorship of some Directors, as shown on page 42 to page 43 of this Annual Report. The NC has also considered the Directors' principal commitments and their contribution to the Board. The NC is satisfied that the Directors spent adequate time on the Company's affairs and have duly discharged their duties.

BOARD PERFORMANCE

PRINCIPLE 5

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors

Provisions 5.1 and 5.2

Conduct of Board Performance

The NC has established a formal evaluation process to assess the effectiveness of the Board as a whole and the Board Committees and the contribution of individual Directors to the effectiveness of the Board.

Each year, the Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board and the Board Committees, as well as each individual Director's contributions to the Board and Board Committees. The results of the appraisal exercise were considered by the NC, which then made recommendations to the Board, aimed at helping the Board discharge its duties more effectively.

– *Performance Criteria for Board Evaluation*

The performance criteria for Board evaluation is approved by the Board and focus on Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with Management and standard of conduct. The performance criteria has not changed year on year.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance of the Board as a whole and its Board Committees have been satisfactory.

– *Evaluation of Individual Director*

The individual Director is assessed on his knowledge of the Group's business and operations, business acumen, knowledge of corporate governance, contribution and engagement, communication and integrity. The Chairman will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

CORPORATE GOVERNANCE STATEMENT

Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his duties as a Director of the Company. For the current year, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

The Company does not use any external professional facilitator for the assessments of the Board, Board Committees and individual Directors, and will consider the use of such facilitator as and when appropriate.

REMUNERATION MATTERS

PRINCIPLE 6:

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration

Provisions 6.1 and 6.2

Remuneration Committee

The RC comprises three members, all of whom are independent and non-executive:

Mr Chew Heng Ching (Chairman)

Mr Yeo Wee Kiong

Mr Tom Yee Lat Shing

The RC functions under written terms of reference which sets out its responsibilities. The RC recommends to the Board a Directors' fee framework for the Board and key management personnel. The Non-Executive Directors do not receive any remuneration other than Directors' fees. The Executive Directors do not receive any Directors' fees.

The RC reviews the specific remuneration packages of each Executive Director and for the key management personnel and submit its recommendations to the Board. The RC reviews the remuneration of employees who are immediate family members of a Director or the Managing Director to ensure that the remuneration of such employee is commensurate with his or her duties and responsibilities, and no preferential treatment is given to him or her.

During the year, the RC considered and approved the fee framework for Non-Executive Directors and the remuneration packages of the Executive Directors which are submitted and approved by the Board. No member of the RC was involved in deciding his or her own remuneration.

Provision 6.3

Review of remuneration

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in-kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package. The recommendations of the RC will be submitted to the Board for endorsement.

The RC also reviews the Company's obligations arising in the event of termination of service of the Executive Directors and key management personnel. Each of the Executive Directors and key management personnel has an employment contract with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on an ongoing basis and no onerous or over-generous removal clauses are contained in the letter of employment.

The Company does not have any contractual provisions in the employment contracts for the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the operating unit (and not on forward-looking results) as well as individual performance, "claw-back" provisions in the service agreements may not be relevant or appropriate.

CORPORATE GOVERNANCE STATEMENT

Provision 6.4

Engagement of remuneration consultants

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

LEVEL AND MIX OF REMUNERATION

PRINCIPLE 7

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company

Provision 7.1

Remuneration of Executive Directors and Key Management Personnel

The Board previously engaged an independent human resource consultancy firm to assist in reviewing the competitiveness of the remuneration packages for the Executive Directors and fees paid to Non-Executive Directors and to make recommendations thereon. Based on the recommendations, the Committee had devised a performance-related remuneration scheme for the Executive Directors. This scheme was subsequently approved by the Board. The scheme is linked to the Company's performance as well as the individual's performance, the performance are largely assessed by the financial performance of the Group as well as their contribution.

In 2012, the Company commissioned Aon Hewitt to undertake a review of Senior Executives' compensation to benchmark the remuneration of the Executive Directors against comparable companies in the industry. The RC is guided by the Aon Hewitt's Senior Executive Compensation Benchmarking Report for the Company in its review of the Executive Directors to ensure that they are not overly or underly compensated. Key management personnel are paid a fixed monthly salary and variable bonus based on a combination of the Group's performance, their operating unit performance and individual performance.

Provision 7.2

Remuneration of Non-Executive Directors

The Board has recommended a fixed fee for Non-Executive Directors, and is of the view that the remuneration of the Directors is appropriate and not excessive, taking into account the effort, time spent and responsibilities of each Non-Executive Director. The RC views that it is not appropriate to implement a scheme to encourage Non-Executive Directors to hold shares in the Company when there is no share incentive scheme for both Executive Directors and management personnel.

The fees of Non-Executive Directors will be subject to shareholders' approval at the annual general meeting.

Provision 7.3

Appropriate remuneration to attract, retain and motivate key management personnel and directors

The RC is satisfied that the remuneration structure of the Executive Directors and key management personnel as described under Provision 7.1 and that for the Non-Executive Directors as described under Provision 7.2 are appropriate to attract, retain and motivate the Directors to continue in their role as stewards of the Company and the key management personnel to contribute to the performance of the Group.

CORPORATE GOVERNANCE STATEMENT

DISCLOSURE ON REMUNERATION

PRINCIPLE 8:

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation

Provision 8.1

Remuneration Report

Directors

Details on the remuneration of Directors and key management personnel for the year under review are presented in the following tables. During the year, there was no termination, retirement or post-employment benefits granted to any Director or key management personnel.

Directors

	Directors' Fees	Mix of Remuneration			Total
		Salary	Bonus	Others	
\$500,001 to \$750,000					
Henry Ngo	–	83%	17%	–	100%
\$250,001 to \$500,000					
Gary Xie Guojun	–	75%	25%	–	100%
Andy Xie Guoyuan	–	77%	23%	–	100%
Below \$250,000					
Tom Yee Lat Shing	100%	–	–	–	100%
Yeo Wee Kiong	100%	–	–	–	100%
Chew Heng Ching	100%	–	–	–	100%

Directors' remuneration are disclosed on a named basis in bands of S\$250,000 each and not fully, in the interest of the Company to maintain confidentiality of its remuneration policies. Mr Henry Ngo is the Managing Director (CEO equivalent) and his remuneration is disclosed above. Mr Ngo does not receive any director fees.

Top 5 Key Management Personnel (who are not Directors)

	Mix of Remuneration			Total
	Salary	Bonus	Others	
\$500,001 to \$750,000				
Executive 1	45%	52%	3%	100%
\$250,001 to \$500,000				
Executive 2	55%	32%	14%	100%
Executive 3	66%	25%	9%	100%
\$250,000				
Executive 4	84%	7%	9%	100%
Executive 5	65%	33%	2%	100%

The top 5 key management personnel comprises general managers and financial controllers in the Group's industrial division and in the Group's hotel operations across different jurisdictions. Under the foreign jurisdictions, there is no requirement for corporations to disclose the detailed remuneration of individual executives. The disclosure in Singapore would affect the confidentiality of their remuneration. The foreign subsidiaries would be put into a position of unequal treatment in governing the confidentiality of their employees' remuneration. Such foreign executives would be disadvantaged unfairly.

CORPORATE GOVERNANCE STATEMENT

Disclosure of the names of the key management personnel will give rise to pay comparisons when remuneration among them are not comparable as remuneration among jurisdictions vary according to different market conditions and cost and standard of living.

In addition, given the highly competitive conditions in the local and foreign market place where poaching of executives is not uncommon, it is not in the interest of the Company to disclose the remuneration of individual executives. The Board is of the view that it would be disadvantageous to the Group to detail the remuneration of its top 5 key management personnel.

The aggregate of the total remuneration paid to the top five key management personnel (who are not Director) is \$1,476,396.

Provision 8.2

Employee Related to Directors/Managing Director

Other than Ms Lydia Tjhia, daughter of Mr Henry Ngo and sibling of Mr Gary Xie and Mr Andy Xie, there is no immediate family member of the Directors employed in the Group, whose annual remuneration exceeds \$100,000. Ms Lydia Tjhia's annual remuneration is within the bands of \$150,000 to \$200,000.

Provision 8.3

Employee Share Scheme

The Company does not have any share option or other share incentive schemes for its employees. The RC has reviewed and is satisfied that the existing remuneration structure of management personnel and executives paid out in cash would continue to be adequate in incentivising performance without being over-excessive. For other staff, the general preference is to be paid out in cash.

For the year under review, the RC has reviewed the remuneration of Executive Directors, key management personnel and Non-Executive Directors in accordance with their performance criteria and recommended them to the Board. The Board has endorsed the RC's recommendations.

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 9:

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

Provision 9.1

Risk Management and Internal Controls System

The Group recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the shareholders' interest and the Group's assets. The Group maintains a system of internal controls for all companies within the Group. The controls are to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguarded, operational and information technology controls are in place, business risks are suitably addressed and proper accounting records are maintained.

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

At least annually, with the assistance of the Internal Audit function and through the AC, the Board reviews the adequacy and effectiveness of the key internal controls and risk management on an ongoing basis, provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis. There are formal procedures in place for both the internal and external auditors to report independently conclusions and recommendations to Management and to the AC.

CORPORATE GOVERNANCE STATEMENT

The Group's system of internal controls has a key role in the identification and management of risks that are significant to the achievement of its business objectives. The process of business risk management has been integrated throughout the Group into business planning and monitoring process. Management continuously evaluates and monitors the significant risks. The Board reviews the overall risk management process to ensure that there are adequate and effective controls and other processes in place to manage the significant risks identified in accordance with the Group's risk appetite and risk tolerance level.

The significant macro-level risk factors relevant to the Group's operations and the associated mitigating factors are discussed as follows:

- **Property Division**

Economic or market risks

Such risks may arise from over-supply of office and retail space and lack of demand due to weak economy. We conduct regular environmental scanning and update our marketing intelligence system continuously so that we can respond to such market risks on a timely basis.

Social and political risks

Such risks may result in damages to property arising from riots, sabotage or terrorist attacks. We manage such risks by implementing tight security measures and taking up appropriate insurance policies.

Legal risks

Such risks may arise from defects in the property, plant and equipment that may lead to bodily harm or property losses and hence legal claims arising from tenants and third parties. We address these risks through a comprehensive preventive maintenance program and taking appropriate property insurance and third-party liability insurance.

- **Hotel Division**

Country risks

Country risks could arise from possible nationalisation of assets by any new and regressive government gaining power in the foreign countries where the Group operates in. Such risks are beyond our control. Further, we remit earnings in these countries back to Singapore as soon as is practicably possible.

Economic, social and political risks

Such risks could arise from over-supply of hotel rooms and lack of demand due to falling tourist arrivals in Tunisia, Mauritius, Zanzibar, Maldives, Bintan, Morocco, Singapore and Australia. Local conditions such as political instability, war, riots, sabotage or even terrorist attacks could affect tourist arrivals. We manage these risks through a close monitoring system. Insurance policies are also taken up where appropriate.

- **Industrial Division**

Economic and market risks

The waste disposal and contract cleaning industry is very competitive with many new players trying to under-bid or under-cut the fee of incumbent service providers in gaining market access or market share. Loss of major contract may severely impact the operations of this division. We address such risks by ensuring that we operate within certain market niches where we have competitive advantages and that our costs are controlled to help us remain competitive.

Risks associated with labour-intensive operations

The lack of local workers willing to take up employment within this industry poses a major challenge to our labour-intensive operations. The employment of foreign workers is subjected to governmental control. The employment costs for the industry are generally on the rise. As we are generally reliant on labour for contractual fulfilment, the ability to attract and retain a pool of manual workers who are capable of performing the services required in a cost-efficient and accident-free manner will be the key to our remaining in the competition.

CORPORATE GOVERNANCE STATEMENT

- **Corporate Level**

Financial risk

Such risks include interest rate risk, foreign currency risk from foreign currency denominated assets and liabilities as well as foreign investments and credit risk arising from payment default by customers or tenants. We manage such risks mainly by monitoring the rate movements in the financial market closely, hedging the fluctuation risks by the use of the appropriate hedge instruments and putting a formal credit evaluation and collection system in place.

Operational risks that may result in fraud and error

The sheer diversity and scale of our operations subject us to such risks. We address these risks by instituting standards on corporate governance, setting a code on ethical conduct, promoting fraud awareness and control consciousness, implementing proper system of internal controls and maintaining an Internal Audit function.

Provision 9.2

Assurances to the Board

The Board has received the following written assurances as at 31 December 2019:

- (a) from the Managing Director and Group Financial Controller that the financial record have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) from the Managing Director and Executive Director that the Group's risk management and internal control systems were adequate and effective to address key financial, operational, compliance and information technology risks.

Board's Comment on Adequacy and Effectiveness of Internal Controls

Based on the risk management process, internal controls maintained, work performed by the internal auditor, statutory audit review undertaken by the external auditors, and the above written assurances from the CEO, Executive Director and Group Financial Controller, the Board, is of the opinion that adequate and effective internal control systems to address the risk relating to financial, operational, compliance and information technology controls and risk management systems have been in place for the year ended 31 December 2019. The AC concurs with the Board.

AUDIT COMMITTEE

PRINCIPLE 10

The Board has an Audit Committee which discharges its duties objectively

Provisions 10.1 and 10.2

Audit Committee

The AC comprises the following members, all of whom are independent and non-executive:

Mr Tom Yee Lat Shing (Chairman)

Mr Yeo Wee Kiong

Mr Chew Heng Ching

The AC Chairman is independent. All the members of the AC are Non-Executive Directors.

– *Expertise of AC Members and AC to Keep Abreast of Changes to Accounting Standards*

The Chairman of the AC, Mr Tom Yee Lat Shing is a Fellow Member of CPA Australia, Institute of Chartered Accountants in Australia and Institute of Singapore Chartered Accountants. Mr Chew Heng Ching is a Fellow of CPA Australia. Mr Yeo Wee Kiong brings to the AC his extensive legal experience. All the AC members are kept up to date with changes in accounting standards and issues through updates from the external auditors. The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge the AC's functions.

CORPORATE GOVERNANCE STATEMENT

The AC is kept abreast by the Management, external and internal auditors on the changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

– Roles, Responsibilities and Authorities of AC

The AC functions under written terms of reference which sets out its responsibilities. The AC reviewed the financial statements of the Group for the year ended 31 December 2019 in particular significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and announcements relating to the Group's financial performance before they are submitted to the Board for approval. The AC also reviewed the interested person transactions of the Group. The AC oversees the administration of the framework for whistleblowing. The AC has oversight of risk management and internal control framework. The services of the Internal Audit function are utilised to assist the AC in the discharge of its duties and responsibilities. The AC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management, full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions.

The financial statements, accounting policies and system of internal controls are the responsibilities of the Board acting through the AC. In performing its functions set out in Section 201B(5) of the Companies Act, Cap. 50, the AC reviewed the scope of work of both internal and external auditors and the assistance given by the Group's officers to the audits. It met periodically with the Company's internal and external auditors to review their audit plans and discuss the results of their respective examinations and their evaluations of the Group's system of internal controls. For FY2019, the AC reviewed the aforesaid assurances given to the Board as set out in Principle 9, and further through its review with the internal auditors and external auditors on their audit findings, is satisfied with the adequacy and effectiveness of the Group internal controls and risk management systems and report the same to the Board.

The AC Committee always has separate and independent access to the external auditors and the internal auditors. The AC also reviewed the key audit matters ("KAM") set out in the auditor's report for FY2019 and wishes to provide its perspective on the KAM.

Key audit matters	How these issues were addressed by the AC
Valuation of investment properties	<p>The AC reviewed the outcomes of the valuation process and discussed the details of the valuation with Management.</p> <p>The AC has considered the findings of the external auditors, including their assessment of the appropriateness of the valuation methodologies and the underlying key assumptions applied in the valuation of investment properties.</p> <p>The AC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted and disclosed in the financial statements.</p>
Revenue recognition from waste disposal and contract cleaning	<p>The AC reviewed the accounting treatment and estimate in relation to recognition of revenue.</p> <p>The AC has considered the findings of the external auditors, including their assessment of the appropriateness of the revenue recognition policies and the underlying key assumptions applied in the recognition of revenue.</p> <p>The AC was satisfied with the accounting treatment and the basis of the estimates used which appear reasonable.</p>

CORPORATE GOVERNANCE STATEMENT

In accordance with the principles set out in the Code, the AC is satisfied that it:

- has full access to and cooperation from Management as well as discretion to invite any director, executive or otherwise, to attend its meetings;
- has been given reasonable resources to enable it to complete its functions properly; and
- has reviewed findings and evaluations of the system of internal controls with internal and external auditors.

The AC is satisfied with the assistance given by the Group's officers to the audit functions.

– *Independence of External Auditors*

The Company confirms compliance with Rule 712 of the Listing Manual in engaging PricewaterhouseCoopers LLP ("PWC"), as the external auditor of the Company for FY2019 which is registered with the Accounting and Corporate Regulatory Authority. PWC are the external auditors of the Company and of its Singapore subsidiaries (except Richvein Pte Ltd). The Company engages Ernst & Young LLP as the auditor of Richvein Pte Ltd and other suitable audit firms for its foreign subsidiaries for FY2019. Pursuant to Rule 716 of the Listing Manual, the Board and AC are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company. The AC has reviewed the amount of non-audit services rendered to the Group by the external auditors. During the year, the fees paid to the external auditors of the Company for non-audit services amounted to \$68,000 or 22% of the audit fee. Being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the AC has recommended their re-nomination to the Board.

The Company has complied with Rules 712 and 716 of the Listing Manual in relation to the engagement of PWC as its auditor for FY2019.

– *Whistle-blowing Policy*

The Company has in place a whistle-blowing framework for staff to raise concerns about improprieties in confidence in matters of financial reporting or other matters. The AC oversees the administration of the framework and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. Such concerns raised will be independently investigated and appropriate follow-up action taken. The AC confirms that no reports have been received under the whistle-blowing policy in 2019.

Provision 10.3

Partners or Directors of the Company's Auditing Firm

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

Provision 10.4

Internal Audit Function

The Company's internal audit function is outsourced to one of the Big 4 Certified Public Accounting Firms. The Internal Auditor ("IA") is a corporate member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. The internal audit follows the professional standards set by the Institute of Internal Auditors. IA confirms their independence to the AC.

IA support the AC in reviewing the adequacy and effectiveness of the Company's risk management and internal control system. IA reports directly to the Chairman of the AC on all internal audit matters and administratively to the Managing Director. The IA has unfettered access to all the Company's documents, records, properties and personnel, including unrestricted direct access to the AC. IA plans its internal audit schedules in consultation with, but independently of, management and its internal audit plan is submitted to the AC for approval at the beginning of each year.

Other audit professionals are engaged from time to time to complement the work of the existing IA team in overseas assignments where language would be a barrier.

CORPORATE GOVERNANCE STATEMENT

The AC reviews the adequacy of the internal audit function to ensure that internal audits are conducted effectively and that management provides the necessary co-operation to enable the IA to perform its function. The AC also reviews the IA's reports and remedial actions implemented by Management to address any internal control inadequacies identified.

The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

Provision 10.5

Meeting with external and internal auditors without presence of the Management

The AC meets with both the internal and external auditors without the presence of the Management at least once a year.

SHAREHOLDERS' RIGHTS AND CONDUCT OF GENERAL MEETINGS

PRINCIPLE 11

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects

Provisions 11.1

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

Every shareholder has the right to receive notice of general meetings and to vote thereat. Notice of a general meeting is sent out at least 14 days before the meeting so that sufficient notice of meeting is given to shareholders to attend the meeting or appoint proxies to attend and vote in their stead.

At the annual general meeting, shareholders are given the opportunities to express their views and ask the Board and management questions regarding the operations of the Company. The Directors, including the chairpersons of each of the Board Committees are available at the meetings to address shareholders' queries. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

All resolutions at general meetings are required to put to vote by electronic poll. Shareholders are briefed on the poll voting procedures. Votes cast for, or against, each resolution will be read out to shareholders immediately after vote tabulations. The total numbers of votes cast for or against the resolutions are also announced after the general meetings via SGXNET.

Provision 11.2

Separate resolutions at general meetings

The Company will have separate resolutions at general meetings on each distinct issue. For resolutions that are special business, explanations are given in the accompanying notes to the Notice of the AGM. For resolutions on the election or re-election of directors, information on the Directors as set out in Appendix 7.4.1 of the Listing Manual are given in this Annual Report.

Provision 11.3

Attendance of Directors and auditors at general meetings

In 2019, the Company held one general meeting which was attended by all the current Directors.

The Directors, including the chairpersons of each of the Board Committees are available at the meetings to address shareholders' queries. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Provision 11.4

Absentia voting

The Company's Constitution allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings in his absence. The Companies Act allows relevant intermediaries which include CPF Approved Nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF Approved Nominees' proxies.

CORPORATE GOVERNANCE STATEMENT

Provision 11.5

Minutes of general meetings

The Company prepares minutes of general meetings detailing the proceedings and questions raised by shareholders and answers given by the Board and Management. The minutes will be taken and published in the Company's corporate website at <http://www.bonvests.com.sg/investors/annual-reports/>.

Provision 11.6

Dividend Policy

The Company does not have a policy on payment of dividend. The Board will consider the Group's level of cash and retained earnings and projected capital expenditure and investments in proposing a dividend.

ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 12

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company

Provision 12.1

Avenues for communication between the Board and shareholders

The Board strives to ensure that timely disclosure is made regarding all material business matters affecting the Group so as to maintain a high level of transparency. All announcements by the Company are made through SGXNET.

The Company's annual general meeting is a forum for the shareholders to engage the Board to ask questions on the resolutions tabled at the annual general meeting and to express their views.

The Group also maintains a website at <http://www.bonvests.com.sg> at which shareholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group.

Provisions 12.2 and 12.3

Investor Relations

The Company's investor relation policy is to communicate with its shareholders and the investment community through the timely release of announcements to the SGX-ST via SGXNET, including the financial results of the Group. The notice of general meetings are distributed to shareholders at least 14 days before each annual general meeting.

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

The Company has posted the contact of the Lead Independent Director on its corporate website to facilitate shareholders and other stakeholders who wish to communicate with the Lead Independent Director. To further enhance its communication with the investors, the Company's website allows the public to have access to information on the Group including the Company's announcements made to the SGX-ST and the contact email at investorrelations@bonvests.com.sg.

CORPORATE GOVERNANCE STATEMENT

ENGAGEMENT WITH STAKEHOLDERS

PRINCIPLE 13

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served

Provisions 13.1 and 13.2

Engage with its material stakeholder groups

The Group's material stakeholders are its shareholders, customers, employees, business partners and the community and the Company engages with them through its sustainability initiatives and corporate social responsibility programmes as set out in its Sustainability Report for FY2019.

Provision 13.3

Corporate website to communicate and engage with stakeholders

The Group maintains a corporate website at <http://www.bonvests.com.sg> which stakeholders can access information on the Group. The website provides, inter alia, corporate announcements, and profiles of the Group. Shareholders and stakeholders are provided with an investor relations contact at investorrelations@bonvests.com.sg to contact the Company.

OTHER CORPORATE GOVERNANCE MATTERS

Dealing in Securities

In line with SGX-ST Listing Rule 1207(19) on Dealings in Securities, the Company issues circulars to its Directors and employees to remind them that: (1) they should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive or trade sensitive information; and (2) they are required to report on their dealings in shares of the Company. The officers have been reminded of the prohibition in dealings in shares of the Company two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of its full year financial statements ("restricted trading periods"). The restriction in Dealings in Securities is also extended to employees of the Company. With the adoption of half yearly reporting of the financial statements from FY2020 as announced on 28 February 2020, all Directors and employees of the Group will be prohibited from dealing in the Company's securities one month before and up to the release of the half year and full year financial statements.

The Company confirms it has complied with the best practice pursuant to Listing Rule 1207(19)(c) in not dealing in its securities during the restricted trading periods.

CORPORATE GOVERNANCE STATEMENT

Interested Person Transactions

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length and reviewed by AC. The details of the interested person transactions conducted during the year are disclosed as follows:

Interested person	Nature of relationship	Type of transactions	Aggregate Value of all Transactions (excluding transactions less than S\$100,000)*
Henry Ngo	Director and controlling shareholder	Receipt of cleaning, waste disposal services from Group's subsidiary companies	245,864
Henry Ngo	Director and controlling shareholder	Receipt of management services from Group's subsidiary companies	279,219

* The Company does not have a general mandate for shareholders for recurring interested person transactions.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Director (including the Managing Director), or substantial shareholder.

The Board is satisfied with the Group's commitment to compliance with the Code of Corporate Governance.

CORPORATE GOVERNANCE STATEMENT

Name of Directors	Academic/Professional Qualifications/Affiliations	Board Appointment Executive/Non-Executive	Date Last Elected/ Re-Appointed
Henry Ngo	Higher School Certificate	Chairman and Managing Director	29 April 2019
Gary Xie Guojun	Bachelor of Science in Business Administration, Cum Laude Master of Science in Real Estate with Distinction Master of Business Administration with High Honors CFA Charter Holder Ordinary Member, Singapore Institute of Directors	Executive Director	25 April 2017
Andy Xie Guoyuan	Bachelor of Science in Commerce Master of Science in Computer Information Systems Ordinary Member, Singapore Institute of Directors	Executive Director	29 April 2019
Tom Yee Lat Shing	Fellow Member, CPA Australia Fellow Member, Institute of Chartered Accountants in Australia Fellow Member, Institute of Singapore Chartered Accountants Associate Member, Institute of Chartered Secretaries and Administrators Fellow Member, Singapore Institute of Directors	Independent Non-Executive	25 April 2018
Yeo Wee Kiong	1st Class Honours Degree in Mechanical Engineering Masters Degree in Business Administration LLB (Honours)	Independent Non-Executive	25 April 2018
Chew Heng Ching	Degrees in Industrial Engineering (1st Class Honours) and Economics PhD in Engineering (Honorary) Fellow, Singapore Institute of Directors Fellow, CPA Australia	Independent Non-Executive	25 April 2017

CORPORATE GOVERNANCE STATEMENT

Board Committee As Chairman or Member	Date First Appointed	Directorships/Chairmanships In Other Listed Companies in Singapore (Present & Held Over Preceding 3 Years) & Major Appointments
Member: Nominating Member: ESOS	18.03.2002 26.06.2000	Listed Company (1) Colex Holdings Limited
NA	1 June 2010	NA
NA	1 June 2016	NA
Chairman: Audit Committee Member: Nominating Member: Remuneration Member: ESOS	30.09.1991 18.03.2002 26.02.2007 26.06.2000	Listed Companies (1) Pacific Century Regional Developments Limited (2) Powermatic Data Systems Ltd (3) Cosco Shipping International (Singapore) Co Ltd (Past)
Member: Audit Committee Chairman: Nominating Member: Remuneration Member: ESOS	25.03.1997 26.02.2007 26.02.2007 26.06.2000	Listed Companies (1) AF Global Limited (2) SUTL Enterprise Limited
Member: Audit Committee Member: Nominating Chairman: Remuneration Member: ESOS	18.05.1995 26.02.2007 26.02.2007 26.06.2000	Listed Companies (1) Huan Hsin Holdings Ltd (2) Ausgroup Limited (3) Pharmesis International Ltd (4) Spindex Industries Limited (5) Sinopipe Holdings Limited
		Major Appointments Member of Parliament (1984 – 2006) Deputy Speaker, Parliament of Singapore (2002 – 2006) Chairman, Singapore International Chamber of Commerce (2005 – 2007) Council Member, Singapore Business Federation (2008) President, Singapore Institute of Directors (1998 – 2003) Chairman, Singapore Institute of Directors (2004 – 2009)

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 52 to 135 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, as disclosed in Note 3.2(c) to the financial statements.

DIRECTORS

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

Henry Ngo
 Gary Xie Guojun
 Andy Xie Guoyuan
 Tom Yee Lat Shing
 Yeo Wee Kiong
 Chew Heng Ching

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES

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

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2019	At 1.1.2019	At 31.12.2019	At 1.1.2019
Bonvests Holdings Limited (No. of ordinary shares)				
Henry Ngo	85,357,128	85,357,128	248,420,569	248,187,669
Tom Yee Lat Shing	420,000	420,000	–	–
Yeo Wee Kiong	420,000	420,000	–	–
Chew Heng Ching	486,000	486,000	–	–
Immediate Holding Company – Goldvein Holdings Pte. Ltd. (No. of ordinary shares)				
Henry Ngo	42,502,922	42,502,922	–	–

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

- (b) Mr Henry Ngo, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries and in the shares held by the Company in the following subsidiaries that are not wholly owned by the Group:

	<u>At 31.12.2019</u>	<u>At 1.1.2019</u>
Colex Holdings Limited		
– No. of ordinary shares	106,331,560	106,331,560

- (c) The directors' interests in the ordinary shares of the Company as at 21 January 2020 were the same as those as at 31 December 2019.

SHARE OPTIONS

No options to take up unissued shares of the Company or any subsidiaries have been granted during the financial year.

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

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

AUDIT COMMITTEE

The Audit Committee at the end of the financial year comprises the following members:

Tom Yee Lat Shing (Chairman)
Yeo Wee Kiong
Chew Heng Ching

All members of the Audit Committee are non-executive directors and all members are independent.

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

- (i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;
- (ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (iii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019 as well as the auditor's report thereon;
- (iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

AUDIT COMMITTEE (CONTINUED)

- (v) met with the external auditor and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- (viii) reviewed the nature and extent of non-audit services provided by the external auditor;
- (ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- (x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and
- (xi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

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

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

Full details regarding the Audit Committee are provided in the "Corporate Governance Statement".

In appointing the external auditor for the Company and subsidiaries, the Company has complied with Rules 712 and 715 of the SGX Listing Manual.

INDEPENDENT AUDITOR

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

OTHER INFORMATION REQUIRED BY THE SGX-ST

Material information

There are no material contracts to which the Company or its subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year ended 31 December 2019.

Interested person transactions

There are no interested person transactions as defined in Chapter 9 of Listing Manual of the Singapore Exchange conducted during the financial year ended 31 December 2019 except as disclosed under "Interested Person Transactions" in "Corporate Governance Statement" and in Note 37 to the financial statements.

On behalf of the directors

HENRY NGO
Director

TOM YEE LAT SHING
Director

9 April 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BONVESTS HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of Bonvests Holdings Limited ("the Company") and its subsidiaries ("the Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the statements of financial position of the Company and of the Group as at 31 December 2019;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

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

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

Independence

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

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BONVESTS HOLDINGS LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><u>Valuation of investment properties</u></p> <p>Refer to Note 3.1(a) (Critical accounting estimates and assumptions) and Note 5 (Investment properties) to the financial statements.</p> <p>As at 31 December 2019, the carrying value of the Group's investment properties stated at fair value based on independent external valuation of \$545.4 million accounted for 40.5% of the Group's total assets.</p> <p>The valuation of investment properties is significant to our audit due to the use of valuation techniques which involve critical estimates based on several assumptions. The key assumptions are the adjusted selling price per square metre, estimated rental value per square metre, vacancy rates and capitalisation rates and are dependent on the prevailing market conditions.</p>	<p>We have performed the following procedures over the valuation process:</p> <ul style="list-style-type: none"> • assessed the competency and independence of the professional valuers engaged by the Group; • discussed the key assumptions with the professional valuers and understood the approaches taken by them in determining the valuation of each investment property; • checked, on a sample basis, the accuracy of underlying lease and financial information provided by management to the valuers; and • assessed the reasonableness of adjusted selling price per square metre, estimated rental value, vacancy rates and capitalisation rates by benchmarking the rates against comparables and prior year's inputs. <p>We also assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the professional valuers.</p> <p>The external valuers are members of recognised bodies for professional valuers. We found that the valuation methodologies used were appropriate in the context of the Group's investment properties and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be appropriate.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BONVESTS HOLDINGS LIMITED

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><u>Revenue recognition from waste disposal and contract cleaning</u></p> <p>Refer to Note 2.26 and Note 4 (Revenue) to the financial statements.</p> <p>For the financial year ended 31 December 2019, revenue from the industrial division, comprising waste disposal and contract cleaning services, amounted to \$65.7 million. Revenue is recognised and accrued as the services are rendered.</p> <p>We focused on revenue recognition as it is a significant area and there is a risk that revenue could be misstated due to the high volume of customer accounts serviced by the Group.</p>	<p>We have performed the following procedures in relation to revenue recognition:</p> <ul style="list-style-type: none"> • understood, evaluated and tested relevant accounting controls over the revenue recognition process; • tested the period of service billed by checking to underlying supporting documents, on a sample basis; • tested rates applied to underlying agreements, on a sample basis; • re-computed contractual revenue to ascertain the accuracy of the contractual revenue recorded by management for the financial year, on a sample basis; • assessed the reasonableness of number of customer accounts by comparing to external publicly available information; • obtained independent confirmation from the third party agent on the total fees billed to customers for waste disposal services rendered for the current financial year; • performed cut-off procedures to ensure that revenue is recorded in the correct period; and • reviewed credit notes issued after year-end on a sample basis to ensure that they do not relate to revenue recognised for the current financial year. <p>Based on the work performed, we found the Group's revenue recognition relating to waste disposal and contract cleaning to be appropriate.</p>

OTHER INFORMATION

Management is responsible for the other information. The other information comprises all the sections of 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BONVESTS HOLDINGS LIMITED

OTHER INFORMATION (CONTINUED)

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 the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BONVESTS HOLDINGS LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chua Lay See.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 9 April 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	The Company		The Group	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
ASSETS					
Non-current assets					
Investment properties	5	–	–	545,415	542,883
Property, plant and equipment	6	135	297	683,785	596,167
Subsidiaries	9	823,366	788,012	–	–
Goodwill	10	–	–	10,629	9,899
Financial assets, at fair value through other comprehensive income (“FVOCI”)	11	–	–	8,006	9,517
Financial assets, at fair value through profit and loss (“FVPL”)	17	–	–	3,000	–
Club memberships	12	21	21	21	21
Rental lease receivables	13	–	–	292	154
Long-term prepayments and deposits	14	–	–	2,874	27,835
Deferred income tax assets	15	–	–	1,581	72
		823,522	788,330	1,255,603	1,186,548
Current assets					
Inventories	16	–	–	8,318	4,224
Trade and other receivables	18	16	122	33,236	27,754
Income tax recoverable		–	–	3,060	2,345
Advances to subsidiaries (non-trade)	19	3,163	5,247	–	–
Cash and bank balances	20	1,465	4,794	46,461	63,970
		4,644	10,163	91,075	98,293
Total assets		828,166	798,493	1,346,678	1,284,841
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	254,139	254,139	254,139	254,139
Retained profits		79,760	77,965	725,277	727,798
Other reserves	22	–	–	(102,760)	(104,224)
		333,899	332,104	876,656	877,713
Non-controlling interests	9	–	–	9,203	8,837
Total equity		333,899	332,104	885,859	886,550
Non-current liabilities					
Borrowings	23	150,000	25,000	150,941	66,364
Long-term liabilities	24	–	–	9,819	16,737
Lease liabilities	25	–	–	44,338	–
Deferred income tax liabilities	15	–	–	18,595	18,053
		150,000	25,000	223,693	101,154
Current liabilities					
Trade and other payables	27	969	1,137	40,492	38,028
Lease liabilities	25	–	–	443	–
Current tax payable		131	171	7,631	7,922
Borrowings	23	85,304	186,222	188,560	251,180
Derivative financial instruments	26	–	–	–	7
Advances from subsidiaries (non-trade)	19	257,863	253,859	–	–
		344,267	441,389	237,126	297,137
Total liabilities		494,267	466,389	460,819	398,291
Total equity and liabilities		828,166	798,493	1,346,678	1,284,841

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$'000	2018 \$'000
Revenue	4	227,778	224,732
Other income and other gains			
– Interest	28	941	243
– Other income	28	1,713	2,414
– Other gains	28	4,420	4,410
Changes in inventories of finished goods		3,984	296
Materials and consumables purchased		(24,052)	(18,644)
Employee benefit costs	29	(83,587)	(82,015)
Depreciation expenses	6	(30,224)	(26,743)
Impairment loss on financial assets		(70)	(93)
Other operating expenses	30	(82,054)	(79,653)
Finance costs	31	(8,981)	(7,056)
Profit before income tax		9,868	17,891
Income tax expense	32	(5,520)	(5,055)
Total profit		4,348	12,836
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
– Fair value gains		7	35
– Reclassification		–	95
Currency translation losses arising from consolidation		(48)	(8,076)
Items that will not be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI			
– Fair value gains/(losses) – equity investments	11	1,613	(7,830)
Currency translation losses arising from consolidation		(27)	(23)
Re-measurement of retirement benefits, net of tax		(20)	10
Revaluation gain on property, plant and equipment upon reclassification to investment properties, net of tax	5(a)	–	6,210
Other comprehensive income/(loss), net of tax		1,525	(9,579)
Total comprehensive income		5,873	3,257
Profit attributable to:			
Equity holders of the Company		3,815	12,165
Non-controlling interests		533	671
		4,348	12,836
Total comprehensive income attributable to:			
Equity holders of the Company		5,367	2,590
Non-controlling interests		506	667
		5,873	3,257
Earnings per share attributable to equity holders of the Company (expressed in cents per share)			
	34		
– Basic		0.95	3.03
– Diluted		0.95	3.03

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Note	← Attributable to equity holders of the Company →									
	Share capital \$'000	Retained profits \$'000	Revaluation surplus reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Premium paid on acquisition of non-controlling interests \$'000	Hedging reserve \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
2019										
	254,139	727,798	11,921	(6,857)	(71,611)	(37,670)	(7)	877,713	8,837	886,550
		3,815	-	-	-	-	-	3,815	533	4,348
		(20)	-	1,613	(48)	-	7	1,552	(27)	1,525
		3,795	-	1,613	(48)	-	7	5,367	506	5,873
33		(6,424)	-	-	-	-	-	(6,424)	-	(6,424)
		-	-	-	-	-	-	-	(140)	(140)
		(6,424)	-	-	-	-	-	(6,424)	(140)	(6,564)
22(a)		108	-	(108)	-	-	-	-	-	-
	254,139	725,277	11,921	(5,352)	(71,659)	(37,670)	-	876,656	9,203	885,859
2018										
	254,139	722,487	5,730	973	(63,535)	(37,607)	(137)	882,050	8,282	890,332
		12,165	-	-	-	-	-	12,165	671	12,836
		10	6,191	(7,830)	(8,076)	-	130	(9,575)	(4)	(9,579)
		12,175	6,191	(7,830)	(8,076)	-	130	2,590	667	3,257
33		(6,430)	-	-	-	-	-	(6,430)	-	(6,430)
21		(434)	-	-	-	-	-	(434)	-	(434)
		-	-	-	-	(63)	-	(63)	7	(56)
		-	-	-	-	-	-	-	35	35
		-	-	-	-	-	-	-	(154)	(154)
		(6,864)	-	-	-	(63)	-	(6,927)	(112)	(7,039)
	254,139	727,798	11,921	(6,857)	(71,611)	(37,670)	(7)	877,713	8,837	886,550

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Profit before taxation		9,868	17,891
Adjustments for:			
– Depreciation of property, plant and equipment	6	30,224	26,743
– Property, plant and equipment written off		657	598
– Gain on disposal of non-current assets, held for sale		–	(284)
– Net gain on disposal of property, plant and equipment		(49)	(5)
– Net fair value (gain)/loss of investment properties	5	(1,743)	1,507
– Interest income	28	(941)	(243)
– Dividend income from financial assets at FVOCI	4	(114)	(139)
– Interest expense	31	8,981	7,056
– Unrealised currency translation gains		(2,246)	(2,892)
		44,637	50,232
Change in working capital, net of effects from acquisition of subsidiary:			
– Inventories		(4,153)	(397)
– Trade and other receivables		(6,529)	6,759
– Trade and other payables		2,721	(3,339)
Cash generated from operations		36,676	53,255
Income tax paid		(7,133)	(5,773)
Net cash provided by operating activities		29,543	47,482
Cash flows from investing activities			
Acquisition of property, plant and equipment (Note A)		(24,265)	(54,968)
Acquisition of a business	44	(27,293)	–
Additions to investment properties	5	(349)	(29)
Acquisition of investment properties		–	(32,391)
Payment for long-term prepayments		(4,221)	(13,700)
Proceeds from disposal of financial assets at FVOCI	11	5,624	–
Proceeds from disposal of property, plant and equipment		291	181
Purchase of financial assets, at FVOCI	11	(2,500)	(990)
Purchase of financial assets, at FVPL	17	(3,000)	–
Acquisition of a subsidiary, net of cash acquired	9(a)	–	(5,555)
Interest received		941	243
Dividends received		114	139
Net cash used in investing activities		(54,658)	(107,070)
Cash flows from financing activities			
Capital contribution from non-controlling interests		–	35
Acquisition of additional interests in a subsidiary		–	(56)
Proceeds from bank borrowings		186,113	124,054
Repayment of bank borrowings		(161,436)	(14,304)
Repurchase of Company's shares	21	–	(434)
Principal payment of lease liabilities		(1,727)	(8)
Interest paid		(8,817)	(6,824)
Dividends paid to equity holders of the Company	33	(6,424)	(6,430)
Dividends paid to non-controlling interests		(140)	(154)
Net cash provided by financing activities		7,569	95,879
Net (decrease)/increase in cash and bank balances		(17,546)	36,291
Cash and bank balances			
Beginning of financial year		63,960	28,039
Effects of currency translation on cash and bank balances		(31)	(370)
End of financial year	20	46,383	63,960

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Reconciliation of liabilities arising from financing activities

	1 January 2019 \$'000	Principal and interest payments \$'000	Non-cash changes \$'000				31 December 2019 \$'000	
			Adoption of SFRS(I) 16	Net additions during the year	Interest capitalised	Interest expense		Foreign exchange movement
Bank borrowings and accrued interest payable	317,836	15,783	–	–	1,880	7,178	(2,828)	339,849
Lease liabilities	–	(3,738)	47,017	463	208	1,803	(972)	44,781

	1 January 2018 \$'000	Principal and interest payments \$'000	Non-cash changes \$'000		31 December 2018 \$'000	
			Interest expense	Foreign exchange movement		
Bank borrowings and accrued interest payable		214,737	102,926	7,055	(6,882)	317,836
Obligations under finance lease		10	(8)	1	(3)	–

NOTE A:**Property, plant and equipment**

The Group acquired property, plant and equipment with an aggregate cost of \$48,535,000 (2018: \$57,620,000) during the financial year. Cash payments of \$24,265,000 (2018: \$54,968,000) were made to purchase property, plant and equipment.

	2019 \$'000	2018 \$'000
Additions of property, plant and equipment	48,535	57,620
Less:		
Capitalisation of right-of-use assets	(762)	–
Capitalisation of long-term prepayment	(23,180)	(1,040)
Liabilities owing for capital expenditure	(115)	(180)
Lease rental capitalised	–	(1,347)
Capitalisation of depreciation on leasehold land during construction and development phase of project	(213)	(85)
	24,265	54,968

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

1. GENERAL INFORMATION

The financial statements of the Company and of the Group for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and was incorporated as a limited liability company and is domiciled in Singapore. The registered office is located at 541 Orchard Road #16-00, Liat Towers, Singapore 238881.

The principal activities of the Company consist of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are as stated in Note 9.

The immediate and ultimate holding company is Goldvein Holdings Pte. Ltd., a company incorporated in Singapore.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars which is the Company's functional currency. All financial information is presented in thousands of Singapore Dollars ("S\$'000"), unless otherwise stated.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the following:

Amendments to SFRS(I) 1-23 *Borrowing Costs*

The Group has adopted the amendments to SFRS(I) 1-23 on 1 January 2019. The amendments are applicable for annual periods beginning on or after 1 January 2019 and clarified that general borrowings used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Consequently, borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale, or specific borrowings used to finance any non-qualifying assets, are included in general borrowings.

The Group has applied the amendments to borrowing costs incurred on or after 1 January 2019. The effects of the adoption are as disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Adoption of SFRS(I) 16 Leases

(a) *When the Group is the lessee*

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.21.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

- (i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and
- (ii) On a lease-by-lease basis, the Group has:
 - (a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
 - (b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
 - (c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
 - (d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
 - (e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

- (i) On a lease-by-lease basis, the Group chose to measure its ROU assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition.
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
- (iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained profits. Comparative information is not restated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Adoption of SFRS(I) 16 Leases (continued)

(b) *When the Group is a lessor*

There are no material changes to accounting by the Group as a lessor.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 January 2019 are as follows:

	Increase/ (decrease) \$'000
Property, plant and equipment	47,017
Long-term prepayments and deposits	(3,503)
Long-term liabilities	(3,179)
Lease liabilities	47,017

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

	\$'000
Operating lease commitment disclosed as at 31 December 2018	115,464
Less: Short-term leases	(381)
Less: Discounting effect using weighted average incremental borrowing rate of 2.55% to 8.00%	(68,066)
Lease liabilities recognised as at 1 January 2019	47,017

2.2 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other 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.

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) Disposals

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

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

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group accounting (continued)

(b) Transactions with non-controlling interests

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

2.3 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 Club memberships

Club memberships are acquired separately and are measured on initial recognition of cost. The cost of club memberships is the fair value as at the date of acquisition. Subsequent to recognition, club memberships are measured at cost less any accumulated impairment losses.

The club memberships are assessed as having indefinite useful lives as the contracts are open ended and there is no foreseeable limit to the period over which the memberships are expected to generate cash to the Group. The club memberships are tested for impairment annually and carried at cost less accumulated impairment losses.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the straight-line method to allocate their depreciable amount over their useful lives as follows:

Buildings on freehold land	10 – 50 years
Leasehold land and buildings	Over remaining lease period
Plant, equipment and containers	5 – 20 years
Furniture, fittings, office equipment and renovations	3 – 10 years
Motor vehicles	5 – 10 years
Computers	3 – 7 years
Store fittings, equipment and appliances	5 – 7 years
Hotel operating assets	1 – 10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

No depreciation is provided on freehold land and construction-in-progress.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include borrowing costs (refer to Note 2.29 on borrowing costs) and any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

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

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other gains and (losses)”.

2.6 Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/or capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the Group’s own occupation.

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

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

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

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

2.7 Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

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

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

2.8 Long-term prepayments

Prior to 1 January 2019, long-term prepayments comprising prepaid land lease expenses are charged to profit or loss on a straight-line basis over the lease term. Upon implementation of SFRS(I) 16 Leases, prepaid land lease has been transferred to right-of-use assets and presented under property, plant and equipment together with owned assets of the same class.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets

(a) *Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

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 asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset 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 fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) *Debt instruments*

Debt instruments mainly comprise of cash and bank balances, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other income/other operating expenses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement (continued)

(i) Debt instruments (continued)

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in “other income”.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40(c) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and lease receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.10 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Fair value estimation of financial assets and liabilities (continued)

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at the end of each reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

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

2.11 Derivatives financial instruments and hedging activities

The Group holds derivative financial instruments such as interest rate swaps to hedge its interest rate exposure.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) cash flow hedge, (b) net investment hedge, or (c) fair value hedge.

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

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

The fair value of various derivative financial instruments used for hedging purposes are disclosed in Note 26. The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

The following hedges in placed qualified as cash flow hedges under SFRS(I) 9. The Group's management strategies and hedge documentation are aligned with the requirements of SFRS(I) 9 and are thus treated as continuing hedges.

Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedge reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average cost method, and includes all costs in bringing the inventories to their present location and condition.

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

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

2.13 Cash and bank balances

Cash and bank balances comprise cash balances and bank deposits which are subject to an insignificant risk of change in value.

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances are presented net of bank overdrafts which are repayable on demand and which form an integral part of cash management. Bank overdrafts are presented as current borrowings on the statements of financial position.

2.14 Share capital

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

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

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

2.15 Dividends

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

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

2.16 Financial liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

2.18 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.19 Provisions

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

The provision for dismantlement and restoration is based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value. Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

The directors review the provision annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provision is discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

2.20 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Leases

(a) The accounting policy for leases before 1 January 2019 are as follows:

(i) *When the Group is the lessee*

- *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on “Property, plant and equipment”.

- *Lessee – Operating leases*

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term, except for lease payments during the construction and development phase of a development which are capitalised to construction-in-progress under property, plant and equipment on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

(ii) *When the Group is the lessor*

- *Lessor – Operating leases*

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Leases (continued)

(b) The accounting policy for leases from 1 January 2019 are as follows:

(i) *When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- *Right-of-use assets*

The Group recognises right-of-use assets and lease liabilities at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".

- *Lease liabilities*

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Leases (continued)

(b) The accounting policy for leases from 1 January 2019 are as follows: (continued)

(i) *When the Group is the lessee:* (continued)

- *Lease liabilities* (continued)

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a changes in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- *Short term and low value leases*

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- *Variable lease payments*

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 7.

(ii) *When the Group is the lessor:*

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16.

For contracts which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

2.22 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Income taxes (continued)

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

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

2.23 Employee benefits

(a) Pension benefits

The Group operates both defined benefit and defined contribution post-employment benefit plans.

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Employee benefits (continued)

(a) Pension benefits (continued)

The liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

(c) Key management personnel

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

2.24 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company and the Group if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or the Group or of a parent of the Company.
- (b) An entity is related to the Company and the Group if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Related parties (continued)

- (b) An entity is related to the Company and the Group if any of the following conditions applies: (continued)
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.25 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

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

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

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

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

(b) Property, plant and equipment, right-of-use assets and investments in subsidiaries

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Impairment of non-financial assets (continued)

- (b) *Property, plant and equipment, right-of-use assets and investments in subsidiaries (continued)*

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.26 Revenue recognition

- (a) *Rental income from operating leases*

Rental income from operating leases, adjusted for rent free incentives given to the lessees, is recognised on a straight-line basis over the lease term.

- (b) *Revenue from hotel operations*

Revenue from hotel operations is recognised over the period in which the accommodation and related services are provided, except for revenue from the sale of food and beverage, which is recognised at a point in time when the food and beverages are delivered. For retail customers, payment is due immediately when the accommodation and related services are rendered. For corporate customers, invoices are issued on a monthly basis and are payable within 30 days.

- (c) *Revenue from waste disposal and contract cleaning services*

Revenue from waste disposal and contract cleaning services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined by the frequency of service being rendered relative to the total expected services to be rendered. Ad-hoc cleaning services is recognised based on the price specified in the contract at a point in time, as and when the services are rendered.

The customers are invoiced monthly. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

- (d) *Car parking fees*

Car parking fees are recognised as it accrues on a time-apportioned basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Revenue recognition (continued)

(e) *Revenue from food and beverage operations*

Revenue from food and beverage operations is recognised at a point in time when the food and beverages are delivered to the customer. Payment is due immediately when the food and beverages are delivered to the customer.

(f) *Interest income*

Interest income, including income arising from financial instruments, is recognised on a time-proportion basis using the effective interest method.

(g) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

2.27 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

All foreign exchange gains and losses impacting profit or loss are presented in the income statement within 'other gains and losses'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Currency translation (continued)

(c) Translation of Group entities' financial statements

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

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

2.28 Segment reporting

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the Managing Director who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

2.29 Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

3.1 Critical accounting estimates and assumptions

(a) *Fair value of investment properties (Note 5)*

The Group carries its investment properties at fair value with changes in fair value being recognised in profit or loss. In determining fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include the adjusted selling price per square metre, estimated rental value per square metre, vacancy rates and capitalisation rates. In relying on the valuation reports, management has assessed that the valuation methods and estimates are reflective of current market conditions.

The carrying amount of investment properties and the key assumptions used to determine the fair value of the investment properties are disclosed in Note 5.

(b) *Estimated impairment of goodwill (Note 10)*

In performing the impairment assessment of the carrying amount of goodwill, as disclosed in Note 10, the recoverable amounts of the cash-generating units ("CGUs") in which goodwill has been attributable to, are determined in using value-in-use ("VIU") calculation.

Significant judgement, assumptions and estimates are used to estimate the discount rate, terminal yield rate and income capitalisation rate applied in computing the recoverable amount of the CGU. In making these estimates, management has relied on comparable hotel sales and transactions where such yields are purported to reflect expectations of future growth in income and capital value.

The key assumptions and estimates are disclosed in Note 10 to the financial statements.

3.2 Critical judgements in applying the entity's accounting policies

(a) *Impairment of property, plant and equipment and right-of-use assets (Note 6)*

The Group assesses annually whether property, plant and equipment and right-of-use assets included within property, plant and equipment had any indication of impairment in accordance with the accounting policy, and applies judgement based on hotel performance in this assessment. If any such indication exists, the recoverable amount of the property, plant and equipment and right-of-use assets are estimated to ascertain the amount of impairment loss. The carrying amount of the Group's property, plant and equipment and right-of-use assets as at 31 December 2019 is as disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

3.2 Critical judgements in applying the entity's accounting policies (continued)

(b) Income taxes (Note 15 and 32)

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

(c) Going concern

As at 31 December 2019, the Group and the Company were in net current liabilities position of \$146,051,000 and \$339,623,000 respectively. The Group and the Company have a number of secured financing facilities that contain covenants including loan to value ratios, net worth covenants, gearing ratio and interest coverage ratios. The covenants are tested semi-annually, or otherwise at the direction of the lender in certain circumstances.

The Coronavirus Disease 2019 ("COVID-19") outbreak has developed rapidly in 2020 and measures have been taken by various countries to contain the virus, such as limiting the movement of people, restricting flights and other travel, temporarily closing businesses and cancelling events. The Group's financial results and cash resources and its ability to comply with the financial covenants is expected to be impacted as the outbreak continues.

Notwithstanding this, the financial statements have been prepared on a going concern basis as:

- (i) All borrowings undertaken by the Group are secured borrowings for which the estimated market values of pledged assets are in excess of the total facility amounts.
- (ii) The net current liabilities position of the Company and the Group as at 31 December 2019 were mainly due to the Group's treasury management to utilise short-term financing which carries a lower interest cost to finance long-term capital commitments. Included within the Group's current borrowings as at 31 December 2019 are revolving credit facilities of \$149,206,000 which are repayable on demand. The Group has the right to rollover these borrowings up to the final termination date in September and October 2022, subject to meeting the financial covenants disclosed above. The Group currently complies with all financial covenants and rolled over all revolving credit facilities as at the date of these financial statements. Based on the Group's cash balance as at the date of these financial statements and cash flow forecasts for the next 12 months, the Group is expected to have sufficient cash flows to meet its financial obligations (including interest payments) as and when they fall due.
- (iii) The Group has undrawn credit facilities for group funding requirements of \$80,876,000 as at 31 December 2019 and may further leverage on unencumbered investment properties and hotel properties with a carrying amount of \$503,895,000 as at 31 December 2019 for new credit facilities.
- (iv) Management is in the process of implementing other measures to conserve the cash resources of the Group to sustain its business operations and ongoing projects to ensure the viability of the Group until the COVID-19 situation improves. In addition, recently announced budget initiatives by the Singapore government to support businesses affected by COVID-19 are also expected to provide additional working capital support to the Group.
- (v) After reviewing the most recent projections and having considered measures by the Group to conserve cash resources, together with continued support from the financial institutions and the Singapore government, the Group is expected to have sufficient cash flows to continue its operations and meet its financial obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. REVENUE

	2019 \$'000	2018 \$'000
The Group		
<i>Revenue from contracts with customers:</i>		
Hotel operations	138,137	130,927
Waste disposal and contract cleaning services	65,725	68,195
Car parking fees and service charge	2,399	2,373
Food and beverage operations	1,773	1,576
	208,034	203,071
<i>Other revenue:</i>		
Rental income	19,630	21,522
Dividend income	114	139
	19,744	21,661
	227,778	224,732
Timing of revenue recognition for revenue from contracts with customers		
At a point in time	63,841	56,067
Over time	144,193	147,004
	208,034	203,071

The Group's dividend income in 2019 relates to dividends received from investments in equity instruments designated at FVOCI.

(a) Contract liabilities

	31 December		1 January
	2019 \$'000	2018 \$'000	2018 \$'000
The Group			
Contract liabilities (Note 27)	4,622	5,092	5,546

The contract liabilities primarily relate to the advance consideration received from customers for rental of hotel rooms and sale of food and beverages. Contract liabilities has decreased due to fewer customers paying in advance for hotel room rental and banquet events as at 31 December 2019. Room and food and beverage revenue of \$4,789,000 (2018: \$5,289,000) recognised in the current financial year was included in the contract liabilities balance at the beginning of the financial year.

Management expects that 95%, or \$4,390,000 (2018: 95%, or \$4,837,000) of the transaction price allocated to the unsatisfied performance obligations as of 31 December 2019 may be recognised as revenue during the next reporting period. The remaining 5%, or \$231,000 may be recognised in the financial year ended 31 December 2021 (2018: 5%, or \$255,000).

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. REVENUE (CONTINUED)

- (b) Trade receivables from contracts with customers

	Company			Group		
	31 December 2019 \$'000	2018 \$'000	1 January 2018 \$'000	31 December 2019 \$'000	2018 \$'000	1 January 2018 \$'000
Current assets						
Trade receivables from contracts with customers	–	–	–	20,956	18,401	21,032
Loss allowance	–	–	–	(1,118)	(1,044)	(1,420)
	–	–	–	19,838	17,357	19,612

5. INVESTMENT PROPERTIES

	2019 \$'000	2018 \$'000
The Group		
Beginning of financial year	542,883	506,218
Currency translation differences	440	(4,737)
Acquisition during the year [Note 5(a)(i)]	–	32,993
Additions during the year	349	29
Transfer from Property, plant and equipment [Note 5(a)(ii)]	–	9,887
Net fair value gain/(loss) recognised in profit or loss (Notes 28 and 30)	1,743	(1,507)
End of financial year	545,415	542,883

- (a) The following events took place in the financial year ended 31 December 2018:

- (i) The Group through its wholly-owned subsidiary, Claridges (Perth) Pty Ltd as trustee for the Claridges (Perth) Trust, completed the acquisition of 29 units of residential town houses in Perth, Australia, for a total cash consideration of approximately \$32,993,000 (AU\$33,500,000). The acquisition was completed in April 2018.
- (ii) In April 2018, the Group reclassified a clubhouse in Tunisia from property, plant and equipment to investment properties following the end of owner-occupation and commencement of an operating lease to a third party. Property, plant and equipment with net book value of \$1,607,000 was reclassified to investment property at its fair value of \$9,887,000. A revaluation gain net of deferred tax of \$6,210,000 was recognised in other comprehensive income.

- (b) The fair value hierarchy, valuation process, techniques and inputs used to determine the fair values of investment properties are disclosed in Note 43(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. INVESTMENT PROPERTIES (CONTINUED)

(c) At the end of the reporting period, the investment properties held by the Group comprise:

<u>Location</u>	<u>Description</u>	<u>Area sq. metres</u>	<u>Tenure</u>
541 Orchard Road, Singapore	21-storey commercial/ office building and land	19,209	Freehold
Zone Touristique Gammarth La Marsa, Tunisia	2-storey commercial building and land	7,950	Freehold
Zone Touristique Gammarth La Marsa, Tunisia	Club houses	16,170	Freehold
Lot 66, 482-484 and 486-488 Murray Street, Perth, Australia	2-adjoining converted office buildings	2,075	Freehold
725 Wellington Street, Perth, Australia	Vacant land for re-development	5,160	Freehold

(d) Bank borrowings and bank guarantees are secured on certain investment property of the Group amounting to \$480,000,000 (2018: \$480,000,000) [Note 23(a)(ii)].

(e) The following amounts are recognised in profit or loss:

	<u>2019 \$'000</u>	<u>2018 \$'000</u>
The Group		
Rental income (Note 4)	19,630	21,522
Direct operating expenses arising from investment properties that generated rental income	4,032	4,123

(f) Subsequent to the financial year ended 31 December 2019, the Group has obtained development approval for the properties in Perth, Australia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land \$'000	Freehold buildings \$'000	Leasehold land and buildings \$'000	Plant, equipment and containers \$'000	Furniture, fittings, office equipment and renovations \$'000	Motor vehicles \$'000	Computers \$'000	Store fittings, equipment and appliances \$'000	Hotel operating assets \$'000	Construction-in-progress \$'000	Total \$'000
Cost											
At 1 January 2018	57,372	273,140	158,538	63,062	100,980	18,854	4,412	498	11,763	164,036	852,655
Currency translation differences	(809)	(11,742)	923	(1,549)	(1,215)	(147)	13	(27)	(213)	698	(14,068)
Additions	10,595	2,588	561	3,460	2,566	3,429	258	47	1,018	33,098	57,620
Acquisition of subsidiary	–	–	5,555	–	–	–	–	–	–	–	5,555
Adjustment upon finalisation of construction costs	–	–	(872)	–	–	–	–	–	–	–	(872)
Reclassifications	–	(2,915)	45,213	3,004	2,226	629	430	–	43	(51,565)	(2,935)
Disposals	–	–	–	(39)	(230)	(1,538)	(5)	(58)	(17)	–	(1,887)
Written-off	–	–	–	(399)	(46)	(73)	–	–	(489)	–	(1,007)
At 31 December 2018	67,158	261,071	209,918	67,539	104,281	21,154	5,108	460	12,105	146,267	895,061
Adoption of SFRS(I) 16 (Note 2.1)	–	–	46,808	–	95	–	–	–	114	–	47,017
At 1 January 2019	67,158	261,071	256,726	67,539	104,376	21,154	5,108	460	12,219	146,267	942,078
Currency translation differences	665	433	(3,032)	392	(647)	33	(87)	8	(186)	(1,796)	(4,217)
Additions	6,209	1,586	14,423	10,240	9,355	2,618	1,437	40	–	2,627	48,535
Acquisition of a business (Note 44)	6,879	18,268	–	–	1,216	–	–	–	–	–	26,363
Reclassifications	–	–	141,838	(234)	1,633	–	84	–	(130)	(143,191)	–
Disposals	–	–	(98)	(90)	(329)	(1,384)	(70)	(16)	–	–	(1,987)
Written-off	–	–	–	(604)	(48)	–	(4)	(9)	(488)	–	(1,153)
At 31 December 2019	80,911	281,358	409,857	77,243	115,556	22,421	6,468	483	11,415	3,907	1,009,619
Accumulated depreciation and impairment losses											
At 1 January 2018	–	91,093	41,301	42,993	82,366	9,783	3,772	213	10,131	–	281,652
Currency translation differences	–	(3,688)	157	(1,278)	(970)	(134)	9	(19)	(215)	–	(6,138)
Depreciation charge	–	7,770	6,363	4,601	5,233	1,910	356	63	679	–	26,975
Adjustment upon finalisation of construction costs	–	–	(147)	–	–	–	–	–	–	–	(147)
Reclassifications	–	(1,328)	–	–	–	–	–	–	–	–	(1,328)
Disposals	–	–	–	(37)	(193)	(1,443)	(5)	(17)	(16)	–	(1,711)
Written-off	–	–	–	(296)	(43)	(70)	–	–	–	–	(409)
At 31 December 2018	–	93,847	47,674	45,983	86,393	10,046	4,132	240	10,579	–	298,894
Currency translation differences	–	297	(1,091)	285	(606)	28	(80)	5	(176)	–	(1,338)
Depreciation charge	–	7,570	8,368	5,232	5,885	2,288	607	63	424	–	30,437
Disposals	–	–	(69)	(86)	(223)	(1,211)	(66)	(8)	–	–	(1,663)
Written-off	–	–	–	(459)	(27)	–	(4)	(6)	–	–	(496)
At 31 December 2019	–	101,714	54,882	50,955	91,422	11,151	4,589	294	10,827	–	325,834
Net book value											
At 31 December 2019	80,911	179,644	354,975	26,288	24,134	11,270	1,879	189	588	3,907	683,785
At 31 December 2018	67,158	167,224	162,244	21,556	17,888	11,108	976	220	1,526	146,267	596,167

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles \$'000	Computers \$'000	Total \$'000
The Company			
<u>Cost</u>			
At 31 December 2018 and 31 December 2019	809	1	810
<u>Accumulated depreciation</u>			
At 1 January 2018	350	1	351
Depreciation	162	–	162
At 31 December 2018	512	1	513
Depreciation	162	–	162
At 31 December 2019	674	1	675
<u>Net book value</u>			
At 31 December 2019	135	–	135
At 31 December 2018	297	–	297

Depreciation

	2019 \$'000	2018 \$'000
The Group		
Depreciation is accounted for as follows:		
Charged to profit or loss	30,224	26,743
Capitalised in construction-in-progress	213	85
	30,437	26,828

Depreciation capitalised in construction-in-progress relates to depreciation on leasehold land during the construction and development phase of the project.

(a) Freehold land and buildings comprise:

- (i) A hotel at 39 Scotts Road, Singapore;
- (ii) A hotel in Tunis, Tunisia;
- (iii) A hotel under construction in Douz, Tunisia;
- (iv) A hotel under construction in the Medina of Tunis, Tunisia;
- (v) Golf course in Tunis, Tunisia;
- (vi) 2 plots of beachfront land in the touristic area of Djerba, Tunisia;
- (vii) A plot of land in the touristic area of Gammarth, Tunisia;
- (viii) A hotel at 707 Wellington Street, Perth, Australia; and
- (ix) A riad-hotel located in the Medina of Marrakech, Morocco and a plot of land with a country club and swimming pool. The Group has obtained development approval for the development of villa hotel in Marrakech, Morocco.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (b) Leasehold land and buildings comprise:
- (i) Hotel building in Mauritius. The lease on the land will expire on 18 July 2068;
 - (ii) Leasehold land in Bintan. The lease on the land will expire between 24 September 2037 and 20 November 2038 and may be extended for a period of 20 years and renewed for a further 30 years;
 - (iii) Leasehold land in Mapur, Bintan. The lease on the land will expire between 23 September 2038 and 14 December 2039 and may be extended for a period of 20 years and renewed for a further 30 years;
 - (iv) Resort hotel in Zanzibar. The lease on the land will expire on 4 February 2056;
 - (v) Resort hotel in Maldives on the island of Falhumaafushi and Kodahhutta, in Gaafu Alifu Atoll, Republic of Maldives. The lease on the island will expire on 25 February 2058; and Resort hotel on the island of Dhigurah in Gaafu Alifu Atoll, Republic of Maldives. The lease on the island will expire on 9 July 2061; and
 - (vi) A single storey detached factory on leasehold land located at 8 Tuas South Street 13, Singapore.
- (c) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 7(a).
- (d) Freehold land and buildings and equipment with a net book value of \$221,329,000 (2018: \$227,230,000) are mortgaged for bank borrowings and bank guarantees (Note 23(a)(ii) and Note 36).
- (e) At the beginning of the current financial year, the Group reviewed and extended its business plans for the operations in Indonesia. Accordingly, the Group revised its estimates for the useful life of certain leasehold land and building and applied the change in estimates prospectively.

The revision in estimated useful lives of these assets resulted in a decrease in depreciation expense of approximately \$2,028,000 in the current financial year and is expected to result in a decrease in depreciation expense of approximately \$2,028,000 in future financial periods, up to the end of the original useful lives.

7. LEASES – THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Property

The Group leases staff accommodation and retail space from non-related parties.

Leasehold land

As at 1 January 2019, the Group has made upfront payments with carrying amount of \$20,429,000 to secure right-of-use of leasehold land, which are used in the Group's hotel operations in various countries. These leasehold land are recognised within Property, plant and equipment (Note 6).

The Group also makes annual lease payments for certain leasehold land. The right-of-use assets are included within Property, plant and equipment (Note 6).

There are no externally imposed covenants on these lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. LEASES – THE GROUP AS A LESSEE (CONTINUED)

Nature of the Group's leasing activities (continued)

Equipment

The Group leases photocopier equipment for the business operations. The lease arrangements prohibit the Group from subleasing the equipment to third parties.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	31 December 2019 \$'000	1 January 2019 \$'000
Leasehold land	64,586	67,237
Furniture, fittings, office equipment and renovations	86	95
Hotel operating assets	87	114
	64,759	67,446

(b) Depreciation charge during the year

	2019 \$'000
Leasehold land	2,212
Furniture, fittings, office equipment and renovations	45
Hotel operating assets	23
Total	2,280

(c) Interest expense

Interest expense on lease liabilities	1,803
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(d) Lease expenses not capitalised in lease liabilities amounted to \$667,000 for the financial year ended 31 December 2019. These relate to short-term leases of staff accommodation which are presented under employee benefit costs (Note 29).

(e) Total cash outflow for all the leases in 2019 was \$4,409,000.

(f) Addition of ROU assets during the financial year 2019 was \$675,000.

(g) Future cash outflow which are not capitalised in lease liabilities

i. Variable lease payments

The leases for a retail store contain variable lease payments that are based on a percentage of sales generated by the stores ranging from 0.25% to 15%, on top of fixed payments. The Group negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base for newly established stores.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. LEASES – THE GROUP AS A LESSEE (CONTINUED)

Nature of the Group's leasing activities (continued)

(g) Future cash outflow which are not capitalised in lease liabilities (continued)

ii. Extension options

The leases for certain properties contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. As at 31 December 2019, potential future (undiscounted) cash outflows for these leases amounted to \$315,600. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension options are exercisable by the Group and not by the lessor.

8. LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a lessor

The Group has leased out their owned investment properties to non-related parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain deposits or bank guarantees amounting to three to five months of the monthly lease rental. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 5.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	31 December 2019 \$'000	1 January 2019 \$'000
The Group		
Not later than one year	16,908	17,503
One to two years	10,895	13,899
Two to three years	5,250	7,644
Three to four years	3,116	2,614
Four to five years	2,035	763
Later than five years	1,814	365
	40,018	42,788

9. SUBSIDIARIES

	2019 \$'000	2018 \$'000
The Company		
Quoted equity investments, at cost	17,335	17,335
Unquoted equity investments, at cost	326,476	326,476
	343,811	343,811
Amounts owing by subsidiaries on long-term loan account	566,943	531,538
	910,754	875,349
Less: Accumulated impairment losses		
Beginning of financial year	(87,337)	(87,318)
Impairment charge	(51)	(19)
End of financial year	(87,388)	(87,337)
	823,366	788,012

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. SUBSIDIARIES (CONTINUED)

The amounts owing by subsidiaries on long-term loan account are considered an extension of the Company's net investment in the subsidiaries. These are unsecured, interest-free and are not expected to be repaid within one year.

The market value of quoted equity investments as at 31 December 2019 was \$20,922,000 (2018: \$25,630,000).

The subsidiaries are:

Name	Principal activities	Country of business/ incorporation	Cost of investment		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		
			2019 \$'000	2018 \$'000	2019 %	2018 %	2019 %	2018 %	
<u>Held by the Company</u>									
¹ Goldcove Pte Ltd (formerly known as Bonfresh Pte Ltd)	Investment holding	Singapore	&&	&&	100	100	–	–	
¹ Bonvests Trading Pte Ltd	Investment holding	Singapore	5	5	100	100	–	–	
¹ Cavendish Realty Pte Ltd	Property developer	Singapore	4,121	4,121	100	100	–	–	
¹⁰ Colex Compost Pte Ltd	Dormant	Singapore	&&	&&	100	100	–	–	
¹ Colex Holdings Limited	Investment holding; business and management consultancy services	Singapore	17,335	17,335	78.9	78.9	21.1	21.1	
¹ Coop International Pte Ltd	Investment holding	Singapore	10,064	10,064	100	100	–	–	
¹ Henrick (Singapore) Pte Ltd	Investment holding	Singapore	&&	&&	100	100	–	–	
¹ Goldvista Pte Ltd	Investment holding	Singapore	1,285	1,285	100	100	–	–	
¹ Magnificent Developments Pte Ltd	Property developer	Singapore	20,000	20,000	100	100	–	–	
² Belle Mare Beach Development Company Limited	Hotel operations and related activities	Mauritius	2,186	2,186	100	100	–	–	
¹ The Residence Hotels & Resorts Management Pte Ltd	Public relations consultancy services and sales and marketing support services	Singapore	30,000	30,000	100	100	–	–	
³ Richvein Pte Ltd	Hotel operations and related activities	Singapore	143,537	143,537	100	100	–	–	
¹ The Allied Folks Pte Ltd	Operation of food and beverage outlets	Singapore	&&	&&	100	100	–	–	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. SUBSIDIARIES (CONTINUED)

The subsidiaries are: (continued)

Name	Principal activities	Country of business/ incorporation	Cost of investment		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		
			2019 \$'000	2018 \$'000	2019 %	2018 %	2019 %	2018 %	
<u>Held by the Company</u>									
¹ The Residence Hotels & Resorts Pte Ltd	Hotel management and operation	Singapore	&&	&&	100	100	–	–	
¹⁰ The Residence Hotels & Resorts Management Services Pte Ltd	Dormant	Singapore	&&	&&	100	100	–	–	
¹ Bonforte Investments Pte Ltd	Investment holding	Singapore	3,600	3,600	100	100	–	–	
¹ Bonsworth Developments Pte Ltd	Investment holding	Singapore	&&	&&	100	100	–	–	
¹ Gala Laundry Pte Ltd	Laundry services	Singapore	1,000	1,000	100	100	–	–	
¹ International Real Estate Corporation (Private) Limited	Investment holding	Singapore	112	112	100	100	–	–	
¹ Bon-Food Pte Ltd	Property investment	Singapore	22,753	22,753	100	100	–	–	
¹ Bonvests Investments Pte Ltd	Investment holding	Singapore	758	758	100	100	–	–	
¹ Goldvein Pte Ltd	Property investment	Singapore	75,155	75,155	100	100	–	–	
¹ Goldvein Trading Pte Ltd	Property investment	Singapore	5,000	5,000	100	100	–	–	
¹ Update Investments Pte Ltd	Property investment	Singapore	660	660	100	100	–	–	
¹ Essential Investments Pte Ltd	Property investment	Singapore	6,240	6,240	100	100	–	–	
¹ Goldprime Pte Ltd	Investment holding	Singapore	&&	&&	100	100	–	–	
¹ Goldview Pte Ltd	Investment holding	Singapore	&&	&&	100	100	–	–	
¹ Goldpoint Pte Ltd	Investment holding	Singapore	&&	&&	100	100	–	–	
¹ Bonswiss Pte Ltd	Dormant	Singapore	&&	&&	100	100	–	–	
¹⁰ Cenizaro Pte Ltd	Dormant	Singapore	&&	&&	100	100	–	–	
¹⁰ Claridges Pte Ltd (formerly known as Brooklyn Bagels Pte Ltd)	Dormant	Singapore	&&	&&	100	100	–	–	
			343,811	343,811					

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. SUBSIDIARIES (CONTINUED)

The subsidiaries are: (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2019 %	2018 %	2019 %	2018 %
<u>Held by Bonvests Trading Pte Ltd</u>						
⁴ PT. Bintan Vista	Hotel operations and related activities	Indonesia	100	100	–	–
<u>Held by Goldvista Pte Ltd and Coop International Pte Ltd</u>						
⁴ PT. Bintan Golden Land	Dormant	Indonesia	100	100	–	–
<u>Held by Colex Holdings Limited</u>						
¹ Integrated Property Management Pte Ltd	Contract cleaning services	Singapore	78.9	78.9	21.1	21.1
¹ Colex Environmental Pte Ltd	Provider of waste management services, namely waste disposal services to commercial, industrial, residential properties and other waste disposal related businesses	Singapore	78.9	78.9	21.1	21.1
¹ Juz Clean Pte Ltd (formerly known as Claridges Pte Ltd)	General cleaning and related services	Singapore	78.9	78.9	21.1	21.1
<u>Held by Bonsworth Developments Pte Ltd</u>						
⁶ Bonaventure (Maldives) Pvt Ltd	Hotel operations and related activities	Maldives	100	100	–	–
<u>Held by Goldpoint Pte Ltd</u>						
⁶ Bonavista (Maldives) Pvt Ltd	Hotel operations and related activities	Maldives	100	100	–	–
<u>Held by Goldview Pte Ltd</u>						
⁷ Hotel & Property Development (Kendwa) Limited	Hotel operations and related activities	Zanzibar	100	100	–	–
<u>Held by Goldprime Pte Ltd</u>						
⁵ Singapore Tunisian Investment Company	Hotel operations and related activities	Tunisia	99.7	99.7	0.3	0.3
⁵ Singapore Tunisian Investment Company Immobiliere	Operation of golf course and property development	Tunisia	99.7	99.7	0.3	0.3
⁵ Singapore Tunisian Investment Company Douz	Hotel operations and related activities	Tunisia	99.7	99.7	0.3	0.3
⁵ Singapore Tunisian Investment Company Medina	Hotel operations and related activities	Tunisia	99.7	99.7	0.3	0.3
⁵ Singapore Tunisian Investment Company Djerba	Hotel operations and related activities	Tunisia	99.7	99.7	0.3	0.3
⁵ Gala Pro Immobilier	Property development	Tunisia	99.7	99.7	0.3	0.3

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. SUBSIDIARIES (CONTINUED)

The subsidiaries are: (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2019 %	2018 %	2019 %	2018 %
<u>Held by Henrick (Singapore) Pte Ltd</u>						
⁸ Bonaventure (Australia) Pty Ltd as trustee for Bonaventure (Australia) Trust	Investment holding	Australia	100	100	–	–
⁸ Bonaventure (Perth) Pty Ltd as trustee for Bonaventure (Perth) Trust	Hotel operations and related activities	Australia	100	100	–	–
⁸ Claridges (Perth) Pty Ltd as trustee for Claridges (Perth) Trust	Property investment	Australia	100	100	–	–
⁸ Goldvista (Perth) Pty Ltd as trustee for Goldvista (Perth) Trust	Property investment	Australia	100	100	–	–
<u>Held by Goldcove Pte Ltd</u>						
⁹ Goldcove SA	Hotel operations and related activities	Morocco	100	–	–	–

1 Audited by PricewaterhouseCoopers LLP, Singapore

2 Audited by PricewaterhouseCoopers Ltd, Mauritius

3 Audited by Ernst & Young, Singapore

4 Audited by PricewaterhouseCoopers, Indonesia in 2019 and Ernst & Young, Indonesia in 2018

5 Audited by PricewaterhouseCoopers, Tunisia

6 Audited by Ernst & Young, Maldives

7 Audited by PricewaterhouseCoopers, Tanzania

8 Audited by PricewaterhouseCoopers, Australia

9 Audited by HLZ Consulting and BDO, Morocco

10 Not required to be audited under the laws of the country of incorporation

11 In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

&& Represents amount less than \$500

(a) Acquisition of subsidiaries

In 2017, Goldvista Pte Ltd and Coop International Pte Ltd entered into a share purchase agreement for the acquisition of the entire share capital of P.T. Bintan Golden Land for the aggregate purchase consideration of \$7,675,425 payable in cash on completion. The assets acquired are made up of cash and land amounting to \$2,120,327 and \$5,555,098 respectively. The acquisition was completed in April 2018.

In 2019, Goldcove Pte Ltd acquired 2,999 shares, comprising 100% equity interest in Goldcove SA for a cash consideration of \$51,000. The assets acquired are made up of cash amounting to \$51,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. SUBSIDIARIES (CONTINUED)

(b) Acquisition of non-controlling interests

In 2018, the Company through its wholly-owned subsidiary, Goldprime Pte Ltd subscribed for 3,207,500 shares in Singapore Tunisian Investment Company amounting to approximately \$15,300,000 and its shareholdings increased from 99.5% to 99.7%. The effect of the change in shareholding interests arising from the subscription of shares was \$63,000 recognised directly in equity and attributed to the owners of the parent.

(c) Summarised financial information of subsidiaries with material non-controlling interests

	2019 \$'000	2018 \$'000
<i>Carrying value of non-controlling interests</i>		
Colex Holdings Limited and its subsidiaries	9,065	8,680
Singapore Tunisian Investment Company and its subsidiaries	138	157
Total	9,203	8,837

The non-controlling interests for subsidiaries are, in the opinion of the directors, not material to the Group except for those of Colex Holdings Limited and its subsidiaries. Set out below is the summarised financial information of Colex Holdings Limited and its subsidiaries, presented before inter-company eliminations:

Summarised balance sheet

	31 December	
	2019 \$'000	2018 \$'000
Current		
Assets	33,998	31,045
Liabilities	(5,693)	(6,179)
Total net current assets	28,305	24,866
Non-current		
Assets	20,260	18,934
Liabilities	(5,524)	(2,584)
Total net non-current assets	14,736	16,350
Net assets	43,041	41,216

Summarised income statement

	For the year ended 31 December	
	2019 \$'000	2018 \$'000
Revenue	66,847	69,301
Expenses	(65,018)	(66,948)
Profit before income tax	3,083	3,883
Income tax expense	(595)	(652)
Profit after tax and total comprehensive income	2,488	3,231
Total comprehensive income allocated to non-controlling interests	524	680
Dividends paid to non-controlling interests	140	154

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. SUBSIDIARIES (CONTINUED)

(c) Summarised financial information of subsidiaries with material non-controlling interests (continued) *Summarised cash flows*

	For the year ended 31 December	
	2019	2018
	\$'000	\$'000
<u>Cash flows from operating activities</u>		
Cash generated from operations	6,498	6,907
Interest received	173	135
Income tax paid	(530)	(138)
Net cash generated from operating activities	6,141	6,904
Net cash used in investing activities	(1,713)	(3,410)
Net cash used in financing activities	(1,378)	(729)
Net increase in cash and bank balances	3,050	2,765
Cash and bank balances at beginning of year	19,458	16,693
Cash and bank balances at end of year	22,508	19,458

10. GOODWILL

	2019	2018
	\$'000	\$'000
The Group		
<u>Cost</u>		
Beginning of financial year	20,752	22,257
Acquisition of a business (Note 44)	930	–
Currency translation differences	(352)	(1,505)
End of financial year	21,330	20,752
<u>Accumulated impairment</u>		
Beginning of financial year	10,853	11,518
Currency translation differences	(152)	(665)
End of financial year	10,701	10,853
Net book value	10,629	9,899

Impairment test for goodwill

For the purpose of goodwill impairment testing, goodwill has been allocated to the CGU within the Group's hotel business segment as follows:

	2019	2018
	\$'000	\$'000
Hotel operations – Australia	9,707	9,899
Hotel operations – Morocco	922	–
	10,629	9,899

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. GOODWILL (CONTINUED)

Impairment test for goodwill (continued)

Hotel operations – Australia

The recoverable amount of the CGU in which goodwill has been attributable to was based on the fair value less costs of disposal, determined using the income capitalisation and discounted cash flow method by the Group's independent professional valuer using cash flow projections of 5 to 10 years.

The key assumptions used in the calculation of the recoverable amount in respect of discount rate, terminal yield rate and income capitalisation rate are set out below. The values assigned to the key assumptions represent management's assessment of future growth in income and capital values trends and have been based on historical data from both external and internal sources.

	2019	2018
Discount rate	7.5%	8%
Terminal yield rate	6%	7%
Income capitalisation rate	5.5%	6%

In making these estimates, management has relied on comparable hotel sales and transactions where such yields are purported to reflect expectations of future growth in income and capital value.

The discount rate used is based on an analysis of comparable hotel sales. The income capitalisation rate is derived from the yields indicated by sales of similar property investments. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation techniques used.

An increase in the discount rate or terminal yield rate by 0.25% would result in impairment of \$21,000 and \$366,000 respectively.

Hotel operations – Morocco

The Group recognised provisional goodwill arising from the acquisition of a hotel and certain properties in Marrakech, Morocco in September 2019 (Note 44), and has not completed the purchase accounting as at 31 December 2019. There have been no major events or deterioration of business conditions since the acquisition date.

11. FINANCIAL ASSETS, AT FVOCI

	2019 \$'000	2018 \$'000
The Group		
Beginning of financial year	9,517	16,357
Fair value gains/(losses) recognised in other comprehensive income [Note 22(a)]	1,613	(7,830)
Additions	2,500	990
Disposals [Note (11(a))]	(5,624)	–
End of financial year	8,006	9,517

	2019 \$'000	2018 \$'000
The Group		
Financial assets at FVOCI are analysed as follows:		
Quoted equity investments – Singapore	8,006	5,375
Quoted equity investments – United States	–	4,142
	8,006	9,517

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. FINANCIAL ASSETS, AT FVOCI (CONTINUED)

- (a) During the financial year ended 31 December 2019, the Group disposed listed equity securities as the underlying investments were no longer aligned with the Group's long-term investment strategy. These investments had a fair value of \$5,624,000 at the date of disposal, and the cumulative gain on disposal amounted to \$108,000 net of tax. The cumulative gain on disposal was reclassified from fair value reserve to retained profits.
- (b) The fair value of quoted equity investments are determined by reference to New York Stock Exchange and Singapore Exchange Securities quoted prices.

12. CLUB MEMBERSHIPS

	2019 \$'000	2018 \$'000
The Company and The Group		
Club memberships with indefinite life, at cost	21	21
Market value of club memberships	21	21

No further adjustment has been made to reflect the book value to the fair value as the directors deem the adjustments as immaterial.

13. RENTAL LEASE RECEIVABLES

	2019 \$'000	2018 \$'000
The Group		
Rental lease receivables	510	346
Less: Current portion (Note 18)	(218)	(192)
Non-current portion	292	154

Rental lease receivables represent the aggregate cost of incentives provided to the lessees (Note 8) and are recognised as a reduction of rental income over the lease term, on a straight-line basis.

14. LONG-TERM PREPAYMENTS AND DEPOSITS

	2019 \$'000	2018 \$'000
The Group		
Prepayments for construction of hotel resorts [Note 14(a)]	1,910	22,301
GST receivable [Note 14(b)]	964	2,038
Lease rent prepayments due after 1 year [Note 14(c)]	–	3,319
Deposits	–	177
	2,874	27,835

- (a) As at 31 December 2019, prepayments for construction of hotel resorts relate to prepayments made to contractors for the construction of the hotel resorts in Tunisia. Prepayments as at 31 December 2018 relate to prepayments made to contractors for the construction of the hotel resorts in Bintan, Maldives, and Tunisia.
- (b) GST receivable relates to the input tax on construction activities of the resort on the island of Dhigurah, Maldives, which shall be deducted from the output tax equally over 36 months from the commencement of resort operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. LONG-TERM PREPAYMENTS AND DEPOSITS (CONTINUED)

(c) Lease rent prepayments

	31 December 2018 \$'000
The Group	
Lease rent prepayments	3,503
Less: Current portion (Note 18)	(184)
Non-current portion	3,319

Included within lease rent prepayments as at 31 December 2018 are prepayments made to the Government of Maldives for the lease of an island in the Maldives for the purpose of developing and operating a tourist resort. The lease is for a period of 50 years commencing from 10 July 2011. Long-term prepayments are charged to profit or loss on the straight-line basis over the lease term.

Long-term prepayments were reclassified to right-of-use assets on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.1.

15. DEFERRED INCOME TAXES

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

	2019 \$'000	2018 \$'000
The Group		
Deferred tax assets	(1,581)	(72)
Deferred tax liabilities	18,595	18,053
Net deferred tax liabilities	17,014	17,981

Movements in deferred income tax liabilities/(assets) accounts are as follows:

	2019 \$'000	2018 \$'000
The Group		
Beginning of financial year	17,981	17,625
Currency translation differences	(206)	(945)
Tax (credited)/charged to profit or loss (Note 32)		
– current year	(791)	(1,249)
– underprovision in respect of previous years	30	480
Tax charged to other comprehensive income [Note 22(c)]	–	2,070
End of financial year	17,014	17,981

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. DEFERRED INCOME TAXES (CONTINUED)

The movements in deferred income tax assets and liabilities are as follows:

The Group	Accelerated	Revaluation	Tax	Lease	Others	Total
	tax					
	depreciation					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2019	18,255	4,044	(3,717)	–	(601)	17,981
(Credited)/charged to profit or loss	765	1,027	(1,990)	(611)	48	(761)
Currency translation differences	(101)	24	7	–	(136)	(206)
At 31 December 2019	18,919	5,095	(5,700)	(611)	(689)	17,014
At 1 January 2018	19,815	2,201	(3,719)	–	(672)	17,625
(Credited)/charged to profit or loss	(753)	(78)	43	–	19	(769)
Charged to other comprehensive income	–	2,070	–	–	–	2,070
Currency translation differences	(807)	(149)	(41)	–	52	(945)
At 31 December 2018	18,255	4,044	(3,717)	–	(601)	17,981

The losses incurred by the Company, which is an investment holding company, are not available to offset against future taxable profits under relevant sections of the Income Tax Act.

Subject to agreement with the relevant tax authorities, the Group has unrecognised capital allowances amounting to \$962,000 (2018: \$893,000) and tax losses amounting to \$90,546,000 (2018: \$85,553,000) respectively available for offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised capital allowances and tax losses in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

16. INVENTORIES

The Group	2019	2018
	\$'000	\$'000
Spare parts	1,458	1,029
Consumables	4,492	1,651
Food and beverages	2,368	1,544
	8,318	4,224
Cost of inventories sold	20,068	18,348

The Group wrote back \$70,000 of inventory in 2019 as the Group had sold all the goods that were written down at original cost. The Group wrote-down \$18,000 of inventory in 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17. FINANCIAL ASSETS, AT FVPL

	2019 \$'000	2018 \$'000
The Group		
Beginning of financial year	–	–
Additions	3,000	–
End of financial year	3,000	–
	2019 \$'000	2018 \$'000
The Group		
<i>Non-current</i>		
Non-listed debt instruments – Convertible bond	3,000	–

The instruments are mandatorily measured at fair value through profit or loss.

18. TRADE AND OTHER RECEIVABLES

	The Company		The Group	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Trade receivables:				
– third parties	–	–	20,963	18,435
– related company	–	–	127	133
– ultimate holding company	–	–	11	9
	–	–	21,101	18,577
Loss allowance	–	–	(1,118)	(1,044)
Net trade receivables	–	–	19,983	17,533
Other receivables:				
Deposits	1	1	1,079	628
Staff loans	–	–	41	94
VAT recoverable	–	–	5,038	3,074
Prepayments	15	121	4,485	5,348
Advance payment to contractor	–	–	1,015	–
Rental lease receivables due within 1 year (Note 13)	–	–	218	192
Lease rent prepayments due within 1 year [Note 14(c)]	–	–	–	184
Others	–	–	1,377	701
	16	122	13,253	10,221
	16	122	33,236	27,754

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Singapore Dollar	16	122	14,881	14,512
Tunisian Dinar	–	–	6,716	4,617
Mauritian Rupee	–	–	2,893	1,449
Euro	–	–	995	1,371
United States Dollar	–	–	4,380	3,122
Australian Dollar	–	–	1,770	1,535
Others	–	–	1,601	1,148
	16	122	33,236	27,754

Included in trade receivables is an amount of \$138,000 (2018: \$142,000) owing by companies controlled by a director of the Company.

19. ADVANCES TO/FROM SUBSIDIARIES (NON-TRADE)

(a) Advances to subsidiaries (non-trade)

	2019 \$'000	2018 \$'000
The Company		
Advances to subsidiaries	20,719	22,146
Allowance for impairment	(17,556)	(16,899)
	3,163	5,247

The advances to subsidiaries represent advances which are unsecured and interest-free. They have no repayment terms and are repayable on demand.

Advances to subsidiaries are denominated in the following currencies:

	2019 \$'000	2018 \$'000
The Company		
Singapore Dollar	1,359	3,804
Australian Dollar	1,794	1,432
United States Dollar	10	11
	3,163	5,247

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. ADVANCES TO/FROM SUBSIDIARIES (NON-TRADE) (CONTINUED)

(b) Advances from subsidiaries (non-trade)

The advances from subsidiaries represent advances which are unsecured and interest-free. They have no repayment terms and are repayable on demand.

Advances from subsidiaries are denominated in the following currencies:

	2019 \$'000	2018 \$'000
The Company		
Singapore Dollar	256,453	252,785
Mauritian Rupee	1,410	1,074
	257,863	253,859

20. CASH AND BANK BALANCES

	The Company		The Group	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Fixed deposits	–	–	19,105	14,793
Cash and bank balances	1,465	4,794	27,356	49,177
	1,465	4,794	46,461	63,970

For the purpose of presenting the consolidated statement of cash flows, cash and bank balances comprise the following:

	2019 \$'000	2018 \$'000
The Group		
Fixed deposits	19,105	14,793
Cash and bank balances	27,356	49,177
	46,461	63,970
Less: Bank overdrafts (Note 23)	(78)	(10)
	46,383	63,960

Cash and bank balances are denominated in the following currencies:

	The Company		The Group	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Singapore Dollar	1,255	3,004	30,930	53,510
Tunisian Dinar	–	–	4,321	1,779
Mauritian Rupee	–	–	1,569	1,067
Euro	4	1,366	1,675	2,470
United States Dollar	182	187	3,141	2,020
Australian Dollar	12	12	786	782
Morocco Dirham	–	–	2,473	–
Others	12	225	1,566	2,342
	1,465	4,794	46,461	63,970

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. CASH AND BANK BALANCES (CONTINUED)

The fixed deposits mature between 1 and 6 months (2018: 3 and 5 months) from the end of the financial year with the following weighted average effective interest rates per annum:

	The Company		The Group	
	2019	2018	2019	2018
	%	%	%	%
Singapore Dollar	–	–	1.85	1.41
Tunisian Dinar	–	–	11.58	11.27

Fixed deposits are recallable on demand by the Group based on the cash flows requirements of the Group without incurring any significant penalties and interest costs.

21. SHARE CAPITAL

	← No. of ordinary shares →		← Amount →	
	Issued share capital	Treasury shares	Share capital \$'000	Treasury shares \$'000
The Company and The Group				
<u>2019</u>				
Beginning and end of financial year	401,516,968	–	254,139	–
<u>2018</u>				
Beginning of financial year	401,844,568	–	254,139	–
Shares repurchased	–	327,600	–	434
Shares cancelled	(327,600)	(327,600)	–	(434)
End of financial year	401,516,968	–	254,139	–

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

During the financial year ended 31 December 2019, the Company repurchased Nil (2018: 327,600) ordinary shares paid for in cash. These shares were then cancelled.

22. OTHER RESERVES

	2019	2018
	\$'000	\$'000
The Group		
Fair value reserve	(5,352)	(6,857)
Currency translation reserve	(71,659)	(71,611)
Revaluation surplus reserve	11,921	11,921
Premium paid on acquisition of non-controlling interests	(37,670)	(37,670)
Hedging reserve	–	(7)
	(102,760)	(104,224)
Represented by:		
Non-distributable	(102,760)	(104,224)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22. OTHER RESERVES (CONTINUED)

The movements in other reserves are as follows:

(a) Fair value reserve

	2019	2018
	\$'000	\$'000
The Group		
Beginning of financial year	(6,857)	973
Financial assets, at FVOCI		
– Fair value gains/(losses) (Note 11)	1,613	(7,830)
Transfer to retained profits upon disposal of equity investment in financial asset, at FVOCI	(108)	–
End of financial year	(5,352)	(6,857)

The fair value reserve arises from net fair value gains on revaluation of financial assets, at FVOCI held as at the end of reporting period.

(b) Currency translation reserve

	2019	2018
	\$'000	\$'000
The Group		
Beginning of financial year	(71,611)	(63,535)
Net currency translation losses of financial statements of foreign subsidiaries	(75)	(8,099)
Less: Non-controlling interests	27	23
End of financial year	(71,659)	(71,611)

Currency translation reserve arises from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the functional currency of the Company.

(c) Revaluation surplus reserve

	2019	2018
	\$'000	\$'000
The Group		
Beginning of financial year	11,921	5,730
Revaluation gain [Note 5(a)]	–	8,280
Tax on revaluation gain [Note 5(a)]	–	(2,070)
	–	6,210
Less: Non-controlling interests	–	(19)
End of financial year	11,921	11,921

Revaluation surplus reserve arises from the revaluation of property, plant and equipment prior to its reclassification to investment properties in accordance with the requirements of SFRS(I) 1-40.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22. OTHER RESERVES (CONTINUED)

The movements in other reserves are as follows: (continued)

(d) Premium paid on acquisition of non-controlling interests

	2019 \$'000	2018 \$'000
The Group		
Beginning of financial year	(37,670)	(37,607)
Change in interest of a subsidiary [(Note 9(b))]	–	(63)
End of financial year	(37,670)	(37,670)

Premium paid on acquisition of non-controlling interests relates to the changes in a parent's ownership in a subsidiary that do not result in the parent losing control of the subsidiary and are reflected as equity transactions. Please refer to Note 9 to the financial statements on acquisition of non-controlling interests.

(e) Hedging reserve

	2019 \$'000	2018 \$'000
The Group		
Interest rate risk		
Beginning of financial year	(7)	(137)
Fair value gains	7	35
Reclassification to profit or loss (Note 31)	–	95
End of financial year	–	(7)

The hedging reserve comprised the effective portion of the accumulated net change in the fair value of interest rate swaps (Note 26) for hedged transactions that had not occurred.

23. BORROWINGS

	The Company		The Group	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Non-current				
Bank borrowings – secured	150,000	25,000	150,941	66,364
	150,000	25,000	150,941	66,364
Current				
Bank overdrafts – unsecured	–	–	78	10
Bank borrowings – secured	85,304	186,222	188,482	251,170
	85,304	186,222	188,560	251,180
Total borrowings	235,304	211,222	339,501	317,544

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. BORROWINGS (CONTINUED)

(a) Bank borrowings and bank overdrafts

- (i) The exposure of the bank borrowings and bank overdrafts of the Company and of the Group to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	The Company		The Group	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
6 months or less	235,304	211,222	339,501	317,544

- (ii) The bank borrowings are repayable on monthly or quarterly basis between the earliest date in 2020 and the latest date in 2025 and are secured by:

- local subsidiary's investment property [Note 5(d)], including rental proceeds, interests in tenancy agreements and insurance policies;
- a local subsidiary's freehold land and buildings [Note 6(d)], including rental proceeds, interests in tenancy agreements, interests in hotel management agreements and insurance policies;
- a foreign subsidiary's freehold land and buildings, equipment [Note 6(d)] and business; and
- a foreign subsidiary's freehold land and building, and equipment [Note 6(d)], including rental proceeds, interests in tenancy agreements, interests in hotel management agreements and insurance policies.

(b) Total borrowings are denominated in the following currencies:

	The Company		The Group	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Singapore Dollar	155,000	132,700	155,000	136,550
United States Dollar	80,304	78,522	80,304	78,522
Tunisian Dinar	–	–	1,748	2,607
Australian Dollar	–	–	72,408	99,865
Euro	–	–	30,041	–
	235,304	211,222	339,501	317,544

(c) Carrying amounts and fair values

The fair values of current and non-current borrowings approximate their carrying values. The fair values are within Level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. LONG-TERM LIABILITIES

	2019	2018
	\$'000	\$'000
The Group		
Deferred lease liabilities	–	3,179
Gratuity on retirement [Note 24(a)]	849	947
Long-term payables (retention sums) [Note 24(b)]	3,374	7,493
Provision for dismantlement and restoration cost	740	740
Long-term end-of-service benefits	547	506
Rental deposits	3,817	3,246
Others	492	626
	9,819	16,737

(a) Gratuity on retirement

	2019	2018
	\$'000	\$'000
The Group		
Present value of obligation at 1 January	947	929
Charged to profit or loss:		
– Current service cost	60	68
– Interest cost	46	51
– Settlement gain on obligation	(47)	(44)
	59	75
Contributions and direct benefits paid	(114)	(46)
Remeasurement of retirement benefits	20	(10)
Currency translation differences	(63)	(1)
Present value of obligation at 31 December	849	947

Gratuity on retirement is denominated in Mauritian Rupee.

The significant actuarial assumptions are as follows:

(i) Financial assumptions

	2019	2018
Discount rate (per annum)	5%	6%
Salary increase (per annum)	5%	5%

(ii) A special set of assumptions which takes into account the probability of a retrenchment exercise occurring in the Group have been used. Under these assumptions, the probability of withdrawal is as follows:

Age now (years)	Probability of withdrawal
Up to 40	20%
Up to 45	2%
45 – 60	0%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. LONG-TERM LIABILITIES (CONTINUED)

(a) Gratuity on retirement (continued)

(iii) The sensitivity of the gratuity on retirement to changes in the weighted principal assumptions is:

	Impact on Gratuity on Retirement		
	Change in assumption	Increase in assumption \$'000	Decrease in assumption \$'000
Discount rate	1%	(106)	126
Salary	1%	125	(107)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. When calculating the sensitivity of the gratuity on retirement to significant actuarial assumptions, the same method (present value of the gratuity on retirement calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statements of financial position. The method and type of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (b) Long term payables relate to retention sums payable to contractors for construction of hotel resorts in Bintan and Maldives.
- (c) Total long-term liabilities are denominated in the following currencies:

	2019 \$'000	2018 \$'000
The Group		
Singapore Dollar	7,175	6,150
Tunisian Dinar	1,039	1,133
Mauritian Rupee	849	947
United States Dollar	756	7,707
Others	–	800
	9,819	16,737

25. LEASE LIABILITIES

	2019 \$'000	2018 \$'000
The Group		
Lease liabilities		
– Current	443	–
– Non-current	44,338	–
	44,781	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. LEASE LIABILITIES (CONTINUED)

Lease liabilities are denominated in the following currencies:

The Group	2019 \$'000	2018 \$'000
Mauritian Rupee	7,003	–
Singapore Dollar	3,693	–
United States Dollar	34,085	–
	44,781	–

26. DERIVATIVE FINANCIAL INSTRUMENTS

The Group	Contract notional amount \$'000	Fair value	
		Asset \$'000	Liability \$'000
2018			
Cash-flow hedges – Current			
– Interest rate swap	42,084	–	(7)

Hedging instruments used in Group's hedging strategy in 2018:

Group	Financial statement line item	Changes in fair value used for calculating hedge ineffectiveness		Hedge ineffectiveness recognised in P&L* \$'000	Weighted average hedged rate	Maturity date
		Hedging instrument \$'000	Hedged item \$'000			
Cash flow hedge						
Interest rate risk						
– Interest rate swap to hedge floating rate borrowings	Derivative financial instruments	35	(35)	–	2.12%	2019

* All hedge ineffectiveness and costs of hedging are recognised in profit and loss within "other operating expenses".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. TRADE AND OTHER PAYABLES

	The Company		The Group	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Trade payables	–	–	16,090	14,091
Rental deposits	–	–	1,380	2,691
Liabilities incurred for capital expenditure	–	–	564	449
Deferred income	–	–	227	34
Social security contributions	–	–	1,559	762
Employee benefits	22	21	1,907	1,515
GST payable	–	–	990	649
Other taxes payable	–	–	1,639	1,744
Contract liabilities	–	–	4,622	5,092
Advance payments received	–	–	967	64
Accrued staff costs	321	408	3,060	3,269
Accrued operating expenses	626	708	7,487	7,668
	969	1,137	40,492	38,028

The carrying amounts have been assessed to be a reasonable approximation of their fair values due to their short-term nature.

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Singapore Dollar	969	1,137	17,773	18,766
Tunisian Dinar	–	–	4,874	5,148
Mauritian Rupee	–	–	3,614	4,289
Euro	–	–	620	–
United States Dollar	–	–	7,921	5,157
Australian Dollar	–	–	1,598	1,476
Tanzanian Shilling	–	–	907	1,907
Indonesian Rupiah	–	–	1,786	1,263
Moroccan Dirham	–	–	1,386	–
Others	–	–	13	22
	969	1,137	40,492	38,028

Further details of liquidity risks on trade and other payables are disclosed in Note 40(e).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. OTHER INCOME AND OTHER GAINS

The Group	2019	2018
	\$'000	\$'000
<i>Interest income:</i>		
Financial assets measured at amortised cost		
– Bank deposits	742	217
– Others	–	26
	742	243
Financial assets measured at FVPL	199	–
	941	243
<i>Other income:</i>		
Management fee charged to related companies	279	296
Government grants on special employment benefits	1,111	1,473
Others	323	645
	1,713	2,414
<i>Other gains:</i>		
Fair value gains on investment properties	2,587	2,853
Gain on disposal of property, plant and equipment	49	103
Foreign exchange gains	1,784	1,454
	4,420	4,410
	7,074	7,067

29. EMPLOYEE BENEFIT COSTS

The Group	2019	2018
	\$'000	\$'000
Directors		
– Salaries and related costs		
– Directors of the Company	1,298	1,309
– Directors of subsidiaries	1,041	1,358
– Defined contributions	47	52
	2,386	2,719
Other than directors		
– Salaries and related costs	74,553	72,504
– Defined contributions	6,648	6,792
	81,201	79,296
	83,587	82,015

The Group regards the executive directors of the Company and of its subsidiaries as key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. OTHER OPERATING EXPENSES

The Group	2019	2018
	\$'000	\$'000
Audit fee		
– Auditor of the Company	328	303
– Other auditors	349	289
Non-audit fee		
– Auditor of the Company	43	73
– Other auditors	105	32
Bank charges	524	513
Directors' fees		
– Directors of the Company	202	202
– Other directors of subsidiaries	86	89
Lease rental expenses	–	1,178
Property, plant and equipment written off	657	598
Loss on disposal of property, plant and equipment	–	98
Fair value loss on investment properties	844	4,360
Upkeep of office and hotel premises	833	735
Credit card commission	3,262	3,137
IT expenses	633	558
Distillate and service fee	3,145	3,014
Dumping fees	20,257	19,926
Entertainment	1,102	1,007
Equipment expenses	1,446	2,170
Insurance	1,593	1,418
Labour and sub-contractor charges	2,276	3,259
Professional fees	4,581	1,731
Acquisition-related costs	1,831	–
Licence fees	1,650	1,765
Marketing	7,138	6,290
Operating supplies	5,597	4,039
Printing and stationery	441	391
Property tax	4,134	4,123
Repair and maintenance	8,827	8,692
Telecommunication charges	439	246
Travelling and transportation expenses	1,070	898
Utilities	6,245	5,547
Others	2,416	2,972
	82,054	79,653

Other expenses comprise mainly of compliance expenses and hotel related operating costs such as room amenities, laundry and training expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31. FINANCE COSTS

The Group	2019	2018
	\$'000	\$'000
Finance costs		
– Bank overdrafts	3	19
– Bank borrowings	9,052	6,941
– Lease liabilities/finance lease liabilities	2,011	1
– Others	3	–
	11,069	6,961
Cash flow hedges reclassified from hedging reserve [Note 22(e)]	–	95
	11,069	7,056
Less: Amount capitalised in property, plant and equipment	(2,088)	–
Amount recognised in profit or loss	8,981	7,056

Finance costs on general borrowings were capitalised at a rate of 4.65% per annum.

32. TAXATION

The Group	2019	2018
	\$'000	\$'000
Current income tax	6,320	6,639
Deferred income tax (Note 15)	(791)	(1,249)
	5,529	5,390
(Over)/under provision in respect of previous years		
– current income tax	(39)	(815)
– deferred income tax (Note 15)	30	480
	(9)	(335)
	5,520	5,055

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the respective domestic income tax rates is as follows:

The Group	2019	2018
	\$'000	\$'000
Profit before taxation	9,868	17,891
Tax at domestic rate applicable to profits in the countries concerned ⁽¹⁾	1,436	2,073
Effects of:		
– Singapore statutory stepped income exemption	(99)	(113)
– Income not subject to tax	(678)	(1,359)
– Non-deductible expenses	3,592	3,734
– Tax incentives	(17)	(46)
– Tax rebate	(30)	(31)
– Utilisation of previously unutilised tax benefits	(21)	–
– Deferred income tax assets on temporary differences not recognised	1,351	1,158
– Others	(5)	(26)
– Over provision in prior years	(9)	(335)
	5,520	5,055

(1) This is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. DIVIDENDS

	2019 \$'000	2018 \$'000
The Company and The Group		
Ordinary dividends paid:		
First and final tax-exempt (1-tier) dividend paid in respect of the previous financial year of 1.6 cents (2018: 1.6 cents) per share	6,424	6,430

34. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue of 401,516,968 (2018: 401,669,061) shares during the financial year.

	2019	2018
Net profit attributable to equity holders of the Company (\$'000)	3,815	12,165
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	401,517	401,669
Basic earnings per share (cents per share)	0.95	3.03
Diluted earnings per share (cents per share)	0.95	3.03

The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the period, adjusted by the repurchase and cancellation of ordinary shares (Note 21) during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the ordinary shares are outstanding as a proportion of the total number of days in the year.

For the purpose of calculating diluted earnings per share, profit attributable to owners of the parent of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential shares. As there are no dilutive potential ordinary shares that were outstanding during the year, the basic earnings per share is therefore the same as the diluted earnings per share.

35. COMMITMENTS

(a) Capital commitments

	2019 \$'000	2018 \$'000
The Group		
Capital expenditure contracted for purchase of property, plant and equipment	5,978	23,814

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35. COMMITMENTS (CONTINUED)

(b) Operating lease commitments

(i) Where the Group is the lessee

The Group leases land, staff accommodation and equipment from non-related parties under non-cancellable operating lease agreements.

As at 31 December 2018, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

The Group	2018 \$'000
Not later than one year	3,704
Later than one year and not later than five years	13,550
Later than five years	98,210
	115,464

As disclosed in Note 2.1, the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the statement of financial position as at 31 December 2019, except for short-term and low value leases.

(ii) Where the Group is the lessor

The Group leases out commercial premises to non-related parties under non-cancellable operating leases with term of more than one year.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of reporting period but not recognised as receivables, are as follows:

The Group	31 December 2018 \$'000
Not later than one year	17,503
Later than one year and not later than five years	24,920
Later than five years	365
	42,788

On 1 January 2019, the Group has adopted SFRS(I) 16 and the undiscounted lease amounts from the operating leases to be recognised after 31 December 2019 is disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. CONTINGENT LIABILITIES

The Company

The Company has issued corporate guarantees to a bank for borrowings of subsidiaries. These bank borrowings amount to \$55,749,000 (2018: \$57,034,000) at the end of the reporting period. As at 31 December 2019 and 31 December 2018, the fair values of the corporate guarantee determined based on the expected loss arising from the risk of default is insignificant.

37. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following are transactions with related parties:

(a) Sales and purchases of goods and services

	2019 \$'000	2018 \$'000
Cleaning service fee and waste disposal fee income from a company controlled by a director	233	237
Management fee income from:		
– Ultimate holding company	16	20
– Company controlled by a director	263	276
Sale of goods to a company controlled by a director	26	110
Rental income from a company controlled by a director	21	16
Rental expense paid to a company controlled by a director	16	27
Cleaning service to a director	13	8

Outstanding balances at 31 December 2019, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from the reporting date and are disclosed in Notes 18, 19 and 27 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	2019 \$'000	2018 \$'000
The Group		
Wages and salaries	2,339	2,667
Employer's contribution to defined contribution plans, including Central Provident Fund	47	52
	2,386	2,719

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

38. OPERATING SEGMENTS

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's reportable operating segments are as follows:

(a) **Rental**

Operations in this segment comprise the owning and letting of properties.

(b) **Hotel**

Activities in this segment include development and operation of hotels and a golf course.

(c) **Industrial**

This segment of activities covers waste collection and disposal and contract cleaning.

(d) **Investment**

These activities relate to securities trading and investment holding.

(e) **Development**

Activities in this segment include the development of properties.

(f) **Others**

Operations in this segment include mainly the provision of management services and the operation of restaurants. Unallocated net expenses incurred by the Group are included here.

Except as indicated above, there are no operating segments that have been aggregated to form the above reportable operating segments.

The Managing Director is the Group's chief operating decision-maker and monitors the operating results of the Group's operating segments for the purpose of making decisions about resource allocation and performance assessment. The Managing Director assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and excluding the effects of fair value and other gains and losses ("Segment results") which are not operational in nature.

Group financing and income taxes are managed on a group basis and are not allocated to operating segments.

The amounts provided to the Managing Director with respect to total assets and total liabilities are measured in a manner consistent with that of these financial statements. All assets and all liabilities are allocated to reportable segments other than tax assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

38. OPERATING SEGMENTS (CONTINUED)

(a) Business segments

	Rental		Hotel		Industrial		Investment		Development		Others		Consolidated	
	2019 \$'000	2018 \$'000												
Revenue														
External revenue	22,029	23,895	138,137	130,927	65,725	68,195	114	139	-	-	1,773	1,576	227,778	224,732
Inter-segment revenue	155	210	1,436	1,296	1,121	1,106	-	-	-	-	17,113	23,126	19,825	25,738
Total revenue	22,184	24,105	139,573	132,223	66,846	69,301	114	139	-	-	18,886	24,702	247,603	250,470
Result														
Segment results*	15,115	29,186	29,186	31,696	7,062	7,059	39	109	(7)	(7)	(774)	(2,687)	50,621	52,954
Acquisition costs	-	-	(1,831)	-	-	-	-	-	-	-	-	-	(1,831)	-
Re-development related costs	(2,401)	-	-	-	-	-	-	-	-	-	-	-	(2,401)	-
Net fair value gain/(loss) on investment properties	1,743	(1,507)	-	-	-	-	-	-	-	-	-	-	1,743	(1,507)
Depreciation of property, plant and equipment*	(113)	(64)	(25,679)	(22,920)	(4,002)	(3,335)	-	-	-	-	(430)	(424)	(30,224)	(26,743)
Finance costs*													(8,981)	(7,056)
Interest income													941	243
Profit before income tax													9,868	17,891

* See (c) below for details regarding the impact of changes in the Group's accounting policies on segment information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

38. OPERATING SEGMENTS (CONTINUED)

(a) Business segments (continued)

	Rental		Hotel		Industrial		Investment		Development		Others		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	551,107	549,204	722,746	667,220	54,258	49,979	11,115	9,585	15	13	2,796	6,423	1,342,037	1,282,424
Unallocated assets														
– deferred tax assets													1,581	72
– tax recoverable													3,060	2,345
Consolidated total assets													1,346,678	1,284,841
Segment liabilities	6,485	7,215	182,595	146,121	8,837	6,448	19	20	4	5	236,653	212,507	434,593	372,316
Unallocated liabilities														
– deferred tax liabilities													18,595	18,053
– current tax payable													7,631	7,922
Consolidated total liabilities													460,819	398,291
OTHER SEGMENT INFORMATION														
Capital expenditure														
– property, plant and equipment	74	24	46,456	59,373	1,931	3,503	–	–	–	–	74	275	40,535	63,175
– investment properties	349	33,022	–	–	–	–	–	–	–	–	–	–	349	33,022
Property, plant and equipment written off	(2)	4	488	488	145	105	–	–	–	–	26	1	657	598

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

38. OPERATING SEGMENTS (CONTINUED)

(b) Geographical segments

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

	2019 \$'000	2018 \$'000
Revenue		
Singapore	141,915	146,069
Tunisia	13,039	11,865
Mauritius	16,017	18,539
Zanzibar	11,332	11,499
Maldives	19,800	15,741
Australia	13,607	16,143
Indonesia	8,976	4,876
Morocco	3,092	–
	227,778	224,732
Non-current assets		
Singapore	656,882	659,727
Tunisia	71,163	58,751
Mauritius	20,177	14,247
Zanzibar	19,114	19,937
Maldives	276,374	248,187
Australia	105,848	111,031
Indonesia	66,651	64,902
Morocco	26,807	–
	1,243,016	1,176,782

All segment revenue and expense are directly attributable to the segments. There is no revenue from transactions with a single external customer that amounts to 10 per cent or more of the Group's revenues.

(c) Changes in accounting policy

(i) The adoption of the new leasing standard described in Note 2.1 had the following impact on the segment results in the current year:

	Segment results before adoption of SFRS(I) 16 \$'000	Rental expenses under SFRS(I) 1-17, when the Group is a lessee \$'000	Segment results after adoption of SFRS(I) 16 \$'000
Rental	15,080	35	15,115
Hotel	26,746	2,440	29,186
Industrial	6,308	754	7,062
Investment	39	–	39
Development	(7)	–	(7)
Others	(783)	9	(774)
	47,383	3,238	50,621

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

38. OPERATING SEGMENTS (CONTINUED)

(c) Changes in accounting policy (continued)

- (ii) The recognition of ROU assets and lease liabilities on the statement of financial position resulted in an increase in depreciation and finance costs in the consolidated statement of comprehensive income in the current year as follows:

	Depreciation expense \$'000	Finance cost \$'000
Rental	39	1
Hotel	1,214	1,613
Industrial	635	189
Others	8	–
	1,896	1,803

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items above is not entirely comparable to the information disclosed for the prior year.

39. DISCLOSURE OF DIRECTORS' REMUNERATION

The following number of directors in the remuneration bands is disclosed in compliance with the SGX-ST Listing Manual:

	2019	2018
Remuneration bands		
\$500,000 and above	1	1
\$250,000 to \$499,999	2	1
Below \$250,000	3	4
	6	6

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and the Group's financial risk management policies set out the Company's and the Group's overall business strategies and its risk management philosophy. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, price risk and liquidity risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance. The Company and the Group use financial instruments such as interest rate swaps to hedge certain risk exposures.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies, evaluates and hedges financial risks in close co-operation with the Company's and the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures arising from bank borrowings and sales and purchases that are denominated in currencies other than the respective functional currencies of group entities, primarily Singapore Dollar (“SGD”). The foreign currencies in which these transactions are denominated are mainly the Tunisian Dinar (“TND”), Mauritian Rupee (“MUR”), Euro (“EUR”), Australian Dollar (“AUD”) and United States Dollar (“USD”). Exposures to foreign currency risk are monitored on an ongoing basis.

Sensitivity analysis for foreign currency risk

If the TND, MUR, EUR, AUD and USD all strengthened against the SGD by 5% (2018: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease)	
	2019	2018
	Profit	Profit
	net of tax	net of tax
	\$'000	\$'000
The Group		
TND	–	71
MUR	–	1
EUR	(1,162)	159
AUD	(1,399)	(2,089)
USD	(3,324)	(3,148)
The Company		
EUR	–	57
AUD	75	60
USD	(3,325)	(3,250)

If the TND, MUR, EUR, AUD and USD weakened against the SGD by 5% (2018: 5%) with all other variables including tax rate being held constant, it would have had the equal opposite effect on the amounts shown above, on the basis that all other variables remain constant.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company’s and the Group’s financial instruments will fluctuate because of changes in market interest rates.

The Company’s and the Group’s exposure to interest rate risk arises primarily from its debt obligations with financial institutions and its investment portfolio in fixed deposits. The Company’s and the Group’s policy is to manage interest costs by using a mix of fixed and floating rate debts.

The Company and the Group do not have any significant exposure to cash flow interest rate risk except for interest rate exposures to bank borrowings and bank overdrafts.

The Group enters into interest rate swaps with the same critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding amount of the borrowings. As all critical terms matched during the year, the economic relationship was 100% effective.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest rate risk (continued)

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedging relationship, and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

There was no ineffectiveness during 2019 in relation to the cash flow hedge.

Sensitivity analysis for interest rate risk

If SGD, TND, AUD, USD and EUR interest rates had been 50 (2018: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been higher/lower arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings:

	← Higher/(Lower) →	
	2019 Profit after tax \$'000	2018 Profit after tax \$'000
The Group		
SGD	643	567
TND	7	10
AUD	275	388
USD	333	326
EUR	125	–

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and the Company's major classes of financial assets subject to credit risk are trade and other receivables and cash and bank balances. For trade and other receivables, the Group adopts the policy of dealing only with customers and counterparties of appropriate credit history, and obtaining sufficient security such as deposits and bankers' guarantees where appropriate to mitigate credit risk. Bank deposits were mainly placed with financial institutions which have high credit ratings.

The Group has five main revenue streams – Rental, Hotel, Industrial, Investment, and Others. Credit exposure to individual customers or counterparties for the revenue streams mentioned above are generally restricted by credit limits that are approved by the respective management at the entity level based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and by Group management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

For trade receivables from leasing of property, the Group typically collects deposits or banker's guarantees amounting to three to five months of the monthly lease rental. All late payments are closely monitored and followed up with active pursuance or legal action, if necessary. The Group also regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's revenue from hotel operations do not give rise to significant trade receivables as the value of transactions are low and transactions are mainly settled through cash or credit card which have a short collection period. Management makes periodic collective assessments on the recoverability of trade receivables based on historical settlement records and experience of payment patterns. As the tourism sector is cyclical, management also makes concerted efforts to compare outstanding balances to revenue according to seasonal changes.

For trade receivables from the Industrial segment, credit assessment of each debtor is performed by management based on an evaluation of the payment history and credit profile of the debtor. Where applicable, credit exposure to an individual counterparty will be restricted by approved credit limits. The counterparty's payment profile and credit exposure are continuously monitored at the Group level by respective management.

There are no trade receivables from the Investment segment.

Trade receivables from Other revenue sources are individually small in amount, and do not represent significant credit risk. The Group monitors the balances for any sign of credit deterioration, and ensures that there are follow-up actions to recover debts that are overdue.

As the Group and the Company do not hold collateral the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as follows:

	2019 \$'000	2018 \$'000
Corporate guarantees provided to banks on subsidiaries' loans	52,149	57,034

The movements in credit loss allowance are as follows:

	Trade receivables ^(a)	
	2019 \$'000	2018 \$'000
The Group		
At 1 January	1,044	1,208
Loss allowance recognised in profit or loss during the year on:		
– Reversal of unutilised amounts	(16)	(35)
– Assets acquired/originated	86	128
	70	93
Receivables written off as uncollectible	(33)	(125)
Exchange differences	37	(132)
At 31 December	1,118	1,044

(a) Loss allowance measured at lifetime ECL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(c) Credit risk (continued)**

The Company	Advances to subsidiaries^(b)	
	2019	2018
	\$'000	\$'000
At 1 January	16,899	16,095
Loss allowance recognised in profit or loss during the year on:		
– Changes in credit risk	657	804
At 31 December	17,556	16,899

(b) Loss allowance measured at 12-months ECL

Cash and bank balances, other receivables, and amounts owing by subsidiaries are subject to immaterial credit loss.

(i) Trade receivables

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers within the revenue streams, including Rental, Hotel, Industrial, Investment, and Others, and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For the Group's Rental segment, management has considered, among other factors including forward-looking information, the Group's historical loss pattern and the existence of deposits and banker's guarantees. For the Group's Hotel segment, management has also considered the Group's historical loss pattern, as well as the relatively low value of transactions and the manner in which these are settled i.e. by cash and credit card. There are no material receivables from the Investment and Others segments. Based on the above, management concluded that the expected credit loss rate for trade receivables from these revenue streams is close to zero. The loss allowance provision for trade receivables was assessed as not material.

For the Group's Industrial segment, management has identified the gross domestic product (GDP) of the country in which it sells goods and services to be the most relevant factor in considering for adjustments to the historical loss rates, and accordingly adjusts the historical loss rates based on expected changes in the factor.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due. The Group considers a trade receivable as in default if the counterparty fails to make contractual payments within a commercially reasonable timeframe that is determined by the Group, and write off the trade receivable when there is no reasonable expectation of recovery. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(i) Trade receivables (Continued)

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2019 and 31 December 2018 are set out in the provision matrix as follows:

The Group	← Past due →					Total \$'000
	Current \$'000	Within 30 days \$'000	30 to 60 days \$'000	60 to 90 days \$'000	More than 90 days \$'000	
As at 31 December 2019						
Rental						
Trade receivables	145	–	–	–	–	145
Hotel						
Trade receivables	5,807	1,175	874	545	1,609	10,010
Loss allowance	–	–	–	30	1,033	1,063
Industrial						
Trade receivables	7,894	1,767	661	302	296	10,920
Loss allowance	–	4	2	2	47	55
Others						
Trade receivables	–	20	3	–	3	26
As at 31 December 2018						
Rental						
Trade receivables	177	–	–	–	–	177
Hotel						
Trade receivables	4,979	733	118	269	1,206	7,305
Loss allowance	–	104	12	61	825	1,002
Industrial						
Trade receivables	6,492	2,686	1,061	403	425	11,066
Loss allowance	–	4	3	3	32	42
Others						
Trade receivables	–	28	1	–	–	29

(ii) Cash and cash equivalents

The Group and the Company held cash and bank balances with banks which are considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(iii) Other receivables, amounts owing by subsidiaries and advances to subsidiaries (non-trade)

For other receivables, the Group has assessed that they are of low credit risk as the debtors have low risk of default. For amounts owing by subsidiaries and advances to subsidiaries (non-trade), the Group considers the subsidiaries' underlying assets and operations, including future business plans and cashflow projections in assessing for impairment. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical payment experience and the corresponding historical credit loss rates, and adjusts for forward-looking macroeconomic factors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

- (iii) *Other receivables, amounts owing by subsidiaries and advances to subsidiaries (non-trade)*
(continued)

These financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about events, including but not limited to significant financial difficulty of the borrower or a breach of contract, such as a default or past due event.

- (iv) *Financial guarantee contracts*

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company does not expect significant credit losses arising from these guarantees as its subsidiaries have the financial capacity to meet their contractual cash flow obligations.

(d) Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices. It represents the potential loss the Group might suffer through holding investments in the face of price movements. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector.

The Group is exposed to marketable securities price risk because of the investments held by the Group which are classified on the statement of financial position as financial assets, at FVOCI. These securities are listed on the New York Stock Exchange and Singapore Exchange Securities.

The Group is not exposed to commodity price risk. The Group has in place a set of internal controls to manage its market price risk arising from investments in marketable securities.

Market price sensitivity

If the price for equity securities listed in Singapore and the United States had been 2% (2018: 2%) higher/lower with all other variables including tax rate held constant, the effects on profit after tax and other comprehensive income would have been:

	← Increase/(Decrease) →		
	Profit after tax \$'000	Other comprehensive income \$'000	Equity \$'000
The Group			
31 December 2019			
Financial assets, at FVOCI			
– increased by	–	160	160
– decreased by	–	(160)	(160)
31 December 2018			
Financial assets, at FVOCI			
– increased by	–	190	190
– decreased by	–	(190)	(190)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Liquidity risk

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company and the Group manage their liquidity risk by ensuring the availability of funding through an adequate amount of credit facilities from financial institutions.

The table below analyses non-derivative financial liabilities of the Company and the Group into relevant maturity groupings based on the remaining period from the date of statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

The Group	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total \$'000
At 31 December 2019					
Trade and other payables (less deferred income, other taxes payable, contract liabilities, advance payments received and GST payable)	32,046	–	–	–	32,046
Borrowings	193,141	398	162,897	72	356,508
Long-term liabilities					
– Long-term payables (retention sum)	–	3,374	–	–	3,374
– Rental deposits	–	2,015	1,802	–	3,817
Lease liabilities	3,246	3,088	9,062	96,394	111,790
	228,433	8,875	173,761	96,466	507,535
At 31 December 2018					
Trade and other payables (less deferred income, other taxes payable, contract liabilities, advance payments received and GST payable)	30,445	–	–	–	30,445
Borrowings	257,931	27,552	41,591	114	327,188
Long-term liabilities					
– Long-term payables (retention sum)	–	7,493	–	–	7,493
– Rental deposits	–	2,344	902	–	3,246
	288,376	37,389	42,493	114	368,372

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(e) Liquidity risk (continued)**

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total \$'000
The Company					
At 31 December 2019					
Trade and other payables	969	–	–	–	969
Advances from subsidiaries (non-trade)	253,859	–	–	–	253,859
Borrowings	88,039	–	162,351	–	250,390
	342,867	–	162,351	–	505,218
At 31 December 2018					
Trade and other payables	1,137	–	–	–	1,137
Advances from subsidiaries (non-trade)	253,859	–	–	–	253,859
Borrowings	189,725	25,542	–	–	215,267
	444,721	25,542	–	–	470,263

The Company and the Group manage liquidity risk through management of cash flows from operating activities. The Group refinanced certain loans due in 2019 with a renewed maturity date in 2022. In addition, all borrowings undertaken by the Group are secured borrowings for which the estimated market values of pledged assets are in excess of the total facility amounts. The Group may also further leverage on unencumbered hotel properties for new credit facilities to ensure that the Group has an adequate amount of credit facilities.

The table below analyses the derivative financial instruments of the Group for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Total \$'000
The Group			
At 31 December 2018			
Net-settled interest rate swaps			
– Net cash out flow	7	–	7

At the end of the reporting period, the undrawn credit facilities for group funding requirements amounted to \$80,876,000 (2018: \$39,898,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. CAPITAL MANAGEMENT

The Company's and the Group's objectives when managing capital are:

- (i) To safeguard the Company's and the Group's ability to continue as a going concern;
- (ii) To support the Company's and the Group's stability and growth;
- (iii) To provide capital for the purpose of strengthening the Company's and the Group's risk management capability; and
- (iv) To provide an adequate return to shareholders.

The Company and the Group actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company and the Group currently do not adopt any formal dividend policy.

The Company and the Group monitor capital on the basis of the carrying amount of equity plus borrowings as presented in the statements of financial position.

Total capital is calculated as equity plus total borrowings.

	The Company		The Group	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Total borrowings	235,304	211,222	339,501	317,544
Total equity	333,899	332,104	885,859	886,550
Total capital	569,203	543,326	1,225,360	1,204,094
Gearing ratio	41.34%	38.88%	27.71%	26.37%

Gearing has a significant influence on the Company's and the Group's capital structure and the Company and the Group monitor capital using a gearing ratio. The Company and the Group monitor gearing closely but had not set a definite ratio as it depends on the operational and investments requirement of the Company and the Group. The gearing ratio is calculated as total borrowings divided by total capital.

The Company and the Group is in compliance with all externally imposed covenant obligations, including maintaining capital ratios for the financial years ended 31 December 2019 and 2018.

In order to maintain or adjust the capital structure, the Company and the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy-back issued shares, obtain new borrowings or sell assets to reduce debt.

There were no changes in the Company's and the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

42. FINANCIAL INSTRUMENTS

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Company \$'000	Group \$'000
31 December 2019		
Financial assets, at FVPL	–	3,000
Financial assets, at FVOCI	–	8,006
Financial assets, at amortised cost	571,572	68,941
Financial liabilities, at amortised cost	494,136	423,519
31 December 2018		
Financial assets, at FVPL	–	7
Financial assets, at FVOCI	–	9,517
Financial assets, at amortised cost	541,580	83,103
Financial liabilities, at amortised cost	466,218	358,728

43. FAIR VALUE MEASUREMENT

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

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

(a) Fair value measurement of financial assets and liabilities

<u>The Group</u>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 31 December 2019				
Assets				
Financial assets, at FVPL	–	–	3,000	3,000
Financial assets, at FVOCI	8,006	–	–	8,006
At 31 December 2018				
Assets				
Financial assets, at FVOCI	9,517	–	–	9,517
Liabilities				
Derivative financial instrument				
– Interest rate swap	–	7	–	7

The fair value of financial instruments traded in active markets (such as financial assets, at FVOCI) is based on quoted market prices at the end of reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

There were no transfers between Level 1 and Level 2 during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

43. FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value measurement of financial assets and liabilities (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. These investments are classified as Level 2 and comprise derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The fair value of financial assets and financial liabilities with a maturity of less than one year approximate their carrying amounts.

The following table presents the changes in Level 3 instruments:

	Unlisted debt instruments \$'000
2019	
Beginning of financial year	–
Purchases	3,000
End of financial year	3,000
Total unrealised gains/(losses) for the period included in profit or loss for assets held at the end of the financial year (Note (a))	–
2018	
Beginning and end of financial year	–

(a) The unrealised gains/losses are presented in “other income/other operating expenses” in the statement of comprehensive income.

Valuation techniques and inputs used in Level 3 fair value measurements

Description	Valuation technique	Fair value at 31 December 2019 (\$'000)	Unobservable inputs (a)	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Non-listed convertible bond	Binomial Option Pricing Model	3,000 (2018: NA)	Discount rate	3% (2018: NA)	The higher the discount rate, the higher the fair value

(a) There were no significant inter-relationship between unobservable inputs.

There were no transfers between Levels 2 and 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS

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43. FAIR VALUE MEASUREMENT (CONTINUED)**(b) Fair value measurement of non-financial assets**

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2019 and 31 December 2018:

The Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 31 December 2019				
Investment properties				
Commercial offices and retail	–	–	480,000	480,000
Commercial retail and clubhouse	–	–	65,415	65,415
	–	–	545,415	545,415
At 31 December 2018				
Investment properties				
Commercial offices and retail	–	–	480,000	480,000
Commercial retail and clubhouse	–	–	62,883	62,883
	–	–	542,883	542,883

Level 3 fair value measurements

The reconciliation of the changes in non-financial assets classified within Level 3 was as follows:

The Group	Investment properties	
	Commercial retail and clubhouse \$'000	Commercial offices and retail \$'000
31 December 2019		
Beginning of financial year	62,883	480,000
Additions during the year	–	343
Increase/(decrease) in fair value of investment properties	2,086	(343)
Currency translation differences	446	–
End of financial year	65,415	480,000
31 December 2018		
Beginning of financial year	28,218	478,000
Additions during the year	32,993	29
Reclassification from Property, plant & equipment	9,887	–
(Decrease)/increase in fair value of investment properties	(3,478)	1,971
Currency translation differences	(4,737)	–
End of financial year	62,883	480,000

There were no changes in valuation techniques during the year. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

43. FAIR VALUE MEASUREMENT (CONTINUED)

(b) Fair value measurement of non-financial assets (continued)

Valuation processes of the Group

Fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee at each reporting date.

At each financial year end, the Group's finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to prior year valuation report; and
- holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the Audit Committee meetings.

Valuation techniques used to derive Level 3 fair values

Level 3 fair values of the Group's investment properties have been generally derived using one or more of the following valuation approach:

- (i) the Direct Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant input to the valuation approach would be the adjusted selling price per square metre.
- (ii) the Income Method approach where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth and over the unexpired lease term. The most significant input to the valuation approach would be the estimated rental value per square metre, assumptions about vacancy rates and the capitalisation rate.

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43. FAIR VALUE MEASUREMENT (CONTINUED)

(b) Fair value measurement of non-financial assets (continued)

Valuation inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Singapore				
Office	Income Method	– Estimated rental value per square metre	\$809 (2018: \$770)	The higher the estimated rental value per square metre, the higher the fair value.
		– Vacancy rate	1.5% (2018: 1.5%)	The lower the vacancy rate, the higher the fair value.
		– Capitalisation rate	3.3% (2018: 3.3%)	The lower the capitalisation rate, the higher the fair value.
Retail	Income Method	– Estimated rental value per square metre	\$1,870 (2018: \$1,926)	The higher the estimated rental value per square metre, the higher the fair value.
		– Vacancy rate	1.5% (2018: 2.5%)	The lower the vacancy rate, the higher the fair value.
		– Capitalisation rate	4.3% (2018: 4.3%)	The lower the capitalisation rate, the higher the fair value.
Australia				
Office	Income Method ¹	– Estimated rental value per square metre	\$– (2018: \$237 to \$623)	The higher the estimated rental value per square metre, the higher the fair value.
		– Capitalisation rate	–% (2018: 5.5% to 9%)	The lower the capitalisation rate, the higher the fair value.
	Direct Comparison Method	– Adjusted selling price per square metre	\$6,409 to \$6,595 (2018: \$6,300 to \$6,489)	The higher the adjusted selling price per square metre, the higher the fair value.
Retail	Direct Comparison Method	– Adjusted selling price per square metre	\$5,341 to \$5,573 (2018: \$5,210 to \$5,447)	The higher the adjusted selling price per square metre, the higher the fair value.
Tunisia				
Retail	Direct Comparison Method	– Adjusted selling price per square metre	\$921 to \$3,039 (2018: \$828 to \$2,859)	The higher the adjusted selling price per square metre, the higher the fair value.
Clubhouse	Direct Comparison Method	– Adjusted selling price per square metre	\$2,199 to \$5,159 (2018: \$1,925 to \$4,516)	The higher the adjusted selling price per square metre, the higher the fair value.

¹ In 2019, the valuation technique for the Group's Australia office property was changed from an average of income and direct comparison method to direct comparison method only, due to the upcoming expiry of the office leases.

NOTES TO THE FINANCIAL STATEMENTS

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44. BUSINESS COMBINATIONS

On 3 September 2019, the Group through its subsidiary, Goldcove SA, acquired a hotel and certain properties in Marrakech, Morocco for a cash consideration of \$27,293,000. The acquisition is to continue to build the Group's portfolio of hotels and to grow its revenue base in a sustainable manner.

The Group has engaged an independent firm to perform the purchase price allocation ("PPA") exercise which is currently in progress. Subject to the finalisation of the PPA report, the purchase consideration has been provisionally allocated as shown below. The excess of consideration paid over the fair values of the identifiable assets acquired at the acquisition date have been recorded as provisional goodwill. The PPA will be finalised within one year after the acquisition date.

Details of the consideration paid, the assets acquired and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	<u>\$'000</u>
(a) Purchase consideration	
Cash paid	<u>27,293</u>
Consideration transferred for the business	<u>27,293</u>
(b) Effect on cash flows of the Group	
Cash paid (as above)	<u>27,293</u>
Cash outflow on acquisition	<u>27,293</u>
	<u>At fair value</u>
	<u>\$'000</u>
(c) Provisional value of identifiable assets acquired at the acquisition date	
Property, plant and equipment (Note 6)	<u>26,363</u>
Total assets	<u>26,363</u>
Total identifiable net assets	26,363
Add: Goodwill (Note 10 and Note (e) below)	<u>930</u>
Consideration transferred for the business	<u>27,293</u>

(d) Acquisition-related costs

Acquisition-related costs of \$1,831,000 are included in "other operating expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Goodwill

The goodwill of \$930,000 arising from the acquisition comprises expected synergies from integrating the operations of the acquired hotel into the Group's existing hotel business, as well as value of the acquired workforce. It is not deductible for tax purposes.

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44. BUSINESS COMBINATIONS (CONTINUED)

(f) Revenue and profit contribution

The acquired business contributed revenue of \$3,092,000 and net loss of \$1,072,000 (including acquisition-related costs of \$1,831,000) to the Group from the period from 9 September 2019 to 31 December 2019.

Had the business been acquired from 1 January 2019, consolidated revenue and consolidated profit for the year ended 31 December 2019 would have been approximately \$234,712,000 and \$6,050,000 respectively.

45. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2020 and which the Group has not early adopted:

(i) Amendments to SFRS(I) 3 *Business Combinations* (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

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46. EVENTS OCCURRING AFTER THE END OF THE FINANCIAL PERIOD

The outbreak of COVID-19 is expected to impact the Group's financial performance and financial statements in 2020, as follows:

- (a) The Group measures its investment properties at their fair values at the reporting date (Note 5). In 2020, fair value of the Group's investment properties may be subject to a downward adjustment due to the COVID-19 outbreak and the related impact is still under assessment. Any adjustment of the fair values of the investment properties will be recognised in the financial statements for the year ending 31 December 2020.
- (b) In preparing these financial statements, the Group reviewed if there is objective evidence or indicators of impairment for its property, plant and equipment, right-of-use assets and investments in subsidiaries, and performed impairment testing based on the conditions existing as at 31 December 2019 where such factors were noted. The COVID-19 outbreak in 2020 may result in additional evidence or indicators of impairment for these assets, as well as affect the assessment of recoverable amounts in the impairment testing. The related impact is still under assessment and any adjustment of the carrying amounts will be recognised in the financial statements for the year ending 31 December 2020.
- (c) The Group tested goodwill for impairment (Note 10) and the recoverable amount of the relevant CGUs exceeded their carrying amount at the end of the reporting period. Accordingly, no provision for impairment was recognised. In performing this assessment, the Group estimated the present value of future cash flows of the CGUs based on the conditions as at 31 December 2019. In the goodwill impairment test to be performed in 2020, the COVID-19 outbreak and its impact on the present value of estimated future cash flows of the CGUs will be considered. Up to the date on which this set of financial statements is authorised for issue, the Group is still in the process of assessing the impact of the COVID-19 outbreak on the performance of the relevant CGUs, and is unable to estimate the financial impact to the Group's results for the year ending 31 December 2020.
- (d) The COVID-19 outbreak has impacted the macro-economic conditions which the Group and the Company's debtors are subjected to and the expected credit loss rates are still uncertain as at the date of issuance of these financial statements. Accordingly, the Group is unable to quantify the related financial impact to the results for the year ending 31 December 2020.

DISTRIBUTION OF SHAREHOLDINGS

AS AT 16 MARCH 2020

Issued & Fully Paid-Up Capital	:	\$254,427,603
Number & Class of Shares	:	401,516,968 ordinary shares with equal voting rights
Number of treasury shares	:	Nil

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	32	1.01	882	0.00
100 – 1,000	462	14.60	187,270	0.05
1,001 – 10,000	2,011	63.56	8,295,598	2.07
10,001 – 1,000,000	649	20.51	33,711,394	8.39
1,000,001 and above	10	0.32	359,321,824	89.49
Total:	3,164	100.00	401,516,968	100.00

* Less than 0.01 percent.

TOP 20 SHAREHOLDERS AS AT 16 MARCH 2020

No.	Name	No. of Shares	% of Shares
1	GOLDVEIN HOLDINGS PTE LTD	240,026,769	59.78
2	NGO HENRY	85,357,128	21.26
3	UNITED OVERSEAS BANK NOMINEES P L	10,018,400	2.50
4	MORPH INVESTMENTS LTD	8,365,700	2.08
5	CITIBANK NOMS SPORE PTE LTD	4,157,073	1.04
6	DBS NOMINEES PTE LTD	3,995,368	1.00
7	NG POH CHENG	2,493,500	0.62
8	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,023,086	0.50
9	TEO CHENG TUAN DONALD	1,560,000	0.39
10	NG SOO GIAP OR CHEW SOOI GUAT	1,324,800	0.33
11	LAI CHOY KUEN	983,314	0.24
12	ANG HAO YAO (HONG HAOYAO)	948,600	0.24
13	OCBC NOMINEES SINGAPORE PTE LTD	859,400	0.21
14	TEO KAR TIN	858,500	0.21
15	ALLSLAND PTE LTD*	802,800	0.20
16	YEAP LAM HONG	719,200	0.18
17	TAN KAH BOH ROBERT@ TAN KAH BOO	663,000	0.17
18	UOB KAY HIAN PTE LTD	639,381	0.16
19	CHIAM HOCK POH	615,400	0.15
20	DBSN SERVICES PTE LTD	558,400	0.14
	Total:	366,969,819	91.40

* On 16 March 2020, Allslands Pte Ltd has bought 296,600 shares. The number of shares owned by Allsland Pte Ltd as at 16 March 2020 was 1,099,400.

DISTRIBUTION OF SHAREHOLDINGS

AS AT 16 MARCH 2020

SHAREHOLDINGS IN THE HANDS OF THE PUBLIC AS AT 16 MARCH 2020

Percentage of shareholdings held in the hands of the public is 16.47% and hence Rule 723 of the Listing Manual is complied with.

REGISTER OF SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

	<u>Direct Interest</u>	<u>Deemed Interest</u>
Goldvein Holdings Pte. Ltd.		
– Ordinary Shares	240,026,769*	–
Henry Ngo		
– In Own Name	85,357,128	–
– United Overseas Bank Nominees Pte Ltd**	–	7,591,000
– AllIsland Pte Ltd	–	1,099,400

* Mr Henry Ngo, Mr Patrick Tse, Mr James Sookanan and Mr Wilfred Hsieh are deemed to be interested in these shares by virtue of their shareholdings in Goldvein Holdings Pte. Ltd.

** Held in trust for AllIsland Pte Ltd, a company wholly owned by Mr Henry Ngo.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-First Annual General Meeting of the Company will be held at the Sheraton Towers Singapore, 39 Scotts Road, Topaz Room, Level 2, Singapore 228230 on Monday, 22 June 2020 at 2:00 p.m., to transact the following businesses:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2019 together with the Directors' Statement and the Auditor's Report thereon. (Resolution 1)
2. To re-elect Mr Chew Heng Ching, a Director retiring under Regulation 106(1) of the Constitution of the Company. (Resolution 2)
3. To re-elect Mr Gary Xie Guojun, a Director retiring under Regulation 106(1) of the Constitution of the Company. (Resolution 3)
4. To approve the payment of Directors' Fee of S\$181,800 for the financial year ended 31 December 2019 (2018: S\$202,000). (Resolution 4)
5. To re-appoint PricewaterhouseCoopers LLP as Auditor and to authorise the Directors to fix their remuneration. (Resolution 5)

As Special Business

6. Authority to issue shares

To consider, and if thought fit, to pass the following Ordinary Resolution (with or without amendments):

- (a) "that, pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
 - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and/or
 - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (b) notwithstanding the authority conferred by the shareholders may have ceased to be in force, issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always, that subject to any applicable regulations as may be prescribed by the Singapore Exchange Securities Trading Limited,

NOTICE OF ANNUAL GENERAL MEETING

- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50 per cent of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:
- (a) new shares arising from the conversion or exercise of convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited; and
 - (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares,
- and adjustments in accordance with (a) or (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution, and
- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
(Resolution 6)

7. Proposed Share Buy Back Mandate

"That:-

- (a) for the purposes of Sections 76C and 76E of the Companies Act (Cap. 50) of Singapore (the "**Companies Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("**Share Buy-Backs**") in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-
- (i) on-market Share Buy-Backs (each an "**On-market Share Buy-Back**") transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or
 - (ii) off-market Share Buy-Backs (each an "**Off-market Share Buy-Back**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the directors of the Company ("**Directors**") as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with the applicable provisions of the Companies Act and the Listing Manual, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:–
- (i) the date on which the next annual general meeting of the Company (“AGM”) is held or required by law to be held;
 - (ii) the date on which the Share Buy-Backs are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Company in general meeting;
- (c) in this Resolution:–

“**Prescribed Limit**” means 10% of the total number of Shares as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding subsidiary holdings any treasury shares that may be held by the Company from time to time);

“**Relevant Period**” means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share, which shall not exceed:–

- (i) in the case of an On-market Share Buy-Back, 5% above the average of the closing market prices of the Shares over the last 5 market days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day of the On-market Share Buy-Back by the Company, and deemed to be adjusted for any corporate action that occurs during such 5-day period and on the day on which the On-market Share Buy-Back was made; and
 - (ii) in the case of an Off-market Share Buy-Back pursuant to an equal access scheme, 20% above the average of the closing market prices of the Share over the last 5 market days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price for each Share and the relevant terms of the equal access scheme for effecting the Off-market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs during such 5-day period and on the day on which the Company announces its intention to make such offer; and
- (d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary or expedient to give effect to the transactions contemplated by this Resolution.”

(Resolution 7)
[See Explanatory Note]

NOTICE OF ANNUAL GENERAL MEETING

Any other business

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

By Order of the Board

Foo Soon Soo
Company Secretary

Singapore, 15 April 2020

Explanatory Notes:

1. Mr Chew Heng Ching will, upon re-election as a Director of the Company remain as Chairman of the Remuneration Committee and as member of the Nominating and Audit Committees. He is considered independent for the purposes of Rule 704(8) of the Listing Manual. Detailed information on Mr Chew are provided on pages 42 and 43 of the Annual Report.
2. Mr Gary Xie Guojun will, upon re-election as a Director of the Company remain as Executive Director of the Company, Detailed information on Mr Gary Xie are provided on pages 42 and 43 of the Annual Report.
3. The Ordinary Resolution in item 6 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company of which the total number of shares and convertible securities, issued other than on a pro rata basis to existing shareholders shall not exceed 20 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
4. The Ordinary Resolution 7 relates to the proposed mandate authorising the Company to purchase its own shares. Please refer to the Appendix in the Annual Report for more information.

Notes:

1. A Depositor is not regarded as a member of the Company entitled to attend and vote at the Annual General Meeting unless his name appears on the Depository Register not less than 72 hours before the time of the Annual General Meeting.
2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in the form of proxy.

NOTICE OF ANNUAL GENERAL MEETING

3. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy must be lodged at the registered office of the Company not less than 72 hours before the time appointed for the Annual General Meeting.

Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) 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.

Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus ("COVID-19")

In view of the current COVID-19 situation, the following steps will be taken for members and others attending the Annual General Meeting to minimise the risks of community spread of the COVID-19:

1. The Company will be carrying out the precautionary measure of temperature screening for shareholders, proxies and invitees ("attendees") at the forthcoming Annual General Meeting. All persons attending the Annual General Meeting will be required to undergo a **temperature check** and sign a **health declaration form** in respect of whether they have been to affected areas as advised by Singapore Ministry of Health ("**Affected Areas**") during the 14 days prior to the date of the Annual General Meeting. We will also request the contact number of the attendees in case of contact tracing.
2. Any person who has been in Affected Areas, irrespective of nationality, during the said 14-day period **will not be permitted to attend the Annual General Meeting**, but will still be allowed to appoint a proxy to attend, speak and vote at the Annual General Meeting in the manner as provided in the proxy form. The health declaration form may also be used for purposes of contact tracing, if required.
3. Any person who has a fever **will not be permitted** to attend the Annual General Meeting. We may also at our discretion deny entry to persons exhibiting flu-like symptoms.

Attendees who are feeling unwell on the date of the Annual General Meeting are advised not to attend the Annual General Meeting. Attendees are also advised to arrive at the Annual General Meeting venue early given that the above-mentioned measures may cause delay in the registration process. For an orderly and timely start to the annual general meeting, we seek your co-operation and understanding to plan your arrival to allow for more time for registration.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risks to the attendees.

APPENDIX

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix is circulated to Shareholders together with the Annual Report. Its purpose is to explain to the Shareholders the rationale and provide information to the Shareholders for the Proposed Renewal of the Share Buy-Back Mandate to be tabled at the AGM of the Company to be held at Sheraton Towers Singapore, 39 Scotts Road, Topaz Room, Level 2, Singapore 228230 on 22 June 2020 at 2.00 p.m.

The Notice of AGM and a proxy form are enclosed with the Annual Report.

If you are in any doubt about the contents of this Appendix or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Bonvests Holdings Limited, you should immediately forward this Appendix to the purchaser or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any statements made or reports contained or opinions expressed in this Appendix.

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires:

“AGM”	: Annual General Meeting of the Company
“Annual Report”	: The annual report of the Company for the financial year ended 31 December 2019
“Audit Committee”	: The Audit Committee of the Company for the time being
“Board of Directors”	: The board of directors of the Company
“Companies Act”	: The Companies Act (Cap. 50) of Singapore, as amended or modified from time to time
“Company”	: Bonvests Holdings Limited
“Constitution”	: The Constitution of the Company
“CPF”	: The Central Provident Fund
“Director”	: A person holding the office of a director for the time being of the Company
“Group”	: The Company and its Subsidiaries
“Latest Practicable Date”	: 19 March 2020, being the latest practicable date prior to the printing of this Appendix
“Listing Manual”	: The Listing Manual of the SGX-ST, as the same may be amended or modified from time to time
“market day”	: A day on which the SGX-ST is open for trading in securities
“Notice of AGM”	: The Notice of AGM of the Company dated 15 April 2020, accompanying the Annual Report

APPENDIX

“Proposed Renewal of the Share Buy-Back Mandate”	: The proposed renewal of the Share Buy-Back Mandate
“Securities Account”	: The securities account maintained by a Depositor with the Depository but does not include a securities sub-account maintained with a Depository Agent
“Registrar”	: The Registrar of Companies appointed under the Companies Act and includes any Deputy or Assistant Registrar of Companies
“SFA”	: The Securities and Futures Act (Cap. 289) of Singapore as amended, modified or supplemented from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares except that where the registered holder is the Depository, the term “ Shareholders ” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with the Depository are credited with the Shares
“Shares”	: Issued and paid up ordinary shares in the capital of the Company
“Share Buy-Back Mandate”	: The mandate to enable the Company to purchase or otherwise acquire its Shares
“Statutes”	: The Companies Act, SFA and every other written law or regulations for the time being in force concerning companies and affecting the Company
“Take-over Code”	: The Singapore Code on Take-overs and Mergers
“%”	: percentage or per centum
“\$” and “cents”	: Singapore dollars and cents respectively

The terms “Depositor”, “Depository Agent”, “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in the SFA.

The terms “treasury share”, “subsidiary” and “substantial shareholder” shall have the meanings ascribed to them respectively in section 4, section 5 and section 81 of the Companies Act.

The term “subsidiary holdings” shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

Words importing persons include corporations.

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

Any word defined under the Companies Act and used in this Appendix shall have the meaning assigned to it under the Companies Act.

Any reference to a time of day in this Appendix shall be a reference to Singapore time.

APPENDIX

BONVESTS HOLDINGS LIMITED

(Company Registration No. 196900282M)
(Incorporated in the Republic of Singapore)

Directors:

Henry Ngo (*Chairman and Managing Director*)
Chew Heng Ching (*Independent Director*)
Tom Yee Lat Shing (*Independent Director*)
Yeo Wee Kiong (*Independent Director*)
Gary Xie Guojun (*Executive Director*)
Andy Xie Guoyuan (*Executive Director*)

Registered Office

541 Orchard Road
#16-00 Liat Towers
Singapore 238881

15 April 2020

To: The Shareholders of Bonvests Holdings Limited

Dear Sir/Madam,

THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

1. INTRODUCTION

We refer to:

- (a) the Notice of AGM of the Company dated 15 April 2020, accompanying the Annual Report, convening the 51st AGM of the Company to be held on 22 June 2020;
- (c) Ordinary Resolution No. 7 as proposed in the Notice of AGM, relating to the Proposed Renewal of the Share Buy-Back Mandate.

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval for, the abovementioned Ordinary Resolution.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

2. THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

2.1 Background

At the annual general meeting held on 29 April 2019 ("**2019 AGM**"), the Shareholders had approved the renewal of the Share Buy-Back Mandate to enable the Company to purchase or otherwise acquire its issued Shares.

The Share Buy-Back Mandate was expressed to take effect on the date of the passing of the Ordinary Resolution at the 2019 AGM and will expire on the date of the forthcoming 51st AGM to be held on 22 June 2020. Accordingly, Shareholders' approval is being sought for the Proposed Renewal of the Share Buy-Back Mandate at the 51st AGM.

APPENDIX

2.2 Shares Purchased in the previous twelve months

The Company did not purchase or acquire any Shares by way of On-Market Share Buy-Backs (as defined in paragraph 2.4.3 below) pursuant to the Share Buy-Back Mandate approved by Shareholders at the 2019 AGM in the last twelve months immediately preceding the Latest Practicable Date.

2.3 Rationale

The Share Buy-Back Mandate, when approved, will give the Directors the flexibility to purchase or otherwise acquire Shares of the Company during the period when the Share Buy-Back Mandate is in force, subject to paragraph 2.4 and 2.12. The rationale for the Company undertaking to purchase or acquire its Shares is to:–

- (a) facilitate the return of surplus cash over and above its ordinary capital requirements and in excess of the financial and possible investment needs of the Group, if any, in an expedient and cost-efficient manner;
- (b) allow Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves, thereby enhancing the Company's competitive edge and Shareholders' value; and
- (c) give the Company the opportunity to buy back Shares when such Shares are under-valued.

Shareholders should note that the buy-back of Shares will only be made when the Directors consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being de-listed from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to adversely affect the orderly trading of the Shares or the listing status of the Company.

2.4 Authority and Limits on the Share Buy-Back Mandate

The authority and limitations placed on purchases or acquisitions of Shares under the proposed Share Buy-Back Mandate, if renewed at the forthcoming AGM, are the same as were previously approved by Shareholders at the 2019 AGM and are summarised below:

2.4.1 Maximum Number of Shares

The total number of Shares which may be purchased or acquired pursuant to the Share Buy-Back Mandate is limited to that number of Shares representing not more than 10% of the total number of Shares of the Company (excluding treasury shares and subsidiary holdings) as at the date of the AGM at which the renewal of the Share Buy-Back Mandate is approved. Any Shares which are held as treasury shares will be disregarded for the purposes of computing the 10% limit.

Based on 401,516,968 issued Shares as at the Latest Practicable Date (with no Shares held as treasury shares or subsidiary holdings as at that date), and assuming no further Shares are issued or repurchased, or held as treasury shares or subsidiary holdings, on or prior to the 51st AGM, the purchase by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 40,151,696 Shares. The Directors will use their best efforts to ensure that the Company does not carry out any Share Buy-Back that would adversely affect the orderly trading of the Shares or the listing status of the Company. (refer to paragraph 2.12)

APPENDIX

2.4.2 *Duration of Authority*

Share Buy-Backs may be made at any time and from time to time, on and from the date of the AGM at which the renewal of the Share Buy-Back Mandate is approved up to:–

- (i) the date on which the next AGM of the Company is held or required by law to be held; or
- (ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Shareholders in general meeting,

whichever is the earliest.

The authority conferred on the Directors to purchase Shares pursuant to the Share Buy-Back may be renewed by the Shareholders at each annual general meeting or other general meeting of the Company.

2.4.3 *Manner of Share Buy-Backs*

Share Buy-Backs may be made by way of:–

- (i) an on-market Share Buy-Back (“**Market Share Buy-Back**”) transacted through the SGX-ST’s trading system; and/or
- (ii) an off-market Share Buy-Back (“**Off-Market Share Buy-Back**”) effected in accordance with an equal access scheme.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Listing Manual, the Companies Act and the Constitution, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s).

2.4.4 *Off-Market Share Buy-Back*

An Off-Market Share Buy-Back on an “equal access scheme” must satisfy all of the following conditions:–

- (i) the offers under the scheme must be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers are the same except that there shall be disregarded:–
 - (a) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (b) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (c) differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

APPENDIX

If the Company wishes to make an Off-Market Share Buy-Back on an equal access scheme, the Company must issue an offer document to all Shareholders containing at least the following information:–

- (i) terms and conditions of the offer;
- (ii) period and procedures for acceptances;
- (iii) reasons for the proposed share buy-back;
- (iv) the consequences, if any, of share purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share Buy-Back, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any Share Buy-Back made by the Company in the previous 12 months (whether Market Share Buy-Backs or Off-Market Share Buy-Backs), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.4.5 Maximum Purchase Price to be paid for the Shares

The purchase price (excluding brokerage, commission, applicable goods and services tax and other purchase-related expenses) to be paid for a Share shall be determined by the Directors. However, the purchase price for Shares shall not exceed:–

- (i) in the case of a Market Share Buy-Back, 5% above the Average Closing Market Price (as defined below) of the Shares; and
- (ii) in the case of an Off-Market Share Buy-Back pursuant to an equal access scheme, 20% above the Average Closing Market Price of the Shares.

For the above purposes:–

“Average Closing Market Price” means the average of the closing market prices of Shares over the last 5 Market Days on which transactions in the Shares were recorded, immediately preceding the day on which a Market Share Buy-Back was made, or as the case may be, the date of the making of the offer pursuant to an Off-Market Share Buy-Back on an equal access scheme, and deemed to be adjusted for any corporate action that occurs during the relevant 5-Market Day period and on the day on which a Market Share Buy-Back was made, or as the case may be, the date of the making of the offer pursuant to an Off-Market Share Buy-Back on an equal access scheme; and

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back.

The Listing Manual restricts a listed company from purchasing shares by way of Market Share Buy-Backs at a price per share which is more than 5% above the “average closing market price”, being the average of the closing market prices of the shares over the last 5 Market Days on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs during the relevant 5 Market-Day period and on the day on which a Market Share Buy-Back was made.

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Although the Listing Manual does not prescribe a maximum price in relation to purchases of Shares by way of off-market share buy-backs, the Company has set a cap of 20% above the average closing price of a Share as the maximum price for a Share to be purchased or acquired by way of Off-Market Share Buy-Backs.

2.5 Source of Funding of Share Buy-Backs

The Company may only apply funds for the purchase or acquisition of Shares as provided in its Constitution and in accordance with the applicable laws in Singapore. The Company may not buy back its Shares on the SGX-ST for a consideration other than in cash or, in the case of Market Share Buy-Back, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company intends to use its internal funds and/or external borrowings to finance the purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate. In considering the use of external funding, the Company will take into consideration the availability of external financing and the resulting impact on the prevailing gearing ratio of the Company and the Group. The Company will not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse financial effect on the Company and the Group.

2.6 Status of Purchased Shares

The Shares purchased or acquired by the Company under any Share Buy-Back shall be deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless held by the Company as treasury shares in accordance with Section 76H of the Companies Act. Under the Constitution, the Company has the discretion to hold the Shares purchased or acquired by the Company under any Share Buy-Back as treasury shares. At the time of each such Share Buy-Back by the Company, the Directors shall decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

Where Shares purchased or acquired by the Company under the Share Buy-Back are cancelled, such Shares will be automatically de-listed by the SGX-ST and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as is reasonably practicable following settlement of any such purchase or acquisition.

2.7 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company under the Share Buy-Back may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:–

2.7.1 *Maximum Holdings*

The number of Shares held as treasury shares or subsidiary holdings cannot at any time exceed 10% of the total number of issued Shares.

2.7.2 *Voting and Other Rights*

The Company cannot exercise any right in respect of the treasury shares, in particular, (a) the right to attend or vote at meetings; and (b) the right to receive dividend or any other distribution (in cash or otherwise) of its assets (including any distribution of assets to members on a winding up).

APPENDIX

However, the Company may allot fully paid bonus shares in respect of the treasury shares and the treasury shares may be sub-divided or consolidated so long as the total value of the treasury shares after the subdivision or consolidation is the same as before the subdivision or consolidation, as the case may be. Any Shares allotted as fully paid bonus shares in respect of the treasury shares shall be treated for the purposes of the Companies Act as if they were purchased by the Company at the time they were allotted, in circumstances in which Section 76H of the Companies Act applied.

2.7.3 Disposal and Cancellation

When Shares purchased or acquired are held as treasury shares, the Company may at any time:-

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme (whether for employees, directors or other persons);
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed.

2.8 Financial Effects of the Proposed Share Buy-Back

It is not possible for the Company to realistically calculate or quantify the financial effects of the purchases of Shares that may be made pursuant to the Share Buy-Back Mandate as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased, the purchase prices at the relevant time of purchase, how the purchase is funded, whether the purchase is made out of capital or profits, whether the Shares purchased or acquired are cancelled or held as treasury shares as well as how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. For this purpose, a company is "**insolvent**" if:-

- (a) it is unable to pay its debts. The Companies Act further requires the company to be able to pay its debts in full as they fall due not only at the time of the purchase or acquisition but also during the period of 12 months immediately after the purchase or acquisition. If it is intended to commence winding up of the company within the period of 12 months immediately after the purchase or acquisition, the Companies Act requires the company to be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; and
- (b) the value of its assets is less than the value of its liabilities (including contingent liabilities), having regard to the most recent financial statements of the company and all other circumstances that the directors or managers of the company know or ought to know affect or may affect such values. The Companies Act further requires that the value of the company's assets will not be less than the value of its liabilities (including contingent liabilities) not only at the time of the purchase or acquisition but also after such purchase or acquisition.

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Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of available profits, this will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced. Where the purchase or acquisition of Shares is paid out of the Company's profits or capital, the total amount of consideration paid by the Company shall include any expenses (including brokerage or commission) incurred directly in such purchase or acquisition of Shares.

2.8.1 *Illustrative Financial Effects*

For illustrative purposes only, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate on the audited financial statements of the Group for the financial year ended 31 December 2019 are based on the assumptions set out below:

- (a) 401,516,968 Shares in issue as at the Latest Practicable Date (with no shares held as treasury shares or subsidiary holdings) and assuming no further Shares are issued and no Shares are held as treasury shares or subsidiary holdings on or prior to the AGM, not more than 40,151,696 Shares (representing 10% of the issued ordinary share capital of the Company as at that date) may be purchased by the Company pursuant to the proposed Share Buy-Back Mandate;
- (b) in the case of Market Share Buy-Back and assuming that the Company purchases 40,151,696 Shares at the maximum price of S\$1.042 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 40,151,696 Shares is S\$41,838,067;
- (c) In the case of Off-Market Share Buy-Back and assuming that the Company purchases 40,151,696 Shares at the maximum price of S\$1.190 for one Share (being the price equivalent to 20% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 40,151,696 Shares is S\$47,780,518;
- (d) such purchase or acquisition of Shares is financed by external sources of funds; and
- (e) the Share Buy-Back Mandate had been effective on 1 January 2019.

For illustrative purposes only, and based on the assumptions set out in (a) to (e) above, the financial effects of the purchase or acquisition of the 40,151,696 Shares by the Company on the audited financial accounts of the Company for the financial year ended 31 December 2019 pursuant to the Share Buy-Back Mandate, where:–

- (1) the Shares are repurchased and held as treasury shares; and
- (2) the Shares are repurchased and cancelled,

are set out below.

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Scenario 1(A)

Market Share Buy-Backs of up to maximum of 10% made and held as treasury shares.

As at 31 December 2019 (S\$'000)	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
Shareholders' Funds	876,656	834,818	333,899	292,061
Shares held in treasury	–	41,838	–	41,838
Net Assets	876,656	834,818	333,899	292,061
Current Assets	91,075	91,075	4,644	4,644
Current Liabilities	237,126	278,964	344,267	386,105
Total Borrowings	339,501	381,339	235,304	277,142
Profit attributable to equity holders of the Company	3,815	3,815	8,219	8,219
No. of issued and paid up shares	401,516,968	361,365,272	401,516,968	361,365,272
Weighted average number of Shares	401,516,968	369,945,634	401,516,968	369,945,634
Financial Ratios				
Net Assets per Share (S\$)	2.18	2.31	0.83	0.81
Total Borrowings to Shareholders' Funds (times)	0.39	0.46	0.70	0.95
Earnings per Share (cents)	0.95	1.03	2.05	2.22

Notes:

- (1) "Shareholders' Funds" mean the aggregate amount of issued share capital, other reserves and retained profits attributable to Shareholders of the Company.
- (2) "Net Assets" as disclosed above excludes minority interests.
- (3) "Total Borrowings" mean the aggregate borrowings from banks and financial institutions.
- (4) "Earnings per Share" is calculated based on the profit attributable to Shareholders divided by the weighted average number of issued and paid-up Shares.
- (5) As the timing of the Share Buy-Back cannot be ascertained as at the date of this letter, the borrowing cost arising from such Share Buy-Back is therefore not included in the profit attributable to equity holders of the Company and the calculation of Earnings per Share after Share Buy-Back.

APPENDIX

Scenario 1(B)

Market Share Buy-Backs of up to maximum of 10% made and cancelled.

As at 31 December 2019 (S\$'000)	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
Shareholders' Funds	876,656	834,818	333,899	292,061
Shares held in treasury	–	–	–	–
Net Assets	876,656	834,818	333,899	292,061
Current Assets	91,075	91,075	4,644	4,644
Current Liabilities	237,126	278,964	344,267	386,105
Total Borrowings	339,501	381,339	235,304	277,142
Profit attributable to equity holders of the Company	3,815	3,815	8,219	8,219
No. of issued and paid up shares	401,516,968	361,365,272	401,516,968	361,365,272
Weighted average number of Shares	401,516,968	369,945,634	401,516,968	369,945,634
Financial Ratios				
Net Assets per Share (S\$)	2.18	2.31	0.83	0.81
Total Borrowings to Shareholders' Funds (times)	0.39	0.46	0.70	0.95
Earnings per Share (cents)	0.95	1.03	2.05	2.22

Notes:

- (1) "Shareholders' Funds" mean the aggregate amount of issued share capital, other reserves and retained profits attributable to Shareholders of the Company.
- (2) "Net Assets" as disclosed above excludes minority interests.
- (3) "Total Borrowings" mean the aggregate borrowings from banks and financial institutions.
- (4) "Earnings per Share" is calculated based on the profit attributable to Shareholders divided by the weighted average number of issued and paid-up Shares.
- (5) As the timing of the Share Buy-Back cannot be ascertained as at the date of this letter, the borrowing cost arising from such Share Buy-Back is therefore not included in the profit attributable to equity holders of the Company and the calculation of Earnings per Share after Share Buy-Back.

APPENDIX

Scenario 2(A)

Off-Market Share Buy-Backs of up to maximum of 10% made and held as treasury shares.

As at 31 December 2019 (S\$'000)	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
Shareholders' Funds	876,656	828,875	333,899	286,118
Shares held in treasury	–	47,781	–	47,781
Net Assets	876,656	828,875	333,899	286,118
Current Assets	91,075	91,075	4,644	4,644
Current Liabilities	237,126	284,907	344,267	392,048
Total Borrowings	339,501	387,282	235,304	283,085
Profit attributable to equity holders of the Company	3,815	3,815	8,219	8,219
No. of issued and paid up shares	401,516,968	361,365,272	401,516,968	361,365,272
Weighted average number of Shares	401,516,968	369,945,634	401,516,968	369,945,634
Financial Ratios				
Net Assets per Share (S\$)	2.18	2.29	0.83	0.79
Total Borrowings to Shareholders' Funds (times)	0.39	0.47	0.70	0.99
Earnings per Share (cents)	0.95	1.03	2.05	2.22

Notes:

- (1) "Shareholders' Funds" mean the aggregate amount of issued share capital, other reserves and retained profits attributable to Shareholders of the Company.
- (2) "Net Assets" as disclosed above excludes minority interests.
- (3) "Total Borrowings" mean the aggregate borrowings from banks and financial institutions.
- (4) "Earnings per Share" is calculated based on the profit attributable to Shareholders divided by the weighted average number of issued and paid-up Shares.
- (5) As the timing of the Share Buy-Back cannot be ascertained as at the date of this letter, the borrowing cost arising from such Share Buy-Back is therefore not included in the profit attributable to equity holders of the Company and the calculation of Earnings per Share after Share Buy-Back.

APPENDIX

Scenario 2(B)

Off-Market Share Buy-Backs of up to maximum of 10% made and cancelled.

As at 31 December 2019 (S\$'000)	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
Shareholders' Funds	876,656	828,875	333,899	286,118
Shares held in treasury	–	–	–	–
Net Assets	876,656	828,875	333,899	286,118
Current Assets	91,075	91,075	4,644	4,644
Current Liabilities	237,126	284,907	344,267	392,048
Total Borrowings	339,501	387,282	235,304	283,085
Profit attributable to equity holders of the Company	3,815	3,815	8,219	8,219
No. of issued and paid up shares	401,516,968	361,365,272	401,516,968	361,365,272
Weighted average number of Shares	401,516,968	369,945,634	401,516,968	369,945,634
Financial Ratios				
Net Assets per Share (S\$)	2.18	2.29	0.83	0.79
Total Borrowings to Shareholders' Funds (times)	0.39	0.47	0.70	0.99
Earnings per Share (cents)	0.95	1.03	2.05	2.22

Notes:

- (1) "Shareholders' Funds" mean the aggregate amount of issued share capital, other reserves and retained profits attributable to Shareholders of the Company.
- (2) "Net Assets" as disclosed above excludes minority interests.
- (3) "Total Borrowings" mean the aggregate borrowings from banks and financial institutions.
- (4) "Earnings per Share" is calculated based on the profit attributable to Shareholders divided by the weighted average number of issued and paid-up Shares.
- (5) As the timing of the Share Buy-Back cannot be ascertained as at the date of this letter, the borrowing cost arising from such Share Buy-Back is therefore not included in the profit attributable to equity holders of the Company and the calculation of Earnings per Share after Share Buy-Back.

Shareholders should note that the financial effects illustrated above are purely for illustrative purposes and based only on the abovementioned assumptions. In particular, it is important to note that the above analyses are based on the latest audited accounts of the Company and the Group as at 31 December 2019, and is not necessarily representative of the future financial performance of the Group. Although the proposed Share Buy-Back Mandate would authorise the Company to buy back up to 10% of the Company's issued shares (excluding treasury shares and subsidiary holdings) as at the date that the Share Buy-Back Mandate is obtained, the Company may not necessarily buy back or be able to buy back 10% of the entire total number of its Shares in full.

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2.9 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications should consult their own professional tax advisors to take into account the tax law applicable, whether in or outside Singapore, to their particular situations.

2.10 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve or renew the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar.

The Company shall lodge with the Registrar a notice of Share Buy-Back within 30 days. Such notification shall include details of the purchases including the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled and the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchases, whether the Shares were purchased out of the profits or the capital of the Company, and such other information as required by the Companies Act.

The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares:

- (a) in the case of a Market Share Buy-Back, not later than 9.00 a.m. on the Market Day following the day on which the Market Share Buy-Back was made; and
- (b) in the case of an Off-Market Share Buy-Back under an equal access scheme, not later than 9.00 a.m. on the second Market Day after the close of acceptance of the offer for the Off-Market Share Buy-Back.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(28) of the Listing Manual, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;
- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

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2.11 Suspension of buy back of Shares

As the Company would be considered an “insider” in relation to any Share Buy-Back, the Company will not buy Shares after a market sensitive development has occurred or has been the subject of a decision until such time as the price sensitive or trade sensitive information has been publicly announced. In particular, the Company will not buy Shares during the period commencing 1 month before the announcement of the Company’s annual and half-year results and ending on the date of announcement of the relevant results.

2.12 Listing status on SGX-ST

The Listing Manual provides that a listed company shall ensure that at least 10% of a class of its listed securities is at all times held by the public.

As at the Latest Practicable Date, approximately 16.35% of the total number of issued Shares (with no Shares held as treasury shares or subsidiary holdings) are held in the hands of the public. Assuming that the Share Buy-Back was carried out on the Latest Practicable Date, and the Company bought back a maximum number of 40,151,696 Shares, approximately 6.35% of the issued share capital of the Company (excluding treasury shares) will be held in the hands of the public.

Should the percentage of shares held by the public falls below 10% of the issued share capital of the Company (excluding Treasury Shares), which is below the minimum percentage of 10% of shares to be held by the public, the SGX-ST will suspend trading of the Shares.

The Directors will use their best efforts to ensure that the Company does not carry out any Share Buy-Back that would adversely affect the orderly trading of the Shares or the listing status of the Company.

2.13 Takeover Implications under the Take-over Code

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.13.1 *Obligation to Make a Take-over Offer*

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code.

Under Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, inter alia, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company’s voting rights, increase their voting rights in the Company by more than 1% in any period of 6 months.

Consequently, depending on the number of Shares purchased or acquired by the Company and the number of Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14 of the Take-over Code.

APPENDIX

2.13.2 *Persons Acting in Concert*

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors, and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 of the Take-over Code.

APPENDIX

2.13.3 *Effect of Rule 14 and Appendix 2 of the Take-over Code*

In general terms, the effect of Appendix 2 of the Take-over Code is that:

- (a) unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months;
- (b) a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Buy-Back Mandate.

Based on Substantial Shareholders' notifications received by the Company as at the Latest Practicable Date which is set out in paragraph 3 of this Appendix, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of any proposed purchase by the Company of the maximum limit of 10% of its issued Shares.

Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers and/or the Securities Industry Council before they acquire any Shares in the Company during the period when the Share Buy-Back Mandate is in force.

2.14 Limits on Shareholdings

The Company does not have any limits on the shareholding of any Shareholder.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders, direct or indirect, in the Shares as recorded in the Register of Directors' Shareholding and the Register of Substantial Shareholders respectively as at the Latest Practicable Date are set out below:-

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors						
Henry Ngo ⁽²⁾⁽³⁾	85,357,128	21.26	249,192,169	62.06	334,549,297	83.32
Chew Heng Ching	486,000	0.12	–	–	486,000	0.12
Tom Yee Lat Shing	420,000	0.10	–	–	420,000	0.10
Yeo Wee Kiong	420,000	0.10	–	–	420,000	0.10
Substantial Shareholders						
Goldvein Holdings Pte. Ltd.	240,026,769 ⁽³⁾	59.78	–	–	240,026,769	59.78
Henry Ngo ⁽²⁾⁽³⁾	85,357,128	21.26	249,192,169	62.06	334,549,297	83.32

APPENDIX

Notes:–

- (1) The percentage shareholding interest is based on the issued share capital of 401,516,698 Shares as at the Latest Practicable Date.
- (2) Mr Henry Ngo is deemed to be interested in 240,026,769 Shares held by Goldvein Holdings Pte Ltd and 7,591,000 Shares held by United Overseas Bank Nominees (Private) Limited on behalf of Allsland Pte Ltd and 1,574,400 Shares held by Allsland Pte Ltd (which is wholly-owned by Mr Henry Ngo).
- (3) Mr Henry Ngo, Mr Patrick Tse, Mr James Sookanan and Mr Wilfred Hsieh are deemed to be interested in these shares by virtue of their shareholdings in Goldvein Holdings Pte. Ltd.

4. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed Renewal of Share Buy-Back Mandate are in the best interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 7 relating to the proposed Renewal of Share Buy-Back Mandate at the AGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Renewal of the Share Buy-Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

Yours faithfully,
For and on behalf of the Board of Directors

Henry Ngo
Chairman and Managing Director

PROXY FORM

FIFTY-FIRST ANNUAL GENERAL MEETING

Bonvests Holdings Limited
Registration No. 196900282M
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. A relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) may appoint more than two proxies to attend the Annual General Meeting and vote.
2. For investors who have used their CPF moneys to buy shares in Bonvests Holdings Limited, this Annual Report is forwarded to them at the request of the CPF Approved Nominees.
3. The Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name)
of _____ (Address)
being a member/members of BONVESTS HOLDINGS LIMITED hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or [delete as appropriate]

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to Vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, 22 June 2020 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

No.	Ordinary Resolutions	No of Votes or indicate with a tick (✓) or cross (x)*		
		For	Against	Abstain
1.	To receive and adopt the Audited Financial Statements for the year ended 31 December 2019 together with the Directors' Statement and the Auditor's Report thereon.			
2.	To re-elect Mr Chew Heng Ching, a Director retiring under Regulation 106(1) of the Constitution of the Company.			
3.	To re-elect Mr Gary Xie Guojun, a Director retiring under Regulation 106(1) of the Constitution of the Company.			
4.	To approve the payment of Directors' Fee of S\$181,800 for the financial year ended 31 December 2019.			
5.	To re-appoint PricewaterhouseCoopers LLP as Auditor and to authorise the Directors to fix their remuneration.			
	Special Business			
6.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.			
7.	To approve the proposed Share Buy-Back Mandate.			

* All resolutions would be put to vote by poll in accordance with listing rule of Singapore Exchange Securities Trading Limited. If you wish to exercise all your votes "For" or "Against" or "Abstain" from voting, please tick (✓) cross (x) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2020.

Total number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

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

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

Notes

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in the Securities and Futures Act, Chapter 289) (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("AGM"). Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in the form of proxy. If no such proportion, the first-named proxy may be treated as representing 100 per cent of the shareholding and any second-named proxy as alternate to the first-named.
3. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM.
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Companies Act").
4. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.
6. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the Registered Office at 541 Orchard Road #16-00, Liat Towers, Singapore 238881, not later than 72 hours before the time set for the AGM.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing; or if such appointor is a corporation under its common seal, if any, and, if none, then under the hand of some officer duly authorised in that behalf.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with its Constitution of the Company and Section 179 of the Companies Act.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or when the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
10. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.
11. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.



BONVESTS HOLDINGS LIMITED

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COMPANY REGISTRATION NO. 196900282M