



Centurion Corporation Limited

(Incorporated in the Republic of Singapore with limited liability)

(Co Reg No: 198401088W)

SGX Stock Code: QU8

SEHK Stock Code: 6090



Purpose-Built For The Future

CENTURION CORPORATION LIMITED
INTERIM REPORT 2018

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Corporate Information

BOARD OF DIRECTORS

Executive:

Teo Peng Kwang Kelvin
(Chief Operating Officer — Accommodation Business)

Non-Executive:

Wong Kok Hoe (Non-Executive Chairman)
Loh Kim Kang David
Han Seng Juan

Independent Non-Executive:

Gn Hiang Meng (Lead Independent Director)
Chandra Mohan s/o Rethnam
Owi Kek Hean
Tan Poh Hong

CHIEF EXECUTIVE OFFICER

Kong Chee Min

AUDIT COMMITTEE

Gn Hiang Meng (Chairman)
Chandra Mohan s/o Rethnam
Owi Kek Hean

NOMINATING COMMITTEE

Owi Kek Hean (Chairman)
Gn Hiang Meng
Tan Poh Hong

REMUNERATION COMMITTEE

Chandra Mohan s/o Rethnam (Chairman)
Tan Poh Hong
Wong Kok Hoe

COMPANY SECRETARIES

Hazel Chia Luang Chew
Juliana Tan Beng Hwee
Wong Tak Yee (Hong Kong Company Secretary)

REGISTERED OFFICE

45 Ubi Road 1 #05-01
Singapore 408696
Tel : (65) 6745 3288
Fax : (65) 6743 5818
Email : enquiry@centurioncorp.com.sg

STOCK CODE

Singapore: OU8
Hong Kong: 6090

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

45 Ubi Road 1 #05-01
Singapore 408696

PRINCIPAL BANKERS

United Overseas Bank Limited
Malayan Banking Berhad
DBS Bank Ltd

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 5705
57th Floor
The Center
99 Queen's Road Central
Hong Kong

SINGAPORE PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel : (852) 2980 1333
Fax : (852) 2810 8185

AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

AUDIT PARTNER-IN-CHARGE

Chua Chin San
(Date of appointment:
Since financial year beginning 01 January 2018)

AUTHORISED REPRESENTATIVES

Wong Kok Hoe
Wong Tak Yee

COMPLIANCE ADVISER

VBG Capital Limited
18th Floor, Prosperity Tower
39 Queen's Road Central
Hong Kong

COMPANY WEBSITE

www.centurioncorp.com.sg

Financial Highlights

Centurion Corporation Limited (the “Company”) is incorporated and domiciled in Singapore. The ordinary shares of the Company (the “Shares”) are listed and traded on both the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and The Stock Exchange of Hong Kong Limited (the “SEHK”).

The Board (the “Board”) of Directors of the Company (the “Directors”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the second quarter (“2Q 2018”) and the six months (“1H 2018”) ended 30 June 2018, together with the relevant comparative figures for the second quarter (“2Q 2017”) and six months (“1H 2017”) ended 30 June 2017.

CONSOLIDATED RESULTS

	2Q 2018 \$'000	2Q 2017 \$'000	% change + / (-)	1H 2018 \$'000	1H 2017 \$'000	% change + / (-)
Revenue	30,374	35,248	(14)	60,476	71,269	(15)
Gross profit	22,012	25,656	(14)	43,567	49,607	(12)
Net Profit after tax	11,063	11,505	(4)	21,552	23,239	(7)
Profit from core business operations attributable to equity holders	9,767	13,673	(29)	18,896	26,115	(28)
Basic earnings per share from core business operations (cents) based on weighted average number of ordinary shares	1.16	1.22		2.25	2.67	
Dividends per share (cents)	1.0	1.0		1.0	1.0	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group 30 Jun 2018 \$'000	31 Dec 2017 \$'000
Total equity	483,814	475,733
Net assets attributable to the Company's equity holders	468,352	462,927
Net borrowings (total borrowings less cash and bank balances)	595,060	576,873
Net borrowings to total capital (borrowings plus net assets) ratio	52%	51%
Net assets per share attributable to the Company's equity holders (cents)	55.70	55.06

Management Discussion and Analysis

(A) (I) SECOND QUARTER REVIEW – 2Q 2018 VS 2Q 2017

The Group's revenue in the quarter ended 30 June 2018 ("2Q 2018") was lower year-on-year by 14%, or S\$4.9 million, to S\$30.4 million from S\$35.2 million in the quarter ended 30 June 2017 ("2Q 2017").

The lower revenue was mainly attributable to the expiry of the lease on Westlite Tuas in Singapore which ceased operations in December 2017. This was offset by a better performance in our workers accommodation in Malaysia as well as ASPRI-Westlite Papan in Singapore which have achieved an average occupancy rate of 94% and close to full occupancy respectively during the quarter. Excluding Westlite Tuas, the revenue would have increased by S\$0.6 million or 2%.

The Group's gross profit reduced by 14%, from S\$25.7 million to S\$22.0 million year-on-year, in view of the lower revenue.

Administrative expenses were lower by S\$0.6 million, which was mainly due to the absence of the non-recurring cost of professional fees of S\$1.4 million incurred during 2Q 2017 in preparation for the dual primary listing of the Company's ordinary shares on SEHK which took place in 4Q 2017. No such cost was incurred in 2Q 2018. Excluding this non-recurring cost, administrative expenses increased by S\$0.8 million, in line with the Group's expanding business operations.

Finance expenses increased by S\$0.5 million, largely due to the issuance of the Multicurrency Medium Term Notes ("MTN") Series 3 of S\$85.0 million in mid-April 2017 and a higher interest rate environment on our other borrowings as compared to corresponding period last year.

Share of profit of associated companies increased by S\$1.6 million largely due to the absence of fair value loss on investment property of Westlite Mandai of S\$1.26 million recorded in 2Q 2017 in preparation for the listing in Hong Kong. No fair valuation was conducted in 2Q 2018 as fair valuation on investment properties is normally conducted on an annual basis at the end of each financial year. Excluding this fair valuation loss, the share of profit of associated companies increased by S\$0.6 million which is mainly derived from the share of the profit from the Centurion US Student Housing Fund ("the US Fund") launched in November 2017 and the improved performance of Westlite Mandai.

A fair valuation exercise was conducted by independent valuers on the Group's investment properties as at 30 June 2017 comprising workers and student accommodation assets for the purpose of the dual listing on the SEHK, and a net fair valuation gain of S\$1.7 million was recognised. No fair valuation exercise was conducted in 2Q 2018.

The income tax expense reduced by S\$3.1 million mainly due to the prior deferred tax provision of \$2.7 million recorded in 2Q 2017 which arose from the cumulative fair valuation gains recognised for the Group's investment properties in Australia, China and Malaysia. No such provision was made in 2Q 2018.

The net profit after tax derived from the Group's operations for 2Q 2018 was S\$11.1 million, or a reduction of S\$0.4 million.

Excluding one-off items in the form of dual listing expense, fair value gains and provision of deferred tax arising from fair value gains, the Group's profit from core business operations reduced from S\$15.1 million in 2Q 2017 to S\$11.1 million in 2Q 2018 mainly due to the absence of Westlite Tuas contribution. If excluding Westlite Tuas, the Group's profit from core business would reduce slightly by S\$0.3 million.

Management Discussion and Analysis

(A) (II) HALF YEAR 2018 REVIEW – 1H FY2018 VS 1H FY2017

The Group registered a reduction of 15% in revenue or S\$10.8 million, from S\$71.3 million for the six months ended 30 June 2017 (“1H 2017”) to S\$60.5 million for the six months ended 30 June 2018 (“1H 2018”).

The lower revenue was mainly attributable to the expiry of the lease on Westlite Tuas which ceased operations in December 2017. The reduction was partially offset by the improved performance of ASPRI-Westlite Papan and the Group’s workers accommodation in Malaysia in terms of occupancy rates and bed rents. The revenue would have increased by S\$1.4 million if Westlite Tuas revenue were excluded from 1H 2017 revenue.

Gross profit for the Group in 1H 2018 reduced by S\$6.0 million on the back of the lower revenue but the gross profit margin has improved from 70% to 72% mainly due to the improved occupancy rates and beds rents in ASPRI-Westlite Papan and the Group’s workers dormitories in Malaysia.

Administrative costs reduced by S\$1.7 million, largely due to absence of the dual listing expenses of S\$3.1 million incurred in 1H 2017.

Finance expenses increased by S\$1.3 million, largely due to the issuance of the MTN Series 3 of S\$85.0 million in April 2017.

Share of profit of associated companies increased by S\$1.9 million in 1H 2018 mainly due to the absence of fair value loss on investment property of Westlite Mandai recorded in 1H 2017 as well as additional share of profit from the US Fund launched in late 2017 and the improved operational performance of Westlite Mandai that resulted from higher occupancy rates.

For the purpose of the dual listing exercise, valuation of the properties performed by the valuer that resulted in a fair valuation gain of S\$1.7 million was recorded in 1H 2017. No fair valuation was conducted on the Group’s properties in 1H 2018.

Income tax expense reduced by S\$4.1 million mainly due to the provision for deferred tax of S\$2.7 million, which arose from the cumulative fair valuation gains recognised for the Group’s investment properties in Australia, China and Malaysia.

Excluding one-off items in the form of fair value gains on investment properties, deferred tax arising from the fair value gains and dual listing expenses, the profit derived from the Group’s core business operations was S\$21.6 million in 1H 2018, a year-on-year reduction of S\$7.0 million. If Westlite Tuas performance was to be excluded from 1H 2017 results, the reduction in the Group’s net profit after tax derived from its core business operations was only about S\$0.4 million.

The Group’s net profit from core business operations attributable to equity holders of the Company was S\$18.9 million, after accounting for the non-controlling interests proportion of the results of ASPRI-Westlite Papan in which the Group has a 51% interest.

Management Discussion and Analysis

(B) REVIEW OF GROUP STATEMENT OF FINANCIAL POSITION

Assets

Cash and bank balances reduced by S\$18.8 million to S\$57.0 million mainly due to S\$20.8 million used for investing activities which is in line with the Group's expansion. Please refer to (c) review of the Group's cash flow statements.

Trade and other receivables decreased by S\$6.5 million mainly due to collections in 1H 2018.

Other non-current assets increased by S\$4.2 million largely due to deposits paid for acquiring 121 Princess Street in Manchester, United Kingdom.

With the new IFRS 9, the Group has classified assets under "available for sale financial assets" to "financial assets, at fair value through other comprehensive income".

Investment properties increased by S\$18.7 million, largely due to the construction of Bukit Minyak in Malaysia as well as asset enhancement works that are currently being carried out for the Group's student accommodation assets in Australia and the United Kingdom.

Trade and other payables decreased by S\$9.5 million, largely due to settlement of the payables relating to construction cost and professional fees for the dual listing exercise.

Borrowings & Gearing

As at 30 June 2018, the Group had net current liabilities of S\$71.3 million mainly due to the reclassification of the notes payable of S\$64.8 million, which will mature in July 2018, from long term borrowings to short term borrowings. The Group currently has sufficient cash resources and banking facilities (both in aggregate of approximately S\$225.1 million) available to meet the financing needs of the current liabilities. The note payable of S\$64.8 million was repaid post-period on 16 July 2018.

As at 30 June 2018, the Group's net gearing ratio* was higher at 52%.

The Group generated operating cash flow before working capital changes of S\$34.8 million in 1H 2018. Interest cover remained adequate and within the Group's threshold at 3.4 times (or 5.3 times interest cover, excluding interest from the MTN). Developmental and acquired operating assets are primarily funded through long term bank debt. The existing borrowings have a balance loan maturity profile averaging 10 years.

The Group's balance sheet remained healthy with S\$57.0 million cash and bank balances.

* Gearing ratio is our net debt divided by total capital. Net debt is calculated as borrowings less cash and bank balances. Total capital is calculated as borrowings less cash and bank balances.

Management Discussion and Analysis

(C) REVIEW OF STATEMENT OF CASH FLOWS

In 1H 2018, the Group generated positive cash flow of S\$27.2 million from operating activities.

During 1H 2018, cash of S\$20.8 million in investing activities was mainly used for the development of the Group's accommodation assets, in particular for Westlite Bukit Minyak, RMIT Village, Australia and Dwell Cathedral, United Kingdom.

Net cash of S\$25.1 million was used in financing activities mainly due to financing obtained for investments offset by the repayment of borrowings and interest paid during the period as well as the payment of dividends to equity holders.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of S\$18.6 million in 1H 2018.

MARKET OUTLOOK

Accommodation Business

As at 30 June 2018, the Group operated a diversified portfolio of 26 purpose-built workers and student accommodation assets comprising 55,147 beds across five countries.

Workers accommodation

The purpose-built workers accommodation ("PBWA") sector is expected to continue to remain stable in Singapore, with an increasing focus on the provision of quality workers accommodation. As at 30 June 2018, the Group had a total of c.26,100 beds across four operating workers accommodation assets in Singapore with an average occupancy of c.97% for 1H 2018. The Government continues to promote the need to provide quality accommodation to improve the living standard of foreign workers in Singapore. As a distinguished player in the Singapore market, the Group is well-placed to continue meeting the ongoing demand for high-quality workers accommodation and services.

In Malaysia, as at 30 June 2018 the Group operated c.23,700 beds across six workers accommodation assets with an average occupancy of c.93% for 1H 2018. The long term growth prospects for the PBWA sector in Malaysia remain intact amidst the undersupply of PBWA and efforts of the government to ensure proper housing for foreign workers to improve productivity. With its existing portfolio in key manufacturing hubs, the Group is well-positioned to continue meeting the demand for quality PBWA.

Management Discussion and Analysis

Student accommodation

As at 30 June 2018, the Group had a portfolio of 5,347 purpose built student accommodation beds across 16 purpose-built student accommodation ("PBSA") assets in the United States ("US"), United Kingdom ("UK"), Australia and Singapore. The average occupancy for the student accommodation portfolio was c.92% for 1H 2018. With rising international student mobility, the Group is poised to benefit from the trend especially to key tertiary education markets in which the Group operates, in addition to the presence of a large number of local students in those markets.

The UK continued to maintain its position as a leader in tertiary education with new wealth in Asia fuelling the international student market in the UK.¹ The Group's eight PBSA assets continued to perform well with an overall average occupancy rate of c.93% on available beds (excluding beds removed for asset enhancements) for 1H 2018. In July 2018, the Group completed the acquisition of 121 Princess Street, a premium accommodation asset in Manchester, one of the UK's leading university cities. The acquisition demonstrates the Group's continued optimism in the growth opportunities in the PBSA sector, and in the UK.

The Group's six PBSA assets in the US achieved an overall average occupancy rate of c.90% for 1H 2018. The Group remains optimistic in the demand for student accommodation in the US driven by the country's position as the number one destination for tertiary education in the world.

In Australia, RMIT Village continued to perform well with an overall average occupancy rate of c.87% for 1H 2018. Excluding beds that were removed due to the asset enhancement programme ("AEP"), RMIT Village achieved close to full average occupancy for the remaining available beds. International student enrolment in Australian universities² has reached new high in 2017 (+13% y-o-y). The Group is confident that occupancy rates will remain healthy. RMIT Village's AEP and the development of dwell Adelaide are on track for completion in 4Q 2018.

In Singapore, dwell Selegie achieved an average occupancy of c.94% for 1H 2018. Performance of the accommodation asset is expected to remain resilient with its location near to the city and is within walking distance to a number of educational institutions such as the Singapore Management University, Nanyang Academy of Fine Arts, LASALLE College of the Arts, School of the Arts and Kaplan Singapore.

Growth strategy

Following the expansion into investment management services in November 2017, the Group is seeking investors in Singapore and Hong Kong in preparation for the establishment of a new student accommodation private fund as part of its asset light strategy. The Group aims to expand its total asset under management for student accommodation in existing as well as new markets of key education hubs in Europe and Asia.

Looking ahead, the Group will continue to enlarge its accommodation portfolio through selective acquisition opportunities, strengthen its operational capabilities as well as pursue alternative growth prospects and new asset types to achieve sustainable growth.

1 <http://www.whatinvestment.co.uk/student-housing-in-demand-2613670/>

2 <http://monitor.icef.com/2018/03/australia-welcomed-600000-foreign-students-2017/>

Disclosure of Interests

Directors' and Chief Executive Officer's ("CEO") interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations

Under Section 164 of the Companies Act (Cap 50) of Singapore

(a) According to the register of directors' shareholdings, none of the directors holding office as at 30 June 2018 had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct Interest		Deemed Interest	
	at 30.6.2018	at 1.1.2018	at 30.6.2018	at 1.1.2018
Centurion Corporation Limited				
<u>(No. of ordinary shares)</u>				
Gn Hiang Meng	—	—	247,500	247,500
Loh Kim Kang David	28,114,050	21,679,050	445,956,126	445,956,126
Han Seng Juan	18,658,900	10,907,500	453,703,626	453,703,626
Teo Peng Kwang (appointed on 8 May 2018)	63,723,330	N/A	—	—
Kong Chee Min (CEO)	172,905	172,905	—	—
Ultimate Holding Corporation —				
Centurion Global Ltd				
<u>(No. of ordinary shares)</u>				
Loh Kim Kang David	8,086	8,086	—	—
Han Seng Juan	8,086	8,086	—	—
Immediate Holding Corporation —				
Centurion Properties Pte Ltd				
<u>(No. of ordinary shares)</u>				
Loh Kim Kang David	—	—	10,000,000	10,000,000
Han Seng Juan	—	—	10,000,000	10,000,000

(b) Loh Kim Kang David and Han Seng Juan, who by virtue of their individual interest of not less than 20% of the issued share capital of the Company, are deemed to have an interest in the shares of the subsidiaries held by the Company.

Disclosure of Interests

Under Section 352 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (“SFO”)

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the SEHK pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, otherwise have been notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HK Listing Rules”), are as follows:

Long positions in the Shares and underlying shares and debentures of the Company

	Capacity/Nature of interests	Direct Interest		Capacity/Nature of interests	Deemed Interest		Total Interest	
		No. of Shares	% ⁽²⁾		No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Loh Kim Kang David	Beneficial owner	28,114,050 ⁽¹⁾⁽⁴⁾	3.34	Interest of controlled corporation	445,756,126 ^{(3)(L)}	53.02	474,070,176 ⁽¹⁰⁾	56.38
				Interest of spouse	200,000 ^{(5)(L)}	0.02		
Han Seng Juan	Beneficial owner	18,658,900 ⁽¹⁾⁽⁷⁾	2.22	Interest of controlled corporation	445,756,126 ^{(6)(L)}	53.02	472,362,526 ⁽¹¹⁾	56.18
				Interest of spouse	7,947,500 ^{(8)(L)}	0.94		
Gn Hiang Meng	—	—	—	Interest of spouse	247,500 ⁽⁹⁾	0.03	247,500 ^(L)	0.03
Teo Peng Kwang	Beneficial owner	63,723,330 ^{(L)(12)}	7.58	—	—	—	63,723,330	7.58
Kong Chee Min (CEO)	Beneficial owner	172,905 ^(L)	0.02	—	—	—	172,905	0.02

Notes:

- (1) The letter “L” denotes the person’s long position in the relevant Shares.
- (2) Based on 840,778,624 issued ordinary Shares as at 30 June 2018.
- (3) Loh Kim Kang David (“Mr Loh”) holds a 50% shareholding interest in Centurion Global Ltd (“Centurion Global”), which is the 100% holding company of Centurion Properties Pte Ltd (“Centurion Properties”). Thinkpac Limited (“Thinkpac”) is a wholly-owned subsidiary of Centurion Properties. Mr Loh is, therefore, deemed to be interested in 435,756,126 Shares held by Centurion Properties and 10,000,000 Shares held by Thinkpac.
- (4) Of the 28,114,050 Shares held by Mr Loh, 16,716,750 Shares are registered in the name of UOB Kay Hian Private Limited, 1,500,000 Shares are registered in the name of Raffles Nominees (Pte.) Limited, 8,854,300 Shares are registered in the name of CGS-CIMB Securities (Singapore) Pte Ltd, 634,000 Shares are registered in the name of CGS-CIMB Securities (Hong Kong) Limited and 409,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited.
- (5) Mr Loh also has a deemed interest in 200,000 Shares held by his spouse, Ms Wong Wan Pei.

Disclosure of Interests

- (6) Han Seng Juan (“Mr Han”) holds a 50% shareholding interest in Centurion Global, which is the 100% holding company of Centurion Properties. Thinkpac is a wholly-owned subsidiary of Centurion Properties. Mr Han is, therefore, deemed to be interested in 435,756,126 Shares held by Centurion Properties and 10,000,000 Shares held by Thinkpac.
- (7) Of the 18,658,900 Shares held by Mr Han, 5,898,400 Shares are registered in the name of Citibank Nominees Singapore Pte Ltd, 685,500 Shares are registered in the name of UOB Kay Hian Private Limited, 1,800,000 Shares are registered in the name of Kim Eng Securities (Hong Kong) Limited, 9,026,000 Shares are registered in the name of UBS Securities (Hong Kong) Limited, 402,300 Shares are registered in the name of Oversea-Chinese Bank Nominees Pte Ltd, 127,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited and 719,700 Shares are registered in his own name.
- (8) Mr Han also has a deemed interest in 7,947,500 Shares held by his spouse, Ms Kang Lee Cheng, Susanna.
- (9) Mr Gn Hiang Meng has a deemed interest in 247,500 Shares held by his spouse, Ms Loo Bee Hoon.
- (10) Of these Shares, 26,614,050 Shares held by Mr Loh and 435,756,126 Shares held by Centurion Properties as his deemed interest have been pledged to independent third party financial institution(s).
- (11) Of these Shares, 7,299,500 Shares held by Mr Han and 435,756,126 Shares held by Centurion Properties as his deemed interest have been pledged to independent third party financial institution(s).
- (12) Of the 63,723,330 Shares held by Mr Teo Peng Kwang, 40,270,164 Shares are registered in the name of DBS Bank Ltd, 16,000,000 Shares are registered in the name of Deutsche Bank AG, 7,356,916 Shares are registered in the name of UOB Kay Hian Private Limited and 96,250 Shares are registered in the name of United Overseas Bank Nominees Pte Ltd.

Saved as disclosed above, as at 30 June 2018, none of the Directors or chief executive of the Company or their respective associates had registered an interest or short position in the Shares or underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he had taken or deemed to have under such provisions of the SFO) or was required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the SEHK pursuant to the Model Code.

Substantial shareholders’ interests and/or short positions in the Shares and underlying shares of the Company

As at 30 June 2018, the persons or entities who have interests or short positions in the Shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Long position in the Shares of the Company

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Centurion Properties Pte Ltd ⁽²⁾	435,756,126	51.83	10,000,000	1.19	445,756,126	53.02
Centurion Global Ltd ⁽³⁾	—	—	445,756,126	53.02	445,756,126	53.02
Loh Kim Kang David ⁽⁴⁾	28,114,050	3.34	445,956,126	53.04	474,070,176	56.38
Han Seng Juan ⁽⁵⁾	18,658,900	2.22	453,703,626	53.96	472,362,526	56.18
Teo Peng Kwang ⁽⁶⁾	63,723,330	7.58	—	—	63,723,330	7.58

Disclosure of Interests

Notes:

- (1) Based on 840,778,624 issued ordinary Shares as at 30 June 2018.
- (2) Of the 435,756,126 Shares held by Centurion Properties Pte Ltd ("Centurion Properties"), 310,000,000 Shares are registered in the name of DB Nominees (S) Pte Ltd and 125,756,126 Shares are registered in the name of Raffles Nominees (Pte.) Limited. Centurion Properties is deemed to be interested in 10,000,000 Shares held by its wholly-owned subsidiary, Thinkpac Limited ("Thinkpac"), which are registered in the name of UOB Kay Hian Private Limited.
- (3) Centurion Properties is a wholly-owned subsidiary of Centurion Global Ltd ("Centurion Global") and Thinkpac is a wholly-owned subsidiary of Centurion Properties. Centurion Global is, therefore, deemed to be interested in 435,756,126 Shares held by Centurion Properties and 10,000,000 Shares held by Thinkpac.
- (4) Loh Kim Kang David ("Mr Loh") holds a 50% shareholding interest in Centurion Global. Mr Loh is, therefore, deemed to be interested in 435,756,126 Shares held by Centurion Properties and 10,000,000 Shares held by Thinkpac. Mr Loh also has a deemed interest in 200,000 Shares held by his spouse, Wong Wan Pei.

Of the 28,114,050 Shares held by Mr Loh, 16,716,750 Shares are registered in the name of UOB Kay Hian Private Limited, 1,500,000 Shares are registered in the name of Raffles Nominees (Pte.) Limited, 8,854,300 Shares are registered in the name of CGS-CIMB Securities (Singapore) Pte Ltd, 634,000 Shares are registered in the name of CGS-CIMB Securities (Hong Kong) Limited and 409,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited.

26,614,050 Shares held by Mr Loh and 435,756,126 Shares held by Centurion Properties as his deemed interest have been pledged to independent third party financial institution(s).

- (5) Han Seng Juan ("Mr Han") holds a 50% shareholding interest in Centurion Global. Mr Han is, therefore, deemed to be interested in 435,756,126 Shares held by Centurion Properties and 10,000,000 Shares held by Thinkpac. Mr Han also has a deemed interest in 7,947,500 Shares held by his spouse, Kang Lee Cheng Susanna, which are registered in the name of DB Nominees (S) Pte Ltd.

Of the 18,658,900 Shares held by Mr Han, 5,898,400 Shares are registered in the name of Citibank Nominees Singapore Pte Ltd, 685,500 Shares are registered in the name of UOB Kay Hian Private Limited, 1,800,000 Shares are registered in the name of Kim Eng Securities (Hong Kong) Limited, 9,026,000 Shares are registered in the name of UBS Securities (Hong Kong) Limited, 402,300 Shares are registered in the name of Oversea-Chinese Bank Nominees Pte Ltd, 127,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited and 719,700 Shares are registered in his own name.

7,299,500 Shares held by Mr Han and 435,756,126 Shares held by Centurion Properties as his deemed interest have been pledged to independent third party financial institution(s).

- (6) Of the 63,723,330 Shares held by Mr Teo Peng Kwang, 40,270,164 Shares are registered in the name of DBS Bank Ltd, 16,000,000 Shares are registered in the name of Deutsche Bank AG, 7,356,916 Shares are registered in the name of UOB Kay Hian Private Limited and 96,250 Shares are registered in the name of United Overseas Bank Nominees Pte Ltd.

Corporate Governance and Other Information

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, there were 350 (2017: 294) employees in the Group. Total employee benefits expenses of the Group (including Directors' fee) for the six months period ended 30 June 2018 were approximately S\$9,475,000 (1H 2017: S\$8,338,000). Staff remuneration packages are determined based on each employee's qualifications, experience, position and seniority.

The Group also provides other staff benefits including medical and Group Personal Accident insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and Group's results of operations.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, redemption or sale of listed securities of the Company for the six months ended 30 June 2018.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Saved as disclosed in the interim report, there was no material acquisition and significant investments held for the six months ended 30 June 2018.

MATERIAL ACQUISITIONS AND DISPOSALS

The Company announced on 1 June 2018 the proposed acquisition of the Property at 121 Princess Street (Dwell Princess Street) located in Manchester, United Kingdom, by an indirectly wholly owned subsidiary of the Company at a consideration of £18.7 million (approximately HK\$196.97 million or S\$33.66 million) (exclusive of VAT, stamp duty and other acquisition related costs). The acquisition of Dwell Princess Street was successfully completed on 16 July 2018 (UK time).

Saved for the above and as disclosed in the interim report, there was no other material acquisition and disposal for the six months ended 30 June 2018.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Singapore, Malaysia, Australia, United Kingdom and the United States of America.

Currency risk arises within the entities in the Group when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Malaysian Ringgit ("MYR"), Australian Dollar ("AUD"), Great Britain Pound ("GBP") and Hong Kong Dollar ("HKD"). In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Exposures to foreign currency risks are managed as far as possible by natural hedges and monitoring to ensure the exposure is minimised.

SHARE CAPITAL

Details of the Company's issued share capital during the period are set out in Note 18 to the interim report. There were no movements in the Company's issued share capital during the period.

Corporate Governance and Other Information

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this interim report, the Company has maintained the prescribed minimum percentage of public float from 1 January 2018 to 30 June 2018 under the HK Listing Rules.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprises three Independent Non-Executive Directors, as follows:

Gn Hiang Meng (Chairman)
Chandra Mohan s/o Rethnam
Owi Kek Hean

The Audit Committee has reviewed the Group's unaudited interim report for the six months ended 30 June 2018.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

The Company has adopted the principles and practices of corporate governance in line with the recommendations of the Singapore Code of Corporate Governance 2012 (the "2012 Code") and the applicable code provisions of the Corporate Governance Code (the "HK CG Code") as set out in Appendix 14 to the HK Listing Rules.

In the event of any conflict between the 2012 Code and HK CG Code, the Company will comply with the more stringent requirements. Throughout the six months ended 30 June 2018, the Company has complied with the applicable provisions in the 2012 Code and HK CG Code, except those appropriately justified and disclosed.

COMPLIANCE WITH SGX-ST LISTING MANUAL AND HONG KONG MODEL CODE

In compliance with Rule 1207(19) of the Listing Manual (the "Listing Manual") of SGX-ST and the Model Code as set out in Appendix 10 to the HK Listing Rules, the Company has adopted the Code of Best Practices on Securities Transactions by the Company and its Directors and Officers as its code for securities transactions by its Directors and Officers pursuant to the Listing Manual of SGX-ST's and the Model Code's best practices on dealings in securities. In furtherance, specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2018.

The Company, the Directors and its Officers are not allowed to deal in the Company's Shares during the period commencing 30 days immediately before the announcement of the Company's quarterly results and 60 days immediately before the announcement of the Company's full year results, and ending on the date of the announcement of the relevant results.

The Directors, Management and executives of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or they are in possession of unpublished price-sensitive information of the Company and they are not to deal in the Company's securities on short-term considerations.

Corporate Governance and Other Information

USE OF PROCEEDS

The Company has on 11 December 2017 issued 36,000,000 offer shares pursuant to the dual primary listing in Hong Kong. Each share was offered at HK\$3.18 (approximately S\$0.55).

The aggregate net proceeds from the share offer received by the Company, after deducting underwriting commissions and expenses paid and payable in connection with the share offer was S\$11,859,248.

The total net proceeds of S\$11,859,248 received has not been utilized to-date.

INTERIM DIVIDEND

The Board has declared an interim dividend of 1.0 Singapore cent per Share amounting to a total of S\$8,408,000 for the six months ended 30 June 2018. The interim dividend will be paid on 4 September 2018.

Shareholders in Hong Kong will receive the interim dividend in HKD equivalent of HKD5.73* cents per Share.

* Exchange rate used SGD1 = HKD5.73 as at 7 August 2018.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The results for the six months ended 30 June 2018 have not been audited or reviewed by the auditors of the Company.

By Order of the Board of Directors of
Centurion Corporation Limited
Wong Kok Hoe
Non-executive Chairman

23 August 2018

Condensed Consolidated Statement of Profit or Loss

FOR THE SIX MONTHS ENDED 30 JUNE 2018

		For the six months ended 30 June	
	Note	2018	2017
		\$'000 (unaudited)	\$'000
Revenue	4	60,476	71,269
Cost of sales		(16,909)	(21,662)
Gross profit		43,567	49,607
Other income and gains	5, 6	571	785
Net fair value gains on investment properties and assets held for sale		—	1,743
Expenses			
– Distribution expenses		(530)	(480)
– Administrative expenses		(9,920)	(11,578)
– Finance expenses	7	(11,328)	(10,048)
Share of profit of associated companies		3,380	1,468
Profit before income tax		25,740	31,497
Income tax expense	8	(4,188)	(8,258)
Total profit		21,552	23,239
Profit attributable to:			
Equity holders of the Company		18,896	19,770
Non-controlling interests		2,656	3,469
		21,552	23,239
Earnings per share for profit attributable to equity holders of the Company			
Basic earnings per share (cents)	9(a)	2.25	2.67
Diluted earnings per share (cents)	9(b)	2.25	2.67

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

Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Group For the six months ended 30 June	
	2018 \$'000 (unaudited)	2017 \$'000
Total profit	21,552	23,239
Other comprehensive income/(loss):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Available-for-sale financial assets		
– Fair value loss	—	(25)
<i>Financial assets at fair value through other comprehensive income:</i>		
– Fair value losses	(242)	—
Share of other comprehensive gain of associated companies	838	—
Currency translation (losses)/gains arising from consolidation	(1,456)	1,633
Other comprehensive (losses)/income, net of tax	(860)	1,608
Total comprehensive income	20,692	24,847
Total comprehensive income attributable to:		
Equity holders of the Company	18,036	21,378
Non-controlling interests	2,656	3,469
	20,692	24,847

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

Condensed Statement of Financial Position

AS AT 30 JUNE 2018

		Group	
	Note	30 Jun 2018 \$'000 (unaudited)	31 Dec 2017 \$'000
ASSETS			
Current assets			
Cash and bank balances	10	56,960	75,765
Trade and other receivables	11	7,144	13,632
Inventories		91	84
Other assets		4,097	5,146
Available-for-sale financial assets		—	11,887
Financial assets, at fair value through other comprehensive income		11,713	—
		80,005	106,514
Assets held for sale	12	5,012	6,801
		85,017	113,315
Non-current assets			
Other assets		5,739	1,511
Financial assets, at fair value through profit or loss		51	51
Investments in associated companies	13	115,308	112,810
Investment properties	14	971,022	952,345
Property, plant and equipment	15	7,807	8,959
		1,099,927	1,075,676
Total assets		1,184,944	1,188,991
LIABILITIES			
Current liabilities			
Trade and other payables	16	35,207	44,744
Current income tax liabilities		9,454	10,455
Borrowings	17	111,683	107,530
Other liabilities		—	879
		156,344	163,608
Non-current liabilities			
Borrowings	17	540,337	545,108
Other liabilities		383	447
Deferred income tax liabilities		4,066	4,095
		544,786	549,650
Total liabilities		701,130	713,258
NET ASSETS			
		483,814	475,733
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	18	142,242	142,242
Other reserves		(19,477)	(18,617)
Retained profits		345,587	339,302
		468,352	462,927
Non-controlling interests			
		15,462	12,806
Total equity		483,814	475,733

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

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2018

Note	Attributable to equity holders of the Company					Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Other reserves \$'000	Retained profits \$'000	Total \$'000		
For the six months ended 30 June 2018 (unaudited)							
Beginning of financial period	142,242	—	(18,617)	339,302	462,927	12,806	475,733
Profit for the period	—	—	—	18,896	18,896	2,656	21,552
Other comprehensive loss for the period	—	—	(860)	—	(860)	—	(860)
Total comprehensive income for the period	—	—	(860)	18,896	18,036	2,656	20,692
Dividends relating to 2017 paid	—	—	—	(12,611)	(12,611)	—	(12,611)
Total transactions with owners, recognised directly in equity	—	—	—	(12,611)	(12,611)	—	(12,611)
End of financial period	142,242	—	(19,477)	345,587	468,352	15,462	483,814
For the six months ended 30 June 2017							
Beginning of financial period	89,837	(6,498)	(21,294)	330,553	392,598	6,884	399,482
Profit for the period	—	—	—	19,770	19,770	3,469	23,239
Other comprehensive income for the period	—	—	1,608	—	1,608	—	1,608
Total comprehensive income for the period	—	—	1,608	19,770	21,378	3,469	24,847
Dividends relating to 2016 paid	—	—	—	(7,399)	(7,399)	—	(7,399)
Purchase of treasury shares	—	(1,119)	—	—	(1,119)	—	(1,119)
Total transactions with owners, recognised directly in equity	—	(1,119)	—	(7,399)	(8,518)	—	(8,518)
End of financial period	89,837	(7,617)	(19,686)	342,924	405,458	10,353	415,811

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

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2018

Note	For the six months ended 30 June	
	2018 \$'000 (unaudited)	2017 \$'000
Cash flows from operating activities		
Total profit	21,552	23,239
Adjustments for:		
- Income tax expense	4,188	8,258
- Depreciation and amortisation	1,605	2,521
- Allowance for impairment of trade and other receivables	24	110
- Net loss/(gain) on disposal of plant and equipment	12	(3)
- Fair value gains on investment properties and assets held for sale	—	(1,743)
- Interest income	(508)	(346)
- Dividend income	(55)	(50)
- Finance expenses	11,328	10,048
- Share of profit of associated companies	(3,380)	(1,468)
- Unrealised currency translation differences	47	(117)
Operating cash flow before working capital changes	34,813	40,449
Change in working capital		
- Inventories	(7)	(21)
- Trade and other receivables	6,435	(1,704)
- Other assets	(1,109)	(564)
- Trade and other payables	(8,269)	(1,105)
Cash generated from operations	31,863	37,055
Income tax paid	(4,621)	(5,124)
Net cash provided by operating activities	27,242	31,931
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	26	22
Additions to investment properties	(19,983)	(10,413)
Purchases of property, plant and equipment	(438)	(1,553)
Interest received	508	346
Dividends received	55	50
Dividends received from an associated company	1,723	861
Short-term bank deposits charged as security to bank	(7)	(171)
Deposits paid for acquisition of investment property	(4,209)	—
Other deposits refunded	1,560	—
Purchase of available-for-sale financial assets	—	(5,850)
Net cash used in investing activities	(20,765)	(16,708)

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

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2018

Note	For the six months ended 30 June	
	2018 \$'000 (unaudited)	2017 \$'000
Cash flows from financing activities		
Proceeds from borrowings	25,105	86,813
Repayment of borrowings	(23,817)	(84,061)
Purchase of treasury shares	—	(1,119)
Interest paid	(12,047)	(8,335)
Dividends paid to equity holders of the company	(12,611)	(7,399)
Loan from non-controlling interests	—	1,470
Repayment of loan from associated company	(1,723)	(861)
Listing expenses paid	—	(160)
Net cash used in financing activities	(25,093)	(13,652)
Net (decrease)/increase in cash and cash equivalents held	(18,616)	1,571
Cash and cash equivalents		
Beginning of financial period	73,191	80,219
Effects of currency translation on cash and cash equivalents	(243)	115
End of financial period	54,332	81,905

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

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

1. GENERAL INFORMATION

The Company is incorporated and domiciled in Singapore and is dual listed on both the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and The Stock Exchange of Hong Kong Limited (the "SEHK"). The address of its registered office is 45 Ubi Road 1, #05-01, Singapore 408696.

The principal activities of the Company include investment holding and provision of management services.

The financial statements are presented in thousands of Singapore Dollars (S\$'000) unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim financial report contains condensed consolidated financial statements comprising of the statement of financial position as at 30 June 2018 and 31 December 2017, statement of profit or loss, statement of comprehensive income, statement of cashflow and statement of changes in equity for the six months ended 30 June 2018 and 30 June 2017, and selected explanatory notes.

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Accounting Standard ("IAS") 34, "Interim financial reporting" and the applicable disclosure requirement set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with the International Financial Reporting Standards ("IFRSs").

The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2017 annual financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those set out in the Group's annual financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, the following new and revised IFRSs for the preparation of the Group's unaudited condensed consolidated financial statements.

IAS 28 (Amendment) Measuring an associate or joint venture at fair value)
IAS 40 (Amendment) Transfer of investment property
IFRS 1 (Amendment) Deletion of short-term exemptions for first-time adopters
IFRIC 22 Foreign currency and advance consideration
IFRS 2 (Amendment) Share-based payment classification and measurement
IFRS 9 Financial instruments
IFRS 15 Revenue from contracts with customers
IFRS 15 (Amendment) Clarifications to IFRS 15

The adoption of the new and revised IFRSs in the current interim period has had no material impact on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these consolidated financial statements other than as disclosed in Note 2.3.

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Impact of standards issued but not yet effective

The following are the new standards and amendments to standards that are relevant to the Group, which have been published but are not yet effective for the financial period and which the Group has not early adopted:

		Effective for annual periods beginning on or after
IFRS 16	Leases	1 January 2019
<p>IFRS 16 Leases – This new standard addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The Group is a lessee of various properties which are currently classified as operating leases. The Group's future operating lease commitments, which are not reflected in the consolidated balance sheets, under non-cancellable operating lease of S\$84,290,000 as at 30 June 2018 set out in Note 20(b). IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the consolidated balance sheets. Instead, when the Group is the lessee, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus, each lease will be mapped in the Group's consolidated balance sheets. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation.</p> <p>The new standard will therefore result in an increase in assets and financial liabilities in the consolidated balance sheets. As for the financial performance impact in the consolidated income statements and comprehensive income, rental expenses will be replaced with straight-line depreciation expense on the right-of-use asset and interest expenses on the lease liability. The combination of the straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The Group has disclosed its non-cancellable operating lease commitments in Note 20(b). As a result of the adoption of the new standard, there will be no material operating lease commitment.</p>		

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New accounting standards and accounting changes

2.3.1 IFRS 9 Financial Instruments – Impact of adoption

IFRS 9, “Financial instruments”, addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The adoption of IFRS 9 has resulted in changes in the Group’s accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. The new accounting policies are set out in note 2.3.2.

Classification and measurement

For financial assets held by the Group on 1 January 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under IFRS 9.

(i) Reclassification from financial assets, available-for-sale to financial asset, at fair value change through other comprehensive income (“FVOCI”)

The Group has elected to recognize changes in the fair value of all its investments in debt instruments previously classified as available-for-sale, in other comprehensive income. Accordingly, assets with a fair value of S\$11,887,000 were reclassified from “Financial assets, available-for-sale” to “Financial assets, at fair value through other comprehensive income (“FVOCI”) on 1 January 2018.

The reclassifications did not result in adjustments in carrying amounts of the financial assets on 1 January 2018 has no significant impact on the Group’s financial position and results of operations.

(ii) Impairment of financial assets

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The Group has three types of financial assets measured at amortised cost that are subject to IFRS 9’s new expected credit loss model:

- trade receivables;
- other assets (excluding prepayments); and
- loans and advances to related parties and other receivables at amortised cost.

The Group established expected credit losses model based on historical settlement records, past experience and available forward-looking information. The Group has concluded that the impact of expected credit losses on financial assets is insignificant as at 1 January 2018.

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New accounting standards and accounting changes (Continued)

2.3.2 IFRS 9 – Financial Instruments – Summary of significant accounting policies

The following describes the Group's updated financial instruments policy to reflect the adoption of IFRS 9:

(a) Classification and measurement

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

- at fair value (either through other comprehensive income, or through profit or loss), and
- at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

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 instruments 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 finance 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 recognized 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 gains/(losses)". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New accounting standards and accounting changes (Continued)

2.3.2 IFRS 9 – Financial Instruments – Summary of significant accounting policies (Continued)

(a) Classification and measurement (Continued)

At subsequent measurement (Continued)

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity instruments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “other gains/(losses)”, except where the Group has elected to classify the investments as FVOCI. Movements in fair values of investments classified as FVOCI are presented as “fair value gains and losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

(b) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses (“ECL”) associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

(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 instruments, 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.

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Estimates, assumptions and judgments 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.

Valuation of investment properties

The Group, in reliance on independent professional valuers, applies estimates, assumptions and judgments in the determination of fair values for investment properties. The valuation forms the basis for the carrying amounts in the consolidated financial statements. No fair valuation was conducted by the independent valuers on the Group's investment properties as at 30 June 2018 as the Group's annual valuation exercises are performed at the end of each financial year.

4. REVENUE

	Group For the six months ended 30 June	
	2018 \$'000 (unaudited)	2017 \$'000
Sale of goods	857	921
Rendering of services	1,707	945
Rental income from investment properties	54,646	65,616
Rental income from operating leases	1,473	1,672
Others	1,793	2,115
Total revenue	60,476	71,269

5. OTHER INCOME AND GAINS

	Group For the six months ended 30 June	
	2018 \$'000 (unaudited)	2017 \$'000
Rental income	7	169
Interest income	508	346
Dividend income	55	50
Other gains (Note 6)	1	220
	571	785

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

6. OTHER GAINS

Currency exchange (loss)/gain — net
Net (loss)/gain on disposal of plant and equipment
Government grants
Others

Group	
For the six months ended	
30 June	
2018	2017
\$'000	\$'000
(unaudited)	
(99)	22
(12)	4
108	125
4	69
1	220

7. FINANCE EXPENSES

Interest expense:

- bank borrowings
- finance lease liabilities
- associated company
- non-controlling interests

Less: Borrowing costs capitalised in investment properties

Finance expenses recognised in profit or loss

Group	
For the six months ended	
30 June	
2018	2017
\$'000	\$'000
(unaudited)	
10,853	9,372
1	1
641	599
90	76
(257)	—
11,328	10,048

Borrowing costs on general financing were capitalised at a rate of 0.04% (2017: nil%).

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

8. INCOME TAXES

Income tax expense

Tax expense attributable to the profit is made up of:

- Profit for the financial period

Current income tax

- Singapore

- Foreign

Deferred income tax

- Under provision in prior financial periods

Current income tax

Deferred income tax

Group
For the six months ended
30 June
2018 2017
\$'000 \$'000
(unaudited)

2,656 4,327

1,521 1,326

4,177 5,653

(56) 595

4,121 6,248

10 37

57 1,973

4,188 8,258

9. EARNINGS PER SHARE

(a) Basic earnings per share

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

For the six months ended
30 June
2018 2017
(unaudited)

Net profit attributable to equity holders of the Company (\$'000)

18,896 19,770

Weighted average number of ordinary shares outstanding for
basic earnings per share ('000)

840,778 739,300

Basic earnings per share (cents)

2.25 2.67

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

9. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary shares: warrants.

The basic and diluted earnings per share for the prior financial period were the same because the effect of the assumed conversion of warrants outstanding was anti-dilutive.

In the prior financial year, 67,354,886 warrants were exercised and the remaining 7,437,848 unexercised warrants were expired at 5:00 p.m. on 27 October 2017.

10. CASH AND BANK BALANCES

	Group	
	30 Jun 2018	31 Dec 2017
	\$'000	\$'000
	(unaudited)	
Cash at bank and on hand	25,940	38,311
Short-term bank deposits	31,020	37,454
	56,960	75,765

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprised the following:

	Group	
	For the six months ended	
	30 June	
	2018	2017
	\$'000	\$'000
	(unaudited)	
Cash and bank balances	56,960	84,406
Less: Short-term bank deposits charged as security to bank	(2,628)	(2,501)
Cash and cash equivalents per consolidated statement of cash flows	54,332	81,905

As at 30 June 2018, short-term bank deposits of the Group amounting to \$2,628,000 (2017: \$2,501,000) were charged as security to a bank as a guarantee in relation to a bank facility.

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

10. CASH AND BANK BALANCES (CONTINUED)

The reconciliation of liabilities arising from financing activities as at 31 December 2017 and 30 June 2018 are as follows:

	31 Dec 2017 S\$'000	Cash flows S\$'000	Non-cash items S\$'000	Interest expense S\$'000	Currency translation differences S\$'000	30 Jun 2018 S\$'000 (unaudited)
Bank borrowings and finance lease liabilities (Note 17)	447,948	1,288	—	—	(400)	448,836
Notes payable (Note 17)	149,144	—	—	208	—	149,352
Loan from non-controlling interests (Note 17)	6,370	—	—	—	—	6,370
Loan from associated company (Note 17)	46,635	(1,723)	—	—	—	44,912
Interest payable (Note 17)	2,541	(3,945)	—	3,933	—	2,529
Accrued interest expense	643	(8,102)	—	7,187	395	123
	653,281	(12,482)	—	11,328	(5)	652,122

11. TRADE AND OTHER RECEIVABLES

The majority of the Group's sales are on cash terms. The remaining amounts are with credit terms of 30 to 60 days and which are mostly covered by customers' rental deposits. At balance sheet dates, the ageing analysis of the trade receivables based on invoice date is as follows:

	Group 30 Jun 2018 \$'000 (unaudited)	31 Dec 2017 \$'000
Up to 3 months	2,952	2,546
3 to 6 months	177	186
Over 6 months	613	655
	3,742	3,387

12. ASSETS HELD FOR SALE

Details of the assets classified as held-for-sale are as follows:

	Group 30 Jun 2018 \$'000 (unaudited)	31 Dec 2017 \$'000
Beginning of the period/year	6,801	7,375
Currency translation differences	35	30
Transferred to investment properties (Note 14)	(1,824)	—
Net fair value losses recognised in profit or loss	—	(604)
	5,012	6,801

During the period, a property previously recognised as Assets Held For Sale with a carrying value of \$1,824,000 was identified to be developed to meet demand for purpose-built workers accommodation. Consequently, with management's change in intention for sale, the property is reclassified to Investment Properties.

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

13. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	30 Jun 2018	31 Dec 2017
	\$'000	\$'000
	(unaudited)	
Beginning of financial period/year	112,810	77,236
Acquisition of interest in an associated company	—	34,934
Currency translation differences	838	(604)
Share of profit	3,381	4,606
Dividends received	(1,723)	(3,445)
Share of loss in excess of investment in an associated company	2	83
End of financial period/year	115,308	112,810

There are no contingent liabilities relating to the Group's interests in the associated companies.

14. INVESTMENT PROPERTIES

	Group	
	30 Jun 2018	31 Dec 2017
	\$'000	\$'000
	(unaudited)	
Beginning of financial period/year	952,345	927,406
Currency translation differences	(1,856)	5,199
Additions to investment properties	18,709	21,716
Over provision of construction costs	—	(1,360)
Net fair value losses recognised in profit or loss	—	(616)
Transferred from assets held for sale (Note 12)	1,824	—
End of financial period/year	971,022	952,345

Investment properties are leased to non-related parties under operating leases (Note 20(c)).

Certain investment properties and assets held for sale are pledged as security for the bank facilities extended to subsidiaries (Note 17(a)). The carrying values of these investment properties and assets held for sale amounted to approximately \$963,721,000 (2017: \$946,696,000).

15. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the additions and disposals of the Group's property, plant and equipment amounted to \$456,000 and \$38,000 respectively.

At the balance sheet date, the net book value of property, plant and equipment of the Group under finance lease agreements amounted to \$148,000 (Note 17(c)).

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

16. TRADE AND OTHER PAYABLES

At 30 June 2018, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	Group	
	30 Jun 2018	31 Dec 2017
	\$'000	\$'000
	(unaudited)	
Up to 3 months	1,894	3,025
3 to 6 months	194	358
Over 6 months	744	408
	2,832	3,791

17. BORROWINGS

	Group	
	30 Jun 2018	31 Dec 2017
	\$'000	\$'000
	(unaudited)	
<i>Current</i>		
Bank borrowings (Note (a))	40,938	40,300
Finance lease liabilities (Note (c))	21	35
Notes payables (Note (b))	64,750	64,750
Less: Transaction costs	—	(96)
	64,750	64,654
Interest payable	2,529	2,541
Loan from an associated company (Note (d))	3,445	—
	111,683	107,530
<i>Non-current</i>		
Bank borrowings (Note (a))	407,898	407,604
Finance lease liabilities (Note (c))	—	9
Loan from non-controlling interests (Note (e))	6,370	6,370
Loan from an associated company (Note (d))	41,467	46,635
Notes payables (Note (b))	85,000	85,000
Less: Transaction costs	(398)	(510)
	84,602	84,490
	540,337	545,108
Total borrowings	652,020	652,638

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

17. BORROWINGS (CONTINUED)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group	
	30 Jun 2018	31 Dec 2017
	\$'000	\$'000
	(unaudited)	
- not later than one year	111,683	107,530
- between one to five years	309,158	298,059
- after five years	231,179	247,049
	652,020	652,638

At balance sheet date, the Group's bank borrowings were repayable as follows:

	Group	
	30 Jun 2018	31 Dec 2017
	\$'000	\$'000
	(unaudited)	
Within one year	40,938	40,300
Between one and two years	58,831	36,301
Between two and five years	136,783	154,632
After five years	212,285	216,671
	448,837	447,904

At balance sheet date, the Group's other loans were repayable as follows:

	Group	
	2018	2017
	\$'000	\$'000
	(unaudited)	
Within one year	70,745	67,230
Between one and two years	8,395	3,455
Between two and five years	105,149	103,671
After five years	18,894	30,378
	203,183	204,734

(a) Bank borrowings

The interest on the bank borrowings are calculated based on their floating rates. The carrying amounts of the non-current borrowings approximated their fair values.

Total borrowings include secured liabilities of \$448,858,000 (2017: \$447,948,000) for the Group. These borrowings are secured over certain bank deposits, investment properties (Note 14) and assets held for sale (Note 12).

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

17. BORROWINGS (CONTINUED)

(b) Notes payables

In 2016, the Company refreshed its \$500 million Multicurrency Medium Term Note ("MTN") programme established on 6 September 2013.

Pursuant to the MTN Programme updated on 7 October 2016, the Company issued \$65,000,000 5.25 per cent. notes due 2020 ("2020 Tranche 001 Notes") on 12 April 2017. The net proceeds from the 2020 Tranche 001 Notes have been fully utilised for the repayment of loan facilities extended by DBS Bank Ltd.

Pursuant to the MTN Programme updated on 7 October 2016, the Company issued \$20,000,000 5.25 per cent. notes due 2020 to be consolidated and form a single series with the existing Tranche 001 2020 Notes on 19 May 2017.

As at 30 June 2018, the Group is in compliance with all relevant financial covenants and the borrowings have been classified and presented appropriately based on the agreed terms.

The Group is in a net current liability position of \$71.3 million as at 30 June 2018. The Group's net current liability position mainly arose from the reclassification of note payable of \$64.8 million from non-current liability to current liability as the amount was due for repayment on July 2018.

Subsequent to 30 June 2018, the note payable of \$64.8 million was repaid on 16 July 2018.

The Group currently has sufficient cash resources and banking facilities (both in aggregate of approximately S\$225.1 million) available to meet the financing needs of the current liabilities.

(c) Finance lease liabilities

The finance lease liabilities are secured on certain property, plant and equipment purchased under finance leases of the Group. The carrying amounts of the finance lease liabilities approximated their fair values.

(d) Loan from an associated company

The loan from an associated company is unsecured with fixed repayment terms.

The interest on the loan from an associated company is calculated based on the floating rates. The carrying amounts of the non-current borrowings approximated their fair values.

(e) Loan from non-controlling interests

The loan from non-controlling interests is unsecured with no fixed terms of repayment and repayment has been agreed to not be within the next twelve months. The interest on the loan is calculated based on the floating rates. The carrying amounts of the non-current borrowings approximated their fair values.

(f) Fair value of current and non-current borrowings

	Group	
	2018	2017
	\$'000	\$'000
	(unaudited)	
Notes payables	149,466	152,744

The fair values are within Level 2 of the fair value hierarchy. The fair values of the notes payables are based on indicative mid-market prices obtained from the bank.

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

18. SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Group Amount	
	Issued share capital	Treasury shares	Share Capital	Treasury shares
	'000	'000	\$'000	\$'000
2018				
Beginning and end of financial period (unaudited)	840,778	—	142,242	—
2017				
Beginning of financial year	756,873	(16,909)	89,837	(6,498)
Issuance of shares pursuant to warrants exercised	67,355	—	33,677	—
Issuance of shares pursuant to share offering	36,000	—	19,759	—
Share issue expenses	—	—	(1,031)	—
Treasury shares purchased	—	(2,541)	—	(1,119)
Cancellation of treasury shares	(19,450)	19,450	—	7,617
End of financial year	840,778	—	142,242	—

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

On 1 August 2011, the Company completed the acquisition of Westlite Dormitory (Toh Guan) Pte Ltd (then known as Centurion Dormitory (Westlite) Pte Ltd) ("Transaction"). The acquisition was accounted for as a reverse acquisition in accordance with FRS 103 Business Combinations. Consequently, the Group's share capital amount differs from that of the Company. More information on the Transaction and the accounting can be found in the Company's published financial statements for the financial year ended 31 December 2011.

On 12 December 2017, the Company issued 36,000,000 ordinary shares for a total consideration of \$19,759,248 for cash to provide funds for the expansion of the Group's operations. The newly issued shares rank pari passu in all respects with the previously issued shares.

On 28 October 2013, the Company issued 75,605,231 warrants pursuant to the issue of Bonus Warrants on the basis of one warrant for every ten existing ordinary shares in the share capital of the Company held by entitled shareholders. Each warrant carries the right to subscribe for one new ordinary share in the share capital of the Company at an exercise price of \$0.50 for each ordinary share. Each warrant may be exercised at any time during the period of four periods commencing on and including the date of issue of the warrants and expiring on the fourth anniversary of the date of issue of the warrants.

The Company had received net proceeds of \$406,249 in relation to the issuance of new shares pursuant to warrants exercised in the prior financial year.

In the prior financial year, additional 67,354,886 warrants were exercised and correspondingly the Company issued 67,354,886 new shares and received the proceeds of \$33,677,443.

The remaining 7,437,848 unexercised warrants were expired at 5:00 p.m. on 27 October 2017.

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

18. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(a) Treasury shares

The Company acquired 2,540,700 shares in the Company in the open market during the prior financial year. The total amount paid to acquire the shares was \$1,119,000 and this was presented as a component within shareholders' equity.

The Company cancelled 19,449,600 treasury shares amounting to \$7,617,000 during the prior financial year.

19. DIVIDENDS

	Group
	30 Jun 2018 30 Jun 2017
	\$'000 \$'000
	(unaudited)
<i>Ordinary dividends paid</i>	
Final and special exempt dividend paid in respect of the previous financial year of	
1.5 cent (2017: 1.0 cent) per share	12,611 7,399

At the Board Meeting on 7 August 2018, an interim dividend of SGD1.0 cent (2017: SGD1.0 cent) per share amounting to a total of \$8,408,000 (2017: \$8,408,000) has been declared.

Shareholders in Hong Kong will receive the interim dividend in HKD equivalent of HKD5.73* cents per share.

* Exchange rate used: SGD1 = HKD5.73 as at 7 August 2018.

20. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associated companies (Note 13), are as follows:

	Group
	For the six months ended
	30 June
	2018 2017
	\$'000 \$'000
	(unaudited)
Property, plant and equipment	589 18
Investment properties	96,052 85,053

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

20. COMMITMENTS (CONTINUED)

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

The Group leases various buildings under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group For the six months ended 30 June	
	2018 \$'000 (unaudited)	2017 \$'000
Not later than one year	4,695	5,333
Between one and five years	29,550	29,990
Later than five years	50,045	53,865
	84,290	89,188

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

Operating lease income commitments are mainly for the investment properties of the Group. The lease rental income terms are negotiated for an average term of 12 months.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group 30 Jun 2018 31 Dec 2017	
	\$'000 (unaudited)	\$'000
Not later than one year	74,217	64,009
Between one and five years	8,030	7,789
More than five years	12,976	8,145
	95,223	79,943

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

20. COMMITMENTS (CONTINUED)

(d) Corporate guarantees

The Group has provided corporate guarantees in favour of financial institutions in respect of facilities granted to associated companies amounting to \$74,472,000 (2017: \$76,202,000). As at 30 June 2018, the amount of the guaranteed loans drawn down by associated companies amounted to \$74,472,000 (2017: \$76,202,000).

As at 30 June 2018, the fair value of the corporate guarantee was insignificant.

Except for the corporate guarantees disclosed above, the Group did not have any other contingent liabilities as at end of current and prior financial periods.

21. RELATED PARTY TRANSACTIONS

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group For the six months ended 30 June	
	2018	2017
	\$'000	\$'000
	(unaudited)	
Services provided to immediate holding corporation	72	5
Services provided to associated companies	1,054	330
Purchases from a company which a director has an interest	32	18
Interest charged by associated company	640	599

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	Group For the six months ended 30 June	
	2018	2017
	\$'000	\$'000
	(unaudited)	
Wages and salaries	2,377	1,974
Employer's contribution to defined contribution plans, including Central Provident Fund	83	51
	2,460	2,025

Included in above, total compensation to directors of the Company amounted to \$353,000 (2017: \$210,000).

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

22. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Senior Management that are used to make strategic decisions. The Senior Management comprises the Group Chief Executive Officer, the Group Chief Financial Officer, and the Managing Director of each business/geographic segment.

The Senior Management manages and monitors the business in three business segments namely, the provision of dormitory accommodation and services for workers ("Workers accommodation"), provision of accommodation and services for students ("Student accommodation") and manufacture and sale of optical discs and related data storage products ("Others").

The results of the respective countries within the Student accommodation and Workers accommodation business segments are aggregated into a single operating segment respectively as they share similar economic characteristics.

The segment information provided to the Senior Management for the reportable segments for six months ended 30 June 2018 is as follows:

	Workers accommodation \$'000	Student accommodation \$'000	Others \$'000	Total \$'000
Six months ended 30 June 2018: (unaudited)				
Sales:				
Sales to external parties	40,351	19,154	971	60,476
Timing of revenue recognition				
- Point in time	—	—	857	857
- Over time	40,351	19,154	114	59,619
	40,351	19,154	971	60,476
Segment results	25,158	7,572	395	33,125
Finance expense	(7,550)	(3,778)	—	(11,328)
Interest income				508
Dividend income				55
Share of profit/(loss) of associated companies	2,640	753	(13)	3,380
Profit before tax				25,740
Income tax expense				(4,188)
Net profit				21,552
Segment assets	682,446	337,514	6,943	1,026,903
Short-term bank deposits				31,020
Financial assets, at fair value through other comprehensive income				11,713
Investments in associated companies				115,308
Consolidated total assets				1,184,944
Segment liabilities	24,839	9,720	1,031	35,590
Borrowings	428,026	223,977	17	652,020
Current income tax liabilities				9,454
Deferred income tax liabilities				4,066
Consolidated total liabilities				701,130
Other segment items:				
Capital expenditure	8,202	10,964	—	19,166
Depreciation	995	592	18	1,605

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

22. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Senior Management for the reportable segments for the six months ended 30 June 2017 is as follows:

	Workers accommodation \$'000	Student accommodation \$'000	Others \$'000	Total \$'000
Six months ended				
30 June 2017:				
Sales:				
Sales to external parties	51,812	18,536	921	71,269
Timing of revenue recognition				
- Point in time	—	—	921	921
- Over time	51,812	18,536	—	70,348
	51,812	18,536	921	71,269
Segment results	33,211	7,514	302	41,027
Finance expense	(6,568)	(3,449)	(31)	(10,048)
Listing expenses				(3,089)
Interest income				346
Dividend income				50
Fair value (losses)/gains on investment properties and assets held for sale	(47)	772	1,018	1,743
Share of profit/(loss) of associated companies	1,476	—	(8)	1,468
Profit before tax				31,497
Income tax expense				(8,258)
Net profit				23,239

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

22. SEGMENT INFORMATION (CONTINUED)

	Workers accommodation \$'000	Student accommodation \$'000	Others \$'000	Total \$'000
Year ended 31 December 2017:				
Segment assets	685,167	332,070	9,056	1,026,293
Short-term bank deposits				37,454
Available-for-sale financial assets				11,887
Tax recoverable				547
Investments in associated companies				112,810
Consolidated total assets				1,188,991
Segment liabilities	32,380	12,300	1,390	46,070
Borrowings	426,502	226,110	26	652,638
Current income tax liabilities				10,455
Deferred income tax liabilities				4,095
Consolidated total liabilities				713,258
Other segment items:				
Capital expenditure	8,624	16,021	—	24,645
Depreciation	2,042	1,044	34	3,120
Amortisation	1,649	—	—	1,649

Segment assets consist primarily of property, plant and equipment, investment property, intangible assets, inventories, receivables, other current assets and operating cash, and exclude deferred tax assets, investments in associated companies and joint ventures, financial assets, at fair value through other comprehensive income and short-term bank deposits. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and bank borrowings. Capital expenditure comprises additions to property, plant and equipment and investment properties.

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2018 and 31 December 2017 on a recurring basis:

Fair value measurements

	Level 1 \$'000	Level 3 \$'000
As at 30 June 2018 (unaudited)		
Financial assets, at fair value through other comprehensive income	11,713	—
Financial assets, at fair value through profit or loss	—	51
As at 31 December 2017		
Available-for-sale financial assets	11,887	—
Financial assets, at fair value through profit or loss	—	51

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and Company is the current bid price. These instruments are included in Level 1.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximated their carrying amount.

The Group estimates the fair value of its unquoted investment classified as financial assets at fair value through profit or loss based on its share of the investee companies' net asset value ("NAV"), which is a significant unobservable input. NAV is determined by reference to the attributable net assets of the Group's investee companies based on the latest available financial information, adjusted, where applicable, for valuations of the underlying investment properties held by the investee companies determined by external, independent and qualified valuers.

Management of the Group reviews the appropriateness of the methodologies used to determine NAV, and also evaluates the appropriateness and reliability of the inputs used in the determination of NAV.

The financial assets at fair value through profit or loss are classified under Level 3 of the fair value hierarchy.

There were no transfers between the levels of the fair value hierarchy in the six months ended 30 June 2018. There were also no changes made to any of the valuation techniques applied as of 31 December 2017.

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2018

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category

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

	Group	
	30 June	31 Dec
	2018	2017
	\$'000	\$'000
	(unaudited)	
Loans and receivables	73,220	94,776
Financial liabilities at amortised cost	684,046	692,086

24. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 1 June 2018, the Group acquired a property at 121 Princess Street, Manchester through an indirectly wholly owned subsidiary at a consideration of British Pound 18.7 million (approximately Hong Kong Dollar 196.97 million or \$33.66 million) (exclusive of VAT, stamp duty and other acquisition related costs). The acquisition of Dwell Princess Street was successfully completed on 16 July 2018.