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Centurion Corporation Limited

(Incorporated in the Republic of Singapore)
(Co. Reg. No.: 198401088W)
SGX Stock Code: OU8
SEHK Stock Code: 6090

CENTURION CORPORATION LIMITED ANNUAL REPORT 2018



2018 A NEW STAGE
OF GROWTH
ANNUAL REPORT



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Portfolio of 31 owned and managed assets in 16 cities and 6 countries around the world

| | | | | | |
|------------------------------------|-----------------------------------|--|--|------------------------------------|-------------------------------------|
| 5 Assets in Singapore | 7 Assets in Malaysia | 10 Assets in United Kingdom | 6 Assets in United States | 2 Assets in Australia | 1 Asset in South Korea |
|------------------------------------|-----------------------------------|--|--|------------------------------------|-------------------------------------|



Westlite Bukit Minyak, Penang, Malaysia



dwell Princess Street, Manchester, United Kingdom



RMIT Village, Melbourne, Australia



dwell College and Crown, Connecticut, USA

CORPORATE PROFILE

Centurion Corporation Limited (“Centurion” or the “Company” and together with its subsidiaries, the “Group”) owns, develops and manages quality, purpose-built workers accommodation assets in Singapore and Malaysia, and purpose-built student accommodation assets in Singapore, Australia, the United Kingdom (“UK”), the United States (“US”) and South Korea.

Established in 1981 as an audio cassette tape manufacturer, the Company was listed on the Singapore Exchange (SGX: OU8) in January 1995. In 2011, a reverse takeover saw the Group successfully diversifying into the accommodation business to capture growth opportunities in this niche market. In December 2017, Centurion completed a dual primary listing on the Main Board of The Hong Kong Stock Exchange Limited (SEHK: 6090).

As of 31 December 2018, the Group owns and manages a strong portfolio of 28 accommodation assets totalling 55,408 beds. Following the completion of projects currently under development and undergoing asset enhancement works, the Group’s portfolio of accommodation assets will grow to 31 assets with 62,656 beds by 2Q 2019.

Centurion’s established portfolio of workers accommodation assets are managed under the “Westlite” brand. The Group owns a portfolio of c.26,100 beds across four workers accommodation assets in Singapore and c.30,300 beds across seven workers accommodation assets in Malaysia.

The Group successfully expanded into the student accommodation business in 2014. Centurion owns a portfolio of ten assets in the UK with a total capacity of 2,675 beds, a 332-bed asset in Singapore and two assets in Australia with 896 bed spaces, inclusive of 160 additional beds of RMIT Village’s AEP due to complete in 2Q 2019 and one 208-bed asset in South Korea. With the exception of RMIT Village, the Group’s student accommodation assets are managed under the “dwell” brand.

In November 2017, Centurion broke new ground with the establishment of its inaugural private fund, the Centurion US Student Housing Fund with a portfolio of 2,145 beds. A year later in December 2018, the Group announced the successful first closing of its second fund, the Centurion Student Accommodation Fund, which will invest in purpose-built student accommodations globally (ex-US). In line with the Group’s asset light strategy, such investments will allow Centurion to efficiently leverage resources to scale up in a sustainable manner.

With global reach and a clear growth strategy to actively enhance and manage its assets, identify strategic acquisitions supported by joint ventures and investment funds, Centurion has evolved to become Singapore’s leading owner, manager and operator of accommodation assets in niche and growing alternative asset classes.

OUR CORE VALUES

reflect our passion to meet our customers’ objectives and provide services that promote the well-being of our stakeholders.

RESPECT

We treat every individual with consideration, dignity and respect at all times. We are sensitive and attentive to different needs arising from the diverse backgrounds, nationalities, religions, traditions and culture. We have in place consultation and grievance mechanisms for the well-being of our residents, customers and staff.

INTEGRITY

We believe in upholding the highest standards of integrity and to confidently act with honesty at all times. We have the courage to do what is right, and earn the trust of all our customers and stakeholders, dedicating our best knowledge and skills to obtain the best outcome.

CREATIVITY

We explore innovative methods, processes and best practices to achieve higher efficiency and productivity to stay ahead. As a team, we encourage personal initiative, resourcefulness and a positive mindset to make a difference. This ensures that we embrace change while constantly improving ourselves to keep ahead of competition, and enables us to continue pushing boundaries and expectations.

EXCELLENCE

We strive for excellence and persevere in everything we do to obtain the best outcome. Our focus and commitment to quality is embedded in every aspect of our business - not just physical infrastructure and products, but also our relationships, processes and services that go into creating a healthy and positive environment.

SIGNIFICANT EVENTS IN 2018



ASPRI-Westlite Papan, Singapore



dwell Castle Gate Haus, Nottingham, United Kingdom



Singapore Corporate Awards 2018



HR Asia Awards 2018



dwell Dongdaemun, Seoul, South Korea

JANUARY - MARCH

Launch of first dedicated Process industry foreign worker accommodation with integrated training centre in Singapore

The Group, together with the Association of Process Industries and Lian Beng Group, opened the 7,900-bed ASPRI-Westlite Dormitory - Papan, Singapore's first integrated purpose-built workers accommodation advocating a "Live, Learn and Play" environment.

APRIL - JUNE

Expanding our footprint in the United Kingdom

The Group expanded its student accommodation business in United Kingdom with the acquisition of a 127-bed premium accommodation asset, dwell Princess Street, in the heart of Manchester city centre.

JULY - SEPTEMBER

Bagged two gold awards at the Singapore Corporate Awards 2018

Centurion has been recognised for excellence in corporate governance, board management and investor relations at this year's Singapore Corporate Awards. The Group won two prestigious gold awards; Best Managed Board and Best Investor Relations in the mid-cap category for listed companies with a market capitalisation of between \$300 million and \$1 billion.

OCTOBER - DECEMBER

Entering the North Asia market with an acquisition in South Korea

Marking a new chapter in the Group's global growth, Centurion acquired 55% interest in Benikea Hotel KP located in the Dongdaemun district within Seoul, South Korea. The 104-room 3-star hotel will be refurbished into a 208-bed student accommodation asset, with a potential to increase up to c.234 beds by 1Q 2019.

Westlite Woodlands triumphs at Dormitory Awards 2018

Westlite Woodlands won the Dormitory Awards 2018 under the Foreign Employees Dormitories Act regulated category. The award was organised by the Ministry of Manpower, in partnership with the

Dormitory Association of Singapore Ltd and the Migrant Workers' Centre. The Dormitory Awards aims to recognise dormitory operators who exceed basic housing standards and adopt good dormitory management practices, to enhance the quality of life for foreign worker residents.

Entry into Nottingham, United Kingdom

Deepening the Group's presence in the UK and marking its entry into the city of Nottingham, the Group acquired a 133-bed student accommodation asset, dwell Castle Gate Haus is well located in Nottingham's city centre and easily accessible to both of Nottingham's top universities.

Completion of student accommodation in the heart of Adelaide

The unveiling of 280-bed dwell East End Adelaide, a vibrant and dynamic student accommodation brand to spearhead growth in Australia, marked a significant milestone for the Group. The Property is Centurion's second student accommodation asset in Australia, following the acquisition of RMIT Village in 2014.

Winner of HR Asia Best Companies to work for in Asia 2018 Award

Centurion was awarded HR Asia's Best Companies to work for in Asia 2018 - an award that recognises world-class corporations with high levels of employee engagement and excellent workplace cultures. This award further strengthens the Group's philosophy of "management with a heart".

Successful first closing of Global Student Accommodation Fund, with a reputable educational institution cornerstone investor secured

The Group announced the first closing of its global (ex-United States) student accommodation private fund, with an aggregate committed capital of S\$70.0 million. This marks Centurion's further expansion into investment management services as part of its asset light strategy.

CHAIRMAN AND CEO LETTER TO SHAREHOLDERS

A clear strategy for building a stable and resilient portfolio diversified by segments and geographies, and the management ability to effectively execute this strategy, has helped Centurion to deliver sustainable returns for our shareholders, while navigating challenging environments.



FY 2018
GROUP REVENUE

S\$120.07
MILLION

FY 2018
PROFIT FROM CORE BUSINESS

S\$39.60
MILLION

FY 2018
TOTAL DIVIDEND

2.0 SINGAPORE
CENTS PER SHARE

Mr. Wong Kok Hoe

Mr Kong Chee Min

DEAR SHAREHOLDERS,

We are pleased to report that for FY2018, the Group achieved stable revenues and profits from core business operations, as well as strong growth in Net Profit After Tax on the back of valuation gains.

Core business performance was lower in comparison to 2017, in line with expectations given the lease expiry of Westlite Tuas in Singapore, but supported by healthy resilient occupancy and rental rates despite macroeconomic uncertainties globally. The valuation gains were derived mainly from the Group's student accommodation portfolio in UK.

During the year, the Group also continued to grow our portfolio in both existing and new markets, with two student accommodation acquisitions in the UK, and one new asset acquired for student accommodation in Seoul, South Korea. In 4Q 2018 and the early months of 2019, we completed development of Westlite Bukit Minyak, the first quality Purpose-Built Worker Accommodation of its kind in Penang, and dwell East End Adelaide, the Group's 2nd Purpose Built Student Accommodation in Australia and our first in Adelaide.

In November 2018, we also announced a first closing of our 2nd student accommodation fund, with S\$70 million in capital commitments. This follows the successful launch of our first student accommodation fund in 4Q 2017, and affirms the Group's ability to execute asset light strategies for scaleable growth.

FINANCIAL PERFORMANCE FOR FY2018

The financial year ended 31 December 2018 ("FY2018") saw strong net profit growth as the Group recorded S\$48.6 million in net valuation gains during the last quarter, mainly derived from the Group's student accommodation in the UK which continued to achieve high occupancy, consistent earnings and rental growth. Despite uncertainties surrounding Brexit, a positive outlook for UK purpose-built student accommodation ("PBSA") assets over the longer term and a strong market appetite to deploy capital in the sector has led to higher yield compression in 2018.

The performance of our portfolio of 28 operational assets across five countries remained stable in FY2018. We continued to maintain strong occupancy of our 55,408 beds, with average occupancy rates of 95.2% for the year.

Revenue declined 12% year-on-year to S\$120.1 million, largely due to Westlite Tuas' cessation of operations in December 2017, with the expiry of its land lease. Similarly, net profit after tax from core business operations declined 20% year-on-year to S\$39.6 million, largely due to loss of revenue from Westlite Tuas, as well as higher finance cost on the back of higher interest rates and new borrowings to fund acquisition.

Excluding Westlite Tuas, revenue would have increased S\$3.4 million year-on-year. This growth in revenue was mainly driven by an improved performance of our student accommodation assets in UK as well as our worker accommodation assets in Malaysia.

The Group has a steady pipeline of assets that will become operational and earnings accretive in the coming year. This includes Westlite Bukit Minyak, a 6,600-bed workers accommodation, and student accommodations 280-bed dwell East End Adelaide, 208-bed dwell Dongdaemun and an additional 160 beds from the asset enhancement programme at RMIT Village. Together, these assets will add 7,248 beds, a 13.1% increase, to our portfolio.



Deputy Prime Minister Tharman Shanmugaratnam officiating at the Opening Ceremony of ASPRI-Westlite Papan

CHAIRMAN AND CEO LETTER TO SHAREHOLDERS (Cont'd)

As a reward for our shareholders, the Board of Directors has made an interim dividend payment of 1.0 Singapore cent per ordinary share during the year. A final dividend of 1.0 Singapore cent per ordinary share has also been recommended, subject to approval by shareholders at the forthcoming Annual General Meeting, bringing total dividend payment for FY2018 to 2.0 Singapore cents per share or the Hong Kong dollar equivalent of HKD11.53 cents per share.

BECOMING A GLOBAL PLAYER IN SPECIALISED ACCOMMODATION

We have established ourselves as a significant player in both student and workers accommodation over the years. A clear strategy for building a stable and resilient portfolio diversified by segment and geographies, and the management ability to effectively execute this strategy, has helped Centurion to deliver sustainable returns for our shareholders, while navigating challenging environments.

We aim to continue growing our specialised accommodation business globally through a multi-pronged approach of portfolio growth and asset light strategies. The former involves selective acquisitions, developments and

asset enhancement programmes. The latter seeks to achieve scalable growth through joint ventures and private funds, as well as the provision of investment, asset and property management services.

In growing our specialised accommodation business, we may also diversify into new niche accommodation asset types that enable us to generate stable, recurring income for shareholders, beyond the student and workers segments. When compelling opportunities arise, the Group will also strategically explore diversification of its accommodation business in new, emerging markets with strong growth potential.

LOOKING AHEAD

We maintain cautiously optimistic on our business outlook in 2019 amid mounting geopolitical uncertainty, concerns of economic volatility and slowing growth. Nonetheless, we believe that given our well-diversified customer base and strategic location of our assets, we will continue to enjoy healthy occupancy and rental rate growth. We expect to continue delivering sustainable returns for our shareholders, on the back of the strong and resilient portfolio we have built prudently over the years.



Singapore Corporate Awards 2018 - Best Managed Board

Our dwell student accommodation business is, by nature, a stable and defensive asset class. The Group has a well-diversified PBSA portfolio of 18 operational assets, and two more assets beginning operations in 1Q 2019 (dwell East End Adelaide) and 2Q 2019 (dwell Dongdaemun). The bulk of our properties are located in established education hubs like the UK, US and Australia. Furthermore, our resident mix is well-balanced between domestic students in each country and international students from China, South East Asia, Europe, India, South America, etc.

Similarly, our Westlite worker accommodations' customer base is well-diversified across different sectors from construction to marine, oil and gas to manufacturing, logistics and services. We believe that our worker accommodation business will remain stable and enjoy healthy occupancy and rental rate growth.

COMMITMENT TO SUSTAINABILITY

Creating sustainable value for our stakeholders is imperative and remains at the core of our business. Establishing ongoing close relationships with both internal and external stakeholders, including staff, customers and the communities we operate in, is essential for sustainable growth.

We are relentless in our efforts to manage and reduce our environmental footprint by effectively monitoring and managing the efficiency of our utilities' consumption

in all business operations. In addition, we constantly explore options for renewable or clean energy solutions that make economic sense, and have announced our first solar energy solution installation in Singapore in 1Q 2019.

As our business is centred on people, we maintain our focus on providing high service standards and operating safe, conducive, high-quality accommodations for our customers and residents. In managing our "Business with a Heart", we also hone our operational expertise and develop a clear competitive quality difference.

There are equal career and development opportunities for all employees, regardless of race, age, religion and gender. Furthermore, we actively promote social integration and engagement with the communities where we operate, including volunteerism from our customers, residents and staff.

Our efforts in nurturing our people has been recognised at HR Asia Awards 2018, where we received the accolade 'Best Companies to Work For in Asia'. We are proud to have also been awarded at Dormitory Awards 2018 for the quality of management at Westlite Woodlands, in enhancing the wellbeing of our foreign worker residents. Last and by no means least, we are inspired to have been lauded at Singapore Corporate Awards 2018 where we received prestigious gold awards for Best Managed Board and Best Investor Relations.

Going forward, we will continue to communicate with the relevant stakeholders, address any environmental and social concerns and uphold high corporate governance standards.

EXTENDING APPRECIATION

Broad industry knowledge and backgrounds as well as diverse perspectives are key to an organisation's success. In 2018, we are pleased to welcome Ms Tan Poh Hong as Independent Non-Executive Director and Mr Teo Peng Kwang as Executive Director of the Company.

Ms Tan's vast experience includes serving as Deputy CEO of Singapore's Housing and Development Board while Mr Teo has been in his existing role as the Chief Operating Officer, Accommodation Business, of the Group since 2011. These appointments showcase our continued focus on diversity and renewal to ensure our board is made up of highly qualified directors who bring with them the expertise to promote better corporate governance.

We would also like to express our gratitude to Mr Lee Kerk Chong, who has stepped down from his position as executive director of optical business at the end of 2018. Mr Lee has retired after overseeing the Group's optical disc manufacturing operations for more than 30 years and having grown the business from a single factory, producing audio cassette tapes into an integrated optical storage media solutions provider in the region. The Board and Management would like to thank Mr Lee for his invaluable contribution to the Company and we extend our best wishes to him for the future.

Lastly, we would like to thank our faithful shareholders, dedicated management and staff, loyal business partners and all other stakeholders for their unwavering support.

Yours faithfully,

WONG KOK HOE - Chairman of the Board
KONG CHEE MIN - Chief Executive Officer



Expressing Our Gratitude to the Retiring Mr Lee Kerk Chong

BOARD OF DIRECTORS

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MR. WONG KOK HOE

Non-Executive Chairman

Mr. Wong Kok Hoe (黃國豪) ("Mr. Wong"), aged 56, joined the Board on 1 August 2011 as a Non-Executive Chairman. He is also a member of the Remuneration Committee. He was last re-elected a Director of the Company on 26 April 2017.

Mr. Wong is the Group Chief Operating Officer at Centurion Global Ltd, a controlling shareholder of the Company, responsible for overseeing the operations of Centurion Global Ltd and its subsidiaries' investments across a wide range of industries in various jurisdictions.

Prior to joining Centurion Global Ltd in 2009, Mr. Wong was admitted as a practising lawyer in Singapore on 14 March 1990. He has more than 18 years of legal experience in the areas of corporate law, corporate finance, and mergers and acquisitions. He started his legal career in Drew & Napier before leaving in June 1996 to be a partner in Yeo Wee Kiong & Partners. In October 1999, he joined Rajah & Tann (which was subsequently converted to Rajah & Tann LLP) as a partner and stayed on till June 2008. From July to December 2008, he acted as a consultant in Rajah & Tann LLP.

Mr. Wong obtained a Bachelor of Law (Honours) degree from the National University of Singapore in June 1989.

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MR. LOH KIM KANG DAVID, PBM, BBM

Non-Executive Director

Mr. Loh Kim Kang David (羅敬惠) ("Mr. Loh"), aged 55, joined the Board on 8 May 2015 as a Non-Executive Director. He is responsible for participating in the formulation of corporate and business strategies. Mr. Loh was last re-elected a Director of the Company on 29 April 2016 and will be seeking re-election at the forthcoming Annual General Meeting to be held on 25 April 2019.

Mr. Loh has over 20 years of experience in the investment and brokerage industry. Mr. Loh has been a Principal and Director of Centurion Global Ltd, a controlling shareholder of the Company, since April 2008 to present. His last position was in UOB Kay Hian Pte. Ltd. (formerly known as Kay Hian Pte Ltd) where he was Director (Business Development Consultant) from July 2009 to March 2010. He was a Director (Dealing) from July 2007 to June 2009, Executive Director (Dealing) from July 1999 to July 2007 and Associate Director (Dealing) from July 1996 to July 1999.

He was a Managing Director (Management) at UOB Kay Hian (Hong Kong) Ltd (formerly known as Kay Hian Overseas Securities Ltd) from July 1999 to October 2001. Prior to joining UOB Kay Hian Pte Ltd, he was with OUB Securities Pte Ltd as Dealing Director from August 1995 to June 1996.

Mr. Loh started his career as Dealer (Dealing Director) at Ong & Company Pte. Ltd. from November 1989 to August 1995.

Mr. Loh was presented with the Bintang Bakti Masyarakat (Public Service Star) (BBM) at the 2016 National Day Awards. He was previously presented with the Pingat Bakti Masyarakat (Public Service Medal) (PBM) at the 2011 National Day Awards.

Mr. Loh currently is a director of Centurion US Student Housing Fund and PC Portfolio Pte Ltd.

Mr. Loh obtained a degree of Bachelor of Science from the University of Oregon in June 1988. Mr. Loh is the maternal cousin of Mr. Han Seng Juan, Non-Executive Director and controlling shareholder of the Company and brother-in-law of Mr. Bin Hee Din Tony, a senior management of the Company and a director of several principal subsidiaries of the Company.

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MR. GN HIANG MENG

Lead Independent Director

Mr. Gn Hiang Meng (鄺憲民) ("Mr. Gn"), aged 70, was appointed as an Independent Non-Executive Director on 17 May 2007 and as Lead Independent Director on 1 March 2014. He was last re-elected a Director of the Company on 27 April 2018. Mr. Gn is the Chairman of the Audit Committee and a member of the Nominating Committee.

Mr. Gn was with the United Overseas Bank Group for 28 years. Prior to his resignation in 2001, he was the Senior Executive Vice-President in charge of investment banking and stock broking businesses. He was the Deputy President of UOL Group from 2001 to 2007.

Mr. Gn obtained a Bachelor of Business Administration (Honours) degree from the University of Singapore (currently known as the National University of Singapore).

Mr. Gn has been appointed as an independent non-executive director of each of Haw Par Corporation Limited (stock code: HO2.SI), a company principally engaged in manufacturing, marketing and trading healthcare products, Koh Brothers Group Limited (stock code: K75.SI), a company principally engaged in construction, property development and specialist engineering solutions provider, SingHaiyi Group Limited (stock code: 5HO.SI), a company principally engaged in investing, developing and managing real estate properties, and TEE International Limited (stock code: MIZ.SI), a company principally engaged in engineering works with business interests in real estate and infrastructure since 13 August 2014, 16 August 2007, 1 December 2013 and 1 June 2013 respectively. The shares of these companies are listed on the Mainboard of SGX-ST.



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**MR. HAN SENG JUAN,
PBM, BBM***Non-Executive Director*

Mr. Han Seng Juan (韓成元) ("Mr. Han"), aged 56, joined the Board on 8 May 2015 as a Non-Executive Director. He is responsible for participating in the formulation of corporate and business strategies. Mr. Han was last re-elected a Director of the Company on 27 April 2018.

Mr. Han has over 20 years of experience in the investment and brokerage industry. He has been a Principal and Director of Centurion Global Ltd, a controlling shareholder of the Company, since April 2008. His last position was in UOB Kay Hian Pte. Ltd. (formerly known as Kay Hian Pte Ltd) where he was Director (Business Development Consultant) from July 2009 to March 2010. He was a Director (Dealing) from July 2007 to June 2009, Executive Director (Dealing) from July 1999 to July 2007, and Associate Director (Dealing) from July 1996 to July 1999.

Prior to joining UOB Kay Hian Pte Ltd, he was with OUB Securities Pte Ltd as Dealing Director from August 1995 to June 1996 and Ong & Company Pte. Ltd. as Dealing Director from November 1989 to August 1995.

Mr. Han started his career as a Dealer at UOB Securities Pte Ltd from July 1987 to October 1989.

Mr. Han was presented with the Bintang Bakti Masyarakat (Public Service Star) (BBM) at the 2015 National Day Awards. He was previously presented with the Pingat Bakti Masyarakat (Public Service Medal) (PBM) at the 2010 National Day Awards.

Mr. Han obtained a degree of Bachelor of Science from the University of Oregon in March 1987. He is the maternal cousin of Mr. Loh, Non-Executive Director and controlling shareholder of the Company.

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MR. OWI KEK HEAN*Independent Non-Executive Director*

Mr. Owi Kek Hean (黃格賢) ("Mr. Owi"), aged 61, was appointed as an Independent Non-Executive Director on 1 January 2017. Mr. Owi is the Chairman of the Nominating Committee and a member of the Audit Committee. He was last re-elected a Director of the Company on 26 April 2017.

Mr. Owi worked with KPMG LLP in Singapore from 1982 until his retirement in October 2015 and had held various senior positions including Head of Tax, Head of Enterprise, Finance Partner and Deputy Managing Partner.

Mr. Owi obtained a degree of Bachelor of Business Administration from the National University of Singapore in May 1981. He is an Accredited Tax Advisor (Income Tax and Goods and Services Tax) with the Singapore Institute of Accredited Tax Professionals.

Mr. Owi has been appointed as an independent director and the lead independent director of SLB Development Ltd., a company which shares are listed on the Catalist Board of SGX-ST (SGX:1JO), since 23 March 2018. He is also an executive director of IMO & Partners Pte. Ltd., a director of Centurion US Student Accommodation Holdings Pte. Ltd. and an independent director of Centurion US Student Accommodation Inc.

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**MR. CHANDRA MOHAN S/O
RETHNAM, PBM, BBM***Independent Non-Executive Director*

Mr. Chandra Mohan s/o Rethnam ("Mr. Mohan"), aged 56, was appointed as an Independent Non-Executive Director on 17 May 2007. He is the Chairman of the Remuneration Committee and a member of the Audit Committee. He was last re-elected a Director of the Company on 26 April 2017 and will be seeking re-election at the forthcoming Annual General Meeting to be held on 25 April 2019.

Mr. Mohan is presently an Advocate and Solicitor and has been a Partner at Rajah & Tann Singapore LLP, a law firm in Singapore, since January 2008. He is also a director of PC Portfolio Pte Ltd.

Mr. Mohan was a lecturer with the Faculty of Law at the National University of Singapore from July 1989 to March 1995.

He has been appointed to sit on the SINDA Executive Committee for the term 2015-2017 and is re-appointed for the term 2017-2019. He was the Chairman of its Donor Relation Sub-Committee with effect from 27 October 2015 and is appointed as a member of the SINDA SkillsFuture Sub-Committee for the current term.

He is also a council member of the North West Community Development Council (NWDC) since 2002, holding the appointments of Chairman for the NWDC SkillsFuture Standing Committee from 2017, NWDC Finance Committee (2009-2017), Organising Committee for NWDC Food Aid Fund for needy residents (2010-2018) and NWDC Corporate Communications Committee (2006-2009).

Mr. Mohan was presented with the Bintang Bakti Masyarakat (Public Service Star) (BBM) at the 2015 National Day Awards. He was previously presented with the Pingat Bakti Masyarakat (Public Service Medal) (PBM) at the 2011 National Day Awards.

Mr. Mohan obtained a Bachelor of Law (Honours) degree from the National University of Singapore in June 1986 and a Master of Law degree from the University of Cambridge in July 1989. He is also a Fellow of the Singapore Institute of Arbitrators and a member of the Chartered Institute of Arbitrators in the United Kingdom.



BOARD OF DIRECTORS

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MS. TAN POH HONG PBM, PPA (E)

Independent Non-Executive Director

Ms. Tan Poh Hong (陳寶鳳) ("Ms. Tan"), aged 60, was appointed as an Independent Non-Executive Director on 8 May 2018 and will be seeking re-election at the forthcoming Annual General Meeting to be held on 25 April 2019. She is a member of the Remuneration Committee and a member of the Nominating Committee.

Ms. Tan was the Chief Executive Officer of Agri-Food & Veterinary Authority (AVA) of Singapore from May 2009 to September 2017 and was responsible for the implementation of the organisation's policies and strategies.

Prior to her appointment at AVA, Ms. Tan was the Deputy CEO of the Housing and Development Board (HDB) from September 2004 to March 2009 where she was responsible for the planning, development and management of HDB properties. Ms. Tan also held various leadership positions in the HDB, including as a Director of Corporate Development.

Ms. Tan is a fellow with the Centre for Liveable Cities, council member of the Singapore Red Cross and a board member of the Industrial & Services Cooperative Society Ltd. Ms. Tan has been appointed an independent director of Sheng Siong Group Ltd., a company incorporated in the Republic of Singapore which shares are listed on Mainboard of SGX-ST (SGX: OV8), since 5 January 2018. She is also an Independent Director of AnnAik Limited, a company incorporated in the Republic of Singapore which shares are listed on the Catalist Board of SGX-ST, since 26 July 2018. She also sit as a Director on the Board of Barramundi Asia Pte Ltd since 5 March 2018.

Ms. Tan obtained a Bachelor of Science (Honours) in Estate Management from the National University of Singapore, and a Master of Business Administration (with Distinction) from New York University. She was awarded the Public Administration Medal (Gold) in August 2013, and the Public Service Medal in August 1999 by the Singapore Government.

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MR. TEO PENG KWANG KELVIN

Executive Director and Chief Operating Officer - Accommodation Business

Mr. Teo Peng Kwang (趙炳光) ("Mr. Teo"), aged 59, was appointed as Chief Operating Officer of the Group's accommodation business in August 2011. Mr. Teo was also appointed as an Executive Director of the Company on 8 May 2018 and will be seeking re-election at the forthcoming Annual General Meeting to be held on 25 April 2019.

He is presently responsible for the day-to-day operations and expansion of the Group's accommodation business. He also assists the Managing Director - Accommodation Business in growth and strategic planning. Mr. Teo joined in 2007 as an executive director of Westlite Dormitory (Toh Guan) Pte. Ltd. (formerly known as Centurion Dormitory (Westlite) Pte. Ltd.), one of our Group's acquired subsidiaries in 2011.

Mr. Teo is also a director of Kelvin & Elvin Investment Pte. Ltd in May 2018.

Prior to joining our Group, Mr. Teo was a director of Maxi Global Management Pte Ltd, a company which then provided housing services for foreign workers, from March 2009 to April 2011. He was also a director of Maxfresh Leisure Pte Ltd, a company principally engaged in the rental services of fishing boats, from August 2010 to April 2011. Mr. Teo was also a director of Intertrade (S) Enterprise Pte. Ltd., a company principally engaged in chemical trading, from January 2006 to July 2007.

Prior to 2011, Mr. Teo owned and managed various businesses in Singapore including real estate and construction business. Mr. Teo was a Director of ISO Industry Pte. Limited from March 2006 to February 2011, and Maxi Consultancy Pte. Limited from December 2008 to January 2010.

Mr. Teo was also a Director at Pointbuilt Pte. Limited from May 2008 to February 2011, Serangoon Garden Staff Apartment Pte. Ltd. from March 2009 to August 2011 and Swissplan Dormitory Management Pte. Ltd. from September 2007 to April 2011.

Mr. Teo has been the vice president of Dormitory Association of Singapore Limited since July 2015 and previously was the president of the same association from October 2012 to June 2015. He has also been an independent trustee of the board of trustees for the Migrant Workers' Assistance Fund since November 2014.

Mr. Teo completed his primary school education in 1972 at River Valley Primary School.



SENIOR MANAGEMENT

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MR. KONG CHEE MIN

Chief Executive Officer

Mr. Kong Chee Min (江志明) ("Mr. Kong"), aged 53, was appointed as the Chief Executive Officer of our Group in August 2011 and is responsible for overall management of our Group's operations and the implementation of business strategies and the long term growth objectives approved by our Board. Mr. Kong joined our Group in March 1996 and was appointed a member of the Board on 28 March 2000 until he stepped down on 8 May 2015.

Prior to Mr. Kong's appointment as our Group's Chief Executive Officer, he was the regional chief executive officer and finance director of our Group. He also assisted Mr. Lee Kerk Chong in managing and driving the strategic development and growth of the Group's optical disc business.

Prior to joining our Group, Mr. Kong was the accountant of General Motors Overseas Distribution Corporation, a company principally engaged in the sales and distribution of motor vehicles, motor vehicles parts and accessories since April 1994. He was an audit senior at Cooper & Lybrand, an accountancy firm, from June 1991 to April 1994.

Mr. Kong obtained a degree of Bachelor of Accountancy from the National University of Singapore in July 1991. He is currently a member of the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore).

ii

MR. LEE KERK CHONG

Executive Director - Optical Disc Business
(Retired with effect from 1 January 2019)

Mr. Lee Kerk Chong (李世宗) ("Mr. Lee"), aged 68, is the founder of the Company (formerly known as SM Summit Holdings Limited). He served as chairman and chief executive officer from 31 March 1984 to 1 August 2011 and as a member of the Board since 31 March 1984. He retired from the Board on 28 April 2015 but retained his executive role in managing the optical disc business segment.

Mr. Lee retired as the executive director of our Group's optical disc business with effect from 1 January 2019, after overseeing the strategic planning and overall management of the Group's optical disc manufacturing operations for more than 30 years and having grown the business from a single factory producing audio cassette tapes into an integrated optical storage media solutions provider in the region.

Mr. Lee is the brother of Ms. Lee Geok Ing, our Group's human resources and administration manager.

iii

MR. BIN HEE DIN TONY

Managing Director - Accommodation Business

Mr. Bin Hee Din, Tony (袁啟新) ("Mr. Bin"), aged 60, is primarily responsible for the strategic planning and overall management of the Group's accommodation business. Mr. Bin joined Centurion Properties Pte Ltd ("Centurion Properties") in 2007 as its Chief Executive Officer. In 2018, he stepped down as its CEO, but remains as a director. Centurion Properties is a subsidiary of Centurion Global Ltd, the ultimate controlling shareholder of the Company. He was appointed a member of the Board on 1 August 2011 and stepped down on 8 May 2015.

Mr. Bin has been managing the accommodation business since 2008. Prior to joining the Group on 1 August 2011, he was an Estates officer at the Housing & Development Board from 1984 to 1987. Thereafter, he was the marketing manager at Tong Eng Brothers (Pte) Ltd., a company principally engaged in property development and investments, from 1987 to 1989. Thereafter, Mr. Bin was in the financial industry for 10 years: as a vice president in Real Estate Finance at United Overseas Bank, one of the largest local commercial banks from 1989 to 1997. Thereafter, he joined Societe Generale Asia (Singapore) Ltd., a financial institution, as vice president of Capital Markets from 1997 to 1999.

From 1999 to 2007, he joined the Guthrie GTS group, a company on the Mainboard of SGX-ST as chief operating officer of Heartland Retail Holdings Pte. Ltd, a company principally engaged in property investments from 1999 to 2007; as general manager at Guthrie Properties (S) Pte Ltd, a company principally engaged in property development and investments and concurrently as general manager at AsiaMalls Management Pte Ltd, a company principally engaged in provision of real estate services from 2002 to 2007.

Mr. Bin obtained a degree of Bachelor of Science (Estate Management) from the National University of Singapore in June 1984. He is the brother-in-law of Mr. Loh, Non-Executive Director and controlling shareholder of the Company.



SENIOR MANAGEMENT

iv

MS. FOO AI HUEY

Chief Financial Officer

Ms. Foo Ai Huey (符愛慧) ("Ms. Foo"), aged 50, was appointed as the chief financial officer after the Group enlarged its principal business activities to include the Accommodation Business. She was previously the Group's Finance Manager when she joined in April 2000.

Currently, she heads the finance team and manages the full spectrum of finance and management reporting requirements.

Prior to joining our Group, Ms. Foo was a senior accountant at MOH Holdings Pte. Ltd. (formerly known as Health Corporation of Singapore Pte. Ltd.), a company principally engaged in the provision of healthcare services and had also worked as an internal auditor in a Singapore listed Company.

Ms. Foo has accumulated more than 26 years of finance and accounting related experience covering internal audit, taxation, internal control, financial accounting, cost and management accounting in the accommodation, manufacturing, service and healthcare industries.

Ms. Foo obtained a degree of Bachelor of Commerce from the University of Newcastle, Australia in May 1992. She is a member of the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore) since 31 August 1996, and a Certified Practicing Accountant of the Australian Society of Certified Practicing Accountants since 12 September 1994.

v

MR. TEO PENG KWANG KELVIN

Executive Director and Chief Operating Officer - Accommodation Business

Mr. Teo Peng Kwang was appointed as Chief Operating Officer of the Group's Accommodation Business in August 2011. Mr. Teo was also appointed as an Executive Director of the Board on 8 May 2018 and will be seeking re-election at the forthcoming Annual General Meeting to be held on 25 April 2019. Please refer to his profile under the Board of Directors section of this Annual Report (see page 10).

vi

MR. HO LIP CHIN

Chief Investment Officer - Accommodation Business

Mr. Ho Lip Chin (何立錦) ("Mr. Ho"), aged 50, joined the Group in January 2012 as Director, Investments before his appointment as Chief Investment Officer of accommodation business in 2015.

He is responsible for growing the Group's Accommodation Business and assists in the Group's strategic planning activities. Mr. Ho has over 20 years of experience in the real estate and hospitality industries across the Asia Pacific. Prior to joining the Group, he was Director, Real Estate at Centurion Properties Pte Ltd (a subsidiary of our controlling shareholder, Centurion Global Ltd), where he was involved in its real estate investments and workers accommodation business.

From July 2002 to prior to joining Centurion Properties Pte Ltd in May 2010, Mr. Ho worked in a number of companies including those in hospitality and real estate industry. He was a senior vice president of investment of Pramerica Real Estate Investors (Asia) Pte. Ltd., a fund management company principally engaged in real estate investment, from March 2008 until joining Centurion Properties Pte Ltd in May 2010. He was a director at GE Real Estate Investments Singapore Pte. Ltd., a company principally engaged in real estate investment, from February 2007 to August 2007; a Director of Development, Southern Asia from January 2003 to January 2007 at Intercontinental Hotels Group which was principally engaged in managing hotels on behalf of third party hotel owners; a senior associate from July 2002 to January 2003 at HVS International Singapore, a hospitality consulting firm; an investment manager at HKR Asia-Pacific Pte Ltd, an investment holding company, from January 1996 to June 2002; and a management trainee at Shangri-La Hotel, a company principally engaged in hotel operation, from September 1994 to March 1995 and August 1989 to January 1990.

Mr. Ho obtained a degree of Bachelor of Science in Business Administration and a degree of Master of Business Administration from the University of San Francisco.

vii

MR. LEONG SIEW FATT

Head, Student Accommodation Business

Mr. Leong Siew Fatt (梁兆發) ("Mr. Leong"), aged 52, ("Mr. Leong"), joined the Group in 1993 as an engineer and is currently Head of Student Accommodation Business. He is responsible for the overall management of the Group's Student Accommodation Business across the United Kingdom, United States, South Korea, Australia and Singapore.

Prior to his appointment as Head of Student Accommodation Business, Mr. Leong was responsible for the operations of the Group's workers accommodation in Malaysia as well as the technical and manufacturing operations of our Group's Optical Disc Business. Mr. Leong has extensive technical, operational and management experience spanning over 32 years.

Mr. Leong obtained a degree of Bachelor of Engineering Management from the University of Western Sydney.

viii

MR. YEO BOON HING DAVID*Director of Corporate Research and Innovation*

Mr. Yeo Boon Hing, David (楊文興) ("Mr. Yeo"), aged 65, is the Director of Corporate Research and Innovation. He is responsible for the research and identification of new business models, market trends, innovative technologies and opportunities for our Group's workers and student accommodation business in existing and new markets. He is also tasked to research and make recommendations to venture into any new businesses that align with the growth of the Group.

He was previously the Group's Regional Sales & Marketing Director, responsible for the regional sales and marketing function of the optical disc business. He has a wealth of in-depth sales and marketing experience and management experience in both local and multi-national organisations. Mr. Yeo first joined Summit CD Manufacture Pte Ltd, a Singapore subsidiary of the Group, as Sales and Marketing Director in 1997.

Prior to his current role as Director of Corporate Research and Innovation, Mr. Yeo was the Chief Executive Officer of Summit CD Manufacture Pte Ltd overseeing its local operations.

Mr. Yeo obtained a degree of Bachelor of Science in Finance and Marketing from the University of Oregon.

ix

MS. LEE GEOK ING JANICE*Human Resources & Administration Manager*

Ms. Lee Geok Ing (李玉英) ("Ms. Lee"), aged 57, was appointed a member of the Board on 11 August 1994 and became the Human Resources and Administration Manager in January 1995. She stepped down from the Board on 18 May 2007 and remains as Human Resource and Admin Manager.

She currently oversees the Group's human resource development and administration. Ms. Lee is equipped with over 33 years of accounting, human resource and administrative experience. Prior to joining the Group, Ms. Lee was the accounts executive at Yong Sing Trading Co Pte Ltd, a company principally engaged in the retail sale of household electrical appliances and equipment from April 1979 to March 1984; and had worked as an external auditor with a local public accounting firm in Singapore.

Ms. Lee obtained her GCE Ordinary Level in 1977 from Singapore-Cambridge General Certificate of Education Examination. She is the sister of Mr. Lee, executive Director of our Group's optical disc business.

x

MR. LIM CHOON KWANG*Director of Security*

Mr. Lim Choon Kwang (林俊光) ("Mr. Lim"), aged 50, joined the Group in October 2016 as Director of Security, and is responsible for providing strategic leadership to the Group on security management and business continuity.

Mr. Lim has more than 26 years of experience in security and law enforcement in both the public and private sectors, where he last held a regional position as Security Operations Manager with Apple South Asia Pte. Ltd., a company principally engaged in the manufacture and distribution of electronic products from July 2015 to April 2016. Mr. Lim was previously Director of Security Management at Singapore Power, a company principally engaged in the transmission and distribution of electricity and gas from June 2011 to April 2015. Prior to Singapore Power, Mr. Lim was a security consultant in Shanghai as Vice President, Risk Management & Protective Security at Hill & Associates (PRC) Ltd, a company principally engaged in risk management and security consultancy in Asia from July 2010 to May 2011. Mr. Lim also served as Deputy Director of Security at the National University of Singapore from May 2009 to July 2010, whose key achievements include developing a strategic security master plan for NUS.

Before joining the corporate sector, Mr. Lim was a Deputy Superintendent of Police with the Singapore Police Force from April 1996 to May 2009, and had held leadership positions in operations, investigations, specialist operations, and training in public order and public security.

Mr Lim obtained a Bachelors degree of Science in Banking and Finance from the University of London in August 1995, and a Master's degree in Security Management from Australia's Edith Cowan University. He is currently serving as Honorary Chairman in the Management Committee of ASIS International (Singapore Chapter) for 2019-2020.



COMPANY SECRETARY

MS. WONG TAK YEE (黃德儀)

Ms. Wong Tak Yee (黃德儀) ("Ms. Wong") was appointed as Hong Kong company secretary of our Company on 16 June 2017.

Ms. Wong Tak Yee is a director of the Corporate Services Division of Tricor Services Limited ("Tricor"), a global professional services provider specialising in integrated Business, Corporate and Investor Services. Ms. Wong has over 25 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Wong is a Chartered Secretary and a Fellow of both the Hong Kong Institute of Chartered Secretaries ("HKICS") and the Institute of Chartered Secretaries and Administrators ("ICSA") in the United Kingdom. Ms. Wong is a holder of the Practitioner's Endorsement from HKICS. (Note: The Company has engaged Tricor Services Limited as external service provider and appointed Ms. Wong Tak Yee as the Company's Hong Kong company secretary since 16 June 2017).

MS. JULIANA TAN BENG HWEI (陳明慧)

Ms. Juliana Tan Beng Hwei ("Ms. Tan") was appointed as company secretary of our Company on 1 January 2017. She also previously served as a company secretary of our Company from 1 January 2006 to 30 January 2015. She has been responsible for our Company's compliance with the relevant statutory and regulatory requirements under the Singapore Companies Act and SGX-ST Listing Rules since her appointment.

Ms. Tan has over two decades of experience in corporate secretarial practice having worked in several established professional business services companies, namely, Lim Associates (Pte) Ltd, a member of Boardroom Limited and KCS Corporate Services Pte Ltd, specialising in providing corporate secretarial and advisory services to public listed and private limited companies in Singapore. During the tenure of her employment with these companies, she was also appointed company secretary to several companies listed on the Singapore Stock Exchange and private limited companies incorporated in Singapore.

She is currently an Associate Director of Alpine Corporate Services Pte Ltd, a professional service provider specialising in corporate secretarial and corporate governance advisory services.

Ms. Tan obtained an external degree of Bachelor of Science (Economics) in the specialism of management studies from the University of London and was admitted as a practising chartered secretary to engage in public practice in Singapore certified by the Chartered Secretaries Institute of Singapore (formerly known as the Singapore Association of the Institute of Chartered Secretaries and Administrators) in September 2005.

MS. HAZEL CHIA LUANG CHEW (謝鸞秋)

Ms. Hazel Chia Luang Chew ("Ms. Chia") was appointed as company secretary of our Company on 30 January 2015. She also previously served as a company secretary of our Company from 12 January 1995 to 17 June 2005 and from 1 January 2006 to 31 July 2014. She has been responsible for our Company's compliance with the relevant statutory and regulatory requirements under the Singapore Companies Act and SGX-ST Listing Rules since her appointment.

Ms. Chia has over 30 years of experience in corporate secretarial practice having worked in several established professional business services companies in Singapore, such as, Lim Associates (Pte) Ltd, a member of Boardroom Limited and KCS Corporate Services Pte Ltd, specialising in providing corporate secretarial and advisory services to public listed and private companies. During the tenure of her employment with these companies, she was appointed company secretary to several companies listed on the Singapore Stock Exchange and private limited companies incorporated in Singapore.

She is currently a Director of Alpine Corporate Services Pte Ltd, a professional service provider specialising in corporate secretarial and corporate governance advisory services.

Ms. Chia was admitted as a fellow member of the Institute of Chartered Secretaries and Administrators, United Kingdom, in April 2001 and has been a practising chartered secretary to engage in public practice in Singapore certified by the Chartered Secretaries Institute of Singapore (formerly known as the Singapore Association of the Institute of Chartered Secretaries and Administrators) since October 1991.

CORE SUBSIDIARIES AND ASSOCIATES

SINGAPORE

CENTURION DORMITORIES PTE LTD
WESTLITE DORMITORY MANAGEMENT
PTE LTD
45 Ubi Road 1 #05-01
Singapore 408696
Tel: (65) 6745 3288
Fax: (65) 6743 5818
Email: enquiry@centurioncorp.com.sg
Website: www.centurioncorp.com.sg

WESTLITE DORMITORY (TOH GUAN)
PTE LTD
28 Toh Guan Road East #02-01
Singapore 608596
Tel: (65) 6316 3018
Fax: (65) 6316 3020
Email: enquiry@westlite.com.sg
Website: www.westlite.com.sg

WESTLITE DORMITORY (WOODLANDS)
PTE LTD
2 Woodlands Sector 2 #01-01
Singapore 737723
Tel: (65) 6250 6616
Fax: (65) 6250 3787
Email: enquiry@westlite.com.sg
Website: www.westlite.com.sg

CSL STUDENT LIVING (SELEGIE) PTE LTD
1A Short Street
Singapore 188210
Tel: (65) 6238 6339
Fax: (65) 6238 1178
Email: enquiries@dwelstudent.com.sg
Website: www.dwelstudent.com.sg

CENTURION-LIAN BENG (PAPAN) PTE LTD
5C Jalan Papan #02-29
Singapore 619420
Tel: (65) 6255 1028
Fax: (65) 6250 2261
Email: enquiry@westlitepapan.com.sg
Website: www.westlitepapan.com.sg

LIAN BENG-CENTURION (DORMITORY)
PTE LTD
34 Mandai Estate #01-15
Singapore 729940
Tel: (65) 6368 1878
Fax: (65) 6468 1687
Email: enquiry@westlite.com.sg
Website: www.westlite.com.sg

SM SUMMIT HOLDINGS PTE LTD
SUMMIT CD MANUFACTURE PTE LTD
45 Ubi Road 1 #05-01
Singapore 408696
Tel: (65) 6745 3288
Fax: (65) 6748 9612
Email: enquiry@smsummit.com.sg
Website: www.smsummit.com.sg

MALAYSIA

CENTURION DORMITORIES SDN BHD
WESTLITE DORMITORY MANAGEMENT
SDN BHD
No. 17, Jalan Ekoperniagaan 1/23
Taman Ekoperniagaan, 81100
Johor Bahru, Johor, Malaysia
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Fax: (607) 555 9351
Email: enquiry@westlite.com.my
Website: www.westlite.com.my

AUSTRALIA

CENTURION STUDENT SERVICES PTY LTD
5-17 Flemington Road
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Tel: (613) 8330 2000
Fax: (613) 8330 2001
Email: info@rmitvillage.com.au
Website: www.rmitvillage.com.au

dwel East End Adelaide
12-18 Synagogue Place
Adelaide, South Australia 5000
Tel: +61 8470 9290
Email: stayeastend@dwelstudent.com.au

UNITED KINGDOM

CENTURION STUDENT SERVICES (UK) LTD
Lower Chatham Street, Manchester M1 5SX
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Tel: +44 (0) 161 200 5560
Email: salesenquiries@dwelstudent.co.uk
Website: www.dwelstudent.co.uk

UNITED STATES

DWELL US STUDENT LIVING LLC
200 College Street
New Haven
CT 06510 USA
Tel: +1 203 745 4764
Fax: +1 475 655 2970
Email: inquiries@dwelstudent.com

SOUTH KOREA

CSL STUDENT LIVING BENIKEA KP LTD.
Dwell Student Living Korea Ltd.
Dwell Dongdaemun
188-5, Hoegi-ro
Dongdaemun-gu, Seoul
South Korea, Republic of Korea (02446)
Tel: +85-2-957 8008/0700
Fax: +85-2-957 1188
Email: staydongdaemun@dwelkorea.co.kr
Website: www.dwelstudent.co.kr



STRATEGIC GROWTH FOR STABILITY AND RESILIENCE

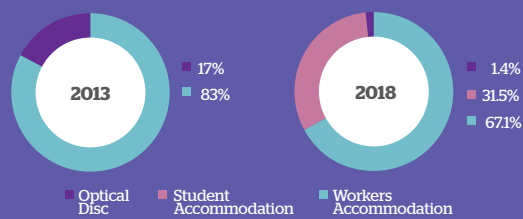
Effective geographic diversification as well as diversification across asset classes and businesses are pivotal to the Group's strategy to position itself for stability and resilience. Stemming from a clear vision outlined in the early years of its growth, Centurion has built a strong portfolio of quality purpose-built accommodations over the years across two resilient asset classes in six countries.

In 2013, Centurion set its sights on Purpose-Built Student Accommodation (PBSA) as a second core business segment and saw that selective expansion into other regions beyond Southeast Asia would provide greater stability to its business. PBSA was a promising, anti-cyclical asset class driven by positive demand-supply dynamics and at the same time, the Group also anticipated that further growth of Purpose-Built Workers Accommodation (PBWA), which was the Group's core business, would in time be moderated by regulatory control of available land to accommodate PBWA assets.

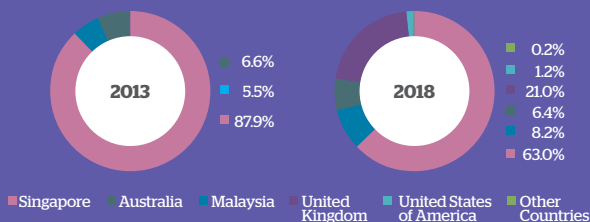
The Group acquired its first PBSA property in Melbourne, Australia in 2014, and in the same year, a portfolio of four PBSA assets in the UK. Since then, the Group has successfully built this second business segment comprising 18 operational PBSA across Australia, Singapore, the UK and US, even as it grew its PBWA business to 10 assets in Singapore and Malaysia. And in FY2018, Centurion deepened its footprint in the UK and successfully branched into North Asia as well as Adelaide, Australia.

As at 31 December 2018, the Group owns and manages 28 accommodation assets totalling 55,408 beds. The Group's portfolio of accommodation assets is expected to grow to 31 accommodation assets and 62,656 beds by FY2019. With effective diversification, and the stable, resilient nature of its two core businesses, the company is well-placed to deliver sustained returns and continued growth of its global portfolio.

Revenue by Business Segment



Revenue by Geography



dwell East End Adelaide, Australia



Westlite Bukit Minyak, Penang, Malaysia

GLOBAL PRESENCE

Centurion is the only SGX-listed and SEHK-listed company offering investors exposure to the stable and resilient workers and student accommodation sectors. Centurion was listed on the SGX in 1995, and dual primary listed on the SEHK on 12 December 2017. As at 31 December 2018, Centurion’s diversified portfolio comprises 28 operational quality, purpose-built student and workers accommodation assets located in key markets all over the world.



OPERATIONAL

As at 31 December 2018

55,408

BEDS IN TOTAL

10

WORKERS ACCOMMODATION

18

STUDENT ACCOMMODATION

IN THE PIPELINE

BY END OF 2019

7,248

BEDS EXPECTED TO BECOME OPERATIONAL IN 2019

1

WORKERS ACCOMMODATION IN DEVELOPMENT

1

STUDENT ACCOMMODATION UNDERGOING FIT-OUT

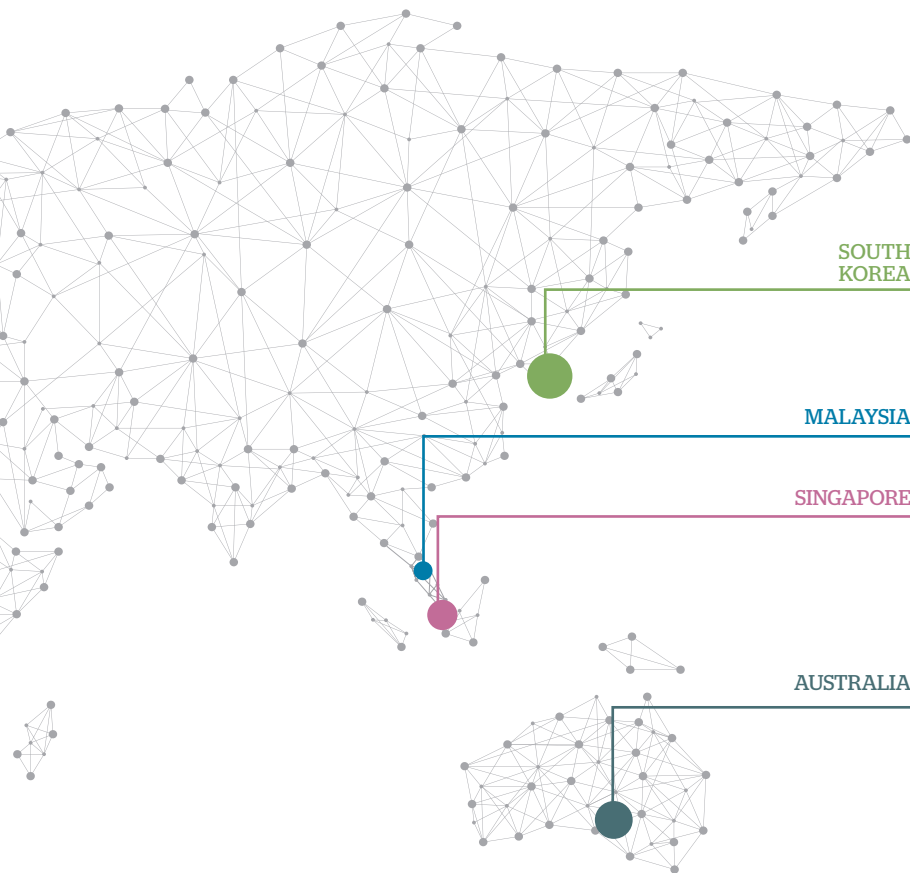
2

STUDENT ACCOMMODATION UNDER AEP/REFURBISHMENT



WORKERS ACCOMMODATION

- Owner-operator of 10 quality, purpose-built workers accommodation assets in Singapore and Malaysia with consistently high average occupancy rates for FY 2018
- The Westlite brand is synonymous with reliable and quality provision of workers accommodation serving multinational companies and corporates across various industries



STUDENT ACCOMMODATION

- Owner-operator of 18 quality, purpose-built student accommodation assets in Singapore, Australia, the United Kingdom, the United States and South Korea, with healthy occupancy rates for FY 2018
- Through the Group's entry into North Asia, targeted expansion of its current PBSA portfolio in the United Kingdom and Australia, the dwell brand has extended and deepened its reach globally, becoming a recognised name amongst student communities in urban centres

*As at 31 December 2018, development or Asset Enhancement is in progress, expected completion in 2019.

** Expected to be completed in 2020, subject to completion of land acquisition and planning approval.

SINGAPORE
WORKERS ACCOMMODATION

- Westlite Toh Guan
- Westlite Woodlands
- ASPRI-Westlite Papan
- Westlite Mandai

STUDENT ACCOMMODATION

- dwell Selegie

MALAYSIA
WORKERS ACCOMMODATION

- Westlite Tebrau
- Westlite Johor Tech Park
- Westlite Pasir Gudang
- Westlite Senai
- Westlite Senai II
- Westlite Tampoi
- Westlite Bukit Minyak*
- Westlite Juru**

UNITED KINGDOM
STUDENT ACCOMMODATION

- dwell MSV
- dwell MSV South
- dwell The Grafton
- dwell Cathedral Campus
- dwell Hotwells House
- dwell Beechwood House
- dwell Weston Court
- dwell Garth Heads
- dwell Princess Street
- dwell Castle Gate Haus

UNITED STATES
STUDENT ACCOMMODATION

- dwell Towers on State
- dwell Statesider
- dwell Logan Square
- dwell Tenn Street
- dwell Stadium View
- dwell College & Crown

AUSTRALIA
STUDENT ACCOMMODATION

- RMIT Village*
- dwell East End Adelaide*

SOUTH KOREA
STUDENT ACCOMMODATION

- dwell Dongdaemun*

SINGAPORE



c26,432

Total beds operational
as at 31 December 2018

1 WESTLITE TOH GUAN

- c.7,800 beds
- Land tenure: 60 years (wef 1997)
- Land area: 11,685 sqm
- Conveniently located in the Jurong locality with easy access to major expressways, the accommodation caters to workers from all industries

2 ASPRI-WESTLITE PAPAN (51% owned)

- c.7,900 beds
- Land tenure: 23 years (wef 2015)
- Land area: 14,817 sqm
- First-of-its-kind workers accommodation in Singapore that incorporates a training centre

3 WESTLITE MANDAI (45% owned)

- c.6,300 beds
- Land tenure: Freehold
- Land area: 11,265 sqm
- The largest freehold purpose-built workers accommodation in Singapore and caters to workers from all industries

4 WESTLITE WOODLANDS

- c.4,100 beds
- Land tenure: 30 years (wef 2013)
- Land area: 9,542 sqm
- Strategically located near the Woodlands industrial hub, the accommodation caters to workers from the marine, process and manufacturing industries

5 DWELL SELEGIE

- c.332 beds
- Land tenure: 3+3+2 years (wef 2015)
- Land area: 4,408 sqm
- Short walk to Singapore Management University (SMU), LASALLE College of the Arts, School of the Arts Singapore (SOTA) and Kaplan city campuses

BUSINESS PORTFOLIO



1 Westlite Toh Guan



2 ASPRI-Westlite Papan



3 Westlite Mandai



5 dwell Selegie



4 Westlite Woodlands

MALAYSIA



c23,700

Total beds operational
as at 31 December 2018

PENANG

- 1 WESTLITE JURU**
(Subject to completion of land acquisition and planning approval)
- c.6,100 beds
 - Land tenure: 99 years
 - Land area: 26,709 sqm
 - Expected to be completed in 2020.

- 2 WESTLITE BUKIT MINYAK**
(Completed construction in January 2019)
- c.6,600 beds
 - Land tenure: Freehold
 - Land area: 17,900 sqm
 - Centurion's first Malaysian worker's accommodation outside Johor

JOHOR

- 3 WESTLITE SENAI II**
- c.5,900 beds
 - Land tenure: Freehold
 - Land area: 19,071 sqm
 - Located near established industrial parks in Senai where several major multinational electronics manufacturers are based

- 4 WESTLITE SENAI**
- c.2,600 beds
 - Land tenure: Freehold
 - Land area: 20,310 sqm
 - Located near established industrial parks in Senai where several major multinational electronics manufacturers are based

- 5 WESTLITE TAMPOI**
- c.5,300 beds
 - Land tenure: Freehold
 - Land area: 28,328 sqm
 - Located in one of the established industrial zones in Iskandar, Malaysia within close proximity to several major multinational electronics manufacturers

BUSINESS PORTFOLIO



1 Westlite Juru



2 Westlite Bukit Minyak



3 Westlite Senai II



4 Westlite Senai



5 Westlite Tampoi



7 Westlite Pasir Gudang



6 Westlite Johor Tech Park



8 Westlite Tebrau

6 WESTLITE JOHOR TECH PARK

- c.5,800 beds
- Land tenure: 99 years (wef 2013)
- Land area: 14,314 sqm
- One of the largest purpose-built workers dormitory in Johor

7 WESTLITE PASIR GUDANG

- c.2,000 beds
- Land tenure: 99 years (wef 1986)
- Land area: 8,391 sqm
- Located near the industrial zone within Pasir Gudang

8 WESTLITE TEBRAU

- c.2,100 beds
- Land tenure: 60 years (wef 2000)
- Land area: 5,718 sqm
- One of Johor's first purpose-built workers accommodation

UNITED KINGDOM



c2,675

Total beds operational
as at 31 December 2018

1 DWELL MSV

- c. 1,017 beds
- Land tenure: Freehold
- Land area: 4,500 sqm
- Easy access to the University of Manchester and Manchester Metropolitan University campuses, as well as Manchester City Centre

2 DWELL MSV SOUTH

- c. 355 beds
- Land tenure: Freehold
- Land area: 6,300 sqm
- Short walk from the city campuses to the North and Fallowfield to the South

3 DWELL THE GRAFTON

- c. 145 beds
- Land tenure: Freehold
- Land area: 880 sqm
- Located off the main Oxford Road and short walk to the University of Manchester's main campus

4 DWELL CATHEDRAL CAMPUS

- c. 383 beds
- Land tenure: 250 years (wef 2007)
- Land area: 16,400 sqm
- Close proximity to Liverpool John Moores University, Liverpool Institute of Performing Arts, and Liverpool City Centre

5 DWELL BEECHWOOD HOUSE

- c. 37 beds
- Land tenure: 125 years (wef 2009)
- Land area: 1,700 sqm
- Situated within Fallowfield - a popular student area within the city

BUSINESS PORTFOLIO



1 dwell MSV



2 dwell MSV South



3 dwell The Grafton



4 dwell Cathedral Campus



5 dwell Beechwood House

6 DWELL WESTON COURT

- c. 140 beds
- Land tenure: 125 years (wef 2008)
- Land area: 3,700 sqm
- Short walk to the University of Manchester - Fallowfield Campus

7 DWELL HOTWELLS HOUSE

- c. 157 beds
- Land tenure: 125 years (wef 2009)
- Land area: 2,400 sqm
- Short walk to the main University of Bristol campus



6 dwell Weston Court



7 dwell Hotwells House



9 dwell Princess Street



8 dwell Garth Heads



10 dwell Castle Gate Haus

- 8 DWELL GARTH HEADS**
- c. 181 beds
 - Land tenure: 125 years (wef 1995)
 - Land area: 2,000 sqm
 - Located within a short walk to both Northumbria University and Newcastle University

- 9 DWELL PRINCESS STREET**
- c. 127 beds
 - Land tenure: freehold
 - Land area: 500 sqm
 - Short walk to University of Manchester and Manchester Metropolitan University

- 10 DWELL CASTLE GATE HAUS (14.29% OWNED)**
- c. 133 beds
 - Land tenure: freehold
 - Land area: 1,230 sqm
 - Short walk to Nottingham Trent University and short drive to the University of Nottingham

UNITED STATES



c.2,145*

Total beds operational
as at 31 December 2018

1 DWELL TOWERS ON STATE

- c. 231 beds
- Land tenure: Freehold
- Land area: 1,983 sqm
- Quality student apartments located close to University of Wisconsin

2 DWELL STATESIDER

- c. 226 beds
- Land tenure: Freehold
- Land area: 809 sqm
- Off-campus apartments located close to University of Wisconsin

3 DWELL LOGAN SQUARE

- c. 642 beds
- Land tenure: Freehold
- Land area: 45,891 sqm
- Located close to Auburn University

4 DWELL TENN STREET

- c. 624 beds
- Land tenure: Freehold
- Land area: 76,769 sqm
- Quality student apartments located close to Florida State University, Florida A&M University, and Tallahassee Community College

5 DWELL STADIUM VIEW

- c. 216 beds
- Land tenure: Freehold
- Land area: 23,755 sqm
- Apartments are located close to Texas A&M University

6 DWELL COLLEGE & CROWN

- c. 206 beds
- Land tenure: Freehold
- Land area: 4,484 sqm
- Preferred apartments located close to University and Yale New Haven Hospital

* 28.7% owned

BUSINESS PORTFOLIO



1 dwell Towers on State



3 dwell Logan Square



4 dwell Tenn Street



2 dwell Statesider



5 dwell Stadium View



6 dwell College & Crown

AUSTRALIA



c456

Total beds operational as at 31 December 2018

- 1 DWELL EAST END ADELAIDE**
(Completed construction in October 2018)
 - c. 280 beds
 - Land tenure: Freehold
 - Land area: 598 sqm
 - Located close to University of Adelaide and University of South Australia - City East Campus
 - Operational from February 2019

- 2 RMIT VILLAGE**
 - AEP in progress adding up to 160 beds
 - c. 456 beds
 - Land tenure: Freehold
 - Land area: 6,200 sqm
 - Centurion's first student accommodation asset
 - Located close to Melbourne's Central Business District, RMIT University and University of Melbourne



1 dwell East End Adelaide



2 RMIT Village AEP



2 RMIT Village

SOUTH KOREA



c208

Total beds undergoing fit-out as at 31 December 2018

- 1 DWELL DONGDAEMUN (55% owned)**
 - c. 208 beds
 - Land Tenure: Freehold
 - Land Area: 968 sqm
 - Short walk to Kyunghee University, University of Seoul, KAIST (fka Korea Advanced Institute of Science and Technology) and Hankuk University of Foreign Studies
 - Expected operational in 1Q 2019



1 dwell Dongdaemun

KEY FIGURES

REVENUE (FY2018)

S\$120.07m

from S\$137.1m in FY2017

GROSS PROFIT (FY2018)

S\$86.32m

from S\$94.21m in FY2017

CORE PROFIT (FY2018)

S\$34.27m

from S\$44.33m in FY2017

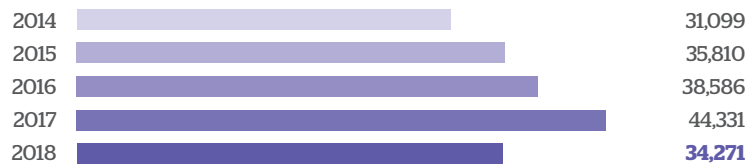
REVENUE (S\$'000)



GROSS PROFIT (S\$'000)



NET PROFIT¹ FROM CORE BUSINESS² (S\$'000)

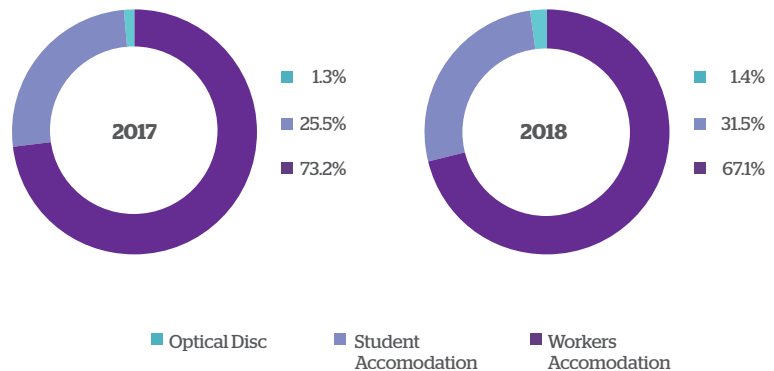


¹ Attributable to Equity Holders of the Company.

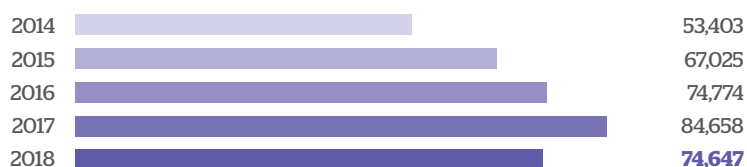
² Core Business exclude one-off items which refer to fair value gains/losses on investment properties, investment write-down in associated company, deferred tax arising from fair value gains, profit from the sale of industrial factory units and dual primary listing expenses.

SEGMENTAL REVIEW

REVENUE CONTRIBUTION BY BUSINESS SEGMENT (%)



EBITDA - Core Business² (\$'000)



EARNINGS PER SHARE - Core Business² (CENTS)

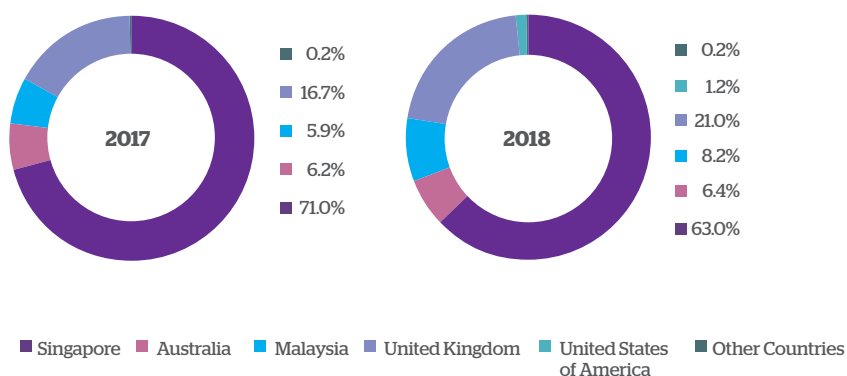


NET ASSET VALUE (CENTS)



SEGMENTAL REVIEW

REVENUE CONTRIBUTION BY GEOGRAPHY (%)



FINANCIAL REVIEW

REVENUE

The Group reported a revenue of S\$120.1 million in FY2018, a 12% decrease from S\$137.1 million in FY2017. The decrease is in line with the absence of sales contribution from Westlite Tuas, which ceased operations in December 2017; the Group announced on 1 November 2017 that the tenure of the lease for Westlite Tuas would expire after the end of its 9-month extension. Excluding Westlite Tuas' revenue in FY2017, revenue would have increased by S\$3.4 million. The improved performance in FY2018 would have been driven by improved performance of the student accommodation assets in the United Kingdom (UK) as well as the Group's workers accommodation in Malaysia and ASPRI-Westlite Papan in Singapore. The management fees derived from our US student fund, established in late FY2017, has also contributed to the improvement in revenue.

As at the end of the reporting period, the Group's PBWA portfolio had a healthy occupancy rate of 95.3%. In FY2018, the Group reported a 19.7% year-on-year decrease in revenue from the Group's workers accommodation business to S\$80.6 million, which accounted for 67.1% of the Group's revenue. The decrease is mainly due to the absence of Westlite Tuas's contribution.

Correspondingly, the student accommodation business, with an average 93.6% occupancy rate, accounted for 31.5% of the Group's revenue. The revenue from the student accommodation business grew 7.8% from S\$35.0 million in FY2017 to S\$37.7 million in FY2018, boosted by contributions from UK, which saw improved rental rates and added revenue from the newly-acquired 121 Princess Street, as well as management fee revenue from the Centurion US Student Accommodation Fund¹.

The Optical Disc Business, wholly-owned and operated through one of the Group's subsidiary from a sole production plant in Singapore, contributed the remaining 1.4% in revenue. Despite the continued weakness in the demand for physical optical disc media, revenue from this business segment posted S\$1.7 million of sales in FY2018, similar to S\$1.7 million recorded in FY2017.

¹ The Company's wholly-owned subsidiary, Centurion Overseas Investments Pte. Ltd., holds approximately 28.74% of the total number of units in issue in the Fund.

As the general macroeconomic conditions begin to improve, coupled with the positive demand and supply dynamics in the PBWA sector within Malaysia and Singapore, the Group remains optimistic in strengthening its leading position in both markets. The Group also maintains a positive outlook for its student accommodation business, given the general strong demand and undersupply of PBSA beds in the markets the Group operates in.

PROFITABILITY

In line with decreased revenue in FY2018, gross profit fell 8.4% to S\$86.3 million in FY2018, compared to S\$94.2 million in FY2017. The Group posted healthy gross profit margin growth during the year in review; gross profit margin increased 3 percentage points year-on-year to 72% in FY2018. This was due to the absence of Westlite Tuas's revenue that has a lower gross profit margin and the better revenue performance of ASPRI-Westlite Papan, Malaysia, and United Kingdom assets in terms of rent and occupancy rates.

Additionally, the Group recorded a net fair valuation gain of S\$48.6 million in FY2018 as compared to a loss of S\$1.2 million in FY2017. The fair value gains were mainly derived from the Group's student accommodation in the UK, which continued to achieve high occupancy, consistent earnings and rental growth. Fair valuation gains on Westlite Mandai for FY2018 versus a fair valuation loss in FY2017 also contributed to the increase in share of profit of associate companies and joint ventures, by S\$2.0 million in FY2018.

Accordingly, the net profit after tax derived from the Group's operations for FY2018 was S\$84.2 million, a year-on-year growth of 124%, or S\$46.5 million.

Excluding one-off items in the form of fair value gains on investment properties, deferred tax arising from fair value gains and dual-listing expenses, profit derived from the Group's core business operations was S\$39.6 million in FY2018, down S\$9.9 million from FY2017. Excluding Westlite Tuas' performance from FY2017, profit from core business operations would have been S\$1.4 million lower, due to higher finance costs. Finance expenses increased by S\$2.4 million, mainly due to higher interest rates on the Group's borrowings and higher borrowings due to acquisitions.

FINANCIAL HIGHLIGHTS

| (S\$'000) | FY2017 | FY2018 | Change % |
|--|---------|---------|----------|
| Revenue | 137,113 | 120,070 | (12) |
| Gross Profit | 94,210 | 86,321 | (8) |
| Gross Profit Margin | 69% | 72% | +3 ppt |
| Net Profit After Tax (including one-off items*) | 37,644 | 84,151 | 124 |
| Net Profit After Tax [#] (including one-off items*) | 31,722 | 79,326 | 150 |
| Profit from Core Business Operations (recurring, excluding one-off items*) | 49,447 | 39,589 | (20) |
| Profit from Core Business Operations [#] (recurring, excluding one-off items*) | 44,331 | 34,271 | (23) |

Attributable to Equity Holders of the Company

* One-off items refer to fair value gains/losses on investment properties, deferred tax arising from fair value gain and dual primary listing expenses.

The Group's net profit from core business operations attributable to equity holders of the Company decreased by 23% to S\$34.3 million in FY2018, after accounting for the non-controlling interest proportion of the results of ASPRI-Westlite Papan, in which the Group has a 51% interest.

Earnings per share from core business ("EPS") in FY2018 reduced to 4.08 cents, from 5.83 cents in FY2017 due substantially to the absence of Westlite Tuas's operation. Net asset value per share for the Group stands at 60.3 cents for FY2018, as compared to 55.1 cents in the same period a year ago.

CASH FLOWS

The Group's operational accommodation assets continued to generate positive operating cash flows, before working capital changes, of S\$67.5 million in FY2018, down from S\$71.1 million in FY2017.

In FY2018, S\$117.1 million was mainly used to fund the acquisition of dwell Princess Street in the UK, completion of the development in Adelaide, Australia as well as the development of the Group's accommodation assets, in particular for Westlite Bukit Minyak, Malaysia, RMIT Village, Australia and dwell Cathedral Campus, UK.

The Group generated net cash of S\$48.4 million from financing activities in FY2018 after financing was obtained for investment, which was offset by repayment of borrowings and interest paid during the year, as well as the payment of dividends to equity holders.

As a result of the above activities, the Group recorded a net decrease in cash and cash equivalents of S\$11.3 million and continues to maintain a healthy cash and bank balances of approximately S\$61.4 million as at 31 December 2018, compared to S\$73.2 million in FY2017.

CAPITAL AND RISK MANAGEMENT

Foreign Currency Risks

The Group is cognisant of its exposure to the Australia, UK, US and Malaysia markets and consequently, the possible foreign currency fluctuations that could affect the stability of those income streams.

Exposures to foreign currency risks are managed as far as possible by natural hedges where the Group matches its sales and purchases in the same foreign currency. Regular monitoring and analysis by the management and the Board are done so that any relevant risks can be addressed, and appropriate measures can be carried out to minimise the exposure.

Liquidity Risks

The Group's prudent liquidity risk management includes maintaining sufficient cash balances and the availability of funding through an adequate amount of committed credit facilities.

To manage liquidity risk arising from expansion and development plans, the Group ensures that there are sufficient cash and short terms deposits and bank facilities to meet any short-term liabilities and unanticipated fund requirements. As at 31 December 2018, the Group had cash and bank balances of approximately S\$62.9 million.

Apart from the available cash, short term deposits and committed banking facilities, the Group also has an available MTN Programme facility of up to S\$750 million in which the Group can readily tap the debt capital market for funds. Centurion has successfully raised S\$310 million from debt capital markets over four different occasions over the years, including the latest issuance of the MTN Series 4 of S\$60 million in February and March 2019.

Capital Management

The Group's objectives when managing capital are to safeguard its ability to operate profitably and to maintain an optimal capital structure to maximise shareholder value.

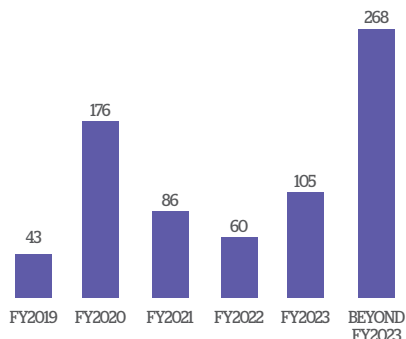
With active debt and capital management policies in place, the Group maintained a well-spread out debt maturity profile to manage refinancing risks. This is done through the management's prudent financing strategy for the Group's long-term investment properties by securing a long-term bank debt for each property.

As at 31 December 2018, the Group had long-term bank debt maturity profile averaging 8 years while its net gearing ratio stands at 53%. The Group's interest cover continues to be adequate and is within its interest cover threshold, standing at 3.1 times (or 4.4 times interest cover, excluding interest from the MTN).

To ensure sustainable growth in the long run, the Group will carefully balance between acquiring operating assets, which will contribute to the current income and investing in development projects for future growth.

FINANCIAL REVIEW

DEBT MATURITY PROFILE AS AT 31 DECEMBER 2018 (S\$M)



DIVIDENDS

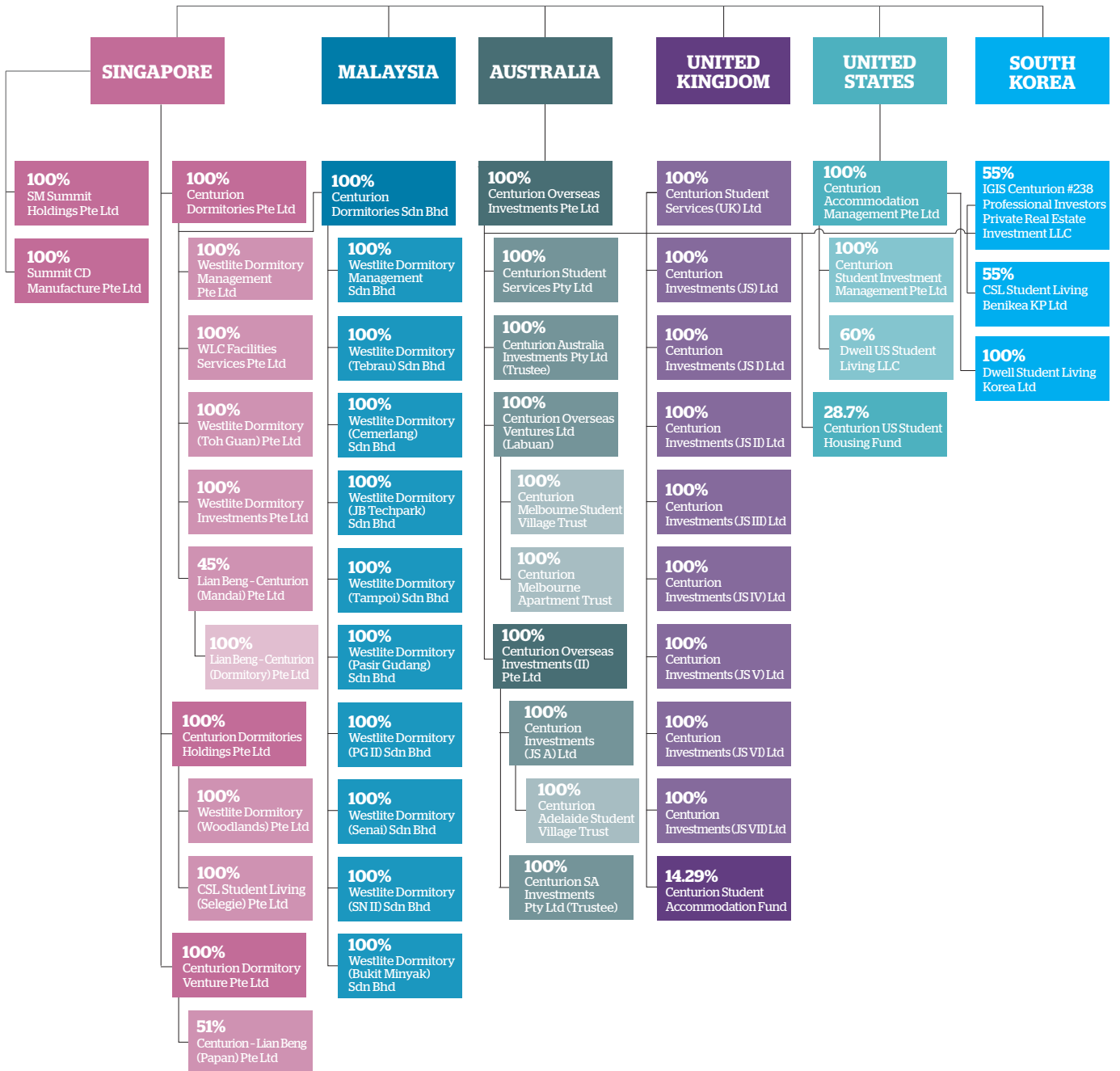
The Group remains focused on enhancing long-term shareholders' value by managing and growing its business to deliver sustainable earnings growth.

Although the Group does not have a fixed dividend policy, it has a track record of distributing cash dividends since FY2012. In view of the Group's consistent and positive financial performance in the past three years, the Group has been declaring and paying dividends twice a year since the second quarter of FY2015.

To reward the Group's valued shareholders, the Board declared an interim dividend of 1.0 Singapore cent per share for FY2018, amounting to approximately S\$8.4 million. The dividend was been fully settled in cash on 4 September 2018. For FY2018, the Board has recommended a final dividend of 1.0 Singapore cent per share, bringing the total dividend payout to 2.0 Singapore cents per share.

The Board will target to continue proposing the distribution of dividends to reward shareholders, after taking into consideration the Group's growth strategy, future operations and earnings, capital requirements and surplus, general financial condition and other factors which the Board deems relevant.

GROUP STRUCTURE





dwell Stadium View, Texas, USA

ENTERING A NEW STAGE OF GROWTH

Centurion has entered a new stage of growth by deepening their offering of investment and property management services, in line with its asset light strategy. This approach will allow the Group to allocate resources efficiently to drive scalable, sustainable growth.

Following the successful closure of Centurion's inaugural private fund, the Centurion US Student Housing Fund in November 2017, the Group sought to build on this growth pillar to deepen its expansion into investment management services. This culminated in the successful first closing of its global student accommodation fund in December, with a committed capital of 70.0 million, including S\$60.0 million by a third-party cornerstone investor, a reputable educational institution. The collaboration with a third-party investor outlines Centurion's commitment to work with like-minded investors to pursue these types of investment and management services opportunities to strategically grow our business.

Looking ahead, the Group will explore ways to broaden its offering of other management or ancillary services to drive growth and better differentiate itself from other players in the niche accommodation sector. The provision of accommodation related services will not only allow Centurion to maintain its leading market position, but also strengthen its brand positioning.

Centurion US
Student
Accommodation
(Fund I)

US **\$89.5** M

Centurion Student
Accommodation
(Fund II)
First Closing

S\$ **70.0** M



Residents at dwell Tenn Street, Florida, USA



Residents at dwell Selegie, Singapore

OPERATIONS REVIEW



dwell Castle Gate Haus, Nottingham, UK



Residents at dwell The Statesider



dwell Dongdaemun, Seoul, South Korea



dwell East End Adelaide Partners Engagement

The Group has a steady pipeline of assets that will become operational and earnings accretive in the coming year. This includes Westlite Bukit Minyak, a 6,600-bed workers accommodation, and student accommodations 280-bed dwell East End Adelaide, 208-bed dwell Dongdaemun and an additional 160 beds from the asset enhancement programme at RMIT Village. Together these assets will add 7,248 beds, a 13.1% increase, to our portfolio.

SCALING NEW HEIGHTS IN 2018

2018 saw the Group expanding its niche accommodation business in existing as well as new, emerging markets with strong growth potential.

Three acquisitions were made during the year, with two in the UK - dwell Princess Street and dwell Castle Gate Haus. The former is a newly refurbished, premium-built asset comprising 127 beds. Catering primarily to students, the asset is strategically located in the heart of Manchester City Centre and within walking distance from the Oxford Road knowledge corridor, where University of Manchester and Manchester Metropolitan University are located. Similarly, the 133-bed dwell Castle Gate Haus is well-located in Nottingham city centre and easily accessible to both of Nottingham's top universities, Nottingham Trent University and the University of Nottingham.

The UK has maintained its position as a leader in tertiary education and with these two acquisitions, the Group now has an enlarged PBSA portfolio of 10 quality assets in the UK that will allow it to capitalise on supportive market fundamentals.

Back in September, the Group expanded its accommodation business into North Asia with the acquisition of Benikea Hotel KP in the Dongdaemun district within Seoul, South Korea via a joint venture in which the Group has 55% interest. Following the acquisition, the 3-star hotel was refurbished into a 208-bed niche accommodation asset that will primarily target students studying in nearby education institutions such as Kyunghee University, University of Seoul, KAIST and Hankuk University of Foreign Studies.

CAPTURING OPPORTUNITIES; ENGENDERING GROWTH

In 2017, the Group successfully closed its first private fund, the Centurion US Student Housing Fund ("CUSSHF" or "Fund 1"), raising US\$89.5 million and acquiring six student accommodation assets in the US. The Group holds an approximate 28.7% stake in Fund 1. This marked our beginnings as an asset investment and property manager, providing fee-based management services, as part of our asset light strategy.

To capture further opportunities in this space and enable scalable portfolio expansion, the Group launched its second private fund, the Centurion Student Accommodation Fund ("CSAF" or "Fund 2"), to invest in PBSA assets globally (excluding the US). In December 2018, the first closing of the fund with an aggregate committed capital of \$70.0 million was announced. Demonstrating confidence in our management capabilities and in the strength and resilience of the PBSA asset class, a reputable educational institution cornerstone investor committed \$60.0 million of capital into the fund.

Following the first drawdown of Fund 2, the Group holds an approximate 14.29% stake. To optimise utilisation, Centurion is working on acquiring more income-producing and earning-accretive assets to be added to the fund, which currently holds dwell Castle Gate Haus.

DELIVERY PIPELINE

The Group deepened its footprint in Australia, with the completion of its new build PBSA asset in Adelaide in October 2018. Dwell East End Adelaide, a 280-bed freehold asset, is located minutes from the main Rundle Mall shopping strip, University of Adelaide and University

of South Australia. The asset has been available for rent since January 2019, catering to the student intake for the 2019 academic year. Additionally, the Group's Asset Enhancement Programme ("AEP") in RMIT Village, Melbourne, is set for completion in 2Q 2019 and will add 160 beds to the Group's portfolio.

2018 saw the culmination of the Group's active efforts to strengthen its PBWA portfolio following the expiry of the lease on Westlite Tuas in January 2018. We officially launched 7,900-bed ASPRI-Westlite Papan in January 2018 and completed the development of the 6,600-bed Westlite Bukit Minyak and officially launched the property for booking in January 2019. The latter, located in Penang, has been operational since 1Q 2019. Another PBWA asset based in Penang, Westlite Juru, pending planning approvals and acquisition of land, will add a further 6,100 beds to the Group's portfolio when completed.

For FY2018, the Group's portfolio consisted of 28 operational accommodation assets with a total capacity of c.55,408 beds, with a further c.7,248 beds in the pipeline.

SINGAPORE

The Group operates four workers accommodation assets with a total of c.26,100 beds in its home market of Singapore.

Comprising Westlite Toh Guan, Westlite Mandai, ASPRI-Westlite Papan and Westlite Woodlands, this strong portfolio of quality assets has propelled Centurion

to market leadership position in the local PBWA sector. For FY2018, the Singapore PBWA portfolio enjoyed a stable, well-diversified customer base with a high average occupancy rate of c.96%. These properties have freehold or long-term leases in strategic locations and complies and at times exceed all government-stipulated regulatory requirements for facilities and amenities under the Foreign Employee Dormitories Act ("FEDA").

Wholly-owned Westlite Toh Guan, conveniently located in the Jurong locality to cater to workers from all industries, continues to operate higher occupancy. High occupancy rates are also observed at one of Singapore's largest freehold PBWA, 45%-owned Westlite Mandai, which demonstrates the resilience of the Group's workers accommodation assets under its active management.

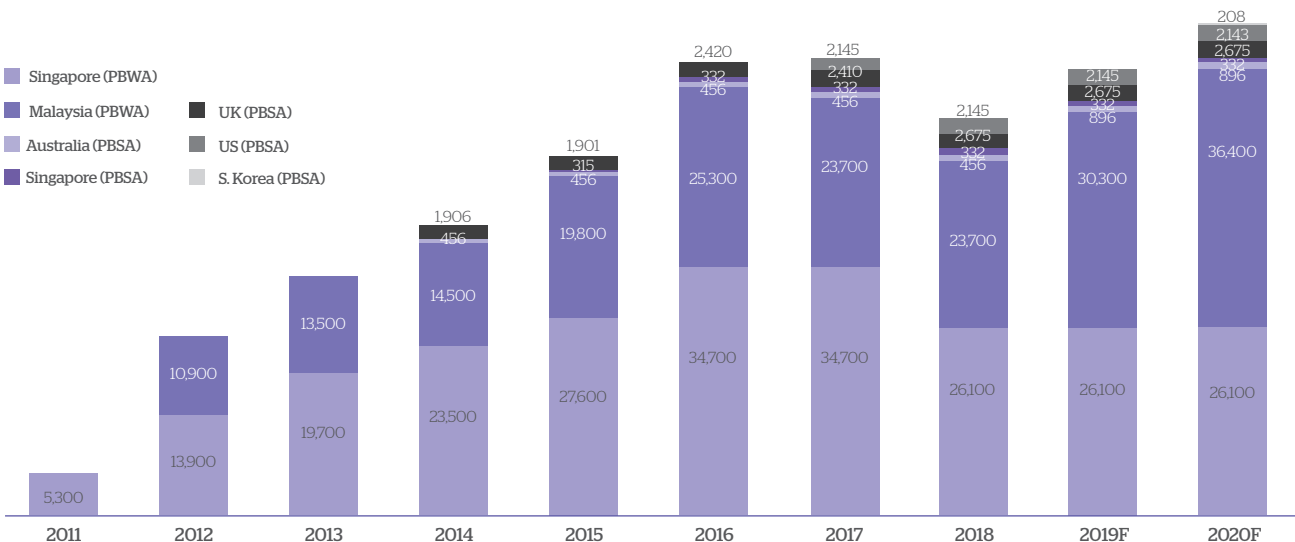
Strategically located near the Woodlands industrial hub, the Westlite Woodlands accommodation is wholly-owned by the Group and features 3-bedroom units to accommodate workers working in different shifts from the marine, process and manufacturing industries in the northern part of Singapore. Each unit comes with its own toilets, kitchen and laundry area to provide worker residents a comfortable and conducive environment.

Officially launched on 5 January 2018, 51%-owned ASPRI-Westlite Papan is the Group's newest Singapore PBWA asset and is the country's first integrated purpose-built workers accommodation with an

in-built training centre for the process industries. Located in close proximity to Jurong Island, home to more than 100 global energy and chemical companies, the workers accommodation helps reduce worker residents' travelling, adding to their leisure or resting time for improved productivity.

The Group also operates dwell Selegie, a PBSA asset with a healthy c.89% average occupancy rate FY2018. The asset's prime location near to the city and accessibility to various education institutions such as Singapore Management University, Nanyang Academy of Fine Arts, LASALLE College of the Arts, School of the Arts and Kaplan Singapore in the vicinity continues to attract international students.

ACCOMMODATION PORTFOLIO - BED CAPACITY



OPERATIONS REVIEW

MALAYSIA

As at 31 December 2018, the Group wholly-owns and operates six workers accommodation assets in Malaysia, namely Westlite Johor Tech Park, Westlite Senai, Westlite Senai II, Westlite Tampoi, Westlite Pasir Gudang and Westlite Tebrau. The Group's c.23,700-bed operating portfolio is currently located in the Johor region and has an average occupancy of c.94% for FY2018

As the pioneering PBWA owner and operator in Malaysia, the Group's first mover advantage and high standards of quality have allowed it to secure a pool of strong clients, who are mostly multinational corporations ("MNCs") in the manufacturing sector. All of the Group's workers accommodation assets in the country are well-located near established industrial parks near Senai, Iskandar and Pasir Gudang. They have also obtained the ISO 9001 certification on their process and systems and adhere to the international standards and requirements of the Responsible Business Alliance which defines global ethical standards for the welfare of manufacturing workers.

Leveraging on favourable market demand trends, the Group has expanded and diversified its geographical reach into Penang, another important manufacturing hub for companies in Malaysia. Westlite Bukit Minyak, the Group's seventh PBWA asset in Malaysia, received its Certificate of Completion and Compliance (CCC) in January 2019 and has been operational since February 2019. Subject to acquisition of land, Westlite Juru is currently under planning which upon completion adds 6,100 beds to the Group's portfolio.

AUSTRALIA

With the completion of new build development dwell East End Adelaide in October 2018, the Group has presence in the two key education cities of Melbourne and Adelaide in Australia.

In Australia, RMIT Village in Melbourne has achieved a stable average occupancy of approximately 84% for the year. Excluding beds closed for the Asset Enhancement Programme (AEP), RMIT Village registered an average occupancy

of approximately 97.0% for the year. Most of the new 160 beds under development have been completed in January 2019, ahead of commencement of the new academic semester in the following month. The remaining beds are expected to be completed in 2Q 2019. The sustained good performance was largely attributed to its attractive location close to the Central Business District, and two major universities - RMIT University and the University of Melbourne.

Centurion reported the completion of its new build PBSA property, the 280-bed dwell East End Adelaide, in October 2018. Located in the city centre and minutes away from two top universities, the property is open for registration and has been available for rent from January 2019, catering to the student intake for the new academic year. Occupancy for the newly completed dwell East End Adelaide and RMIT Village beds is expected to ramp up progressively and begin accreting revenue over the course of 2019.

SOUTH KOREA

The Group announced its expansion into the South Korea market in September 2018, to capitalise on the rising demand for student accommodation in Seoul. The Group acquired a 3-star hotel located in the bustling Dongdaemun district via a joint venture which the Group has 55% interest.

The hotel property has since been refurbished into a 208-bed PBSA accommodation, offering twin-sharing rooms and communal facilities to create an active community living environment. The asset may also operate as a hotel during the school summer break, allowing the Group to effectively optimise utilisation. The completion of the refurbishment in February 2019, and occupancy is expected to ramp up progressively over 2019.

UNITED STATES

The Group's inaugural student housing private fund, the Centurion US Student Housing Fund, holds six freehold PBSA assets - Statesider, Tenn Street, Towers on State, College and Crown, Logan Square and Stadium view - totalling 2,145 beds in the US. The six assets are in five states including Connecticut, Florida, Alabama, Texas and Wisconsin, and primarily cater to first tier universities. The US assets are managed under Centurion's

student accommodation brand, dwell, and operations are managed through a joint venture with a local partner which is an established student accommodation manager in the US.

Centurion's wholly-owned subsidiary, Centurion Overseas Investments Pte. Ltd., holds approximately 28.7% of the total number of units in issue in the Fund.

UNITED KINGDOM

As at 31 December 2018, the Group operates a portfolio of 10 quality PBSA in the UK. The Group's UK assets have a total bed capacity of 2,675 beds and are operating at an average occupancy of c.93% for FY2018. The Group's student accommodation assets are located in the established education precincts of Manchester, Nottingham, Liverpool, Newcastle and Bristol which provide easy access to the cities' main university campuses and the city centre. Renowned universities are located within a walking distance or close proximity to these student accommodation assets.

Amongst the Group's portfolio of student accommodation assets, dwell Manchester Student Village ("dwell MSV"), dwell Manchester Student Village South ("dwell MSV South"), dwell Princess Street and dwell The Grafton in Manchester are freehold properties, while dwell Cathedral Campus in Liverpool; dwell Beechwood House and dwell Weston Court in Manchester; dwell Garth Heads in Newcastle; and dwell Hotwells House in Bristol are long leasehold properties. Lastly, dwell Castle Gate Haus is a freehold PBSA asset located in Nottingham and is held by the Group's second private fund.

As a testament to the Group's successful diversification into student accommodation, nine of the Group's student accommodation assets in the UK (excluding dwell Princess Street) were certified under the Accreditation Network UK National ("ANUK") Code of Standards. dwell Princess Street is not included in ANUK accreditation as it houses PMETs in addition to students. The accreditation entails that the assets adhere to a distinct set of standards, ensuring transparency and professionalism in management, thus giving the student residents confidence and assurance of being housed in a secure and quality accommodation.

BUSINESS WITH A HEART

Centurion, through its dwell Student Living brand, aims to provide a safe and conducive living environment to students residing at its student accommodation assets, which comes equipped with free high-speed Wi-Fi. To enhance their stay, Centurion also offers a range of facilities and amenities. Selected accommodations have value added features such as study areas, common rooms with pool tables, barbeque facilities, bicycle storage, pantries, on-site laundrettes, convenience stores, swimming pools, gymnasiums and cafes. Apart from ensuring quality services, all student accommodations provide residential programmes and activities, such as movie nights and themed parties, to promote a vibrant and supportive community.

In line with its "Management with a Heart" philosophy, all Westlite workers accommodation assets are also operated with the aim of improving the lives of its migrant worker residents by enabling them to be well-rested, happy and productive. The Group strives to provide them with a welcoming and inclusive community environment, to try and provide them, as much as possible, a home away from home. Properties not only offer quality facilities and amenities but are also managed in a way that caters to the physical, mental and social wellbeing of residents.

Further details can be found in the Sustainability Report section.

Please see pages 48 to 74.



Partnering with Non-Profit Organisation and Schools for Community Engagement Events for our Residents to Promote Physical and Emotional Wellbeing.

MARKET OUTLOOK

Amidst the current volatility in the market, the stable, recurring income streams from our properties and related management services presents an attractive investment proposition.

ACCOMMODATION BUSINESS

Since its entry into the accommodation business in 2011, Centurion has grown to become one of the largest PBWA owner-operators in Singapore and Malaysia. Its market leadership position in Malaysia has been further entrenched following its entry to Penang with the launch of the 6,600-bed Westlite Bukit Minyak in January 2019.

Centurion's PBSA business has also expanded rapidly, with the Group now having a presence in five countries since it entered this segment back in 2014.

We believe that the demand for niche, alternative investments such as PBWA and PBSA is expected to remain strong. Amidst the current volatility in the market, the stable, recurring income streams from our properties and related management services presents an attractive investment proposition. In addition, the Group's growth is supported by a clear expansion strategy through targeted acquisitions and its asset light push towards management services and other ancillary services.

Centurion is also able to leverage established operational capabilities and asset enhancement potential within its existing portfolio to optimise value. As such, the Group is well-positioned to reach its objective of 62,656 beds for its overall portfolio of workers and student accommodation assets by end 2019.

WORKERS ACCOMMODATION - SINGAPORE

The Ministry of Trade and Industry ("MTI") announced in November 2018 that Singapore's economy is forecasted to grow by a stable 1.5% to 3.5% in 2019, despite geopolitical risks in the broader economy. The manufacturing sector will continue to see resilient growth over the next year and MTI expects the construction sector to see an improvement in 2019¹.

We are optimistic about the PBWA sector in Singapore, which continues to be driven by government policies and regulatory control in favour of quality worker accommodation providing conducive living and working environments for foreign workers.

In line with government policies, we will continue to focus on ensuring successful social integration and adequate social, mental and physical wellness for migrant workers.

WORKERS ACCOMMODATION - MALAYSIA

The Malaysia Government has proposed amendments to the Standard Minimum Housing and Amenities Act 446, which when implemented, will make it mandatory for employers across all sectors to provide better housing conditions for their foreign workers. Given the Group's market leadership position in the quality workers accommodation sector and the

ACCOMMODATION PIPELINE (AS OF 31 DECEMBER 2018)

| Country | Capacity (no. of beds) | |
|------------------------------|------------------------|-------------------|
| | FY2018 | FY2019 (Expected) |
| Workers Accommodation | | |
| Singapore | 26,100 | 26,100 |
| Malaysia | 23,700 | 30,300 |
| Student Accommodation | | |
| Singapore | 332 | 332 |
| Australia | 456 | 896 |
| UK | 2,675 | 2,675 |
| US | 2,145 | 2,145 |
| South Korea | - | 208 |
| TOTAL | 55,408 | 62,656 |

undersupply of quality PBWA beds within Malaysia, this legislative change bodes well for the Group.

In addition, Centurion's existing portfolio assets in Malaysia are well-located in key manufacturing hubs where PBWA assets are expected to benefit from improved demand for quality housing for workers in the Malaysia's manufacturing sector.

Westlite Bukit Minyak, which obtained its Certificate of Completion and Compliance (CCC) in January 2019, allows the Group to take advantage of the favourable regulatory development, driving further growth in the Group's PBWA business in Malaysia.

STUDENT ACCOMMODATION - UNITED KINGDOM

In a UK Student Housing Development Pipeline 2018-19 report released by Knight Frank, the country's overall PBSA market is experiencing a strong undersupply of beds with full-time student numbers outweighing current PBSA bed spaces by 3:1. In view of this growth potential, the UK remains a key market for the Group. The uncertainty around Brexit is also unlikely to diminish the appeal of UK as a key tertiary education market, with the country's higher education sector enjoying an exceptionally strong international standing, built upon hundreds of years of university heritage.

Centurion increased its UK portfolio by two properties in 2018, with strategic acquisitions in Nottingham and Manchester. To be managed under Centurion's student accommodation brand, dwell Student Living, dwell Princess Street and dwell Castle Gate Haus will benefit from the country's growing demand for quality student accommodation.

Both these cities offer strong stable demand-supply dynamics. According to Savills' latest Student Housing Spotlight, Nottingham is now considered to be a 'first-class' location, given that the supply of PBSA in the last few years have not matched the growth in student demand. Similarly, the Manchester PBSA market has a significant supply-demand imbalance, with the existing PBSA bed capacity catering to less than 40 per cent of the total full-time student population in the city according to a Knight Frank market report published in April 2018.

Centurion's latest acquisitions highlight the Group's commitment to broaden the reach of the dwell brand by seeking opportunities in markets with strong demand fundamentals and proximity to popular universities. This bodes well for the Group as Knight Frank expects that well-located assets in key university cities will prosper and demonstrate high occupancy and rental growth at all price points.

STUDENT ACCOMMODATION - AUSTRALIA

According to UNESCO statistics, Australia has witnessed strong growth in international student numbers in the past 2 years. This has continued into 2018, with further growth of 12.7%. Deloitte Access Economics, in their Australian International Education 2025 roadmap, estimates that international students may increase from about 500,000 students today to 720,000 by 2025 - registering a compounded annual growth of 3.8%.



Penang Chief Minister, Chow Kon Yeow and YB Jagdeep at Westlite Bukit Minyak Certificate of Completion and Compliance Ceremony



Bangladesh High Commission and Singapore Bangladeshi Society Celebrating May Day at Westlite Singapore

MARKET OUTLOOK

This is reinforced by the Savills' Australian Student Accommodation Market Report 2018. The underlying dynamics of the Australian higher education market continues to support the trend for new PBSA developments. This is consistent with the Australian state governments' plan as they continue to invest resources into attracting international students.

The report also states that Melbourne has continued to be the most active market for student accommodation in 2018 with a pipeline of 16,137 beds. If all the accommodation within the supply pipeline is delivered, the existing provision of 6.0% may increase towards 6.8% in 2020 and 9.0% in 2025. Similarly, the development pipeline in Adelaide indicates that the current provision at 8.2% may increase to 8.7% in 2020 and 9.7% in 2025.

As such, the Group's assets in Melbourne and Adelaide are expected to deliver healthy occupancy, with the new dwell East End Adelaide and additional beds from RMIT Village's AEP ramping up occupancy progressively across 2019.

STUDENT ACCOMMODATION - UNITED STATES

Driven by the Group's asset light strategy, Centurion manages six PBSA assets in five strategic states, including Connecticut, Florida, Alabama, Texas and Wisconsin, through a private real estate fund established and managed by the Group. The assets achieved an overall healthy average occupancy for 2018 and the Group is confident that the demand for quality PBSA in the US will continue as the country remains as the first choice for many international students seeking a quality education.

STUDENT ACCOMMODATION - SOUTH KOREA

The successful acquisition of a student accommodation asset in South Korea, dwell Dongdaemun, represents Centurion's foray into one of the largest emerging markets in North Asia. As the capital of South Korea, Seoul has more than 18 universities featured in QS World University Ranking 2018 and hosts 58% of the country's international student population. Seoul is fast emerging as an emerging education hub, with the city placing consistently in the top 10 of QS' Best Student Cities ranking since 2015.

STUDENT ACCOMMODATION - SINGAPORE

In Singapore, dwell Selegie continues to achieve a healthy occupancy rate for FY2018, as the asset's prime location and accessibility to various education institutions in the vicinity continues to drive the high occupancy rates.

In summary, the outlook for the Group's student accommodation assets remains positive, given the attractive locations of its PBSA assets which are situated close to major universities, or within university towns, and the general strong demand and undersupply of PBSA beds.

¹ The Straits Times - Singapore economy grew by 3.3% in 2018; enters 2019 with renewed vigour and purpose: PM Lee Hsien Loong.



Residents and Staff of dwell Selegie, Singapore



Variety Show at Westlite Singapore



dwell East End Adelaide Roof Terrace

INVESTOR RELATIONS



Credit Suisse Corporate Day 2018



Singapore Corporate Awards 2018, Best Investor Relations Gold Awards



Money FM Interview

PROACTIVE & TRANSPARENT COMMUNICATION

As a listed company, we believe that our commitment to a high standard of corporate governance practices, together with a demonstrated track record of strong performance, are instrumental to creating long-term value for shareholders. This includes practicing active and timely voluntary disclosure about the Group's operations and developments. Centurion goes above and beyond to ensure that all necessary information is provided in a clear, concise and accurate manner, for investors to make a well-informed decision.

In recognition of Centurion's commitment to uphold high standards in accountability and disclosure, the Group clinched two prestigious gold awards at the Singapore Corporate Awards 2018 back in July 2018. This included the award for the Best Managed Board and Best Investor Relations in the mid-cap category for listed companies with a market capitalisation of between \$300 million and \$1 billion. The Best Managed Board Award seeks to highlight transparency, accountability, performance orientation, good processes and practices among well-managed boards. The Best Investor Relations Award has the objective of recognising companies that embody the spirit of good corporate governance through the adoption and implementation of best practices in investor relations.

These awards boost Centurion's track record at the annual Singapore Corporate Awards. It follows from the Group's 2017 silver award win for Best Investor Relations in the small-cap category for companies with less than \$300 million in market capitalisation.

To add, we continue to support the Securities Investors Association Singapore's ("SIAS") efforts to promote the "Good Corporate Governance Policies" initiative. Through this initiative, SIAS aims to highlight that good corporate governance practices, which are critical in safeguarding the financial market and the broader market.

MULTIPLE COMMUNICATIONS CHANNELS

Website, Corporate Announcements and Alert Services

Centurion fully understands the need to share timely and accurate information about the Group with our shareholders and the wider investment community, so as to enable a transparent assessment of the company's value.

We have effective systems of stakeholder communications in place, such as open dialogue channels, to ensure transparency

and accountability. All Centurion's corporate announcements, financial statements, press releases, publications and presentation slides are accessible from the Singapore Exchange website ("SGX") (SGX stock code: OUB), Stock Exchange of Hong Kong Limited ("SEHK") (SEHK stock code: 6090).

All new announcements, such as corporate developments, financial statements, news releases and presentation slides are posted promptly on the corporate website www.centurion.com.sg following its release to the SGX and SEHK to ensure prompt dissemination of information to shareholders in Singapore and Hong Kong.

Our website also offers an email alert service, which the public, analysts, shareholders and potential investors can sign up for the notifications on the latest corporate announcements and Singapore Exchange filings.

ANNUAL OR EXTRAORDINARY GENERAL MEETING

Centurion holds its Annual General Meeting ("AGM") every April in Singapore. Extraordinary General Meetings ("EGM") will be held, when relevant, to discuss specific issues.

AGMs and EGMs serve as a platform for shareholders to interact with the Board of Directors and management, as well as to decide on the proposed resolutions. The AGM also allows the management to share with shareholders the strategic direction of the Group and for the Board of Directors and management to address shareholders' questions or concerns.

AGMs and EGMs are held in Singapore, with live streaming broadcast to HK to enable shareholders on both exchanges to equally participate.

OUTREACH ACTIVITIES

The Company understands the importance of engaging investor relations on a more personal level. Under our investor relations programme, we look to reach out to our stakeholders through multiple platforms including half-yearly face-to-face results briefings, post-results conference calls, one-on-one and small group investor meetings, non-deal road shows, investor luncheons, media briefings and interviews - to reinforce long-term relationships with our stakeholders. Through these platforms, we engage investors and provide them with an in-depth understanding of the Group's business, prospects and challenges.

Centurion's key management is also committed to engaging institutional investors and analysts on a regular basis to keep them up to date on the Group's developments.

INVESTOR RELATIONS

In 2018 and into 2019, the management effectively reached out to both its existing and prospective investors through the following calendar of events and activities, to raise awareness and interest in Centurion.

2018/2019 INVESTOR RELATIONS CALENDAR

February 2018

4Q/FY2017 Results Announcement | Analysts & Media Briefing in SG and HK

April 2018

FY2017 Annual General Meeting
 • Held in Singapore, with live streaming of the proceedings for our Hong Kong shareholders to participate

June 2018

1Q2018 Results Announcement

June 2018

SGX - Credit Suisse Real Estate Corporate Day in Hong Kong

July 2018

SG and HK Analysts briefing and site tour in Singapore and Johor

August 2018

2Q/1H2018 Results Announcement | Analysts & Media Briefing in SG and HK

September 2018

Investing Note Retail Investor Briefing and Property Tour

October 2018

SGX - Credit Suisse Real Estate Corporate Day in Singapore

November 2018

3Q 2018 Financial Results Presentation in SG and HK

January 2019

Analyst briefing at Certificate of Completion Ceremony of Westlite Bukit Minyak

February 2019

4Q/FY2018 Results Announcement | Analysts & Media Briefing in SG and HK

April 2019

FY2018 Annual General Meeting
 • Held in Singapore, with live streaming of the proceedings for our Hong Kong shareholders to participate

ANALYST COVERAGE

Coverage from analysts remains an important source of information for institutional and retail investors. We regularly engage equity research houses, allowing them to better understand the Group's business as well as strategic trajectory, and reflecting accurate information in their coverage reports.

The following equity research houses have provided research (rated and non-rated) coverage on Centurion as at 31 December 2018:

| Research House | Coverage Commencement |
|-----------------------------|-----------------------|
| DBS Group Research | October 2013 |
| RHB Research | February 2014 |
| Maybank Kim Eng Research | March 2015 |
| Phillip Securities Research | November 2016 |

COMPANY SHARE INFORMATION

| | SGX | SEHK |
|--|-------------------|--|
| Stock Code | OU8 | 6090 |
| Bloomberg Ticker | CENT SP | 6090.HK |
| Closing Price (As at 31 December 2018) | S\$0.415 | HKD\$2.31 |
| Shares Outstanding (As at 31 December 2018) | 691,600,785 | 149,177,839 |
| Market Capitalisation (As at 31 December 2018) | | S\$346,428,258.20 HKD\$2,009,283,897.58 |
| Closing Price Range (FY2018) | S\$0.40 - S\$0.57 | HKD\$2.28 - HKD\$3.26 |

FEEDBACK CHANNELS

Centurion actively seeks investors feedback by encouraging shareholders to provide feedback or submit their enquiries to the management.

For enquiries or feedback on Centurion, please contact:

Joey Wong Mui Yee | David Oh Ser Wee

Investor Relations Manager

Phone: (65) 6745 3288

Email: joeywong@centurioncorp.com.sg | david.oh@centurioncorp.com.sg

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Teo Peng Kwang (appointed on 8 May 2018)

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 (appointed on 8 May 2018)

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)
Tan Poh Hong
Gn Hiang Meng

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

COMPANY WEBSITE

www.centurioncorp.com.sg

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



Staff at dwell MSV for Check-in Day



Westlite Residents Excursion to Gardens by the Bay



Outreach at dwell Logan Square



Outreach at dwell East End Adelaide



Outdoor Sporting Facilities in Our Westlite Accommodations



Residents of dwell The Statesider



Quiz Night at dwell MSV





Mid-Autumn Festival for Our Westlite Residents



STEWARDING A NEW ERA

Over the years, we have grown from strength to strength and have become one of Asia's leading workers and student accommodation owner-operators. With a growing presence globally, it is important for the Group's business operations and strategies to remain nimble and responsive to the ever-shifting sands of global industry trends. Along with our business expansion came the need to continually seek higher standards of accountability and corporate governance. Being a publicly-listed company makes it important for us to be a trusted steward with a fiduciary responsibility towards our investors and shareholders and beyond that, the wider community. This is critical to the long-term sustainability of our business and value creation for all stakeholders.

Along with the recent recommended revisions to the Code of Corporate Governance and SGX Listing rules on strengthening board independence and diversity, we are pleased to welcome Ms Tan Poh Hong to Centurion's Board of Directors. With her valuable experience in the planning, development and management of Singapore's public housing at the Housing and Development Board, she has the relevant skills and expertise needed to drive the expansion of Centurion's accommodation business.

Our commitment towards good corporate governance and disclosure requirements has seen our efforts being recognised at the Singapore Corporate Awards 2018.

Beyond our duties as a listed entity, we also regularly engage with residents of our properties and the wider community, by adopting and supporting meaningful causes that align with Centurion's core values of "management with a heart". It is our philosophy that the success of Centurion's business is closely intertwined with the health and prosperity of the communities we operate in.



SUSTAINABILITY REPORT

CORPORATE PROFILE

Centurion Corporation Limited (“Centurion” or the “Company” and together with its subsidiaries, the “Group”) owns, develops and manages quality, purpose-built workers accommodation assets in Singapore and Malaysia, and student accommodation assets in Singapore, Australia, the United Kingdom (“UK”), the United States (“US”), and South Korea.

As of 31 December 2018, the Group owns and manages a strong portfolio of 28 operational accommodation assets totalling c.55,408 beds. With projects currently under development and undergoing asset enhancement works, the Group’s portfolio of accommodation assets is expected to grow to c.62,656 beds by FY2019.

Centurion’s established portfolio of workers accommodation assets are managed under the “Westlite” brand. The Group owns a portfolio of c.26,100 beds across four workers accommodation assets in Singapore and c.23,700 beds across six workers accommodation assets in Malaysia.

The Group successfully expanded into the student accommodation business in 2014. Centurion currently owns a portfolio of 10 assets in the UK with a total capacity of 2,675 beds, a 332-bed asset in Singapore and a 456-bed asset in Australia. In November 2017, Centurion entered the US student accommodation market through its inaugural private fund, the Centurion US Student Housing Fund, acquiring 2,145 beds across six purpose-built student accommodation assets in five US states. The Group’s student accommodation assets are managed under the “dwell” brand.

With global reach and a clear growth strategy to actively enhance and manage its assets, identify strategic acquisitions and joint ventures, as well as develop customised accommodation management services, Centurion is well positioned to become a leading provider of quality, purpose-built accommodation.

AWARDS AND RECOGNITION

In 2018, we won the following awards that reflect our commitment to excellence in a range of areas:

- The Best Managed Board and Best Investor Relations Gold Awards in the mid-cap category at the Singapore Corporate Awards 2018
- HR Asia Best Companies to Work for in Asia 2018 Award.
- Westlite Woodlands won the Dormitory Awards 2018 under the Foreign Employees Dormitories Act (FEDA) regulated category.

ABOUT THIS SUSTAINABILITY REPORT

This is the Group’s second annual sustainability report prepared in accordance with the “Global Reporting Initiative Standards: Core option” (“**GRI Standards**”). This report covers the Environmental, Social and Governance (“**ESG**”) performances of the Group’s properties in our key markets namely Singapore, Malaysia, Australia, United Kingdom and United States from 1 January 2018 to 31 December 2018 (“**FY2018**”), unless otherwise stated.

The report covers our environmental performance relating to common areas in the Group’s Student and Worker Accommodation based in Singapore, Malaysia, Australia, United Kingdom and United States, where the Group has the ability to collect the information, as well as to monitor the usage and efficiency of utilities. This report excludes data for our Princess Street 121 and Castle Gate Haus assets in the UK which were acquired in July 2018 and November 2018 respectively. Data for these assets will be included in the next year’s report.

Our Management team and functional units have the responsibility to identify, measure and address sustainability-related matters on an ongoing basis. The Board oversees the identification and management of material sustainability issues.

The report complies with the Singapore Stock Exchange Ltd (the “**SGX-ST**”) “Comply or Explain” requirements for sustainability reporting, as well as the Stock Exchange of Hong Kong Limited (“**SEHK**”) Environmental, Social and Governance (ESG) Reporting Guide. We have also aligned our material topics with the United Nations Sustainable Development Goals (“**SDGs**”).

The Group has not sought any external assurance nor have committed to providing any deliverables arising from this report.

BOARD STATEMENT

As your Board of Directors (“**the Board**”), we recognise that creating sustainable value for all of our stakeholders remains at the core of our business. Centurion is committed to strike a balance between achieving our business goals, meeting the expectations of our stakeholders and actively minimising our environmental footprint and any negative impact. We understand that by monitoring and evaluating our EES efforts moving on, the Group acts responsibly in the best interest of our shareholders and gains competitive advantage in the long term.

With consultation of the Management, the Board has agreed to monitor our sustainability efforts in the coming years through good corporate governance practices, and compliance with all prevailing legislations to the best of our ability.

We have approved and overseen the selection and identification of material ESG topics by the Management with reference to the GRI Standards, SGX and SEHK requirements. We intend to focus on continuous improvement of our health and safety standards, providing equal career and development opportunities for all employees regardless of gender and race, minimising possible negative environmental or social impact, and actively engaging the communities where we operate in. In addition, we will collaborate more with various government agencies and non-governmental organisations and seek to better understand and address our stakeholders' expectations.

We look forward to having our stakeholders' support as we pursue sustainable business practices.

Yours faithfully,
For and on behalf of the Board,

Wong Kok Hoe (Chairman)

Kong Chee Min (Chief Executive Officer)

ESG PERFORMANCE OVERVIEW

| ESG FACTORS | 2018 | 2017 |
|--|-----------|-----------|
| ENVIRONMENTAL | | |
| GHG emissions (tCO ₂) | 13,240 | 13,844 |
| GHG emissions intensity (KgCO ₂ /person) | 270 | 265 |
| Electricity purchased (MWh) | 26,632 | 32,619 |
| Electricity intensity (kWh/person) | 542 | 624 |
| Energy used (GJ) | 95,876 | 117,428 |
| Water consumption (m ³) | 2,818,414 | 2,835,541 |
| Water intensity (m ³ /person) | 57 | 54 |
| SOCIAL | | |
| Employees | | |
| Full-time employees | 351 | 307 |
| Female employees (%) | 43% | 39% |
| Female managers and supervisors (%) | 33% | 38% |
| Average training hours per employee | 18 | 20 |
| Training expenditure per employee (S\$) | 413 | 369 |
| New hires | 125 | 50 |
| Community | | |
| Community investment (\$) | 326,380 | 223,930 |
| ECONOMIC PERFORMANCE (\$'000) | | |
| Total revenue | 120,070 | 137,113 |
| Gross profit | 86,321 | 94,210 |
| Employees in wages, salaries and benefits | 19,062 | 17,366 |
| Income tax and other taxes to governments | 12,435 | 11,746 |
| To providers of capital (interest on borrowings and dividends to shareholders) | 40,745 | 42,113 |

Notes:

1. Energy and carbon emissions data refer to purchased electricity.
2. 2018 electricity, energy, GHG emissions and water figures are inclusive of US properties' data.

SUSTAINABILITY REPORT

REPORTING LOCATIONS, BOUNDARIES AND PERIOD

For this report, we focus primarily on sustainability performance of our business operations in Singapore, Malaysia, Australia, United Kingdom and United States. The environmental performance relates to the common areas where we can monitor and manage the efficiency of our utilities' consumption. Our United States' ("US") acquisition was completed in 2H FY2017. As such, this report also covers the ESG performance of our US student housing business for the first time.

For more information on PBWA and PBSA performance, and their locations, please refer to our "Letter to Shareholders" on pages 4 to 7, "Business Portfolio" on pages 20 to 27, and "Operation Review" on pages 36 to 39 in our annual report.

SUSTAINABILITY GOVERNANCE

Centurion's Board is responsible for identifying, assessing and prioritising material ESG topics. The Board is supported by a sustainability taskforce, chaired by the CEO and comprises the Investor Relations team and heads of different business units.

The Board has the oversight of the management and implementation of sustainability strategies relating to the material ESG factors and stakeholder engagement. The Board monitors and tracks the Group's sustainability performance and progress through periodic review.

GOVERNANCE

We believe in creating long-term value for our stakeholders through (i) established track record and commitment to high standard of corporate governance; and (ii) providing asset protection for our internal and external stakeholders, especially our shareholders and employees who are directly interested in the Group's success. We also believe in having people with integrity and the right attitude to uphold the highest corporate governance standards.

For more details on Board members composition, remuneration package and commentary on our corporate governance practice, please refer to our 'Corporate Governance Report' section from pages 75 to 96 in our annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board is responsible for the governance of risk and sets the tone and direction for risk management practices. The Board has ultimate responsibility to ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and does not expose the Group to an unacceptable level of risk. For more information on our risk management and internal control, please refer to pages 87 to 91 under the "Corporate Governance Report" section in our annual report.

CODE OF BUSINESS CONDUCT

The Group has a comprehensive Code of Conduct adhering to ethics and conduct of business when dealing with issues such as rules of engagement, client's confidentiality, conduct of work, discipline, grievance, sexual or workplace harassment, and the handling of corporate or individual gifts. The Code of Conduct aims to provide guidance for our employees when dealing with any of the aforesaid matters as we grow our business over time.

We have also implemented the Whistle Blowing policy overseen by our Audit Committee to encourage our officers, employees, suppliers/contractors, consultants, and customers to provide information that evidences unsafe, unlawful, unethical, fraudulent or wasteful practices. We also take measures to protect the whistle-blower from retaliation, harassment, adverse employment consequences or any other discriminatory acts.

ANTI-CORRUPTION

The Group maintains a zero tolerance policy against bribery or corruption which covers employees, business associates, customers, third-party service providers or vendors. The Group Anti-Corruption Policy has been disseminated to all employees, and a copy is also published on the Group's website. The Group has not received any reportable incident of our employees engaging in corruption or bribery cases in the reported period.

As an additional disclosure, the Group confirms that no monetary incentive or its equivalent were provided to any politically exposed person or their political parties where the Group operates to secure any contracts or tenders. The Group has also not made any political contributions in all the countries where we operate.

SUPPLY CHAIN

We engage suppliers to provide a range of services associated with the management and operation of our workers and student accommodations, mainly including cleaning, security, pest control, utility services, provision of furniture and equipment, construction, renovation and other repair and maintenance services. For RMIT Village in Australia and for the US portfolio, we also engage third party operators to provide management and administration services.

Suppliers for our optical disc business are mainly the suppliers of raw materials for our optical disc production such as polycarbonate resins, aluminium targets, UV lacquer and DVD bonder.

Our operations team is responsible for quality control over the selection and performance of our suppliers.

New suppliers are required to be evaluated and approved by the dormitory manager and a finance officer before they are added to the approved vendor list. Our suppliers are scored based on their track record of similar scale or capacity projects, financial capabilities, pricing, and quality of performance. Our building contractors are sourced through an open tender process for aggregate contract amount that exceeds S\$1 million, RM2 million or A\$1 million, as the case may be.

We conduct review and assessment of our suppliers on annual basis. Our review and assessment parameters include the quality of the service provided by the suppliers during the past contract term; the overall performance of the suppliers' services; random checks for the services provided; and reviewing the background and eligibility of the suppliers, including their latest business license and other relevant operation permit. Our property management team is responsible for monitoring the performance of our suppliers.

STAKEHOLDER ENGAGEMENT

Establishing trusted relationships with our internal and external stakeholders is essential for sustainable growth of our business. Our primary stakeholders are groups or individuals who are affected by our business decisions or have the ability to affect our operations. Ongoing communication with relevant stakeholders helps us understand their needs, expectations and concerns and respond effectively. Stakeholder feedback also helps us to identify our material ESG factors and priorities.

Our significant stakeholders, how we engage with them, the frequency of engagement and the key concerns raised by them are summarised in the table below.

| OUR STAKEHOLDERS | HOW WE ENGAGE AND FREQUENCY | KEY CONCERNS & EXPECTATION | OUR RESPONSE |
|--|--|---|--|
| GOVERNMENT & REGULATORS | <ul style="list-style-type: none"> Senior management representation on board of various industry bodies SGX and SEHK Quarterly Announcements Annual Reports Sustainability Reports Ongoing dialogues | <ul style="list-style-type: none"> Workplace health and safety Regulatory compliance Sharing of industry best practice | We keep ourselves abreast of the prevailing rules and legislations through regular trainings, public seminars and consultation with external professionals. |
| CUSTOMERS (INCLUDING RESIDENTS) | <ul style="list-style-type: none"> Annual Customer and Resident Surveys Annual Reports Website and Social Media Resident Life Events Resident Assistant Programme | <ul style="list-style-type: none"> Safe and clean living environment and condition Customer service and experience Affordable quality accommodation | <p>We do so via regular social settings or through activities. Official channels to provide formal feedback is also available in all our offices across different locations.</p> <p>In the United Kingdom, we received 808 survey submissions for 2018, a 5% increase from 767 submissions in 2017.</p> <p>For our workers residents, we have added several new facilities based on the feedback received via Feedback Forms. Some of the new additions include installation of custom-made clothes line to enable residents to air their laundry in a ventilated area, as well as provision of bicycle racks and registered parking system to allow for safe and orderly parking of bicycles.</p> |
| EMPLOYEES | <ul style="list-style-type: none"> Set up Centurion "Happy Committee" - an inter-department committee that organise company-wide activities to foster work-life balance and reinforce team spirit Well-structured and open annual performance appraisal system to link performance with remuneration Training and education opportunities <p>Frequency: Ongoing</p> | <ul style="list-style-type: none"> Competitive remuneration and benefits Career development and training opportunities Ethics and conduct Job security Work-life balance Corporate direction and growth plans | <p>We provide a conducive, open and transparent environment in our workplace. Feedback from employees is taken during formal appraisal and informally through social gathering or communication sessions.</p> <p>We conducted an Employee Opinion Survey. This survey gave us a better understanding of our staff morale, satisfaction and engagement. We will use the survey results for the following purposes:</p> <ul style="list-style-type: none"> Recognise skilled leaders who engage our staff in a positive way Improve our policies <p>Address issues that demotivate staff, compromise customer satisfaction or diminish staff performance.</p> |

SUSTAINABILITY REPORT

| OUR STAKEHOLDERS | HOW WE ENGAGE AND FREQUENCY | KEY CONCERNS & EXPECTATION | OUR RESPONSE |
|----------------------------|--|---|--|
| INVESTORS AND SHAREHOLDERS | <ul style="list-style-type: none"> Annual General Meeting and Extraordinary General Meeting Quarterly Financial Results and Presentations Roadshows and conferences Annual Reports Regular analyst and Media meetings Investor meetings and calls Corporate Website | <ul style="list-style-type: none"> Business and Growth strategies Acquisitions and Divestments Risk Management Corporate governance Economic performance | We are committed to adhere to the guidelines under the Singapore Code of Corporate Governance 2012, SEHK Corporate Governance Code, and the current Listing Rules or legislations to ensure transparency and timely dissemination of all material information to our investors, shareholders and other key stakeholders. |
| SUPPLIERS | <ul style="list-style-type: none"> Tenders Evaluations Annual reviews | <ul style="list-style-type: none"> Consistent business Clarity of specifications Timely payments | We have implemented comprehensive policies and processes for the good governance of our procurement system. We regularly engage with our key suppliers to understand and address their concerns in a timely manner. |

MEMBERSHIPS

- Association of Process Industry (ASPRI)
- Association of Singapore Marine Industries (ASMI)
- Singapore National Employer Federation (SNEF)
- Singapore Business Federation (SBF)
- Singapore Manufacturing Federation (SMF)
- Federation of Malaysian Manufacturers (FMM)

MATERIALITY ASSESSMENT

We have applied GRI's materiality principle to determine our most significant economic, environmental and social impacts. We have taken into consideration our stakeholders views about our sustainability impacts. In addition, we have considered a range of potential risks by leveraging on our enterprise risk management framework. Centurion proactively identifies, mitigates, and manages our key business risks, including material ESG topics.

We have determined the content of this report by applying the GRI principles of sustainability context, stakeholder inclusiveness, materiality and completeness. To ensure the quality of the content we have used the GRI principles relating to accuracy, balance, clarity, comparability, reliability and timeliness.

MATERIAL TOPICS

In 2018, we reviewed the material topics that we first reported in our 2017 Sustainability Report. After the review that included the changing business landscape, emerging global and domestic trends, regulatory development, as well as stakeholders' opinions, we have not made any significant change in the topics covered in this report. In this report, we have also aligned our material topics with the SDGs.










Engagement with Investing Note



Tripartite Meeting with Government Officials and Study Agent

An overview of our material topics is provided in the table below.

MATERIAL ESG FACTORS, BOUNDARIES, DISCLOSURES AND TARGETS

| MATERIAL ESG FACTORS | | | | |
|------------------------------------|---------------------|--|--|---|
| Material Topics | Our Involvement | GRI Disclosures (GRI Standards) | Targets | Relevant SDGs |
| Economic | | | | |
| ECONOMIC PERFORMANCE | Direct | GRI 201-1: Direct economic value generated and distributed | <ul style="list-style-type: none"> To maintain consistent rate of return Growing recurring (sustainable) profits and cash flow |  |
| INDIRECT ECONOMIC IMPACTS | Direct and Indirect | GRI 203-2: Significant indirect economic impacts | <ul style="list-style-type: none"> To continue to contribute positively to local economies To continue with the existing significant Corporate Social Responsibility initiatives for our residents and local communities |  |
| ANTI-CORRUPTION | Direct | <ul style="list-style-type: none"> GRI 205-2: Communication and training about anti-corruption policies and procedures GRI 205-3: Confirmed incidents of corruption and actions taken | To maintain zero tolerance against corruption |  |
| Environment | | | | |
| ENERGY | Direct | <ul style="list-style-type: none"> GRI 302-1: Energy consumption (mainly electricity) GRI 302-3: Energy intensity | To reduce or maintain the current average electricity consumption per person (employee and resident) |  |
| WATER | Direct | <ul style="list-style-type: none"> GRI 303-1: Water withdrawal by source | To reduce or maintain the current average water consumption per person (employee and resident) |  |
| GREENHOUSE (GHG) EMISSIONS | Direct | <ul style="list-style-type: none"> GRI 305-1: Energy indirect (Scope 2) GHG emissions GRI 305-4: GHG emissions intensity | To minimise emission intensity |  |
| Social | | | | |
| ATTRACT, DEVELOP AND RETAIN TALENT | Direct | <ul style="list-style-type: none"> GRI 401-1: Total number of new hires, by age group and gender GRI 401-1: Employee turnover, by age group and gender GRI 404-1: Average hours of training per year per employee, by gender and employee category, and training topics | <ul style="list-style-type: none"> To attract diverse pool of talent To maintain employee turnover at par or below benchmark average To provide opportunities for ongoing training |  |







Hari Raya Celebrations in Westlite Malaysia



Excursion to Istana in Singapore

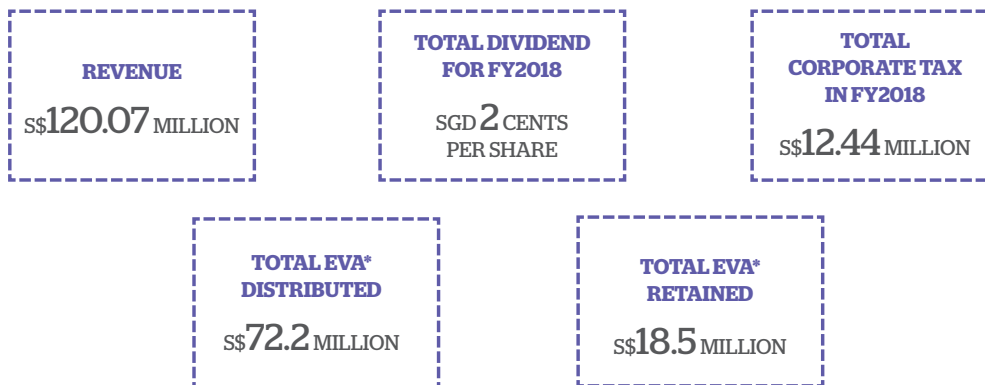
SUSTAINABILITY REPORT

| MATERIAL ESG FACTORS | | | | |
|--------------------------------|---------------------|--|---|---|
| Material Topics | Our Involvement | GRI Disclosures (GRI Standards) | Targets | Relevant SDGs |
| OCCUPATIONAL HEALTH AND SAFETY | Direct and Indirect | <ul style="list-style-type: none"> GRI 403-2: Types of injury and rates of injury, Accident Frequency Rate, Workplace Injury Rate, Accident Severity Rate, Occupational Disease Incidence Rate, and number of work-related fatalities by gender | To maintain zero accident target |  |
| CUSTOMER HEALTH AND SAFETY | Direct | <ul style="list-style-type: none"> GRI 416-2: Incidents of non-compliance concerning health and safety impacts | To maintain zero accident target |  |
| LOCAL COMMUNITIES | Indirect | GRI 403-1: Operations with local community engagement, impact assessments, and development programmes | To develop a method for measuring the impact in 2019 |  |
| SOCIO-ECONOMIC COMPLIANCE | Direct | GRI 419-1: Non-compliance with laws and regulations in the social and economic area | No incidents of non-compliance with rules and regulations |  |

FINANCIAL PERFORMANCE

For FY2018, the Group has recorded net profit after tax (NPAT) of S\$84.2 million, an increase of 124% from the previous financial year. The growth in FY2018 NPAT was largely due to valuation gains arising from UK student accommodation assets. FY2018 revenue is S\$120.1 million, a decrease of 12% from FY2017. The moderated performance is in line with expectations, mainly due to the expiry of the lease on Westlite Tuas in Singapore. This decrease was partly offset by strong performance of workers accommodation in Malaysia and ASPRI-Westlite Papan, as well as the student accommodations in the United Kingdom ("UK").

For more details, please refer to the Group's "Financial Review" found on pages 30 to 32. For detailed write up on our business risks, please also refer to Financial section from page 31, and for challenges and opportunities, please refer to our "Letter to Shareholder" from pages 4 to 7 in our AR FY2018.



* Information on the creation and distribution of economic value (EVA) is a measurement used to provide a basic indication of how an organisation creates wealth for stakeholders (GRI 201: Economic Performance 2016)

INDIRECT ECONOMIC IMPACTS

Our business goal is to meet the housing needs of workers and students. As a leading player in the workers’ and students’ accommodation business, our core business philosophy is to provide a safe and conducive housing environment. We strive to cultivate active community living that is inclusive, diverse and vibrant. We also proactively engage the wider community through supporting charitable organisations and NGOs, reflecting our core value of “management with a heart”.

We continuously engage our residents by organising celebratory events and after-work social activities such as sports competition, weekly movie screening for foreign workers and Pilates classes for the students.

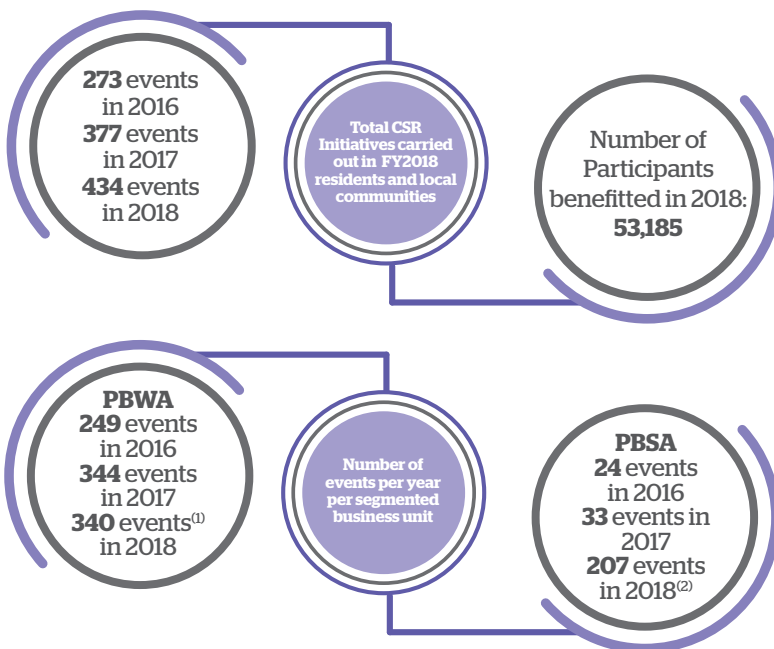
We offer enrichment and training courses through third-party partners to enhance future employment opportunities of the foreign workers living in our dormitories.

We prefer to hire local talent in the markets where we operate our residential services. In line with our diversity and inclusion approach, we support the hiring of employees with disability. Currently, we have one employee who has a disability.

We support local suppliers and contractors through our procurement of goods and services which in turn supports jobs in our local communities.

We actively support local community programmes through donations and financial assistance to several voluntary welfare organisations in Singapore. We also encourage our residents and employees to volunteer in community initiatives.

OUR SOCIAL IMPACT



OUR RESIDENTS

WORKERS

Our worker residents in Singapore and Malaysia come from various countries who are employed with local industries with a hope of providing better living standards for their families. We endeavour to provide them a home-away-from-home experience through quality accommodation, well-equipped amenities and facilities to serve



Fire and Safety Drill in Westlite Malaysia



Free Health Screening in Westlite Singapore



Celebrating International Migrants' Day in Westlite Singapore with Migrant Workers Centre

their daily requirements and enhance their wellbeing. Our PBWA provide supermarkets that offer a choice of food and sundries, food courts with stalls of their country's local foods, heavily-subsidised clinics, remittance agencies, haircut facilities, laundromats, ATM and more to meet their daily needs.

Our residents are our most important stakeholders. It is vital for us to ensure that they feel welcomed within the community of their residence as well as in the wider local community. We organise several social activities to make them feel welcome and opportunity to forge friendship with one another. The programmes include excursions to places of interest, befriending activities, health & safety roadshows, various inter-dormitory sporting events & competitions, festive carnivals, movie screenings, night markets, variety shows and mega food, games and health carnivals.

(1) Excluding events at Westlite Tuas, which lease expired in December 2017.

(2) Reflects increased activity in UK and includes events in six US PBWA properties, which are included in ESG reporting for 2018.

SUSTAINABILITY REPORT

CARING FOR OUR RESIDENTS - KEY HIGHLIGHTS

| Our Programmes in 2018 | Impact on our Community |
|---|--|
| SINGAPORE | |
| <p>We organised a number of excursion programs and events for residents and provided opportunity for residents from our PBWA in Singapore and Malaysia. The programme included opportunities to visit various tourist attractions such as Petronas Twin Towers, Batu Caves, Putrajaya, and Genting Highlands.</p> | <p>The initiative promotes social cohesion and community bonding between the residents and our staff. The programmes make the residents feel welcome and appreciated.</p> |
| <p>Organised annual Westlite Days' at PBWA which include variety shows, songs, dance, and professional performances catering to different cultural profiles of residents. Westlite Days have been well received by residents since the launch in 2012.</p> | <p>Promotes social cohesion, community bonding, and appreciation of different cultures through the variety of performances during Westlite Days, benefitting more than 26,000 residents.</p> |
| <p>Engaged a professional cricket club (Andhra Cricket Colts Event Management) to organise Westlite Super 6's Interdormitory Cricket League. This is an annual event started in 2015.</p> | <p>Cricket is a favourite sport enjoyed by most of our PBWA residents from South Asian countries. The series of cricket matches played between dormitories serves as a good platform for them to enjoy and win monetary prizes.</p> |
| <p>Annual Inter-dormitory street soccer and volleyball competitions are major features of Westlite's sporting calendar. Teams from different dormitories first compete among themselves within the accommodation and the winning team from each dormitory plays the final championship round.</p> <p>Other sports activities organised include badminton, carrom board, sepak takraw or kick volleyball, cycling, dragon boat, table tennis, football and basketball.</p> <p>We also provide transport for residents to sporting venues and refreshments to encourage them to participate actively.</p> | <p>Promotes friendships and enhances interpersonal relationships between residents of diverse cultures and backgrounds through sports. Sports also help to build physical well-being, leading to happier, healthier workers which indirectly improved productivity for their employers.</p> <p>Opportunity for approximately 4,000 residents in PBWA in Singapore and Malaysia to participate in sporting activities to improve physical health, boost self-esteem and reduce stress.</p> <p>Our employees also participated in sports with residents and this further promotes integration between staff and residents.</p> |
| <p>Organised Pongal celebration and lion dance performance</p> | <p>Cultural awareness and enrichment.</p> |
| MALAYSIA | |
| <p>Partnered with external non-governmental organisations ("NGOs") and voluntary welfare organisations ("VWOs") to extend help and care, and make a positive difference to the welfare of our residents. Such services include counselling, learning, or accessible healthcare within our accommodation.</p> <p>Partnered with Befriender Johor Bahru and RED Crescent Society.</p> | <p>This initiative provides migrant workers with access to counsellors to share their feelings or concerns while away from their home, in a trusted environment.</p> <p>Befriender Johor Baru provides counselling through activities such as drawing and talks.</p> <p>Red Crescent provides activities such as basic health screening and First Aid training, a useful skill for our residents.</p> |
| <p>Partnered with Contagious Malaysia Sdn Bhd to hold a CELCOM Cricket Tournament.</p> | <p>Promotes better social cohesion and bonding between residents.</p> |
| <p>Invited Government authorities such as the Health Department and District Bomba (District Fire Department) to hold talks to raise awareness about Hygiene and Safety.</p> | <p>Gives residents an understanding of the importance of health and responsibility for personal safety and the environment.</p> |
| <p>Organised excursion programs and events for residents and provided opportunity for residents to visit local attractions in Malaysia, such as Bugis Museum (to learn the Bugis culture of Buginese), Pineapple Museum and the Zoo.</p> | <p>Resident to gain insights to Malaysian Culture and heritage.</p> |
| <p>Annual inter-dormitory sports competitions such as volleyball and street soccer are major features of Westlite's sporting calendar. Other sports activities organised include badminton, carrom, sepak takraw, dart, bowling, futsal, table tennis, football, cricket and telematch, the traditional games of Malaysia.</p> <p>We also provide transport to ferry residents to sporting venues and refreshments to encourage them to participate actively.</p> <p>We also organised annual Hari Raya cooking competitions and Talent competition for the residents.</p> | <p>Promotes friendships and enhances interpersonal relationships between residents of diverse cultures and backgrounds through sports. Sports also help to build physical well-being, leading to happier, healthier workers which indirectly improves productivity for their employers.</p> <p>Opportunity for residents in PBWA in Malaysia to participate in sporting activities to improve physical health, boost self-esteem and reduce stress. Our employees also participated in sports with residents and this further promotes integration between staff and residents.</p> |

PARTNERING WITH ORGANISATIONS AND WELFARE GROUPS

| Our Programmes in 2018 | Organisation/Welfare Group | Impact on our Community |
|--|---|--|
| <p>Partnered with external non-governmental organisations (“NGOs”), voluntary welfare organisations (“VWOs”) and educational institutions to extend help and care, and make a positive difference to the lives for our residents. Such services include counselling, pastoral services, or accessible healthcare within our accommodation.</p> <p>Partnered with a commercially run medical clinic to offer medical consultation and treatment to our residents at subsidised rates. Students are sign-posted.</p> <p>Partnered with various schools, residents’ committees and private organisations for our residents to volunteer in places like hospitals and homes.</p> | <ul style="list-style-type: none"> • Seventh-day Adventist Church • Methodist Welfare Services • HealthServe • National University of Singapore (Medical Faculty) • Saint Andrew’s Community Hospital • St. Luke’s Hospital • P.E. Comcare and Association of Diabetes Educators Singapore (ADES) • Bewell Clinic @Dorm • Platinum clinic @Dorm • Visit by American school and Hwa Chong Junior College | <ul style="list-style-type: none"> • This is an alternative for migrant workers to assess their mental and physical well-being either free of charge or at a nominal fee. For example: <ul style="list-style-type: none"> ◦ HealthServe’s community medical and dental clinic operates every Saturday/Sunday evening and offers general practitioner and dental services to the residents of Westlite Mandai and Westlite Papan. ◦ Bewell Clinic provides subsidised treatment and medication to Westlite Toh Guan residents. About 800 residents are treated every month. • HealthServe further provides free annual medical screenings at each PBWA. Residents found having medical conditions such as high blood pressure, diabetes or eye issues were recommended for further check. Benefitted over 2,000 residents who had participated in the medical screenings during FY2018. • Provides opportunities for the members of the public to recognise the positive difference that our residents are making to the local society. |
| <p>Partnered with privately-funded NGOs and commercial organisations for migrant worker social integration (such as International Migrants Day and festival celebratory events which includes mega games, carnival and festive food).</p> | <p>Project Chulia Street in partnership with the following:</p> <ul style="list-style-type: none"> • 45Rice • Red Cross Singapore • NPE Print Communications • Tung Lok Restaurant • Foodbank • Apoil • Systematic Laundry | <ul style="list-style-type: none"> • Provides opportunity to bring together like-minded individuals/entities for projects that enhances health, diet and well-being of migrant workers. • Benefitted over 30,000 residents cumulatively since its inception. |
| <p>Organised English language lessons and Yoga classes</p> | <ul style="list-style-type: none"> • PE Comcare • Sky Yoga | <ul style="list-style-type: none"> • To improve their English language skills so that they can communicate more effectively with their supervisors and colleagues. • Yoga promotes fitness, relieves stress, reduces muscle tension, strain, and inflammation, and sharpens attention and concentration. |
| <p>Crime Prevention</p> | <ul style="list-style-type: none"> • Singapore Police Force | <ul style="list-style-type: none"> • Awareness about crime prevention by learning the do’s and don’ts in Singapore and getting tips on how to prevent crime. |
| <p>Keep Singapore Clean</p> | <ul style="list-style-type: none"> • Taman Jurong CC | <ul style="list-style-type: none"> • Promotes awareness about the importance of general cleanliness in public areas. |
| <p>Variety show for Vesak Day, Deepavali, National Day and Hari Raya.</p> <p>In Malaysia: Deepavali and Hari Raya festivals celebrated.</p> | <ul style="list-style-type: none"> • Kranji Creation Club • Kayal Bridal, Malaysia | <ul style="list-style-type: none"> • Cultural awareness and enrichment. • Learning hena art and cooking. |

SUSTAINABILITY REPORT

OUR RESIDENTS

STUDENTS

Our PBSA Community and Social Outreach

We do our best to making student residents feel welcome in their “home away from home”. Students’ emotional and physical wellbeing is a top priority for us. We remain focused on promoting an inclusive and engaged student community. We organise a variety of social events that assist our student residents to network with relevant local organisations within the cities where we operate.

CARING FOR OUR RESIDENTS - KEY HIGHLIGHTS

| What we have done | Impact on our Community |
|---|--|
| AUSTRALIA | |
| Provided scholarships in the form of free accommodation to RMIT University students at RMIT Village. | A total of 16 students in 2018 has benefited from the scholarship programme. The initiative provides support to students from low economic backgrounds and also provides support to indigenous students. |
| Organised and invited students to sign up for free events in our social space, which includes Pilates or Yoga classes. | Promotes healthy lifestyle to students which improved their well-being. This gave students a chance to learn something new within their community and encouraged healthy living while studying at university. |
| Organised Chinese New Year, Mid-Autumn celebrations, Mexican Independence Day and Ramadan Dinner for our students and international students annually. Similar celebratory events were also organised on significant festival days through the year. | Provides opportunities for international students to celebrate traditional festivals, promotes interaction with other residents and build stronger community spirit. This also develops better cultural awareness amongst residents. |
| Organised “R U OK” event where students in the community are engaged to ask their neighbours and friends R U OK? | Encourages students to meet, share issues and needs with our accommodation resident managers and their neighbours and reminding them that they have various support options. |
| Organised a Wellness Wednesday program where each month the students get to check in with their mental health and wellbeing and de-stress while engaging in a variety of activities. | Encourages students to socialise and possibly make new friends while indulging in simple and relaxing activities. So far we have run dreamcatcher and stress ball making workshops and even had a Therapy puppy come in for cuddles. |
| <i>Respect Now Always</i> campaign launched in the Village to address concerns regarding the welfare of students arising from a recent University of Australia report into their safety during their time at University. A campaign was launched in line with a national campaign with videos posted online and posters displayed throughout the Village. Staff were also trained in how to deal with students who report sexual assaults. Students appreciated RMITV in highlighting the issue and providing the support. | Creates awareness about safety among students and empowers them to deal with safety risks. |
| Hosted a presentation by Victoria’s police department covering tips on safety when living in the area, and introduction to relevant laws in Australia. | Provides safety and security awareness for student-residents who are new to the city. It also offers students a chance to reach out to the network for more information. |
| Cyber bullying campaign: A campaign promoting social media safety centres which provide advice to help students deal with a range of online safety issues, including cyberbullying, online abuse and violation of privacy. | Provides awareness and help information to students while safeguarding their wellbeing. |
| Hosted ‘Study Sessions’ for students. | Provides opportunity for students to meet with other students studying similar subjects. At these sessions, students were encouraged to discuss study strategies, experiences and share industry contacts. |

| What we have done | Impact on our Community |
|---|---|
| UNITED KINGDOM | |
| Organised a yearly strategy plan of events for our UK sites including the addition of new asset- Castle Gate Haus. Developed our residential life programme so it is more advanced this year to help support and engage students. | Provides students with a chance to engage as part of a community and also gives the staff an opportunity to see future plans for their sites and offer opinions on ideas for activities they would like to see happening at the accommodation. This has helped increase engagement and foster a feeling of community. |
| Wellbeing Improvement Plan was created to ensure that we organise regular outreach and engagement activities that help students improve their physical and emotional wellbeing. | We aim to put the student's wellbeing first so have created an additional strategy plan with a different theme each month. |
| Online 'dwell safety' campaign created to regularly update and share information on safe and responsible living habits. | To reduce on-site incidents regarding health and safety the resi-life team along with the help of assets have created a 'dwell safety' campaign. |
| Hosted external companies and third party clients who visited our sites to hold workshops for our students and support their studies. | Students are given the opportunity to engage more with the community surrounding our student accommodations. It also gives them the chance to improve their skillset or learn something new under the comfort of their own accommodation. Increased opportunity for students to interact with not only each other but external parties where they can go on outings |
| Created a staff vs students campaign to promote stronger bond and trust between staff and residents. | Has made the students feel more at home being able to compete with staff outside of working hours in activities. |
| A programme to promote students' talent where we ask students to contact us with their talents so we can promote them online to our viewers, so they can increase their online reach and engagement. | We are helping to promote the students' talents and have created a platform for them to do so. |
| We promoted a campaign called 'Best Night In' with the aim of the campaign being that you don't have to always go out and party or consume alcohol to have a good time. We challenged our students to send us an image of their 'best night in' to promote the idea that not everyone goes out in fresher's week and drinks constantly. | Encouraging health and wellbeing among students. |
| UNITED STATES | |
| Over the summer, Stadium View in College Station, Texas had many international flights arriving late. The team took turns staying after office hours and into the morning hours, awaiting the arrival of each resident. All arriving students were warmly greeted and guided to their apartment. | Confirming everyone's arrival was not only for safety precautions but for the acknowledgement of confirmation that the place that they had chosen to become their home does care. This started their stay with us with a strong bond, and the residents felt more welcome during their stay. |
| Each Friday the team at Stadium View in College Station, Texas hosts a free food Friday. | The programme is a welcome assistance to students on a tight budget. |
| Monthly organised Yoga classes are available for the wellbeing of our residents at College and Crown in New Haven, Connecticut. | Promotes healthy lifestyle to improve their well-being. This gives residents a chance to learn something new within their community and promotes a healthy lifestyle. |

SUSTAINABILITY REPORT

| What we have done | Impact on our Community |
|--|---|
| SINGAPORE | |
| Organised Chinese New Year and mid-autumn celebrations for our students annually. Students are treated with food and games to celebrate important festivals. | Encourages students to come together, mingle and establish new connections and friendships with each other. Students who are not able to celebrate important festivals with their loved ones back home would be able to find comfort in our events. |
| Organised motivational and stress management lessons for students. | Education and motivational talks aim to help students with their learning, and provide helpful tips so that they can understand and take the right steps to minimise stress and anxiety throughout their tenure as a student. |

PARTNERING WITH ORGANISATIONS AND WELFARE GROUPS

| What we have done | Our Partners | Impact on our Community |
|--|--|--|
| AUSTRALIA | | |
| Organised "The Biggest Morning Tea" Bake Sale where the students were engaged to raise money for Cancer Council. | Cancer Council | The residents get in whatever way they can to try and raise money for the Royal Children's Hospital as its part of the North Melbourne Community and contribute money for a Fish and Chips supper. |
| Organised "Good Friday Appeal" Good Fish Friday where the students were engaged to raise money for Royal Children's Hospital | Royal Children's Hospital | Encourages students to come socialise and possibly make a new friend while doing simple and relaxing activities. So far we have run dreamcatcher and stress ball making workshops and even had a Therapy puppy come in for cuddles. |
| UNITED KINGDOM | | |
| <p>Provided opportunities for students to reach out and talk to external support networks about any wellbeing concerns they may have.</p> <p>Created a welcome mental health card that was provided to all students upon check in. Also prepared a 'feel good focus' strategy plan to make sure we promote a different wellbeing topic each month.</p> | <ul style="list-style-type: none"> • The Samaritans Liverpool • Greater Manchester Police • UWE/MMU/UOM/BIMM well | It has offered students a chance to reach out and get information about different support networks that are available. |
| <p>The staff team came together to raise awareness about Men's mental health and wellbeing through the month of November. Staff members committed to walk, run or cycle 60km during the month to raise awareness about suicides.</p> <p>We raised money for Merseyside Dogs Home by completing a charity abseil down Liverpool Cathedral.</p> | <ul style="list-style-type: none"> • Movember • Merseyside and Cheshire Dogs Home | Through these programmes, we raised funds to support Mens Health Awareness Movember Foundation and for Merseyside Dogs Home. |
| <p>As well as providing wellbeing check in cards for the students we have created a year long wellbeing strategy plan that has a theme each month to make sure we are supporting the students when required throughout certain periods of their studies.</p> <p>We also had Greater Manchester Police hold a drop in session over a weekend for the students to stop by and talk to them about any safety concerns they had.</p> | <ul style="list-style-type: none"> • Greater Manchester Police • University wellbeing teams | It has offered students a chance to reach out and get information about different support networks that are available. Staff have also been provided with this information so it makes it easier for them to be directed towards giving wellbeing information to any students on site. |

| What we have done | Our Partners | Impact on our Community |
|--|---|--|
| Dog Therapy at Hotwells House, Manchester Student Village and Cathedral Campus | <ul style="list-style-type: none"> Merseyside dogs home Bristol dogs home Manchester Dogs home | Dog therapy is found to decrease symptoms of anxiety, depression and overall improve wellbeing. |
| Self defense class at MSV | Missing Link Martial Arts | This gave the students a chance to learn basic self defense techniques, which not only improved their confidence but also helped them know about how to stay safe in the city. |
| Installed a free printer for students to use at MSV | Print | Students needing to print off work for university have ease of access to using this facility on site. |
| Academic and Community Workshops set up | Grace Church Friends International | Students are given the opportunity to attend workshops to improve their cv skills and are encouraged to talk about anything on their mind in an open discussion. |

UNITED STATES

| | | |
|---|--|---|
| Texas A&M University is the Alma Mater to the 41st President of the United States. We invited all residents from Stadium View in College Station, Texas to attend the procession on this national day of mourning. This was a piece of history in which George H.W. Bush was put to rest at Texas A&M University, just minutes from their very homes. | | As we have many international residents that live here who may not understand the significance of his funeral and the proceedings taking place, we hoped this would help promote community cohesiveness and social integration. |
| Towers on States in Madison, Wisconsin's retail dry cleaner hires the homeless in the area to work for them. | | The hiring makes an impactful difference to the individuals in an area that has a high homeless ratio. |
| The Statesider and Towers on State in Madison, Wisconsin hosted a food drive during Thanksgiving to collect food for the greater community. | | A traditional event across the US is to offer food drives, the urban location for Madison has a deeper impact for the students and a way they can assist the community around them. |

COMMUNITY

We are committed to be a responsible corporate citizen. We actively engage with local communities where we have our assets. We contribute to a number of community initiatives through donations and volunteering. We partner with local welfare organisations to participate in community initiatives to make a positive difference.

In FY2018, we invested S\$326,760 in various community initiatives in Singapore, Malaysia, Australia, UK and USA.

| Community Outreach in 2018 | Our Partners | Impact on our Community |
|---|---|--|
| <ul style="list-style-type: none"> Corporate sponsorship for Charity Bowl and Fundraising Event Donation of air-con system at training centre | Down Syndrome Association | Supports educational and enrichment programmes for adults and children. |
| Corporate sponsorship for Charity Golf and Assistance Fund | Singapore Migrants Workers Centre | Fund raising supports migrant workers who have made a difference in many areas of our lives. |
| Donation | United Overseas Bank | Funds raised were donated to beneficiaries including The Business Times Budding Artists Fund, The Straits Times School Pocket Money Fund, Fei Yue Community Services, and Very Special Arts Singapore Ltd. |
| Donation | Community Chest 35th Anniversary Charity Television Show 2018 | Community Chest supports about 80 social service organisations in Singapore, enabling them to focus on caring for the disadvantaged. |
| Donation | Securities Investors Association Singapore (SIAS) | Supported the Corporate Governance Week 2018, an initiative by SIAS to foster and promote good corporate governance practices among listed companies and all stakeholders involved. |

SUSTAINABILITY REPORT

| Community Outreach in 2018 | Our Partners | Impact on our Community |
|--|---|--|
| Corporate Sponsorship for Charity Golf 2018 | Focus On the Family Singapore Ltd | Supports individual giving dedicated to helping families thrive. |
| The Capstone Programme | Singapore University of Technology and Design | Supports Final Year students in the university-industry partnership, allowing them to apply their knowledge, techniques and concepts to investigate our technical challenges, like bicycle parking problems. |
| SGX Bull Charge Charity Run 2018 | The Singapore Exchange (SGX) | Funds raised were donated to beneficiaries such as Autism Association (Singapore), AWWA Ltd, Community Chest, Fei Yue Community Services, HCSA Community Services and Shared Services for Charities. |
| Abseiled in the summer for Merseyside Dogs Home. | Merseyside Dogs Home | Funds were raised to assist a small, local charity, which was rescuing abandoned dogs in Merseyside. |
| Starlight sweet machines set up around sites. | Starlight Children's Foundation | All money goes towards supporting terminally ill children within the UK. |
| Charity donation drive set up at Cathedral Campus - we asked students checking out to leave any unwanted items with the reception team who could then look to donate to charity. | British Heart Foundation | Students are given the chance to make a change within the community. All duvets and unwanted food cans were not wasted and went on to support those that needed it within the community. |

ENVIRONMENT

SNAPSHOT OF OUR GROUP'S ENVIRONMENTAL PERFORMANCE IN FY2018

| | | | |
|---|--|--|--|
| Emissions Released: 13,240 tonnes CO² | Electricity Consumption: 26,632 MWh | Electricity Consumption Intensity: 542 kWh per person | Water Usage: 2,818,414 m³ (Total Consumption) 57 m ³ per person |
|---|--|--|--|

ENVIRONMENTAL STEWARDSHIP

Our most material environmental impacts are caused by the use of electricity and water at our residential properties and in our offices. We are committed to minimising the environmental impact of our business operations.

We also believe that our residents - workers as well as students - can play an important role in reducing the impact on the environment by adopting sustainable lifestyles and how they use electricity and water. Our approach is to engage with them to promote environmental awareness.

ENERGY

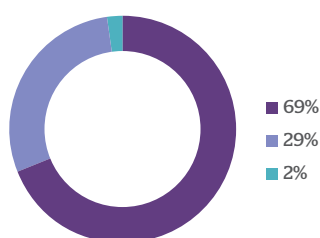
Use of purchased electricity is the main form of energy we use in our properties. Our approach is to minimise our energy intensity (electricity used per person). Reducing non-renewable energy use not only helps mitigate global warming, it also lowers the cost of operation.

In 2018, we used 26,636 MWh of electricity that we purchased from local power utilities. By business segments, our PBWA's business accounted for 71% of the overall electricity consumption followed by our PBSA business at 27%. Within our PBSA business, USA and UK accounted for 39% each of the total electricity use. Our operations in Singapore represented 51% of our total electricity consumption.

In some PBWA assets, our residents are responsible for their own electricity costs and these are excluded from the calculation above.

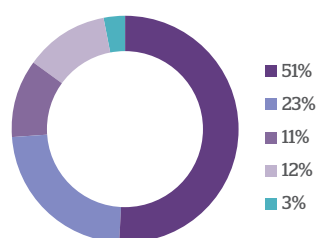
PERFORMANCE CHARTS

ELECTRICITY USE BY BUSINESS SEGMENT IN FY2018

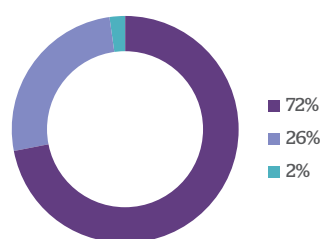


■ PBWA ■ PBSA ■ HQ

ELECTRICITY USE BY COUNTRY IN FY2018



■ Singapore ■ Malaysia ■ UK ■ USA ■ Australia

CO₂ EMISSIONS FROM ELECTRICITY USE IN FY2018

■ PBWA ■ PBSA ■ HQ

| Description | FY 2017 | FY2018 |
|--|---------|--------|
| Electricity consumption (MWh) | 32,192 | 26,632 |
| Energy use from electricity consumption (GJ) | 117,428 | 95,876 |
| Electricity expense (S\$ million) | \$4.68 | \$5.60 |
| Indirect GHG Emission (Scope 2) - Tonnes CO ₂ | 13,662 | 13,240 |
| Average kWh electricity consumption per person (Employees and residents) | 629 | 542 |
| Average kg CO ₂ emission per person (Employees and residents) | 261 | 270 |

Note: Emission factor used is based on the Electricity Grid Emission Factor for 2018, Energy Market Authority, Singapore.
Electricity expense has been calculated by converting local currencies into Singapore dollars.

We track and monitor our electricity consumption to identify opportunities for improving energy efficiency. Where possible, we install energy efficient lighting and equipment to minimise the consumption. We strive to use energy efficient mechanical and electrical equipment that also helps us reduce operational cost. We create naturally ventilated circulation spaces within confined spaces, such as covered car parks, common corridors and within accommodation units.

Some of the energy initiatives we have implemented include:

- Lifts operate on a variable voltage and frequency motor drive with sleep mode features to help reduce electricity usage
- ASPRI-Westlite Papan in Singapore uses energy-efficient air-conditioning and certified water fittings
- Use of sun shade and tinted glazing with high shading coefficient to minimise energy usage related to air-conditioning
- Minimise west-facing façades and the number of windows facing the afternoon sun, and channel wind to the inner spaces to minimise the use of energy
- Installation of timer controlled LED light fittings with alternate circuits which are designed to regulate electricity consumption at common areas during different times of the day in our PBWA and PBSA assets
- Worker dormitories are parted by walls with an opening at the top to allow cross ventilation
- Use paint with low volatile organic compounds for internal spaces and enamel paint for common walkways to minimise maintenance cleaning

SUSTAINABILITY REPORT

RENEWABLE ENERGY

We are actively exploring the feasibility of using renewable energy at our properties to reduce our carbon footprint. For example, we are studying the potential for installing roof-top photovoltaic panels to complement our energy needs in Singapore. Our goal is to begin implementation of solar energy solutions from 2019.

WATER

Water is used in our buildings by residents mainly for domestic purposes. All of our water supply comes from public utilities. Water is a valuable natural resource that must be conserved. Our approach is to closely monitor water use intensity (water used per person) and prevent water wastage by ensuring preventive maintenance of water fittings and pipes. We also track water bills as an end consumer and its impact on our bottom line. We further engage in creating awareness through educational campaigns for our employees and residents aimed at water conservation.

In Singapore, our PBWA properties are compliant with Public Utilities Board's Water Efficient Building (Basic) Certification.

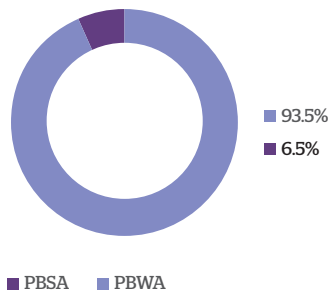
In FY2018, our total water consumption was 2,818,414 m³, nearly at the same level as 2,835,541 m³ in the prior year. We consumed an average of 57 m³ water per person in 2018 compared with 54 m³ in 2017. Water consumption figures include our student accommodation assets in the USA which started operations in 2018 and exclude data for our worker facility in Tuas, Singapore which ceased operation in December 2017 after its lease expired.

PBSA accounted for 6.5% of the total water consumption while the consumption at PBWA was at 93.5%. The head office in Singapore accounted for 914 m³, not considered significant compared with the total water consumption.

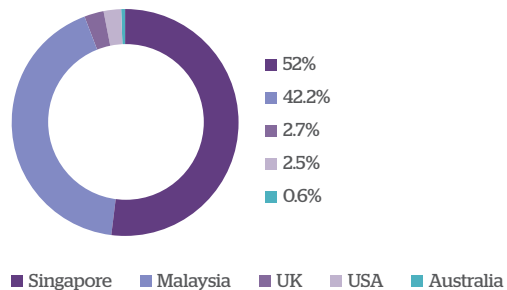
In some PBWA assets, our residents are responsible for their own utilities bill and such consumption data are not available. As such these are excluded from the calculation above. In the UK, some of our properties are unmetered and the water consumption amount is an estimated figure.

PERFORMANCE CHARTS

WATER CONSUMPTION BY BUSINESS SEGMENT IN FY2018



WATER CONSUMPTION BY COUNTRY IN FY2018



WASTE MANAGEMENT

We are committed to disposing of waste generated at our assets in accordance with local regulations. Our operations do not generate non-hazardous waste. General waste is disposed of through licensed contractors.

ENVIRONMENTAL COMPLIANCE

The Group is committed to ensuring compliance with applicable environmental laws and regulations in our business activities. There were no incidents of non-compliance with environmental laws and regulations resulting in significant fines or non-monetary sanctions in the reported period.

OUR WORKPLACE

Our employees play an important role in our goal to provide a home away from home for our student and worker residents. We are committed to promoting a cohesive, diverse, skilled and high performing workplace. We have adopted human resource policies and practices to nurture well-rounded employees through training, career development and talent management. We periodically review our human resources policies to ensure they remain relevant and effective.

Centurion Corporation won the much-coveted HR Asia Best Companies to Work for in Asia 2018 Award (Hospitality), a testament to our commitment to employee engagement.

EMPLOYEES

At the end of FY2018, the Group had a total headcount of 369, comprising 351 full time employees and 18 part-timers. Of the total headcount, 336 employees were in permanent positions while 15 employees held fixed-term contracts. Nearly half of our workforce was based in Singapore.

Singapore and UK saw reductions of 14 positions in full-time employees due to streamlining of operations, including out-sourcing of non-core functions.

US, Malaysia and Australia saw 44 additional new full-time employees with assets ramping up operations in 2018.

Staff turnover in 2018 excluding reductions due to streamlining of operations in Singapore and UK was 67 or 19% of full-time staff, which is comparable to industry standards according to SHRM¹.

DIVERSITY AND EQUALITY

We value diversity of culture, race, gender, opinions or competency of our employees. We reward our employees based on merit, capability, experience, qualification and performance.

In 2018, female employees represented 43% of our full-time headcount. Women held 33% of supervisory and managerial jobs and accounted for 28% of the total head of department level positions.

FAIR EMPLOYMENT PRACTICES

We are committed to promoting a workplace based on mutual respect and trust. Our HR policies require compliance with employment laws including the rules relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Our Human Resource Policy is aligned with the recommended Principles of Fair Employment Practices set out in the Tripartite Guidelines on Fair Employment Practices in Singapore:

- their merit regardless of age, race, gender, religion, marital status and family responsibilities, or disability
- fairness and respect
- adopting progressive human resource management systems
- provide equal opportunity for training and development programmes based on skills and needs
- reward based on each individual's performance, contribution and experience
- compliance with labour laws and adopt the Tripartite Guidelines on Fair Employment Practices

SUCCESSION PLANNING

We have implemented succession planning for our senior management positions to identify and develop new leaders. A succession pipeline of talented leaders reduces the risk of disruption in case of exigencies.

The charts on pages 66 and 67 illustrate our employees' profiles, gender and the mix of our employment category.

TRAINING AND DEVELOPMENT

Continuous employee training is crucial for building and updating skills needed to support our business operations. The Group has implemented a training & development programme to provide ongoing training and education opportunities to our employees aimed at improving their awareness, capability and productivity by upgrading knowledge and skills. Our training & development programme includes opportunities for in-house training, external courses, seminars, workshops or on-site programs.

In 2018, we conducted an average of 18 hours of training for our full-time employees.

LOCAL HIRING

We prefer to hire local talent in the markets where we operate. In FY2018, a majority of our middle management is hired from the local community.

PERFORMANCE MANAGEMENT

All our full-time employees participate in an annual performance appraisal exercise aimed at objectively reviewing their performance as well as to identify their development needs.

EMPLOYEE RETENTION

Our human resource policies are geared toward attracting and retaining suitable talents to support our business growth. We have started tracking employee turnover and plan to report turnover data in future reports.

HEALTH AND SAFETY

Health, safety and wellbeing of our employees and residents is our utmost priority. The Group maintains high level of health and safety standards across our properties. The Group's health and safety committee, chaired by our chief operating officer, periodically reviews our health and safety policies and implementation. Each site nominates a health and safety representative who reports to the health and safety committee.

We monitor the health and safety performance of our sites using internationally accepted metrics that include injury rate, occupational disease rate, lost day rate, absentee rate and work-related fatalities.

In 2018, there are no incidents of reportable injuries, occupational diseases, lost days, or work-related fatalities for our employees, workers or residents at the properties managed by us. Our absentee rate is also insignificant.

HUMAN RIGHTS

We are committed to protecting and upholding internationally accepted human rights principles and applicable local laws in our business and supply chain. Our policies prohibit child labour, forced labour, slavery, discrimination and violation of freedom of association. There were no incidents of human rights violations in our business operations in the reported period.

SOCIOECONOMIC COMPLIANCE

The Group is committed to ensuring legal compliance in all aspects of our business and upholding high standards of ethical business conduct. We operate our business in a lawful manner and in accordance with applicable socioeconomic regulations in Singapore and overseas. Our management policies ensure compliance with relevant legislation and industry standards including corporate governance, taxation, environmental health and safety and human rights, advertising, labelling and protection of data and privacy.

There were no incidents of non-compliance with laws and regulations in the social and economic area in the reported period.

1 SHRM 2016 Human Capital Benchmarking Report, Page 16

SUSTAINABILITY REPORT

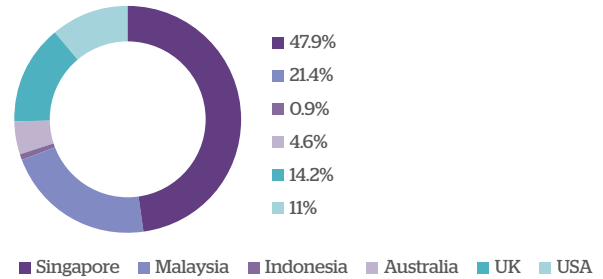
OUR WORKPLACE

PERFORMANCE CHARTS

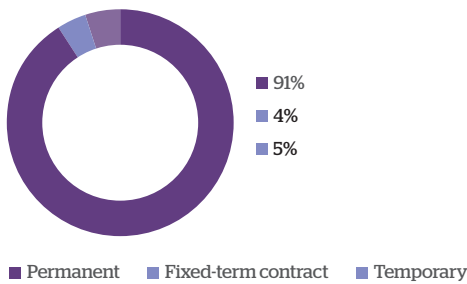
FULL-TIME EMPLOYEES



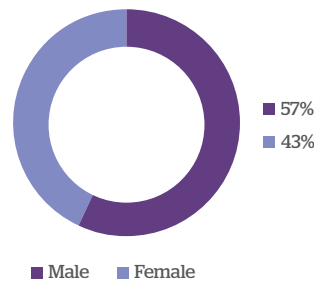
FULL-TIME EMPLOYEES BY COUNTRY - 2018



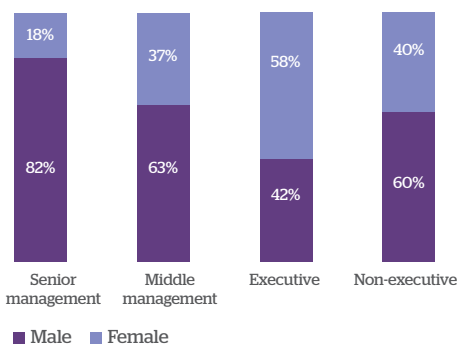
EMPLOYEES BY CONTRACT TYPE



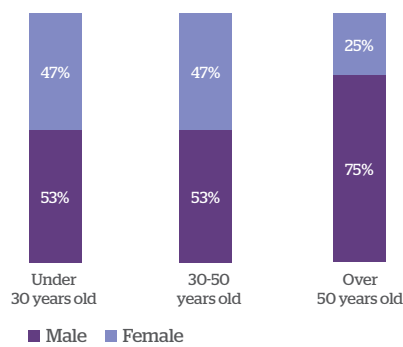
FULL-TIME EMPLOYEES BY GENDER



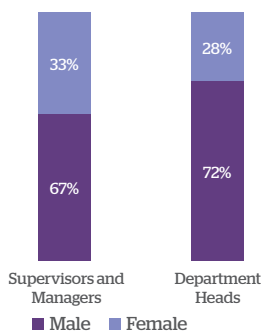
EMPLOYEES BY CATEGORY AND GENDER



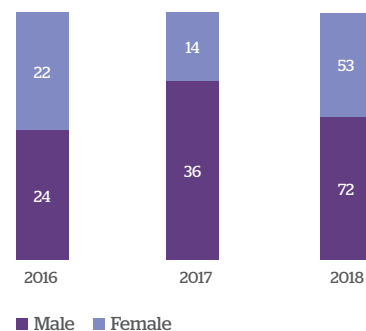
EMPLOYEES BY AGE GROUP AND GENDER



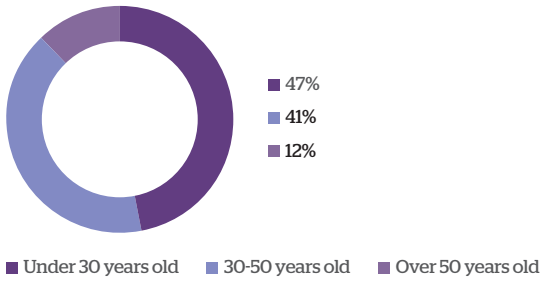
WOMEN IN MANAGERIAL POSITIONS - 2018



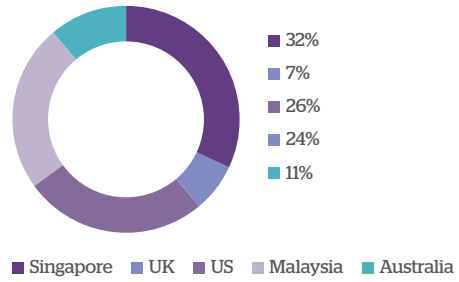
NUMBER OF NEW HIRES BY GENDER



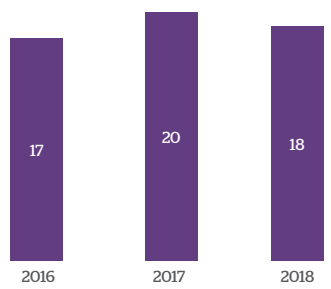
NEW HIRES BY AGE GROUP - 2018



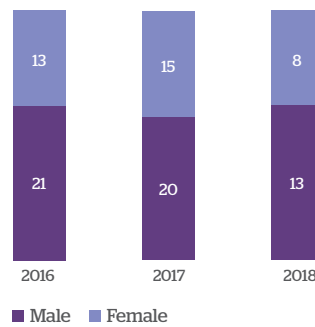
NEW HIRES BY COUNTRY - 2018



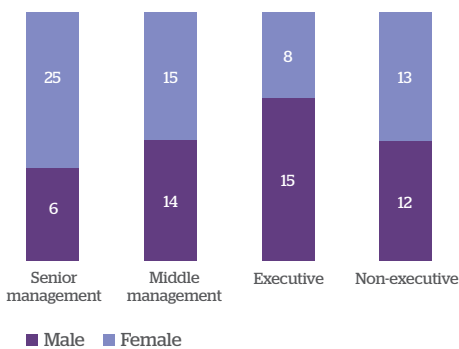
AVERAGE HOURS OF TRAINING PER EMPLOYEE



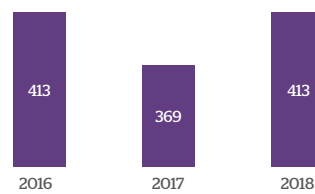
AVERAGE HOURS OF TRAINING BY GENDER



AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY



AVERAGE TRAINING EXPENDITURE PER EMPLOYEE S\$



TOTAL TRAINING EXPENDITURE S\$



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GRI CONTENT INDEX

| GRI CONTENT INDEX IN ACCORDANCE* - CORE | | |
|---|--|---------------------------------|
| GRI Standard | Disclosure | Page Number(s) and/or URL(s) |
| GRI 101: Foundation 2016 (GRI 101 does not include any standards) | | |
| General Disclosures | | |
| GRI 102: General Disclosures 2016 | Organisational Profile | |
| | 102-1 Name of the organisation | Centurion Corporation Limited |
| | 102-2 Activities, brands, products, and services | 2, 16-17, 20-27 |
| | 102-3 Location of headquarters | Singapore |
| | 102-4 Location of operations | 2, 15-17, 19, 20-27 |
| | 102-5 Ownership and legal form | 2 |
| | 102-6 Markets served | 15-17, 20-27 |
| | 102-7 Scale of the organization | 16-17, 19, 20-27, 28-29, 49, 64 |
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| | 102-9 Supply chain | 50-51 |
| | 102-10 Significant changes to the organization and its supply chain | 3, 5, 35-37 |
| | 102-11 Precautionary Principle or approach | 62, 64 |
| | 102-12 External initiatives | 48, 52-53 |
| | 102-13 Membership of associations | 52 |
| | Strategy | |
| | 102-14 Statement from senior decision-maker | 4-8 |
| | Ethics and Integrity | |
| | 102-16 Values, principles, standards, and norms of behaviour | 2, 50 |
| | Governance | |
| | 102-18 Governance structure | 75-96 |
| | 102-19 Delegating authority | 49-50, 75 |
| | 102-20 Executive-level responsibility for economic, environmental, and social topics | 50 |
| | 102-21 Consulting stakeholders on economic, environmental, and social topics | 49, 104 |
| | 102-22 Composition of the highest governance body and its committees | 77-83, 83-85, 87-91 |
| | 102-23 Chair of the highest governance body | 79 |
| | 102-24 Nominating and selecting the highest governance body | 79, 82 |
| | 102-25 Conflicts of interest | 89 |
| | 102-26 Role of highest governance body in setting purpose, values, and strategy | 75 |
| | 102-27 Collective knowledge of highest governance body | 77-80 |
| | 102-28 Evaluating the highest governance body's performance | 77-82 |
| | 102-29 Identifying and managing economic, environmental, and social impacts | 49, 50, 75, 104 |
| | 102-30 Effectiveness of risk management processes | 75-77, 87-90, 108 |
| 102-31 Review of economic, environmental, and social topics | 49, 50, 104 | |
| 102-32 Highest governance body's role in sustainability reporting | 49, 50, 104 | |

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| GRI Standard | Disclosure | Page Number(s) and/or URL(s) |
| General Disclosures | | |
| Stakeholder Engagement | | |
| | 102-40 List of stakeholder groups | 51-52 |
| | 102-41 Collective bargaining agreements | None |
| | 102-42 Identifying and selecting stakeholders | 51-52 |
| | 102-43 Approach to stakeholder engagement | 51-52 |
| | 102-44 Key topics and concerns raised | 51-52 |
| Reporting Practice | | |
| | 102-45 Entities included in the consolidated financial statements | 15 |
| | 102-46 Defining report content and topic Boundaries | 52 |
| | 102-47 List of material topics | 52-54 |
| | 102-48 Restatements of information | None |
| | 102-49 Changes in reporting | 48 |
| | 102-50 Reporting period | 48 |
| | 102-51 Date of most recent report | March 2018 |
| | 102-52 Reporting cycle | Annual |
| | 102-53 Contact point for questions regarding the report | 45 |
| | 102-54 Claims of reporting in accordance with the GRI Standards | 48 |
| | 102-55 GRI content index | 68-72 |
| | 102-56 External assurance | 48 |
| Economic performance | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundaries | 53, 54 |
| | 103-2 The management approach and its components | 53, 54 |
| | 103-3 Evaluation of the management approach | 54 |
| GRI 201: Economic performance 2016 | 201-1 Direct economic value generated and distributed | 49, 54 |
| GRI 202: Market Presence 2016 | 202-2 Proportion of senior management hired from the local community | 55 |
| GRI 203: Indirect economic impacts 2016 | 203-2 Significant indirect economic impacts | 49, 53, 54-55 |
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| | 103-2 The management approach and its components | 53, 62, 63 |
| | 103-3 Evaluation of the management approach | 53, 62, 63 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 49, 62, 63 |
| | 302-3 Energy intensity | 49, 62, 63 |
| Water | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundaries | 53, 64 |
| | 103-2 The management approach and its components | 53, 64 |
| | 103-3 Evaluation of the management approach | 53, 64 |
| GRI 303: Water 2016 | 303-1 Water withdrawal by source | 49, 62, 64 |
| Emissions | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundaries | 53 |
| | 103-2 The management approach and its components | 53 |
| | 103-3 Evaluation of the management approach | 53 |
| GRI 305: Emissions 2016 | 305-2 Energy indirect (Scope 2) GHG emissions | 49, 62, 63 |
| | 305-4 GHG emission intensity | 49, 62, 63 |
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| | 103-2 The management approach and its components | 64, 106 |
| | 103-3 Evaluation of the management approach | 64, 106 |
| GRI 307: Environmental compliance 2016 | 307-1 Non-compliance with environmental laws and regulations | 64 |
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| | 103-2 The management approach and its components | 53, 65 |
| | 103-3 Evaluation of the management approach | 64-67 |
| GRI 401: Employment 2016 | 401-1 New Employee hires and employee turnover | 49, 65, 66-67 |
| Occupational Health and Safety | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundaries | 54 |
| | 103-2 The management approach and its components | 54 |
| | 103-3 Evaluation of the management approach | 54, 65 |
| GRI 403: Occupational health and safety 2016 | 403-1 Workers representation in formal joint management-worker health and safety committees | 65 |
| | 403-2 Types of injury and rate of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities | 65 |

| GRI CONTENT INDEX 'IN ACCORDANCE' - CORE | | |
|---|---|---------------------------------|
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| | 103-3 Evaluation of the management approach | 53, 65 |
| GRI 404: Training and education 2016 | 404-1 Average hours of training per year per employee | 67 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 65 |
| Diversity and equal opportunities | | |
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| | 103-3 Evaluation of the management approach | 65 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 49, 65, 66 |
| Non-discrimination | | |
| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundaries | 65 |
| | 103-2 The management approach and its components | 65 |
| | 103-3 Evaluation of the management approach | 65 |
| GRI 406: Non-Discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 65 |
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| | 103-2 The management approach and its components | 54, 104 |
| | 103-3 Evaluation of the management approach | 54 |
| GRI 413: Local communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programmes | 56, 62 |
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| GRI 103: Management approach 2016 | 103-1 Explanation of the material topic and its Boundaries | 50 |
| | 103-2 The management approach and its components | 50 |
| | 103-3 Evaluation of the management approach | 50 |
| GRI 415: Political contributions 2016 | 415-1 Political contributions | 50 |
| Socio-economic compliance | | |
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| | 103-2 The management approach and its components | 54, 65, 104 |
| | 103-3 Evaluation of the management approach | 54, 65, 104 |
| GRI 419: Socio-economic compliance 2016 | 419-1 Non-compliance with laws and regulations in the social and economic area | 54, 65 |

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| A1. Emission | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 53, 62-64 |
| KPI A1.1 | The types of emissions and respective emissions data. | 49, 62-63 |
| KPI A1.2 | Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility). | 62-63, 49 |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility). | 64 (Not a material topic) |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 64 (Not a material topic) |
| KPI A1.5 | Description of measures to mitigate emissions and results achieved. | 63-64 |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. | 64 |
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| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | 53, 62-64 |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | 49, 62-63 |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | 49, 62-63 |
| KPI A2.3 | Description of energy use efficiency initiatives and results achieved. | 63-64 |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | 64 |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Not applicable |
| A3. The Environment and Natural Resources | | |
| General Disclosure | Policies on minimising the issuer's significant impact on the environment and natural resources. | 53 |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | 53 |

| Aspect | Disclosure | Page Number |
|--|--|----------------|
| Subject Area B. Social | | |
| Employment and Labour Practices | | |
| B1. Employment | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | 53, 65 |
| KPI B1.1 | Total workforce by gender, employment type, age group and geographical region. | 49, 64, 66 |
| B2. Health and Safety | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | 54, 65 |
| KPI B2.1 | Number and rate of work-related fatalities. | 65 |
| KPI B2.2 | Lost days due to work injury. | 65 |
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CORPORATE GOVERNANCE

Centurion Corporation Limited (the “Company” and together with its subsidiaries and associated companies, the “Group”) is committed to maintain good standards of corporate governance and business conduct in order to enhance the interest of shareholders and has adopted the principles and practices of corporate governance in line with the recommendations of the Code of Corporate Governance 2012 of Singapore (the “2012 Code”). On 6 August 2018, the Monetary Authority of Singapore issued the revised Code of Corporate Governance (the “2018 Code”). The 2018 Code replaces the 2012 Code and is applicable to the Company with effect from the financial year commencing from 1 January 2019. The Company will review and take steps to align its corporate governance practices with the 2018 Code and the accompanying Practice Guidance, where appropriate.

Following the dual primary listing (“Dual Primary Listing”) of the Company’s ordinary shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “SEHK”) on 12 December 2017 (the “Listing Date”), the Company is required to also abide by, *inter alia*, the provisions of the Corporate Governance Code (the “HK CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on SEHK (the “HK Listing Rules”) which are applicable to the Company. The Board and Management have taken steps to align the governance framework with the HK CG Code. In the event of any conflicts between the 2012 Code and the HK CG Code, the Company will comply with the more stringent requirements. As at the date of this report, the Company has complied with the 2012 Code and HK CG Code, except those appropriately justified and disclosed.

BOARD MATTERS

The Board’s Conduct of Affairs - Principle 1

The Board supervises the overall management and business affairs of the Group and monitors the performance of Management. The Board provides entrepreneurial leadership, sets strategic direction for the Company and reviews the operational and financial performance of the Group to enable the Group to meet its objectives. The Board has adopted a formal document setting out specific matters which are reserved for the Board’s approval. These include approval of the Group’s strategic business plans, annual budgets, major investments and financing decisions and appointment of Directors and key management personnel including review of their performance and remuneration packages.

The Board also considers sustainability issues including environmental and social factors and has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management systems, internal control to safeguard shareholders’ interest and the Group’s assets. Management has also been given clear directions on matters that require Board’s approval.

The Board works with Management to make objective decisions in the interest of the Group and all Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. To assist in discharging its duties, the Board has delegated specific responsibilities to three (3) Board Committees, namely, Audit Committee, Nominating Committee and Remuneration Committee. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Board Meetings

The Board conducts regular scheduled meetings at least four (4) times a year and meets as and when warranted by particular circumstances between these scheduled meetings. The Company’s Constitution provides for Board meetings to be held via telephone conference, video conferencing or other similar means of communications. When a physical meeting is not possible, timely communication with the Directors can be achieved through electronic means and the circulation of written resolutions for approval by the relevant members of the Board and Board Committees.

CORPORATE GOVERNANCE

Directors' Attendance

Details of Directors' attendance at Board & Board Committee meetings and general meeting(s) held in the financial year ended 31 December 2018 ("FY2018") are summarized in the table below:

| Name | Board of Directors | Audit Committee | Nominating Committee | Remuneration Committee | Annual General Meeting |
|--|--------------------|-----------------|----------------------|------------------------|------------------------|
| Wong Kok Hoe | 5 | - | - | 1 | 1 |
| Loh Kim Kang David | 5 | - | - | - | 1 |
| Han Seng Juan | 4 | - | - | - | 1 |
| Teo Peng Kwang ^(a) | 3 | - | - | - | - |
| Chandra Mohan s/o Rethnam ^(c) | 5 | 4 | 2 | 1 | 1 |
| Gn Hiang Meng ^(c) | 5 | 4 | 2 | 1 | 1 |
| Owi Kek Hean ^(b) | 5 | 4 | 2 | - | 1 |
| Tan Poh Hong ^(c) | 3 | - | - | - | - |
| Number of meetings held in FY2018 | 5 | 4 | 2 | 1 | 1 |

Notes:

- (a) Teo Peng Kwang was appointed a Director on 8 May 2018. He also remains as the chief operating officer of the Group's accommodation business.
- (b) Owi Kek Hean ("Mr Owi") was appointed the Chairman of the Nominating Committee in place of Gn Hiang Meng ("Mr Gn") on 27 February 2018.
- (c) Tan Poh Hong was appointed a Director on 8 May 2018. She was also appointed a member of the Nominating Committee (in place of Chandra Mohan s/o Rethnam) ("Mr Mohan") and a member of the Remuneration Committee (in place of Gn Hiang Meng) on 8 May 2018.

The Chairman also held meetings with the Non-Executive Directors (including Independent Non-Executive Directors) during the year.

Director Orientation and Training

The Company has in place orientation programmes for newly appointed Directors to ensure that they are familiar with the Group structure, and the Company's business and operations. Newly appointed Director, if any, will participate in an orientation programme which includes meeting with the Chairman and/or Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") to obtain an understanding of the affairs of the Group's business. All Directors have been provided a formal letter of appointment setting out the key terms of their appointments, duties and obligations. Other than Teo Peng Kwang ("Mr Teo") and Tan Poh Hong ("Ms Tan") who were appointed Executive Director and Independent Non-Executive Director of the Company, respectively, on 8 May 2018, there were no other Directors appointed during the financial year under review.

To keep pace with new laws, regulations and changing commercial risks, Directors are encouraged to attend, at the Company's expenses, relevant trainings and seminars for their continuing education and skills improvement courses conducted by external organisations such as the Singapore Institute of Directors ("SID") and Accounting and Corporate Regulatory Authority of Singapore ("ACRA"). These are informed to the Directors by Management. The Directors are provided regularly with updates on changes in the relevant laws and regulations, where appropriate, to enable them to make well-informed decisions and to discharge their duties responsibly.

CORPORATE GOVERNANCE

News releases/guidance issued by the Singapore Exchange Securities Trading Limited (“SGX-ST”), ACRA and SEHK, which are relevant to the Directors are circulated to the Board. Management and the Company Secretaries also keep the Directors informed of upcoming conferences and seminars such as those conducted by SID. The external auditors regularly update the Audit Committee and the Board on new or revised financial reporting standards which are relevant and applicable to the Group.

Mr Teo and Ms Tan have attended training courses conducted by SID to familiarise themselves with the roles and responsibilities as a Director of a listed company in Singapore. During FY2018, both Gn Hiang Meng (“Mr Gn”) and Owi Kek Hean (“Mr Owi”) have attended ACRA-SGX-SID Audit Committee Seminar 2018, conducted by SID. Chandra Mohan s/o Rethnam (“Mr Mohan”) has attended MCD 5 - Anticipating Risk and Precaution at the Board Level, conducted by SID. Ms Tan has attended the Ethics and Corruption - When Doing the Right Thing is Hard and LED 8 Remuneration Committee Essentials conducted by SID. All the Directors have also participated in e-training provided by the SEHK in relation to the new corporate governance requirements in Hong Kong that took effect on 1 January 2019.

During the year under review, the Directors have also been briefed and/or provided with updates, *inter alia*, on key changes to regulatory requirements, developments in financial reporting standards and corporate governance requirements in Singapore and Hong Kong. Mr Teo and Ms Tan have also been briefed and attended trainings (via video conferencing) conducted by Hong Kong professionals on applicable HK Listing Rules and regulations as well as HK CG Code.

Pursuant to Code Provision A.6.5 of the HK CG Code, the Company will arrange for all the Directors to participate in continuous professional development trainings/briefings to develop and refresh their knowledge and skills.

Board Composition and Guidance - Principle 2

As at the date of this Annual Report, the Board comprises one (1) Executive Director, three (3) Non-Executive Directors and four (4) Independent Non-Executive Directors, as follows:

| | | |
|---------------------------|---|------------------------------------|
| Wong Kok Hoe (Chairman) | - | Non-Executive Director |
| Loh Kim Kang David | - | Non-Executive Director |
| Han Seng Juan | - | Non-Executive Director |
| Teo Peng Kwang | - | Executive Director |
| Gn Hiang Meng | - | Lead Independent Director |
| Chandra Mohan s/o Rethnam | - | Independent Non-Executive Director |
| Owi Kek Hean | - | Independent Non-Executive Director |
| Tan Poh Hong | - | Independent Non-Executive Director |

The Board, through its Nominating Committee, reviews, on an on-going basis, the structure, size and composition of the Board in order to evaluate the Board’s effectiveness in carrying out its duties.

The Board, in concurrence with the Nominating Committee, is of the view that given the nature and scope of the Group’s operations, the present Board size is appropriate for the Company and to provide for effective decision-making. Given the diverse qualifications, experience, background and profile of the Executive, Non-Executive and Independent Directors, the Board collectively possesses core competencies in areas such as accounting or finance, legal and regulatory matters, risk management, business or management experience and industry knowledge. As such, the Board is of the opinion that the current Board members as a group provides an appropriate balance and diversity of the relevant skills, experience and expertise for effective management of the Group.

CORPORATE GOVERNANCE

Key information regarding the Directors, including their appointment dates, date of last re-appointment as a Director, relationships between the Directors (if any), current or past directorships or chairmanships held in the past 3 years in public companies the securities of which are listed on any securities market in Singapore, Hong Kong or overseas and other principal commitments, if any, are set out in the section entitled “Board of Directors” on pages 8 to 10 in this Annual Report. In addition, information on shareholdings held by each Director in the Company can be found on page 101 in this Annual Report.

The Company has received written annual confirmation from each of the Independent Non-Executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the HK Listing Rules.

The Nominating Committee had reviewed the independence of each Director for FY2018 in accordance with the definition of independence/circumstances set out in the 2018 Code and accompanying Practice Guidance, Rule 210(5)(d) of the Listing Manual of the SGX-ST and circumstances/factors set forth under Rule 3.13 of the HK Listing Rules, and is satisfied that half of the Board comprises Independent Non-Executive Directors with at least one of whom possessing appropriate professional qualifications on accounting or related financial management expertise.

Each member of the Nominating Committee had abstained from deliberation in respect of the assessment of his or her own independence.

The Independent Non-Executive Directors are not related to and do not have any relationship (whether familial, business, financial, employment, or otherwise) 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 their independent judgement in the best interests of the Company.

In respect of the Independent Non-Executive Directors, namely, Gn Hiang Meng (“Mr Gn”) and Chandra Mohan s/o Rethnam (“Mr Mohan”), who have served on the Board of the Company for more than nine (9) years from the date of their first appointments on 17 May 2007, the Nominating Committee had reviewed and confirmed that they continue to be independent after taking into consideration the following factors:

- (i) Both Mr Gn and Mr Mohan have provided very valuable contributions to the Board through their integrity, objectivity and professionalism notwithstanding the years of service.
- (ii) Both Mr Gn and Mr Mohan have expressed succinctly and objectively their views on issues and provided relevant and invaluable input.
- (iii) Both Mr Gn and Mr Mohan have demonstrated strong independence in character and judgement in the discharge of their Directors’ duties.
- (iv) They have continued to provide overall guidance to Management and in protecting the Company’s assets and upholding the interests of all shareholders, in particular, non-controlling shareholders.

Each of Mr Gn (being a Nominating Committee member and Board member) and Mr Mohan (being a Board member) had abstained from deliberation and voting in respect of the assessment on his own independence.

Accordingly, the Nominating Committee had recommended to the Board that both Mr Gn and Mr Mohan to continue to be considered Independent Directors. After due consideration, the Board has resolved that Mr Gn and Mr Mohan continue to be considered Independent Directors and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

The Non-Executive Directors constructively challenge Management and assist in the development of proposals on strategy. The Non-Executive Directors also review the performance of the CEO and Management.

CORPORATE GOVERNANCE

The Non-Executive Directors meet regularly without the presence of Management.

During FY2018, an Executive Director has been appointed to the Board of the Company. A meeting between the Chairman of the Board and the Independent Non-Executive Directors without the presence of Executive Director as required by Code Provision A.2.7 of the HK CG Code will be held in 2019.

Chairman and Chief Executive Officer - Principle 3

The roles of the Chairman and CEO are kept separate to ensure that there is an appropriate balance of power and authority, and that accountability and independent decision making are not compromised. The Chairman of the Board and the CEO are not related to each other, and are not immediate family member.

The Chairman, Wong Kok Hoe, who is a Non-Executive Director, amongst his other duties, sets the agendas for and chairs Board meetings and, in consultation with the Company Secretaries and the CEO, schedules Board meetings at appropriate intervals during the year. He is responsible for the exercise of control of the quality, quantity and timeliness flow of information between Management and the Board and the workings of the Board. He promotes a culture of openness and debate at the Board. He also encourages constructive relations within the Board and between the Board and Management and ensures the integrity and effectiveness of the governance process of the Board. He takes a lead role in promoting high standards of corporate governance with the full support of the Directors, CEO, Management and Company Secretaries.

The CEO, Kong Chee Min ("Mr Kong"), assisted by the various functional directors and senior management, manages and is responsible for the Group's day-to-day operations and business. The CEO also bears executive responsibility for the Group's business and implements the Board's decisions.

Mr Gn is the Lead Independent Director ("LID") and he is available to shareholders should they have concerns for which contact through the Chairman, CEO or CFO is inappropriate. The Independent Directors have met without the presence of other Directors in FY2018, when necessary, and the LID has provided feedback to the Board Chairman after such meetings, as appropriate.

Board Membership - Principle 4

The Company believes that Board renewal should be an on-going process in order to ensure good corporate governance. The Nominating Committee reviews the structure, size, composition and diversity of the Board and Board Committees regularly and makes recommendation to the Board, if any adjustment is necessary.

The Nominating Committee has in place a Director Nomination Policy for selection, nomination and appointment of new Directors. Where a vacancy arises, the Nominating Committee will identify potential candidates for appointments based on and after taking into consideration, *inter alia*, the candidates' qualification, knowledge, skills and experience, as well as his/her ability to increase the effectiveness of the Board and to add value to the Group's business. The Nominating Committee will then recommend their appointments to the Board for consideration.

The Board does not have any alternate directors.

Based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees, and their time commitment to the business affairs of the Company, the Nominating Committee is of the view that there is no need to set a maximum limit on the number of listed company board representations and other principal commitments of each Director. However, the Nominating Committee will continue to review from time to time, their board representations and other principal commitments to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

CORPORATE GOVERNANCE

Under Code Provision A.4.1 of the HK CG Code, Non-Executive Directors should be appointed for a specific term, subject to re-election. Han Seng Juan, Loh Kim Kang David and Wong Kok Hoe, Non-Executive Directors of the Company, and Gn Hiang Meng, Chandra Mohan s/o Rethnam and Owi Kek Hean, Independent Non-Executive Directors of the Company, are appointed for a fixed term of three (3) years commencing from the Listing Date, which may be terminated in accordance with its terms.

Tan Poh Hong, Independent Non-Executive Director of the Company, is appointed for a fixed term of three (3) years commencing from 8 May 2018, which may be terminated in accordance with its terms.

In accordance with Regulation 89 of the Company's Constitution, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), as nearly as possible to one-third) shall retire from office by rotation at each annual general meeting ("AGM"). Provided that each Director shall be subject to retirement and rotation at least once in every three (3) years. In accordance with Regulation 88 of the Company's Constitution, all Directors appointed by Directors as an additional Director or to fill a casual vacancy shall hold office only until the next AGM following their appointments. The Directors retiring from office are eligible for re-election at the AGM. The following Directors who will be due to retire at the forthcoming AGM have offered themselves for re-election at the AGM:-

- Directors retiring by rotation under Regulation 89 of the Constitution:
 - (i) Loh Kim Kang David
 - (ii) Chandra Mohan s/o Rethnam
- Directors retiring under Regulation 88 of the Constitution:
 - (i) Teo Peng Kwang
 - (ii) Tan Poh Hong

Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of his or her re-nominating as a Director.

The Nominating Committee has recommended the re-appointment of Loh Kim Kang David, Chandra Mohan s/o Rethnam, Teo Peng Kwang and Tan Poh Hong, who will be retiring at the forthcoming AGM, as Directors following a review of their expertise, experience, overall contribution to the Company and contributions at Board and/or Board Committee meetings (such as participation, attendance, preparedness and candour) and review of their independence, as appropriate.

The Board has accepted the Nominating Committee's recommendation and accordingly, the above-named Directors will be offering themselves for re-election. The relevant information on each of the above-named Director can be found in the section entitled "Board of Directors" on pages 8 to 10 of this Annual Report and also in the Circular to Shareholders ("Circular") accompanying the Notice of the forthcoming AGM.

The Nominating Committee has ascertained that for the period under review, the Non-Executive Directors and Independent Directors have given sufficient time and attention to the business affairs of the Group.

Company Secretaries

The Company Secretaries are Hazel Chia Luang Chew ("Ms Chia"), Juliana Tan Beng Hwee ("Ms Tan") and Wong Tak Yee ("Ms Wong"). Both Ms Chia and Ms Tan are practising chartered secretaries to engage in public practice in Singapore certified by the Chartered Secretaries Institute of Singapore (formerly known as the Singapore Association of the Institute of Chartered Secretaries and Administrators).

CORPORATE GOVERNANCE

In connection with the Company's Dual Primary Listing and to meet the requirements under Rule 3.28 of the HK Listing Rules, the Company has appointed Ms Wong, a member of The Hong Kong Institute of Chartered Secretaries, as the Company's Hong Kong Company Secretary to act jointly and to work closely with Ms Chia and Ms Tan in discharge of their duties as Company Secretaries for an initial period of 3 years commencing from the Listing Date. Prior to the expiry of the said 3-year period, a further evaluation of the qualifications and experience of Ms Chia and Ms Tan and the need for on-going assistance from Ms Wong would be made. Ms Wong's primary contact person at the Company is Mr Kong, CEO of the Company.

Key information regarding the Company Secretaries, including their date of appointment, academic and/or professional qualifications and relevant work experience, are set out in the section entitled "Company Secretary" on page 14 in this Annual Report.

During FY2018, Ms Chia, Ms Tan and Ms Wong have undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the HK Listing Rules.

BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has delegated specific functions to three (3) Board Committees, namely, Audit Committee, Nominating Committee and Remuneration Committee. Each Board Committee has its own written terms of reference. The terms of reference of the Audit Committee have been amended during the financial year under review, to be in line with HK Listing Rules and regulations which are applicable to the Company.

Nominating Committee

As at the date of this report, the Nominating Committee ("NC"), regulated by a set of written terms of reference, comprises three (3) members, all of whom are Independent Non-Executive Directors, as follows:

| | | |
|-------------------------|---|------------------------------------|
| Owi Kek Hean (Chairman) | - | Independent Non-Executive Director |
| Gn Hiang Meng | - | Independent Non-Executive Director |
| Tan Poh Hong | - | Independent Non-Executive Director |

The Chairman of the NC is Mr Owi, an Independent Non-Executive Director who is not associated with any substantial shareholder. Mr Gn, the LID, is a member of the NC.

The NC reviews and ensures that there is an appropriate composition of members of the Board with suitably diverse backgrounds to meet the Group's operational and business requirements.

In assessing the Board composition, the NC would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, which has been revised and adopted by the Board on 28 February 2019, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualifications and experience, skills, knowledge, industry and regional experience, etc. All Board appointments will be based on meritocracy, and the NC would consider candidates against objective criteria, having due regard for the benefits of diversity on the Board.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The NC will review the Board Diversity Policy, as appropriate and on a regular basis, to ensure its effectiveness.

The NC is responsible for making recommendations to the Board on all appointments and re-appointments of Directors. The NC meets at least once annually and as and when deemed necessary.

CORPORATE GOVERNANCE

The key duties and responsibilities of the NC are summarised below:

- assesses the effectiveness of the Board as a whole;
- reviews and nominates newly appointed Directors and Directors retiring by rotation, having regard to their contributions and performance, for re-election at each AGM;
- reviews and recommends all new appointments to the Board;
- reviews and recommends all appointments of senior management staff (who are not for appointment to the Board);
- determines on an annual basis the independence of each Director;
- decides whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple Board representations;
- identifies gaps in the mix of skills, experience and other qualities required in an effective Board so as to better nominate or recommend suitable candidates to fill the gaps;
- reviews Board succession plans for Directors, in particular, the Chairman and CEO; and
- reviews training and professional development programme for the Board.

During the year, the NC met twice to review the structure, size, composition and diversity of the Board, composition of Board Committees, and the independence of the Independent Non-Executive Directors and to consider the qualifications of the retiring Directors standing for election at the AGM and appointment of new Directors.

Board Performance - Principle 5

The NC has adopted a formal process of evaluating the performance of the Board as a whole. This process involves the completion of a questionnaire by Board members. A summary of findings is prepared based on the completed questionnaires and is reviewed and deliberated by the NC. The Chairman of the NC confers with the Chairman of the Board on the findings and appropriate follow-up actions are taken as necessary.

A Board performance evaluation was carried out to assess and evaluate, amongst other things, the Board's composition, size and expertise, timeliness of Board information, accountability and processes. No external facilitator had been engaged by the Board for this purpose.

Similar performance evaluations had also been conducted for the respective Board Committees, namely, Audit Committee, NC and Remuneration Committee.

CORPORATE GOVERNANCE

Access to Information - Principle 6

The Directors have separate and unrestricted access to Management and Company Secretaries at all times in carrying out their duties.

To enable the Board to fulfil its responsibilities, Management is required to provide the Directors with sufficient information including information on financial performance of the Group on a quarterly basis. The CEO also updates the Board on a quarterly basis highlighting the activities, performance, business conditions and outlook of the Group. Management's proposals to the Board and Board Committees for decisions provide background and explanatory information which includes but not limited to monthly management accounts and analysis, information on budgets, forecasts and cash flow projections. Directors are entitled to request from the CEO or Management and be provided with such additional information as needed to make informed and timely decisions.

Under the direction of the Non-Executive Chairman and CEO, the Company Secretary(ies) ensure(s) good information flows within the Board and its committees and between Management, Non-Executive Directors and Independent Directors. An agenda for each meeting of the Board and Board Committees together with the relevant papers which are prepared in consultation with the respective Chairmen are usually circulated before the holding of each Board and Board Committee meeting. This allows control over the quality, quantity and timeliness of the flow of information between Management and the Board.

The Company Secretary(ies) also attend(s) Board and Board Committee meetings, where appropriate, and provides advice, secretarial support and assistance to the Board and ensures adherence to the Board procedures and relevant rules and regulations applicable to the Company. Under the Constitution of the Company, the decision to appoint or remove the Company Secretary(ies) is subject to the approval of the Board.

The Directors may seek independent professional advice to fulfil their duties and such cost will be borne by the Company.

Remuneration Committee

The Remuneration Committee ("RC"), regulated by a set of written terms of reference, comprises three (3) members, a majority of whom are Independent Non-Executive Directors, as follows:

| | |
|--------------------------------------|--------------------------------------|
| Chandra Mohan s/o Rethnam (Chairman) | - Independent Non-Executive Director |
| Tan Poh Hong | - Independent Non-Executive Director |
| Wong Kok Hoe | - Non-Executive Director |

The members of the RC have many years of corporate experience and are knowledgeable in the field of executive compensation. The RC also has access to external professional advice on remuneration and human resource related matters, if required.

CORPORATE GOVERNANCE

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies - Principle 7

The RC meets at least once annually, and as and when deemed necessary, to carry out its functions. The key duties and responsibilities of the RC are summarised below:

- reviews and recommends to the Board a framework of remuneration as well as determines the remuneration package and terms of employment for each Director, the CEO, key management personnel and employees who are immediate family members of a Director or controlling shareholder of the Group; and
- reviews the remuneration policies and packages for key management personnel on an annual basis.

The RC's review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, and benefits-in-kind.

The RC has access to the Company's internal human resource department to assist in its review. The RC may from time to time seek advice from external remuneration consultants, who are unrelated to the Directors and any organisation they are associated with, as well as confidentially from selected senior management, including the Head of Human Resources, at its discretion. The Company did not appoint any external remuneration consultants in FY2018.

The RC's recommendations are submitted for endorsement by the entire Board. Annual reviews of the compensation of Directors are also carried out by the RC to ensure that the remuneration of the Directors and key management personnel commensurate with their performance and value-add to the Group, giving due regard to the financial and commercial health and business needs of the Group.

During FY2018, the RC held one (1) meeting to review the remuneration packages of the CEO and key management personnel and to discuss remuneration related matters and recommended to the Board the proposed quantum of Directors' fees for Non-Executive Directors, including Independent Directors.

Level and Mix of Remuneration - Principle 8

The remuneration for the CEO and key management personnel comprises a fixed basic salary plus other variable component in the form of annual performance bonus tied to individual performance as well as the Company's performance.

Directors' fees payable to the Executive Director (appointed in May 2018) and all the Non-Executive Directors, including Independent Directors, are set in accordance within a remuneration framework comprising a basic fee and incremental fixed fee for the level of responsibilities such as chairing Board Committee and attendance at Board and Board Committee meetings and taking into consideration their contribution, time and effort spent. The Non-Executive Directors are not overly compensated to the extent that their independence may be compromised.

The Board will table the Directors' fees in respect of FY2018 for shareholders' approval at the forthcoming AGM.

The existing service contracts for the Executive Director, CEO and key management personnel are for a period of three (3) years and thereafter will be automatically renewed annually. The service contract provides for termination by each party, upon giving not less than three (3) months' notice in writing. New service contracts or renewals, if any, will be subject to RC's review

CORPORATE GOVERNANCE

to ensure that the terms are fair and for a reasonable period. The contracts of the Executive Director, CEO and key management personnel include the “claw back” clauses to safeguard the Group’s interests in the event of exceptional circumstances of misstatement of financial statements, misconduct resulting in financial loss or fraud by the Executive Director, CEO and key management personnel.

The Company does not have any long-term incentive schemes in place.

Disclosure on Remuneration - Principle 9

Given the confidentiality and commercial sensitivity attached to remuneration matters, the Board is of the view that detailed disclosure of remuneration of the Directors, CEO and top key management personnel as recommended by the 2012 Code would not be in the interest of the Company. The remuneration of Directors, CEO and top key management personnel are, however, disclosed in the bands of S\$250,000 with a breakdown showing the level and mix of remuneration in percentage terms.

Directors’ and CEO’s Remuneration

The aggregate remuneration paid to the Directors and CEO (who is not Director) was S\$2,113,000.

Breakdown (in percentage terms) of the remuneration paid to the Directors and CEO (who is not Director) for FY2018 is set out below:

| Name | Director’s fees (%) | Salary (%) | Bonus (%) | Other Benefits (%) | Total (%) |
|---|---------------------|------------|-----------|--------------------|-----------|
| CEO (who is not Director) | | | | | |
| S\$750,000 to below S\$1,000,000 | | | | | |
| Kong Chee Min | 0 | 43 | 53 | 4 | 100 |
| Directors | | | | | |
| S\$750,000 to below S\$1,000,000 | | | | | |
| Teo Peng Kwang ⁽¹⁾ | 1 | 40 | 56 | 3 | 100 |
| Below S\$250,000 | | | | | |
| Chandra Mohan s/o Rethnam | 100 | 0 | 0 | 0 | 100 |
| Gn Hiang Meng | 100 | 0 | 0 | 0 | 100 |
| Han Seng Juan | 100 | 0 | 0 | 0 | 100 |
| Loh Kim Kang David | 100 | 0 | 0 | 0 | 100 |
| Owi Kek Hean | 100 | 0 | 0 | 0 | 100 |
| Tan Poh Hong | 100 | 0 | 0 | 0 | 100 |
| Wong Kok Hoe | 100 | 0 | 0 | 0 | 100 |

Note:

- (1) Teo Peng Kwang was appointed Executive Director with effect from 8 May 2018, and remains as the chief operating officer of the Group’s accommodation business.

CORPORATE GOVERNANCE

Remuneration of Key Management Personnel

The aggregate remuneration paid to the 8 key management personnel (who are not Directors or the CEO) was S\$2,780,000.

Breakdown (in percentage terms) of the remuneration paid to each of the 8 key management personnel (who are not Directors or the CEO) for FY2018 is set out below:

| Name | Salary (%) | Bonus (%) | Other Benefits (%) | Total (%) |
|---|------------|-----------|--------------------|-----------|
| S\$750,000 to below S\$1,000,000 | | | | |
| Tony Bin Hee Din | 39 | 58 | 3 | 100 |
| S\$250,000 to below S\$500,000 | | | | |
| Ho Lip Chin | 60 | 39 | 1 | 100 |
| Lee Kerk Chong ⁽¹⁾ | 85 | 7 | 8 | 100 |
| Leong Siew Fatt | 79 | 11 | 10 | 100 |
| Below S\$250,000 | | | | |
| Foo Ai Huey | 85 | 12 | 3 | 100 |
| Lee Geok Ing Janice | 87 | 12 | 1 | 100 |
| Lim Choon Kwang | 85 | 12 | 3 | 100 |
| Yeo Boon Hing David | 78 | 11 | 11 | 100 |

Note:

(1) Lee Kerk Chong has retired as Executive Director - Optical Disc Business with effect from 1 January 2019.

Tony Bin Hee Din (Managing Director, Accommodation Business) and Anthony Craig Bolger (Associate Director, Investments), who was appointed on 1 October 2018, are the brother-in-law of Loh Kim Kang David (Non-Executive Director). Save as disclosed above, there was no employee of the Group who was an immediate family member of a Director or the CEO and whose annual remuneration exceeded S\$50,000 during the year under review. Anthony Craig Bolger had received a remuneration of exceeding S\$50,000 but below S\$250,000. Remuneration of immediate family members of Director is subject to the RC's annual review. Due to competitive and confidential reasons, the Board has decided not to disclose their remuneration in incremental bands of S\$50,000 but in incremental bands of S\$250,000.

There are no termination, retirement and post-employment benefits granted to Directors, the CEO and the top key management personnel (who are not Directors or the CEO).

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Accountability - Principle 10

The Board is accountable to the shareholders, while Management is accountable to the Board.

Directors are provided with adequate and timely information on a regular basis and board papers and related materials or explanatory information prior to each Board and Board Committee meeting to allow Directors sufficient time to review and consider the agenda items and to facilitate productive discussions during the meetings. The Directors also have separate and independent access to the Company's senior management.

The Board provides shareholders with a balanced and understandable explanation and analysis of the Company's financial performance, position and prospects on a quarterly basis in the Group's quarterly and full-year financial results announcements.

Risk Management and Internal Controls - Principle 11

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risk is managed in the Group's businesses. The Board has ultimate responsibility to ensure that Management maintains a sound systems of risk management and internal controls to safeguard shareholders' interests and does not expose the Group to an unacceptable level of risk. The Board approves the key risk management policies and tolerance and have an oversight role in the design, implementation and monitoring of the risk management and internal controls systems. The Board acknowledges that it is responsible for the risk management and internal control systems of the Company and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has approved a Group Enterprise Risk Management Framework for the identification of key risk within the Group's businesses, which has adopted and aligned with the Committee of Sponsoring Organisations of the Treadway Commission Internal Controls Integrated Framework. The Enterprise Risk Management Framework sets out a systematic and ongoing process to identify and assess risk and defines how risk information (including risk mitigation action plans) is collected, monitored and reported to Management, Audit Committee ("AC") and Board on a regular and timely basis.

The Board has delegated the AC to assist in its oversight of the risk management framework, policies and processes. The AC's principal functions and responsibilities on risk management, include the following:

- reviews and recommends risk management strategies and policies, and risk tolerance for the Board's approval;
- reviews and assesses the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks, as well as the extent to which these policies and framework are operating effectively;
- ensures that adequate infrastructure, resources and systems are in place for an effective risk management, i.e. ensuring that staff responsible for implementing risk management systems performs those duties independent of the Group's risk taking activities; and
- provides risk oversight and reviews risk profiles of the Group.

With a view to identifying, handling and disseminating inside information, procedures have been implemented by the Group to ensure that unauthorized access and use of inside information are strictly prohibited.

CORPORATE GOVERNANCE

For FY2018, the AC had reviewed the adequacy and effectiveness of the Group's risk management framework and systems and conducted dialogue sessions with Management to understand the process to identify, assess, manage and monitor key identified risks within the Group.

The Board, as supported by the AC as well as the management team, reviewed the risk management and internal controls (including the financial, operational, compliance and information technology controls) systems for FY2018. Based on the above and the review of risk which the Group is exposed to as well as the understanding of what countermeasures and internal controls are in place to manage them, the AC and the Board concluded that the Group's risk management framework and internal controls (including financial, operational, compliance and information technology controls) systems were adequate and effectively managed.

For FY2018, the Board has obtained a written confirmation from the CEO and CFO:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal controls (including financial, operational, compliance and information technology controls) systems are adequate and effective.

The Group's external auditors have, in the course of their statutory audit, carried out a review of the Group's material internal control relevant to financial reporting 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 internal control. Material non-compliance and internal control weaknesses noted during their audit and the auditors' recommendations are reported to the AC to ensure appropriate follow-up actions are taken/to be taken by Management.

The Group's internal auditor has conducted independent reviews of the effectiveness of the Group's material internal controls (including financial, operational, compliance and information technology controls) and risk management systems, at least once a year.

The AC reviews the external and internal auditors' reports and ensures that there are adequate and effective internal controls in the Group.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls (including financial, operational, compliance and information technology controls) systems were adequate and effective for FY2018.

Audit Committee - Principle 12

The AC, regulated by a set of written terms of reference, comprises three (3) members, all of whom are Independent Non-Executive Directors, as follows:

| | | |
|---------------------------|---|------------------------------------|
| Gn Hiang Meng (Chairman) | - | Independent Non-Executive Director |
| Chandra Mohan s/o Rethnam | - | Independent Non-Executive Director |
| Owi Kek Hean | - | Independent Non-Executive Director |

CORPORATE GOVERNANCE

None of the members nor the Chairman of the AC are former partners or Directors of the Group's auditing firm.

The Board is of the view that the AC members have adequate accounting or related financial management expertise and experience to discharge the AC's functions.

During the year under review, the AC members have attended meetings and discussions, organised by Management, with the external auditors, the internal auditors and the Company Secretary(ies) on financial standards updates, changes in corporate governance and risk management requirements. The AC members also individually attended external seminars on financial, corporate governance and regulatory related topics to keep themselves abreast of the latest changes or developments, where appropriate.

The AC meets at least four (4) times a year, and as and when deemed necessary, to carry out its functions.

The AC's primary function is to provide assistance to the Board in fulfilling its responsibility relating to corporate accounting and auditing, the Company's financial reporting practices, the quality and integrity of the Company's financial reports and the Company's internal control systems including financial, operational, compliance and information technology controls, and risk management policies established by Management and the Board.

The AC also performs the following key functions:

- reviews the audit scope, approach and results of the external auditors;
- evaluates the overall effectiveness of both the internal and external audits through regular meetings with the internal and external auditors;
- reviews the adequacy of the internal audit function;
- determines that no restrictions are being placed by Management upon the work of the internal and external auditors;
- evaluates the adequacy of the internal control systems of the Group by reviewing written reports from the internal and external auditors, and Management's responses and actions to address any deficiencies noted;
- evaluates the adherence to the Group's administrative, operating and internal accounting controls;
- reviews the quarterly and full-year financial statements of the Company and the Group before submission to the Board for approval;
- reviews interested person transactions in accordance with the requirements of the Listing Rules of the SGX-ST and all potential conflicts of interests;
- reviews transactions by the Company, principally acquisitions and realizations, in accordance with the requirements of the Listing Rules of SGX-ST;
- ensures proper measures to mitigate any conflicts of interests have been put in place;
- reviews and approves all hedging policies and types of hedging instruments to be implemented by the Group, if any;

CORPORATE GOVERNANCE

- reviews all non-audit services provided by the external auditors to determine if the provision of such services would affect the independence of the external auditors;
- reviews and recommends the appointment or re-appointment of the external auditors; and
- considers other matters as requested by the Board.

The AC has full access to Management and full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions properly. The AC also has the authority to investigate any matter within its terms of reference.

The external auditors provide regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and their corresponding impact on the financial statements, if any.

Annually, the AC meets with the internal and external auditors without the presence of Management. This is to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, the independence and objectivity of the external auditors and the observations of the internal and external auditors.

The Company has adopted a whistle-blowing programme ("Policy") which provides an independent feedback channel for employees and external parties to report possible improprieties in matters of financial reporting or other matters directly to the AC Chairman and/or member of the AC in confidence and in good faith without fear of reprisals. The Policy establishes the processes by which whistleblowing complaints are handled and the confidentiality and identity of the whistleblower is maintained and protected. The AC ensures that arrangements are in place for independent investigation of matters raised and to allow appropriate follow-up actions to be taken. Details of this Policy have been disseminated and made available to all employees of the Group. To facilitate participation by the external parties, the Policy is also available on the Company's website at www.centurioncorp.com.sg.

During the year, the AC held four (4) meetings to review, in respect of FY2018, the quarterly, half-year and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works and interested person transactions and arrangements for employees to raise concerns about possible improprieties (if any).

The AC also had one (1) meeting with the external and internal auditors, without the presence of Management.

The AC assesses the independence of the external auditors, PricewaterhouseCoopers LLP, annually. The AC has reviewed the non-audit services provided by the external auditors and is of the opinion that the provision of such services as well as the fees paid for FY2018 does not affect their independence.

The aggregate amount of fees paid/payable to the external auditors for FY2018 are as follows:

| | S\$'000 |
|---|----------------|
| Audit fees paid/payable by the Company and its subsidiaries ⁽²⁾ | 525 |
| Non-audit fees ⁽¹⁾ paid/payable by the Company and its subsidiaries ⁽²⁾ | 267 |
| Total fees | 792 |

Notes:

(1) Included in the non-audit fees are mainly tax advisory and compliance fees.

(2) Includes the network of member firms of PricewaterhouseCoopers ("PWC") International Limited ("PWCIL").

CORPORATE GOVERNANCE

The AC has reviewed and confirmed that the Company has complied with Rules 712, 715 and 716 of the Listing Manual of the SGX-ST in relation to the appointment of auditors of the Company, its subsidiaries and significant associated companies.

The AC has recommended the re-appointment of PricewaterhouseCoopers LLP as the Company's external auditors at the forthcoming AGM. Accordingly, the Company has complied with Rule 13.88 of the HK Listing Rules.

Internal Audit - Principle 13

The Company has out-sourced its internal audit function to BDO LLP ("BDO"). The internal auditor reports directly to the Chairman of the AC and presents their reports and audit findings and recommendations to the AC.

The internal auditor is provided with unfettered access to the Company's properties, information and records and performs their reviews in accordance with the BDO Global IA methodology which is consistent with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. As the Group's outsourced internal auditor, BDO ensures that the engagement staff possess the relevant qualification and experience to conduct the internal audits.

The AC reviews the internal auditor's reports on the state of the Group's internal controls as well as approves the annual internal audit plans.

The AC is satisfied that the internal auditor is independent, effective and has the necessary resources to adequately perform its functions.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights - Principle 14

The Company treats all shareholders fairly and equitably, and recognizes, protects and facilitates the exercise of shareholders' rights. Shareholders are informed of changes in the Company's business that are likely to materially affect the value of the Company's shares.

At each AGM and/or General Meetings, shareholders are given the opportunity to participate effectively and raise their concerns with the Directors and Management on matters pertaining to the Group's business and its operations. According to the Company's Constitution, Notice of an AGM and any extraordinary general meeting ("EGM") at which it is proposed to pass a special resolution is dispatched to shareholders at least 21 clear days or 20 clear business days (whichever is longer) before the scheduled date for such meeting; while Notice of all other EGMs is dispatched to shareholders at least 14 clear days or 10 clear business days (whichever is longer) before the scheduled date for such meeting. In the case of any General Meeting at which a special business is to be transacted, the Notice of General Meeting will specify the general nature of such business, and if any resolution is to be proposed as a special resolution, the Notice of General Meeting will contain a statement to that effect.

According to Regulation 48 of the Company's Constitution, the Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an EGM, or in default, the EGM may be convened by such requisitionists, including shareholders holding a minority stake in the Company which have shareholdings not less than ten per cent (10%) of the total number of paid-up shares as at the date of the requisition carries the right of voting at General Meetings.

CORPORATE GOVERNANCE

According to Section 176 of the Companies Act (Chapter 50) of Singapore (“Companies Act”), directors of a company, notwithstanding anything in its constitution, on the requisition of shareholders holding at the date of the deposit of the requisition not less than ten per cent (10%) of the total number of paid-up shares as at the date of the deposit carries the right of voting at general meetings, immediately proceed duly to convene an EGM of the company to be held as soon as practicable but in any case not later than two (2) months after the receipt by the company of the requisition.

Besides, according to Section 177 of the Companies Act, two (2) or more shareholders holding not less than ten per cent (10%) of the total number of issued shares of the company (excluding treasury shares) may call a meeting of the company.

A meeting of a company or of a class of shareholders, other than a meeting for the passing of a special resolution, shall be called by notice in writing of not less than 14 days or such longer period as is provided in the constitution.

So far as the Constitution does not make other provision in that behalf, notice of every meeting shall be served on every shareholder having a right to attend thereat in the manner in which notices are required to be served by the model constitution prescribed under section 36(1) for the type of company to which the company belongs, if any.

Shareholders may at any time send their enquiries and concerns to the Board in writing through our Investor Relations Contact, details are as follows:

INVESTOR RELATIONS CONTACT

Joey Wong Mui Yee | David Oh Ser Wee

Investor Relations Manager

Tel: (65) 6745 3288

Email: joey.wong@centurioncorp.com.sg | david.oh@centurioncorp.com.sg

Communication with Shareholders - Principle 15

The Company values dialogue with its shareholders and believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders’ views and addressing their concerns where possible.

The Company does not practice selective disclosure. In line with the continuous disclosure obligations of the Company, the Board ensures that shareholders are equally informed of all major developments within the Group on a timely basis. Financial results and other material information are communicated to shareholders on a timely basis through:

- Annual Report and Notice of the AGM prepared and issued to all shareholders within the mandatory period;
- Financial statements/results for the respective quarter and full year released through SGXNet and the website of SEHK in accordance with the requirements of the SGX-ST’s Listing Rules and HK Listing Rules, respectively;
- Notices of and explanatory memoranda for AGMs and EGMs advertised in the newspapers and also made via SGXNet and the website of SEHK;
- Announcements relating to major developments of the Group made via SGXNet and the website of SEHK in accordance with the requirements of the SGX-ST’s Listing Rules and HK Listing Rules, respectively; and

CORPORATE GOVERNANCE

- Group's website at www.centurioncorp.com.sg at which shareholders can access information regarding the Group. The website provides all corporate announcements, press releases, annual reports, circulars, presentation slides and profiles of the Group. An email link has been established on the website to receive feedbacks, request for information and facilitate communications with shareholders.

Briefings for analysts, media and investors are held following the release of the Group's half-year and full-year results via SGXNet and the website of SEHK. Presentations are also made, as appropriate, to explain the Group's strategy, performance and major developments. All analysts' and media briefing materials are made available on SGXNet and the website of SEHK as well as on the Company's website for the information of shareholders.

The Company has engaged an external investor relations ("IR") firm which communicates with its shareholders and analysts on a regular basis and attends to their queries or concerns. The IR firm also manages the dissemination of corporate information to the media, public, institutional investors and public shareholders, and acts as a liaison point for such entities and parties. In addition, the Company participates in one-on-one meetings, conference calls, investor conferences and road shows. In these meetings, matters pertaining to business strategy, operational and financial performance and business prospects were shared by the senior management team.

The Company does not currently have a formal policy on payment of dividends to shareholders. The Group, however, plans to declare dividends on a half-yearly basis to reward shareholders taking into consideration the Group's annual profitability, cashflow requirements for its business expansion and retained earnings, as well as any other factors deemed relevant by the Directors.

To show the Company's appreciation for its shareholders' long-term support, the Board is recommending a final dividend payout of S\$0.01 per ordinary share to be approved by shareholders at the forthcoming AGM. Together with the interim dividend payment of S\$0.01 per ordinary share during the year, this brings the total dividend payment for FY2018 to S\$0.02 per ordinary share.

Conduct of Shareholder Meetings - Principle 16

The Company encourages shareholder participation at General Meetings of shareholders.

Shareholders have the opportunities to communicate their views on matters relating to the Group and to participate effectively in the meeting and to vote thereat, either in person or by proxy. The Company's Constitution allows:

- a shareholder who is not a relevant intermediary or a clearing house (or its nominee(s)) to appoint not more than two (2) proxies to attend, speak and vote at the AGM and other General Meetings; and
- a shareholder who is a relevant intermediary or a clearing house (or its nominee(s)) to appoint more than two (2) proxies to attend, speak and vote at the AGM and other General Meetings.

For the time being, the Board is of the view that this is adequate to enable shareholders to participate in General Meetings of the Company. The Company has not implemented measures to allow shareholders who are unable to vote in person at the Company's General Meetings the option to vote in absentia, such as, via mail, electronic mail or facsimile.

CORPORATE GOVERNANCE

Issues seeking approval of shareholders, if any, are usually tabled as separate resolutions. Resolutions tabled at AGMs and other General Meetings are voted on by way of poll conducted in the presence of independent scrutineers. Poll voting procedures are explained by the Company Secretary or independent scrutineer at the AGMs and other General Meetings, where appropriate. The results of the poll voting are announced at the meeting and made via SGXNet and the website of SEHK on the same day as the meeting.

Minutes of AGMs and other General Meetings are prepared and made available to shareholders upon their written request.

All Directors, Chairman of the Board and Chairpersons of the AC, RC and NC, or members of the respective Board Committees standing in for them, as well as the external auditors are present at each AGM and other General Meetings held by the Company, if any, to address any queries raised by the shareholders. A summary of the relevant queries from shareholders and responses provided at the AGMs and/or General Meetings are made available on the Company's website.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested person(s) and has set out the procedures for review and approval of the Company's interested person transactions. All interested person transactions are subject to review by the AC to ensure compliance with Chapter 9 of the SGX-ST's Listing Manual and Chapter 14A of the HK Listing Rules.

The Company's disclosure in accordance with Rule 907 of the SGX-ST's Listing Manual in respect of interested person transactions for FY2018 is as follows:

| Name of Interested Person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000) |
|---|--|
| Associates of Controlling Shareholders ⁽¹⁾ | S\$12,586,412 |

(1) During the financial year under review, the following transactions have been entered with associates of our controlling shareholders and non-executive directors, Mr Loh Kim Kang David ("Mr. Loh") and Mr Han Seng Juan ("Mr. Han"):

- 10.09.2018: Contribution by the Group for its 55% share in a joint venture company which is 40% owned by Centurion Properties Pte Ltd for the acquisition of an existing hotel located in Seoul, South Korea - S\$12.43 million.*
- 01.05.2017: Cost Sharing Reimbursement Agreement to Centurion Properties Pte Ltd - S\$139,167.
- 15.01.2018: Purchase of Wine from Centurion Wine Collections (Singapore) Pte Ltd - S\$5,245.
- 01.08.2018: Media Advertisement Services provided by Weekender Group Pte Ltd - S\$12,000.

* The Company's disclosure in accordance with Chapter 14A of the HK Listing Rules in respect of connected transactions for FY2018 are as follows:

On 31 October 2018, Centurion Overseas Investments Pte. Ltd. ("COIPL"), a wholly-owned subsidiary of the Company, entered into the CIV Unitholders Agreement with Centurion Properties Pte. Ltd. ("CPPL"), a connected person of the Company, and Comanche Co., Ltd. ("COMANCHE"), an independent third party (together "JV Partners") for the formation of IGIS Centurion No. 238 Professional Investors Private Real Estate Investment, LLC ("CIV"), the collective investment vehicle established to own Benikea Hotel KP in Seoul, South Korea (the "Building") and interest in three lots of freehold land which the Building sits on (collectively the "Land", together with the "Building" are collectively known as the "Property").

Pursuant to the CIV Unitholders Agreement, COIPL, CPPL and COMANCHE have subscribed for and injected KRW55.0 million (equivalent to HKD383,489), KRW40.0 million (equivalent to HKD278,901) and KRW5.0 million (equivalent to HKD34,863), respectively, as the initial unit capital of CIV.

Subsequently, on 5 November 2018, the JV Partners mutually agreed to provide further capital into CIV on a pro-rata basis. As such, COIPL, CPPL and COMANCHE injected approximately KRW4,071,384,000 ("Subsequent Capital Injection", equivalent to HKD28,387,840), KRW2,961,007,000 (equivalent to HKD20,645,705) and KRW370,126,000 (equivalent to HKD2,580,714), respectively into CIV.

CORPORATE GOVERNANCE

On 31 October 2018, the JV Partners also entered into the OpCo Unitholders Agreement for the formation of CSL Student Living Benikea KP Ltd. ("OpCo") to manage the Property's operation and involve in the refurbishment of the Building.

Pursuant to the OpCo Unitholders Agreement, COIPL, CPPL and COMANCHE have subscribed for and injected KRW5.5 million (equivalent to HKD38,349), KRW4.0 million (equivalent to HKD27,890) and KRW0.5 million (equivalent to HKD3,486), respectively, as the initial unit capital of OpCo.

Through the formation of CIV and the Subsequent Capital Injection, the Group has 55% interest in the acquisition of the Property by CIV and the refurbishment of the Building. Through the formation of OpCo, the JV Partners can manage the Property's operations and involve in the refurbishment of the Building.

CPPL is directly held by Centurion Global Ltd ("CGL"), which is held as to 50% and 50% by Mr. Loh and Mr. Han, respectively, controlling shareholders and non-executive Directors of the Company. CIV and OpCo, being an associated company and a non-wholly owned subsidiary of the Company, respectively, is each owned as to 40% by CPPL, a controlling shareholder of the Company. As such, CIV and OpCo are connected subsidiaries and thus connected persons of the Company. The transactions contemplated under the CIV Unitholders Agreement and the OpCo Unitholders Agreement and the Subsequent Capital Injection (the "Transactions") constitute connected transactions of the Company under Chapter 14A of the HK Listing Rules.

The Transactions are in line with the Group's strategy to grow its accommodation business and to build on the Group's existing student accommodation portfolio globally. Seoul in South Korea represents a strong entry point for the expansion of the Group's student accommodation business into North Asia.

The Company does not have a shareholders' mandate for interested person transactions.

DEALINGS IN THE COMPANY'S SECURITIES

The Company has adopted an internal code governing dealings in securities by Directors, officers and employees who are likely to be in possession of unpublished price sensitive information of the Company and its subsidiaries. Following its Dual Primary Listing, the Company has updated the code to be in line with the requirements of the HK Listing Rules and HK CG Code on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the HK Listing Rules. This revised code has been disseminated to all the Directors, officers and employees of the Group as defined in the code.

Directors, officers and employees have been informed not to deal in the Company's securities at all times whilst in possession of unpublished price sensitive information and during the periods commencing:

- (a) 30 days immediately preceding the publication date of the announcement of the Company's quarterly results or half-year results of a financial year or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results; and
- (b) 60 days immediately preceding the publication date of the announcement of the Company's full-year results or, if shorter, the period from the end of a financial year and up to the publication date of the results.

Directors, officers and employees have also been directed to refrain from dealing in the Company's securities on short-term considerations.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's internal code throughout FY2018. Besides, no incident of non-compliance of the Company's internal code by the

CORPORATE GOVERNANCE

employees has been noted by the Company.

MATERIAL CONTRACTS

No material contracts were entered between the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling shareholder during or at the end of FY2018.

USE OF PROCEEDS FROM THE ISSUE OF NEW ORDINARY SHARES (“OFFER SHARES”) PURSUANT TO THE SHARE OFFER AND DUAL PRIMARY LISTING

On 11 December 2017, the Company allotted and issued 36,000,000 Offer Shares at the offer price of HK\$3.18 (or equivalent to S\$0.55) per Offer Share pursuant to the Share Offer and Dual Primary Listing. 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 received has been fully utilised on the Adelaide, Australia project of S\$10,673,000 which was completed on 30 October 2018 and as general working capital of S\$1,186,248. Breakdown of the working capital has been disclosed in the Company’s announcement dated 5 December 2018.

CORPORATE GOVERNANCE FUNCTIONS

The Board performs the corporate governance duties set out in Code Provision D.3.1 of the HK CG Code, which, among other things, are as follows:

- (a) to develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance; and
- (e) to review the Company’s compliance with the relevant laws and regulations and disclosure in the Corporate Governance Report.

CHANGES IN THE COMPANY’S CONSTITUTIONAL DOCUMENTS

During FY2018, there was no change in the Constitution of the Company. The Constitution of the Company is available on the websites of the SGX-ST, the SEHK and the website of the Company.

DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for FY2018.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors’ Report on pages 107 to 111.

FINANCIAL REPORT

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|---|-----|
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DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the balance sheet of the Company as at 31 December 2018.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 112 to 219 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 2018 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.

PRINCIPAL ACTIVITIES

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

The principal activities of its subsidiaries, associated companies and a joint venture are set out in Note 22, 20 and 21 respectively.

OPERATIONS AND FINANCIAL REVIEW

Details of the operations review and the financial review of the Group are set out in the annual report under section entitled "Operations Review" on pages 36 to 39 of the annual report and the section entitled "Financial Review" on pages 30 to 32 of the annual report, respectively. A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 222 of the annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the financial statements on pages 112 to 113 of the annual report.

An interim dividend of 1.0 cent per ordinary share amounting to \$8,408,000 has been paid during the financial year.

The directors have recommended a final dividend of 1.0 cent per ordinary share amounting to a total of \$8,408,000 for the financial year ended 31 December 2018, subject to approval by shareholders of the Company at the forthcoming annual general meeting.

PRINCIPAL PROPERTIES

Details of the principal properties held for sale and for investment purposes are set out in Note 18 and 23 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in Note 24 to the financial statements.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2018 are set out in Note 27 to the financial statements.

SHARE CAPITAL AND TREASURY SHARES

Details of the movements in share capital and treasury shares of the Company during the year are set out in Note 31 to the financial statements. There were no movements in the Company's issued share capital during the year.

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

There was no purchase, redemption or sale of listed securities of the Company during the financial year ended 31 December 2018.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Constitution of the Company or under the laws of the Republic of Singapore, where the Company is incorporated.

DISTRIBUTABLE RESERVES

As at 31 December 2018, the retained profits of the Group are distributable except for the accumulated retained profits of associated companies and a joint venture amounting to \$78,657,000 (2017: \$76,972,000) which are included in the Group's retained profits.

Movement in the distributable reserves of the Company at 31 December 2018 are set out in Note 33 to the financial statements.

MAJOR CUSTOMER AND SUPPLIERS

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

None of the directors, their associates or any shareholder (which to the knowledge of the directors own more than 5% of the Company's Share Capital) had an interest in these major suppliers or customers.

DONATIONS

Charitable and other donations made by the Group during the year amounted to \$279,000 (2017: \$429,000).

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders of the Company by reason of their holdings of the Company's shares.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DIRECTORS

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

Executive Director

Teo Peng Kwang (appointed on 8 May 2018)

Non-Executive Chairman

Wong Kok Hoe

Non-Executive Directors

Han Seng Juan

Loh Kim Kang David

Independent Non-Executive Directors

Gn Hiang Meng (Lead Independent Director)

Chandra Mohan s/o Rethnam

Owi Kek Hean

Tan Poh Hong (appointed on 8 May 2018)

INDEPENDENCE CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the HK Listing Rules. The Company considers all of the independent non-executive directors as independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management of the Company are set out in the annual report under the section entitled "Board of Directors" on pages 8 to 10 and section entitled "Senior Management" on pages 11 to 13, respectively.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Board has the general power of determining the Directors' fees, subject to approval of the shareholders of the Company at the annual general meeting each year.

The remuneration and other emoluments are determined by the Board by recommendation of the Remuneration Committee with reference to the duties, responsibilities and performance of the Directors and the results of the Group. Details of the remuneration of the Directors are set out in Note 9(b) to the financial statements.

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' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

SHARE OPTIONS

The Company has no share option scheme as at the date of this report.

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

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

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

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 the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

| | Holdings registered in name of director/CEO | | Holdings in which director/CEO is deemed to have an interest | |
|---|---|---|--|---|
| | As at 31.12.2018 | As at 1.1.2018 or date of appointment, if later | As at 31.12.2018 | As at 1.1.2018 or date of appointment, if later |
| Centurion Corporation Limited | | | | |
| <u>(No. of ordinary shares)</u> | | | | |
| Gn Hiang Meng | - | - | 247,500 | 247,500 |
| Loh Kim Kang David | 29,485,150 | 21,679,050 | 445,956,126 | 445,956,126 |
| Han Seng Juan | 27,674,500 | 10,907,500 | 453,703,626 | 453,703,626 |
| Teo Peng Kwang ⁽ⁱ⁾ (appointed on 8 May 2018) | 63,723,330 | 63,723,330 | - | - |
| Kong Chee Min (CEO) ⁽ⁱⁱ⁾ | 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 |

(i) Teo Peng Kwang also has a direct interest in the Fixed Rate Notes due 2020 issued by the Company for an aggregate principal amount of S\$2,000,000.

(ii) Kong Chee Min also has a direct interest in the Fixed Rate Notes due 2020 issued by the Company for an aggregate principal amount of S\$500,000.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

- (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.
- (c) The directors' and CEO's interests in the ordinary shares and debentures of the Company as at 21 January 2019 were the same as those as at 31 December 2018.

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

As at 31 December 2018, the interests and short positions of the Directors and CEO 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

| | Direct interest | | | Deemed interest | | | Total interest | |
|-------------------------------------|------------------------------------|-------------------------------|------------------|------------------------------------|-------------------------------|------------------|--------------------------------|------------------|
| | Capacity/ Nature of interest | No. of shares | % ⁽²⁾ | Capacity/ Nature of interest | No. of shares | % ⁽²⁾ | No. of shares | % ⁽²⁾ |
| Loh Kim Kang David | Beneficial owner | 29,485,150 ^{(L)(4)} | 3.51 | Interest of controlled corporation | 445,756,126 ^{(L)(3)} | 53.02 | 475,441,276 ^{(L)(10)} | 56.55 |
| | | | | Interest of spouse | 200,000 ^{(L)(5)} | 0.02 | | |
| Han Seng Juan | Beneficial owner | 27,674,500 ^{(L)(7)} | 3.29 | Interest of controlled corporation | 445,756,126 ^{(L)(6)} | 53.02 | 481,378,126 ^{(L)(11)} | 57.25 |
| | | | | Interest of spouse | 7,947,500 ^{(L)(8)} | 0.94 | | |
| Gn Hiang Meng | - | - | - | Interest of spouse | 247,500 ^{(L)(9)} | 0.03 | 247,500 ^(L) | 0.03 |
| Teo Peng Kwang ⁽ⁱ⁾ | Beneficial owner | 63,723,330 ^{(L)(12)} | 7.58 | - | - | - | 63,723,330 ^(L) | 7.58 |
| Kong Chee Min (CEO) ⁽ⁱⁱ⁾ | Beneficial owner | 172,905 ^(L) | 0.02 | - | - | - | 172,905 ^(L) | 0.02 |

(i) Teo Peng Kwang also has a direct interest in the Fixed Rate Notes due 2020 issued by the Company for an aggregate principal amount of S\$2,000,000.

(ii) Kong Chee Min also has a direct interest in the Fixed Rate Notes due 2020 issued by the Company for an aggregate principal amount of S\$500,000.

Notes:

- The letter "L" denotes the person's long position in the relevant Shares.
- Based on 840,778,624 issued ordinary Shares as at 31 December 2018.
- Loh Kim Kang David ("Mr Loh") holds a 50% shareholding interest in Centurion Global Ltd ("Centurion Global"). Centurion Properties Pte Ltd ("Centurion Properties") is a wholly-owned subsidiary of Centurion Global. Mr Loh is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties.
- Of the 29,485,150 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, 10,124,000 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, 409,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited and 101,400 Shares are registered in his own name.
- Mr Loh also has a deemed interest in 200,000 Shares held by his spouse, Wong Wan Pei.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

- (6) Han Seng Juan ("Mr Han") holds a 50% shareholding interest in Centurion Global. Mr Han is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties, a wholly-owned subsidiary of Centurion Global.
- (7) Of the 27,674,500 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, 3,239,000 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, 829,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited, 3,063,500 Shares are registered in the name of Maybank Kim Eng Securities Pte Ltd and 4,530,800 Shares are registered in his own name.
- (8) Mr Han also has a deemed interest in 7,947,500 Shares held by his spouse, Kang Lee Cheng Susanna.
- (9) Gn Hiang Meng has a deemed interest in 247,500 Shares held by his spouse, Loo Bee Hoon.
- (10) Of these Shares, 27,883,750 Shares held by Mr Loh and 445,000,000 Shares held by Centurion Properties as his deemed interest have been pledged to independent third party financial institution(s).
- (11) Of these Shares, 11,248,000 Shares held by Mr Han and 445,000,000 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 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 31 December 2018, none of the Directors or CEO 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 31 December 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⁾ | 445,756,126 | 53.02 | - | - | 445,756,126 | 53.02 |
| Centurion Global Ltd ⁽³⁾ | - | - | 445,756,126 | 53.02 | 445,756,126 | 53.02 |
| Loh Kim Kang David ⁽⁴⁾ | 29,485,150 | 3.51 | 445,956,126 | 53.04 | 475,441,276 | 56.55 |
| Han Seng Juan ⁽⁵⁾ | 27,674,500 | 3.29 | 453,703,626 | 53.96 | 481,378,126 | 57.25 |
| Teo Peng Kwang ⁽⁶⁾ | 63,723,330 | 7.58 | - | - | 63,723,330 | 7.58 |

Notes:

- (1) Based on 840,778,624 issued ordinary Shares as at 31 December 2018.
- (2) Of the 445,756,126 Shares held by Centurion Properties Pte Ltd ("Centurion Properties"), 310,000,000 Shares are registered in the name of DB Nominees (S) Pte Ltd, 135,000,000 Shares are registered in the name of DBSN Services Pte Ltd and 756,126 Shares are registered in its own name.
- (3) Centurion Properties is a wholly-owned subsidiary of Centurion Global Ltd ("Centurion Global"). Centurion Global is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties.
- (4) Loh Kim Kang David ("Mr Loh") holds a 50% shareholding interest in Centurion Global. Centurion Properties is a wholly-owned subsidiary of Centurion Global. Mr Loh is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties. Mr Loh also has a deemed interest in 200,000 Shares held by his spouse, Wong Wan Pei.

Of the 29,485,150 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, 10,124,000 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, 409,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited and 101,400 Shares are registered in his own name.

27,883,750 Shares held by Mr Loh and 445,000,000 Shares held by Centurion Properties as his deemed interest have been pledged to independent third party financial institution(s).

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

- (5) Han Seng Juan ("Mr Han") holds a 50% shareholding interest in Centurion Global. Mr Han is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties, a wholly-owned subsidiary of Centurion Global. 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 27,674,500 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, 3,239,000 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, 829,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited, 3,063,500 Shares are registered in the name of Maybank Kim Eng Securities Pte Ltd and 4,530,800 Shares are registered in his own name. 11,248,000 Shares held by Mr Han and 445,000,000 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 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.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Other than those disclosed above and under "Interested Person Transactions" in page 94 of the annual report, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Our Group continuously endeavours to promote environmental and social responsibility to employees and contribute to the community. Our Group is always in compliance with all the relevant laws and regulations and recognise that creating sustainable value for all of our stakeholders remains at the core of our business. We are committed to strike a balance between achieving our business goals, meeting the needs of our stakeholders and actively minimising our environmental footprint and any negative impact. We understand that by monitoring and evaluating our economic, environmental and social efforts moving on, the Group acts responsibly in the best interest of our shareholders and gains competitive advantage in the long term.

Details of the environment and social responsibility are set out in the section entitled "Sustainability Report" in this annual report.

CONNECTED TRANSACTIONS

Details of the connected transactions are set out in page 94 under "Interested Person Transactions" in the section entitled "Corporate Governance". The transactions between connected parties (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing in accordance with Chapter 14A of the Listing Rules.

DEED OF NON-COMPETITION

The Company has received the written confirmations from Mr Loh and Mr Han in respect of the compliance with the provisions of the deed of non-competition ("Deed of Non-competition"), entered into between the Controlling Shareholders and the Company.

The independent non-executive directors had reviewed and confirmed that the Controlling Shareholders have complied with the Deed of Non-competition and the Deed of Non-competition has been enforced by the Company in accordance with its terms during the year and up to the date of this annual report.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

EQUITY-LINKED AGREEMENT

No equity-linked agreement which may result in the Company issuing shares was entered into or existed during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company has maintained the prescribed minimum percentage of public float during the year ended 31 December 2018 and up to the date of this annual report under the HK Listing Rules.

Details of the shareholdings in public hands are set out in page 222 under "Percentage of Shareholding in Public's Hands" in the section entitled "Statistics of Shareholdings".

PERMITTED INDEMNITY PROVISIONS

Under the Constitution, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of his/her duties in his/her office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

RELATED PARTY TRANSACTIONS

Our Group entered into certain related party transactions with its related parties during the financial year ended 31 December 2018.

Details of the related party transactions are set out in Note 37 to the financial statements. Except as disclosed above, none of the related party transactions constitute a connected transactions or continuing connected transaction under the HK Listing Rules.

CORPORATE GOVERNANCE

Details of the corporate governance are set out in the section entitled "Corporate Governance" in this annual report.

INTEREST OF THE COMPLIANCE ADVISER

As notified by VBG Capital Limited ("VBG"), the compliance adviser of the Company, except for the compliance adviser's agreement entered into between the Company and VBG, neither VBG nor its directors or employees or closed associates had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 31 December 2018. VBG has received and will receive fees for acting as the compliance adviser of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2018, none of the Directors and Directors of the Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/or its subsidiaries and their respective associates, which compete or are likely to compete, either directly or indirectly with the business of the Company and its subsidiaries as required to be disclosed pursuant to the HK Listing Rules.

AUDIT COMMITTEE

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

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

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

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2018 before their submission to the Board of Directors.

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

INDEPENDENT AUDITOR

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

On behalf of the directors

Wong Kok Hoe
Director
15 March 2019

Loh Kim Kang David
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CENTURION CORPORATION LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of Centurion Corporation Limited (“the Company”) and its subsidiaries (“the Group”) and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and 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 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Separate opinion in relation to International Financial Reporting Standards

As explained in Note 2.1 to the financial statements, the Group and the Company, in addition to applying SFRS(I)s, have also applied International Financial Reporting Standards (“IFRSs”). In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows for the year then ended in accordance with IFRSs.

What we have audited

The financial statements of the Group and the Company comprise:

- the consolidated income statement of the Group for the financial year ended 31 December 2018;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the balance sheets of the Group and of the Company as at 31 December 2018;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CENTURION CORPORATION LIMITED

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. 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> As at 31 December 2018, the carrying value of the Group's investment properties of \$1,097,191,000 accounted for 83% of the Group's total assets (Note 23).</p> <p>In addition, the investment properties held by the Group's associated companies and joint venture affect the carrying value of the Group's investment in associated companies and joint venture as well as its share of results of associated companies and joint venture (Note 20 and Note 21).</p> <p>The valuation of investment properties was a key audit matter due to the significant judgement in key inputs used in valuation techniques. These key inputs include discount rate, rental rate, market value of comparable property and capitalisation rate and are dependent on the nature of each investment property and the prevailing market conditions.</p> <p>The key estimates and assumptions are disclosed in Note 3 and Note 23 to the accompanying financial statements respectively.</p> | <p>Our procedures included the following:</p> <ul style="list-style-type: none"> assessed the competence, capabilities and objectivity of the external valuers engaged by the Group; obtained an understanding of the techniques used by the external valuers in determining the valuation of individual investment properties; discussed the critical assumptions made by the external valuers for the key inputs used in the valuation techniques; tested the integrity of information, including underlying lease and financial information provided to the external valuers; and assessed the reasonableness of the discount rate, rental rate, market value of comparable property and capitalisation rate by benchmarking these against those of comparable properties and prior year inputs. <p>We have also assessed the adequacy of the disclosures relating to the assumptions, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.</p> <p>We found the external valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data.</p> |

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CENTURION CORPORATION LIMITED

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

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. 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, SFRS(I)s and IFRSs, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CENTURION CORPORATION LIMITED

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CENTURION CORPORATION LIMITED

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

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

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 Chin San.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 15 March 2019

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | 2018 \$'000 | 2017 \$'000 |
|--|--------|----------------|----------------|
| Revenue | 4 | 120,070 | 137,113 |
| Cost of sales | 5 | (33,749) | (42,903) |
| Gross profit | | 86,321 | 94,210 |
| Other income | 6 | 1,137 | 1,025 |
| Other gains | 7 | 86 | 326 |
| Net fair value gains/(losses) on investment properties and assets held for sale | 18, 23 | 48,553 | (1,220) |
| Expenses | | | |
| - Distribution expenses | 5 | (1,143) | (1,180) |
| - Administrative expenses | 5 | (21,010) | (26,832) |
| - Finance expenses | 8 | (23,929) | (21,545) |
| Share of profit of associated companies and joint venture | 20, 21 | 6,571 | 4,606 |
| Profit before income tax | | 96,586 | 49,390 |
| Income tax expense | 10(a) | (12,435) | (11,746) |
| Total profit | | 84,151 | 37,644 |
| Profit attributable to: | | | |
| Equity holders of the Company | | 79,326 | 31,722 |
| Non-controlling interests | | 4,825 | 5,922 |
| | | 84,151 | 37,644 |
| Earnings per share for profit attributable to equity holders of the Company | | | |
| Basic earnings per share | 11(a) | 9.43 | 4.17 |
| Diluted earnings per share | 11(b) | 9.43 | 4.17 |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | 2018 \$'000 | 2017 \$'000 |
|--|----------|-----------------|----------------|
| Total profit | | 84,151 | 37,644 |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Financial assets, at FVOCI/available-for-sale financial assets | | | |
| - Fair value losses - debt instruments | 32(b)(i) | (633) | (29) |
| - Reclassification | 32(b)(i) | 12 | (69) |
| Share of other comprehensive income/(loss) of associated companies and joint venture | 20, 21 | 772 | (604) |
| Currency translation (losses)/gains arising from consolidation | | (14,070) | 3,379 |
| Other comprehensive (loss)/income, net of tax | | (13,919) | 2,677 |
| Total comprehensive income | | 70,232 | 40,321 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | | 65,407 | 34,399 |
| Non-controlling interests | | 4,825 | 5,922 |
| | | 70,232 | 40,321 |

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

BALANCE SHEETS

AS AT 31 DECEMBER 2018

| | Note | Group | | Company | |
|---|------|------------------|----------------|----------------|----------------|
| | | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank balances | 12 | 62,902 | 75,765 | 34,081 | 34,762 |
| Trade and other receivables | 13 | 11,972 | 13,632 | 29,610 | 41,391 |
| Inventories | 14 | 88 | 84 | - | - |
| Other assets | 15 | 4,120 | 5,146 | 325 | 106 |
| Available-for-sale financial assets | 16 | - | 11,887 | - | 11,887 |
| Financial assets, at fair value through other comprehensive income | 17 | 9,322 | - | 9,322 | - |
| | | 88,404 | 106,514 | 73,338 | 88,146 |
| Assets held for sale | 18 | 5,586 | 6,801 | - | - |
| | | 93,990 | 113,315 | 73,338 | 88,146 |
| Non-current assets | | | | | |
| Trade and other receivables | 13 | - | - | 358,853 | 335,834 |
| Other assets | 15 | 598 | 1,511 | - | 130 |
| Financial assets, at fair value through profit or loss | 19 | 383 | 51 | - | - |
| Investments in associated companies | 20 | 116,699 | 112,810 | 1,298 | 1,298 |
| Investments in a joint venture | 21 | 4,604 | - | - | - |
| Investments in subsidiaries | 22 | - | - | 16,703 | 16,853 |
| Investment properties | 23 | 1,097,191 | 952,345 | - | - |
| Property, plant and equipment | 24 | 8,275 | 8,959 | 745 | 837 |
| Deferred income tax assets | 30 | - | - | - | - |
| Intangible assets | 25 | - | - | - | - |
| | | 1,227,750 | 1,075,676 | 377,599 | 354,952 |
| Total assets | | 1,321,740 | 1,188,991 | 450,937 | 443,098 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 26 | 41,901 | 44,744 | 15,366 | 11,438 |
| Current income tax liabilities | 10 | 8,018 | 10,455 | 895 | 895 |
| Borrowings | 27 | 42,994 | 107,530 | 2,189 | 72,459 |
| Other liabilities | 29 | - | 879 | - | - |
| | | 92,913 | 163,608 | 18,450 | 84,792 |
| Non-current liabilities | | | | | |
| Borrowings | 27 | 695,403 | 545,108 | 161,462 | 84,490 |
| Other liabilities | 29 | 356 | 447 | - | - |
| Deferred income tax liabilities | 30 | 8,117 | 4,095 | 87 | 47 |
| | | 703,876 | 549,650 | 161,549 | 84,537 |
| Total liabilities | | 796,789 | 713,258 | 179,999 | 169,329 |
| NET ASSETS | | 524,951 | 475,733 | 270,938 | 273,769 |
| EQUITY | | | | | |
| Capital and reserves attributable to the equity holders of the Company | | | | | |
| Share capital | 31 | 142,242 | 142,242 | 253,553 | 253,553 |
| Treasury shares | 31 | - | - | - | - |
| Other reserves | 32 | (32,536) | (18,617) | (557) | 64 |
| Retained profits | 33 | 397,609 | 339,302 | 17,942 | 20,152 |
| | | 507,315 | 462,927 | 270,938 | 273,769 |
| Non-controlling interests | | 17,636 | 12,806 | - | - |
| Total equity | | 524,951 | 475,733 | 270,938 | 273,769 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 | | |
| 2018 | | | | | | | |
| Beginning of financial year | 142,242 | - | (18,617) | 339,302 | 462,927 | 12,806 | 475,733 |
| Profit for the year | - | - | - | 79,326 | 79,326 | 4,825 | 84,151 |
| Other comprehensive loss for the year | - | - | (13,919) | - | (13,919) | - | (13,919) |
| Total comprehensive (loss)/ income for the year | - | - | (13,919) | 79,326 | 65,407 | 4,825 | 70,232 |
| Dividends relating to 2017 paid | 34 | - | - | (12,611) | (12,611) | - | (12,611) |
| Dividends relating to 2018 paid | 34 | - | - | (8,408) | (8,408) | - | (8,408) |
| Acquisition of a subsidiary | - | - | - | - | - | 5 | 5 |
| Total transactions with owners, recognised directly in equity | - | - | - | (21,019) | (21,019) | 5 | (21,014) |
| End of financial year | 142,242 | - | (32,536) | 397,609 | 507,315 | 17,636 | 524,951 |
| 2017 | | | | | | | |
| Beginning of financial year | 89,837 | (6,498) | (21,294) | 330,553 | 392,598 | 6,884 | 399,482 |
| Profit for the year | - | - | - | 31,722 | 31,722 | 5,922 | 37,644 |
| Other comprehensive income for the year | - | - | 2,677 | - | 2,677 | - | 2,677 |
| Total comprehensive income for the year | - | - | 2,677 | 31,722 | 34,399 | 5,922 | 40,321 |
| Dividends relating to 2016 paid | 34 | - | - | (7,399) | (7,399) | - | (7,399) |
| Dividends relating to 2017 paid | 34 | - | - | (7,957) | (7,957) | - | (7,957) |
| Issuance of shares pursuant to warrant exercised | 31 | 33,677 | - | - | 33,677 | - | 33,677 |
| Issuance of shares pursuant to share offering | 31 | 19,759 | - | - | 19,759 | - | 19,759 |
| Share issue expenses | 31 | (1,031) | - | - | (1,031) | - | (1,031) |
| Cancellation of treasury shares | 31 | - | 7,617 | (7,617) | - | - | - |
| Purchase of treasury shares | 31 | - | (1,119) | - | (1,119) | - | (1,119) |
| Total transactions with owners, recognised directly in equity | 52,405 | 6,498 | - | (22,973) | 35,930 | - | 35,930 |
| End of financial year | 142,242 | - | (18,617) | 339,302 | 462,927 | 12,806 | 475,733 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | 2018 \$'000 | 2017 \$'000 |
|---|------|------------------|-----------------|
| Cash flows from operating activities | | | |
| Total profit | | 84,151 | 37,644 |
| Adjustments for: | | | |
| - Income tax expense | | 12,435 | 11,746 |
| - Depreciation and amortisation | | 3,086 | 4,769 |
| - Allowance for impairment of trade and other receivables | | 72 | 149 |
| - Net (gain)/loss on disposal of plant and equipment | | (5) | 59 |
| - Fair value (gains)/losses on investment properties and assets held for sale | | (48,553) | 1,220 |
| - Interest income | | (1,046) | (906) |
| - Dividend income | | (73) | (107) |
| - Finance expenses | | 23,929 | 21,545 |
| - Share of profit of associated companies and joint venture | | (6,571) | (4,606) |
| - Loss/(gain) on disposal of financial assets, at FVOCI/available-for-sale financial assets | | 12 | (67) |
| - Scrap sales income | | - | (380) |
| - Impairment of intangible asset | | - | 207 |
| - Fair value gain on financial assets at fair value through profit or loss | | (164) | - |
| - Unrealised currency translation differences | | 178 | (194) |
| Operating cash flow before working capital changes | | 67,451 | 71,079 |
| Change in working capital | | | |
| - Inventories | | (4) | 19 |
| - Trade and other receivables | | 1,869 | (5,632) |
| - Other assets | | (285) | (69) |
| - Trade and other payables | | (1,661) | 503 |
| Cash generated from operations | | 67,370 | 65,900 |
| Income tax paid | | (9,895) | (8,964) |
| Net cash provided by operating activities | | 57,475 | 56,936 |
| Cash flows from investing activities | | | |
| Proceeds from disposal of property, plant and equipment | | 84 | 57 |
| Additions to investment properties | | (119,415) | (21,767) |
| Purchases of property, plant and equipment | | (2,489) | (2,673) |
| Interest received | | 1,059 | 906 |
| Dividends received | | 73 | 107 |
| Dividends received from an associated company | | 5,245 | 2,584 |
| Short-term bank deposits released/(charged) as security to bank | | 1,068 | (172) |
| Deposits paid for acquisition of investment property | | - | (1,381) |
| Other deposits refunded/(paid) | | 1,561 | (1,335) |
| Purchase of financial assets, at FVOCI/available-for-sale financial assets | | - | (9,954) |
| Acquisition of shares in an associated company and a joint venture | | (6,323) | (34,934) |
| Purchase of financial assets at fair value through profit or loss | | - | (51) |
| Proceeds from disposal of financial assets, at FVOCI/available-for-sale financial assets | | 2,000 | 67 |
| Net cash used in investing activities | | (117,137) | (68,546) |

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

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | 2018 \$'000 | 2017 \$'000 |
|--|------|-----------------|----------------|
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 213,052 | 97,910 |
| Repayment of borrowings | | (115,121) | (106,843) |
| Proceeds from exercise of warrants | | - | 33,677 |
| Purchase of treasury shares | | - | (1,119) |
| Interest paid | | (25,249) | (21,476) |
| Dividends paid to equity holders of the company | | (21,019) | (15,356) |
| Loan from non-controlling interests | | 147 | 1,470 |
| Repayment of loan from associated company | | (3,446) | (2,584) |
| Listing expenses paid | | - | (989) |
| Proceeds from share offering | | - | 19,759 |
| Net cash provided by financing activities | | 48,364 | 4,449 |
| Net decrease in cash and cash equivalents held | | (11,298) | (7,161) |
| Cash and cash equivalents | | | |
| Beginning of financial year | | 73,191 | 80,219 |
| Effects of currency translation on cash and cash equivalents | | (535) | 133 |
| End of financial year | 12 | 61,358 | 73,191 |

Please refer to reconciliation of liabilities arising from financing activities in Note 12.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

1. GENERAL INFORMATION

Centurion Corporation Limited (the “Company”) is incorporated and domiciled in Singapore and is dual listed on the Singapore Exchange and on the Main Board of The Stock Exchange of Hong Kong. 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 principal activities of its subsidiaries, associated companies and joint venture are set out in Notes 22, 20 and 21 respectively.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

Adoption of SFRS(I)

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group’s previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with IFRS including International Accounting Standards and Interpretations adopted by the International Accounting Standard Board.

For the purpose of SFRS(I)s, financial statements that have been prepared in accordance and complied with IFRS are deemed to have also complied with SFRS(I)s. SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are referred to collectively as “IFRS” in these financial statements, unless specified otherwise.

The preparation of the financial statements in conformity with IFRS 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 2018

On 1 January 2018, the Group adopted the new or amended IFRS and Interpretations of IFRS (“INT IFRS”) that are mandatory for application for the year as set out below. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and INT IFRS.

The adoption of these new or amended IFRS and INT IFRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior year, except as disclosed in Note 2.3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 |
| IAS 28 | Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures | 1 January 2019 |

The adoption of these new standards, amendments and interpretations is not expected to have significant impact on the financial statements of the Group, except for the following amendments and new standards:

IFRS 16 Leases - This standard will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 December 2018, the Group has non-cancellable operating lease commitments of \$82,928,000 (Note 35(b)). Of these commitments, approximately \$1,078,000 relate to short-term leases and \$69,000 to low-value leases which will both be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately \$40,651,000 on 1 January 2019 and lease liabilities of \$40,651,000 (after adjustments for prepayments and accrued lease payments recognised). Net current assets will be \$3,973,000 lower due to the presentation of a portion of the liability as a current liability.

The Group expects that net profit after tax will increase by approximately \$1,645,000 for 2019 as a result of adopting the new rules. Operating lease payments previously included in the net profit after tax will now be excluded and the interest on lease liabilities and depreciation on right-of-use assets (excluding right-of-use assets for property leases) will be included in the net profit after tax in 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Impact of standards issued but not yet effective (Continued)

Operating cash flows will increase and financing cash flows decrease by approximately \$4,796,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group does not expect any significant impact on the financial statements from its activities as a lessor. However, some additional disclosures will be required from next year.

2.3 Adoption of IFRS 9

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.

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 through other comprehensive income ("FVOCI")*

The Group has elected to recognise changes in the fair value of all its investments in debt instruments previously classified as available-for-sale, in other comprehensive income. The Group's business model on these assets is to collect contractual cash flows and sell these assets. The contractual cash flows of these investments consist solely of payments of principal and interest. Accordingly, assets with a fair value of \$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 and has no significant impact on the Group's financial position and results of operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Adoption of IFRS 9 (Continued)

(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 Financial Instruments: Recognition and Measurement. 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.

2.4 Adoption of IFRS 15

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

In accordance with the requirements of IFRS 1, the Group adopted IFRS 15 retrospectively. The adoption of IFRS 15 did not result in adjustments to the previously issued financial statements.

The Group's major revenue stream is mainly rental income generated from workers and student accommodation assets, which is accounted for in accordance with IAS 17 Leases.

2.5 Revenue recognition

(a) Sale of goods

The Group manufactures and sells optical storage media. Sales are recognised when control of the products are delivered to its customers. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers and either the customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. No element of financing is deemed present as the sales are made with a credit terms of 30 to 60 days, which is consistent with market practice. A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

The Group does not operate any customer loyalty programme.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Revenue recognition (Continued)

(b) *Rendering of management services*

Revenue from rendering of services is recognised over time upon the performance of the services or in accordance with the terms of the service contracts. Revenue represents management fees earned on property management and management of property real estate investments.

(c) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(d) *Other revenue from accommodation business*

Other revenue incidental to provision of accommodation services are recognised when control of the product or service is transferred to the customer. Transfer of control occurs when the customers have accepted the products or services in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied. No element of financing is deemed present as payments are due immediately, which is consistent with market practice and a receivable (financial asset) is recognised when control of the product or service is transferred as this is the point in time that the consideration is unconditional.

(e) *Interest income*

Interest income, including income arising from finance leases and other financial instruments is recognised using the effective interest method.

(f) *Dividend income*

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

2.6 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Group accounting (Continued)

(a) Subsidiaries (Continued)

(i) Consolidation (Continued)

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

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet. 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 comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Group accounting (Continued)

(a) Subsidiaries (Continued)

(ii) Acquisitions (Continued)

If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

Please refer to the paragraph “Intangible assets - Goodwill on acquisitions” for the subsequent accounting policy for 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, associated companies and joint ventures” for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(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.

(c) Associated companies and joint ventures

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Group accounting (Continued)

(c) Associated companies and joint ventures (Continued)

(i) Acquisitions

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

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments.

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

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

(iii) Disposals

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 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.

2.8 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

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

| | <u>Useful lives</u> |
|------------------------------------|----------------------|
| Building on freehold land | 50 years |
| Leasehold improvements | Based on lease terms |
| Plant, machinery and equipment | 2 - 10 years |
| Renovation, furniture and fittings | 4 - 10 years |
| Motor vehicles | 4 - 5 years |
| Office equipment and computers | 3 - 10 years |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (Continued)

(c) *Subsequent expenditure*

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

(d) *Disposal*

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

2.9 Investment properties

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

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

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the costs of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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 recognised in profit or loss. The cost of maintenance, repairs and minor improvements 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.

2.10 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (Continued)

(a) Goodwill on acquisitions (Continued)

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

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

(b) Favourable lease agreement

Favourable lease agreement acquired is initially recognised at cost and is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the favourable lease term, which is the shorter of its estimated useful life and period of contractual rights.

2.11 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.

2.12 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.13 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of non-financial assets (Continued)

(a) *Goodwill (Continued)*

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) *Intangible assets*

Property, plant and equipment

Investments in subsidiaries, associated companies and joint ventures

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The Group has financial assets only in the categories of loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and bank balances" on the balance sheet.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) 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 financial asset, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

(e) Impairment (Continued)

(i) Loans and receivables (Continued)

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.14(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in a subsequent period.

The accounting for financial assets from 1 January 2018 are as follows:

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

(a) Classification and measurement (Continued)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade and other receivables, and listed 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 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 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 gains/(losses)". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

(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".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (Continued)

(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 recognised 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 of 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.

2.15 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries, associated companies and joint ventures. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries, associated companies or joint ventures 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 IFRS 15; and
- (b) the amount of expected loss computed using the impairment methodology under IFRS 9.

Prior to 1 January 2018, financial guarantees were subsequently amortised to profit or loss over the period of the subsidiaries', associated companies' and joint ventures' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheets.

2.17 Borrowings

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

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

2.18 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.

2.19 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 balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases

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

The Group leases land, motor vehicles and certain property, plant and equipment under finance and operating leases from non-related parties.

(i) *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 balance sheet as 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.

(ii) *Lessee - Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

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

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

The Group subleases its leased premises under operating leases to non-related parties. The Group also leases its investment properties under operating leases to non-related parties.

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 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 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.22 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Provisions

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

2.24 Employee compensation

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

(a) *Defined contribution 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.

(b) *Defined benefit plans*

The Group also has an unfunded defined benefit plan as part of a subsidiary's national severance, gratuity and corporation benefits plan. An independent actuary's valuation is obtained in determining the defined benefit obligation using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms of maturity approximating the terms of the related liability.

(c) *Employee leave entitlements*

Employee entitlements to annual leave and long service 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 balance sheet date.

(d) *Termination benefits*

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 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 balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within “finance expenses”. All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within “other gains”.

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

(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 date 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Segment reporting

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

2.27 Cash and cash equivalents

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

2.28 Share capital, treasury shares and share issuance expenses

Proceeds from issuance of ordinary shares are classified as equity.

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.

Costs directly attributable to the issuance of new shares during the listing are deducted against the share capital. For costs attributable to the sales of existing shares, these are recognised in profit or loss.

2.29 Dividends to Company's shareholders

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

2.30 Assets held for sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use, except for investment properties. Investment properties classified as assets held-for-sale are measured in accordance with the Group's accounting policies (Note 2.9). The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss, except for investment properties. Investment properties classified as assets held-for-sale are subsequently carried at fair value in accordance with the Group's accounting policies (Note 2.9).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

Valuation of investment properties

As at 31 December 2018, the carrying value of the Group's investment properties of \$1,097,191,000 accounted for 83% of the Group's total assets. The Group, in reliance on independent professional valuers, applies estimates, assumptions and judgements in the determination of fair values for investment properties. The valuation forms the basis for the carrying amounts of the investment properties held directly by the Group in the consolidated financial statements. There is significant judgement in key inputs used in the valuation. These key inputs include discount rate, rental rate, market value of comparable property and capitalisation rate, and are dependent on the nature of each investment property and the prevailing market conditions. The key unobservable inputs used to determine the fair value of the investment properties are disclosed in Note 23.

In addition, the investment properties held by the Group's associated companies and joint venture affect the carrying value of the Group's investment in associated companies and joint venture as well as its share of results of associated companies and joint venture. As at 31 December 2018, the carrying value of the Group's investment in associated companies and joint venture accounted for using the equity method of accounting amounted to \$116,699,000 (2017: \$112,810,000) (Note 20) and \$4,604,000 (2017: \$nil) (Note 21) respectively. The Group's share of results recognised in profit or loss and other comprehensive income are affected by the significant estimates and assumptions in the determination of the fair value of its investment properties held by the associated companies (Note 20) and joint venture (Note 21). The valuation techniques and processes applied for these investment properties are aligned with the Group policy. The sensitivity of the changes in fair values of the investment properties to the carrying value of the associated companies and joint venture is disclosed in Note 20 and Note 21 respectively.

4. REVENUE

| | Group | |
|--|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Rental income from investment properties (Note 23) | 108,367 | 125,915 |
| Rental income from operating leases | 3,175 | 3,303 |
| <u>Revenue from contracts with customers (IFRS 15)</u> | | |
| Other revenue from accommodation business | 4,905 | 5,610 |
| Sale of optical storage media | 1,505 | 1,516 |
| Management services | 2,118 | 769 |
| | <u>8,528</u> | <u>7,895</u> |
| | <u>120,070</u> | <u>137,113</u> |

Revenue from sale of optical storage media and other revenue from accommodation business are recognised at a point in time.

Revenue from management services is recognised over time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. COST OF SALES AND EXPENSES

| | Group | |
|---|---------------|---------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Purchase of raw materials and consumables | 455 | 527 |
| Changes in inventories | (4) | 19 |
| Depreciation of property, plant and equipment (Note 24) | 3,086 | 3,120 |
| Amortisation of intangible asset (Note 25(b)) | - | 1,649 |
| Total depreciation and amortisation | 3,086 | 4,769 |
| Allowance for impairment of trade and other receivables | 72 | 149 |
| Property tax | 5,105 | 6,584 |
| Employee compensation (Note 9) | 19,062 | 17,366 |
| Rental expense on operating leases | 5,306 | 7,857 |
| Utilities | 6,233 | 7,371 |
| Repairs and maintenance | 2,928 | 4,284 |
| Insurance | 732 | 637 |
| Security and card system expenses | 1,513 | 1,992 |
| Legal and professional fees | 2,455 | 2,999 |
| Transportation expenses | 980 | 1,080 |
| Advertising and promotion expenses | 1,209 | 1,088 |
| Fees on audit services paid/payable to: | | |
| - auditor of the Company and affiliated audit firms* | 525 | 467 |
| - other auditors | 48 | 33 |
| Fees on non-audit services paid/payable to: | | |
| - auditor of the Company and affiliated audit firms* | 267 | 227 |
| Listing expenses | - | 6,869 |
| Others | 5,930 | 6,597 |
| Total cost of sales, distribution and administrative expenses | <u>55,902</u> | <u>70,915</u> |

* Includes the network of member firms of PricewaterhouseCoopers ("PwC") International Limited (PwCIL).

Included in the Group's rental expense on operating leases is contingent rent amounting to \$262,000 (2017: \$237,000).

6. OTHER INCOME

| | Group | |
|-----------------|--------------|--------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Interest income | 1,046 | 906 |
| Dividend income | 73 | 107 |
| Others | 18 | 12 |
| | <u>1,137</u> | <u>1,025</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. OTHER GAINS

| | Group | |
|--|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Currency exchange loss - net | (402) | (277) |
| Net gain/(loss) on disposal of plant and equipment | 5 | (59) |
| Government grants | 121 | 172 |
| Financial assets at FVOCI/Available-for-sale financial assets | | |
| - reclassification from other comprehensive income on disposal (Note 32(b)(i)) | (12) | 69 |
| Fair value gain on financial assets at fair value through profit or loss | 164 | - |
| Others | 210 | 421 |
| | 86 | 326 |

8. FINANCE EXPENSES

| | Group | |
|--|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Interest expense: | | |
| - bank borrowings | 23,163 | 20,175 |
| - finance lease liabilities | 2 | 3 |
| - associated company | 1,325 | 1,220 |
| - non-controlling interest | 188 | 159 |
| Less: Borrowing costs capitalised in investment properties | (749) | (12) |
| Finance expenses recognised in profit or loss | 23,929 | 21,545 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. EMPLOYEE COMPENSATION - INCLUDING DIRECTORS' REMUNERATIONS

(a) Employee benefit expenses during the years are as follows:

| | Group | |
|--|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Wages and salaries | 17,323 | 16,041 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | 1,739 | 1,325 |
| Total employee compensation (Note 5) | 19,062 | 17,366 |

(b) Directors' remunerations

The remuneration of every director for the year ended 31 December 2018 is set out below:

| Name of director | Fees \$'000 | Salaries, allowances and benefits in kind \$'000 | Employer's contribution to defined contribution plans \$'000 | Other benefits \$'000 | Total \$'000 |
|--|----------------|--|---|-----------------------------|-----------------|
| <i>Executive director</i> | | | | | |
| Teo Peng Kwang | 7 | 758 | 13 | 28 | 806 |
| | 7 | 758 | 13 | 28 | 806 |
| <i>Non-executive directors</i> | | | | | |
| Han Seng Juan | 42 | - | - | - | 42 |
| Loh Kim Kang David | 42 | - | - | - | 42 |
| Wong Kok Hoe | 72 | - | - | - | 72 |
| | 156 | - | - | - | 156 |
| <i>Independent non-executive directors</i> | | | | | |
| Chandra Mohan s/o Rethnam | 80 | - | - | - | 80 |
| Gn Hiang Meng | 101 | - | - | - | 101 |
| Owi Kek Hean | 73 | - | - | - | 73 |
| Tan Poh Hong | 40 | - | - | - | 40 |
| | 294 | - | - | - | 294 |
| | 457 | 758 | 13 | 28 | 1,256 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. EMPLOYEE COMPENSATION - INCLUDING DIRECTORS' REMUNERATIONS (CONTINUED)

(b) Directors' remunerations (Continued)

The remuneration of every director for the year ended 31 December 2017 is set out below:

| Name of director | Fees \$'000 | Salaries, allowances and benefits in kind \$'000 | Employer's contribution to defined contribution plans \$'000 | Other benefits \$'000 | Total \$'000 |
|--|----------------|--|---|-----------------------------|-----------------|
| <i>Non-executive directors</i> | | | | | |
| Han Seng Juan | 42 | - | - | - | 42 |
| Loh Kim Kang David | 42 | - | - | - | 42 |
| Wong Kok Hoe | 72 | - | - | - | 72 |
| | 156 | - | - | - | 156 |
| <i>Independent non-executive directors</i> | | | | | |
| Chandra Mohan s/o Rethnam | 86 | - | - | - | 86 |
| Gn Hiang Meng | 111 | - | - | - | 111 |
| Owi Kek Hean | 69 | - | - | - | 69 |
| | 266 | - | - | - | 266 |
| | 422 | - | - | - | 422 |

(i) Directors' retirement benefits

Save as disclosed above, no retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the current and prior financial years.

(ii) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the current and prior financial years.

(iii) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director of the Company during the current and prior financial years.

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the current and prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. EMPLOYEE COMPENSATION - INCLUDING DIRECTORS' REMUNERATIONS (CONTINUED)

(b) Directors' remunerations (Continued)

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the current and prior financial years.

(c) Five highest paid individuals

The five individuals whose remunerations were the highest in the Company whose remunerations are reflected in the analysis presented below.

| | Group | |
|--------------------------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Wages, salaries and allowances | 3,201 | 3,167 |
| Retirement benefits costs | | |
| - defined contributions plans | 92 | 79 |
| | 3,293 | 3,246 |

The remunerations of above individuals are within the following bands:

| Remunerations band | Number of individuals | |
|-------------------------------|-----------------------|------|
| | 2018 | 2017 |
| HK\$1,500,001 - HK\$2,000,000 | 1 | 1 |
| HK\$2,000,001 - HK\$2,500,000 | - | - |
| HK\$2,500,001 - HK\$3,000,000 | 1 | 2 |
| HK\$4,000,001 - HK\$4,500,000 | - | - |
| HK\$4,500,001 - HK\$5,000,000 | 3 | - |
| HK\$5,000,001 - HK\$5,500,000 | - | 1 |
| HK\$5,500,001 - HK\$6,000,000 | - | 1 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. INCOME TAXES

(a) Income tax expense

| | Group | |
|---|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Tax expense attributable to the profit is made up of: | | |
| - Profit for the financial year | | |
| Current income tax | | |
| - Singapore | 4,961 | 7,742 |
| - Foreign | 2,732 | 2,105 |
| | <u>7,693</u> | 9,847 |
| Deferred income tax (Note 30) | 4,428 | 816 |
| | <u>12,121</u> | 10,663 |
| - Under/(over) provision in prior financial years | | |
| Current income tax | 377 | (854) |
| Deferred income tax (Note 30) | (63) | 1,937 |
| | <u>12,435</u> | <u>11,746</u> |

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

| | Group | |
|---|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Profit before tax | 96,586 | 49,390 |
| Share of profit of associated companies and joint venture, net of tax | (6,571) | (4,606) |
| Profit before tax and share of profit of associated companies and joint venture | <u>90,015</u> | <u>44,784</u> |
| Tax calculated at a tax rate of 17% (2017: 17%) | 15,303 | 7,613 |
| Effects of: | | |
| - different tax rates in other countries | 4,600 | 495 |
| - statutory stepped income exemption | (165) | (182) |
| - expenses not deductible for tax purposes | 4,704 | 5,758 |
| - income not subject to tax | (11,831) | (2,712) |
| - utilisation of previously unrecognised tax losses | (167) | (450) |
| - utilisation of previously unrecognised capital allowances | (671) | - |
| - unrecognised deferred tax assets | 376 | 297 |
| - under provision of tax in prior years | 314 | 1,083 |
| - others | (28) | (156) |
| Tax charge | <u>12,435</u> | <u>11,746</u> |

During the current financial year, management has reassessed the qualifying expenditure on an investment property through a capital allowance maximisation study. Capital allowances of approximately \$3,929,000 pertaining to prior years' capital expenditure are claimed in the current year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. INCOME TAXES (CONTINUED)

(b) Movements in current income tax liabilities/(recoverable)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Beginning of financial year | 9,908 | 9,868 | 895 | 816 |
| Currency translation differences | (65) | 11 | - | - |
| Income tax paid - net | (9,895) | (8,964) | - | (38) |
| Tax expense | 7,693 | 9,847 | - | 117 |
| Under/(over) provision in prior financial years | 377 | (854) | - | - |
| End of financial year | 8,018 | 9,908 | 895 | 895 |

The current income tax account comprises the following:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Current income tax recoverable (Included in Other assets - Note 15) | - | (547) | - | - |
| Current income tax liabilities | 8,018 | 10,455 | 895 | 895 |
| | 8,018 | 9,908 | 895 | 895 |

(c) There is no tax charge relating to each component of other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. 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 year.

| | <u>2018</u> | <u>2017</u> |
|--|----------------|----------------|
| Net profit attributable to equity holders of the Company (\$'000) | <u>79,326</u> | <u>31,722</u> |
| Weighted average number of ordinary shares outstanding for basic earnings per share ('000) | <u>840,779</u> | <u>760,836</u> |
| Basic earnings per share (cents) | <u>9.43</u> | <u>4.17</u> |

(b) Diluted earnings per share

For the prior financial year, 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 were adjusted for the effects of all dilutive potential ordinary shares.

In the prior financial year, the Company had one category of dilutive potential ordinary shares: warrants.

The basic and diluted earnings per share for the prior financial year were the same because 67,354,886 warrants were exercised during the prior year and the remaining 7,437,848 unexercised warrants were expired at 5:00 p.m. on 27 October 2017.

For the current financial year, the basic and diluted earnings per share are the same, as the Company has no dilutive potential ordinary shares.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

| | <u>2018</u> | <u>2017</u> |
|--|----------------|----------------|
| Net profit used to determine diluted earnings per share (\$'000) | <u>79,326</u> | <u>31,722</u> |
| Weighted average number of ordinary shares outstanding after adjustments for warrants ('000) | <u>840,779</u> | <u>760,836</u> |
| Diluted earnings per share (cents) | <u>9.43</u> | <u>4.17</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. CASH AND BANK BALANCES

| | Group | | Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Cash at bank and on hand | 18,615 | 38,311 | 3,126 | 14,466 |
| Short-term bank deposits | 44,287 | 37,454 | 30,955 | 20,296 |
| | 62,902 | 75,765 | 34,081 | 34,762 |

As at 31 December 2018, short-term bank deposits at the balance sheet date have an average maturity of 1 - 10 months (2017: 1 - 10 months) from that date with the following weighted average effective interest rates:

| | Group | | Company | |
|----------------------|-----------|-----------|-----------|-----------|
| | 2018 % | 2017 % | 2018 % | 2017 % |
| Singapore Dollar | 1.51 | 1.04 | 1.52 | 1.12 |
| Australian Dollar | 2.74 | - | - | - |
| Sterling Pound | 0.57 | 0.54 | - | - |
| United States Dollar | 1.86 | 0.83 | - | - |
| Ringgit Malaysia | 3.28 | 3.15 | - | - |

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

| | Group | |
|--|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Cash and bank balances (as above) | 62,902 | 75,765 |
| Less: Short-term bank deposits charged as security to bank | (1,372) | (2,574) |
| Less: Restricted cash in relation to provision of bank guarantee | (172) | - |
| Cash and cash equivalents per consolidated statement of cash flows | 61,358 | 73,191 |

As at 31 December 2018, short-term bank deposits of the Group amounting to \$1,372,000 (2017: \$2,574,000) were charged as security to a bank as a guarantee in relation to a bank facility.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. CASH AND BANK BALANCES (CONTINUED)

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

| | 31 December 2017 \$'000 | Cash flows \$'000 | Non-cash items \$'000 | Interest expense \$'000 | Currency translation differences \$'000 | 31 December 2018 \$'000 |
|---|-------------------------------|----------------------|-----------------------------|-------------------------------|--|-------------------------------|
| Bank borrowings and finance lease liabilities (Note 27) | 447,948 | 162,681 | - | 16 | (7,605) | 603,040 |
| Notes payable (Note 27) | 149,144 | (64,750) | - | 318 | - | 84,712 |
| Loan from non-controlling interests (Note 27) | 6,370 | 147 | - | - | - | 6,517 |
| Loan from associated company (Note 27) | 46,635 | (3,446) | - | - | - | 43,189 |
| Interest payable (Note 27) | 2,541 | (7,862) | - | 6,260 | - | 939 |
| Accrued interest expense | 643 | (17,387) | - | 17,335 | - | 591 |
| | 653,281 | 69,383 | - | 23,929 | (7,605) | 738,988 |
| | 31 December 2016 \$'000 | Cash flows \$'000 | Non-cash items \$'000 | Interest expense \$'000 | Currency translation differences \$'000 | 31 December 2017 \$'000 |
| Bank borrowings and finance lease liabilities (Note 27) | 539,380 | (93,271) | - | - | 1,839 | 447,948 |
| Notes payable (Note 27) | 64,467 | 84,338 | - | 339 | - | 149,144 |
| Loan from non-controlling interests (Note 27) | 4,900 | 1,470 | - | - | - | 6,370 |
| Loan from associated company (Note 27) | 50,080 | (2,584) | (861) | - | - | 46,635 |
| Interest payable (Note 27) | 1,571 | (5,650) | - | 6,620 | - | 2,541 |
| Accrued interest expense | 1,883 | (15,826) | - | 14,586 | - | 643 |
| | 662,281 | (31,523) | (861) | 21,545 | 1,839 | 653,281 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. TRADE AND OTHER RECEIVABLES

(a) Current

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Trade receivables - non-related parties | 3,866 | 3,387 | - | - |
| Less: Allowance for impairment | (781) | (852) | - | - |
| | 3,085 | 2,535 | - | - |
| Receivables from subsidiaries | | | | |
| - trade | - | - | 10,700 | 2,515 |
| - non-trade | - | - | 19,878 | 18,022 |
| Receivables from related companies | | | | |
| - non- trade | - | 3,249 | - | - |
| Receivables from associated companies | | | | |
| - trade | 449 | 196 | - | - |
| - non-trade | 1,407 | 1,664 | 12 | 2 |
| Loans to subsidiaries | - | - | 2,215 | 22,215 |
| | 1,856 | 5,109 | 32,805 | 42,754 |
| Less: Allowance for impairment | - | - | (3,855) | (3,855) |
| | 1,856 | 5,109 | 28,950 | 38,899 |
| Other receivables | 7,031 | 5,988 | 660 | 2,492 |
| | 11,972 | 13,632 | 29,610 | 41,391 |

During the financial year, the Company did not provide allowance for impairment (2017: \$1,957,000) for current and non-current loans to subsidiaries (Note 13(b)) and wrote back allowances for impairment of non-trade receivables from subsidiaries of \$82,000 (2017: \$ nil) (Note 13(b)).

The non-trade receivables from subsidiaries, related companies and associated companies and loans to subsidiaries are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Current (Continued)

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 31 December 2017 and 2018, the ageing analysis of the trade receivables based on invoice date is as follows:

| | Group | |
|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Up to 3 months | 2,892 | 2,546 |
| 3 to 6 months | 302 | 186 |
| Over 6 months | 672 | 655 |
| | 3,866 | 3,387 |

(b) Non-current

| | Group | | Company | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Loans to subsidiaries | - | - | 368,583 | 345,646 |
| Less: Allowance for impairment | - | - | (9,730) | (9,812) |
| | - | - | 358,853 | 335,834 |

The loans to subsidiaries are unsecured with no fixed terms of repayment and are not expected to be repaid within the next twelve months. Included in the loans to subsidiaries is an amount of \$70,137,000 (2017: \$70,137,000) which bears interest at 5.5% (2017: 5.5%) per annum and \$6,630,000 (2017: \$6,630,000) which bears floating interest rates.

The loans to subsidiaries are treated as a long-term source of additional capital and financing to the subsidiaries. Settlement of the loans is neither planned nor likely to occur in the foreseeable future.

14. INVENTORIES

| | Group | |
|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Finished goods | 18 | 8 |
| Raw materials | 70 | 76 |
| | 88 | 84 |

The cost of inventories recognised as expense and included in "cost of sales" amounted to \$451,000 (2017: \$546,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. OTHER ASSETS

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| <u>Current</u> | | | | |
| Deposits | 2,503 | 3,868 | 198 | 68 |
| Prepayments | 1,557 | 731 | 76 | 38 |
| Tax recoverable (Note 10(b)) | - | 547 | - | - |
| Others | 60 | - | 51 | - |
| | 4,120 | 5,146 | 325 | 106 |
| <u>Non-current</u> | | | | |
| Deposits | 570 | 1,511 | - | 130 |
| Others | 28 | - | - | - |
| | 598 | 1,511 | - | 130 |

At the balance sheet date, the carrying amounts of the non-current deposits approximate their fair values.

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Beginning of financial year | 11,887 | 2,174 | 11,887 | 2,174 |
| Reclassification at 1 January 2018* | (11,887) | - | (11,887) | - |
| Currency translation differences | - | (143) | - | (143) |
| Additions | - | 9,954 | - | 9,954 |
| Disposal | - | (69) | - | (69) |
| Fair value losses recognised in other comprehensive income (Note 32(b)(i)) | - | (29) | - | (29) |
| End of financial year | - | 11,887 | - | 11,887 |

* See Note 2.3 for details of reclassification as at 1 January 2018 on adoption of IFRS 9.

Available-for-sale financial assets are analysed as follows:

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Listed debt securities - Singapore | - | 11,887 | - | 11,887 |

The fair values of listed debt securities were based on quoted market prices at the balance sheet date.

Available-for-sale financial assets were classified as current assets as management intends to dispose these assets as and when they are needed for working capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. FINANCIAL ASSETS, AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Beginning of financial year | - | - | - | - |
| Reclassification at 1 January 2018* | 11,887 | - | 11,887 | - |
| Currency translation differences | 68 | - | 68 | - |
| Additions | - | - | - | - |
| Disposal | (2,000) | - | (2,000) | - |
| Fair value losses recognised in other comprehensive income (Note 32(b)(i)) | (633) | - | (633) | - |
| End of financial year | 9,322 | - | 9,322 | - |

* See Note 2.3 for details of reclassification as at 1 January 2018 on adoption of IFRS 9.

Financial assets, at fair value through other comprehensive income are analysed as follows:

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Listed debt securities - Singapore | 9,322 | - | 9,322 | - |

Financial assets, at fair value through other comprehensive income were classified as current assets as management intends to dispose these assets as and when they are needed for working capital.

18. ASSETS HELD FOR SALE

| | Group | |
|---|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Details of the assets classified as held for sale are as follows: | | |
| Beginning of financial year | 6,801 | 7,375 |
| Currency translation differences | (152) | 30 |
| Transferred to investment properties (Note 23) | (1,780) | - |
| Net fair value gains/(losses) recognised in profit or loss | 717 | (604) |
| | 5,586 | 6,801 |

Following the approval by the Group's senior management and directors on 29 November 2016 to dispose the Group's non-core assets, the following investment properties and property, plant and equipment listed below are reclassified to assets held for sale in 2016 and will remain in assets held for sale until the completion of the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. ASSETS HELD FOR SALE (CONTINUED)

As at 31 December 2018, management has confirmed that its intention and commitment to sell these assets remained unchanged and they continue to be actively marketing the asset held for sales.

| <u>Location</u> | <u>Note</u> | <u>Description</u> | <u>Existing use</u> | <u>Tenure</u> | <u>Unexpired term of lease</u> | <u>Previous classification</u> |
|---|-------------|--|-----------------------------|---------------|--------------------------------|--------------------------------|
| Desa Cemerlang, Malaysia | (b) | 9 blocks of workers dormitory | Commercial dormitory | Freehold | - | Investment Property |
| Beechwood House, Manchester, United Kingdom | (b) | 2 apartment blocks consisting of 11 flats with 37 beds | Student accommodation | Leasehold | 116 years | Investment Property |
| Indonesia MM 2100 Industrial Town Jl. Bali Blok HI-1 Cibitung Bekasi 17520 | (c) | Factory compound | Industrial factory building | Leasehold | 6 years | Property, plant and equipment |
| Indonesia Royal Palace Shophouse Complex, Block C No. 15, Jl. Prof. Dr. Seopomo SH No. 178A, Tebet, South Jakarta | (c) | A 4-storey shophouse | Office | Leasehold | 2.5 years | Property, plant and equipment |

- (a) During the financial year, a property previously recognised as an asset held for sale with a carrying amount of \$1,781,000 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 (Note 23).
- (b) Assets held for sale amounting to \$4,301,000 (2017: \$5,472,000) which were previously classified as investment properties were recognised at fair value based on independent valuation reports upon reclassification in 2016. Fair value gains of \$717,000 (2017: fair value losses of \$604,000) were recognised in profit or loss.
- (c) The remaining assets held for sale of \$1,285,000 were re-classified from property, plant and equipment in 2016 at the lower of their carrying values and fair value less costs to sell.

The fair value measurement for assets held for sale has been categorised within Level 3 fair value hierarchy based on the inputs to the valuation techniques (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Group | |
|--|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Beginning of financial year | 51 | - |
| Currency translation differences | (6) | - |
| Additions | 174 | 51 |
| Fair value gain recognised in profit or loss | 164 | - |
| End of financial year | <u>383</u> | <u>51</u> |

Financial assets, at fair value through profit or loss are analysed as follows:

| | Group | |
|--|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| <i>Designated at fair value on initial recognition</i> | | |
| - Unquoted equity investment - Singapore (Note (a)) | 53 | 51 |
| - Rental guarantee from acquisition of student accommodation asset - United Kingdom (Note (b)) | 330 | - |
| | <u>383</u> | <u>51</u> |

- (a) In the prior financial year, the Group acquired a 1.5% equity interest in PC Portfolio Pte. Ltd. The total cash consideration for acquisition of the entity was \$51,000. The carrying value of net identifiable assets at the date of acquisition approximated the cash consideration. The principal activity of the entity is investment holding.

As at 31 December 2018 and 31 December 2017, the fair value of unquoted equity investment is estimated by making reference to the Group's share in the attributable net assets of the investee company as reflected in their latest available financial information. The attributable net assets of the investee company comprise mainly of real estate properties, and are adjusted where applicable, for independent valuations of the real estate properties held by the investee company as at balance sheet date.

- (b) As at 31 December 2018, the fair value of rental guarantee is derived from independent valuation report obtained.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. INVESTMENTS IN ASSOCIATED COMPANIES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| <i>Equity investment, at cost</i> | | | 1,668 | 1,668 |
| Less: Accumulated impairment | | | (370) | (370) |
| | | | 1,298 | 1,298 |
| Beginning of financial year | 112,810 | 77,236 | | |
| Acquisition of interest in an associated company (Note 20(a), 20(b)) | 1,257 | 34,934 | | |
| Currency translation differences | 791 | (604) | | |
| Share of profit | 7,014 | 4,606 | | |
| Dividends received | (5,245) | (3,445) | | |
| Share of loss in excess of investment in an associated company | 72 | 83 | | |
| End of financial year | 116,699 | 112,810 | | |

- (a) During the financial year, the Group acquired a 14.3% equity interest in Centurion Student Accommodation Fund. The total cash consideration for acquisition of the entity is \$1,257,000. The carrying value of net identifiable assets at the date of acquisition approximates the cash consideration. The principal activity of the entity is a trust holding of real estate properties under an investment structure. The Group has \$8,743,000 of commitments to provide funding if called, relating to its associate.
- (b) In the prior financial year, the Group acquired a 28.7% equity interest in Centurion US Student Housing Fund. The total cash consideration for acquisition of the entity was \$34,934,000. The carrying value of net identifiable assets at the date of acquisition approximates the cash consideration. The principal activity of the entity is a trust holding of real estate properties under an investment structure.
- (c) There are no contingent liabilities relating to the Group's interest in the associated companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

- (d) Set out below are the associated companies of the Group as at 31 December 2018, which in the opinion of the directors, are not material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, the country of incorporation is also their principal place of business.

| Name of entity | Principal activities | Place of business/ country of incorporation | % of ownership interest | |
|---|---|--|-------------------------|------|
| | | | 2018 | 2017 |
| | | | % | % |
| Held directly by the Company | | | | |
| Sherford (M) Sdn Bhd ^(a) | Property investment | Malaysia | 25.0 | 25.0 |
| Held by subsidiaries | | | | |
| Oriental Amber Sdn Bhd ^{(b),(c)} | Property investment and provision of dormitory accommodation, management and services | Malaysia | 49.0 | 49.0 |

(a) Audited by M.S. Wong & Co.

(b) Audited by PricewaterhouseCoopers, Malaysia.

(c) Holdings through Centurion Dormitories Sdn Bhd.

- (e) Set out below are the associated companies of the Group as at 31 December 2018, which in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, the country of incorporation is also their principal place of business.

| Name of entity | Principal activities | Place of business/ country of incorporation | % of ownership interest | |
|---|--|--|-------------------------|------|
| | | | 2018 | 2017 |
| | | | % | % |
| Held by subsidiary | | | | |
| Lian Beng-Centurion (Mandai) Pte Ltd ^{(a),(b)} | Owner of a workers' dormitory and investment holding | Singapore | 45.0 | 45.0 |
| Held by Lian Beng-Centurion (Mandai) Pte Ltd | | | | |
| Lian-Beng Centurion (Dormitory) Pte Ltd ^(a) | Provision of dormitory accommodation services | Singapore | 45.0 | 45.0 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

- (e) Set out below are the associated companies of the Group as at 31 December 2018, which in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, the country of incorporation is also their principal place of business. (Continued)

| Name of entity | Principal activities | Place of business/ country of incorporation | % of ownership interest | |
|--|---|--|-------------------------|-----------|
| | | | 2018 % | 2017 % |
| Held by subsidiary | | | | |
| Centurion US Student Housing Fund ^{(e),(d),(f)} | Trust | Singapore | 28.7 | 28.7 |
| Held by Centurion US Student Housing Fund | | | | |
| Centurion US Student Accommodation Holdings Pte Ltd ^{(e),(f)} | Investment holding | Singapore | 28.7 | 28.7 |
| Held by Centurion US Student Accommodation Holdings Pte Ltd | | | | |
| Centurion US Student Accommodation Inc. ^{(e),(f)} | Investment holding | United States of America | 28.7 | 28.7 |
| Held by subsidiary | | | | |
| Centurion Student Accommodation Fund ^{(c),(d),(g)} | Investment holding | Singapore | 14.3 | - |
| Held by Centurion Student Accommodation Fund | | | | |
| Centurion Accommodation (I) Holdings Pte Ltd ^{(e),(g)} | Investment holding | Singapore | 14.3 | - |
| Held by Centurion Accommodation (I) Holdings Pte Ltd | | | | |
| Centurion Investments (JSIX) Ltd ^{(c),(g)} | Property investments and provision of student accommodation | Jersey | 14.3 | - |
| Centurion Investments (JSX) Ltd ^{(c),(g)} | Dormant | Jersey | 14.3 | - |

(a) Audited by Ernst and Young LLP, Singapore.

(b) Holdings through Centurion Dormitories Pte Ltd.

(c) No auditor has been appointed as at 31 December 2018.

(d) Holdings through Centurion Overseas Investments Pte Ltd.

(e) Audited by PricewaterhouseCoopers LLP, Singapore

(f) Collectively known as Centurion US Student Housing Fund Group

(g) Collectively known as Centurion Student Accommodation Fund Group

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated companies

Set out below is the summarised financial information for the material associated companies held by the Group.

Summarised balance sheet

| | Centurion Student Accommodation Fund Group | | Centurion US Student Housing Fund Group | | Lian Beng-Centurion (Mandai) Pte Ltd | | Lian Beng-Centurion (Dormitory) Pte Ltd | |
|---|--|--------|--|---------|---|-----------|--|---------|
| | As at 31 December | | As at 31 December | | As at 31 December | | As at 31 December | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | | | | | |
| Current assets | 1,563 | - | 63,483 | 59,008 | 10,422 | 11,069 | 13,720 | 12,675 |
| Includes: | | | | | | | | |
| - Cash and bank balances | 1,267 | - | 3,060 | 2,410 | 9,994 | 9,948 | 12,815 | 11,825 |
| Non-current assets | 17,786 | - | 66,684 | 65,745 | 315,175 | 320,632 | 299 | 465 |
| Includes: | | | | | | | | |
| - Investment properties (Note 20(i)) | 17,786 | - | - | - | 268,200 | 266,000 | - | - |
| - Financial assets, at fair value through profit or loss (Note 20(ii)) | - | - | 66,684 | 65,745 | - | - | - | - |
| LIABILITIES | | | | | | | | |
| Current liabilities | (1,035) | - | (2,506) | (3,027) | (9,014) | (8,949) | (6,956) | (6,738) |
| Includes: | | | | | | | | |
| - Trade and other payables | (1,035) | - | (2,506) | (3,027) | (1,358) | (1,276) | (4,595) | (4,474) |
| - Borrowings | - | - | - | - | (7,656) | (7,656) | (1) | (3) |
| Non-current liabilities | (10,251) | - | - | - | (151,033) | (158,689) | (32) | (56) |
| Includes: | | | | | | | | |
| - Borrowings | (10,251) | - | - | - | (151,033) | (158,689) | - | (1) |
| NET ASSETS | 8,063 | - | 127,661 | 121,726 | 165,550 | 164,063 | 7,031 | 6,346 |

- (i) If the actual fair values of the investment properties held by the material associates increase/decrease by 3% (2017: 3%), the net assets attributable to the Group, taking into account tax impact, will increase/(decrease) by \$3,697,000 (2017: \$3,591,000).
- (ii) Through its investment in the financial asset held at fair value through profit or loss, the Centurion US Student Housing Fund Group has an interest in the underlying investment properties of \$274,629,000 (2017: \$269,330,000). If the actual fair values of these investment properties increase/decrease by 3% (2017: 3%), the fair value of its financial asset held at fair value through profit or loss, taking into account tax impact, will increase/(decrease) by \$4,556,000/(\$8,239,000) [2017: \$4,468,000/(\$8,080,000)], and correspondingly, the net assets attributable to the Group will increase/(decrease) by \$1,310,000/(\$2,368,000) [2017: \$1,284,000/(\$2,322,000)].

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated companies (Continued)

Summarised statement of comprehensive income

| | Centurion Student Accommodation Fund Group | | Centurion US Student Housing Fund Group | | Lian Beng-Centurion (Mandai) Pte Ltd ⁽¹⁾ | | Lian Beng-Centurion (Dormitory) Pte Ltd | |
|--|--|----------------|--|----------------|--|----------------|--|----------------|
| | As at 31 December 2018 \$'000 | 2017 \$'000 | As at 31 December 2018 \$'000 | 2017 \$'000 | As at 31 December 2018 \$'000 | 2017 \$'000 | As at 31 December 2018 \$'000 | 2017 \$'000 |
| Revenue | 93 | - | - | - | - | - | 23,145 | 22,272 |
| Interest income | 89 | - | 5,384 | 535 | 1,492 | 1,463 | 152 | 82 |
| Expenses includes: | | | | | | | | |
| - Depreciation and amortisation | - | - | - | - | - | - | (236) | (289) |
| - Interest expense | (26) | - | - | - | (4,879) | (4,263) | - | - |
| (Loss)/profit before tax | (615) | - | 3,326 | 2,287 | 13,143 | 4,750 | 14,893 | 14,321 |
| - Income tax expense | - | - | - | - | - | (17) | (2,552) | (2,383) |
| Other comprehensive (loss)/income | (122) | - | 2,609 | (2,101) | - | - | - | - |
| Total (loss)/profit and total comprehensive (loss)/income | (737) | - | 5,935 | 186 | 13,143 | 4,733 | 12,341 | 11,938 |

- (1) Lian Beng - Centurion (Mandai) Pte Ltd's total comprehensive income of \$13,143,000 (2017: \$4,733,000) includes dividend income of \$11,656,000 (2017: \$7,656,000) received from its wholly-owned subsidiary Lian Beng - Centurion (Dormitory) Pte Ltd during the financial year.

The information above reflects the amounts included in the financial statements of the associated companies (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated companies (Continued)

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

| | Centurion Student Accommodation Fund Group | | Centurion US Student Housing Fund Group | | Lian Beng-Centurion (Mandai) Pte Ltd | | Lian Beng-Centurion (Dormitory) Pte Ltd | | | |
|--|--|----------|---|----------------|--------------------------------------|----------------|---|--------------|--------------------------|---------------|
| | As at 31 December 2018 | 2017 | As at 31 December 2018 | 2017 | As at 31 December 2018 | 2017 | As at 31 December 2018 | 2017 | | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | |
| Net assets | | | | | | | | | | |
| At 1 January | - | - | 121,726 | - | 164,063 | 166,986 | 6,346 | 2,064 | | |
| Incorporation of fund | 8,800 | - | - | 121,540 | - | - | - | - | | |
| Other comprehensive (loss)/income | (122) | - | 2,609 | (2,101) | - | - | - | - | | |
| (Loss)/profit for the year | (615) | - | 3,326 | 2,287 | 13,143 | 4,733 | 12,341 | 11,938 | | |
| Dividends paid | - | - | - | - | (11,656) | (7,656) | (11,656) | (7,656) | | |
| Net assets at 31 December | 8,063 | - | 127,661 | 121,726 | 165,550 | 164,063 | 7,031 | 6,346 | | |
| | | | | | | | | | Total | |
| | | | | | | | | | As at 31 December | |
| | | | | | | | | | 2018 | 2017 |
| | | | | | | | | | \$'000 | \$'000 |
| Interest in the associated companies (14.3%; 28.7%; 45%; 45%) | 1,153 | - | 36,694 | 34,988 | 74,498 | 73,828 | 3,164 | 2,856 | 115,509 | 111,672 |
| Add: | | | | | | | | | | |
| Carrying value of individually immaterial associated companies, in aggregate | | | | | | | | | 1,190 | 1,138 |
| Carrying value of Group's interest in associated companies | | | | | | | | | 116,699 | 112,810 |
| Dividends received from associated companies | - | - | - | - | 5,245 | 3,445 | - | - | 5,245 | 3,445 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. INVESTMENT IN A JOINT VENTURE

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| <i>Equity investment, at cost</i> | | | - | - |
| Beginning of financial year | - | - | | |
| Acquisition of interest in a joint venture (Note 21(a)) | 5,066 | - | | |
| Currency translation differences | (19) | - | | |
| Share of loss | (443) | - | | |
| End of financial year | 4,604 | - | | |

- (a) During the financial year, the Group acquired a 55% equity interest in IGIS Centurion No. 238 Professional Investors Private Real Estate Investment, LLC. The total cash consideration for acquisition of the entity is \$5,066,000. The carrying value of net identifiable assets at the date of acquisition approximates the cash consideration. The principal activity of the entity is to provide management services for tourist, student and office professional accommodation assets.

Set out below is the joint venture of the Group as at 31 December 2018, which is material to the Group.

| Name of entity | Principal activities | Place of business/ country of incorporation | % of ownership interest | |
|--|----------------------|--|-------------------------------|-----------|
| | | | 2018 % | 2017 % |
| Held by subsidiary | | | | |
| IGIS Centurion No. 238 Professional Investors Private Real Estate Investment, LLC ^{(a),(b)} | Property investments | South Korea | 55.0 | - |

(a) Holdings through Centurion Overseas Investments Pte Ltd.

(b) No auditor has been appointed as at 31 December 2018.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summarised financial information for joint venture

Set out below is the summarised financial information for IGIS Centurion No. 238 Professional Investors Private Real Estate Investment, LLC.

Summarised balance sheet

| | IGIS Centurion No. 238 Professional Investors Private Real Estate Investment, LLC As at 31 December 2018 \$'000 |
|--------------------------------|--|
| ASSETS | |
| Current assets | 1,617 |
| Includes: | |
| - Cash and cash equivalents | 639 |
| Non-current assets | 18,542 |
| Includes: | |
| - Investment property | 18,542 |
| LIABILITIES | |
| Current liabilities | (990) |
| Includes: | |
| - Trade and other payables | (216) |
| - Borrowings | (774) |
| Non-current liabilities | (10,798) |
| Includes: | |
| - Borrowings | (10,798) |
| NET ASSETS | 8,371 |

If the actual fair value of the investment property held by the joint venture increase/decrease by 3%, the net assets attributable to the Group, taking into account tax impact, will increase/(decrease) by \$306,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summarised financial information for joint venture (Continued)

Set out below is the summarised financial information for IGIS Centurion No. 238 Professional Investors Private Real Estate Investment, LLC. (Continued)

Summarised statement of comprehensive income

| | IGIS Centurion No. 238 Professional Investors Private Real Estate Investment, LLC 31 December 2018 \$'000 |
|--|--|
| Revenue | 132 |
| Interest income | 59 |
| Expenses | |
| Includes: | |
| - Depreciation and amortisation | - |
| - Interest expense | (126) |
| Loss before tax | (804) |
| - Income tax expense | - |
| Other comprehensive loss | (35) |
| Total loss and total comprehensive loss | (839) |
| Dividends received from joint venture | - |

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summarised financial information for joint venture (Continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint venture, is as follows

| | IGIS Centurion No. 238 Professional Investors Private Real Estate Investment, LLC 31 December 2018 \$'000 |
|--|--|
| Net Assets | |
| As at 1 January | |
| Incorporation of joint venture | 9,210 |
| Other comprehensive loss | (35) |
| Loss for the year | (804) |
| Dividends paid | - |
| Net assets at 31 December | 8,371 |
| | |
| Interest in the joint venture (55%) | 4,604 |

22. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|-----------------------------------|----------------|---------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| <i>Equity investment, at cost</i> | 26,193 | 26,193 |
| Less: Accumulated impairment | (9,490) | (9,340) |
| | 16,703 | 16,853 |

- (a) **The carrying amount of investments in subsidiaries and the movement in the related allowance for impairment are as follows:**

| | Company | |
|-----------------------------|----------------|---------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Beginning of financial year | 16,853 | 16,966 |
| Impairment of subsidiaries | (150) | (113) |
| End of financial year | 16,703 | 16,853 |

During the financial year, the Company provided for impairment of subsidiaries amounting to \$150,000 (2017: \$113,000) as the carrying amount of a subsidiary exceeded its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The Group had the following subsidiaries as at 31 December 2018 and 2017:

| Name | Principal activities | Country of business/ incorporation | Issued and fully paid up capital | Proportion of ordinary shares directly held by the Company | | Proportion of ordinary shares held by the Group | | Proportion of ordinary shares held by non-controlling interests | |
|--|--|------------------------------------|----------------------------------|--|--------|---|--------|---|--------|
| | | | | 2018 % | 2017 % | 2018 % | 2017 % | 2018 % | 2017 % |
| Summit CD Manufacture Pte Ltd ^(a) | Manufacture and sale of optical discs and related components | Singapore | SGD2,000,000 | 100 | 100 | 100 | 100 | - | - |
| Summit Hi-Tech Pte Ltd ^(a) | Dormant | Singapore | SGD1,003,000 | 100 | 100 | 100 | 100 | - | - |
| SM Summit Holdings Pte Ltd ^(a) | Investment holding | Singapore | SGD500,000 | 100 | 100 | 100 | 100 | - | - |
| Clean2Go Laundry Pte Ltd ^{(a),(b)} | Laundry and dry cleaning services | Singapore | SGD100,000 | - | - | 100 | 100 | - | - |
| Advance Technology Investment Ltd ^{(b),(c)} | Investment holding | Hong Kong | HKD100,000 | - | - | 100 | 100 | - | - |
| Shanghai Huade Photoelectron Science & Technology Co. Ltd ^{(c),(d)} | Dormant | People's Republic of China | CNY59,817,675 | - | - | 100 | 100 | - | - |
| Summit Technology Australia Pty Ltd ^(d) | Dormant | Australia | AUD4,000,000 | 100 | 100 | 100 | 100 | - | - |
| Summit Printing (Australia) Pty Ltd ^{(d),(f)} | Dormant | Australia | AUD100,002 | - | - | 100 | 100 | - | - |
| Centurion Accommodation (Australia) Pty Ltd ^{(d),(f)} | Property investments | Australia | AUD2,000,000 | - | - | 100 | 100 | - | - |
| Summit CD Manufacture (HK) Ltd ^(b) | Dormant | Hong Kong | HKD3,000,000 | 100 | 100 | 100 | 100 | - | - |
| Gate Cosmos Investments Ltd ^(b) | Investment holding | British Virgin Islands | SGD2 | 100 | 100 | 100 | 100 | - | - |
| PT Digital Media Technology ^{(e),(k)} | Ceased operations | Indonesia | IDR10,005,000,000 | - | - | 100 | 100 | - | - |
| Centurion Dormitories Pte Ltd ^(a) | Investment holding | Singapore | SGD2,000,000 | 100 | 100 | 100 | 100 | - | - |
| Westlite Dormitory Management Pte Ltd ^{(a),(l)} | Provision of management services | Singapore | SGD3,500,000 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (Toh Guan) Pte Ltd ^{(a),(l)} | Property investments and provision of dormitory accommodation services | Singapore | SGD1,000,000 | - | - | 100 | 100 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The Group had the following subsidiaries as at 31 December 2018 and 2017: (Continued)

| Name | Principal activities | Country of business/ incorporation | Issued and fully paid up capital | Proportion of ordinary shares directly held by the Company | | Proportion of ordinary shares held by the Group | | Proportion of ordinary shares held by non-controlling interests | |
|---|--|------------------------------------|----------------------------------|--|--------|---|--------|---|--------|
| | | | | 2018 % | 2017 % | 2018 % | 2017 % | 2018 % | 2017 % |
| Westlite Dormitory Investments Private Limited ^{(a),(i)} | Investment holding | Singapore | SGD4,935,600 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (Tuas) Pte Ltd ^{(a),(m)} | Dormant | Singapore | SGD1,000,000 | - | - | 100 | 100 | - | - |
| Centurion Dormitories Holdings Pte Ltd ^(a) | Investment holding | Singapore | SGD100,000 | 100 | 100 | 100 | 100 | - | - |
| Westlite Dormitory (Woodlands) Pte Ltd ^{(a),(n)} | Property investments and provision of dormitory accommodation services | Singapore | SGD1,000,000 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (V Two) Pte Ltd ^{(a),(n)} | Investment holding | Singapore | SGD110,000 | - | - | 100 | 100 | - | - |
| PT Westlite Accommodation Cibitung ^{(b),(o)} | Property investments and provision of dormitory accommodation services | Indonesia | IDR5,000,000,000 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (V Three) Pte Ltd ^{(a),(n)} | Dormant | Singapore | SGD30,000 | - | - | 100 | 100 | - | - |
| Centurion Dormitory Venture Pte Ltd ^(a) | Investment holding | Singapore | SGD100,000 | 100 | 100 | 100 | 100 | - | - |
| Centurion-Lian Beng (Papan) Pte Ltd ^{(a),(p)} | Property investments and provision of dormitory accommodation services | Singapore | SGD2,000,000 | - | - | 51 | 51 | 49 | 49 |
| CSL Student Living (Selegie) Pte Ltd ^{(a),(n)} | Provision of student accommodation and services | Singapore | SGD500,000 | - | - | 100 | 100 | - | - |
| WLC Facilities Services Pte Ltd ^{(a),(i)} | Provision of utilities and transportation services | Singapore | SGD100,000 | - | - | 100 | 100 | - | - |
| Centurion Overseas Ventures Ltd ^{(b),(r)} | Investment holding and provision of management services | Malaysia | AUD27,600,000 | - | - | 100 | 100 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The Group had the following subsidiaries as at 31 December 2018 and 2017: (Continued)

| Name | Principal activities | Country of business/ incorporation | Issued and fully paid up capital | Proportion of ordinary shares directly held by the Company | | Proportion of ordinary shares held by the Group | | Proportion of ordinary shares held by non-controlling interests | |
|--|--|------------------------------------|----------------------------------|--|-----------|---|-----------|---|-----------|
| | | | | 2018 % | 2017 % | 2018 % | 2017 % | 2018 % | 2017 % |
| Centurion Dormitories Sdn Bhd ^{(f),(g)} | Investment holding | Malaysia | MYR1,000,000 | - | - | 100 | 100 | - | - |
| Westlite Dormitory Management Sdn Bhd ^{(f),(g)} | Provision of management services | Malaysia | MYR500,000 | - | - | 100 | 100 | - | - |
| WLC Management Services Sdn Bhd ^{(f),(g)} | Dormant | Malaysia | MYR200 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (Tebrau) Sdn Bhd ^{(f),(g)} | Property investments and provision of dormitory accommodation services | Malaysia | MYR100,000 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (Cemerlang) Sdn Bhd ^{(f),(g)} | Dormant | Malaysia | MYR100,000 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (JB Techpark) Sdn Bhd ^{(f),(g)} | Property investments and provision of dormitory accommodation services | Malaysia | MYR100,000 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (Tampoi) Sdn Bhd ^{(f),(g)} | Property investments and provision of dormitory accommodation services | Malaysia | MYR100,000 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (Pasir Gudang) Sdn Bhd ^{(f),(g)} | Property investments and provision of dormitory accommodation services | Malaysia | MYR100,000 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (PG II) Sdn Bhd ^{(f),(g)} | Dormant | Malaysia | MYR10 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (Senai) Sdn Bhd ^{(f),(g)} | Property investments and provision of dormitory accommodation services | Malaysia | MYR100,000 | - | - | 100 | 100 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The Group had the following subsidiaries as at 31 December 2018 and 2017: (Continued)

| Name | Principal activities | Country of business/ incorporation | Issued and fully paid up capital | Proportion of ordinary shares directly held by the Company | | Proportion of ordinary shares held by the Group | | Proportion of ordinary shares held by non-controlling interests | |
|--|--|------------------------------------|----------------------------------|--|-----------|---|-----------|---|-----------|
| | | | | 2018 % | 2017 % | 2018 % | 2017 % | 2018 % | 2017 % |
| Westlite Dormitory (SN II) Sdn Bhd ^{(f),(g)} | Property investments and provision of dormitory accommodation services | Malaysia | MYR100,000 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (Penang Juru) Sdn Bhd ^{(f),(g)} | Property investments and provision of dormitory accommodation services | Malaysia | MYR1,000,000 | - | - | 100 | 100 | - | - |
| Westlite Dormitory (Bukit Minyak) Sdn Bhd ^{(f),(g)} | Property investments and provision of dormitory accommodation services | Malaysia | MYR100,000 | - | - | 100 | 100 | - | - |
| First Megalink Sdn Bhd ^{(f),(g)} | Dormant | Malaysia | MYR2 | - | - | 100 | 100 | - | - |
| Centurion Overseas Investments Pte Ltd ^(a) | Investment holding | Singapore | SGD1,000,000 | 100 | 100 | 100 | 100 | - | - |
| Centurion Melbourne Student Village Trust ^{(d),(g)} | Trust | Australia | AUD52,200,000 | - | - | 100 | 100 | - | - |
| Centurion Melbourne Apartment Trust ^{(d),(g)} | Trust | Australia | AUD6,400,000 | - | - | 100 | 100 | - | - |
| Centurion Australia Investments Pty Ltd ^{(b),(f)} | Trustees for 2 trusts in Australia | Australia | AUD10,000 | - | - | 100 | 100 | - | - |
| Centurion Student Services Pty Ltd ^{(d),(f)} | Provide management services and student accommodation services | Australia | AUD100,000 | - | - | 100 | 100 | - | - |
| Centurion Overseas Investments (II) Pte Ltd ^{(a),(f)} | Investment holding | Singapore | SGD100,000 | - | - | 100 | 100 | - | - |
| Centurion SA Investments Pty Ltd ^(f) | Provision of trustee services | Australia | AUD2 | - | - | 100 | 100 | - | - |
| Centurion Investments (JS A) Ltd ^{(b),(f)} | Investment holding | Jersey | AUD19,500,000 | - | - | 100 | 100 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The Group had the following subsidiaries as at 31 December 2018 and 2017: (Continued)

| Name | Principal activities | Country of business/ incorporation | Issued and fully paid up capital | Proportion of ordinary shares directly held by the Company | | Proportion of ordinary shares held by the Group | | Proportion of ordinary shares held by non-controlling interests | |
|---|--|------------------------------------|----------------------------------|--|------|---|------|---|------|
| | | | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | % | % | % | % | % | % |
| Centurion Adelaide Student Village Trust ^{(d),(u)} | Trust | Australia | AUD22,550,000 | - | - | 100 | 100 | - | - |
| Centurion Student Services (UK) Ltd ^{(g),(r)} | Provide management services and student accommodation services | United Kingdom | GBP100,000 | - | - | 100 | 100 | - | - |
| Centurion Investments (JS) Ltd ^{(b),(r)} | Property investments and provision of student accommodation | Jersey | GBP700,000 | - | - | 100 | 100 | - | - |
| Centurion Investments (JSI) Ltd ^{(b),(r)} | Property investments and provision of student accommodation | Jersey | GBP100,000 | - | - | 100 | 100 | - | - |
| Centurion Investments (JSII) Ltd ^{(b),(r)} | Property investments and provision of student accommodation | Jersey | GBP200,000 | - | - | 100 | 100 | - | - |
| Centurion Investments (JSIII) Ltd ^{(b),(r)} | Property investments and provision of student accommodation | Jersey | GBP100,000 | - | - | 100 | 100 | - | - |
| Centurion Investments (JSIV) Ltd ^{(b),(r)} | Property investments and provision of student accommodation | Jersey | GBP100,000 | - | - | 100 | 100 | - | - |
| Centurion Investments (JSV) Ltd ^{(b),(r)} | Property investments and provision of student accommodation | Jersey | GBP100,000 | - | - | 100 | 100 | - | - |
| Centurion Investments (JSVI) Ltd ^{(b),(r)} | Property investments and provision of student accommodation | Jersey | GBP100,000 | - | - | 100 | 100 | - | - |
| Centurion Investments (JSVII) Ltd ^{(b),(r)} | Property investments and provision of student accommodation | Jersey | GBP100,000 | - | - | 100 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The Group had the following subsidiaries as at 31 December 2018 and 2017: (Continued)

| Name | Principal activities | Country of business/ incorporation | Issued and fully paid up capital | Proportion of ordinary shares directly held by the Company | | Proportion of ordinary shares held by the Group | | Proportion of ordinary shares held by non-controlling interests | |
|--|---|------------------------------------|----------------------------------|--|-----------|---|-----------|---|-----------|
| | | | | 2018 % | 2017 % | 2018 % | 2017 % | 2018 % | 2017 % |
| Centurion Accommodation Management Pte Ltd ^(a) | Business and management consultancy services and investment holding | Singapore | SGD1 | 100 | 100 | 100 | 100 | - | - |
| Centurion Student Investment Management Pte Ltd ^{(a),(v)} | Fund management activities | Singapore | SGD1,000 | - | - | 100 | 100 | - | - |
| Centurion Student Accommodation Trustee Pte Ltd ^{(a),(v)} | Provision of trustee services | Singapore | SGD1,000 | - | - | 100 | 100 | - | - |
| Centurion Student ACM Trustee (I) Pte Ltd ^{(b),(v)} | Provision of trustee services | Singapore | SGD1,000 | - | - | 100 | - | - | - |
| Dwell Student Living Korea Ltd ^{(b),(v)} | Provision of management and asset management services | South Korea | KRW10,000,000 | - | - | 100 | - | - | - |
| Dwell US Student Living LLC ^{(b),(v)} | Provision of management services and student accommodation services | United States of America | USD1,000 | - | - | 60 | 60 | 40 | 40 |
| Dwell Adelaide Student Living Pty Ltd ^{(d),(v)} | Provision of management services and student accommodation services | Australia | AUD1,000 | - | - | 100 | - | - | - |
| CSL Student Living Benikea KP Ltd ^{(b),(r)} | Provision of tourist and student accommodation services | South Korea | KRW10,000,000 | - | - | 55 | - | 45 | - |
| Centurion Overseas Venture (HK) Limited ^{(b),(p)} | Dormant | Hong Kong | HKD10,000 | - | - | 100 | - | 100 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The Group had the following subsidiaries as at 31 December 2018 and 2017: (Continued)

- (a) Audited by PricewaterhouseCoopers LLP, Singapore
- (b) Not required to be audited under the laws of the country of incorporation
- (c) Audited by SBA Stone Forest CPA Co. Ltd
- (d) Audited by Crowe Horwath, Australia
- (e) Audited by KAP Y. Santosa & Rekan, Indonesia
- (f) Audited by PricewaterhouseCoopers, Malaysia
- (g) Audited by PricewaterhouseCoopers LLP, United Kingdom
- (h) Holdings through SM Summit Holdings Pte Ltd
- (i) Holdings through Advance Technology Investment Ltd
- (j) Holdings through Summit Technology Australia Pty Ltd
- (k) Holdings through Gate Cosmos Investments Ltd and SM Summit Holdings Pte Ltd
- (l) Holdings through Centurion Dormitories Pte Ltd
- (m) Holdings through Westlite Dormitory Investments Pte Ltd
- (n) Holdings through Centurion Dormitories Holdings Pte Ltd
- (o) Holdings through Westlite Dormitory (V Two) Pte Ltd and Gate Cosmos Investments Ltd
- (p) Holdings through Centurion Dormitory Venture Pte Ltd
- (q) Holdings through Centurion Dormitories Sdn Bhd
- (r) Holdings through Centurion Overseas Investments Pte Ltd
- (s) Holdings through Centurion Overseas Ventures Ltd
- (t) Holdings through Centurion Overseas Investments (II) Pte Ltd
- (u) Holdings through Centurion Overseas Investments (JS A) Ltd
- (v) Holdings through Centurion Accommodation Management Pte Ltd
- (w) 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, joint venture and associated companies would not compromise the standard and effectiveness of the audit of the Group.

(c) Carrying value of non-controlling interests

| | Group | |
|---------------------------------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Centurion-Lian Beng (Papan) Pte. Ltd. | 17,882 | 12,853 |
| Dwell US Student Living LLC | (179) | (47) |
| CSL Student Living Benikea KP Ltd | (67) | - |
| | 17,636 | 12,806 |

On 5 November 2018, the Group acquired 55% of the issued shares of CSL Student Living Benikea KP Ltd for a purchase consideration of \$6,761. The carrying amount of the non-controlling interests in CSL Student Living Benikea KP Ltd on the date of acquisition was \$5,532.

On 22 November 2017, the Group acquired 60% of the issued shares of Dwell US Student Living LLC for a purchase consideration of \$801. The carrying amount of the non-controlling interests in Dwell US Student Living LLC on the date of acquisition was \$539.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Carrying value of non-controlling interests (Continued)

Summarised financial information of subsidiary with material non-controlling interest

Set out below is the summarised financial information for the subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet

| | Centurion-Lian Beng (Papan) Pte Ltd As at 31 December | |
|-------------------------------|---|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Current | | |
| Assets | 13,470 | 12,773 |
| Liabilities | (20,794) | (23,559) |
| Total current net liabilities | (7,324) | (10,786) |
| Non-current | | |
| Assets | 200,779 | 201,956 |
| Liabilities | (156,961) | (164,939) |
| Total non-current net assets | 43,818 | 37,017 |
| Net assets | 36,494 | 26,231 |

Summarised statement of comprehensive income

| | Centurion-Lian Beng (Papan) Pte Ltd As at 31 December | |
|---|---|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Revenue | 27,060 | 25,888 |
| Profit before income tax | 12,515 | 14,147 |
| Income tax expense | (2,252) | (1,965) |
| Profit after tax and total comprehensive income | 10,263 | 12,182 |
| Total comprehensive income allocated to non-controlling interests | 5,029 | 5,969 |

No dividends were paid to non-controlling interests during the current and prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Carrying value of non-controlling interests (Continued)

Summarised financial information of subsidiary with material non-controlling interest (Continued)

Summarised cash flows

| | Centurion-Lian Beng (Papan) Pte Ltd | |
|---|--|---------------|
| | As at 31 December | |
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Net cash provided by operating activities | 13,477 | 18,186 |
| Net cash used in investing activities | (25) | (715) |
| Net cash used in by financing activities | (13,518) | (12,357) |
| Net (decrease)/increase in cash and bank deposits | (66) | 5,114 |
| Cash and bank deposits at the beginning of financial year | 12,246 | 7,132 |
| Cash and bank deposits at end of financial year | 12,180 | 12,246 |

23. INVESTMENT PROPERTIES

| | Group | |
|--|------------------|---------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Beginning of financial year | 952,345 | 927,406 |
| Currency translation differences | (21,243) | 5,199 |
| Additions to investment properties | 116,503 | 21,716 |
| Over provision of construction costs | (30) | (1,360) |
| Net fair value gains/(losses) recognised in profit or loss | 47,836 | (616) |
| Transferred from assets held for sale (Note 18) | 1,780 | - |
| End of financial year | 1,097,191 | 952,345 |

Investment properties are leased to non-related parties under operating leases (Note 35(c)).

Certain investment properties and assets held for sale are pledged as security for the bank facilities extended to subsidiaries (Note 27(a)). The carrying values of these investment properties and assets held for sale (Note 18) amounted to approximately \$1,094,800,000 (2017: \$946,696,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. INVESTMENT PROPERTIES (CONTINUED)

The following amounts are recognised in profit or loss:

| | Group | |
|--|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Rental income (Note 4) | 108,367 | 125,915 |
| Direct operating expenses arising from: | | |
| - Investment properties that generated rental income and service charges | (34,659) | (45,768) |
| - Investment properties that do not generate rental income | (138) | (98) |

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

| Location | Description | Existing use | Tenure | Unexpired term of lease |
|---|---|-----------------------|-----------|-------------------------|
| Toh Guan Road, Singapore | 8 blocks of workers dormitory | Commercial dormitory | Leasehold | 39 years |
| Woodlands Avenue 10, Singapore | Two 13-storey blocks of workers dormitory | Commercial dormitory | Leasehold | 25 years |
| Jalan Papan, Singapore | 2 blocks of workers dormitory | Commercial dormitory | Leasehold | 19 years |
| Johor Technology Park, Malaysia | 5 blocks of workers dormitory and 1 amenity block | Commercial dormitory | Leasehold | 93 years |
| Tebrau, Malaysia | 2 blocks of workers dormitory and 1 amenity block | Commercial dormitory | Leasehold | 42 years |
| Pasir Gudang, Malaysia | 4 blocks of workers dormitory | Commercial dormitory | Leasehold | 67 years |
| Tampoi, Malaysia | 3 blocks of workers dormitory | Commercial dormitory | Freehold | - |
| Tampoi, Malaysia | Land | Under planning | Freehold | - |
| Senai, Malaysia | 2 blocks of workers dormitory | Commercial dormitory | Freehold | - |
| Senai II, Malaysia | 5 blocks of workers dormitory | Commercial dormitory | Freehold | - |
| Bukit Minyak Penang, Malaysia | Under construction | Commercial dormitory | Freehold | - |
| Shanghai Huade, China | Industrial factory building | Factory rental | Leasehold | 35.5 years |
| RMIT Village Student Accommodation Melbourne, Australia | Accommodation with 456 beds | Student accommodation | Freehold | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. INVESTMENT PROPERTIES (CONTINUED)

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

| Location | Description | Existing use | Tenure | Unexpired term of lease |
|--|--|--------------------------|-----------|-------------------------|
| RMIT Village Car Park Site Melbourne, Australia | Commercial car park | Commercial car park | Freehold | - |
| Manchester Student Village, Manchester, United Kingdom | Two 9-storey blocks and a 7-storey block | Student accommodation | Freehold | - |
| Manchester Student Village South, Manchester, United Kingdom | 7 blocks with 8 clusters in each block and 4 blocks with 6 or 8 clusters in each block | Student accommodation | Freehold | - |
| The Grafton, Manchester, United Kingdom | 1 block consisting of 55 flats with 145 beds | Student accommodation | Freehold | - |
| Cathedral Campus, Liverpool, United Kingdom | Eighty seven 3-storey houses arranged in 14 terraced blocks around 3 courtyard areas | Student accommodation | Leasehold | 239 years |
| Garth Heads, Newcastle, United Kingdom | 4 blocks consisting of 34 flats with 181 beds | Student accommodation | Leasehold | 102 years |
| Hotwells House, Bristol, United Kingdom | 4 blocks consisting of 40 flats with 157 beds | Student accommodation | Leasehold | 116 years |
| Weston Court, Manchester, United Kingdom | 4 blocks consisting of flats with 140 beds | Student accommodation | Leasehold | 116 years |
| Princess Street, Manchester, United Kingdom | 1 block consisting of 126 flats with 127 beds | Student accommodation | Freehold | - |
| Port Hedland, Australia | Land | Industrial | Freehold | - |
| Jl, Wareng Kali Jambe Lambang Sari Village Sub district of Tambun Bekasi, West Java | Land | Residential | Leasehold | 25 years |
| 12 - 18 Synagogue Place Adelaide, South Australia | 260 bedrooms of accommodation with 280 beds | Student accommodation | Freehold | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy - Recurring fair value measurements

| Description | Fair value measurements using | | |
|----------------------------------|--|---|---|
| | Quoted prices in active markets for identical assets (Level 1) \$'000 | Significant other observable inputs (Level 2) \$'000 | Significant unobservable inputs (Level 3) \$'000 |
| 31 December 2018 | | | |
| Investment properties: | | | |
| - Land and industrial property | - | - | 6,734 |
| - Commercial dormitories | - | - | 641,648 |
| - Student accommodation | - | - | 448,809 |
| - Assets held for sale (Note 18) | - | - | 4,301 |
| | | | 459,492 |
| 31 December 2017 | | | |
| Investment properties: | | | |
| - Land and industrial property | - | - | 7,319 |
| - Commercial dormitories | - | - | 639,230 |
| - Student accommodation | - | - | 305,796 |
| - Assets held for sale (Note 18) | - | - | 5,472 |
| | | | 958,817 |

Reconciliation of movements in Level 3 fair value measurement

| | Land, industrial property and commercial dormitories \$'000 | Student accommodation \$'000 | Assets held for sale (Note 18) \$'000 |
|---|--|---------------------------------|--|
| 31 December 2018 | | | |
| Beginning of financial year | 646,549 | 305,796 | 5,472 |
| Currency translation differences | (600) | (20,643) | (108) |
| Fair value (losses)/gains recognised in profit or loss | (12,171) | 60,007 | 717 |
| Additions and subsequent expenditure on investment property | 12,854 | 103,649 | - |
| Over provision of construction cost | (30) | - | - |
| Transferred from assets held for sale | 1,780 | - | (1,780) |
| End of financial year | 648,382 | 448,809 | 4,301 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. INVESTMENT PROPERTIES (CONTINUED)

Reconciliation of movements in Level 3 fair value measurement (Continued)

| | Land, industrial property and commercial dormitories \$'000 | Student accommodation \$'000 | Assets held for sale (Note 18) \$'000 |
|---|--|---|--|
| 31 December 2017 | | | |
| Beginning of financial year | 642,344 | 285,062 | 5,954 |
| Currency translation differences | 1,790 | 3,409 | 122 |
| Fair value (losses)/gains recognised in profit or loss | (2,610) | 1,994 | (604) |
| Additions and subsequent expenditure on investment property | 6,385 | 15,331 | - |
| Over provision of construction cost | (1,360) | - | - |
| End of financial year | <u>646,549</u> | <u>305,796</u> | <u>5,472</u> |

During the financial year, there was a change in valuation techniques for selected investment properties. Management has assessed that the change in valuation technique is appropriate and better reflects the fair value measurement of the investment properties in its highest and best use as at balance sheet date. The change in valuation technique and the relevant key unobservable inputs are included within this note. The change in valuation technique has not resulted in a material impact on the valuation of the investment properties.

The changes in valuation techniques are summarised in the table below.

| Country | Description | Valuation technique for the year ended 31 December 2017 | Valuation technique for the year ended 31 December 2018 |
|----------------------------|-----------------------|--|--|
| Australia | Student accommodation | Investment approach/ Sales comparison approach | Discounted cash flow approach/Income capitalisation approach |
| People's Republic of China | Industrial property | Investment approach | Income capitalisation approach/Sales comparison approach |

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 2018

23. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques and inputs used in Level 3 fair value measurement

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties and assets held for sale (Note 18) categorised under Level 3 of the fair value hierarchy:

| Country | Description | Fair value at 31 December 2018 (\$'000) | Valuation technique | Unobservable inputs ^(a) | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|----------------------------|------------------------|---|--------------------------------|--|---|---|
| Singapore | Commercial dormitories | 549,000 (2017: 563,000) | Income capitalisation approach | Rental rate per room per month | \$2,100 to \$8,640 (2017: \$2,400-\$7,040) | The higher the rental rate per room per month, the higher the valuation |
| | | | | Capitalisation rate | 6.8% - 7.4% (2017: 6.8% -7.5%) | The higher the capitalisation rate, the lower the valuation |
| Indonesia | Land | 1,055 (2017: 1,426) | Sales comparison approach | Market value per square metre | \$242 - \$286 (2017: \$190 - \$200) | The higher the market value per square metre, the higher the valuation |
| People's Republic of China | Industrial property | 4,910 (2017: 5,142) | Income capitalisation approach | Rental rate per square metre per month | \$7 - \$8 (2017: \$5 - \$6) | The higher the rental rate per square metre, the higher the valuation |
| | | | | Capitalisation rate | 6.0% - 6.3% (2017: 5.0% - 6.0%) | The higher the capitalisation rate, the lower the valuation |
| | | | | Sales comparison approach | Market value per square metre | \$465 - \$488 (2017: Not applicable) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques and inputs used in Level 3 fair values measurement (Continued)

| <u>Country</u> | <u>Description</u> | <u>Fair value at 31 December 2018 (\$'000)</u> | <u>Valuation technique</u> | <u>Unobservable inputs^(a)</u> | <u>Range of unobservable inputs</u> | <u>Relationship of unobservable inputs to fair value</u> |
|----------------|--------------------------------|--|--------------------------------|--|--|---|
| Malaysia | Commercial dormitories | 92,648 (2017: 76,230) | Income capitalisation approach | Rental rate per room per month | \$535 - \$880 (2017: \$500 - \$865) | The higher the rental rate per room per month, the higher the valuation |
| | Assets held for sale (Note 18) | 1,484 (2017: 3,469) | | Capitalisation rate | 9.5% - 10% (2017: 9.5% - 10.5%) | The higher the capitalisation rate, the lower the valuation |
| | | | Cost approach | Market price per square metre | \$500 to \$550 (2017: Not applicable) | The higher the market value per square metre, the higher the valuation |
| | | | | Depreciated replacement costs | Not applicable (2017: \$8.5 million to \$8.6 million) | The higher the depreciated replacement costs, the higher the valuation |
| | | | Sales comparison approach | Market value per square metre | \$170 - \$175 (2017: \$160 - \$190) | The higher the market value per square metre, the higher the valuation |
| Australia | Land | 769 (2017: 751) | Sales comparison approach | Market price per square metre | \$180 to \$190 (2017: \$160 - \$170) | The higher the market price per square metre, the higher the valuation |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques and inputs used in Level 3 fair values measurement (Continued)

| Country | Description | Fair value at 31 December 2018 (\$'000) | Valuation technique | Unobservable inputs ^(a) | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|----------------|--------------------------------|---|--------------------------------|------------------------------------|--|--|
| United Kingdom | Student accommodation | 295,658 (2017: 220,312) | Income capitalisation approach | Capitalisation rate | 5.5% - 8.5% (2017: 6.0% - 8.5%) | The higher the capitalisation rate, the lower the valuation |
| | Assets held for sale (Note 18) | 2,817 (2017: 2,003) | | Rental rate per room per week | \$160 - \$470 (2017: \$155 - \$400) | The higher the rental rate per room per week, the higher the valuation |
| Australia | Student accommodation | 153,151 (2017: 85,484) | Discounted cash flow approach | Discount rate | 9.0% - 9.4% (2017: Not applicable) | The higher the discount rate, the lower the valuation |
| | | | | Income capitalisation approach | Rental rate per room per week | \$300 - \$500 (2017: \$300 - \$500) |
| | | | Sales comparison approach | Capitalisation rate | 7.0% (2017: 6.7%) | The higher the capitalisation rate, the lower the valuation |
| | | | | Market value per square metre | \$5,242 - \$33,618 (2017: \$4,500 - \$10,300) | The higher the market value per square metre, the higher the valuation |

(a) There were no significant inter-relationships between unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. INVESTMENT PROPERTIES (CONTINUED)

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year based on the properties highest and best use. As at 31 December 2018, the fair values of the properties have been determined by Suntec Real Estate Consultants Pte Ltd, KJPP Billy Anthony Lie & Rekan, Shanghai Cairui Real Estate Land Appraisal Co., Ltd, Henry Butcher Malaysia (Penang) Sdn Bhd, Savills Valuation Pty Ltd, LMW (WA) Pty Ltd, CBRE Valuations Pty Limited, Cushman & Wakefield Debenham Tie Leung Limited, Knight Frank Malaysia Sdn Bhd and Knight Frank Pte Ltd.

At each financial year, the investment and finance department of the Group together with the Group Chief Executive Officer:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation reports;
- holds discussions with the independent valuers and;
- analyses the reasons for the fair value movements.

Changes in Level 3 fair values are analysed at each reporting date.

Discounted cash flow approach involves the discounting of future net income flows at an appropriate required rate of return applicable to that class of property to obtain the net present value. The net income is derived by deducting from the gross income, outgoings such as operating expenses and property tax, and after making allowances for vacancies.

Income capitalisation and investment approach involves capitalising the net income at an appropriate capitalisation rate to arrive at the fair value. The net income is derived by deducting gross rentals and other income, outgoings such as operating expenses and property tax, and after making allowances for vacancies.

Cost approach involves separately determining the values of the land and building and a summation of these values is taken to be the fair value of the property. The value of the land is arrived at by the comparison approach in which it takes reference to transactions of similar lands in the surrounding with adjustments made for any differences. The buildings are valued by reference to their depreciated replacement cost. It is determined by taking current replacement cost of the building as new and allowing for depreciation for obsolescence.

Sales comparison approach involves using the values of sale prices of comparable properties and comparing it directly to the subject property. Allowances are made for difference in the properties including land size, improvements and location. The most significant input into this valuation approach is selling price per metre.

The estimated costs to completion for investment property under construction are estimated by management using the budgets developed internally by the Group based on management's experience and knowledge of market conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land and building \$'000 | Leasehold improvements \$'000 | Plant machinery and equipment \$'000 | Renovation, furniture and fittings \$'000 | Motor vehicles \$'000 | Office equipment and computers \$'000 | Capital work- in-progress \$'000 | Total \$'000 |
|-------------------------------------|--|-------------------------------------|--|--|-----------------------------|---|--|-----------------|
| Group | | | | | | | | |
| 2018 | | | | | | | | |
| Cost | | | | | | | | |
| Beginning of financial year | 683 | 1,525 | 3,556 | 8,922 | 512 | 1,144 | 13 | 16,355 |
| Currency translation differences | (1) | - | (24) | (145) | (3) | (12) | - | (185) |
| Additions | - | 5 | 290 | 1,783 | - | 321 | 153 | 2,552 |
| Disposals | - | - | (243) | (126) | (62) | (17) | - | (448) |
| Reclassification | - | - | (106) | 141 | - | 1 | (36) | - |
| End of financial year | 682 | 1,530 | 3,473 | 10,575 | 447 | 1,437 | 130 | 18,274 |
| Accumulated depreciation | | | | | | | | |
| Beginning of financial year | 8 | 451 | 733 | 4,160 | 172 | 497 | - | 6,021 |
| Currency translation differences | - | - | (12) | (94) | (3) | (5) | - | (114) |
| Disposals | - | - | (203) | (109) | (42) | (15) | - | (369) |
| Depreciation charge (Note 5) | 4 | 199 | 588 | 1,866 | 91 | 338 | - | 3,086 |
| Reclassification | - | - | (103) | 103 | - | - | - | - |
| End of financial year | 12 | 650 | 1,003 | 5,926 | 218 | 815 | - | 8,624 |
| Accumulated impairment | | | | | | | | |
| Beginning and end of financial year | - | - | 1,322 | - | 53 | - | - | 1,375 |
| Net book value | | | | | | | | |
| End of financial year | 670 | 880 | 1,148 | 4,649 | 176 | 622 | 130 | 8,275 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Freehold land and building \$'000 | Leasehold improvements \$'000 | Plant machinery and equipment \$'000 | Renovation, furniture and fittings \$'000 | Motor vehicles \$'000 | Office equipment and computers \$'000 | Capital work- in-progress \$'000 | Total \$'000 |
|-------------------------------------|--|-------------------------------------|--|--|-----------------------------|---|--|-----------------|
| Group | | | | | | | | |
| 2017 | | | | | | | | |
| Cost | | | | | | | | |
| Beginning of financial year | 666 | 1,525 | 5,933 | 7,750 | 348 | 1,302 | 313 | 17,837 |
| Adjustments | - | - | - | (40) | - | - | - | (40) |
| Currency translation differences | 17 | - | 32 | 72 | (3) | 3 | - | 121 |
| Additions | - | - | 532 | 1,479 | 193 | 128 | 597 | 2,929 |
| Disposals | - | - | (3,027) | (1,092) | (26) | (347) | - | (4,492) |
| Reclassification | - | - | 86 | 753 | - | 58 | (897) | - |
| End of financial year | 683 | 1,525 | 3,556 | 8,922 | 512 | 1,144 | 13 | 16,355 |
| Accumulated depreciation | | | | | | | | |
| Beginning of financial year | 4 | 253 | 2,986 | 3,414 | 106 | 444 | - | 7,207 |
| Currency translation differences | - | - | 21 | 50 | (2) | 1 | - | 70 |
| Disposals | - | - | (2,982) | (1,026) | (26) | (342) | - | (4,376) |
| Depreciation charge (Note 5) | 4 | 198 | 708 | 1,722 | 94 | 394 | - | 3,120 |
| End of financial year | 8 | 451 | 733 | 4,160 | 172 | 497 | - | 6,021 |
| Accumulated impairment | | | | | | | | |
| Beginning of financial year | - | - | 1,308 | - | 54 | - | - | 1,362 |
| Currency translation differences | - | - | - | - | (1) | - | - | (1) |
| Impairment during the year | - | - | 14 | - | - | - | - | 14 |
| End of financial year | - | - | 1,322 | - | 53 | - | - | 1,375 |
| Net book value | | | | | | | | |
| End of financial year | 675 | 1,074 | 1,501 | 4,762 | 287 | 647 | 13 | 8,959 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Plant, machinery and equipment \$'000 | Renovation, furniture and fittings \$'000 | Motor vehicles \$'000 | Office equipment and computers \$'000 | Total \$'000 |
|---------------------------------|--|--|-----------------------------|--|-----------------|
| Company | | | | | |
| 2018 | | | | | |
| Cost | | | | | |
| Beginning of financial year | 6 | 1,389 | 541 | 858 | 2,794 |
| Additions | - | 37 | - | 120 | 157 |
| Disposal | - | - | (370) | - | (370) |
| End of financial year | 6 | 1,426 | 171 | 978 | 2,581 |
| Accumulated depreciation | | | | | |
| Beginning of financial year | 6 | 885 | 368 | 698 | 1,957 |
| Depreciation charge | - | 108 | 47 | 80 | 235 |
| Disposal | - | - | (356) | - | (356) |
| End of financial year | 6 | 993 | 59 | 778 | 1,836 |
| Net book value | | | | | |
| End of financial year | - | 433 | 112 | 200 | 745 |
| 2017 | | | | | |
| Cost | | | | | |
| Beginning of financial year | 6 | 879 | 820 | 762 | 2,467 |
| Additions | - | 510 | 171 | 96 | 777 |
| Disposal | - | - | (450) | - | (450) |
| End of financial year | 6 | 1,389 | 541 | 858 | 2,794 |
| Accumulated depreciation | | | | | |
| Beginning of financial year | 6 | 864 | 780 | 614 | 2,264 |
| Depreciation charge | - | 21 | 38 | 84 | 143 |
| Disposal | - | - | (450) | - | (450) |
| End of financial year | 6 | 885 | 368 | 698 | 1,957 |
| Net book value | | | | | |
| End of financial year | - | 504 | 173 | 160 | 837 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) At the balance sheet date, the net book value of property, plant and equipment of the Group under finance lease agreements amounted to \$15,000 (2017: \$174,000) (Note 27(c)).
- (b) The freehold land and building of the Group as at 31 December 2018 comprise:

| Location | Use of property |
|---|-----------------|
| Malaysia No. 17, Jalan Ekoperniagaan 1/23 Taman Ekoperniagaan 81100 Johor Bahru, Johor | Office |

25. INTANGIBLE ASSETS

(a) Goodwill arising on consolidation

In the prior financial year, an impairment charge of \$207,000 was recognised on goodwill arising from consolidation. As at 31 December 2018 and 31 December 2017, goodwill on consolidation is fully impaired.

(b) Favourable lease agreement

In the prior financial year, an amortisation charge of \$1,649,000 was recognised on favourable lease agreement and included in the consolidated income statement as cost of sales (Note 5). As at 31 December 2018 and 31 December 2017, favourable lease agreement is fully amortised.

26. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Trade payables to: | | | | |
| - non-related parties | 3,945 | 3,605 | 89 | 821 |
| - associated companies | 292 | 186 | - | - |
| | 4,237 | 3,791 | 89 | 821 |
| Non-trade payables to: | | | | |
| - associated companies | 116 | 563 | - | - |
| - subsidiaries | - | - | 11,178 | 5,069 |
| Advanced rental | 7,513 | 6,098 | - | - |
| Deferred income | 44 | 158 | - | - |
| Deposits received | 13,286 | 13,309 | - | - |
| Accruals for operating expenses | 11,049 | 12,371 | 3,602 | 5,003 |
| Accrued construction costs payable | 2,984 | 5,941 | - | - |
| Other payables | 2,672 | 2,513 | 497 | 545 |
| Total trade and other payables | 41,901 | 44,744 | 15,366 | 11,438 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. TRADE AND OTHER PAYABLES (CONTINUED)

Non-trade payables to subsidiaries and associated companies are unsecured, interest free and repayable on demand.

At 31 December 2017 and 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 | |
|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Up to 3 months | 3,562 | 3,025 |
| 3 to 6 months | 51 | 358 |
| Over 6 months | 624 | 408 |
| | 4,237 | 3,791 |

27. BORROWINGS

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| <i>Current</i> | | | | |
| Bank borrowings (Note (a)) | 42,046 | 40,300 | 1,250 | 5,254 |
| Finance lease liabilities (Note (c) and Note 28) | 9 | 35 | - | 10 |
| Notes payables (Note (b)) | - | 64,750 | - | 64,750 |
| Less: Transaction costs | - | (96) | - | (96) |
| | - | 64,654 | - | 64,654 |
| Interest payable | 939 | 2,541 | 939 | 2,541 |
| | 42,994 | 107,530 | 2,189 | 72,459 |
| <i>Non-current</i> | | | | |
| Bank borrowings (Note (a)) | 560,985 | 407,604 | 48,750 | - |
| Finance lease liabilities (Note (c) and Note 28) | - | 9 | - | - |
| Loan from non-controlling interests (Note (e)) | 6,517 | 6,370 | - | - |
| Loan from an associated company (Note (d)) | 43,189 | 46,635 | - | - |
| Loan from a subsidiary (Note (e)) | - | - | 28,000 | - |
| Notes payables (Note (b)) | 85,000 | 85,000 | 85,000 | 85,000 |
| Less: Transaction costs | (288) | (510) | (288) | (510) |
| | 84,712 | 84,490 | 84,712 | 84,490 |
| | 695,403 | 545,108 | 161,462 | 84,490 |
| Total borrowings | 738,397 | 652,638 | 163,651 | 156,949 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. 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 | | Company | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| - not later than one year | 42,994 | 107,530 | 2,189 | 72,459 |
| - between one to five years | 426,881 | 298,059 | 133,462 | 84,490 |
| - after five years | 268,522 | 247,049 | 28,000 | - |
| | 738,397 | 652,638 | 163,651 | 156,949 |

At 31 December 2018 and 2017, the Group's and Company's bank borrowings are repayable as follows:

| | Group | | Company | |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Within one year | 42,046 | 40,300 | 1,250 | 5,254 |
| Between one and two years | 87,003 | 36,301 | 2,500 | - |
| Between two and five years | 228,182 | 154,632 | 46,250 | - |
| After five years | 245,800 | 216,671 | - | - |
| | 603,031 | 447,904 | 50,000 | 5,254 |

At 31 December 2018 and 2017, the Group's and the Company's other loans are repayable as follows:

| | Group | | Company | |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Within one year | 948 | 67,230 | 939 | 67,205 |
| Between one and two years | 88,581 | 3,455 | 84,712 | - |
| Between two and five years | 23,115 | 103,671 | - | 84,490 |
| After five years | 22,722 | 30,378 | 28,000 | - |
| | 135,366 | 204,734 | 113,651 | 151,695 |

(a) Bank borrowings

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

Total borrowings include secured liabilities of \$603,039,000 (2017: \$447,948,000) for the Group. These borrowings are secured over certain bank deposits (Note 12), investment properties (Note 23) and assets held for sale (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. BORROWINGS (CONTINUED)

(b) Notes payables

In 2015, the Company issued notes amounting to \$65,000,000 bearing a fixed rate of 5.25% per annum with a tenure of 3 years. On 16 July 2018, the Group fully redeemed \$65,000,000 notes due 2018.

In the prior financial year, pursuant to the MTN Programme established on 6 September 2013 and updated on 7 October 2016, the Company issued \$65,000,000 5.25% notes due 2020 ("2020 Tranche 001 Notes") on 12 April 2017.

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

On 29 March 2018, the Company updated and renamed its \$500,000,000 Multicurrency Medium Term Note ("MTN") programme established on 6 September 2013 and last updated on 7 October 2016 to a \$750,000,000 Multicurrency Debt Issuance programme.

As at 31 December 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.

(c) Finance lease liabilities

The finance lease liabilities are secured on certain property, plant and equipment purchased under finance leases of the Group (Note 24(a)). The Group's weighted average effective interest rate of finance lease liabilities at the balance sheet date is 2.72% (2017: 2.75%) per annum. The carrying amounts of the finance lease liabilities approximate 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 approximate their fair values.

(e) Loan from a subsidiary and loan from non-controlling interests

The loan from a subsidiary and loan from non-controlling interests are 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 from a subsidiary and loan from non-controlling interests are calculated based on the floating rates. The carrying amounts of the non-current borrowings approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. BORROWINGS (CONTINUED)

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

| | Group | | Company | |
|----------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Notes payables | <u>83,411</u> | <u>152,744</u> | <u>83,411</u> | <u>152,744</u> |

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.

28. FINANCE LEASE LIABILITIES

| | Group | |
|--|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Minimum lease payments due: | | |
| - Not later than one year | 10 | 37 |
| - Between one and five years | - | 10 |
| Less: Future finance charges | <u>(1)</u> | <u>(3)</u> |
| Present value of finance lease liabilities | <u>9</u> | <u>44</u> |

The present value of finance lease liabilities are analysed as follows:

| | | |
|-----------------------------------|----------|-----------|
| Not later than one year (Note 27) | <u>9</u> | <u>35</u> |
| Later than one year (Note 27) | | |
| - Between one and five years | <u>-</u> | <u>9</u> |
| Total | <u>9</u> | <u>44</u> |

29. OTHER LIABILITIES

| | Group | |
|---|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| <i>Current</i> | | |
| Provision for reinstatement costs | <u>-</u> | <u>879</u> |
| | <u>-</u> | <u>879</u> |
| <i>Non-current</i> | | |
| Provision for long service leave (Note (a)) | 47 | 42 |
| Provision for reinstatement costs | 48 | 39 |
| Accrued rental expenses | <u>261</u> | <u>366</u> |
| | <u>356</u> | <u>447</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29. OTHER LIABILITIES (CONTINUED)

(a) The movement in provision for long service leave during the financial year is as follows:

| | Group | |
|----------------------------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Beginning of financial year | 42 | 30 |
| Currency translation differences | (4) | - |
| Provision made | 9 | 12 |
| End of financial year | <u>47</u> | <u>42</u> |

(b) Carrying amounts and fair values

At the balance sheet date, the carrying amounts of the other non-current liabilities approximate their fair values.

30. DEFERRED INCOME TAXES

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

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Deferred income tax liabilities: | | | | |
| - to be settled within one year | 82 | 364 | - | 26 |
| - to be settled after more than one year | <u>8,035</u> | <u>3,731</u> | <u>87</u> | <u>21</u> |
| | <u>8,117</u> | <u>4,095</u> | <u>87</u> | <u>47</u> |
| Deferred income tax assets: | | | | |
| - to be recovered after more than one year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Movement in the deferred income tax account is as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Beginning of financial year | 4,095 | 1,339 | 47 | 23 |
| Currency translation differences | (343) | 3 | - | - |
| Charged to profit or loss (Note 10(a)) | <u>4,365</u> | <u>2,753</u> | <u>40</u> | <u>24</u> |
| End of financial year | <u>8,117</u> | <u>4,095</u> | <u>87</u> | <u>47</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. DEFERRED INCOME TAXES (CONTINUED)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$7,079,000 (2017: \$6,940,000) and capital allowances of \$407,000 (2017: \$745,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

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

Group

Deferred income tax liabilities

| | Accelerated tax depreciation \$'000 | Amortisation of intangible asset \$'000 | Fair value gain-net \$'000 | Others \$'000 | Total \$'000 |
|---|---|---|----------------------------------|------------------|-----------------|
| 2018 | | | | | |
| Beginning of financial year | 656 | - | 3,560 | - | 4,216 |
| Currency translation differences | (3) | - | (337) | - | (340) |
| (Credited)/charged to profit or loss | (150) | - | 4,391 | - | 4,241 |
| End of financial year | <u>503</u> | <u>-</u> | <u>7,614</u> | <u>-</u> | <u>8,117</u> |
| 2017 | | | | | |
| Beginning of financial year | 570 | 312 | 742 | (159) | 1,465 |
| Currency translation differences | 1 | - | (4) | - | (3) |
| Charged/(credited) to profit or loss | 85 | (312) | 2,822 | 159 | 2,754 |
| End of financial year | <u>656</u> | <u>-</u> | <u>3,560</u> | <u>-</u> | <u>4,216</u> |

Deferred income tax assets

| | Provisions \$'000 |
|----------------------------------|----------------------|
| 2018 | |
| Beginning of financial year | (121) |
| Currency translation differences | (3) |
| Charged to profit or loss | 124 |
| End of financial year | <u>-</u> |
| 2017 | |
| Beginning of financial year | (126) |
| Currency translation differences | 6 |
| Credited to profit or loss | (1) |
| End of financial year | <u>(121)</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. DEFERRED INCOME TAXES (CONTINUED)

Company

Deferred income tax liabilities

| | Accelerated tax depreciation \$'000 |
|-----------------------------|--|
| 2018 | |
| Beginning of financial year | 47 |
| Charged to profit or loss | 40 |
| End of financial year | 87 |
| 2017 | |
| Beginning of financial year | 23 |
| Charged to profit or loss | 24 |
| End of financial year | 47 |

31. SHARE CAPITAL AND TREASURY SHARES

| | Group and Company | | Group | | Company | |
|---|---------------------------------|----------------------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | No. of ordinary shares | | Amount | | | |
| | Issued share capital '000 | Treasury shares '000 | Share Capital \$'000 | Treasury shares \$'000 | Share capital \$'000 | Treasury shares \$'000 |
| 2018 | | | | | | |
| Beginning and end of financial year | 840,779 | - | 142,242 | - | 253,553 | - |
| 2017 | | | | | | |
| Beginning of financial year | 756,874 | (16,909) | 89,837 | (6,498) | 201,148 | (6,498) |
| Issuance of shares pursuant to warrants exercised | 67,355 | - | 33,677 | - | 33,677 | - |
| Issuance of shares pursuant to share offering | 36,000 | - | 19,759 | - | 19,759 | - |
| Share issue expenses | - | - | (1,031) | - | (1,031) | - |
| Treasury shares purchased | - | (2,541) | - | (1,119) | - | (1,119) |
| Cancellation of treasury shares | (19,450) | 19,450 | - | 7,617 | - | 7,617 |
| End of financial year | 840,779 | - | 142,242 | - | 253,553 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

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 IFRS 3 *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 capital of the Company held by entitled shareholders. Each warrant carries the right to subscribe for one new ordinary share in the 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 years 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 previous financial years. 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.

Treasury shares

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. OTHER RESERVES

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| (a) <u>Composition</u> | | | | |
| Fair value reserve | (707) | (86) | (557) | 64 |
| Currency translation reserve | (48,924) | (35,626) | - | - |
| Capital reserve | 17,095 | 17,095 | - | - |
| | <u>(32,536)</u> | <u>(18,617)</u> | <u>(557)</u> | <u>64</u> |
| (b) <u>Movements</u> | | | | |
| (i) Fair value reserve | | | | |
| Beginning of financial year | (86) | 12 | 64 | 162 |
| Fair value losses on financial assets, at FVOCI/available-for-sale financial assets (Note 17, 16) | (633) | (29) | (633) | (29) |
| Reclassification to profit or loss on disposal | 12 | (69) | 12 | (69) |
| End of financial year | <u>(707)</u> | <u>(86)</u> | <u>(557)</u> | <u>64</u> |
| (ii) Currency translation reserve | | | | |
| Beginning of financial year | | | (35,626) | (38,401) |
| Net exchange differences on translation of financial statements of foreign subsidiaries, associated companies and joint venture | | | (13,298) | 2,775 |
| End of financial year | | | <u>(48,924)</u> | <u>(35,626)</u> |
| (iii) Capital reserve | | | | |
| Beginning and end of financial year | | | <u>17,095</u> | <u>17,095</u> |

In 2011, the consolidated financial statements of the Group represent the continuation of Westlite Dormitory (Toh Guan) Pte. Ltd. ("Westlite") accounts, which included a shareholder loan accounted for as "Other liabilities" in Westlite's accounts for the year ended 31 December 2010. The novation of the loan from Westlite's former shareholder to Westlite's new shareholder (Centurion Corporation Limited) means that the loan is effectively settled in the consolidated financial statements of the Group, recognised under "capital reserve" of the Group.

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. RETAINED PROFITS

- (a) Retained profits of the Group are distributable except for the accumulated retained profits of associated companies and a joint venture amounting to \$78,657,000 (2017: \$76,972,000) which are included in the Group's retained profits.
- (b) Movement in retained profits for the Company is as follows:

| | Company | |
|---------------------------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Beginning of financial year | 20,152 | 15,487 |
| Net profit | 18,809 | 27,638 |
| Dividends paid (Note 34) | (21,019) | (15,356) |
| Cancellation of treasury shares | - | (7,617) |
| End of financial year | <u>17,942</u> | <u>20,152</u> |

34. DIVIDENDS

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Ordinary dividends paid | | | | |
| Interim exempt dividend paid in respect of current financial year of 1.0 cent (2017: 1.0 cent) per share | 8,408 | 7,957 | 8,408 | 7,957 |
| Final exempt dividend paid in respect of the previous financial year of 1.0 cent (2017: 1.0 cent) per share | 8,408 | 7,399 | 8,408 | 7,399 |
| Special dividends paid | | | | |
| Special exempt dividend paid in respect of the previous financial year of 0.5 cent (2017: nil cent) per share | 4,203 | - | 4,203 | - |
| | <u>21,019</u> | <u>15,356</u> | <u>21,019</u> | <u>15,356</u> |

At the Annual General Meeting on 25 April 2019, a final dividend of 1.0 cent (2017: 1.0 cent) per share amounting to a total of \$8,408,000 (2017: \$8,408,000) and a special dividend of nil cent (2017: 0.5 cent) amounting to a total of \$nil (2017: \$4,203,000) will be recommended.

These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. 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 20), are as follows:

| | Group | |
|-------------------------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Property, plant and equipment | - | 18 |
| Investment properties | 4,966 | 85,053 |

(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 | | Company | |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Not later than one year | 6,752 | 5,333 | 455 | 520 |
| Between one and five years | 27,966 | 29,990 | - | 455 |
| Later than five years | 48,210 | 53,865 | - | - |
| | 82,928 | 89,188 | 455 | 975 |

(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 | | Company | |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Not later than one year | 73,769 | 64,009 | 115 | 132 |
| Between one and five years | 17,719 | 7,789 | - | 115 |
| More than five years | 9,870 | 8,145 | - | - |
| | 101,358 | 79,943 | 115 | 247 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. COMMITMENTS (CONTINUED)

(d) Corporate guarantees

The Group has provided corporate guarantees in favour of financial institutions in respect of facilities granted to associated companies and a joint venture amounting to \$80,524,000 (2017: \$76,202,000). As at 31 December 2018, the amount of the guaranteed loans drawn down by associated companies and a joint venture amounted to \$79,026,000 (2017: \$76,202,000).

The Company has provided corporate guarantees in favour of financial institutions in respect of facilities granted to subsidiaries, associated companies and a joint venture amounting to \$591,601,000 (2017: \$516,791,000). As at 31 December 2018, the amount of the guaranteed loans drawn down by the subsidiaries, associated companies and a joint venture amounted to \$577,805,000 (2017: \$461,558,000).

As at 31 December 2018, the fair value of the corporate guarantee was insignificant.

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

(e) Continuing financial support

The Company has provided an undertaking to provide continuing financial support to certain subsidiaries, to enable the subsidiaries to meet their obligations as and when they fall due.

36. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

Financial risk management is carried out by management in accordance with the policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Currency risk

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

Currency risk arises within the entities in the Group when transactions are denominated in foreign currencies such as Singapore Dollar ("SGD"), United States Dollar ("USD"), Malaysian Ringgit ("MYR"), Australian Dollar ("AUD"), Great Britain Pound ("GBP"), Hong Kong Dollar ("HKD"), and Korean Won ("KRW"). 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

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

| | SGD \$'000 | USD \$'000 | MYR \$'000 | AUD \$'000 | GBP \$'000 | HKD \$'000 | KRW \$'000 | Other \$'000 | Total \$'000 |
|--|------------------|---------------|-----------------|-----------------|-----------------|---------------|---------------|-----------------|------------------|
| 2018 | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and bank balances | 48,723 | 1,453 | 2,966 | 2,585 | 5,018 | 328 | 1,598 | 231 | 62,902 |
| Financial assets, at FVOCI | 6,442 | 2,880 | - | - | - | - | - | - | 9,322 |
| Financial assets through profit or loss | - | 53 | - | - | 330 | - | - | - | 383 |
| Trade and other receivables | 3,772 | 22 | 2,333 | 4,993 | 800 | - | 52 | - | 11,972 |
| Other financial assets | 1,133 | - | 1,908 | - | - | - | - | 32 | 3,073 |
| Inter-company balances | 466,702 | 3,231 | 79,601 | 50,060 | 106,733 | 19 | 1 | 1,629 | 707,976 |
| | <u>526,772</u> | <u>7,639</u> | <u>86,808</u> | <u>57,638</u> | <u>112,881</u> | <u>347</u> | <u>1,651</u> | <u>1,892</u> | <u>795,628</u> |
| Financial liabilities | | | | | | | | | |
| Trade and other payables | 23,294 | 612 | 3,194 | 1,459 | 3,668 | - | 1,431 | 781 | 34,439 |
| Borrowings | 551,860 | - | 27,034 | 59,038 | 100,449 | - | 16 | - | 738,397 |
| Inter-company balances | 466,702 | 3,231 | 79,601 | 50,060 | 106,733 | 19 | 1 | 1,629 | 707,976 |
| | <u>1,041,856</u> | <u>3,843</u> | <u>109,829</u> | <u>110,557</u> | <u>210,850</u> | <u>19</u> | <u>1,448</u> | <u>2,410</u> | <u>1,480,812</u> |
| Net financial (liabilities)/assets | (515,084) | 3,796 | (23,021) | (52,919) | (97,969) | 328 | 203 | (518) | (685,184) |
| Less: Net financial assets denominated in the respective entities' functional currencies | 514,731 | 452 | 23,019 | 52,984 | 98,268 | (6) | (159) | 459 | |
| Currency risk exposures | (353) | 4,248 | (2) | 65 | 299 | 322 | 44 | (59) | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

| | SGD \$'000 | USD \$'000 | MYR \$'000 | AUD \$'000 | GBP \$'000 | HKD \$'000 | KRW \$'000 | Other \$'000 | Total \$'000 |
|--|----------------|---------------|---------------|---------------|----------------|---------------|---------------|-----------------|------------------|
| 2017 | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Cash and bank balances | 46,236 | 998 | 2,582 | 5,631 | 11,244 | 8,863 | - | 211 | 75,765 |
| Available-for-sale financial assets | 8,675 | 3,212 | - | - | - | - | - | - | 11,887 |
| Trade and other receivables | 6,421 | 3,261 | 1,910 | 1,685 | 350 | 4 | - | 1 | 13,632 |
| Other financial assets | 900 | 1,335 | 1,788 | 1,096 | 226 | - | - | 34 | 5,379 |
| Inter-company balances | 436,296 | 2,688 | 68,516 | 48,564 | 111,114 | 11 | - | 2,242 | 669,431 |
| | <u>498,528</u> | <u>11,494</u> | <u>74,796</u> | <u>56,976</u> | <u>122,934</u> | <u>8,878</u> | <u>-</u> | <u>2,488</u> | <u>776,094</u> |
| Financial liabilities | | | | | | | | | |
| Trade and other payables | 30,217 | 1,406 | 3,236 | 1,286 | 2,931 | - | - | 371 | 39,447 |
| Borrowings | 527,682 | 1,602 | 20,713 | 21,587 | 81,054 | - | - | - | 652,638 |
| Inter-company balances | 436,296 | 2,688 | 68,516 | 48,564 | 111,114 | 11 | - | 2,242 | 669,431 |
| | <u>994,195</u> | <u>5,696</u> | <u>92,465</u> | <u>71,437</u> | <u>195,099</u> | <u>11</u> | <u>-</u> | <u>2,613</u> | <u>1,361,516</u> |
| Net financial (liabilities)/assets | (495,667) | 5,798 | (17,669) | (14,461) | (72,165) | 8,867 | - | (125) | (585,422) |
| Less: Net financial assets denominated in the respective entities' functional currencies | 495,635 | 191 | 17,668 | 17,612 | 72,412 | - | - | (74) | |
| Currency risk exposures | <u>(32)</u> | <u>5,989</u> | <u>(1)</u> | <u>3,151</u> | <u>247</u> | <u>8,867</u> | <u>-</u> | <u>(199)</u> | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

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

| | SGD \$'000 | USD \$'000 | AUD \$'000 | GBP \$'000 | HKD \$'000 | KRW \$'000 | Other \$'000 | Total \$'000 |
|--|------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| 2018 | | | | | | | | |
| Financial assets | | | | | | | | |
| Cash and bank balances | 33,086 | 646 | 11 | 11 | 324 | 1 | 2 | 34,081 |
| Financial assets, at FVOCI | 6,443 | 2,879 | - | - | - | - | - | 9,322 |
| Trade and other receivables | 26,869 | 129 | 2,402 | 201 | 9 | - | - | 29,610 |
| Loan to subsidiaries | 358,853 | - | - | - | - | - | - | 358,853 |
| Other financial assets | 198 | - | - | - | - | - | - | 198 |
| | <u>425,449</u> | <u>3,654</u> | <u>2,413</u> | <u>212</u> | <u>333</u> | <u>1</u> | <u>2</u> | <u>432,064</u> |
| Financial liabilities | | | | | | | | |
| Trade and other payables | 15,359 | - | - | 2 | - | - | 5 | 15,366 |
| Borrowings | 163,651 | - | - | - | - | - | - | 163,651 |
| | <u>179,010</u> | <u>-</u> | <u>-</u> | <u>2</u> | <u>-</u> | <u>-</u> | <u>5</u> | <u>179,017</u> |
| Net financial assets/(liabilities) | 246,439 | 3,654 | 2,413 | 210 | 333 | 1 | (3) | |
| Less: Net financial assets denominated in the entity's functional currency | <u>(246,439)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Currency risk exposures | - | 3,654 | 2,413 | 210 | 333 | 1 | (3) | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

| | SGD \$'000 | USD \$'000 | AUD \$'000 | GBP \$'000 | HKD \$'000 | KRW \$'000 | Other \$'000 | Total \$'000 |
|--|------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| 2017 | | | | | | | | |
| Financial assets | | | | | | | | |
| Cash and bank balances | 22,660 | 122 | 3,113 | 6 | 8,858 | - | 3 | 34,762 |
| Available-for-sale financial assets | 8,675 | 3,212 | - | - | - | - | - | 11,887 |
| Trade and other receivables | 41,200 | 126 | 47 | 13 | 5 | - | - | 41,391 |
| Loan to subsidiaries | 335,834 | - | - | - | - | - | - | 335,834 |
| Other financial assets | 198 | - | - | - | - | - | - | 198 |
| | <u>408,567</u> | <u>3,460</u> | <u>3,160</u> | <u>19</u> | <u>8,863</u> | <u>-</u> | <u>3</u> | <u>424,072</u> |
| Financial liabilities | | | | | | | | |
| Trade and other payables | 11,438 | - | - | - | - | - | - | 11,438 |
| Borrowings | 155,347 | 1,602 | - | - | - | - | - | 156,949 |
| | <u>166,785</u> | <u>1,602</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>168,387</u> |
| Net financial assets | 241,782 | 1,858 | 3,160 | 19 | 8,863 | - | 3 | |
| Less: Net financial assets denominated in the entity's functional currency | <u>(241,782)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| Currency risk exposures | <u>-</u> | <u>1,858</u> | <u>3,160</u> | <u>19</u> | <u>8,863</u> | <u>-</u> | <u>3</u> | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

If the USD, AUD, GBP, HKD and KRW change against SGD by 3% (2017: 3%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position would be as follows:

| | ← Increase/(Decrease) → | | | |
|-----------------|----------------------------|--|----------------------------|--|
| | 2018 | | 2017 | |
| Group | Profit after tax \$'000 | Other comprehensive income \$'000 | Profit after tax \$'000 | Other comprehensive income \$'000 |
| USD against SGD | | | | |
| - strengthened | 106 | 13 | 149 | 3 |
| - weakened | (106) | (13) | (149) | (3) |
| AUD against SGD | | | | |
| - strengthened | 2 | 2,641 | 78 | 1,721 |
| - weakened | (2) | (2,641) | (78) | (1,721) |
| GBP against SGD | | | | |
| - strengthened | 7 | 5,857 | 6 | 4,193 |
| - weakened | (7) | (5,857) | (6) | (4,193) |
| HKD against SGD | | | | |
| - strengthened | 8 | - | 221 | - |
| - weakened | (8) | - | (221) | - |
| KRW against SGD | | | | |
| - strengthened | 1 | 1 | - | - |
| - weakened | (1) | (1) | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Market risk (Continued)*

(i) *Currency risk (Continued)*

| | ← Increase/(Decrease) → | | | |
|-----------------|----------------------------|--|----------------------------|--|
| | 2018 | | 2017 | |
| | Profit after tax \$'000 | Other comprehensive income \$'000 | Profit after tax \$'000 | Other comprehensive income \$'000 |
| Company | | | | |
| USD against SGD | | | | |
| - strengthened | 91 | - | 46 | - |
| - weakened | (91) | - | (46) | - |
| AUD against SGD | | | | |
| - strengthened | 60 | - | 79 | - |
| - weakened | (60) | - | (79) | - |
| GBP against SGD | | | | |
| - strengthened | 5 | - | - | - |
| - weakened | (5) | - | - | - |
| HKD against SGD | | | | |
| - strengthened | 8 | - | 221 | - |
| - weakened | (8) | - | (221) | - |

(ii) *Price risk*

The Group is exposed to debt securities price risk arising from the investments held by the Group and classified on the consolidated balance sheet as available-for-sale. These securities are listed in Singapore.

If prices for debt securities listed in Singapore change by 1% (2017: 1%) with all other variables including tax rate being held constant, the effects on other comprehensive income will be:

| | ← Increase/(Decrease) → | |
|----------------------|--|--|
| | 2018 | 2017 |
| | Other comprehensive income \$'000 | Other comprehensive income \$'000 |
| Group/Company | | |
| Listed in Singapore | | |
| - increased by | 93 | 119 |
| - decreased by | (93) | (119) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income is substantially independent of changes in market interest rates.

The Group's and Company's exposure to cash flow interest rate risks arise mainly from non-current variable rate borrowings.

If the interest rates have increased/decreased by 0.3% (2017: 0.6%) with all other variables including tax rate being held constant, the Group's profit after tax would have been lower/higher by \$1,625,000 (2017: \$2,495,000).

If the interest rates have increased/decreased by 0.3% (2017: 0.6%) with all other variables including tax rate being held constant, the Company's profit after tax would have been lower/higher by \$124,500 (2017: \$26,000).

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limit that are approved by management 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 at the Group level. The Group and Company have no major concentration of credit risk. The Company has no material third party debtors. The top five debtors of the Group represented 34% (2017: 37%) of trade receivables in 2018.

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

| | Group | | Company | |
|--|---------------|--------|----------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Corporate guarantees provided to banks on subsidiaries', associated companies' and a joint venture's loans | 79,026 | 76,202 | 577,805 | 461,558 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

The Group's major classes of financial assets are bank and other deposits and trade and other receivables. The Company's major classes of financial assets are bank deposits, trade and other receivables and loans to subsidiaries and associates.

The movements in credit loss allowance are as follows:

| | Trade receivables \$'000 |
|---|---|
| Group | |
| Balance at 1 January 2018 under IFRS | 852 |
| Application of IFRS 9 (Note 2.3) | - |
| Balance at 1 January 2018 under IFRS 9 | 852 |
| Loss allowance recognised in profit or loss during the year on: | |
| - Assets acquired/originated | 72 |
| - Reversal of unutilised amounts | (129) |
| - Currency translation | (14) |
| Balance at 31 December 2018 | <u>781</u> |

Cash and cash equivalents, receivables from associated company and other receivables are subject to immaterial credit loss.

(i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables arising from revenue from contracts.

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 and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when the assets become uncollectible.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(i) Trade receivables (Continued)

The Group's credit risk exposure in relation to trade receivables under IFRS 9 as at 31 December 2018 are set out as follows:

| | Total \$'000 |
|---|-------------------------|
| Group | |
| Sale of optical disc storage media | |
| Expected loss rate | 21% |
| Trade receivables | 364 |
| Loss allowance | 77 |
| Rental income from investment properties | |
| Expected loss rate | 20% |
| Trade receivables | 3,502 |
| Loss allowance | 704 |

The loss allowance in relation to the trade receivables from rental income from investment properties relates to specific cases amounting to \$704,000 which have been fully provided for. For the remaining trade receivables, the credit loss allowance is considered to be insignificant as credit risk is minimised with rental deposits from customers are received in advance.

(ii) Receivables from subsidiaries

| | Receivables from subsidiaries \$'000 | Loan to subsidiaries \$'000 | Total \$'000 |
|---|---|--|-------------------------|
| Company | | | |
| Balance at 1 January 2018 under IFRS | 1,636 | 12,031 | 13,667 |
| Application of IFRS 9 (Note 2.3) | - | - | - |
| Balance at 1 January 2018 under IFRS 9 | 1,636 | 12,031 | 13,667 |
| Loss allowance recognised in profit or loss during the year on: | | | |
| - Assets acquired/originated | - | 367 | 367 |
| - Reversal of unutilised amounts | - | (449) | (449) |
| Balance at 31 December 2018 | 1,636 | 11,949 | 13,585 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(ii) Receivables from subsidiaries (Continued)

Cash and bank deposits, receivables from associated companies and other receivables are subject to immaterial credit loss.

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of IFRS 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

Previous accounting policy for impairment of trade receivables

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables from third parties and related corporations that are neither past due nor impaired are substantially companies with a good collection track record with the Group and Company.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

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

| | Group 2017 \$'000 |
|------------------------|----------------------------------|
| Past due < 3 months | 1,350 |
| Past due 3 to 6 months | 84 |
| Past due > 6 months | 50 |
| | <hr/> 1,484 <hr/> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Previous accounting policy for impairment of trade receivables (Continued)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

| | Group 2017 \$'000 |
|---------------------------------|----------------------------------|
| Gross amount | 852 |
| Less: Allowance for impairment | (852) |
| | <u>-</u> |
| Beginning of financial year | 1,033 |
| Currency translation difference | (3) |
| Allowance made | 149 |
| Allowance utilised | (327) |
| End of financial year | <u>852</u> |

The impaired trade receivables arise mainly from sales to customers who have financial difficulties and significant delays in payments.

(c) Liquidity risk

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

Management monitors rolling forecasts of the liquidity reserve (comprises cash and bank deposits (Note 12)) of the Group and the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) *Liquidity risk (Continued)*

The table below analyses the maturity profile of the Group's and Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

| | Less than 1 year \$'000 | Between 1 and 2 years \$'000 | Between 2 and 5 years \$'000 | Over 5 years \$'000 |
|---|-------------------------------|------------------------------------|------------------------------------|---------------------------|
| Group | | | | |
| 2018 | | | | |
| Trade and other payables | 34,344 | 54 | 41 | - |
| Borrowings | 68,608 | 198,044 | 295,231 | 290,241 |
| Financial guarantee contracts (Note 36(b)) | 79,026 | - | - | - |
| 2017 | | | | |
| Trade and other payables | 39,367 | 17 | 27 | 38 |
| Borrowings | 127,190 | 57,143 | 288,765 | 268,531 |
| Financial guarantee contracts (Note 36(b)) | 76,202 | - | - | - |

The financial guarantee contracts maturing in less than 1 year are \$79,026,000 (2017: \$76,202,000)

| | Less than 1 year \$'000 | Between 1 and 2 years \$'000 | Between 2 and 5 years \$'000 |
|--|-------------------------------|------------------------------------|------------------------------------|
| Company | | | |
| 2018 | | | |
| Trade and other payables | 15,366 | - | - |
| Borrowings | 7,457 | 91,421 | 47,816 |
| Financial guarantee contracts (Note 36(b)) | 577,805 | - | - |
| 2017 | | | |
| Trade and other payables | 11,438 | - | - |
| Borrowings | 77,965 | 4,462 | 87,231 |
| Financial guarantee contracts (Note 36(b)) | 461,558 | - | - |

Loan from a subsidiary is not included in the table above as there are no fixed terms of repayment on the loan (Note 27(e)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a net gearing ratio. The net gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and bank balances. Total capital is calculated as borrowings plus net assets of the Group.

The net gearing ratios are computed as follows:

| | Group | | Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Net debt | 675,495 | 576,873 | 129,570 | 122,187 |
| Total capital | 1,263,348 | 1,128,371 | 434,589 | 430,717 |
| Net gearing ratio | 53% | 51% | 30% | 28% |

Financial covenants relating to the Group's and Company's borrowings include debt service coverage ratio, loan to value ratio, consolidated total equity, and consolidated net borrowings to consolidated total equity ratio.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2017 and 2018.

(e) Fair value measurements

| | Level 1 \$'000 | Level 3 \$'000 |
|--|-------------------|-------------------|
| As at 31 December 2018 | | |
| Financial assets, at FVOCI | 9,322 | - |
| Financial assets, at fair value through profit or loss | - | 383 |
| As at 31 December 2017 | | |
| Available-for-sale financial assets | 11,887 | - |
| Financial assets, at fair value through profit or loss | - | 51 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (Continued)

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.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 16, Note 17 and Note 19 to the financial statements, except for the following:

| | Group 2018 \$'000 | Company 2018 \$'000 |
|---|----------------------------------|------------------------------------|
| Financial assets, at amortised cost | 77,947 | 422,742 |
| Financial liabilities at amortised cost | 772,836 | 179,017 |
| | Group 2017 \$'000 | Company 2017 \$'000 |
| Loans and receivables | 94,776 | 412,185 |
| Financial liabilities at amortised cost | 692,086 | 168,387 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. 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 | |
|---|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Services provided to immediate holding corporation | 139 | 87 |
| Services provided to associated companies | 2,159 | 774 |
| Sales to a company which a director has an interest | 7 | - |
| Purchases from a company which a director has an interest | 17 | 36 |
| Interest charged by associated company | <u>1,325</u> | <u>1,213</u> |

Outstanding balances at 31 December 2018 and 31 December 2017 arising from sales and purchases of goods are set out in Notes 13 and 26.

(b) Key management personnel compensation

The key management personnel compensation is as follows:

| | Group | |
|--|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Wages and salaries | 4,737 | 4,657 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | <u>156</u> | <u>144</u> |
| | <u>4,893</u> | <u>4,801</u> |

Included in above, total compensation to directors of the Company amounted to \$1,256,000 (2017: \$422,000).

38. 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 Chief Executive Officer of each business/geographic segment.

The Senior Management manages and monitors the business in three business segments which is 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Senior Management for the reportable segments for the year ended 31 December 2018 is as follows:

| | Workers accommodation \$'000 | Student accommodation \$'000 | Others \$'000 | Total \$'000 |
|--|------------------------------------|------------------------------------|------------------|------------------|
| Year ended 31 December 2018: | | | | |
| Revenue: | | | | |
| Sales to external parties | 80,605 | 37,731 | 1,734 | 120,070 |
| Timing of revenue recognition in relation to revenue from contracts with customers | | | | |
| - Point in time | 3,076 | 1,829 | 1,505 | 6,410 |
| - Over time | 682 | 1,436 | - | 2,118 |
| Segment results | 49,944 | 13,663 | 665 | 64,272 |
| Finance expense | (15,279) | (8,649) | (1) | (23,929) |
| Interest income | | | | 1,046 |
| Dividend income | | | | 73 |
| Fair value (losses)/gains on investment properties and assets held for sale | (12,227) | 60,925 | (145) | 48,553 |
| Share of profit/(loss) of associated companies and joint venture | 6,151 | 425 | (5) | 6,571 |
| Profit before tax | | | | 96,586 |
| Income tax expense | | | | (12,435) |
| Net profit | | | | 84,151 |
| Segment assets | 668,193 | 471,938 | 6,697 | 1,146,828 |
| Short-term bank deposits | | | | 44,287 |
| Financial assets, at FVOCI | | | | 9,322 |
| Investments in associated companies | | | | 116,699 |
| Investments in a joint venture | | | | 4,604 |
| Consolidated total assets | | | | 1,321,740 |
| Segment liabilities | 25,547 | 15,901 | 809 | 42,257 |
| Borrowings | 469,210 | 269,179 | 8 | 738,397 |
| Current income tax liabilities | | | | 8,018 |
| Deferred income tax liabilities | | | | 8,117 |
| Consolidated total liabilities | | | | 796,789 |
| Other segment items: | | | | |
| Capital expenditure | 14,296 | 104,758 | 1 | 119,055 |
| Depreciation | 1,926 | 1,124 | 36 | 3,086 |
| Amortisation | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Senior Management for the reportable segments for the year ended 31 December 2017 is as follows:

| | Workers accommodation \$'000 | Student accommodation \$'000 | Others \$'000 | Total \$'000 |
|--|------------------------------------|------------------------------------|------------------|------------------|
| Year ended 31 December 2017: | | | | |
| Revenue: | | | | |
| Sales to external parties | 100,397 | 34,989 | 1,727 | 137,113 |
| Timing of revenue recognition in relation to revenue from contracts with customers | | | | |
| - Point in time | 3,833 | 1,777 | 1,516 | 7,126 |
| - Over time | 653 | 116 | - | 769 |
| Segment results | 60,330 | 12,929 | 367 | 73,626 |
| Finance expense | (13,893) | (7,643) | (9) | (21,545) |
| Listing expense | | | | (6,869) |
| Interest income | | | | 906 |
| Dividend income | | | | 107 |
| Fair value (losses)/gains on investment properties and assets held for sale | (3,871) | 1,388 | 1,263 | (1,220) |
| Impairment of property, plant and equipment | | | | (14) |
| Impairment of intangible asset | | | | (207) |
| Share of profit/(loss) of associated companies | 3,966 | 657 | (17) | 4,606 |
| Profit before tax | | | | 49,390 |
| Income tax expense | | | | (11,746) |
| Net profit | | | | 37,644 |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. SEGMENT INFORMATION (CONTINUED)

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 a joint venture, available-for-sale financial assets 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.

Geographical information

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

- Singapore - the Company is headquartered and has operations in Singapore. The operations in this area are principally the provision of workers accommodation, provision of student accommodation, provision of management services and manufacture and sale of optical discs;
- Australia - the operations in this area are principally the provision of student accommodation and property investments;
- Malaysia - the operations in this area are principally the provision of workers accommodation;
- United Kingdom - the operations in this area are principally the provision of student accommodation;
- United States of America - the operations in this area are principally the provision of student accommodation;
- Other countries - the operations are principally property investments.

| | Revenue | |
|--------------------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 |
| Singapore | 75,659 | 97,335 |
| Australia | 7,652 | 8,501 |
| Malaysia | 9,895 | 8,095 |
| United Kingdom | 25,199 | 22,855 |
| United States of America | 1,436 | - |
| Other countries | 229 | 327 |
| | 120,070 | 137,113 |

| | Non-current assets | |
|--------------------------|--------------------|------------------|
| | 2018 \$'000 | 2017 \$'000 |
| Singapore | 674,320 | 681,810 |
| Australia | 154,705 | 87,767 |
| Malaysia | 94,862 | 78,339 |
| United Kingdom | 296,581 | 221,125 |
| United States of America | 1,764 | - |
| Other countries | 5,518 | 6,635 |
| | 1,227,750 | 1,075,676 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

39. IMMEDIATE AND ULTIMATE HOLDING CORPORATION

The Company's immediate holding corporation is Centurion Properties Pte Ltd, incorporated in Singapore. The ultimate holding corporation is Centurion Global Ltd, incorporated in the British Virgin Islands.

40. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 7 January 2019, the Company issued an Exchange Offer invitation ("Invitation"), offering the holders of its outstanding \$85,000,000 fixed rate notes due 2020 comprised in Series 003 (the "Existing Notes") to exchange any and all outstanding Existing Notes for a like principal amount of fixed rate notes due 2022 to be issued pursuant to its \$750,00,000 Multicurrency Debt Issuance programme (the "Programme").

On 1 February 2019, the Company issued \$56,000,000 fixed rate notes due 2022 (the "Series 004 Notes") under the Programme, comprising \$48,750,000 in aggregate principal amount issued pursuant to the Invitation and \$7,250,000 in aggregate principal amount of additional notes. The net proceeds arising from the Series 004 Notes (after deducting for issue expenses) will be used for general corporate purposes, including refinancing of borrowings, financing investments and general working capital of the Company or its subsidiaries.

The Series 004 Notes will bear interest as follows:

- (i) for the period from, and including 1 February 2019 to, but excluding, 1 February 2021: 5.5% per annum; and
- (ii) so long as the Series 004 Notes are not redeemed, for the period from, and including, 1 February 2021: 8.0% per annum

payable semi-annually in arrear.

Unless previously redeemed or purchased and cancelled, the Series 004 Notes shall mature on 1 February 2022.

On 7 March 2019, the Company issued \$4,000,000 fixed rate notes due 2022 comprised in Series 004 Tranche 002 (the "Series 004 Tranche 002 Notes") under the Programme. The Series 004 Tranche 002 Notes are consolidated and form a single series with the Series 004 Notes issued on 1 February 2019 and accordingly, the aggregate principal amount of notes comprised in Series 004 is \$60,000,000.

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Centurion Corporation Limited on 15 March 2019.

FIVE-YEAR SUMMARY

A summary of the results, assets and liabilities and non-controlling interests of the Group for the last five years ended 31 December, as extracted from the published annual reports is set out below:

Results

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|---------------|---------------|---------------|---------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | 84,443 | 104,538 | 120,537 | 137,113 | 120,070 |
| Net profit from Core Business Operations attributable to equity holders of the Company | 31,099 | 35,810 | 38,586 | 44,331 | 34,271 |
| Earnings per share from Core Business Operations (in SGD cents) | 4.11 | 4.74 | 5.19 | 5.83 | 4.08 |

Assets and Liabilities

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------|---------------|---------------|---------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current assets | 791,587 | 993,552 | 1,015,900 | 1,075,676 | 1,227,750 |
| Current assets | 82,446 | 148,092 | 103,834 | 113,315 | 93,990 |
| Total assets | 874,033 | 1,141,644 | 1,119,734 | 1,188,991 | 1,321,740 |
| Total liabilities | 482,473 | 738,748 | 720,252 | 713,258 | 796,789 |
| Non-controlling interests | 930 | 780 | 6,884 | 12,806 | 17,636 |
| Total equity attributable to equity holders of the Company | 390,630 | 402,116 | 392,598 | 462,927 | 507,315 |

STATISTICS OF SHAREHOLDINGS

As at 4 March 2019

| | | |
|----------------------------------|---|--------------------|
| Class of shares | : | Ordinary Shares |
| Issued and fully paid-up capital | : | S\$202,441,222.11 |
| Number of shares issued | : | 840,778,624 |
| Voting rights | : | One vote per share |

Treasury Shares and Subsidiary Holdings

The Company does not hold any treasury shares and has no subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholding | Number of Shareholders | % | Number of Shares | % |
|----------------------|------------------------|---------------|--------------------|---------------|
| 1 - 99 | 104 | 2.12 | 5,020 | 0.00 |
| 100 - 1,000 | 758 | 15.48 | 313,314 | 0.04 |
| 1,001 - 10,000 | 2,459 | 50.20 | 11,967,882 | 1.42 |
| 10,001 - 1,000,000 | 1,555 | 31.75 | 82,872,964 | 9.86 |
| 1,000,001 and above | 22 | 0.45 | 745,619,444 | 88.68 |
| | <u>4,898</u> | <u>100.00</u> | <u>840,778,624</u> | <u>100.00</u> |

TWENTY LARGEST SHAREHOLDERS

| No. | Name of Shareholders | Number of Shares | % |
|-----|---|--------------------|--------------|
| 1. | DB Nominees (Singapore) Pte Ltd | 318,062,500 | 37.83 |
| 2. | HKSCC Nominees Limited | 137,600,839 | 16.37 |
| 3. | DBSN Services Pte Ltd | 135,509,700 | 16.12 |
| 4. | UOB Kay Hian Pte Ltd | 30,228,503 | 3.60 |
| 5. | United Overseas Bank Nominees Pte Ltd | 22,689,663 | 2.70 |
| 6. | DBS Nominees Pte Ltd | 18,659,565 | 2.22 |
| 7. | Citibank Nominees Singapore Pte Ltd | 17,279,625 | 2.05 |
| 8. | CGS-CIMB Securities (Singapore) Pte Ltd | 11,758,079 | 1.40 |
| 9. | Maybank Kim Eng Securities Pte. Ltd. | 7,828,266 | 0.93 |
| 10. | Pamela Ling Yueh | 7,293,600 | 0.87 |
| 11. | Raffles Nominees (Pte) Limited | 6,502,375 | 0.77 |
| 12. | Lim & Tan Securities Pte Ltd | 5,168,100 | 0.61 |
| 13. | OCBC Nominees Singapore Pte Ltd | 4,675,572 | 0.56 |
| 14. | Han Seng Juan | 4,530,700 | 0.54 |
| 15. | OCBC Securities Private Ltd | 3,600,426 | 0.43 |
| 16. | Phillip Securities Pte Ltd | 2,596,661 | 0.31 |
| 17. | Lee Kerk Chong | 2,466,271 | 0.29 |
| 18. | Lee Joh Ern | 2,295,625 | 0.27 |
| 19. | Ho Han Khoon | 2,010,000 | 0.24 |
| 20. | Yuan Xiaomin | 1,804,300 | 0.21 |
| | Total | <u>742,560,370</u> | <u>88.32</u> |

STATISTICS OF SHAREHOLDINGS

As at 4 March 2019

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

| | Direct Interest | | Deemed Interest | | Total Interest | |
|---|-----------------|------------------|-----------------|------------------|----------------|------------------|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ |
| Centurion Properties Pte Ltd ⁽²⁾ | 445,756,126 | 53.02 | - | - | 445,756,126 | 53.02 |
| Centurion Global Ltd ⁽³⁾ | - | - | 445,756,126 | 53.02 | 445,756,126 | 53.02 |
| Loh Kim Kang David ⁽⁴⁾ | 31,787,150 | 3.78 | 445,956,126 | 53.04 | 477,743,276 | 56.82 |
| Han Seng Juan ⁽⁵⁾ | 27,674,500 | 3.29 | 453,703,626 | 53.96 | 481,378,126 | 57.25 |
| Teo Peng Kwang ⁽⁶⁾ | 63,723,330 | 7.58 | - | - | 63,723,330 | 7.58 |

Notes:

- (1) Based on **840,778,624** issued ordinary shares (excluding treasury shares) as at 4 March 2019.
- (2) Of the 445,756,126 Shares held by Centurion Properties Pte Ltd ("**Centurion Properties**"), 310,000,000 Shares are registered in the name of DB Nominees (S) Pte Ltd, 135,000,000 Shares are registered in the name of DBSN Services Pte Ltd and 756,126 Shares are registered in its own name.
- (3) Centurion Properties is a wholly-owned subsidiary of Centurion Global Ltd ("**Centurion Global**"). Centurion Global is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties.
- (4) Loh Kim Kang David ("**Mr Loh**") holds a 50% shareholding interest in Centurion Global. Centurion Properties is a wholly-owned subsidiary of Centurion Global. Mr Loh is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties. Mr Loh also has a deemed interest in 200,000 Shares held by his spouse, Wong Wan Pei.

Of the 31,787,150 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, 10,124,000 Shares are registered in the name of CGS-CIMB Securities (Singapore) Pte Ltd, 2,936,000 Shares are registered in the name of CGS-CIMB Securities (Hong Kong) Limited, 409,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited and 101,400 Shares are registered in his own name.

- (5) Han Seng Juan ("**Mr Han**") holds a 50% shareholding interest in Centurion Global. Mr Han is, therefore, deemed to be interested in 445,756,126 Shares held by Centurion Properties, a wholly-owned subsidiary of Centurion Global. 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 27,674,500 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, 3,239,000 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, 829,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited, 3,063,500 Shares are registered in the name of Maybank Kim Eng Securities Pte Ltd and 4,530,800 Shares are registered in his own name.

- (6) Of the 63,723,330 Shares held by 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.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 4 March 2019, approximately 31.03% of the total number of issued shares of the Company are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual and Rule 8.08 of the SEHK Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING

CENTURION CORPORATION LIMITED

勝捷企業有限公司 *
 (Incorporated in the Republic of Singapore)
 (Co Reg No: 198401088W)
 (SEHK Stock Code: 6090)
 (SGX Stock Code: OU8)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **CENTURION CORPORATION LIMITED** (the “Company”) will be held: (a) in Singapore, at Topaz All, Level 2, Sheraton Towers Singapore Hotel, 39 Scotts Road, Singapore 228230 (for Singapore Shareholders); and (b) in Hong Kong, via video-conferencing at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (for Hong Kong Shareholders) on 25 April 2019 (Thursday) at 10:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2018 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final dividend of 1.0 Singapore cent per ordinary share, on a one-tier tax exempt basis, for the financial year ended 31 December 2018. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to the Company’s Constitution:
 - (a) Mr. Teo Peng Kwang as Executive Director (Regulation 88)
[See Explanatory Note (i)] **(Resolution 3)**
 - (b) Mr. Loh Kim Kang David as Non-Executive Director (Regulation 89)
[See Explanatory Note (ii)] **(Resolution 4)**
 - (c) Mr. Chandra Mohan s/o Rethnam as Independent Non-Executive Director (Regulation 89)
[See Explanatory Note (iii)] **(Resolution 5)**
 - (d) Ms. Tan Poh Hong as Independent Non-Executive Director (Regulation 88)
[See Explanatory Note (iv)] **(Resolution 6)**
4. To approve the payment of Directors’ fees of S\$457,450 for the financial year ended 31 December 2018 (FY2017: S\$422,450). **(Resolution 7)**
5. To re-appoint PricewaterhouseCoopers LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

* for identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

7. Share Issue Mandate

“That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore (the “**Companies Act**”), Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**SEHK**”), the Directors of the Company be authorised and empowered to:

- A. (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise, and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

- B. (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST and SEHK) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, 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 which are outstanding or subsisting at the time of the passing of this Resolution; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST and the Listing Rules of the SEHK for the time being in force (unless such compliance has been waived by the SGX-ST and SEHK) and the Constitution for the time being of the Company; and
- (4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

[See Explanatory Note (v)]

(Resolution 9)

8. Renewal of Share Purchase Mandate

“That:

- (a) for the purposes of the Companies Act, the exercise by the Directors of the Company of all the powers to purchase or otherwise acquire issued shares in the capital of the Company from time to time of not exceeding in aggregate the Prescribed Limit (as hereinafter defined) at the price of up to but not exceeding the Maximum Price (as hereinafter defined), whether by way of:
 - (i) on-market purchases (each an **“On-Market Share Purchase”**) on the SGX-ST and/or SEHK, through the ready markets, through one or more duly licensed stock brokers appointed by the Company for such purpose; and/or
 - (ii) off-market purchases (each an **“Off-Market Share Purchase”**) effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of the Companies Act, Listing Manual of the SGX-ST and Listing Rules of the SEHK, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **“Share Purchase Mandate”**);

- (b) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company 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 earliest of:
 - (i) the date on which the next Annual General Meeting of the Company is held; or
 - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or
 - (iii) the date on which the purchases of shares by the Company have been carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purpose of this Resolution:

“Prescribed Limit” means ten percent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution; and

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

- (i) in the case of an On-Market Share Purchase, one hundred and five percent (105%) of the Average Closing Price (as hereinafter defined); and
- (ii) in the case of an Off-Market Share Purchase, one hundred and twenty percent (120%) of the Average Closing Price,

where:

“Average Closing Price” means the average of the closing market prices of a share of the Company over the last five (5) Market Days (**“Market Day”** being a day on which the SGX-ST or the SEHK, as the case may be, is open for securities trading), on which transactions in the shares of the Company were recorded, immediately preceding the date of making the On-Market Share Purchase, or, as the case may be, the date of making an announcement for an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

- (d) the Directors of the Company and each of them be and are hereby authorised to deal with the shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as they or he may think fit, which is allowable under the Companies Act, Listing Manual of the SGX-ST and the Listing Rules of the SEHK; and
- (e) the Directors of the Company and each 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 or he may consider expedient, necessary, incidental or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.”

[See Explanatory Note (vi)]

(Resolution 10)

By Order of the Board

Hazel Chia Luang Chew
Juliana Tan Beng Hwee
Company Secretaries

Singapore, 22 March 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Ordinary Resolution 3 is to re-elect Mr. Teo Peng Kwang (“**Mr. Teo**”) as an Executive Director of the Company. Mr. Teo will, upon re-election, remain as Executive Director. He is also the Chief Operating Officer – Accommodation Business and a substantial shareholder of the Company. There are no relationships (including immediate family relationships) between Mr. Teo and the other Directors, the Company or its ten percent (10%) shareholders.
- (ii) Ordinary Resolution 4 is to re-elect Mr. Loh Kim Kang David (“**Mr. Loh**”) as a Non-Executive Director of the Company. Mr. Loh will, upon re-election, remain as Non-Executive Director. He is a controlling shareholder of the Company. Save as disclosed in the Company’s Annual Report and the circular to the shareholders accompanying this Notice of Annual General Meeting (the “**Circular**”), there are no relationships (including immediate family relationships) between Mr. Loh and the other Directors or the Company.
- (iii) Ordinary Resolution 5 is to re-elect Mr. Chandra Mohan s/o Rethnam (“**Mr. Mohan**”) as an Independent Non-Executive Director of the Company. Mr. Mohan will, upon re-election, remain as Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee. He is considered independent for the purposes of Rule 210(5)(d) and Rule 704(8) of the Listing Manual of the SGX-ST and Rule 3.13 of the Listing Rules of the SEHK. There are no relationships (including immediate family relationships) between Mr. Mohan and the other Directors, the Company or its ten percent (10%) shareholders.
- (iv) Ordinary Resolution 6 is to re-elect Ms. Tan Poh Hong (“**Ms. Tan**”) as an Independent Non-Executive Director of the Company. Ms. Tan will, upon re-election, remain as Independent Non-Executive Director and a member of the Nominating Committee and the Remuneration Committee. She is considered independent for the purpose of Rule 210(5)(d) of the Listing Manual of the SGX-ST and Rule 3.13 of the Listing Rules of the SEHK. There are no relationships (including immediate family relationships) between Ms. Tan and the other Directors, the Company or its ten percent (10%) shareholders.
- (v) Ordinary Resolution 9, if passed, will empower the Directors of the Company from the date of the forthcoming Annual General Meeting until the date of the next Annual General Meeting to issue shares and/or to make or grant Instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such Instruments, up to a number not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company.
- (vi) Ordinary Resolution 10, if passed, will empower the Directors of the Company from the date of the forthcoming Annual General Meeting until the date of the next Annual General Meeting to purchase issued ordinary shares of the Company by way of On-Market Share Purchase or Off-Market Share Purchase of not exceeding in aggregate the Prescribed Limit at the Maximum Price in accordance with the terms and conditions set out in the Circular, the Companies Act, the Listing Manual of the SGX-ST and the Listing Rules of the SEHK. Please refer to the Circular for details.

* Information on the Directors who are proposed to be re-elected can be found under the section entitled “Board of Directors” in the Annual Report and also in the Circular.

NOTICE OF ANNUAL GENERAL MEETING

Notes -

1. (a) A member of the Company (“**Member**”) who is not a relevant intermediary* or a clearing house (or its nominee(s)) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting (“**AGM**”).
- (b) A Member who is a relevant intermediary* or a clearing house (or its nominee(s)) is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member.

* “Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a Member.
3. If the appointor is a corporation, the instrument appointing a proxy or proxies must be executed under seal or the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 45 Ubi Road 1, #05-01, Singapore 408696 (for Singapore shareholders), or at the office of the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong (for Hong Kong shareholders), not less than seventy-two (72) hours before the time appointed for holding the AGM.
5. The Hong Kong branch share register will be closed from 18 April 2019 to 25 April 2019, both days inclusive, during which period no transfer of shares will be registered, for determining the entitlement to attend and vote at the AGM to be held on 25 April 2019. All transfers of shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 pm on 17 April 2019.

Personal data privacy:

“Personal data” has the same meaning ascribed to it in the Personal Data Protection Act 2012 of Singapore, which includes name, address, NRIC/passport number of a Member and proxy(ies) and/or representative(s) of a Member.

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Member (i) consents to the collection, use and disclosure of the Member’s personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the Member discloses the personal data of the Member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member’s breach of warranty. In addition, by attending the AGM and/or any adjournment thereof, a Member consents to the collection, use and disclosure of the Member’s personal data by the Company (or its agents or service providers) for any of the Purposes.

CENTURION CORPORATION LIMITED**勝捷企業有限公司***

(Incorporated in the Republic of Singapore)
 (Co. Reg. No.: 198401088W)
 (SEHK Stock Code: 6090)
 (SGX Stock Code: OU8)

ANNUAL GENERAL MEETING**PROXY FORM**

(Please read notes overleaf before completing this form)

IMPORTANT:

1. A clearing house, or a relevant intermediary (as defined in Section 181 of the Companies Act (Cap. 50) of Singapore may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy ordinary shares in the capital of Centurion Corporation Limited, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

I/We, _____ (Name) _____ (NRIC/HKID/Passport/Registration No.)

of _____ (Address)

being a member/members of **CENTURION CORPORATION LIMITED** (the "Company"), hereby appoint:

| Name | NRIC/HKID/Passport No. | Proportion of Shareholdings | |
|---------|------------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

and/or (delete as appropriate)

| Name | NRIC/HKID/Passport No. | Proportion of Shareholdings | |
|---------|------------------------|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held: (a) in Singapore, at Topaz All, Level 2, Sheraton Towers Singapore Hotel, 39 Scotts Road, Singapore 228230 (for Singapore shareholders); and (b) in Hong Kong, via video-conferencing at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong shareholders) on 25 April 2019 (Thursday) at 10:00 am and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided below. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the relevant boxes provided below.)

| No. | Resolutions relating to: | Number of Votes For | Number of Votes Against |
|--------------------------|--|---------------------|-------------------------|
| Ordinary Business | | | |
| 1 | Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 and the Auditors' Report thereon | | |
| 2 | Payment of proposed final dividend | | |
| 3 | Re-election of Mr. Teo Peng Kwang as Executive Director | | |
| 4 | Re-election of Mr. Loh Kim Kang David as Non-Executive Director | | |
| 5 | Re-election of Mr. Chandra Mohan s/o Rethnam as Independent Non-Executive Director | | |
| 6 | Re-election of Ms. Tan Poh Hong as Independent Non-Executive Director | | |
| 7 | Approval of Directors' fees of S\$457,450 for the financial year ended 31 December 2018 | | |
| 8 | Re-appointment of PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration | | |
| Special Business | | | |
| 9 | Share Issue Mandate | | |
| 10 | Renewal of Share Purchase Mandate | | |

* for identification purpose only

Dated this _____ day of _____ 2019

| Total Number of Shares in: | Number of Shares |
|----------------------------|------------------|
| (a) Depository Register | |
| (b) Register of Members | |

Signature of Member(s) or Common Seal

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

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 Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. (a) A member who is not a relevant intermediary is entitled to appoint one (1) or two (2) proxies to attend, speak and vote at the Meeting. Where such member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of the shareholding concerned (expressed as a percentage of the whole) to be represented by each proxy.
(b) A clearing house, or a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the 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 appoints more than two (2) proxies, the appointment shall be invalid unless the member specifies the number and class of shares in relation to which each proxy has been appointed.
“Relevant intermediary” means:
 - * a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - * a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
 - * the Central Provident Fund Board (“CPF Board”) established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a member of the Company.
4. Completion and return of this instrument appointing a proxy or proxies by a member shall not prevent him/her from attending and voting at the Meeting if he/she so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy or proxies to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 45 Ubi Road 1, #05-01, Singapore 408696 (for Singapore shareholders), or at the office of the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong (for Hong Kong shareholders), not less than 72 hours before the time appointed for holding the Meeting, failing which the instrument may be treated as invalid.
6. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged together with the instrument.
7. 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 Section 179 of the Companies Act (Cap. 50) of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment). 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/her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited or a clearing house to the Company. A depositor shall not be regarded as a member of the Company entitled to attend the Meeting and to speak and vote thereat unless his/her name appears on the Depository Register as at 72 hours before the time set for the Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member(s) accept(s) and agree(s) to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 March 2019.