# Tuan Sing Holdings Limited

2018 ANNUAL REPORT

## SPEARHEADING GROWTH

The design for this cover reflects the Company's vision for continuous growth by focusing on our strength in property development and expanding to mixed development projects. It also focuses on being sustainable towards the community and the planet. The Company shall focus on delivering top quality products and services to maintain long term. The use of clean, minimal, graphic lines against the white space echoes the Company's principles and values.

DESIGN CONCEPT *for this year's Annual Report*

Financial data in this report are stated in Singapore dollars unless otherwise indicated.

**All information in this annual report is available for downloading as PDF files, in full or by sections, at our website.** In addition, our website contains financial information for downloading in Excel format and hyperlinks to other web pages which might be of interest to you. Quarterly financial results, presentation slides, press releases and announcements are also available at our website.

# INSIDE OUR REPORT

*7 levels of elegant commercial space at 18 Robinson, Singapore*

# MESSAGE TO SHAREHOLDERS

*18 Robinson is a stunning 28-storey integrated development in the Central Business District of Singapore*

**"We recorded net profit attributable to shareholders of $134.4 million. We are in the process of repositioning ourselves into a regional real estate player with multiple asset classes including hospitality, residential and retail"**

## Dear shareholders,

On behalf of the Board of Directors, we are pleased to present Tuan Sing's Annual Report and Financial Statements for the year ended 31 December 2018.

### PERFORMANCE DURING THE YEAR

We ended the year with a net profit attributable to shareholders of **$134.4 million**, an increase of 115% as compared with 2017. This included a fair value gain on investment properties of $113.1 million, which was derived mainly from a valuation gain as redevelopment of 18 Robinson was completed. Accordingly, earnings per share rose to **11.3 cents** from 5.3 cents a year earlier, while net asset value per share increased to **92.2 cents** as at 31 December 2018, from 83.4 cents a year ago.

In June 2018, we completed the acquisition of about 85 hectares of land in Batam through a 90% stake in PT Goodworth Investments. In August 2018, we also completed the acquisition of the land bank at 333 Thomson Road, a freehold site of about 5,331 square metres. We formed a 70:30 joint venture with Rich Capital Realty Pte. Ltd. to develop the residential site. In September 2018, we took a 7.8% stake in Sanya Summer Real Estate Co. Ltd., a Hainan-based property developer with plans to build an integrated development of 2.6 million square feet next to Sanya High-Speed Railway Station and proposed bus interchange. Overall, the Group has performed well despite cooling measures introduced by the Singapore government in July 2018.

For a more detailed discussion, please refer to the "CEO's Review of Operations" on pages 22-23 and the "Review of Financial Performance" on pages 34-39 of this Annual Report.

### DELIVERING VALUE FOR STAKEHOLDERS

The Board proposes a one-tier tax-exempt dividend of **0.9 cent per share**, comprising 0.6 cent per share for the first and final dividends and 0.3 cent per share for a special dividend. This would be 50% higher than the 0.6 cent per share declared for the previous year. If approved at the Annual General Meeting on 24 April 2019, it will be paid on 26 June 2019. Shareholders may elect to receive their dividend in the form of shares under the Scrip Dividend Scheme so as to grow with the Company.

# MESSAGE TO SHAREHOLDERS


*The integrated development in Sanya, China will serve as a transportation node, with connections to the Sanya High-Speed Railway Station*

We have included an enhanced sustainability section in this Annual Report, so stakeholders can learn more about the Board's sustainability policy and the results achieved by the Company in fulfilling its role as a responsible corporate citizen.

## UPHOLDING EXCELLENCE AND PRESSING FORWARD

In 2018, Tuan Sing was a Runner-up for the Shareholder Communications Excellence Awards in the mid-capitalisation category, presented by the Security Investors Association (Singapore) as part of its Investors' Choice Awards. Meanwhile, Grand Hyatt Melbourne was named Best Luxury Hotel for Australia during the International Luxury Hotel Awards. Other accolades accorded to the Group have been set out on page 14 of this Annual Report.

As we mark our Golden Jubilee in 2019, we will press ahead with efforts to build on our core property business and to enhance our development properties in Singapore and Australia. To kick off the year, 18 Robinson obtained its Temporary Occupation Permit in January 2019, while upgrading works for the 896 Dunearn Road property and early contractor involvement work for Hyatt Centre in Perth, Australia, have begun.

In 2019, we will continue to exercise prudence, while remaining agile and resilient as we seek out potential investment opportunities that will add lasting value.

## TRIBUTE AND THANKS

We express our deepest gratitude to the Directors, the management and staff, business associates, investors and all other stakeholders for their continued faith in the Company. We are confident that, with their support, Tuan Sing can ride out any challenges ahead, even as we strengthen our efforts to secure long-term growth and sustainability. Last but not least, we look forward to meeting with our shareholders at the upcoming Annual General Meeting on 24 April 2019.

**Ong Beng Kheong**
Chairman

**William Nursalim alias William Liem**
Chief Executive Officer

# OUR VISION

CREATING **A CLEAR DISTINCTION**

# OUR MISSION

BE A **“NUCLEUS OF GROWTH”**, DEVELOPING AND STRENGTHENING CORE BUSINESSES TO CREATE VALUE FOR ALL STAKEHOLDERS

# OUR CORPORATE PROFILE

Tuan Sing Holdings Limited is a fast-growing, diversified regional investment holding company with interests mainly in property development, property investment and hotel ownership.

Over the years, the Group has developed a portfolio of strategically located real estate assets not only in Singapore but across the region, establishing a reputation for delivering high-quality and iconic developments.

Other key investments include a 80.2% stake in SP Corporation Limited ("SP Corp"), a SGX-ST listed subsidiary, as well as a 97.9% stake in Hypak Sdn Berhad ("Hypak"). SP Corp is engaged primarily in commodities trading, while Hypak is in the business of manufacturing and marketing polypropylene packaging bags in Malaysia.

Tuan Sing also holds a 44.5% interest in Gul Technologies Singapore Pte. Ltd., a printed circuit board manufacturer, and a 49% stake in Pan-West (Private) Limited, a retailer of golf-related products.

Set to mark its Golden Jubilee in 2019, the Group has embarked on a strategic business transformation to reposition itself from a niche developer to a major regional player with a presence in commercial, residential and hospitality properties in key cities across the Asia-Pacific, particularly in Singapore, China, Indonesia and Australia. Leveraging on its strengths and track record in property development and investment across a diverse range of property segments, Tuan Sing intends to participate in large-scale integrated developments and townships as it enters the next phase of growth.

# OUR VALUE STATEMENT

## BUILDING VALUE AND TARGETING GROWTH


# OUR BUSINESS STRATEGY

## BUILDING ON FUNDAMENTALS AND DRIVING SUSTAINABLE GROWTH

- Scaling up and strengthening the "Tuan Sing" brand
- Delivering inspiring, iconic and high-quality properties
- Seeking opportunities to grow businesses regionally
- Balancing the property portfolio to minimise volatility in earnings

# OUR COMPETITIVE EDGE

## DISTINGUISHING OURSELVES WITH UNIQUE STRENGTHS

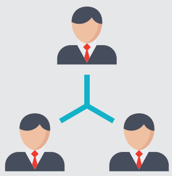
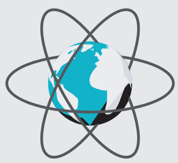
- Proven track record of creating award-winning projects
- Demonstrated ability to create visually exciting and livable architectural designs
- Strategically located 5-star rated hotel properties in Australia
- Diversified property portfolio designed to create sustainable income streams
- Competent, experienced and dedicated Board of Directors and management team

# OUR BUSINESS PHILOSOPHY

## “OUR BUSINESS MODEL SEEKS TO CREATE VALUE FOR STAKEHOLDERS IN A SUSTAINABLE WAY”

### OUR RESOURCES

- Brand name
- Strong customer relationships
- Financial capital
- Source of funding
- Human capital
- Alliances and associations
- Technology and infrastructure

| HOW WE CREATE VALUE – OUR BUSINESS MODEL | OUR STAKEHOLDERS |
|---|---|
| Deliver long-term and sustainable returns to shareholders through<br>• Maintaining profitability with reduced volatility<br>• Appropriate use of capital leverage to enhance returns<br>• Good corporate governance and sound risks management | INVESTORS<br> |
| Offer ample opportunities to develop employees’ potential while taking care of their well-being and work-family balance through<br>• Career growth and rotation where appropriate<br>• Competitive compensation and rewarding opportunities<br>• Safe working environment | EMPLOYEES<br> |
| Create customer value and pleasant experience through<br>• Quality products at competitive pricing<br>• Sustainable products including development of green buildings<br>• Reliable and enlightening customer service | CUSTOMERS<br> |
| Treat partners as equal through<br>• Upholding the principles of ethical and fair trading<br>• Proactive engagement for mutual benefits<br>• Strong and long-term relationships | BUSINESS PARTNERS<br> |
| Care for and contribute to the economic, environmental and social development of the communities through<br>• Striking a balance between economic objectives and environmental sustainability<br>• Continual improvement on environmental, health and safety practices<br>• Economic and social contributions, including jobs, local procurement, taxes and communities engagement | COMMUNITY<br> |

# FINANCIAL HIGHLIGHTS

**"Profit attributable to shareholders increased 115% to $134.4 million"**

| FOR THE YEAR ($'000) | 2018 | 2017 (Restated) |
|---|---|---|
| Revenue | 336,108 | 355,964 |
| Revenue (including equity-accounted investees) | 799,662 | 770,884 |
| Profit | | |
| – Before tax and fair value adjustments | 25,715 | 23,191 |
| – Before tax | 138,799 | 68,005 |
| – After tax | 134,609 | 62,744 |
| Profit attributable to shareholders | | |
| – Before fair value adjustments | 21,292 | 17,818 |
| – After fair value adjustments | 134,376 | 62,632 |
| Total comprehensive income attributable to shareholders | 122,271 | 72,078 |
| Operating cash flow | (93,904) | 101,515 |
| Free cash flow[1] | (212,919) | (341,293) |

| AT YEAR END ($'000) | | |
|---|---|---|
| Total assets | 2,917,386 | 2,642,485 |
| Total liabilities | 1,808,922 | 1,642,266 |
| Total borrowings | 1,630,441 | 1,458,120 |
| Net borrowings | 1,497,434 | 1,241,277 |
| Working capital | (388,420) | 87,700 |
| Shareholders' funds | 1,093,452 | 989,591 |
| Total equity | 1,108,464 | 1,000,219 |

| FINANCIAL RATIOS | | |
|---|---|---|
| Return on assets (%)[2] | 4.8% | 2.6% |
| Return on shareholders' funds (%)[3] | 12.9% | 6.5% |
| Return on total equity (%) | | |
| – Before tax and fair value adjustments | 2.4% | 2.4% |
| – Before tax | 13.2% | 7.0% |
| – After tax | 12.8% | 6.5% |
| Debt-equity ratio (times)[4] | | |
| – Gross gearing | 1.47X | 1.46X |
| – Net gearing | 1.35X | 1.24X |

| SHAREHOLDERS' RETURN | | |
|---|---|---|
| Earnings per share (cents) | | |
| – Before fair value adjustments | 1.9 | 1.8 |
| – After fair value adjustments | 11.3 | 5.3 |
| Net asset value per share (cents) | 92.2 | 83.4 |
| Proposed first and final dividend per share (cent) | 0.6 | 0.6 |
| Proposed special dividend per share (cent) | 0.3 | – |
| Total dividend payout ($'000) | 10,678 | 7,122 |
| Dividend payout ratio[5] | 50.2% | 40.0% |
| Dividend yield[6] | 2.2% | 1.7% |

**Definitions:**

1. Free cash flow = operating cash flow + investing cash flow
2. Return on assets = profit after tax/ average total assets
3. Return on shareholders' funds = profit attributable to shareholders/average shareholders' funds
4. Gross gearing = total borrowings/total equity; Net gearing = net borrowings/ total equity
5. Dividend payout ratio = total dividend payout/profit before fair value adjustments attributable to shareholders
6. Dividend yield = dividend per share/ average share price during the year

# QUARTERLY RESULTS

## FIRST QUARTER

For the first quarter ("1Q"), the Group reported revenue of $76.5 million, an increase of 2% as compared to $74.8 million in 1Q2017. The increase was mainly attributable to higher revenue recorded in Industrial Services segment. Net profit attributable to shareholders was $8.2 million, an increase of $2.9 million or 53% as compared with $5.3 million in 1Q2017. The increase mainly arose from a one-off $3.9 million gain on divestment of a subsidiary in China. Earnings per share stood at 0.7 cent for the first quarter as compared to 0.4 cent a year earlier.

## SECOND QUARTER

For the second quarter ("2Q"), the Group reported revenue of $81.7 million, a decrease of 3% as compared to $84.1 million in 2Q2017. The decrease was mainly due to lower sales of residential development projects and lower revenue from the hotels business, partially offset by higher revenue from the Industrial Services segment. Net profit attributable to shareholders was $3.0 million, an increase of $1.2 million or 70% as compared with $1.8 million in 2Q2017. The increase mainly arose from a one-off $3.9 million gain on divestment of a subsidiary in China. Earnings per share stood at 0.3 cent for the second quarter as compared to 0.2 cent a year earlier.

## THIRD QUARTER

For the third quarter ("3Q"), the Group reported revenue of $94.6 million, a decrease of 6% as compared to $101.0 million in 3Q2017. The decrease was mainly due to lower sales of residential development projects and lower contributions from the Group's hotels business. The decrease was partially offset by higher revenue in the Industrial Services segment. Net profit attributable to shareholders was $3.8 million, a decrease of $2.0 million or 35% as compared with $5.8 million in 3Q2017. The decrease was mainly due to the absence of a one-off liquidated damages of $2.9 million received in 3Q2017. Earnings per share stood at 0.3 cent for the third quarter as compared to 0.5 cent a year earlier.

## FOURTH QUARTER

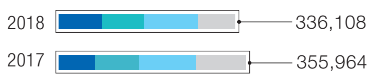
For the fourth quarter ("4Q"), the Group reported revenue of $83.3 million, a decrease of 13% as compared to $96.1 million in 4Q2017. The decrease was mainly due to lower sales of residential development projects and a decrease of revenue from the hotels business. Net profit attributable to shareholders was $119.5 million, an increase of $69.7 million or 140% as compared with $49.8 million in 4Q2017. The increase was mainly attributable to a higher fair value gain of $68.6 million arising from the revaluation of investment properties. Earnings per share stood at 10.0 cents for the fourth quarter as compared to 4.2 cents a year earlier.

| 2018 QUARTERLY RESULTS ($'000) | 1Q | 2Q | 3Q | 4Q | TOTAL |
|---|---|---|---|---|---|
| Revenue | 76,470 | 81,663 | 94,646 | 83,329 | 336,108 |
| Profit | | | | | |
| – Before tax and fair value adjustments | 9,664 | 4,309 | 5,174 | 6,568 | 25,715 |
| – Before tax | 9,597 | 4,178 | 5,207 | 119,817 | 138,799 |
| – After tax | 8,174 | 3,082 | 3,846 | 119,507 | 134,609 |
| Profit attributable to shareholders | 8,159 | 2,985 | 3,767 | 119,465 | 134,376 |
| Earnings per share (cents) | 0.7 | 0.3 | 0.3 | 10.0 | 11.3 |

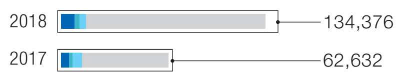
| 2017 (RESTATED) QUARTERLY RESULTS ($'000) | 1Q | 2Q | 3Q | 4Q | TOTAL |
|---|---|---|---|---|---|
| Revenue | 74,796 | 84,096 | 101,001 | 96,071 | 355,964 |
| Profit | | | | | |
| – Before tax and fair value adjustments | 6,282 | 2,451 | 7,016 | 7,442 | 23,191 |
| – Before tax | 6,297 | 2,331 | 7,037 | 52,340 | 68,005 |
| – After tax | 5,253 | 1,741 | 5,855 | 49,895 | 62,744 |
| Profit attributable to shareholders | 5,317 | 1,757 | 5,788 | 49,770 | 62,632 |
| Earnings per share (cents) | 0.4 | 0.2 | 0.5 | 4.2 | 5.3 |

*Note: Discrepancy in the values or percentages in the above table, if any, is due to rounding.*

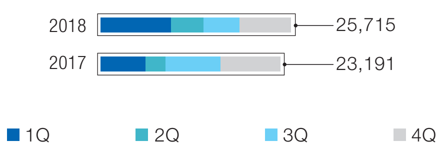
**REVENUE** ($'000)




**PROFIT ATTRIBUTABLE TO SHAREHOLDERS** ($'000)




**PROFIT BEFORE TAX AND FAIR VALUE ADJUSTMENTS** ($'000)



# FIVE-YEAR PERFORMANCE

**"In the region, the Group will continue to identify suitable opportunities to grow its portfolio of well-located assets, and explore meaningful partnerships and collaborations"**

| | 2018 | 2017 (Restated) | 2016 (Restated)[(a)] | 2015 | 2014 |
|---|---|---|---|---|---|
| **FOR THE YEAR ($'000)** | | | | | |
| Revenue | 336,108 | 355,964 | 404,018 | 677,122 | 354,765 |
| Profit before tax | 138,799 | 68,005 | 40,078 | 80,654 | 75,973 |
| Income tax | (4,190) | (5,261) | (6,272) | (11,535) | (14,387) |
| Profit after tax | 134,609 | 62,744 | 33,806 | 69,119 | 61,586 |
| Profit attributable to: | | | | | |
| Shareholders of the Company | 134,376 | 62,632 | 33,585 | 68,833 | 61,169 |
| Non-controlling interests | 233 | 112 | 221 | 286 | 417 |
| | 134,609 | 62,744 | 33,806 | 69,119 | 61,586 |
| **AT YEAR END ($'000)** | | | | | |
| Property, plant and equipment | 425,944 | 446,749 | 422,921 | 395,149 | 397,886 |
| Investment properties | 1,742,662 | 1,592,687 | 1,108,652 | 1,076,909 | 1,082,932 |
| Development properties | 358,530 | 188,680 | 183,232 | 336,132 | 414,153 |
| Investments in equity-accounted investees | 117,914 | 93,185 | 83,579 | 71,511 | 62,981 |
| Cash and bank balances | 133,007 | 216,843 | 163,688 | 141,717 | 252,270 |
| Other assets | 139,329 | 104,341 | 164,991 | 141,087 | 96,100 |
| Total assets | 2,917,386 | 2,642,485 | 2,127,063 | 2,162,505 | 2,306,322 |
| Shareholders' funds | 1,093,452 | 989,591 | 923,402 | 876,805 | 802,918 |
| Non-controlling interests | 15,012 | 10,628 | 11,034 | 10,652 | 10,129 |
| Total borrowings | 1,630,441 | 1,458,120 | 1,020,793 | 1,106,334 | 1,344,872 |
| Other liabilities | 178,481 | 184,146 | 171,834 | 168,714 | 148,403 |
| Total liabilities and equity | 2,917,386 | 2,642,485 | 2,127,063 | 2,162,505 | 2,306,322 |
| **FINANCIAL RATIOS** | | | | | |
| Return on assets[1] | 4.8% | 2.6% | 1.6% | 3.1% | 3.0% |
| Return on shareholders' funds[2] | 12.9% | 6.5% | 3.7% | 8.2% | 7.9% |
| Interest coverage ratio[3] | 3.7X | 2.7X | 2.2X | 3.1X | 5.1X |
| Interest coverage ratio[3] – before fair value adjustments | 1.4X | 1.5X | 2.1X | 3.3X | 4.7X |
| Gross gearing[4] | 1.47X | 1.46X | 1.09X | 1.25X | 1.65X |
| Net gearing[5] | 1.35X | 1.24X | 0.92X | 1.09X | 1.34X |
| **SHAREHOLDERS' RETURN** | | | | | |
| Earnings per share (cents) | 11.3 | 5.3 | 2.8 | 5.8 | 5.2 |
| Net asset value per share (cents) | 92.2 | 83.4 | 78.1 | 74.4 | 68.3 |
| Dividend per share[6] (cent) | 0.9 | 0.6 | 0.6 | 0.6 | 0.5 |
| Total dividend payout ($'000) | 10,678 | 7,122 | 7,097 | 7,073 | 5,881 |

**Definitions:**
1. Return on assets = profit after tax/average total assets
2. Return on shareholders' funds = profit attributable to shareholders/average shareholders' funds
3. Interest coverage ratio = profit before interest & tax/interest on borrowings including amounts capitalised as project costs
4. Gross gearing = total borrowings/total equity
5. Net gearing = net borrowings/total equity
6. Dividend per share for FY2018 includes an additional special dividend of 0.3 cent per share

(a) Statement of Financial Position as at 1 January 2017 was restated with the transition to SFRS(I).

# FIVE-YEAR PERFORMANCE

## FIVE-YEAR PERFORMANCE – BUSINESS SEGMENT

| | 2018 | % | 2017 (Restated) | % | 2016 | % | 2015 | % | 2014 | % |
|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUE BY BUSINESS SEGMENT ($'000)** | | | | | | | | | | |
| Property | 83,019 | 25% | 101,345 | 28% | 148,899 | 37% | 422,750 | 62% | 203,022 | 57% |
| Hotels Investment[1] | 109,714 | 32% | 119,750 | 34% | 121,749 | 30% | 126,788 | 19% | 12,023 | 3% |
| Industrial Services[3] | 144,828 | 43% | 136,119 | 38% | 134,148 | 33% | 128,342 | 19% | 140,347 | 40% |
| Corporate and Others[4] | (1,453) | * | (1,250) | * | (778) | * | (758) | * | (627) | * |
| **Total** | 336,108 | 100% | 355,964 | 100% | 404,018 | 100% | 677,122 | 100% | 354,765 | 100% |
| **PROFIT ATTRIBUTABLE TO SHAREHOLDERS BY BUSINESS SEGMENT ($'000)** | | | | | | | | | | |
| Property | 127,504 | 95% | 55,340 | 88% | 13,124 | 39% | 50,747 | 74% | 36,580 | 60% |
| Hotels Investment[1] | 4,954 | 4% | 4,730 | 8% | 6,675 | 20% | 9,531 | 14% | 12,962 | 21% |
| Industrial Services[3] | 853 | 1% | 307 | * | 1,331 | 4% | 999 | 1% | 1,409 | 2% |
| Other Investments[2] | 19,301 | 14% | 15,966 | 25% | 12,256 | 36% | 6,680 | 10% | 11,539 | 19% |
| Corporate and Others[4] | (18,236) | (14%) | (13,711) | (21%) | 199 | 1% | 876 | 1% | (1,321) | (2%) |
| **Total** | 134,376 | 100% | 62,632 | 100% | 33,585 | 100% | 68,833 | 100% | 61,169 | 100% |

* Less than 1%

**Notes:**

1. Revenue reported under "Hotels Investment" relates to Grand Hotel Group's results after it became 100%-owned on 2 December 2014. Before that, the Group equity accounted for its 50% interest in Grand Hotel Group.
2. No revenue is reported under "Other Investments" as the Group equity accounts for its investment in Gul Technologies Singapore Pte. Ltd., Pan-West (Private) Limited and Sanya Summer Real Estate Co. Ltd..
3. The Tyre Distribution Unit included in the "Industrial Services" Segment discontinued its operations as at 31 December 2017. The discontinued operations contributed revenue of $6.7 million (2016: $16.3 million), gross profit of $1.0 million (2016: $2.6 million), loss before tax of $1.5 million (2016: $0.9 million) and loss after tax of $1.2 million (2016: $0.7 million) for the year ended 31 December 2017.
4. "Corporate and Others" refers to the aggregation of provision of corporate-level services by the Company to various subsidiaries and charged as such. They are eliminated at the Group level upon consolidation.

# FIVE-YEAR PERFORMANCE

**2018**

Tuan Sing reported revenue of $336.1 million, down 6%, as compared with $356.0 million a year earlier. The drop was due to lower sales of residential development projects and a decrease in revenue from the hotels business. Profit after tax and fair value adjustment rose 115% to $134.6 million. The increase was attributable mainly to a higher fair value gain of $68.6 million arising from the revaluation of investment properties, as well as a one-off $3.9 million gain arising from the divestment of a subsidiary in China and higher profits from Gul Technologies Singapore Pte. Ltd., which were offset by the absence of liquidated damages of $2.9 million received in FY2017. Correspondingly, net profit attributable to shareholders rose 115% to $134.4 million.

Earnings per share increased to 11.3 cents as compared with 5.3 cents a year earlier. Net asset value per share was 92.2 cents as at 31 December 2018 as compared with 83.4 cents the year before. The Directors proposed a first and final dividend of 0.6 cent per share and a special dividend of 0.3 cent per share.

**2017**

The Group's revenue was $356.0 million, a decrease of 12% from $404.0 million in 2016. Revenue was lower because most of the units of the residential development projects had been sold. Profit after tax and fair value adjustment increased 86% to $62.7 million, attributable mainly to the $44.5 million fair value gain on investment properties as compared with $2.2 million a year earlier. Correspondingly, net profit attributable to shareholders rose 86% to $62.6 million.

Accordingly, earnings per share increased to 5.3 cents as compared with 2.8 cents a year earlier. Net asset value per share was 83.4 cents as at 31 December 2017 as compared with 78.1 cents the year before. The Directors proposed a first and final dividend of 0.6 cent per share.

**2016**

Revenue from development properties in Singapore has been recognised based on the percentage-of-completion method. The Group reported lower revenue and profits as various development projects had been completed during the year. Revenue for the year was $404.0 million, a decrease of 40%, as compared with $677.1 million a year earlier. There was a fair value gain for investment properties of $2.2 million as compared with a fair value loss of $7.9 million the year before.

Overall, the Group's profit after tax and fair value adjustments was $33.8 million. After netting off non-controlling interests, the Group's net profit attributable to shareholders came to $33.6 million. Earnings per share stood at 2.8 cents for the year, as compared with 5.8 cents a year earlier. Net asset value per share was 78.1 cents as at 31 December 2016, up from 74.4 cents as at 31 December 2015. The Directors proposed a first and final dividend of 0.6 cent per share.

**2015**

The Group's revenue increased 91% to $677.1 million. Progressive recognition of revenue for units sold at Seletar Park Residence, Sennett Residence and Cluny Park Residence accounted for the bulk of revenue and profit in 2015. Overall revenue was also boosted by the full-year consolidation of Grand Hotel Group ("GHG").

Profit after tax and fair value adjustments rose 12% to $69.1 million. After accounting for non-controlling interests' share of profit, the Group's net profit attributable to shareholders improved 13% to $68.8 million, from $61.2 million the year before. Earnings per share increased to 5.8 cents for the year, as compared with 5.2 cents a year earlier. Net asset value per share rose to 74.4 cents as at 31 December 2015, from 68.3 cents at the previous year end. The Directors proposed a first and final dividend of 0.6 cent per share.

**2014**

Tuan Sing posted full-year revenue of $354.8 million, an increase of 17% from 31 December 2013. The rise was attributable to progressive revenue recognition for the Seletar Park Residence and Sennett Residence and the initial 20% recognition of new bookings at Cluny Park Residence. Full-year rental from Robinson Point, acquired in October 2013, also helped raise revenue. The Group completed its acquisition of the remaining 50% interest in GHG on 2 December 2014. Thereafter, the Group had full ownership of and control over GHG and GHG's financial results were fully consolidated accordingly.

Profit before tax and fair value gain increased 96% to $69.5 million. A net fair value gain of $6.5 million was recorded as compared with $27.2 million a year earlier. As a result, profit after tax rose by a smaller 16% to $61.6 million. After accounting for non-controlling interests' share of profits, the Group reported a net profit attributable to shareholders of $61.2 million, 18% higher than the $52.0 million posted in the previous year. Full-year earnings per share rose to 5.2 cents from 4.5 cents the year before. Net asset value per share advanced further to 68.3 cents at 31 December 2014. The Directors proposed a first and final dividend of 0.5 cent per share.

# CEO & CFO'S RESPONSIBILITY STATEMENT

## ON THE FINANCIAL STATEMENTS

We acknowledge our responsibility for the Financial Statements as presented in this Annual Report. We and our team take great pride in and are committed to providing high-quality financial reporting that is prepared in accordance with prescribed accounting standards and that is delivered to stakeholders in a timely and comprehensible manner.

We have, on a monthly basis, kept the Board informed of the financial performance and position of the Group through management accounts and reports. In addition and on a quarterly basis, we furnished a 16-month cash-flow forecast and a representation letter to the Board. The letter confirms *inter alia* that (i) the financial statements are free from material errors and omissions; (ii) we are not aware of any significant deficiencies or weaknesses in the system of internal and accounting controls; (iii) we had no knowledge of any allegations of fraud or suspected fraud; (iv) we have disclosed all material legal suits instituted by or against the Group, pending or otherwise; and (v) there was no material breach of contractual agreements or loan covenants.

During the year, the Audit and Risk Committee ("ARC") met eight times and reviewed, *inter alia*, (i) the Group's financial reporting process, financial policies and procedures; (ii) the internal controls over financial reporting and the objectivity of our financial reporting; (iii) the audit scopes and the independence of our auditors and their respective reports; (iv) the interested persons transactions; (v) the risks report; (vi) the announcements of financial results and issues and judgements arising therefrom; and (vii) *ad hoc* meetings.

The ARC had free access to all the staff, the statutory auditors and the internal auditors, and had reasonable resources to discharge its functions properly. Both auditors also had free access to the ARC and met with the ARC periodically, both with and without management's presence.

We have made available to Deloitte & Touche LLP ("Deloitte"), the statutory auditors, all of our financial records and related data. We have also furnished to Deloitte a management representation letter in connection with their statutory audit.

## ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

We acknowledge our responsibility for maintaining an effective system of internal controls over financial reporting for the Group. This process has already been embedded within our corporate governance system and aims to ensure group-wide compliance with statutory provisions and group policies.

The process relies *inter alia* on the principle of segregation of duties, encompasses various sub-processes in the areas of accounting, controlling, taxes, treasury, planning and reporting, and focuses on identifying, assessing, treating, monitoring and reporting of financial reporting risk.

The accounting work at subsidiaries is conducted by the respective business units in accordance with Group Accounting Policy. The reliability of the monthly financial reports prepared by subsidiaries and business units is reviewed at the group level by the Group Consolidation and Control Team using automated validation by Cognos Controller, a consolidation software, as well as through analytic reviews comparing material variances between the actual, the previous-year, budgeted or forecast figures.

In addition, joint representation letters from the head of business units and their finance heads are received on a quarterly basis as part of the unit's reporting package to the Group confirming, *inter alia*, their adherence to the Group Accounting Policies, and applicable provisions in the Financial Reporting Standards and the Companies Act. In the representation letter for year-end reporting, all business units also reported the results of their "minimum internal control self-assessment", which is designed to validate the operating effectiveness of the internal controls. These representation letters in turn formed the basis on which the Chief Executive Officer and Chief Financial Officer issued their quarterly and year-end group management representation letters to the ARC and the Board.

The internal controls relating to the consolidated financial reporting process serve to provide reasonable assurance that the financial statements are prepared in compliance with relevant rules and regulations. Although we have taken and will continue to take appropriate action to correct any identified control deficiencies arising therein, any system of internal controls has inherent limitations and might not prevent or detect all misstatements. Also, changes in conditions or operations will cause internal controls effectiveness to vary over time.

We are not aware of any significant deficiencies or material weaknesses in the system of internal controls over financial reporting. We have assessed its effectiveness for the financial year ended 31 December 2018 and, based on such assessment, we are of the view that the Group's internal control over financial reporting was adequate and effective and that the Financial Statements presented a true and fair view of the financial results for the year and the position as on 31 December 2018 for the Group and the Company.

## ON RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

While the Board is responsible for the overall governance of risks, we acknowledge our responsibility for maintaining the Enterprise Risk Management Framework so that it could provide a reasonable assurance that the Group's objectives can be achieved and its obligations to stakeholders can be met.

Through our representation letter, we have confirmed to the ARC and the Board that this framework of internal controls and procedures is, in our opinion, adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls in addressing financial, operational and compliance risks and the system of risk management.

**William Nursalim**
**alias William Liem**
Chief Executive Officer

**Leong Kok Ho**
Chief Financial Officer

# AWARDS & ACCOLADES

## RECOGNITION FOR CORPORATE GOVERNANCE & TRANSPARENCY

### SECURITIES INVESTORS ASSOCIATION (SINGAPORE) INVESTORS' CHOICE AWARDS

- 2018 Runner-up in the Mid Capitalisation Category for Shareholder Communications Excellence Award
- 2017 Winner in the Mid Capitalisation Category for Singapore Corporate Governance
- 2017 Runner-up in the Real Estate Category for Singapore Corporate Governance

### SINGAPORE GOVERNANCE & TRANSPARENCY INDEX RANKING

- 2018 (Top 2.0%) – $12^{th}$ place among 589 listed companies
- 2017 (Top 1.2%) – $7^{th}$ place among 606 listed companies

### SINGAPORE CORPORATE AWARDS

- 2018 Singapore Corporate Awards – "Best Managed Board" (Bronze), "Best Investor Relations" (Bronze) and "Best Chief Financial Officer"
- 2017 Singapore Corporate Awards – "Best Annual Report" (Gold) and "Best Investor Relations" (Silver)

## RECOGNITION FOR BUILDING, DESIGN AND ARCHITECTURAL EXCELLENCE

### KANDIS RESIDENCE, SINGAPORE

- 2018 BCI Asia Awards: Top Ten 2018 Developers – Singapore

### 18 ROBINSON, SINGAPORE

- 2018 BCA Universal Design Mark Gold$^{PLUS}$ (Design) Award for Ongoing Projects – Non-Residential by the BCA of Singapore
- 2017 Royal Society for the Prevention of Accidents (RoSPA) Gold Award
- 2017 Workplace Safety and Health (WSH) Sharp Awards
- 2017 Green Mark (Gold$^{PLUS}$) Award by the BCA of Singapore


*Mr David Lee Kay Tuan (second from left), Non-Independent & Non-Executive Director of Tuan Sing, receiving the "Best Managed Board (Bronze)" award during the Singapore Corporate Awards 2018*

## RECOGNITION FOR CUSTOMER SATISFACTION AND SERVICE EXCELLENCE

### GRAND HYATT MELBOURNE, AUSTRALIA

- 2018 International Luxury Hotel Awards – Best Luxury Hotel for Australia
- 2018 World Travel Awards – Australia's Leading Business Hotel
- 2018 Business Traveller Asia-Pacific Awards – Best Business Hotel in Melbourne
- 2018 HM Awards for Hotel and Accommodation Excellence – best Upper-Upscale Hotel in Australia
- 2018 Tourism Accommodation Australia (Victoria) Accommodation Awards for Excellence – Deluxe Accommodation Hotel of the Year; Outstanding Achievement in Training; Hotel Industry Rising Star; Revenue Management Employee of the Year; Food and Beverage Services Employee of the Year
- 2018 Australian Hotels Association (AHA) National Awards for Excellence – Best Outstanding Achievement in Training
- 2017 World Luxury Hotel Awards – Australia's Leading Business Hotel
- 2017 Spice Magazine Hot 100 Hotels, Best Business Hotel, Best Restaurant, Best Bar, Best Health & Wellbeing
- 2017 Australia Gourmet Traveller Hotel Guide, Best Breakfast Award
- 2017 World Travel Awards – Australia's Leading Business Hotel
- 2017 Business Traveller Asia-Pacific Awards – Best Business Hotel in Melbourne
- 2017 Cvent's Top 50 Meeting Hotels in Asia Pacific
- 2017 Tourism Accommodation Australia (Victoria) Accommodation Awards for Excellence – Excellence in Innovation; Best Marketed Accommodation Provider; Housekeeper of the Year
- 2017 Australian Hotels Association (AHA) National Awards for Excellence – Best Marketed Hotel (Accommodation Division); inducted into the AHA Hall of Fame

### HYATT REGENCY PERTH, AUSTRALIA

- 2017 Gold Plate Awards – Excellence in Health, Licensed Asian and High Tea
- 2017 Australian Hotels Association (AHA) Accommodation Awards for Excellence – Winner of the Food & Beverage Service Award; Winner of the Administration, Finance and Executive Support Award; Winner of the Conference and Events Award; Highly Commended in the Hotel Chef Award category

# DIRECTORS' PROFILE

## ONG BENG KHEONG

**CHAIRMAN**
**NON-INDEPENDENT & NON-EXECUTIVE DIRECTOR**

*Date of first appointment as Director: 1 January 2012*
*Date of appointment as Chairman: 20 April 2012*
*Date of last re-election as Director: 19 April 2018*

### Served on the following Board committee:
Nominating Committee (Member)

### Academic and professional qualifications
Professional Diploma in Valuation Surveying, Stoke-on-Trent Cauldon College (now part of Staffordshire University), United Kingdom)

### Present directorship (Commissioner) in other listed companies
PT Indonesia Prima Property Tbk (listed on the Indonesia Stock Exchange)

### Present principal commitments (other than directorships in other listed companies)
- Subsidiaries of PT Indonesia Prima Property Tbk (Commissioner)
- GT Group Property Division (Indonesia) (Advisor)

### Past directorship in other listed companies held over the preceding three years
Nil

### Background and working experience
- Senior Executive of Colliers International (Singapore) Pte Ltd
- National Director & Head of Residential of Jones Lang LaSalle Property Consultants Pte Ltd
- Executive Director of Savills (Singapore) Pte. Ltd.
- Chief Executive Officer of Sentosa Cove Pte Ltd.
- Chief Executive Officer of South East Asia for Ascendas Pte Ltd.

### Relationship with other Directors, the Company or its substantial shareholders
Mr Ong is the Advisor for the property division of the GT Group in Indonesia, which is deemed to be related to the Company's substantial shareholder.

### Award
2007 – Service to Education (Silver) by the Ministry of Education

## WILLIAM NURSALIM ALIAS WILLIAM LIEM

**CHIEF EXECUTIVE OFFICER**
**EXECUTIVE DIRECTOR**

*Date of first appointment as Director: 15 January 2004*
*Date of appointment as Chief Executive Officer: 1 January 2008*
*Date of last re-election as Director: 29 April 2016*
*Proposed for re-election at the AGM on 24 April 2019*

### Served on the following Board committee:
Nil

### Academic and professional qualifications
- Bachelor of Science in Business, University of California, Berkeley
- Master of Business Administration, Massachusetts Institute of Technology

### Present directorship in other listed companies
SP Corporation Limited (listed on SGX-ST)

### Present principal commitments (other than directorships in other listed companies)
- Gul Technologies Singapore Pte. Ltd. (Director)
- Nuri Holdings (S) Pte Ltd (Director)

### Past directorship in other listed companies held over the preceding three years
Nil

### Background and working experience
- Corporate Analyst at Lehman Brothers
- General management of business development/projects at GT Asia Pacific Holdings and Habitat Properties Pte Ltd

### Relationship with other Directors, the Company or its substantial shareholders
Mr Liem is deemed to be a substantial shareholder of the Company by virtue of his interests in Nuri Holdings (S) Pte Ltd. He is the brother of Ms Michelle Liem Mei Fung, a Non-Executive Director and deemed substantial shareholder of the Company. He is also the brother-in-law of Mr David Lee Kay Tuan, a Non-Executive Director of the Company.

### Award
2016 – Best Chief Executive Officer Award (companies with market capitalisation of $300 million to less than $1 billion) at the Singapore Corporate Awards 2016

# DIRECTORS' PROFILE

## CHENG HONG KOK

**INDEPENDENT & NON-EXECUTIVE DIRECTOR**

*Date of first appointment as Director: 15 August 2017*
*Date of last re-election as Director: 19 April 2018*

### Served on the following Board committees:

- Remuneration Committee (Chairman)
- Nominating Committee (Member)

### Academic and professional qualifications

- Bachelor of Science (Chemical Engineering) with First Class Honours, University of London
- Advanced Executive Management Program, Kellogg Graduate School of Management, Northwestern University, United States of America
- Singapore State Scholar/Colonial Welfare and Development Scholar
- Eisenhower Fellow

### Present directorship in other listed companies

SP Corporation Limited (listed on SGX-ST)

### Present principal commitments (other than directorships in other listed companies)

Nil

### Past directorship in other listed companies held over the preceding three years

Far East Orchard Limited (listed on SGX-ST)

### Background and working experience

- Held various senior positions at Singapore Petroleum Company Limited ("**SPC**") in corporate planning, finance and accounting, supply and trading, and marketing and distribution. Was President and Chief Executive Officer of SPC from 1981 to 1996, and Board Director and Exco Member from 1999 to 2009.
- Involved in the Asean Council on Petroleum.
- Board member of the Singapore Economic Development Board.
- Member of the Government Economic Planning Committee.

### Relationship with other Directors, the Company or its substantial shareholders

Nil

## CHOO TEOW HUAT ALBERT

**INDEPENDENT & NON-EXECUTIVE DIRECTOR**

*Date of first appointment as Director: 18 February 2002*
*Date of last re-election as Director: 19 April 2018*

### Served on the following Board committees:

- Audit and Risk Committee (Chairman)
- Nominating Committee (Chairman)
- Remuneration Committee (Member)

### Academic and professional qualifications

Bachelor of Business Administration (Upper Two Honours), National University of Singapore

### Present directorship in other listed companies

Nil

### Present principal commitments (other than directorships in other listed companies)

Nil

### Past directorship in other listed companies held over the preceding three years

Nil

### Background and working experience

- Senior positions in the finance function of the Shell group of companies in Singapore
- Assistant Treasurer, Global Treasury Division of Caltex Corporation
- Board Chairman of Power Senoko Pte Ltd.
- Independent Director of Permasteelisa Pacific Holdings Ltd (previously listed on SGX-ST)

### Relationship with other Directors, the Company or its substantial shareholders

Nil

# DIRECTORS' PROFILE

## DAVID LEE KAY TUAN

**NON-INDEPENDENT & NON-EXECUTIVE DIRECTOR**

*Date of first appointment as Director: 5 December 2001*
*Date of last re-election as Director: 26 April 2017*
*Proposed for re-election at the AGM on 24 April 2019*

### Served on the following Board committee:
Audit and Risk Committee (Member)

### Academic and professional qualifications
- Bachelor of Laws (Honours), National University of Singapore
- Master of Laws in International Business Law (cum laude), Université Panthéon-Assas (Paris II)
- Master of Science in Applied Economics, Singapore Management University
- Master of Business Administration, University of Hull

### Present directorship in other listed companies
SP Corporation Limited (listed on SGX-ST)

### Present principal commitments (other than directorships in other listed companies)
- Singapore University of Social Sciences (Senior Lecturer)
- RHTLaw Taylor Wessing LLP (Consultant)

### Past directorship in other listed companies held over the preceding three years
Nil

### Background and working experience
- Managing Partner of M/s Ang & Lee from 1994 to 2001
- Executive Director (Legal and Administration) of the Company from 2001 to 2004
- Chief Executive Officer of the Company from 2004 to 2007
- Chief Executive Officer of SP Corporation Limited from 2006 to 2009
- Managing Partner of Shenton Law Practice LLP from 2010 to September 2018
- Consultant for RHTLaw Taylor Wessing LLP

### Membership and others
- Fellow of the Singapore Institute of Arbitrators and the Chartered Institute of Arbitrators
- Associate Mediator of the Singapore Mediation Centre
- Member of the American Bar Association and the International Bar Association
- Member of the Law Society of Singapore and the Singapore Academy of Law
- Member of the Singapore Institute of Directors
- Director of Nuri Holdings (S) Pte Ltd

### Relationship with other Directors, the Company or its substantial shareholders
Mr Lee is the spouse of Ms Michelle Liem Mei Fung, a Non-Executive Director of the Company. He is also the brother-in-law of Mr William Nursalim alias William Liem, the Chief Executive Officer and Executive Director of the Company. Both Ms Michelle Liem Mei Fung and Mr William Nursalim alias William Liem are deemed substantial shareholders of the Company by virtue of their interests in Nuri Holdings (S) Pte Ltd.

# DIRECTORS' PROFILE

## MICHELLE LIEM MEI FUNG

**NON-INDEPENDENT & NON-EXECUTIVE DIRECTOR**

*Date of first appointment as Director: 5 April 2001*
*Date of last re-election as Director: 26 April 2017*

### Served on the following Board committees:

- Nominating Committee (Member)
- Remuneration Committee (Member)

### Academic and professional qualifications

- Bachelor of Science (Economics) (Hons), London School of Economics
- Master of Business Administration, University of Chicago

### Present directorship in other listed companies

Nil

### Present principal commitments (other than directorships in other listed companies)

- Nuri Holdings (S) Pte Ltd (Managing Director)
- Habitat Properties Pte Ltd (Managing Director)
- Giti Tire Pte. Ltd. (Director)
- GT Asia Pacific Holdings Pte Ltd (Director)
- Honorary Consul, Consulate of the Grand Duchy of Luxembourg in Singapore

### Past directorship in other listed companies held over the preceding three years

Nil

### Background and working experience

- Has experience in investment, property, manufacturing, retail and trading companies
- Non-Executive Director of SP Corporation Limited (listed on SGX-ST)

### Membership and others

- Patron of the Bukit Timah Citizens' Consultative Committee, Holland-Bukit Timah GRC, Singapore
- Co-Chair of the Global Advisory Board (Asia Cabinet) of the University of Chicago Booth School of Business
- Chairperson of Singapore Management University's Art Advisory Committee
- Trustee of the Singapore LSE Trust
- Director of Conservation International Singapore, Ltd

### Relationship with other Directors, the Company or its substantial shareholders

Ms Liem is deemed to be a substantial shareholder of the Company by virtue of her interests in Nuri Holdings (S) Pte Ltd. She is the spouse of Mr David Lee Kay Tuan, a Non-Executive Director of the Company, and the sister of Mr William Nursalim alias William Liem, the Chief Executive Officer and Executive Director of the Company.

### Award

2016 – The Public Service Medal by the President of Singapore

# DIRECTORS' PROFILE

## NEO BAN CHUAN

**INDEPENDENT & NON-EXECUTIVE DIRECTOR**

*Date of first appointment as Director: 1 July 2016*
*Date of last re-election as Director: 26 April 2017*

### Served on the following Board committees:

- Audit and Risk Committee (Member)
- Nominating Committee (Member)

### Academic and professional qualifications

- Master of Professional Accounting
- Master of International Business
- Chartered Accountant Singapore
- Registered Company Liquidator in Singapore
- Registered Public Accountant Singapore

### Present directorship in other listed companies

Nil

### Present principal commitments (other than directorships in other listed companies)

- Arrow Business Consultants Pte Ltd (Managing Director)
- BC Neo Business Advisory Pte Ltd (Managing Director)
- Manulife (Singapore) Pte. Ltd. (Independent Director)
- Credit Intelligence (Singapore) Pte Ltd (Independent Director)
- CAP Management Pte Ltd (Independent Director)

### Past directorship in other listed companies held over the preceding three years

Nil

### Background and working experience

- Previously the Head of Restructuring at one of the Big Four Accounting Firms in Singapore
- Has been involved in the overall conduct of numerous formal insolvency assignments as one of the most senior insolvency practitioners in the Asian region
- Co-Mediator in a Court matter

### Membership and others

- Fellow of the Insolvency Practitioners Association of Singapore
- Fellow Member of CPA Australia
- Member of the Institute of Singapore Chartered Accountants

### Relationship with other Directors, the Company or its substantial shareholders

Nil

# MANAGEMENT PROFILE

(From left to right): **PEGGY WONG** *General Counsel,* **PATRICK TAN BOON CHEW** *Head, Asset and Fund Management,* **PETER KOCK TIAM SONG** *Senior Vice President, Property Management,* **ALEXANDER LOH KIM LENG** *Human Resources Director,* **WILLIAM NURSALIM ALIAS WILLIAM LIEM** *Chief Executive Officer, Executive Director,* **LEONG KOK HO** *Chief Financial Officer,* **NICK NG CHOONG HOW** *Senior Vice President, Business Development,* **JAMES ONG JOO LIM** *Senior Vice President, Sales, Leasing & Marketing,* **CHONG TEIK YEAN** *Senior Vice President, Projects*

## PEGGY WONG
GENERAL COUNSEL

Ms Peggy Wong joined Tuan Sing in 2017 as General Counsel and is responsible for the Group's legal and compliance matters. She brings with her extensive experience accumulated from working across a full spectrum of legal work in private practice and in-house positions covering real estate development, manufacturing, asset management and investment holdings. She also has a significant track record in cross-border transactions, and has held leadership positions with management responsibilities in corporate governance and change management. She holds a Bachelor of Laws degree from the University of Canterbury and is a Barrister and Solicitor of the High Court of New Zealand.

## PATRICK TAN BOON CHEW
HEAD, ASSET AND FUND MANAGEMENT

Mr Patrick Tan joined the Group in April 2018 and has more than 29 years of experience in property development, investment transaction, real estate asset and fund management. Before joining the Group, he held senior appointments in various reputable real estate companies and fund management establishments, where he was tasked with developing, managing and marketing residential, commercial, hotel, industrial and mixed-development properties in Singapore, Malaysia and China. He holds a Bachelor of Science (Honours) Degree in Building Economics and Quantity Surveying, a Master of Science in Project Management and a Master of Applied Finance. He is also professionally qualified as a Valuation and General Practice member of the Singapore Institute of Surveyors and Valuers and as a Member of the Singapore Society of Project Managers.

# MANAGEMENT PROFILE

## PETER KOCK TIAM SONG
SENIOR VICE PRESIDENT, PROPERTY MANAGEMENT

Mr Peter Kock has been with Tuan Sing for more than two decades. An active grassroots leader, he was conferred The Public Service Star – BBM and The Public Service Star (Bar) – BBM(L) by the President of Singapore in 2008 and 2018 respectively. Since 1 December 2013, he has been the Chairman of the School Advisory Committee for New Town Primary School. He holds a Bachelor of Commerce in International Facility and Information Management from Curtin University of Technology. He is also a certified Fire Safety Manager accredited by the Singapore Civil Defence Force.

## ALEXANDER LOH KIM LENG
HUMAN RESOURCES DIRECTOR

Mr Alexander Loh has more than 15 years of experience across a full spectrum of human resource management. He joined Tuan Sing from Singapore Post Limited (SingPost), where he was Vice President of Group Human Resources. Before SingPost, he worked at Goodpack Pte Ltd and Quantium Solutions International Pte Ltd in various senior management roles. He holds a Bachelor of Business Administration degree in Human Resource Management from La Trobe University, Australia.

## LEONG KOK HO
CHIEF FINANCIAL OFFICER

Mr Leong Kok Ho joined the Group in August 2018 and has more than 30 years' work experience. Before joining the Group, he held Chief Financial Officer positions in Singapore Exchange Securities Trading Limited and New York Stock Exchange listed companies. He started his career with Coopers & Lybrand. He worked in China in the mid-1990s and later gained exposure to regional businesses. He holds a Bachelor of Accountancy Degree from the School of Accountancy at the National University of Singapore and a Master of Business Administration from the University of Southern Queensland. He is a Fellow Certified Public Accountant with the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

## NICK NG CHOONG HOW
SENIOR VICE PRESIDENT, BUSINESS DEVELOPMENT

Mr Nick Ng joined Tuan Sing in March 2010, and has garnered more than two decades' experience in agency works, project marketing and consultancy in the real estate industry. He earned a Bachelor of Science (Honours) in Economics and Management at the University of London and a Specialist Diploma in Fund Management and Administration at Nanyang Polytechnic.

## JAMES ONG JOO LIM
SENIOR VICE PRESIDENT, SALES, LEASING & MARKETING

Mr James Ong joined Tuan Sing in June 2012. Before that, he held various senior positions at established real estate agencies including Jones Lang LaSalle, Chesterton International and Colliers International, accumulating almost three decades of experience in selling both local and overseas resident projects.

## CHONG TEIK YEAN
SENIOR VICE PRESIDENT, PROJECTS

Mr Chong Teik Yean joined Tuan Sing in May 2011, heading the Projects department. He has more than three decades of experience in project management spanning infrastructure works, high-rise residential apartments and sizeable commercial/mixed developments. He holds a Bachelor of Engineering (Civil) Degree from the National University of Singapore and a Bachelor of Laws from the University of London. He also holds a post-graduate Diploma in Business Administration from the National University of Singapore and a Certified Diploma in Accounting & Finance from the Association of Chartered Certified Accountants.

# CEO'S REVIEW OF OPERATIONS

In 2018, the **Group's revenue was $336.1 million** as compared with $356.0 million in the previous year. The **net profit attributable to shareholders was $134.4 million**, an increase of 115% as compared with $62.6 million in the previous year.

## MARKET OUTLOOK AND BUSINESS ENVIRONMENT

For property markets, 2018 was a notable year as prices rose steadily due to stronger economic performance and growing demand for housing. However, Asia's real estate market is tempered by uncertainties such as potential trade war, tighter monetary policy and risks of government intervention. In Singapore, buyers and sellers and developers have adopted a more cautious approach following the most recent changes in real estate policy.

Looking at 2019, we believe rising interest rates and higher investor expectations will balance the growth in real estate inflation or market values. Also, we believe that the direct property fundamentals remain healthy in most markets, especially within the commercial sector, we see high occupancy rates and rental rates generally steady or increasing. While there may be moderated demand in the housing sector in 2019, the commercial and hotel sector appears to be the bright spot in the real estate market due to strong tourism numbers as well as an increased demand for prime well located assets versus a significantly muted supply of upcoming projects especially in the traditional prime Central Business District areas.

## GLOBAL TRENDS

Beyond 2019, the real estate industry will be driven by certain major trends. Firstly, there will be rapid economic change and growth driven by desire of governments to urbanize. Like Singapore, many other markets including, Australia, China, Indonesia will see strong urbanization trends, with a growth of mixed used developments and/or townships that help drive productivity, efficiency and reduce infrastructural costs on the whole. Second, the new millennial generation and below desire a change in lifestyle, which means more travel and experience oriented activities. This bodes well for tourism and entertainment, food, sports and travel. Younger consumers will travel more and this will drive tourist related projects with strong value proposition. Thirdly, we believe as the aging population will continue to grow, there will be also an increased demand for leisure, vacationing and aging tourism led growth.

## GOLDEN JUBILEE

For Tuan Sing, 2019 marks a special milestone as it celebrates 50 years of operations.

Since its inception in 1969, the Group, a multi-disciplinary real estate development and investment company, has proven itself to be both dynamic and progressive, steadily positioning itself as one of the region's leading niche real estate developers. With care, prudence and acumen, we have added to our property portfolio, our manpower, our track record, our


***1980*** *Acquired Robinson Towers, Singapore*

***2017*** *Robinson Towers renamed as "18 Robinson"*
***2019*** *Obtained Temporary Occupation Permit in January 2019*

# CEO'S REVIEW OF OPERATIONS

area of operation, embracing our work and responsibilities with undiminished enthusiasm and dedication. This positivity is a key factor behind our success, as evidenced by the growth rates we have been able to achieve since the very beginning.

We have accomplished these targets through our ability to adapt to a swiftly evolving competitive landscape, our relentless commitment to quality, and our fiscal discipline, which has allowed us to deploy capital efficiently.

## BUILDING ON STRENGTHS

Backed by its entrepreneurial spirit, professional excellence and in-depth understanding of demand-supply dynamics in the regional real estate industry, the Group has embarked on a strategic business transformation to reposition itself from a niche developer to a major regional player, with a presence in commercial, residential, hospitality, healthcare and mixed-use properties in key cities across the Asia-Pacific, particularly in Singapore, China, Indonesia and Australia.

Armed with these strengths and its track record in property development and investment across a diverse range of property segments, the Group intends to participate in large-scale integrated developments and townships as it enters the next phase of growth.

## SHAPING THE FUTURE

Building on our success, we look forward to a new era of growth as we continue to develop projects of superior design and deliver quality products, both locally and abroad, to generate stronger sales. The Group will optimise value through a diversified portfolio of investments and carry out asset enhancement initiatives designed to create stronger recurring income streams, while divesting non-core assets for better reallocation of resources.

Even as we take our core businesses of commercial buildings and residential properties to the next level, we will also explore new fronts such as property fund management, retail warehousing, and property-related businesses revolving around hospitality education and healthcare.

To realise these targets, we must continue to innovate, take calculated steps and to align interests of all stakeholders towards our vision. Importantly, we must create financial and social value for all stakeholders and align interests with our partners in achieving these goals. Finally, we believe that by aligning interests of all stakeholders, we can create a sustainable future, not only for ourselves but also for the geographies that we invest in hopefully in creating not only good jobs, but also good outcomes in improving efficiency, amenities, and reducing costs of infrastructure etc that can be reduced with the optimal design, masterplanning and architecture. We hope to contribute in a small way to each project that inspires a new way of living, and create better outcomes for all.

**William Nursalim alias William Liem**
Chief Executive Officer


***2017*** *Acquired commercial building, 896 Dunearn Road, Singapore*
***2019*** *Additions and Alterations works expected to be completed by mid-2019*


***2019*** *Kandis Residence, Singapore scheduled to be completed by 2019*

# OPERATION SUMMARY

## OVERVIEW

Tuan Sing Holdings Limited is a fast-growing, diversified regional investment holding company with interests mainly in property development, property investment and hotel ownership. Over the years, the Group has developed a portfolio of strategically located real estate assets not only in Singapore but across the Asia-Pacific region, establishing a reputation for delivering high-quality and iconic developments.

The Group operates in four business segments, namely Property, Hotels Investment, Industrial Services and Other Investments.

**PROPERTY.** This segment focuses on development properties for sale in Singapore. Having sold most of the completed development properties in Singapore and China, we are now embarking on regional development opportunities in Sanya, China, and Batam, Indonesia. Our Property segment also focuses on investment properties in Singapore, Australia and China. In Singapore, our ongoing development properties are Kandis Residence, Mont Botanik Residence and the freehold residential site at 333 Thomson Road, acquired in 2018; while our main investment properties are 18 Robinson, Robinson Point and the commercial building at 896 Dunearn Road.

*The central pool set amidst a lush tranquil backdrop offers a green sanctuary for those who choose Kandis Residence, Singapore*

*Some of the high-end luxury stores in Grand Hyatt Melbourne's shopping complex*

**HOTELS INVESTMENT.** This segment comprises two hotels in Australia – Grand Hyatt Melbourne and Hyatt Regency Perth – which are managed by Hyatt International.

**INDUSTRIAL SERVICES.** Our investments in this segment includes a 80.2% equity stake in SP Corporation Limited ("SP Corp"), a SGX listed company, and a 97.9% equity stake in Hypak Sdn Berhad ("Hypak"). SP Corp is engaged primarily in commodities trading, while Hypak is in the business of manufacturing and marketing polypropylene packaging bags in Malaysia.

**OTHER INVESTMENTS.** This segment comprises a 44.5% equity interest in Gul Technologies Singapore Pte. Ltd. ("GulTech"), which manufactures printed circuit boards, and a 49% equity interest in Pan-West (Private) Limited, a retailer of golf-related products. Head-quartered in Singapore, GulTech has three manufacturing plants in China, which serve valued clients such as Visteon Corporation, Continental AG and Wistron Corporation.

# PROPERTY


*Mont Botanik Residence, Singapore*

Revenue for Property segment was $83.0 million as compared with $101.3 million for the same period in the previous year, a decrease of $18.3 million or 18%. The drop was driven mainly by a decline in sales of development properties as most of the units in Cluny Park Residence had been sold in the previous year. However, this was partially offset by an increase in sales at Kandis Residence and an increase in revenue from investment properties due mainly to the acquisition of 896 Dunearn Road in June 2017.

## SINGAPORE PROPERTY

In July 2018, the Singapore government introduced cooling measures that included increasing Additional Buyer Stamp Duty rates and tightening loan-to-value limits on residential property purchases. This had a dampening effect on the residential property market.

However, sentiment for commercial property continues to improve. Office rental rates in the Central Business District have seen high growth since 2010 thanks to tight vacancy. Demand is expected to remain strong over the next few years.

The Group has completed various development projects in Singapore over the past three years, namely Seletar Park Residence, Sennett Residence and Cluny Park Residence.

The Group will continue to develop and market development properties in Singapore:

**SENNETT RESIDENCE** features a wide choice of condominium housing (three 19-storey blocks and one five-storey block), with a total of 332 residential units and three shop units, alongside two basement car parks, roof terraces and other facilities. Occupying an area of approximately 8,664 square metres, the 99-year leasehold site is located right next to the Potong Pasir MRT station and overlooks the landed Sennett estate. The Temporary Occupation Permit ("TOP") was obtained in June 2016 and the Certificate of Statutory Completion ("CSC") in May 2017.

**CLUNY PARK RESIDENCE** is a 52-unit luxury residential development located directly opposite the Singapore Botanic Gardens. It is the one and only condominium along Cluny Park Road. Occupying a land area of approximately 4,544 square metres, this freehold development faces the Bukit Timah entrance to the Gardens. The TOP was obtained in July 2016 and the CSC in October 2016.

# PROPERTY

**KANDIS RESIDENCE** provides condominium housing with full facilities. One three-storey block and three seven-storey blocks offer a total of 130 residential units, ranging from one to three-bedroom units. Occupying an area of approximately 7,046 square metres, the 99-year leasehold development is well-placed within the North Coast Innovation Corridor earmarked by the Urban Redevelopment Authority, and lies just a short drive away from key commercial centres along the Corridor – the Woodlands Regional Centre, the future Seletar Regional Centre and the Punggol Creative Cluster. Designed by Ong & Ong, Kandis Residence was soft-launched in August 2017. It is scheduled to be completed by 2019.

**MONT BOTANIK RESIDENCE** is a freehold condominium with 108 residential units, occupying a land area of approximately 4,047 square metres. It is within walking distance of the Hillview MRT station and is surrounded by lush greenery – the neighbouring Bukit Timah Nature Reserve, Bukit Batok Nature Park and Bukit Gombak's "Little Guilin". Designed by AGA Architects, Mont Botanik Residence was launched in August 2018 and is expected to be completed by 2020.

**333 THOMSON ROAD** (formerly "Peak Court") is a freehold residential site acquired by collective sale tender through a 70:30 Joint Venture with Rich Capital Realty Pte. Ltd. for a purchase consideration of $118.9 million. The acquisition was completed in August 2018, and the Group is targeting to launch the project in 2019. The site is located near the Novena MRT station and the upcoming Mount Pleasant MRT station along the Thomson-East Coast Line. With a land area of approximately 5,331 square metres and a plot ratio of 1.4, it will be redeveloped into 90 residential units for sale. The project is scheduled to be completed by 2022.

The Group has the following diversified portfolio of investment properties in Singapore:

**THE OXLEY** is a freehold 10-storey mixed commercial-cum-residential building along Oxley Rise, which lies in the prime District 9, and is just a few minutes' walk away from the entertainment, shopping and hotel belt of Orchard Road. The building includes a podium block that houses commercial premises from the first to the third storey, a tower block with residential units from the fourth to the 10th storey, and a three-storey basement car park. The Group was the developer of the building and currently owns the three-storey office space. The first and second floors are fully leased out to the Group's major shareholder, while the third floor currently houses Tuan Sing's corporate headquarters.

**18 ROBINSON** commenced redevelopment in June 2013. The Temporary Occupation Permit ("TOP") was obtained in January 2019. Designed by the internationally acclaimed Kohn Pedersen Fox Associates and Architects 61, it comprises an office tower with a retail podium. The total planned gross floor area comes to approximately 24,086 square metres, while the total lettable area amounts to about 18,058 square metres.

18 Robinson will feature high-ceiling, grade-A office space, a retail podium with a shaped urban plaza at the entrance of the building, food and beverage spaces looking into the atrium and roof gardens, retail outlets highly visible from Robinson Road and Market Street, and urban windows revealing interior functions to the street.

The new building shall have energy-and-water saving features aimed at achieving Green Gold$^{PLUS}$ standards, reflecting Tuan Sing's green and sustainability initiatives. In addition, 18 Robinson will be equipped with a new automatic car parking system that uses battery-powered automated guided vehicles ("AGVs"). The first of its kind in Singapore and South-East Asia, it will employ a laser-guided positioning system instead of conventional automatic parking systems which require conveyor belts to transport the cars.

**ROBINSON POINT** is a 21-storey freehold office building at 39 Robinson Road, in the heart of Singapore's Central Business District. The building comprises approximately 12,483 square metres of net lettable area, with retail units on the ground floor. It offers 57 car park bays at levels 3 to 5.

**FAR EAST FINANCE BUILDING** is a 14-storey office building with shop space in part of the ground floor. It is located right next to the site where 18 Robinson is being developed. The Group owns the strata unit that occupies the whole of the 11th floor.

The commercial building at **896 DUNEARN ROAD** was acquired in June 2017. It is a five-storey building located opposite the King Albert Park MRT station, on a part-freehold, part-999-year leasehold site of 13,089 square metres with an allowable gross plot ratio of 1.8 and a maximum permissible gross floor area of 23,560 square metres. Currently, the building has about 18,857 square metres of net lettable area, with a mixture of retail and office tenancies. The Group is focusing on the repositioning of the property with Additions and Alterations ("A&A") works expected to be carried out and completed by the middle of 2019.

# PROPERTY

**CENTURY WAREHOUSE** is an eight-storey freehold warehouse building at 100E Pasir Panjang Road, located near close to the Pasir Panjang MRT station, the Labrador Park MRT station and Alexandra Retail Centre, which provides a host of food and beverage and retail amenities. The Group owns 31 of the 35 strata units in the building. The Group accepted a tender bid for the collective sale of all the strata units for a consideration of $48.5 million, based on a 100 per cent owners' consensus. Legal completion of this transaction is expected to be completed on 27 March 2019.

**L&Y BUILDING** is a five-storey light industrial building with a basement car park, located at Jalan Pemimpin close to the Marymount MRT station. The Group owns three of the 24 strata units in the building. The three units are currently vacant.

## AUSTRALIA PROPERTY

The Group has commercial buildings in Melbourne and Perth, which are adjacent to its two hotels, Grand Hyatt Melbourne and Hyatt Regency Perth.

In Melbourne, there is good demand for and interest in retail space on Collins Street, with food and beverage operators and luxury retail sectors providing much of the impetus. In Perth, office space vacancy rates continued to improve gradually, while demand for retail space remained subdued. However, cafes, restaurants and takeaway food services have experienced positive growth since the arrival of on-demand food delivery services *(Source: Colliers Research and Forecast Report – Retail & Office First Half 2018)*.

Our Melbourne investment property consists of a Commercial Centre and a Carpark within the Melbourne Grand Hyatt complex. The tenancies occupy a total lettable area of 3,024 square metres, featuring a mixture of leases ranging from three to 10 years. Some of the luxury and high-end stores in the hotel's shopping complex include Chanel, Bvlgari, Paspaley Pearls and Giorgio Armani. We achieved average full occupancy for 2018 and 2017.

The Group has a master lease agreement with Wilson Parking for the leasing of the basement car park, which has 595 bays.

Our Perth investment property consists of Fortescue Centre, two basement carparks and two vacant land plots with combined land area of 3,072 square metres. Fortescue Centre is a three-level office with total lettable area of 23,559 square metres. It is facing Terrace Road and Plain Street, overlooking the picturesque Swan River. Fortescue Metals Group, which occupies approximately 51% of the total lettable area, is a major tenant. In 2018, the Group achieved an average occupancy rate of 59% as compared with 65% in 2017.

The carpark, which is outsourced to Secure Parking under management agreement, can accommodate approximately 1,018 cars.

Currently, the existing commercial centre is undergoing the Asset Enhancement Initiative ("AEI"). Upon completion, the proposed development shall increase the retail space, activate the centre with street engagement and innovate the space with a modern retail concept and family entertainment attractions, making it a prominent destination and attraction for its proximity to Langley Park, Swan River, the Perth Optus stadium and other city landmarks. The main construction works are expected to commence in the second half of 2019.

## INDONESIA PROPERTY

In June 2018, the Group completed the acquisition of land in Batam through 90% held subsidiaries for a purchase consideration of $39.15 million. The freehold site has approximately 85 hectares, comprising four plots of land. Overtime, the Group intends to develop the site into an integrated mixed-development township, comprising hotels with MICE facilities, retail, tourist facilities and attractions as well as residential properties ("Batam Marina City").

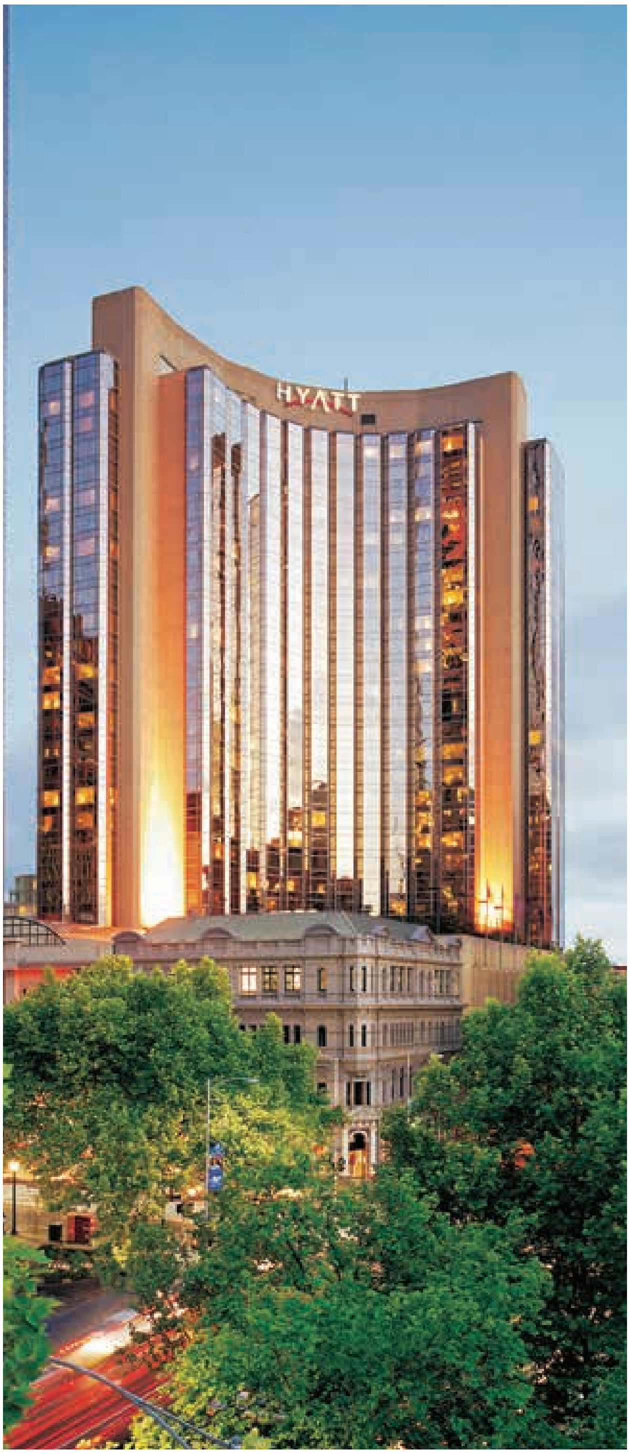
Subject to approval by the relevant authorities', the Group plans to launch Batam Marina City's initial phase of the integrated township development comprising condotels, retail outlets, and food & beverage and entertainment spaces in 2019.

## CHINA PROPERTY

The Group has a three-storey commercial building located at No.2950 Chun Shen Road in Shanghai, China, occupying a land area of approximately 1,741 square metres. The leasehold building has been fully leased out, with an estimated lettable area of 2,170 square metres.

At present, the Group has no development activities in China. In March 2018, it divested its wholly owned subsidiary, which owns land in Jiaozhou, for a profit of $3.9 million. The Group currently has one plot of vacant land in Fuzhou for residential development. Occupying approximately 163,740 square metres, it is situated on the mountainous ridge of Shoushan County in Jing'an District, which lies in a rural part of the city. The site is about 400 metres above sea level (from the foot of the mountain), and it is about a 30-minute drive to the city centre.

# HOTELS INVESTMENT




*Our internationally recognised 5-star hotel – Grand Hyatt Melbourne*

Revenue for Hotels Investment segment was $109.7 million (or A$108.6 million) for 2018 as compared with $119.8 million (or A$113.2 million) for the same period in the previous year, a decrease of $10.1 million (or A$4.6 million). Grand Hyatt Melbourne performed better, having increased its Revenue Per Available Room ("RevPAR") and occupancy rates. However, this was offset by a weaker performance at the Hyatt Regency Perth.

The Group owns two award-winning and prominent hotels, Grand Hyatt Melbourne and Hyatt Regency Perth. Details of the hospitality awards received during the year are set out in the "Awards and Accolades" section of this Annual Report. Both hotels are being managed under the Hyatt brand name in line with the hotel management agreement with Hyatt International.

In Melbourne, the hotel sector performed well, maintaining its momentum in 2018. In Perth, the sector was hampered by new supply. There was a steep decline of 3.3% in RevPAR trends for the year-to-date July 2018 as compared with the corresponding period in the previous year *(Source: Colliers – Australian Hotel Market Snap Shot Half Year 2018).*

**GRAND HYATT MELBOURNE** is located within the city's Central Business District, at the "Paris End" of Collins Street, with access to both Russell Street and Flinders Lane. The internationally recognised five-star hotel, which opened in 1986 and has been extensively renovated in recent years, comprises a total of 550 guestrooms and suites over 34 levels. The hotel also features four food and beverage outlets, 15 meeting rooms, a day spa, a fully equipped health/fitness club with a swimming pool, a tennis court, a basketball court and a golf driving area. Lauded as an outstanding hospitality service provider, Grand Hyatt Melbourne has received a slew of awards over the years.

In 2018, it achieved an occupancy rate of 91.4%, as compared with 89.8% in 2017.

# HOTELS INVESTMENT

*Bistro bar at Grand Hyatt Melbourne*

*Elegantly fitted guestrooms designed to offer the utmost in comfort – Grand Hyatt Melbourne*

**HYATT REGENCY PERTH** is located at the eastern end of the Perth's Central Business District, with easy access to Adelaide Terrace and Bennett Street, and offers splendid views of the iconic Swan River. Completed in 1984, it features an integrated five-star hotel, office, retail, and parking complex, along with an adjacent commercial centre known as Fortescue Centre. It comprises 367 hotel rooms and suites over the upper nine levels. Facilities and amenities include four food and beverage outlets, 15 conference/meeting rooms and numerous recreation facilities, including an outdoor heated swimming pool and a fitness centre. Over the years, the hotel has also received many hospitality awards such as the Gold Plate Award Winner 2017 for the Best High Tea.

In 2018, it posted an occupancy rate of 81.1%, as compared with 86.3% in 2017.

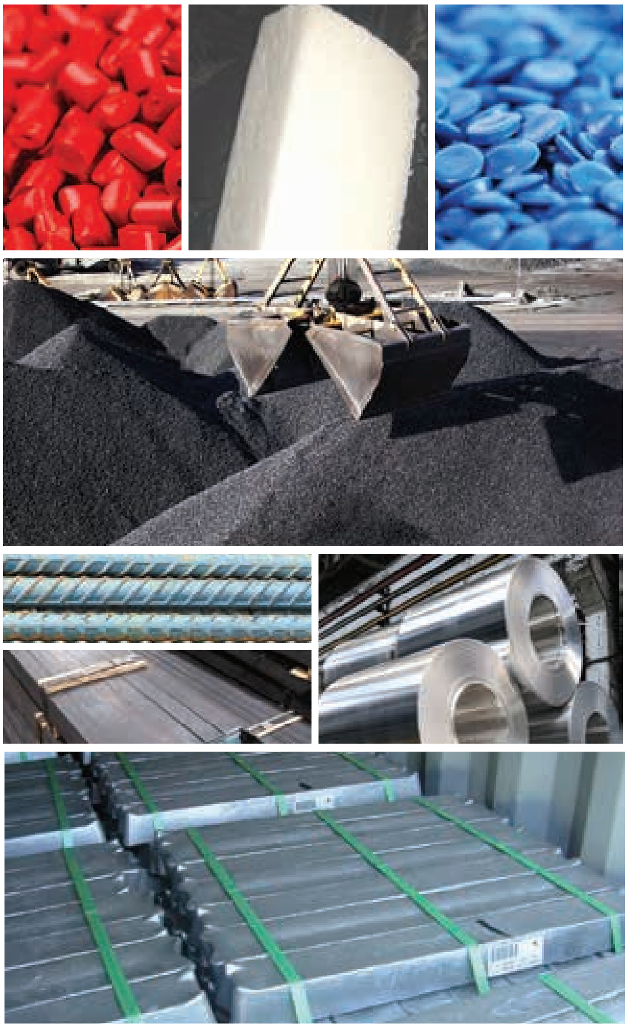

*Many guestrooms offer views of the Swan River or the City Skyline – Hyatt Regency Perth*

# INDUSTRIAL SERVICES

Industrial Services segment posted $144.8 million in revenue for 2018 as compared with $136.1 million for the same period in the previous year, an increase of $8.7 million or 6%. The rise was due to improved performance at SP Corporation Limited ("SP Corp"), a commodities trading business, but was offset by a loss of revenue stemming from the disposal of the tyre distribution business in December 2017.

The Group has an equity stake of 80.2% in SP CORP and 97.9% in Hypak Sdn. Berhad ("Hypak"). **SP Corp's** main operations are the trading and marketing of industrial commodities, such as coal, natural rubber and aluminium.

**HYPAK'S** main business is in the manufacturing and marketing of polypropylene woven bags in Malaysia.



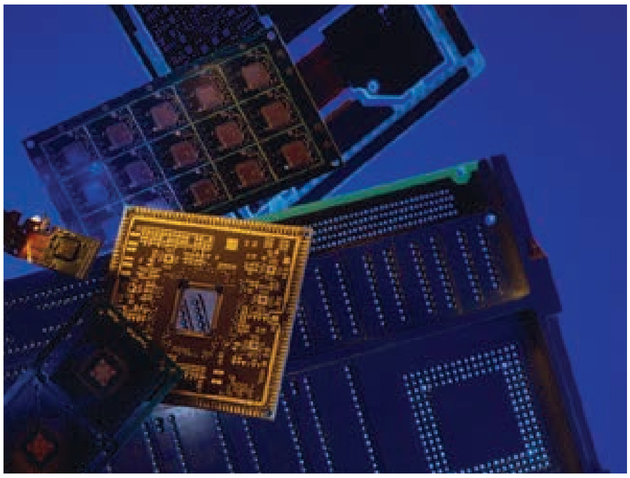
*SP Corp's business activities*

# OTHER INVESTMENTS

Profit after tax in Other Investments segment was $19.3 million for 2018, as compared with $16.0 million in 2017.

The Group has an equity stake of 44.5% in Gul Technologies Singapore Pte. Ltd. ("GulTech") and a 49% stake in Pan-West (Private) Limited ("Pan-West"). These holdings are classified under the "Other Investments" segment. Profits in this segment are derived mainly from GulTech. In line with our strategic direction, the Group is not averse to disposing of its investments in these two businesses should the opportunity arise.

**GULTECH** is a respected player in the printed circuit boards ("PCB") market, serving customers in the automotive, computer peripheral, consumer electronics, telecommunication, healthcare and instrument & control sectors. It has three manufacturing plants in China, located in Suzhou, Wuxi and Jiangsu. Leveraging on its innovative designs and prototype expertise, GulTech continues to work in partnership with multinational clients to provide leading-edge solutions in a highly dynamic and fast-paced technological environment. Its customers include leading suppliers and manufacturers for automotive systems such as Visteon Corporation, Continental AG and Wistron Corporation.



*GulTech manufactures printed circuit boards at its state-of-the-art production facilities in Suzhou and Wuxi, China*

**PAN-WEST** distributes golf-related lifestyle products, operating in nine on-course and off-course outlets and concessionaires across Singapore and Malaysia. It is the exclusive distributor for some of the world's top golfing brands including Honma Golf, Cleveland Golf, Sun Mountain, Volvik, and High Definition Golf simulators. Pan-West is also an exclusive dealer for Asics Golf and Skechers Golf footwear in Singapore.

# PROPERTY PORTFOLIO

## CHINA

**1 COMPLETED DEVELOPMENT PROPERTY**
Lakeside Ville Phase III, Shanghai

**1 COMMERCIAL PROPERTY**
No. 2950 Chun Shen Road, Shanghai

**2 LANDS HELD FOR FUTURE DEVELOPMENT**
Land in Jin-an District, Fuzhou Fujian Province
Land in Hainan Sanya Yuxiu Road, adjacent to Sanya High-Speed Railway Station

**3 PROPERTIES HELD UNDER OTHER INVESTMENTS**
GulTech Suzhou Factory Building
GulTech Wuxi Factory Building
GulTech Jiangsu Factory Building

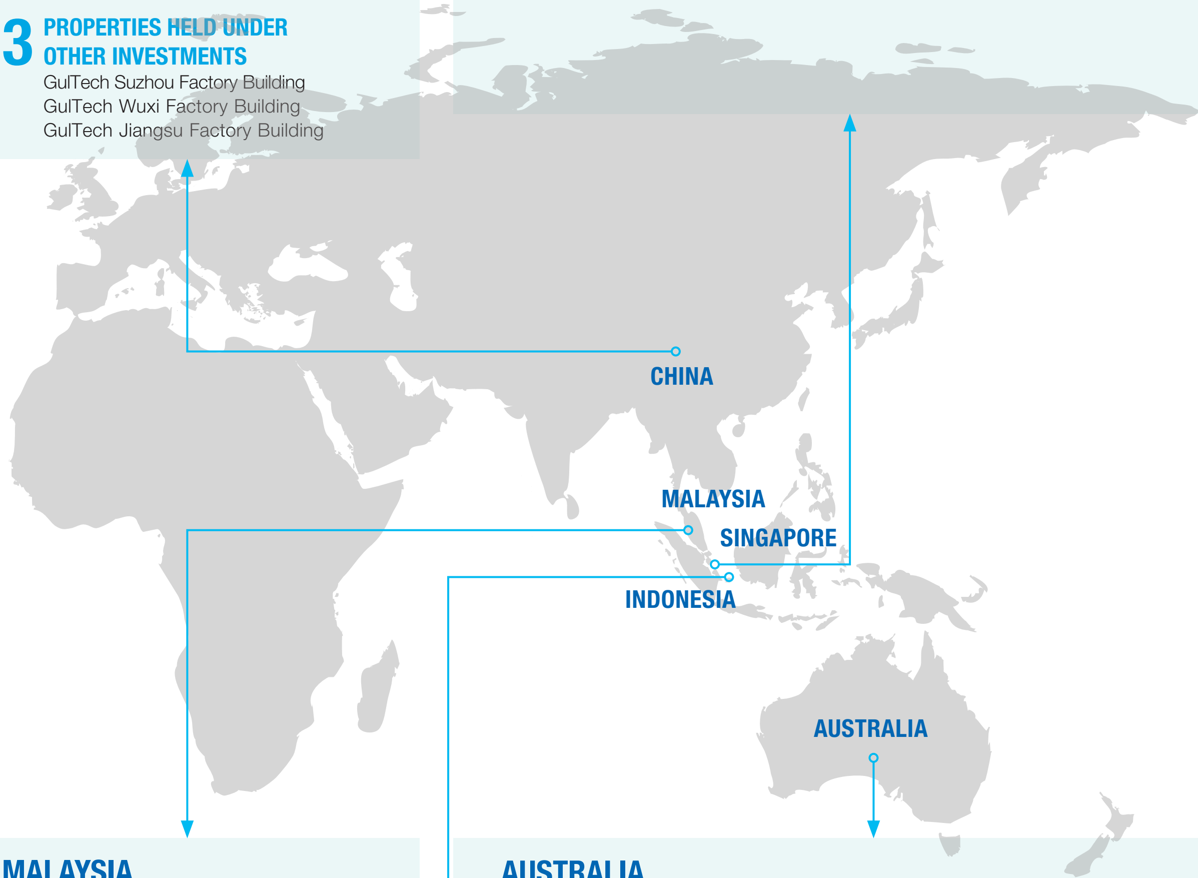
## SINGAPORE

**2 COMPLETED DEVELOPMENT PROPERTIES**
Sennett Residence
Cluny Park Residence

**3 PROPERTIES UNDER DEVELOPMENT**
Kandis Residence
Mont Botanik Residence
Site at 333 Thomson Road

**5 COMMERCIAL PROPERTIES**
The Oxley, $1^{st}$ – $3^{rd}$ floor
18 Robinson
Robinson Point
Far East Finance Building, $11^{th}$ Floor
896 Dunearn Road

**2 INDUSTRIAL PROPERTIES**
Century Warehouse[1] (31 strata units)
L&Y Building (3 strata units)




## MALAYSIA

**1 PROPERTY HELD UNDER INDUSTRIAL SERVICES**
Hypak Factory Building

## INDONESIA

**1 LAND HELD FOR FUTURE DEVELOPMENT**
Land in Batam Marina City

## AUSTRALIA

**2 PROPERTIES HELD UNDER HOTEL OPERATIONS**
Grand Hyatt Melbourne
Hyatt Regency Perth

**2 COMMERCIAL PROPERTIES**
Commercial Centre and Carpark within Melbourne Grand Hyatt Complex
Fortescue Centre and Carpark within Hyatt Regency Perth Complex

(1) The tender bid for the collective sale of all strata units was accepted on 27 December 2018. The legal completion of this sale is expected to be completed on 27 March 2019.

# PROPERTY PORTFOLIO

## DEVELOPMENT PROPERTIES

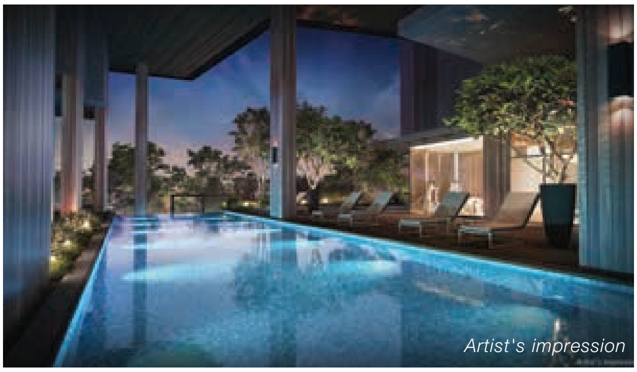
| NAME OF PROPERTY | LOCATION | ESTIMATED GROSS FLOOR AREA/ LAND AREA (SQUARE METRE) | TENURE |
|---|---|---|---|
| **COMPLETED PROPERTIES HELD FOR SALE** | | | |
| Sennett Residence | Singapore | 33,328 | 99 years from year 2011 |
| Cluny Park Residence | Singapore | 6,997 | Freehold |
| Lakeside Ville Phase III | China | 41,584 | 70 years from 1997 |
| **PROPERTIES UNDER DEVELOPMENT** | | | |
| Kandis Residence | Singapore | 10,850 | 99 years from year 2016 |
| Mont Botanik Residence | Singapore | 8,546 | Freehold |
| Site at 333 Thomson Road | Singapore | 8,209 | Freehold |
| **LAND HELD FOR FUTURE DEVELOPMENT** | | | |
| Land in Batam Marina City | Indonesia | 849,748[a] | 30 years from 2004 |
| Land in Jin-an District, Fuzhou Fujian Province | China | 163,740[b] | 70 years from 1994 |
| Land in Hainan Sanya Yuxiu Road, adjacent to Sanya High-Speed Railway Station | China | 57,839 | 40 years from 2017 |

(a) Land area only.
(b) Land area only and pending renewal of expired certificate for construction site planning.

*Cluny Park Residence, Singapore*

*Artist's impression*

*Kandis Residence, Singapore*



*Artist's impression*

*Mont Botanik Residence, Singapore*

*Sennett Residence, Singapore*

# PROPERTY PORTFOLIO

## INVESTMENT PROPERTIES

| NAME OF PROPERTY | LOCATION | ESTIMATED LETTABLE/ STRATA AREA (SQUARE METRE) | TENURE |
|---|---|---|---|
| **COMMERCIAL** | | | |
| The Oxley, 1st – 3rd floor | Singapore | 2,770 | Freehold |
| 18 Robinson | Singapore | 18,058 | 999 years from year 1884 & 1885 or 99 years from year 2013 for certain plots |
| Robinson Point | Singapore | 12,483 | Freehold |
| Far East Finance Building, 11th Floor | Singapore | 402 | 999 years from year 1884 |
| 896 Dunearn Road | Singapore | 18,857 | Freehold or 999 years from year 1879 |
| Commercial Centre and Carpark (595 lots) within Melbourne Grand Hyatt complex | Australia | 3,024 | Freehold |
| Fortescue Centre and Carpark (1,018 lots) within Hyatt Regency Perth complex | Australia | 23,559 | Freehold |
| No. 2950 Chun Shen Road, Shanghai | China | 2,170 | 58 years from year 2008 |
| **INDUSTRIAL** | | | |
| Century Warehouse (31 strata units)(c) | Singapore | 4,690 | Freehold |
| L&Y Building (3 strata units) | Singapore | 2,285 | 999 years from year 1885 |

(c) The tender bid for the collective sale of all strata units was accepted on 27 December 2018. The legal completion of this sale is expected to be completed on 27 March 2019.

## PROPERTY HELD UNDER HOTEL OPERATIONS

| NAME OF PROPERTY | LOCATION | LAND AREA (SQUARE METRE) | TENURE | TOTAL HOTEL ROOMS |
|---|---|---|---|---|
| Grand Hyatt Melbourne | Australia | 5,776(d) | Freehold | 550 |
| Hyatt Regency Perth | Australia | 25,826(e) | Freehold | 367 |

(d) The land area includes the commercial and carpark components. The commercial portion occupies a land area of approximately 742 square metres.

(e) The land area includes the vacant land, commercial and carpark components. The hotel operations occupy a land area of approximately 6,500 square metres.

## PROPERTY HELD UNDER INDUSTRIAL SERVICES & OTHER INVESTMENTS

| NAME OF PROPERTY | LOCATION | LAND AREA (SQUARE METRE) | TENURE |
|---|---|---|---|
| Hypak Factory Building, Malacca | Malaysia | 19,100 | 99 years from year 1973 |
| GulTech Suzhou Factory Building | China | 40,455 | 48 years from year 1999 |
| GulTech Wuxi Factory Building | China | 78,800 | 50 years from year 2004 |
| GulTech Jiangsu Factory Building | China | 75,500 | 50 years from year 2012 |

# REVIEW OF FINANCIAL PERFORMANCE

This review is to provide readers with an insight into our financial performance, financial position, cash flow, capital structure management and treasury management as of 31 December 2018.

## OVERVIEW

### KEY PERFORMANCE INDICATORS

| | | 2018 | 2017 (Restated) | Change |
|---|---|---|---|---|
| **Profitability – measures ability to generate earnings** | | | | |
| Revenue | $'Million | 336.1 | 356.0 | (6%) |
| Profit before tax and fair value adjustments | $'Million | 25.7 | 23.2 | 11% |
| Profit after tax | $'Million | 134.6 | 62.7 | 115% |
| Profit attributable to shareholders | $'Million | 134.4 | 62.6 | 115% |
| **Liquidity – measures ability to meet debt obligations** | | | | |
| Working capital | $'Million | (388.4) | 87.7 | n.m. |
| Operating cash flow | $'Million | (93.9) | 101.5 | n.m. |
| Free cash flow[1] | $'Million | (212.9) | (341.3) | 38% |
| **Efficiency – measures efficiency of using fund and managing assets** | | | | |
| Total assets | $'Million | 2,917.4 | 2,642.5 | 10% |
| Shareholders' funds | $'Million | 1,093.5 | 989.6 | 10% |
| Return on assets[2] | % | 4.8 | 2.6 | 86% |
| Return on shareholders' funds[3] | % | 12.9 | 6.5 | 98% |
| **Debt leverage – measures capital employed and financial leverage** | | | | |
| Total borrowings | $'Million | 1,630.4 | 1,458.1 | 12% |
| Net borrowings | $'Million | 1,497.4 | 1,241.3 | 21% |
| Gross gearing[4] | times | 1.47 | 1.46 | 1% |
| Net gearing[4] | times | 1.35 | 1.24 | 9% |
| **Shareholders' return – measures wealth creation for shareholders** | | | | |
| Earnings per share (before fair value adjustments) | cents | 1.9 | 1.8 | 6% |
| Earnings per share (after fair value adjustments) | cents | 11.3 | 5.3 | 113% |
| Net asset value per share | cents | 92.2 | 83.4 | 11% |
| Dividend per share[5] | cent | 0.9 | 0.6 | 50% |
| Dividend payout ratio[6] | % | 50.2 | 40.0 | 26% |
| Dividend yield[7] | % | 2.2 | 1.7 | 29% |

**Definitions:**
1. Free cash flow = operating cash flow + investing cash flow
2. Return on assets = profit after tax/average total assets
3. Return on shareholders' funds = profit attributable to shareholders/average shareholders' funds
4. Gross gearing = total borrowings/total equity; Net gearing = net borrowings/total equity
5. Dividend per share = proposed first and final dividend per share and an additional special dividend per share
6. Dividend payout ratio = total dividend payout/profit before fair value adjustments attributable to shareholders
7. Dividend yield = dividend per share/average share price during the year

# REVIEW OF FINANCIAL PERFORMANCE

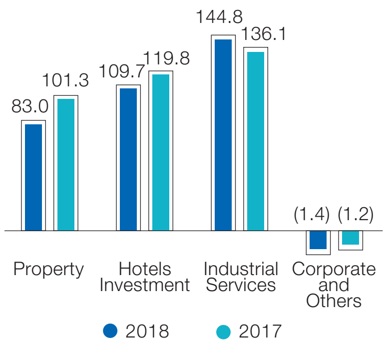
## FINANCIAL PERFORMANCE

### REVENUE

**REVENUE BY BUSINESS SEGMENT**

Group's revenue was $336.1 million, a decrease of 6% as compared to $356.0 million last year. The overall decrease was mainly due to lower sales of residential development projects and a decrease of revenue from the hotels business.

**REVENUE BY BUSINESS SEGMENT ($'MILLION)**




Industrial Services segment contributed 43% of the Group's revenue in 2018.

**REVENUE BY GEOGRAPHICAL LOCATION**

Group's revenue was mainly generated from Singapore and Australia, contributing a combined 91% and 88% of the total revenue in 2018 and 2017 respectively.

**REVENUE BY GEOGRAPHICAL LOCATION**

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | $'MILLION | % | $'MILLION | % |
| Singapore | 179.8 | 53% | 175.8 | 49% |
| Australia | 127.0 | 38% | 138.3 | 39% |
| China | 14.5 | 4% | 13.8 | 4% |
| Malaysia | 8.5 | 3% | 9.9 | 3% |
| Indonesia | 6.3 | 2% | 12.7 | 4% |
| Other ASEAN[(i)] Countries | – | – | 5.3 | 1% |
| Others | – | – | 0.2 | * |
| | 336.1 | 100% | 356.0 | 100% |

* Less than 1%

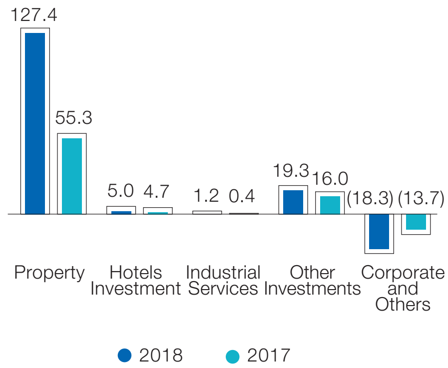
(i) Association of Southeast Asian Nations

### PROFITABILITY

**PROFIT AFTER TAX BY BUSINESS SEGMENT**

Profit after tax increased 115% to $134.6 million. All operating segments were profitable in 2018. Property segment reported higher profit mainly due to higher fair value gain arising from the revaluation of investment properties and a one-off gain from the divestment of a subsidiary in China. The other significant contributor for the year was Gul Technologies Singapore Pte. Ltd., under the Other Investments segment.

**PROFIT AFTER TAX BY BUSINESS SEGMENT ($'MILLION)**




**PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS**

For the same reasons mentioned above, profit after tax attributable to shareholders increased 115% to $134.4 million and was mainly driven by the increase in Property segment.

# REVIEW OF FINANCIAL PERFORMANCE

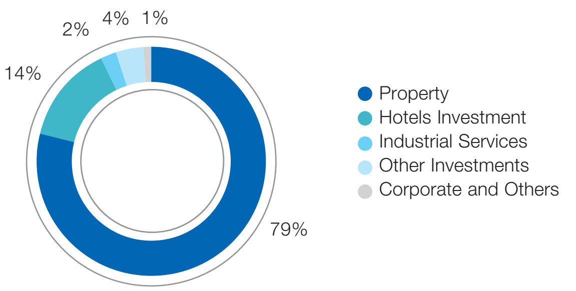
## FINANCIAL POSITION

As at 31 December 2018, the Group's **total assets** increased 10% or $274.9 million to $2,917.4 million as compared to $2,642.5 million as at 31 December 2017. The increase was mainly attributable to the acquisition of 333 Thomson Road (formerly known as "Peak Court"), capitalisation of cost incurred for development properties, increase in investment in equity accounted investees arising from investment in Sanya Summer Real Estate Co. Ltd. and a net fair value gain on investment properties, offset partially by a decrease in cash and bank balances.

The Group's **total liabilities** increased by 10% or $166.6 million to $1,808.9 million as compared to $1,642.3 million at the previous year end. The increase was mainly due to higher utilisation of borrowings for the developments of 333 Thomson Road, Mont Botanik Residence (formerly known as "Remaja development") and 18 Robinson. These additional borrowings resulted in gross gearing ratio increasing to 1.47 times (from 1.46 times) and net gearing ratio increasing to 1.35 times (from 1.24 times).

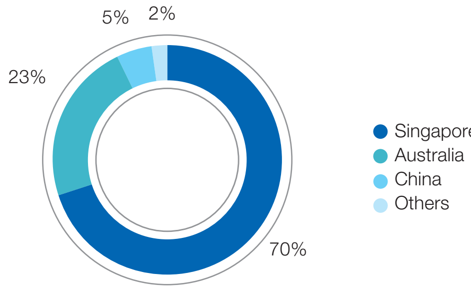
As at 31 December 2018, **shareholders' fund** grew by 10% or $103.9 million from last year end to $1,093.5 million. Total equity (i.e. including non-controlling interests) increased to $1,108.5 million as at 31 December 2018, from $1,000.2 million at the previous year end. The increase reflected a combination of operating profits made during the year, gain from revaluation of properties, but after netting of foreign currency translation losses and Company's payment of dividends to shareholders.

**TOTAL ASSETS BY BUSINESS SEGMENT (2018: $2,917.4 MILLION)**




Property segment contributed 79% of the Group's total assets in 2018.

**TOTAL ASSETS BY GEOGRAPHICAL LOCATION (2018: $2,917.4 MILLION)**




70% of the Group's total assets are located in Singapore whereas assets in Australia form the bulk of the Group's overseas assets.

## SHARE CAPITAL AND EARNINGS PER SHARE ("EPS")

The number of issued ordinary shares as at 31 December 2018 was 1,186,404,962 (excluding treasury shares) as compared to 1,186,992,780 as at 31 December 2017. On 26 June 2018, 4,445,582 new ordinary shares were allotted and issued at $0.38 per share to shareholders who had elected to participate in the Company's Scrip Dividend Scheme in respect of the 0.6 cent dividend per ordinary share for the year ended 31 December 2017. Separately, 5,033,400 ordinary shares were purchased from the market under the "Share Purchase Mandate", of which 650,000 ordinary shares were cancelled and 4,383,400 ordinary shares were held as treasury shares.

**EARNINGS PER SHARE**

| | 2018 | 2017 |
|---|---|---|
| **Earnings per share (cents):** | | |
| – Including fair value adjustments | 11.3 | 5.3 |
| – Excluding fair value adjustments | 1.9 | 1.8 |
| **Weighted average number of ordinary shares in issue (in millions)** | **1,188.8** | **1,185.0** |

Earnings per share, including fair value adjustments, increased 113% to 11.3 cents, as compared to 5.3 cents a year earlier. This is mainly the result of higher fair value gain recognised for most of the Group's investment properties.

# REVIEW OF FINANCIAL PERFORMANCE

## DIVIDEND & SHAREHOLDERS' RETURN

### DIVIDEND

Subject to the shareholders' approval at the forthcoming Annual General Meeting to be held on 24 April 2019, the total proposed dividend of 0.9 cent per share, comprising a first and final one-tier tax exempt dividend of 0.6 cent per share and an additional special dividend of 0.3 cent per share, amounting to about $10.7 million, will be paid on 26 June 2019 in respect of the year ended 31 December 2018. The proposed dividend is 50% higher than previous year's dividend. For the previous year end, a first and final one-tier tax exempt dividend of 0.6 cent per share was made, amounting to $7.1 million consisting of a cash payment of $5.9 million and the issuance of 4,200,725 ordinary shares at an issue price of $0.293 per share to shareholders who opted for the Scrip Dividend Scheme.

Shareholders will continue to have the opportunity to participate in the Scrip Dividend Scheme and receive their dividend in the form of the Tuan Sing shares instead of cash. For the purpose of determining dividend entitlements, book closure dates have been fixed on 7 and 8 May 2019.

The Group has been declaring dividends every year since 2009. Total gross dividend pay-out since then amounts to $61.0 million, including $10.7 million proposed for FY2018.

### DIVIDEND PAYOUT AND DIVIDEND YIELD

The proposed dividend of 0.9 cent per share for 2018 represents i) dividend payout ratio of 50.2% based on core earnings which are the net profit before fair value adjustments; ii) dividend yield of 2.2% based on dividend per share over the average share price of 40.7 cents traded during the year.

**DIVIDEND PER SHARE AND DIVIDEND PAYOUT**

| YEAR | DIVIDEND PER SHARE (CENT) | NUMBER OF SHARES (MILLION) | GROSS PAYOUT ($'000) | CUMULATIVE PAYOUT ($'000) |
|---|---|---|---|---|
| 2018 | 0.9 | 1,186 | 10,678 | 60,982 |
| 2017 | 0.6 | 1,187 | 7,122 | 50,304 |
| 2016 | 0.6 | 1,183 | 7,097 | 43,182 |
| 2015 | 0.6 | 1,179 | 7,073 | 36,085 |
| 2014 | 0.5 | 1,176 | 5,881 | 29,012 |
| 2013 | 0.5 | 1,173 | 5,864 | 23,131 |
| 2012 | 0.5 | 1,161 | 5,806 | 17,267 |
| 2011 | 0.3 | 1,154 | 3,463 | 11,461 |
| 2010 | 0.4 | 1,146 | 4,586 | 7,998 |
| 2009 | 0.3 | 1,138 | 3,412 | 3,412 |

## CASH FLOW

### FREE CASH FLOW

One of the important drivers to increase shareholder value is the generation of free cash inflow over a medium term. Free cash flow for a period is the arithmetic sum of two streams of cash flows during the period: cash generated from/used in operating activities and cash used in/from investing activities. The sources of cash from operating activities are operating profit, a change in working capital, and finance income less taxes. The avenue of cash used in investing activities could be for capital expenditure and investment.

During the year, there was a free cash outflow of $212.9 million as compared to $341.3 million in 2017. This was mainly due to lower investing cash outflow of $119.0 million and an operating cash outflow of $93.9 million. In comparison, last year's investing cash outflow and operating cash inflow were $442.8 million and $101.5 million respectively.

### CASH USED IN OPERATING ACTIVITIES

The cash outflow from operating activities was mainly for the working capital in development properties.

### CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities was an outflow of $119.0 million, mainly related to progress payments for investments properties of $85.9 million, acquisition of subsidiaries for $11.3 million in connection with the purchase of land in Batam, payment of $14.9 million for the investment in a stake of 7.8% in Sanya Summer Real Estate Co. Ltd. and $20.0 million for a loan to a related party. This was offset by proceeds of $16.5 million from the divestment of a subsidiary in China.

### CASH FROM FINANCING ACTIVITIES

Net cash from financing activities was an inflow of $131.9 million, mainly from net proceeds from borrowings of $191.7 million, offset by interest payments of $50.1 million and dividend payment of $5.4 million

### CASH AND CASH EQUIVALENTS

As at 31 December 2018, cash and cash equivalents were $66.6 million as at 31 December 2018, representing an outflow of $81.1 million since 31 December 2017.

# REVIEW OF FINANCIAL PERFORMANCE

## BANK BORROWINGS AND MEDIUM TERM NOTES ("MTN")

As of 31 December 2018, the Group had total bank borrowings and debt securities of $1,630.4 million, comprising:

- Bank borrowings of $1,401.3 million: These are mainly related to secured borrowings relating to investment properties, development properties loans and Australia's hotel properties and commercial properties loans.

- MTN of $229.1 million: These are mainly unsecured borrowings under the S$900 million MTN Programme approved by the shareholders in 2013.

  Tuan Sing has established a S$900 million MTN Programme under which it can issue notes of various durations in series or tranches either in Singapore dollar or other currency as deemed appropriate at the time. The first tranche of the unsecured S$80 million fixed rate notes (the "Notes") that were issued on 14 October 2014 bear an interest rate of 4.50% per annum payable semi-annually in arrear, and will mature on 14 October 2019. The second tranche of the unsecured S$150 million fixed rate notes that were issued on 5 June 2017 bear an interest rate of 6.00% per annum payable semi-annually in arrear and will mature on 5 June 2020.

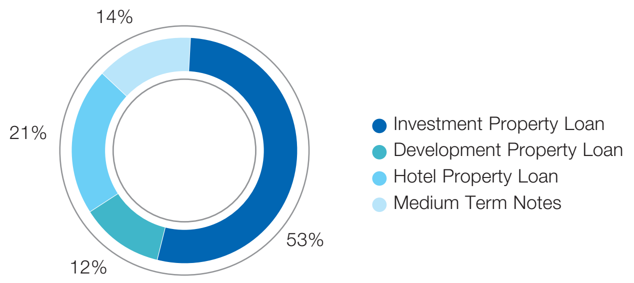
We spread our borrowings amongst a few banks using a combination of floating or fixed interest rates and of various durations depending on a number of factors. These include the timing the debt is entered into, the then prevailing market sentiment, our view of the financial market outlook, the nature of the assets pledged, if any, etc. To mitigate interest rate risk, we monitor the trend of interest rate movements. Financial instruments are used, if it is deemed necessary, to hedge interest rate exposures.

As at 31 December 2018, the profiles of the bank borrowings and MTN are as follows:

By secured and unsecured borrowings:
- o Secured borrowings: 86% or $1,401.3 million. These are mainly secured with investments properties, development properties and Australia's hotel and commercial properties loans.
- o Unsecured borrowings: 14% or $229.1 million. These are mainly from the MTN.

By interest rates:
- o Floating rates borrowings: 86%
- o Fixed rates borrowings: 14%

**TOTAL BORROWINGS BY LOAN TYPE**




By borrowing currencies:
- o Singapore Dollar currency borrowings: 79%
- o Australian Dollar currency borrowings: 21%. The Australian Dollar currency borrowings are related to the Australia's hotel and commercial properties

By loan types:
- o Investment properties borrowings: 53%
- o Development properties borrowings: 12%
- o Australia's hotel and commercial properties borrowings: 21%
- o Medium Term Notes: 14%

By loan maturity dates:
- o Maturing by 2019: 54% ($878.6 million) (This is mainly due to the first tranche MTN S$80 million maturing in October 2019 and other bank borrowings secured by investment properties)
- o Maturing by 2020: 13% ($209.1 million) (This is mainly relating to the second tranche MTN S$150 million maturing in June 2020)
- o Maturing by 2021: 6%
- o Maturing by 2022: 27%
- o Maturing by 2023 and beyond: less than 1%

## CAPITAL STRUCTURE MANAGEMENT

### OUR CAPITAL STRUCTURE MANAGEMENT

In managing our capital structure, we try to find a right balance between shareholders' funds and external borrowings. Leveraging may amplify the returns on shareholders' fund in both positive and negative manner. An increase in leverage may increase the risk of breach of covenants on borrowings and borrowing costs may increase as a consequence in addition to other implications.

Tuan Sing has access to different sources of financing. We monitor the financial markets and decide on the financing approach that is best suited for our business needs at the time. In making the decision, we also bear in mind the risk of concentration. Hence, we have a fairly diversified source of financing and borrow on both secured and unsecured basis.

# REVIEW OF FINANCIAL PERFORMANCE

To achieve an optimal capital structure, we may issue new shares from time to time, buy back shares in the open market and cancel them, retire or obtain new borrowings, sell assets to reduce borrowings, adjust the amount of dividend payment, or return capital to shareholders.

Having access to flexible and cost effective financing allows us to respond quickly to opportunities. In our view, Tuan Sing has adequate sources of financing to meet our business requirement in the foreseeable future through the operating cash flow generated, divestment proceeds, if any, from low-yielding or non-core assets, secured borrowings and unsecured bonds that may be issued from time to time.

## OUR DEBT FINANCING

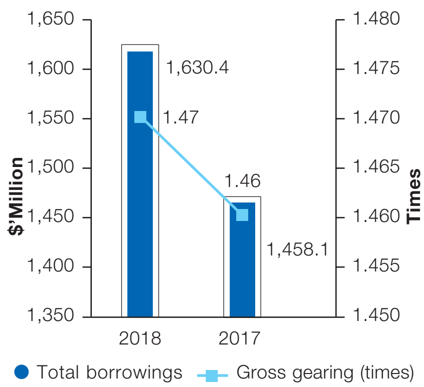
We use a combination of short-term and long-term debts to finance our operations. For prudence, our long-term investments are financed by long-term debts. This debt is usually in the same currency as the underlying investment and repayment terms are normally designed to match cash flows expected from that investment.

Having access to reasonably-priced financing is dependent, in part, on how our financiers view our credit ratings. Like most mid-capped companies, we do not engage the service of a credit rating agency to perform a credit rating exercise. We do however believe that we have a reputation for having good governance and high transparency. We are able to get competitive financing and at reasonably short notice because of these factors. This is particularly so when we are able to offer quality assets as pledge and show convincing income and cash flow projections for the project/loan period.

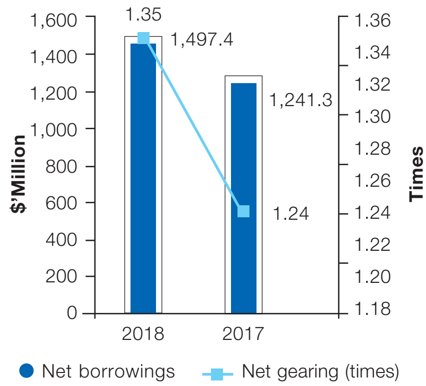
## OUR GEARING

We use gross gearing ratio (debt as a percentage of total equity) and net gearing ratio (net debt as a percentage of total equity) to measure our debt leverage. Net debt is defined as debt less cash in hand and at banks.

GROSS GEARING




NET GEARING




As at 31 December 2018, gross gearing ratio increased from 1.46 times to 1.47 times. Similarly, net gearing ratio increased to 1.35 times from 1.24 times last year. This was mainly for the developments of 333 Thomson Road, Mont Botanik Residence and 18 Robinson.

## OUR INTEREST COVERAGE RATIO

The Group's interest cover was 3.7 times as at end 2018 as compared to 2.7 times in 2017. The higher interest cover was attributable to higher profits. Interest expense saw an increase of approximately 32% to $49.2 million from $37.4 million last year. The higher interest expense was due mainly to loans taken up for the developments of 333 Thomson Road, Mont Botanik Residence and 18 Robinson.

## TREASURY MANAGEMENT

Treasury management is carried out by the business units in accordance with established group policies and guidelines. Policies and guidelines have been regularly updated to take into account changes in the operating environment. Working capital requirements and capital expenditures are funded by a mix of short-term and long-term loans. New investments are structured with an appropriate mix of equity and debt after careful assessment of relevant risks.

Each business unit and the head office monitor working capital requirement, perform profit and cash flow forecast on a quarterly basis. We also ensure that loan covenants are complied with and that there is a proper mix of duration and interest period for the loans. The quarterly cash flow projections are on a rolling sixteen-month basis. We closely monitor relevant emerging regulations which may potentially impact the way that we obtain our finances or introduce any operating constraints. We are kept updated of the latest development in debt markets and to arrange new financing as opportunities arise. Our consistent approach has helped us to build a long-term relationship with financial institutions.

Cash and cash equivalents and undrawn committed facilities are maintained for draw down at short notice. Maturity dates of our facilities are well spread out and up to year 2026.

# MANAGING RISK IN DELIVERING OUR STRATEGY

## OVERVIEW OF OUR APPROACH

The Group's business is subject to constant and significant changes that require regular assessment of our corporate strategies. At Tuan Sing, risk management is an integrated process that supports informed decision-making throughout the Group. Our integrated approach recognises the need for clear, timely direction and decision-making from the Board of Directors, senior management and our business unit management teams (i.e., SBUs). Risk management is also embedded in day-to-day decision-making and operational activities (i.e., operational risk management).

The top-down approach (i.e., strategic risk management) involves reviews of the external environment in which we operate as well as our risk appetite. The results then guide the actions we take in executing our strategy. Key risk indicators have been identified for each of our principal risks, and are used to monitor our risk exposure. These key risks are reviewed quarterly by the Risk and Audit Committee to ensure that the activities of the business remain within our risk appetite.

The bottom-up approach (i.e., operational risk management) involves identifying, managing and monitoring risks at the "front line" level. This way, risk management is embedded in our everyday operations. Control of this process is achieved through the maintaining of risk registers by all SBUs. These risk registers are aggregated and reviewed by the Chief Executive Officer and the Chief Financial Officer, with significant and emerging risks escalated for consideration by the Board and the Audit and Risk Committee as appropriate. This process complements the top-down view by helping us to identify our principal risks and by ensuring that operational risks are fully considered in determining the risk appetite and the corresponding strategy of the business.

The Group's Enterprise Risk Management ("ERM") system is designed to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded, the risks facing the business are being assessed and all information that might be required to be disclosed is reported to the Board through the Audit and Risk Committee. We have reviewed the current ERM framework and are of the view that it remained appropriate for 2018.

## HOW WE MANAGE RISK IN DELIVERING OUR STRATEGY

We remain focused on the property and hotels investment segments as our growth drivers. We have begun looking beyond Singapore, namely Indonesia and China, for opportunities. In pursuit of our corporate strategies and business goals, we acknowledge that it is necessary to take certain risks that we believe are manageable and appropriate in relation to expected opportunities. However, any such steps should be undertaken only if they are deemed to lie within our risk appetite after careful assessment of the macroenvironment that we operate in. We use key risk indicators to ensure that the activities of the business are within our risk appetite.

## RISK PROFILE AND KEY RISKS

The Group's key risks and appropriate mitigating measures are summarised in the Business Dynamics & Risk Factors Statement section. Our risk appetite and risk profile remained broadly unchanged in 2018, although the evolving business environment led us to closely monitor the impact on our risk landscape.

## NO THREAT TO GOING CONCERN

After making due inquiry, we are satisfied that there were no risks that could threaten the ability of the Group to continue as a going concern over the coming 12 months.

## OUR RISK GOVERNANCE & OVERSIGHT STRUCTURE

**THE BOARD**
- Determine strategic objectives
- Set risk appetite and parameters
- Review external environment
- Manage and monitor risks
- Assess effectiveness of risk management system
- Instil culture and approach for risk governance

**AUDIT & RISK COMMITTEE**
- Direct delivery of strategic actions
- Report principal risks and uncertainties
- Oversee financial reporting, operational and compliance risks
- Oversee internal and external audit processes
- Consider aggregation of risk exposures across the business
- Monitor key risk indicators and the implementation of risk mitigation plans
- Oversee the adequacy and effectiveness of the Group's risk management and internal control systems

**CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER**
- Implement the Company's strategy
- Strengthen the Group's risk management culture
- Ensure the overall framework of risk management is comprehensive and responsive to changes in the business
- Review the completeness and accuracy of risk assessments, risk reporting and the adequacy of risk mitigation efforts on a regular basis

**STRATEGIC BUSINESS UNITS**
- Monitor and manage operational risks on an ongoing basis
- Identify emerging risks
- Maintain risk registers that provide a framework for all relevant staff to recognise their shared responsibility for the effective management of risks on a regular and timely basis

# BUSINESS DYNAMICS & RISK FACTORS STATEMENT

## RISK MATRIX TABLE

| CONSEQUENCE | RARE | UNLIKELY | POSSIBLE | LIKELY | ALMOST CERTAIN |
|---|---|---|---|---|---|
| EXTREME | * Compliance | | | | |
| HIGH | | * Liquidity | * Business Continuity | | |
| MAJOR | * Financial Management | * Strategy<br>* Investment | | | |
| MODERATE | * Derivative Financial Instrument<br>* Insurance | * Process, Sourcing & Execution | * Competition<br>* Industry | * Reputation<br>* Macroeconomic & Political<br>* Price | * Foreign Exchange<br>* Tax<br>* Interest Rate |
| LOW | | * Alliance<br>* People<br>* Work Health & Safety<br>* Terrorism<br>* Cyber Security | * Credit<br>* Capital Structure | * Social & Environmental<br>* Regulatory | |
| NEGLIGIBLE | | | | | |

LIKELIHOOD

## RISK EXPOSURE & APPETITE TABLE

| RISK LEVEL | ACTION REQUIREMENTS |
|---|---|
| EXTREME | Not acceptable:<br>* Immediate action required<br>* Must be managed by senior management with a detailed treatment plan |
| HIGH | Senior Management attention:<br>* Senior management attention needed and management responsibility specified<br>* Treatment plans to be developed<br>* Must be monitored with regular frequency |
| MEDIUM | Tolerable:<br>* Management responsibility must be specified<br>* Treatment plans to be developed<br>* Ongoing monitoring and review |
| LOW | Acceptable:<br>* Manage through routine process / procedures<br>* Consider additional controls only if they are clearly quantifiable cost benefit<br>* Ongoing monitoring and review |
| NEGLIGIBLE | Acceptable:<br>* Manage through routine process / procedures<br>* Unlikely to require specific application of resources |

# BUSINESS DYNAMICS & RISK FACTORS STATEMENT

| DESCRIPTION OF RISKS | WHAT WE DO TO MANAGE THE RISKS |
|---|---|
| **BUSINESS & STRATEGY RISKS** | |
| **STRATEGY RISK** | |
| • The Group is exposed to risks associated with its overseas expansion plan.<br>• Expansion involves the spreading of resources in setting up new business units, as well as dealing with unfamiliar rules and regulations in foreign countries or nuances in customer service expectations.<br>• Such an expansion plan might cause management to lose focus. | • Any new investment proposal is evaluated carefully to ensure that it is in line with the corporate strategy and investment objectives and that it can meet the relevant hurdle rates of financial returns. Other relevant risk factors are also considered.<br>• Evaluation includes macro and project-specific risk analyses, due diligence and sensitivity analyses of key assumptions. Each investment proposal must be reviewed and approved by the Board.<br>• Where appropriate, the Group will explore joint venture opportunities that allow risk and reward sharing between partners. |
| **COMPETITION RISK** | |
| • Our relatively small size could be a disadvantage in the highly competitive property development industry. Hence, the Group might be more vulnerable to external shocks and negative occurrences specific to its operations.<br>• Real estate markets in Singapore and in the region are changing rapidly, which means the Group has to respond swiftly and effectively – more so than other, bigger players.<br>• The hospitality industry in Australia, where our hotels are situated, is highly competitive. Any completion of new hotels or renovation of competing hotel properties would reduce the competitiveness of older or existing properties. | • The Group strives to remain competitive through differentiation of its products and by leveraging on its brand name, thereby moving away from the mass market.<br>• Tuan Sing is a recognised developer with proven track records and a sterling reputation associated with award-winning projects.<br>• The Group actively works with potential business partners in submitting joint bids for new land parcels.<br>• The Group's hotel properties offer choice locations and excellent services for their class. Long-term management agreements are in place with Hyatt International for hotel operations.<br>• Plans are in progress to create value from existing assets through asset enhancement initiatives and redevelopment works. |
| **INDUSTRY RISK** | |
| • The Group is exposed to inherent risks in property developments.<br>• Adverse weather, labour shortages, poor performance by main contractors, industrial accidents or delays in obtaining regulatory approvals could delay the completion of projects and cause cost overruns.<br>• The Group is exposed to the hotel industry's supply and demand cycle, which is dependent on conditions in the hospitality and leisure industry and the state of the property market in Australia.<br>• Reductions in room rates and occupancy levels would adversely affect the Group's results. | • Policies and procedures covering project management processes are in place.<br>• A pre-approved project budget is agreed to in advance so as to monitor the performance of the project team. All variation orders require approval at the appropriate level.<br>• Hyatt management tracks room bookings daily. Room rates are adjusted as and when necessary to optimise returns. |

# BUSINESS DYNAMICS & RISK FACTORS STATEMENT

| DESCRIPTION OF RISKS | WHAT WE DO TO MANAGE THE RISKS |
|---|---|
| **BUSINESS & STRATEGY RISKS (CONT'D)** | |
| **MACROECONOMIC & POLITICAL RISK** | |
| • Changing macroeconomic and political conditions in countries where the Group operates could adversely affect its performance, particularly when the Group ventures further into the region.<br>• The property development business depends heavily on the continued health of the real estate market in Singapore and in the region.<br>• Changes in government policies and regulations affect market demand, land title acquisitions, planning and design, construction hours and financing. | • The Group monitors key economic indicators and keeps itself updated regarding potential policy changes by regulatory authorities.<br>• The Group remains optimistic about the medium and long-term outlook for property markets in Singapore and in the region. |
| **REGULATORY RISK** | |
| • The Group is exposed to changes in prevailing laws and regulations in countries where it operates, particularly in terms of corporate law, competition law, consumer protection and environment law. | • The Group works closely with advisers, consultants and local authorities so as to keep abreast of changes.<br>• Local business units are required to apprise the head office of material regulatory developments in a timely manner. |
| **REPUTATION RISK** | |
| • The Group's reputation is at risk of adverse publicity if there is mishandling of transactions or events. | • The Group values its reputation and has put in place an open communication programme to ensure timely and effective communication with its key stakeholders.<br>• The Group has clearly articulated its mission statement and the guiding principles that drive its operations.<br>• The Group has established an investor relations policy that has been made available on its corporate website to further strengthen communication with stakeholders. |
| **BUSINESS CONTINUITY RISK** | |
| • Property and hotels investment businesses are capital-intensive, and rely heavily on external financing at commercially acceptable interest rates and terms.<br>• The property development business relies on obtaining land plots, taking projects to fruition and successfully marketing the units within a certain timeframe, while achieving profitability that is commensurate with the risks involved. | • A S$900 million Medium Term Notes Programme had been in place since 2013 to allow the Group to seize business opportunities at short notice, diversify its sources of funding and raise its business profile.<br>• A portfolio of mostly freehold investment properties provides a platform for growth and generates recurring income. Existing hotel properties offer a stable income stream given their choice locations.<br>• Business Development and project management functions have been strengthened in recent years. |
| **TERRORISM RISK** | |
| • The Group could be adversely affected by a direct terrorist attack because of its geographical footprints.<br>• Such an event could result in damage to properties or facilities, or cause injury or death to personnel, as well as create disruptions in operations, thus causing financial losses for the Group. | • This is an inherent risk that the Group faces.<br>• The Group has a disaster recovery plan in place.<br>• Properties are protected through the implementation of various security measures. |

# BUSINESS DYNAMICS & RISK FACTORS STATEMENT

| DESCRIPTION OF RISKS | WHAT WE DO TO MANAGE THE RISKS |
|---|---|
| **FINANCIAL RISKS** | |
| **LIQUIDITY RISK** | |
| • Renewal of or additional debt-financing on favourable terms would be subject to prevailing global and local economic conditions, and sentiment in credit and capital markets.<br>• The Group's property portfolio in Singapore and Australia is pledged under various mortgage loan agreements. A breach in any loan covenant could trigger various repayments at short notice. | • The Group monitors its cash and cash equivalents and maintains a level deemed adequate.<br>• The Group manages debt financing proactively to ensure that all covenants are met as and when required.<br>• Moving 16-month cash flow projections, debt maturity profiling and bank facilities undrawn are reviewed quarterly to monitor the Group's liquidity position.<br>• Great emphasis is placed on the timely execution of on-going projects to ensure that a significant proportion of our property projects is sold and that cash is being realised as early as possible. |
| **CAPITAL STRUCTURE RISK** | |
| • An inefficient capital structure or weakness in financial management could affect the Group's ability to provide adequate returns for shareholders. | • The Group conducts regular reviews to ensure an optimal capital structure.<br>• The Group monitors its gross gearing and net gearing ratios and their trends on a quarterly basis.<br>• To achieve an optimal capital structure, the Group might from time to time issue new shares, obtain new borrowings, sell assets (thereby reducing borrowings), adjust the dividend payout, or return capital to shareholders. During the year, the Group bought a certain number of shares on the open market, which were cancelled thereafter. |
| **DERIVATIVE FINANCIAL INSTRUMENT RISK** | |
| • Market conditions could move against the assumptions that the Group adopts at the time of hedging transactions – an inherent risk. | • Derivative financial instruments are used only to manage the impact of interest rate fluctuations on floating rate debts or foreign currency exposure, or to comply with certain bank covenants.<br>• Hedging is undertaken to meet actual operational requirements, not for speculative purposes.<br>• The Group closely monitors the impact of macroeconomic conditions. |
| **PRICE RISK** | |
| • Revenue and profit recognition for development properties and fair value adjustments for investment properties are lumpy.<br>• Residential property prices and demand in Singapore and in the region are subject to rounds of government cooling measures. | • This is an inherent systemic risk as the Group operates in the industry.<br>• Diversify the property portfolio.<br>• For development properties, reduce the gestation period of a property launch. In addition, the Group monitors market sentiment so as to leverage on any potential upside.<br>• For investment properties, lock in major tenants with multi-year durations. |
| **CREDIT RISK** | |
| • Credit risk arises when counterparties default on their contractual obligations resulting in financial losses for the Group. | • Standard operating procedures are in place, which include extending pre-approved credit terms to only creditworthy customers and monitoring credit risk on a regular basis.<br>• Major collectability issues are highlighted to all concerned. |

# BUSINESS DYNAMICS & RISK FACTORS STATEMENT

| DESCRIPTION OF RISKS | WHAT WE DO TO MANAGE THE RISKS |
|---|---|
| **FINANCIAL RISKS (CONT'D)** | |
| **FOREIGN EXCHANGE RISK** | |
| • Exchange gains or losses might arise when assets and liabilities in foreign currencies are translated into Singapore dollars for financial reporting or repatriation purposes. | • Natural hedging is used extensively, including matching sales with purchases or matching assets with liabilities of the same currency and amount, whenever it is practicable.<br>• Currency translation risk is inherent for operations outside Singapore. Since it is non-cash in nature, it is not hedged. |
| **INTEREST RATE RISK** | |
| • The Group is exposed to interest rate fluctuations through borrowings. | • The Group keeps abreast of trends in interest rate movements.<br>• A variety of financial instruments, including interest rates of different durations, interest rate swaps, caps and forwards, could be used to hedge interest rate risks arising in the ordinary course of business. |
| **TAX RISK** | |
| • The Group is exposed to vagaries of tax interpretations or changes at short notice in foreign jurisdictions. | • The Group monitors changes in tax rules in different countries on a periodic basis.<br>• Tax provisions are made in strict compliance with the rules so as to reduce under-accrual in the book of accounts.<br>• The Group developed its Transfer Pricing Documentation Master File to provide a guideline for transfer pricing for all subsidiaries across different countries. |
| **FINANCIAL MANAGEMENT RISK** | |
| • Apart from the Group's policies and guidelines and the internal audit function, which has been outsourced, the Group relies on self-assessment, review and reporting processes at strategic business units to ensure that transactions are carried out in conformity with accounting standards and the Group's accounting policies and that internal controls are adequate and effective.<br>• This system might not prevent or detect all frauds or misstatements in a timely manner.<br>• Changes in conditions or operations might cause the system's effectiveness to vary from time to time. | • Internal controls over financial reporting are reviewed regularly and embedded within our corporate governance structure.<br>• On a quarterly basis, the operating and finance heads of strategic business units report the results of their self-review in their management representation letter.<br>• The quarterly management representation letter also serves as a platform for all strategic business units to highlight any transactions and/or events that could have a material or potential financial impact on the Group. |
| **INVESTMENT RISK** | |
| • Higher returns are usually accompanied by higher risk and uncertainty. Therefore, the Group has to strike a balance when making an investment. | • Major investments are reviewed by the Board or its committee to ensure that they are in line with the Group's strategic focus, meet the relevant risk-adjusted hurdle rate of return and pass other risk assessments. |

# BUSINESS DYNAMICS & RISK FACTORS STATEMENT

| DESCRIPTION OF RISKS | WHAT WE DO TO MANAGE THE RISKS |
|---|---|
| **OPERATIONAL RISKS** | |
| **ALLIANCE RISK** | |
| • The medium or long-term interests of business associates or joint venture partners might not necessarily be aligned with the Group's.<br>• Policy or personnel changes by business associates could lead to their inability or unwillingness to fulfil obligations. | • The Group agrees with business associates in advance on well thought-out rights, duties and obligations of each party.<br>• The Group maintains cordial working relationships with business partners. |
| **SOCIAL & ENVIRONMENT RISK** | |
| • Heightened awareness among the public or environmental agencies could increase the Group's operating expenses with relation to environmental issues. | • The Group adopts environmentally-friendly practices across countries, so as to bring them in line with best practices in the market and to remedy shortcomings identified.<br>• The Group provides eco-themed amenities and nature-inspired landscaping at development projects. It is also committed to meeting green building requirements for its projects.<br>• The Group has implemented its Sustainability Policy, which has been published on the corporate website to promote stakeholder engagement. |
| **PEOPLE RISK** | |
| • The Group depends on steadfast service provided by good personnel for business continuity.<br>• Succession plan execution is a challenge given the size of the Group. | • The Group provides a safe working environment in which employees can develop their careers with a work-life balance so as to ensure that human capital is nurtured and retained.<br>• Attractive awards and bonuses are given to staff who performed well. |
| **PROCESS, SOURCING & EXECUTION RISK** | |
| • Property development projects take 3-5 years to complete. Delays in project completion and cost overruns could arise from labour and material shortage, poor performance of contractors, delays in obtaining necessary regulatory approvals, or industrial accidents, etc.<br>• The Group relies heavily on third-party contractors and consultants for various services.<br>• Long-term hotel management agreements have given Hyatt International almost full discretion in the operations of the Group's two hotels in Australia. | • Operating manuals, standard operating procedures and a delegation-of-authority matrix are in place.<br>• Project costs and project timelines are closely monitored through regular project meetings with consultants, suppliers and contractors.<br>• Project control sheets are prepared for on-going projects and are monitored on a monthly basis. Costs overruns are analysed and highlighted to senior management and the Board.<br>• Regular management team meetings facilitate effective project coordination and communication.<br>• Profit-sharing terms in hotel management agreements aim to ensure alignment with our risk appetite. |
| **WORK HEALTH AND SAFETY RISK** | |
| • The Group is exposed to work, health and safety risks for employees arising from events such as incidents in the production process or pandemics. | • The Group cultivates a safety-consciousness culture at all levels where appropriate. Such steps include the setting up of an employees' safety council.<br>• Refresher drills on fire safety, emergency evacuation and first aid responses are conducted regularly.<br>• A disease/pandemic preparedness plan is in place to safeguard the health and welfare of employees, and to ensure quick resumption of critical business functions. |

# BUSINESS DYNAMICS & RISK FACTORS STATEMENT

| DESCRIPTION OF RISKS | WHAT WE DO TO MANAGE THE RISKS |
|---|---|
| **OPERATIONAL RISKS (CONT'D)** | |
| **INSURANCE RISK** | |
| • Properties owned are subject to risks (e.g., war, terrorism, outbreak of contagious diseases, environmental breaches) that might not be insurable. Even where they are, the premium could be prohibitive or the financial loss might not be fully compensated for by insurance proceeds. | • The Group conducts insurance reviews with insurance brokers on an annual basis to ensure adequate and comprehensive insurance coverage. |
| **CYBER SECURITY RISK** | |
| • The Group's operations are exposed to disruptions to the network.<br>• This could happen through targeted attacks by hackers, insider attacks or accidental cyber incidents.<br>• The results of cyber thefts of sensitive and confidential information could lead to litigation by customers and/or regulatory fines and penalties. | • The Group adopts a holistic approach by keeping abreast of the threat landscape and business environment.<br>• The Group has set in place the Information Security Policy, which covers cyber security and data protection measures. |
| **COMPLIANCE RISKS** | |
| **COMPLIANCE RISK** | |
| • There have been rapid changes in laws, regulations and practices, making compliance more complicated.<br>• The Group's internal control systems and related framework might not be brought up-to-date in time. | • Internal controls, risk management and corporate governance frameworks, and control self-assessment processes are all in place and are reviewed on an annual basis.<br>• A whistle-blowing policy and annual declarations by staff on ethics have been in place for some time.<br>• External auditors are engaged for statutory audits, while internal auditors are engaged to conduct operations reviews; both report directly to the Audit and Risk Committee. |

# CORPORATE STRUCTURE

AS AT 12 MARCH 2019

## TUAN SING HOLDINGS LIMITED

### PROPERTY

- Asiaview Properties Pte. Ltd.
- Asplenium Land Pte. Ltd.
- Clerodendrum Land Pte. Ltd.
- Dillenia Land Pte. Ltd.
- Episcia Land Pte. Ltd.
- Gerbera Land Pte. Ltd.
- Heliconia Land Pte. Ltd.
- Ipomoea Land Pte. Ltd.
  - TSRC Novena Pte. Ltd. (70%)
- Jasminum Land Pte. Ltd.
- Megaton Investments Pte. Ltd.
- Oxley Development Pte. Ltd.
- Pemimpin Properties Pte. Ltd.
- Robinson Point Limited
  - 39 Robinson Road Pte. Ltd.
- Silveridge Investments Pte. Ltd.
  - Shelford Properties Pte. Ltd.
- Superluck Properties Pte. Ltd.
- Maylands Investment Pte. Ltd. (70%)
- Fuchsia Land Pty. Ltd.
- Splendourland Pte. Ltd. (90%)
- Goodworth Investments Pte. Ltd. (90%)
  - PT. Goodworth Investments (98%)[1]
- TSH Indonesia Holdings Pte. Ltd.
  - Lantana Pte. Ltd.
    - P.T. Damai Mandiri (49%)
  - Lachenalia Pte. Ltd.
- Bauhinia Land Pte. Ltd.
- Sing-Hu International Pte. Ltd.
  - Premiera Development Pte. Ltd.
  - Shanghai Shenyu Interior Decoration Limited Liability Company
    - Fujian Ji'Xing Real Estate Development Co. Ltd.
- TSH China Holdings Pte. Ltd.
  - Yewglade Pte. Ltd.
    - Habitat Properties (Shanghai) Ltd. (91%)[2]
  - Shanghai Shenjia Property Management Co., Ltd.
    - Sanya Summer Real Estate Co Ltd (7.8%)
- Tuan Sing (China) Investments Limited#
- Shanghai Xin Min Real Estate United Development Co., Ltd.# (70%)[3]

## HOTELS INVESTMENT

- TSH Australia Holdings Pte. Ltd.
  - Tuan Sing (Australia) Pty. Limited ("TSA")
  - Tuan Sing Real Estate Pty. Limited ("TSRE")
    - Grand Hotel Group – Grand Hotel Company Pty. Ltd.
      - GH Operations Pty. Ltd.
      - HR Operations Pty. Ltd.
      - Grand Hotel Management Pty. Ltd.
      - GHG Capital Pty. Ltd.

## INDUSTRIAL SERVICES

- SP Corporation Limited* (80.2%)
  - SP Performance Pte. Ltd.
    - Performance Retreads Sdn. Bhd.
  - SP Energy Pte. Ltd.
    - SP Mining & Engineering Pte. Ltd.
      - PT. SP Mining & Engineering (99%)[4]
  - Globaltraco International Pte. Ltd.
  - SP Resources International Pte. Ltd.
  - SP Global International Pte. Ltd.
    - SP Global Hong Kong Limited
- Hypak Sdn. Berhad (97.9%)

## OTHER INVESTMENTS

- TS Planet Sports Pte. Ltd.
  - Pan-West (Private) Limited (49%)
    - Pan-West (Malaysia) Sdn. Bhd.
- TS Technologies Pte. Ltd.
  - Gul Technologies Singapore Pte. Ltd. (44.5%)
    - Gultech International Pte. Ltd.
      - Gultech (Suzhou) Electronics Co., Ltd
    - Gultech China Pte. Ltd.
      - Gultech (Jiangsu) Electronics Technologies Co., Ltd
      - Gultech (Wuxi) Electronics Co., Ltd (51%)[5]
        - Gultech Wuxi Electronics Co (HK), Limited
  - Pacific Consultants Pte. Ltd.

- 100% owned
- Less than 100% owned
- TSA and TSRE each holds 50% in that entity

Entity incorporated outside Singapore

1 Balance of 2% is held by Splendourland Pte Ltd
2 Balance of 9% is held by TSH China Holdings Pte Ltd
3 Balance of 30% is held by Tuan Sing (China) Investments Limited
4 Balance of 1% is held by SP Energy Pte. Ltd.
5 Balance of 49% is held by Gultech (Jiangsu) Electronics Technologies Co., Ltd
# In members' voluntary liquidation
* Public listed company

# CORPORATE DATA

## Board of Directors

Ong Beng Kheong, Chairman
William Nursalim alias William Liem, Chief Executive Officer
Cheng Hong Kok
Choo Teow Huat Albert
David Lee Kay Tuan
Michelle Liem Mei Fung
Neo Ban Chuan

## Group Company Secretary

Julie Koh Ngin Joo

## Board Committees

### Audit and Risk Committee
Choo Teow Huat Albert, Chairman
David Lee Kay Tuan
Neo Ban Chuan

### Nominating Committee
Choo Teow Huat Albert, Chairman
Cheng Hong Kok
Michelle Liem Mei Fung
Neo Ban Chuan
Ong Beng Kheong

### Remuneration Committee
Cheng Hong Kok, Chairman
Choo Teow Huat Albert
Michelle Liem Mei Fung

### Whistle-blowing Committee
William Nursalim alias William Liem, Chief Executive Officer
Leong Kok Ho, Chief Financial Officer
Julie Koh Ngin Joo, Group Company Secretary
Email: whistle-blowing@tuansing.com

## Registered Office

9 Oxley Rise
#03-02 The Oxley
Singapore 238697
Tel: (65) 6223 7211
Fax: (65) 6224 1085

## 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

## Auditors

### Group External Auditors
Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
Tel: (65) 6224 8288
Fax: (65) 6538 6166
Partner-in-charge: Loi Chee Keong
Date of appointment of Partner-in-charge: 9 April 2015

### Group Internal Auditors
PricewaterhouseCoopers Risk Services Pte. Ltd.
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Tel: (65) 6236 3388
Partner-in-charge: Ng Siew Quan

## Principal Financiers

United Overseas Bank Limited
DBS Bank Limited
Australia and New Zealand Banking Group Limited

## Share Listing Information

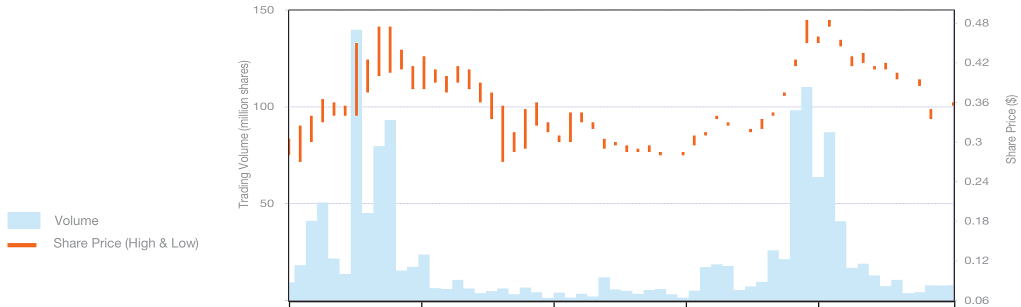
Counter name: Tuan Sing
SGX code: T24
Bloomberg code: TSH:SP

# STOCK MARKET STATISTICS

## Share Price and Trading Volume (2014 – 2018)

| | |
|---|---|
| Market: Singapore Stock Exchange ("SGX") | SGX Code: T24 |
| Sector: Real Estate Management and Development | Bloomberg Code: TSH SP |

### TSH SHARE PRICE AND TRADING VOLUME (2014 – 2018)




| | 2014 | 2015 | 2016 | 2017 (Restated) | 2018 |
|---|---|---|---|---|---|
| Last transacted (cents)# | 39.5 | 32.5 | 28.5 | 45.0 | 36.0 |
| High (cents) | 47.5 | 42.5 | 34.0 | 46.5 | 50.0 |
| Low (cents) | 27.0 | 28.0 | 27.5 | 29.0 | 32.5 |
| Average (cents)## | 36.6 | 36.1 | 30.0 | 35.3 | 40.7 |
| Market capitalisation ($ million), year end | 464.6 | 383.1 | 337.1 | 534.1 | 427.1 |
| Trading volume (million shares), full year | 545.1 | 82.5 | 52.6 | 400.2 | 225.6 |
| Number of shares issued (million shares), year end | 1,176.2 | 1,178.8 | 1,182.8 | 1,187.0 | 1,186.4 |
| P/E ratio, year end | 7.6X | 5.6X | 10.0X | 8.5X | 3.2X |
| P/B ratio, year end | 0.6X | 0.4X | 0.4X | 0.5X | 0.4X |

**Notes:**
# Last transacted share price as at year end
## Average closing price of all trading days during the year
P/E ratio – Last transacted share price/earnings per share for the year
P/B ratio – Last transacted share price/net asset value per share as at year end

## Share Price Performance (5-Year)

**TSH Share Price versus ST Index & Real Estate Index (2014 – 2018)**

| Share Performance | 1-year | 2-year | 3-year | 4-year | 5-year |
|---|---|---|---|---|---|
| Period Commencing | 2/1/2018 | 3/1/2017 | 4/1/2016 | 2/1/2015 | 2/1/2014 |
| Period Ending | 31/12/2018 | 31/12/2018 | 31/12/2018 | 31/12/2018 | 31/12/2018 |
| Tuan Sing (TSH SP) | -22% | 24% | 11% | -11% | 20% |
| Straits Times Index (FSSTI) | -11% | 6% | 8% | -9% | -3% |
| ST Real Estate Index (FSTRE) | -13% | 7% | 8% | -1% | 6% |
| ST Real Estate Holding and Development Index (FSTREH) | -18% | 3% | 2% | -2% | 2% |

# FINANCIAL CALENDAR

## 2018

**27 APRIL**
Announcement of first-quarter financial results for the period ended 31 March 2018

**25 JULY**
Announcement of half-year financial results for the period ended 30 June 2018

**24 OCTOBER**
Announcement of third-quarter financial results for the period ended 30 September 2018

## 2019

**30 JANUARY**
Announcement of full-year financial results for the year ended 31 December 2018

**26 MARCH**
Dispatch of 2018 annual report

**24 APRIL**
49th Annual General Meeting

**26 APRIL**
Proposed announcement of first-quarter financial results for the period ending 31 March 2019

**7 & 8 MAY**
Books closure dates for 2018 first and final one-tier tax-exempt dividend of 0.6 cent per share and an additional special dividend of 0.3 cent per share

**26 JUNE**
Proposed payment date for 2018 first and final one-tier tax-exempt dividend of 0.6 cent per share and an additional special dividend of 0.3 cent per share
(subject to shareholders' approval at the Annual General Meeting)

**24 JULY**
Proposed announcement of half-year financial results for the period ending 30 June 2019

**30 OCTOBER**
Proposed announcement of third-quarter financial results for the period ending 30 September 2019

## 2020

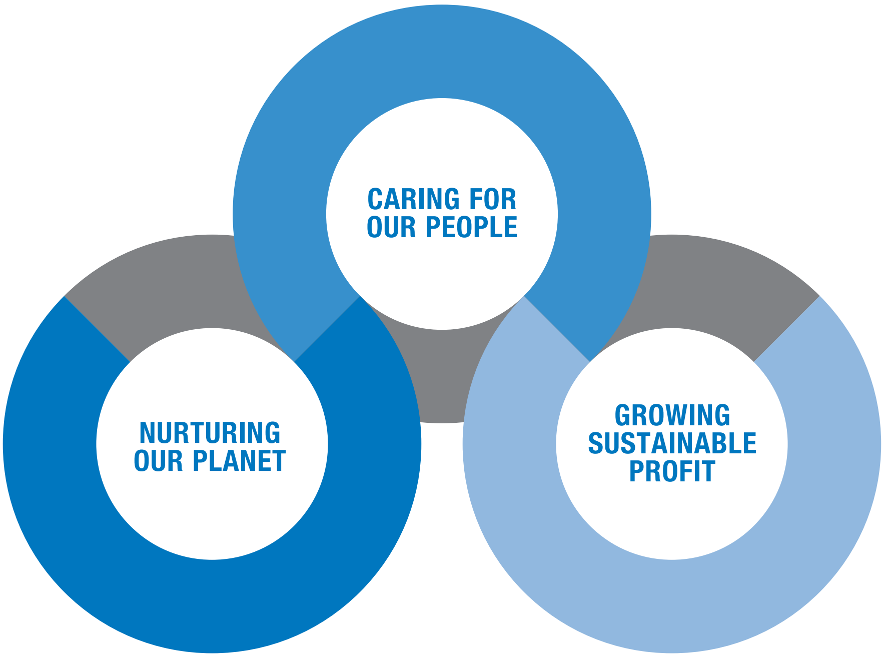
**FEBRUARY 2020**
Proposed announcement of full-year financial results for the year ending 31 December 2019

*Note: The dates for the proposed results announcements in 2019 and 2020 are indicative only and are subject to change.*

# SUSTAINABILITY AT TUAN SING

## MANAGING SUSTAINABILITY

Since the implementation of the Sustainability Policy in 2016, sustainable practices have been continuously assimilated into the day-to-day operations of the Company – so much so that they now form the bedrock upon which Tuan Sing conducts its business. This Sustainability Policy comprises three key objectives: to nurture our PLANET, to care for our PEOPLE and to grow sustainable PROFIT.




| Nurturing our PLANET | Caring for our PEOPLE | Growing sustainable PROFIT |
|---|---|---|
| Through the persistent advocacy of a spirit of "caring" – one that encompasses both the environment and our society. Our employees are always encouraged to volunteer for charitable causes and to practise eco-friendly behaviour whenever possible. | Through the continuous evolution of the workspace environment by encouraging collaboration and affirmative interaction between employees. This approach ensures a positive setting where our employees can truly grow and develop. | Through maintaining a high standard of corporate governance and embracing a risk-centric culture, which shall help us secure sustainable growth and performance as a company. |

## SCOPE OF THIS SUSTAINABILITY REPORT

We present this year's report based on the Global Reporting Initiative ("GRI") – G4 Sustainability Reporting Guidelines, issued by the Global Sustainability Standards Board. We are also guided by the Practice Note 7.6 of the Sustainability Reporting Guide issued by SGX-ST, in particular, paragraph 4 within.

Our report covers environmental, social and governance ("ESG") factors that are deemed material by the Tuan Sing Board. The Board has overseen the management and supervision of the more essential ESG factors affecting this reporting year (1 January 2018 to 31 December 2018). This sustainability report has not been audited by an external entity.

## BOARD STATEMENT

In compliance with SGX-ST Listing Rule 711, the Board acknowledges that its members are collectively responsible for the long term strategic direction of the Company, and states that it has specifically considered sustainability issues during the formulation of its strategies. This sustainability report contains the primary components as set out in Rule 711B and is issued with the approval of the Board.

# SUSTAINABILITY AT TUAN SING

## IDENTIFICATION OF MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") FACTORS

We have identified the following ESG factors that have a material impact on our operations:

| PRIMARY FACTOR | MATERIAL FACTORS | PERFORMANCE MEASURES |
|---|---|---|
| Environmental | (1) Water consumption<br>(2) Electricity consumption<br>(3) Paper consumption<br>(4) Food waste reduction | Water consumption ($m^3$)<br>Electricity consumption (kWh)<br>Paper consumption (tonnes)<br>Reduction rate of food waste via composting (%) |
| Social | (5) Community service | Total donations and sponsorships ($)<br>Volunteer hours (hours) |
| Governance | (6) Employee retention<br>(7) Employee training and education<br>(8) Diversity i.e., embedded diversity in the company's culture, creating a more flexible environment | Staff turnover rate (%)<br>Training hours (hours) and training costs ($)<br>Percentage comparison of male and female employees (%) |

Assessments of these ESG factors have been further discussed in three other sections of this sustainability report – Environmental Initiatives, Labour Practices and Conducive Workplace and Community Involvement.

## SUSTAINABILITY CONTACT

Your feedback is an important way of improving our sustainability practices. If you have any comments or feedback on these issues, please send your views to us at http://www.tuansing.com/contactus/feedback.aspx

# INVESTOR RELATIONS

The Group has an Investor Relations Policy to ensure that we engage stakeholders in an open and transparent manner through various communication platforms. The policy is periodically reviewed and updated, and is available on the Company's website at www.tuansing.com.

Under this policy, Tuan Sing is committed to delivering high standards of corporate disclosure and transparency for the benefit of our shareholders, the investment community and other key stakeholders. The following communication tools have been used by the Company:

## COMMUNICATION TOOLS

### SGXNet announcements

Tuan Sing provides regular, timely and relevant information regarding the Group's performance and prospects to aid shareholders and investors in making their investment decisions. Tuan Sing also makes timely disclosures about any new or significant information to the SGX concerning any corporate development or decision that might move its share price or be of interest to stakeholders. In making such disclosures, we believe that observing the spirit of any relevant rules or regulations takes precedence over the letter of such rules or regulations. Hence, additional information is disclosed voluntarily, beyond a mere compliance with regulatory requirements, so as to enhance readers' understanding of the subject matter.

### Company's website

Announcements on the SGXNet are posted on the Tuan Sing Investor Relations ("IR") website, (www.tuansing.com) so as to keep investors abreast of strategic and operational developments. Our website is updated on the same evening of any such announcements, whether they involve financial results, press releases (English and Chinese), investor presentations, downloadable annual reports, or shareholders' circulars or presentation slides. Group policies and marketing information about our development projects, minutes of past general meetings, terms of reference of the Board Committees and other information are also available on the website. Furthermore, financial information is downloadable in Excel format to aid readers who wish to perform their own analyses.

Contact details are provided as well, to help readers who want to make enquiries or submit feedback to the Company.

### Quarterly results

All quarterly results and the corresponding press releases in English and Chinese, as well as PowerPoint slides, are released within 30 days of the respective period end. If the quarter coincides with the financial year end, audited full year statutory financial statements, together with accompanying notes to the accounts, are also released on the same day.

### Annual reports

Annual reports are compiled, written and edited entirely in-house with non-finance-trained readers in mind, covering the Company's profile, philosophy and strategy, and providing analyses of all business segments of the Company.

## SHAREHOLDERS' MEETINGS

Tuan Sing strongly encourages and supports shareholder participation at its shareholders' general meetings. It delivers the Notice of general meetings and related information a month ahead of the meeting, giving shareholders sufficient time to plan their schedule, to review the Notice of meetings and the proposed resolutions and to appoint and give instructions to proxies to attend on their behalf if they wish. The Notice of the meetings is also advertised in The Business Times and announced on the Company website. For the convenience of shareholders, Tuan Sing has over the years held its meetings mainly at a specific location in the Central Business District with easy access to the Raffles Place MRT station.

The last Annual General Meeting ("AGM"), held on 19 April 2018, covered both ordinary business and some special business, such as renewal of the Share Purchase Mandate, granting authority to the Directors to allot and issue shares up to 10 per centum of the issued shares, and granting authority to allot and issue shares under the Company's Scrip Dividend Scheme.

The meeting was well attended by shareholders and, as practised in past years, the Chief Financial Officer made a PowerPoint presentation to update the meeting regarding Tuan Sing's performance over the previous year as well as the Group's future development plans and investment strategies. Tuan Sing's external auditors and counsels were on standby at the meeting so they could help address shareholders' queries, if any, relating to the conduct of the audit and the preparation and content of the auditor's reports. During the meeting, Mr Ong Beng Kheong, the Chairman, played a pivotal role in fostering constructive dialogue between shareholders, the Directors and the management.

# INVESTOR RELATIONS

As practised in the past and to promote shareholder participation, all resolutions (whether they concerned ordinary or special business) were put to the vote by electronic poll, and the results were displayed online real-time, including the number of votes cast for and against and the respective percentages. We also maintained an audit trail of all votes cast at the meeting.

Full minutes of the last AGM were announced on the SGXNet on 7 May 2018 and posted on Tuan Sing's website that same evening. The minutes included the PowerPoint Presentation made by the Chief Financial Officer at the start of the meeting, the attendance information of the Directors, senior executives and the shareholders, details of the proceedings, questions raised by shareholders and responses from the directors and management.

## SINGAPORE CORPORATE AWARDS

The Singapore Corporate Awards are organised annually by the Institute of Singapore Chartered Accountants ("ISCA"), the Singapore Institute of Directors ("SID") and The Business Times to recognise exemplary corporate practices by listed companies in Singapore. This year, Tuan Sing was honoured with three awards in the mid-capitalisation category – Best Managed Board (Bronze), Best Investor Relations (Bronze) and Best Chief Financial Officer.

## CORPORATE GOVERNANCE AND TRANSPARENCY

Tuan Sing's core objectives in embracing good governance have been to:

a. Future-proof the business and its performance by promoting an ingrained culture that upholds good corporate governance and processes;
b. Strengthen stakeholders' confidence – transparency in disclosure instils all stakeholders with confidence in the Company's decision-making and management processes and its ability to deliver value;
c. Further corporate accountability – the Board has a fiduciary duty to give shareholders an explanation for the Company's actions, inactions and conduct;
d. Arrive at a suitable balance of power between shareholders, directors and management, in order to enhance shareholder value and protect the interests of other stakeholders.

We believe ingraining good governance practices in our corporate culture diminishes the need for management to keep "casting its eyes on the corporate governance ball", allowing it to focus fully on achieving the financial goals of the Company. Once best practices become an integral part of our business strategy and decision-making process at every level, the Company can press ahead with strategic initiatives to drive growth and profitability. Embracing good governance as well as greater transparency also enhances the Company's image and standing among suppliers, customers and financiers.

Tuan Sing's persistent and measured efforts in this area have been recognised in recent years, greatly boosting its ranking in the Singapore Governance and Transparency Index ("SGTI"), a leading index for assessing the corporate governance practices of locally listed companies.

As published on 6 August 2018, Tuan Sing was ranked 12th in 2018, out of 589 listed companies in Singapore. It is noteworthy that, for five consecutive years, Tuan Sing has been the only non-big-market-capitalisation company to secure the top 12 position – the other 11 companies are all counters with multibillion-dollar capitalisation.

| YEAR | POSITION |
|---|---|
| 2018 | 12th |
| 2017 | 7th |
| 2016 | 7th |
| 2015 | 10th |
| 2014 | 10th |

# INVESTOR RELATIONS

## INVESTORS' CHOICE AWARDS

Organised by the Securities Investors Association Singapore, the Investors' Choice Awards recognise excellence in companies and individuals adopting good corporate governance practices. For 2018, Tuan Sing was privileged to be named Runner-up in the Mid-Capitalisation Category for the Shareholder Communications Excellence Award.

## MAXIMISE LONG-TERM VALUE FOR SHAREHOLDERS

Tuan Sing strives to create long-term shareholders' value. Over the past five years, the Company has delivered $360.6 million in cumulative profit attributable to shareholders. Our average earnings per share came to 6.1 cents per annum over the same period. In tandem, net asset value per share grew from 68.3 cents in 2014 to 92.2 cents in 2018. Please refer to the "Five-Year Performance" section of this Annual Report.

The Group has also declared dividends yearly since 2009. For the financial year ended 31 December 2018, the Board of Directors has recommended a dividend of 0.9 cent per share, which includes a special dividend of 0.3 cent per share, for a total of $10.7 million. The total gross payout for the years from 2009 to 2018 inclusive would amount to $61.0 million.

***Financial publications***

Annual reports in PDF format can be downloaded at www.tuansing.com, while printed versions can be requested via email to ir@tuansing.com.

In addition to the annual report, quarterly financial results, presentations and press releases are available on the Company's website for downloading.

***Shareholder services***

Shareholders should notify the CDP (for CDP account holders) or Share Registrar (for script holders) of matters related to their shareholding, such as account statements, transfers of shares, lost or misplaced share certificates, dividend payments and changes of address.

**The Central Depository (Pte) Limited**
11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589
Tel: (65) 6535 7511

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

***Queries***

For investor queries and information:
http://www.tuansing.com/contactus/feedback.aspx

# LABOUR PRACTICES & CONDUCIVE WORKPLACE

Our employees are our most important asset. We are committed to actively engaging our workforce, motivating them to work together with the Company to create a brighter future for all. Spreading positivity in the workplace helps nurture happy, satisfied employees, spurring their desire to contribute positively to the Company. To this end, we endeavour to provide our employees with a safe and conducive working environment, and to equip them with the skills they need to perform at their best, through both learning and career advancement opportunities.

## A SAFE WORKING ENVIRONMENT

At Tuan Sing, safety is our top priority. Steps to promote and foster mental health and well-being include taking measures to prevent discrimination (including bullying and harassment) of any kind in the workplace. During the year, a workshop was conducted in Melbourne to provide information and tips about how to build a mentally healthy workplace – one that promotes mental health and empowers employees to seek help for depression and anxiety. As a standard modus operandi, all new employees are briefed on the Company's policy and practices during the orientation programme.

The safety and health committees at our two hotels and the factories of Gul Technologies Singapore Pte. Ltd. ("GulTech") regularly review safety and health issues while sourcing for ways to make the work environment safer. To support such efforts, we allocate an appropriate sum from the budget each year to help improve work safety. Furthermore, a pandemic preparedness plan is in place that can be activated at short notice in Singapore, Australia and China. Due to the nature of the operations, our two hotels in Australia have specific pandemic preparedness plans for each potentially high-risk disease including Ebola, tuberculosis, measles and Zika. GulTech not only allocates a budget for work safety improvement but also conducts annual audits and ensures with occupational safety and health standards (OSHA18001) and environmental protection standards (ISO14001). Its induction programme for new employees emphasises the importance of work safety and precautions.

In addition, we have placed Automatic External Defibrillators ("AEDs") in all buildings owned by Tuan Sing in Singapore and the two hotels in Australia. We train our employees regularly in how to use the AED and carry out Cardiac Pulmonary Resuscitation to ensure that they are competent and confident enough to render help should it become necessary.

## FAIR AND MERIT-BASED EMPLOYMENT

Ample opportunities are given to all employees to excel in their career with the Group, regardless of their background. We recognise that older workers can continue to contribute to the Company's success by sharing their extensive experience with younger colleagues. We value all our employees, and it is our practice to continue to re-employ employees beyond retirement age.

The Company adopts an open performance appraisal approach and reviews appraisal criteria regularly to align them with the changing expectations of different categories of employees.

The Company's remuneration package consists of both fixed and variable components. The variable component is performance-based and is determined based on the performance of the Company, the business unit and the individual. The variable portion of and employee's remuneration increases as he/she moves up the corporate ladder.

## EMPLOYEE RELATIONS

Employees are updated regularly on their respective business units' performance as well as the Group's. Our open door policy helps facilitate and encourage both formal and informal interaction between employees at all levels.

Our open performance appraisal system promotes two-way communication, allowing employees to freely discuss their past performance and their career aspirations, thus ensuring better job matches and happier employees on the whole.

Employee grievances are dealt with promptly. Our Whistle-blowing Policy has been in place for years and has been made known to all employees. A Whistle-Blowing Committee ("WBC") has been tasked to look into any feedback from employees on unfair practices, corruption or misconduct.

## EMPLOYEE DEVELOPMENT

As we believe our employees are an essential asset, we take pains to help them reach their full potential through training, job rotation and internal promotion opportunities, so they can move beyond their existing work scope both locally and regionally. Training needs for each employee are identified annually, mutually agreed on and steadily implemented over time. We actively promote continuous learning, encouraging our staff to equip themselves with relevant job-related skills. We also foster a culture of sharing, encouraging employees to share with colleagues the knowledge and skills they have gained through training. Training materials are made available to all interested employees. In addition, eligible employees are granted sponsorships for higher studies and examination leave.

# LABOUR PRACTICES & CONDUCIVE WORKPLACE

## SUCCESSION PLANNING

Tuan Sing strives to retain a diverse and robust talent pool, carefully grooming our people to ensure that they will be ready to meet future needs. Priority is given to employees whenever there is a job opening within the Group. Numerous employees have benefited from this approach, broadening their exposure and skill-sets across various business functions.

## EMPLOYEES' CODE OF CONDUCT

Tuan Sing has always upheld the highest standards of integrity and professionalism in conducting its business activities, and expects its employees to embrace these values as well. To ensure that employees are aware of the Company's philosophy, an Employee Handbook providing guidelines on the Code of Conduct is made readily available to all employees through the Company intranet. It serves as a reminder to employees that they should act in the best interests of the Company and avoid situations that could create a conflict of interest. At the end of each year, employees are required to make a declaration about whether they had been involved in any situation that might lead to a conflict of interest and whether they had complied with the Code of Conduct. A formal "Anti-Bribery and Anti-Corruption Policy" is also made available to all employees through the Company's intranet.

## EMPLOYEE WELLNESS AND WORK-LIFE BALANCE

At Tuan Sing, the well-being of our employees comes first. We believe that happy employees feel a strong sense of accomplishment and find considerable satisfaction in their work. Hence, in addition to maintaining a five-day work-week, we strive to promote a holistic and balanced lifestyle for our employees in various ways. Among others, they are allowed to work from home and to decide when to start and end their workdays for a certain period.

Employees are also free to use the swimming pool and jacuzzi facilities at the corporate head office. Complimentary health screenings are made available to employees and their family members annually. Comprehensive health screening packages, dental services and telecommunication services are also offered at preferential corporate rates.

Our employees in Australia enjoy complimentary stays at participating Hyatt hotels worldwide.

## MATERIAL GOVERNANCE FACTORS

We have identified major governance factors:

| PRIMARY FACTOR | MATERIAL FACTORS | PERFORMANCE MEASURES |
|---|---|---|
| Governance | (1) Employee retention<br>(2) Employee training and education<br>(3) Diversity i.e., embedded diversity in the company's culture, creating a more flexible environment | Staff turnover rate (%)<br>Training hours (hours) and training costs ($)<br>Percentage comparison of male and female employees (%) |

Below are our key governance performance measures:

| Labour | 2018 | 2017 |
|---|---|---|
| Staff turnover rate[1] (%) | 36.2 | 32.7 |
| Training hours (hours) | 6,119 | 7,349 |
| Training costs ($) | 15,656 | 71,545[2] |
| Employees by gender (%) | | |
| – Male | 55 | 54 |
| – Female | 45 | 46 |

1 Staff turnover rate = Total number of voluntary and involuntary terminations during the year/average number of employees during the year
2 Training costs for 2017 include a one-off SFRS(I) workshop

Staff turnover for 2018 was 36.2%, as compared with 32.7% in 2017, up by 3.5%.

Training hours for 2018 came to 6,119 hours as compared with 7,349 hours in 2017, down by 1,230 hours. Training costs for 2018 amounted to $15,656 as compared with $71,545 in 2017, down by $55,889. The decrease in both training hours and training costs was due mainly to the absence of a one-off SFRS(I) workshop conducted in 2017.

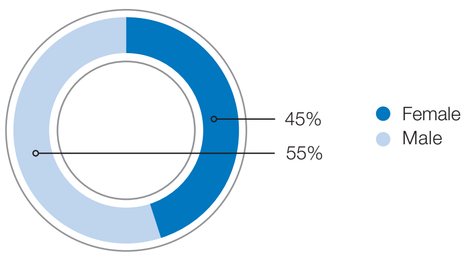
We have maintained fairly good gender diversity over the years. In 2018, the ratio of male to female employees was about 55:45 (2017: 54:46).

# LABOUR PRACTICES & CONDUCIVE WORKPLACE

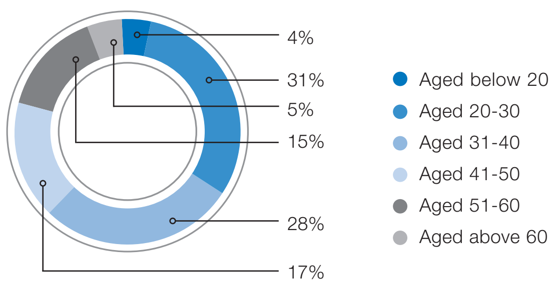
## EMPLOYEE PROFILE 2018

Group (excluding associates)

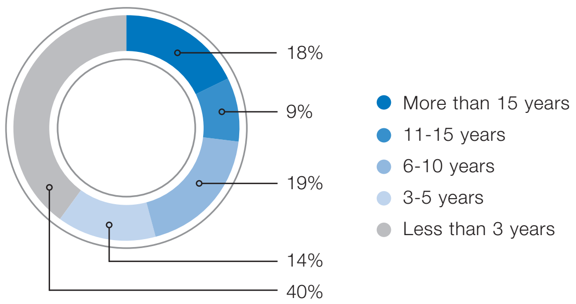
### EMPLOYEES BY GENDER



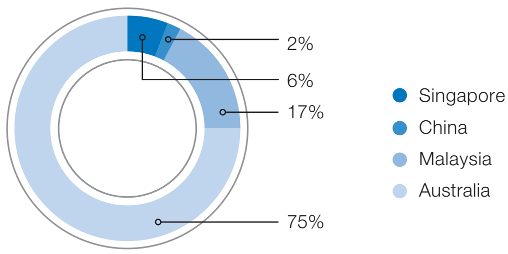

### EMPLOYEES BY AGE BAND




### YEARS OF SERVICE




### EMPLOYEES BY COUNTRY



# SUPPLY CHAIN MANAGEMENT

## SUSTAINABLE SUPPLY CHAIN MANAGEMENT

Tuan Sing proactively engages contractors, consultants and suppliers in key areas relating to quality of work and commitment to the environment, health and safety.

We take great care to select the right supply chain in order to meet our sustainability targets and comply with our sustainability strategy. The sustainability practices we have put in place for our development projects take into account requirements laid out under (i) the Green Mark certification standard instituted by the Building and Construction Authority of Singapore ("BCA"), (ii) ISO 26000: 2010 Guidance on Social Responsibility, (iii) ISO 14001 Certificate of Developers, Main Builder, Mechanical & Engineering Consultant and Architect, (iv) ISO 14064-1 Greenhouse Gas (GHG) Emission, and (v) SS 557: 2010 Code of Practice for Demolition.

The BCA Construction Quality Assessment System (CONQUAS) is acknowledged as the industry benchmark for quality and workmanship standards for construction projects in Singapore. Based on assessments of completed developments in recent years for Seletar Park Residence, Sennett Residence and Cluny Park Residence, these developments have achieved an above average CONQUAS score, which boosts quality assurance and further strengthens the marketability of our ongoing and future projects.

## SUSTAINABLE PROJECTS

Besides emphasising quality, Tuan Sing also ensures that its projects are environmentally friendly. Thanks to its passionate commitment on this front, in 2018, the Group was named as one of the Top 10 Developers in Singapore at the BCI Asia Awards, which recognise leading architectural firms and developers that have had the greatest impact on the built environment in Southeast Asia.

Moreover, 18 Robinson, which was certified Green Mark Gold$^{PLUS}$ by BCA in 2017, was recognised once again by BCA in 2018, receiving the Universal Design Mark Gold$^{PLUS}$ (Design) certification awarded to ongoing non-residential projects. Significant green features at 18 Robinson include energy-efficient variable-speed drives in the air-conditioning system and extensive use of LED lighting throughout the building. Passive energy-saving design features include an excellent curtain wall facade system that uses high-performance Low-E glazing to minimise heat gain into the building.

# ENVIRONMENTAL INITIATIVES

As a developer of living spaces, lives and communities, we are all too aware of the role we must play in creating a more sustainable future – and the first step is to minimise our own environmental footprint.

In conceptualising our developments, we create value by balancing economic objectives with the need to champion environmental sustainability, promote continual improvements in health and safety practices and uphold universal design considerations. We apply universal design principles at every level – architectural planning, construction, building operations and maintenance – to achieve:

1) seamless connectivity within the development and the external premises/infrastructure;
2) simple and intuitive facilities for equitable use by everyone; and
3) integration of inclusive design principles with the overall architecture and space planning.

## GREEN BUILDINGS FOR SUSTAINABLE DEVELOPMENT

Beyond developing high-quality premium homes that are known for their design excellence, lush greenery and modernity over the past two decades, we have also transformed our built environment with numerous award-winning green buildings, including 18 Robinson and Robinson Point.

18 Robinson was awarded the BCA Green Mark Gold$^{plus}$ Rating in 2017 in recognition of its many green features, which include energy-efficient air-conditioning systems, lifts and escalators, an excellent building envelope system that uses high-performance glazing to minimise heat gain into the building, and efficient water fittings. These features will result in an estimated water and energy savings of approximately 9,715m$^3$ and 2,359,318kWh per year respectively. Our Robinson Point was also recognised by the Building and Construction Authority of Singapore as a Green Mark (Gold) building. Its state-of-the-art features include an energy-efficient air-conditioned plant, a naturally well-ventilated car park, sub-meters that track energy and water consumption by tenant, and an advanced recycling waste management system. To crown it all, in 2018, Tuan Sing was lauded as one of the Top 10 Developers in Singapore at the BCI Asia Awards, which recognise architectural firms and developers that have had the greatest impact on the built environment in Southeast Asia.

## SUSTAINABILITY PRACTICES AT OUR HOTELS

For the Group, its hotel operations have been the greatest generators of waste, and energy consumption is high as well. To tackle these issues, we have set exacting targets for energy, water consumption and waste generation that will allow us to rein in resource depletion, greenhouse gas emissions and waste generation.

**Grand Hyatt Melbourne** ("GHM") – Home to a number of fairly large food & beverage outlets, GHM generates a sizeable volume of food waste. To contain this problem and divert food waste from landfills, GHM installed in 2016 an appropriately sized Closed-Loop Organics Unit that uses composting technology to process all food waste onsite. The unit can reduce food waste volumes by up to 90% in 24 hours. The resulting material is a nutrient-rich soil conditioner that can be used as fertiliser for the hotel gardens and grounds.

Introducing this system enabled us to improve waste management across the board. Removing food waste from the general waste stream resulted in:

- A decrease in the volume of general waste sent to landfills
- A decrease in contamination rates arising from better signage and education
- An increase in the volume of commingled (i.e. mixed, dry recyclable) materials recycled
- A reduction in the volume of general waste, which allowed us to replace the large general waste compactor with smaller 1,100-litre bins
- A review of waste contractor, infrastructure and pick-up requirements, which enabled us to negotiate a more financially beneficial arrangement

As the first five-star hotel in Victoria, Australia to implement this organics recycling programme, GHM has significantly boosted awareness of the latest food-waste recycling solutions. This advanced composting initiative and GHM's other environmental efforts drew industry recognition at the Premier's Sustainability Awards 2017, where it was named a finalist in the Large Business category. In 2017, GHM also hosted a Building Engineering Managers meeting where participants were taken on a tour of its food recycling operations.

**Hyatt Regency Perth** ("HRP") – A top priority for HRP is the need to minimise the impact of its operations and practices on the environment. As part of continuing efforts to reduce and recycle waste, the City of Perth, the agent engaged to provide a total waste service, now removes commingled waste and organic waste directly from the site, which helps to contain costs and inefficiencies. Meanwhile, the introduction of new energy-efficient LED lighting in corridors, function rooms and guest bathrooms has substantially reduced energy consumption at HRP.

# ENVIRONMENTAL INITIATIVES

## MATERIAL ENVIRONMENTAL FACTORS

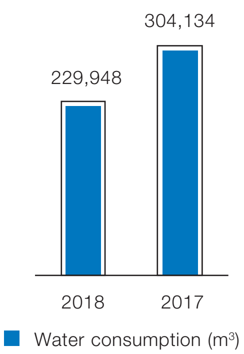
We have identified major environmental factors that have a material impact on our operations:

| PRIMARY FACTOR | MATERIAL FACTORS | PERFORMANCE MEASURES |
|---|---|---|
| Environmental | (1) Water consumption | Water consumption ($m^3$) |
| | (2) Electricity consumption | Electricity consumption (kWh) |
| | (3) Paper consumption | Paper consumption (tonne) |
| | (4) Food waste reduction[1] | Reduction rate of food waste via composting (%) |

[1] *This is a material factor for our hotel operations.*

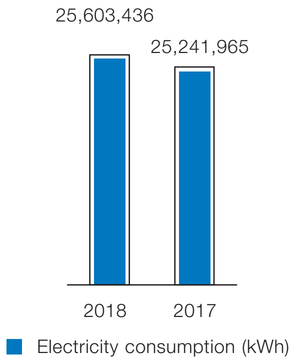
Below are our key environmental performance measures:

### WATER CONSUMPTION



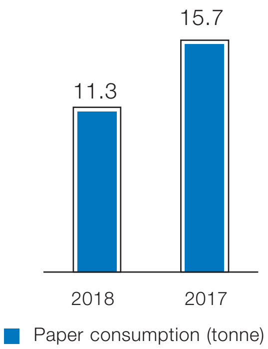

Water consumption for 2018 was 229,948$m^3$ as compared with 304,134$m^3$ in 2017, a decrease of 74,186$m^3$. This drop was due largely to cessation of the tyre distribution business in SP Corporation Limited and property management services in China.

### ELECTRICITY CONSUMPTION



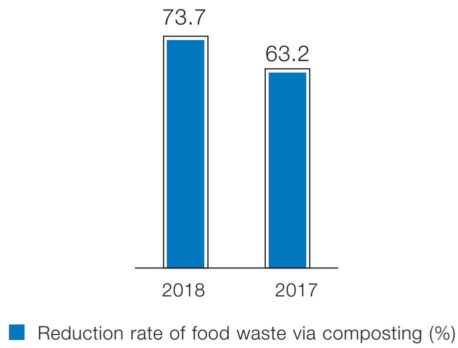

Electricity consumption for 2018 was 25,603,436kWh as compared with 25,241,965kWh in 2017, an increase of 361,471kWh. This rise was due mainly to the launch of our Kandis Residence and Mont Botanik Residence show flats. Otherwise, electricity consumption in 2018 would have been 24,810,790kWh.

### PAPER CONSUMPTION




Paper consumption for 2018 was 11.3 tonnes as compared with 15.7 tonnes in 2017, a decrease of 4.4 tonnes. The decrease was due mainly to better printing practices by our hotel operations and reduced printing of new product labels and brochures incorporating the Flame-Retardant ("FR") qualifications and specifications for the newly certified FR Radiant Barrier by Hypak Sdn Berhad.

### FOOD WASTE REDUCTION




For hotel operations, food wastage will always be a key concern. Food waste that ends up in landfills produces large amounts of carbon dioxide. As part of our environmental conservation initiatives, Grand Hyatt Melbourne installed a Closed-Loop Organics unit in February 2016 to convert food waste into high-quality composted organic fertiliser. Since its implementation, average food waste has been reduced consistently by more than 60%. The reduction rate increased to 73.7% in 2018.

# COMMUNITY INVOLVEMENT

At Tuan Sing, we strongly believe that giving back to society helps us grow and unite as citizens of the world while creating an enduring corporate legacy, so we fully champion initiatives that let us reach out to the communities around us. To foster and facilitate greater engagement, we actively encourage our employees to take part in meaningful community initiatives, sponsoring many activities and programmes that aim to make a true difference in lives.

Since 2012, we worked together with RSVP Singapore to reach out to the less privileged, young and old alike. Serving more than 200,000 beneficiaries a year, RSVP is a non-profit organisation of senior volunteers, who use their skills and experience to bring change to the community. Activities that we have joined in over the years include educational tours for students and outings for the mentally disadvantaged.

## CARING FOR THE COMMUNITY

In 2018, as part of RSVP's Mentally Disadvantaged Outreach Programme, we sponsored a trip to Snow City Singapore for some mentally disadvantaged beneficiaries. Under this partnership programme with the Institute of Mental Health, volunteers help ease patients back into society. At the indoor snow centre, participants were treated to an impressive demonstration showcasing the power of liquid hydrogen – an unforgettable learning experience for both the beneficiaries and our employees. Later, the beneficiaries were thrilled when they got to create their very own ice cream using liquid nitrogen; they also had a go at sliding down the snow slope.

In September 2018, we sponsored less privileged children from Yong-en Care Centre to a guided tour of the Chinatown Heritage Centre, which has re-created the original interiors of the area's shophouse tenants in the 1950s. The tour gave the children a revealing glimpse into the lives of Chinatown's early residents (tailors, clog makers, coolies, samsui women and people of all trades). Entire families once lived in these narrow shophouses, packed into tiny rooms separated only by simple partitions.

## HOTELS PHILANTHROPY

Over in Australia, our hotel employees are no less passionate about contributing to their communities, eager to reach out to the less fortunate and shape opportunities for lasting change.

In 2018, Grand Hyatt Melbourne donated funds to various charities as part of the "Casual for a Cause" campaign and the "Christmas in July" event, where volunteers cooked meals for the homeless and those in need. In conjunction with the Lighthouse Foundation, which offers abused or neglected youngsters a home and therapeutic care, we also organised a unique event where our employees helped serve a special dinner for invited youth members at one of the Foundation's homes.

Grand Hyatt Melbourne was also involved in a silent auction where a hand-painted cow by muralist Justine McAllister fetched A$3,600. The proceeds went to Wheely Good Coffee, a social enterprise that helps create work opportunities for young people at risk.

Hyatt Regency Perth and its employees have a long tradition of giving back to the community as well. In 2018, they took part in a wide range of outreach activities, including a drive to raise awareness of Motor Neurone Disease during a "Wear It Blue" week. Our staff also collected clothing and blankets for those in need at The Resource Centre. Volunteering at the Red Cross, they helped raise funds for its community disaster relief and migration programmes. In addition, they readily gave blood to support a blood donation appeal that helped save the equivalent of 51 lives in 2018.

## MATERIAL SOCIAL FACTORS

We have identified major social factors:

| PRIMARY FACTOR | MATERIAL FACTOR | PERFORMANCE MEASURES |
|---|---|---|
| Social | Community service | Total donations and sponsorships ($) |

Below are our key social performance measures:

| | 2018 | 2017 |
|---|---|---|
| Donations and sponsorships ($) | 86,789 | 52,366 |

The amount of donations and sponsorships increased from $52,366 in 2017 to $86,789 in 2018.

# CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE

***"Tuan Sing is committed to achieving and maintaining a high standard of corporate governance to promote transparency as we believe that good governance supports long-term value creation."***

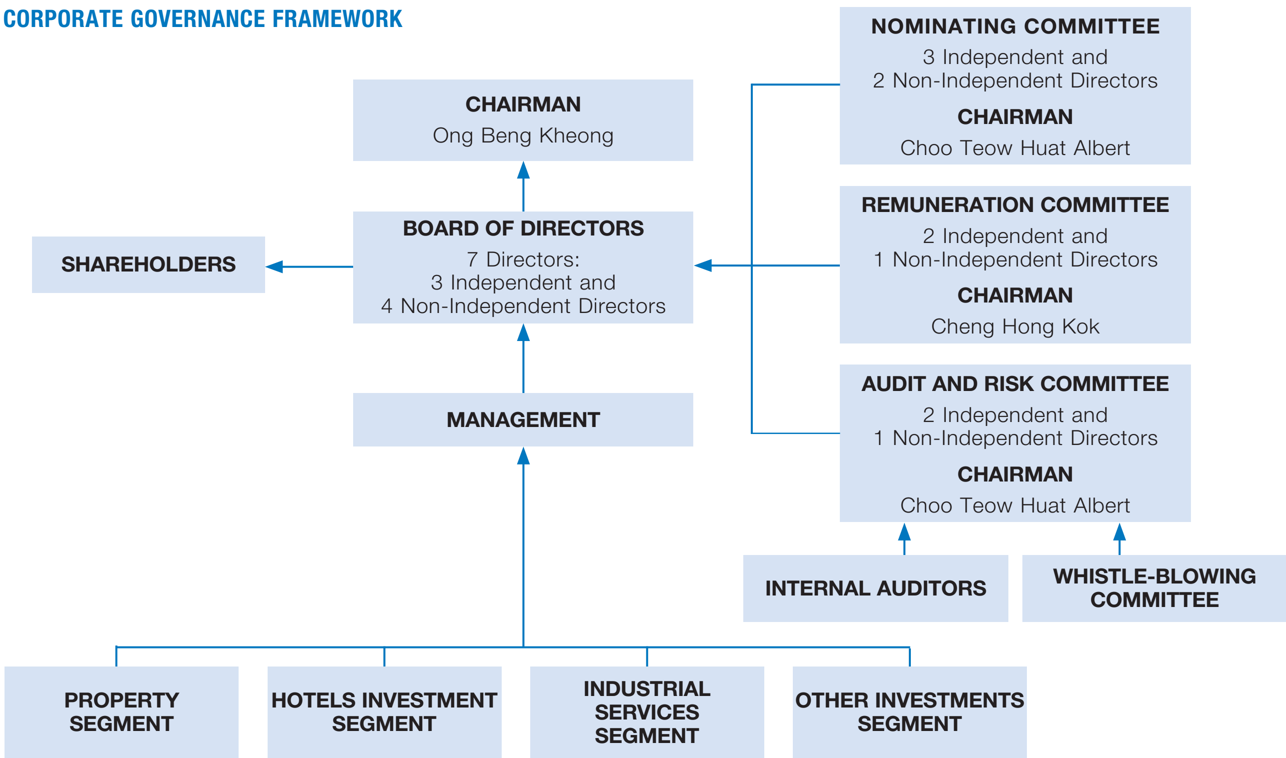
The Board and Management believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group's businesses and performance. The Board and its Board Committees have established policies and rules for good governance, and they are guided by their respective written Terms of References.

In 2018, the Group was recognised for its pursuit of high standards in corporate governance. Notably, the Group was ranked 12th in The Singapore Governance and Transparency Index (SGTI) for 2018, out of 589 locally listed companies. The Group continues to review and refine its corporate governance processes to meet industry best practices while bearing in mind the size and prevailing circumstances of the Group.

## Welcome to the Corporate Governance section of our Annual Report

This Report sets out the Company's corporate governance practices in the financial year ended 31 December 2018 ("**FY2018**") with specific reference to the Code of Corporate Governance 2012 ("**CG 2012**"). The Board also considered the new Code of Corporate Governance issued in August 2018 (the "**CG 2018**") wherever appropriate and relevant. (Collectively, the CG 2012 and CG 2018 will be referred to as "**the Code**".)

## CORPORATE GOVERNANCE FRAMEWORK




Apart from Guidelines 2.2, 3.3 and 8.4 of the CG 2012, the Company has complied with, in all material aspects, the principles and guidelines of the Code. The exception to Guideline 2.2 is related to independent directors, who do not yet make up at least half of the Board – the Board is well aware of the timeline and is reviewing the composition mix of the Board. The exception to Guideline 3.3 is related to not having a Lead Independent Director, as the Board is of the view that such an appointment is not necessary considering the Company's current business operations and the current size of the Board. The exception to Guideline 8.4 is related to not having contractual provisions to reclaim components of remuneration from the executive director and key management personnel should there be any misstatement of financial results, or misconduct resulting in financial losses to the Company. The Remuneration Committee and the Board believe that the bonuses payable to key management personnel have not been excessive and thus an official claw-back provision is not required. There are no lengthy or onerous removal clauses in the employment contracts.

# CORPORATE GOVERNANCE

## I. BOARD MATTERS

The Board believes that, in FY2018, it led and controlled the management of the Company effectively in ensuring that the Company not only performed successfully during the year but could continue to do so over the long-term.

### PRINCIPLE 1. BOARD'S CONDUCT OF ITS AFFAIRS

#### *Guideline 1.1*

***Principal Duties of the Board***

During FY2018 and as was the case in past years, the Board performed the following roles:

i. providing entrepreneurial leadership, setting corporate strategies and ensuring that the necessary financial and human resources were in place for the Group to meet its objectives;

ii. reviewing and approving the Group's annual business plan, including the annual budget and operational and capital expenditure plans, and constructively challenging Management on the strategic options and planning process;

iii. reviewing the adequacy and effectiveness of the Group's risk management and internal controls framework (including establishing risk appetite, parameters and internal control systems, which include financial, operational compliance and information technology controls) to safeguard the shareholders' investments and the Company's assets;

iv. overseeing the conduct of the Company, conducting evaluations and satisfying themselves that the business was properly managed;

v. monitoring the Group's performance, position and prospects and reviewing the performance of Management against agreed goals and objectives; and

vi. reviewing and approving the release of the Group's quarterly and year-end financial results and a variety of other strategic initiatives tabled by Management.

#### *Guideline 1.2*

***Objective Decision-Making***

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group, and works with Management to make objective decisions that are in the interest of the Group and that which maximises value for shareholders.

The Company has in place a financial authority matrix and approval guidelines for the Group's operations. Specific written approval of the Board is required on information of all new entities acquired/incorporated, new investments, purchase of land, new banking facilities (including non-cash facilities and corporate guarantees and funding arrangements to non-wholly owned entities), business acquisitions, divestments and liquidation of entities.

#### *Guideline 1.3*

***Delegation by the Board***

To assist the Board in discharging its functions and to optimise operational efficiency, the Board has delegated certain of its functions to various Committees, namely, the Audit and Risk Committee ("**ARC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (each, a "**Board Committee**" and collectively, the "**Board Committees**"). Each Board Committee has its own specific Terms of Reference that set out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken. Any change to the Terms of Reference for any Board Committee requires the specific written approval of the Board.

The Board approves transactions exceeding certain thresholds, while delegating authority for transactions below those limits to the Board Committees and Management via a structured Delegation of Authority matrix. This matrix is reviewed and revised periodically. More details about Board delegation are presented below. The Board Committees and Management remain accountable to the Board.

#### *Guideline 1.4*

***Board and Board Committee Meetings and Attendance Records of the Board Members***

The Board and Board Committees schedules as well as Annual General Meeting and Extraordinary General Meeting schedules are planned a year in advance so as to ensure maximum attendance by all participants. *Ad hoc* meetings are also organised as often as they are warranted by particular circumstances. On occasions when Directors are unable to attend meetings in person, telephonic participation is allowed in accordance with the Constitution of the Company. To enable members of the Board and Board Committees to prepare adequately for the meetings, the agenda and relevant materials are circulated at least one week beforehand.

To go green, the Company has since 2014 ceased to provide hard-copy meeting papers to Directors. Instead, Directors have been provided with electronic tablet devices to enable them to access and read such papers before and during meetings. This initiative also enhances information security as the documents are locked with passcodes for Directors to download to their tablet devices.

From time to time and as necessary, the Board or the Board Committees make site visits to places where the Group operates. In October 2018, members of the ARC made a site visit to Grand Hyatt Melbourne and held *inter alia* two ARC meetings and an in-depth discussion with the management of Grand Hyatt Melbourne regarding the hotel's operations, internal controls, cyber security and IT operations.

# CORPORATE GOVERNANCE

The attendance record of the Directors during FY2018 is set out below:

| | Board[1] | ARC[2] | NC[3] | RC[3] | General Meetings |
|---|---|---|---|---|---|
| **Total Number of Meetings Held** | 6 | 8 | 1 | 1 | 1 |
| | **Total Number of Meetings Attended** | | | | |
| **Executive Director** | | | | | |
| William Nursalim alias William Liem | 6 | N.A. | N.A. | N.A. | 1 |
| **Non-Executive Director** | | | | | |
| Ong Beng Kheong | 6 | N.A. | 1 | N.A. | 1 |
| Cheng Hong Kok | 6 | N.A. | 1 | 1 | 1 |
| Choo Teow Huat Albert | 6 | 8 | 1 | 1 | 1 |
| David Lee Kay Tuan | 6 | 5 | N.A. | N.A. | 1 |
| Michelle Liem Mei Fung | 6 | N.A. | 1 | 1 | 1 |
| Neo Ban Chuan | 6 | 8 | 1 | N.A. | 1 |

Annotations:
(1) The Board met six times in FY2018; five meetings were scheduled and one was *ad hoc*.
(2) The ARC met eight times in FY2018; four meetings were scheduled and four were *ad hoc*.
(3) The NC and RC had one scheduled meeting each in FY2018.

### *Guideline 1.5*
### *Internal Guidelines on Matters Requiring Board Approval*

The Company has established guidelines governing matters that require the Board's approval. The Delegation of Authority matrix provides clear direction to Management on matters requiring the Board's specific approval, which include:

i. material acquisition and disposal of land/assets/investments

ii. corporate/financial restructuring/corporate exercises

iii. budgets/forecasts

iv. the Delegation of Authority matrix, policies and procedures

v. material financial/funding arrangements and the provision of all corporate guarantees

Internal guidelines have been established that require all Board members who have a potential conflict of interest with respect to a particular agenda item to abstain from participating in the relevant Board discussion.

**Key Activities of the Board – 2018**

Standard agenda:

- Reports of the ARC, NC and RC
- Monthly Operation reporting of the Chief Executive Officer ("**CEO**") on operation updates and management accounts; quarterly updates on the businesses including their risk profiles
- Quarterly updates on developments/operations in Australia
- Quarterly updates on compliance with financial covenants and 16-month cash flow projections
- Quarterly updates on legal cases
- Review and approval of all announcements, including those for quarterly results and year-end financial statements
- Conflicts of interest and Interested Person Transactions ("**IPTs**") Register
- Whistle-blowing Register
- Disclosure of Directors' interests pursuant to Sections 156/165 of the Companies Act, Cap. 50

Other key items deliberated during FY2018:

- Various proposed acquisitions of land
- New banking relationships
- Business strategies
- Material developments relating to accounting, legal, regulatory and/or corporate governance issues
- Formation and liquidation of entities

Matters reserved for specific Board approval:

i. Documents for distribution to shareholders and the Annual Report and Accounts

ii. Annual budgets and business plans

iii. Dividend payout

iv. Group CEO's Key Performance Indicators ("**KPIs**") and performance review

Apart from matters specifically reserved for Board approval, the Board is also responsible for succession planning, the appointment and replacement of Directors and key management personnel ("**KMP**"), and approval of remuneration for the KMP. The Company's KMP have been identified as the Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and General Counsel.

# CORPORATE GOVERNANCE

***Guideline 1.6***
***Board Orientation and Training***

It is our policy and practice to provide new Directors with a detailed and thorough induction, including meetings with KMP and other key personnel of the Group, an overview of their responsibilities and where necessary opportunities to visit the Company's chief properties and developments.

The Company also offers Directors opportunities to update and refresh their knowledge on an ongoing basis, to enable them to continue fulfilling their roles effectively as Board members and Committee members. This includes training opportunities and operational site visits to the Company's properties, as required.

News articles and reports (including industry news and analyst reports) relevant to the Group's business are regularly circulated to the Directors. This enables the Board to be routinely updated on pertinent developments in the business. Other updates on matters such as changes in laws and regulations, the code of corporate governance and financial reporting standards are also provided during Board meetings or via email, so as to enable Directors to effectively discharge their duties. The Company will fund Directors' participation at industry conferences, seminars or any training programme in connection with their duties as Directors.

During FY2018, Management did all the aforesaid and also invited Directors to take part in the annual finance seminar organised by the Company for internal staff.

***Guideline 1.7***
***Appointment Letter to New Director***

Upon appointment to the Board, all new Directors receive a formal letter of appointment, together with a thumb drive containing relevant information, which includes Directors' duties and responsibilities, meeting schedules for the Company's Board and the Board Committees, the Company's last Annual Report, its Constitution, respective Board Committees' Terms Of Reference (which also set out the remuneration framework for Directors) and the Group's "Guidelines for dealing in securities by Directors and Employees of Tuan Sing Group". Directors are given appropriate briefings by Management on the business activities of the Group, and its strategic directions, as well as the Company's corporate governance policies and practices, when they are first appointed to the Board.

## PRINCIPLE 2. BOARD COMPOSITION AND GUIDANCE

**Board Composition at a Glance**

Independent and Non-Executive Director

1. Cheng Hong Kok
2. Choo Teow Huat Albert
3. Neo Ban Chuan

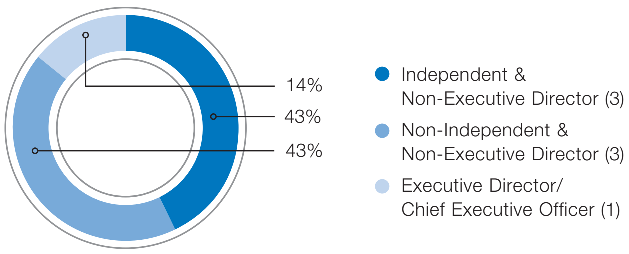
Non-Independent and Non-Executive Director

1. Ong Beng Kheong
2. David Lee Kay Tuan
3. Michelle Liem Mei Fung

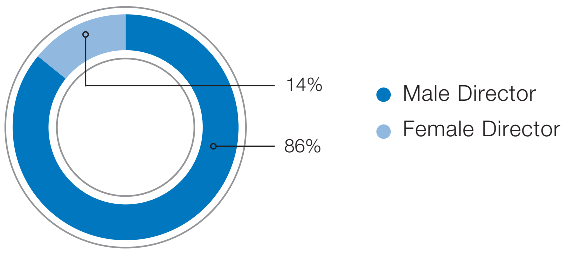
Executive Director/Chief Executive Officer

William Nursalim alias William Liem

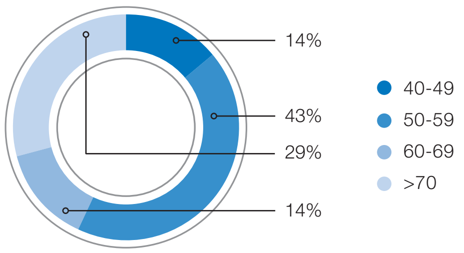
INDEPENDENCE




GENDER DIVERSITY




AGE GROUP OF OUR DIRECTORS



# CORPORATE GOVERNANCE

### *Guideline 2.1*
***Independent Element of the Board***

The Board, through the NC, reviews the size and independence composition of the Board. The Board comprises seven Board members, of whom three are independent and four are non-independent. Other than the CEO, all Directors are non-executive.

An Independent Director is one who is independent in conduct, character and judgement and who has no relationship with the Company, its related corporations, its substantial shareholders[1] or its officers who could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

Each Director is required to declare his independence or otherwise in an annual declaration in the form of a questionnaire. Where a Director is not independent, a non-exclusive list of reasons is provided to assist in the Director's deliberations. During FY2018, the NC conducted its annual review of the Directors' independence and is satisfied that the Company complies with the guideline in the CG 2012 that provides that at least one-third of the Board should be made up of Independent Directors.

### *Guideline 2.2*
***Composition of Independent Directors on the Board***

The Board is aware of the guideline in the CG 2018 that independent directors shall make up a majority of the Board where the Chairman of the Board is not an independent director. The NC and the Board will review the current composition of Independent Directors and the Board's mix of knowledge, experience and gender diversity so as to align the Board with the recommendation. Currently, matters requiring the Board's approval are discussed and deliberated with the participation of each Director, and decisions are made collectively without any individual or small group of individuals influencing or dominating the decision-making process. Therefore, the Board is of the view that, while the current composition of the Board does not yet meet the standard set out in the guideline, it is sufficient for the Board to exercise objective and balanced judgement. Even so, the Board is committed to meeting the guideline.

### *Guideline 2.3*
***Independence of Directors***

The NC, in deliberating the independence of a Director, took into account examples of relationships as set out in the Code, considered whether a Director had business relationships with the Group and, if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment. The process includes the use of a self-assessment questionnaire, which each Independent Director is required to complete and submit to the NC for review. The questionnaire is collated and reported to the Board.

During FY2018 and as in past years, the Company provided management support services to SP Corporation Limited ("**SP Corp**"). The aggregate value of the aforesaid support was not material when compared with the revenues of the Company and SP Corp. Mr Cheng Hong Kok, who is also a Director on SP Corp's Board, was not involved in determining the value of the support or rendering the support itself.

The Board, through the NC, considered the conduct of Mr Cheng in the discharge of his responsibilities as a Director, and is of the view that the relationships set out above did not impair his ability to act with independent judgement in the discharge of his responsibility as a Director.

The NC assessed the independence of Messrs Choo Teow Huat Albert and Neo Ban Chuan during the year and Mr Cheng Hong Kok (since his aforesaid appointment in the Company), and is satisfied that there is no relationship or other factors such as gifts or financial assistance, past or present associations, business dealings, representative of shareholder, financial dependence, and relationships with the Group or the Group's management that would impair their independent judgement.

### *Guideline 2.4*
***Independence of Directors who have served on the Board beyond 9 years***

The Board recognises that Independent Directors will over time develop significant insights into the Group's business and operations, and could continue to provide valuable contribution objectively to the Board as a whole. The Board is of the view that the independence of a Director cannot be determined arbitrarily on the basis of a set period of time. Nevertheless, when there are Directors who have served beyond nine years, the Board will review rigorously their continuing contribution and independence, and decide if they should continue with the appointment.

As at the end of FY2018, Mr Choo Teow Huat Albert was the only Independent Director who had served beyond nine years. He had thus been subjected to a rigorous assessment (with Mr Choo abstaining from the exercise). Areas covered in the assessment included the following:

i. Contribution: whether he offered objective and constructive opinions concerning IPTs; whether he made independent judgement or decisions or adopted an autonomous stand at meetings;

ii. Knowledge and abilities: whether he used his knowledge and abilities to challenge Management's assertions/responses, particularly with regard to IPTs;

iii. Integrity: whether he demonstrated objective, fair and ethical behaviour in decision-making and whether he acted as a "gatekeeper" for minority shareholders; and

iv. Teaming: whether he respected the Board's governance role versus Management's role, and contributed as a team member without compromising his responsibilities as an Independent Director.

1 A "substantial shareholder" is a shareholder who has an interest or interests in one or more voting shares in the company, and the total votes attached to that share or those shares are not less than 5% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

# CORPORATE GOVERNANCE

After the completion of the assessment, fellow Directors unanimously affirmed Mr Choo's independence status. It is noteworthy that there had been changes to the composition of the Independent Directors in the previous two years, thereby allowing for progressive renewal of the Board in the Company.

### *Guideline 2.5*
***Board Composition and Size***

Board succession planning is carried out through the NC's annual review of the Board's composition, as well as whenever a Director gives notice of his or her intention to retire or resign.

In FY2018 and as in previous years, the NC conducted its annual review of the composition and size of the Board and concluded that they were appropriate, taking into account the scope and nature of the Group's operations. The NC also noted that there was adequate diversity, in that the Board included members of both genders and members from different backgrounds whose core competencies, qualifications, skills and experience met the requirements of the Group. For further details, please refer to the "Directors' Profile" section of this Annual Report; the composition and structure of the Board and its Board Committees are set out in the "Corporate Data" section.

### *Guideline 2.6*
***Board Diversity and Competency of the Board***

The Company recognises and embraces the benefits of having greater diversity on the Board ("**Board Diversity**") in terms of experience, age, skill sets, gender and ethnicity, and views Board Diversity as an essential element in supporting the attainment of its strategic objectives and its sustainable development, even though the Company does not formalise this view by way of a written policy. The current composition of the Board provides diversity in terms of skills, experience, gender and knowledge of the Company.

The NC believes in the merits of gender diversity in relation to the composition of the Board. In identifying suitable candidates for new appointment to the Board, the NC ensures that female candidates are included for consideration. Having said that, gender is but one aspect of diversity, and new Directors will continue to be selected based on merit, taking into account the contributions that candidates can make to the Board, as part of the process for new Board appointments and Board succession planning.

In FY2018, there was one female Director out of a total of seven Directors on the Board, namely, Ms Michelle Liem Mei Fung. This amounts to 14% of the total Board membership, which compares favourably with the national average of 14.7%[2]. Ms Liem has been a member of the Board since 2001. The Company continues to benefit from her membership in terms of improved discussions, debates and decision-making at the Board.

The NC conducted its annual review of the competency matrix of the Directors taking into account their respective areas of specialisation and expertise, and was satisfied that members of the Board as a whole possess the relevant core competencies in areas such as accounting and finance, legal, property, strategic planning, business and management experience. The Executive Director possesses good industry knowledge while the Non-Executive Directors, who are professionals and experts in their own fields, are able to take a broader view of the Group's activities, contribute valuable experience and provide independent judgement during Board deliberations.

### *Guideline 2.7*
***Role of Non-Executive Directors ("NEDs")***

At the start of the year, the NEDs actively helped Management in setting strategies and goals for Management and, where necessary, challenged Management's proposals. They also set KPIs for the CEO. During the year, the NEDs regularly reviewed the monthly reports submitted by Management and monitored Management's performance in meeting KPIs and executing long-term strategies. As the NEDs make up a majority of the Board, objectivity in such deliberations had been assured.

### *Guideline 2.8*
***Regular Meetings of Non-Executive Directors***

During FY2018, the NEDs met quarterly and on an *ad hoc* basis with the KMP (including CEO and other key personnel of the Group, as and when requested by the NEDs) to discuss challenges facing the Group. The Company benefited from the NEDs having ready access to Management for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings.

At least once a year, the NEDs meet to discuss, *inter alia*, Management's performance without the presence of Management.

## PRINCIPLE 3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

### *Guideline 3.1*
***Separation of the Roles of Chairman and the CEO***

The roles of Chairman and the CEO of the Company remain distinct through a clear division of responsibilities that has been established in the Terms of Reference of the Board.

The Chairman leads the Board in accordance with the highest standards of integrity and governance, promotes effective communication and contributions by each Director, and manages the business of the Board through the setting of meeting agendas and by leading the meetings to ensure full discussion of all agenda items. The CEO provides clear and decisive leadership and guidance to the Company's employees, runs the Company's business with a clear vision and mission, translating the Board's decisions into executive action, and is accountable to the Board.

There is no familial relationship between the Chairman, Mr Ong Beng Kheong, and the CEO, Mr William Nursalim alias William Liem.

2 Source: Diversity Action Committee (DAC), 8 November 2018.

# CORPORATE GOVERNANCE

### *Guideline 3.2*
***Roles and Responsibilities of the Chairman***

The Chairman, Mr Ong Beng Kheong, is responsible for the management of the Board. He leads the Board, encourages the Board's interaction with Management, facilitates effective contributions by NEDs, encourages constructive relations between the Directors and promotes corporate governance.

Before each Board meeting, Mr Ong, in consultation with Management and the Company Secretary, sets the agenda for the meeting and ensures that Board members are provided with adequate and timely information. As a general rule, meeting papers are sent to Directors at least a week in advance, in order for Directors to be adequately prepared for the meeting. Mr Ong leads the meetings, ensures full discussion of each agendum and facilitates the Board members' engagement with Management in constructive debate on various matters including strategic issues. Management staff who prepared the papers, or who could provide additional insights into the matters to be discussed, are invited to present their papers during the meetings.

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

### *Guideline 3.3*
***Lead Independent Director***

The Lead Independent Director may be appointed by the Board to serve in a lead capacity to coordinate the activities of the NEDs in circumstances where it would be inappropriate for the Chairman to serve in such a capacity. The Lead Independent Director also assists the Chairman and the Board in ensuring effective corporate governance in managing the affairs of the Board and the Company.

Considering the Company's current business operations and its board size of seven members (with three being Independent Directors), the Board is of the view that the appointment of a Lead Independent Director is not necessary.

The Directors and Management are accessible to the Company's shareholders, and the Company has always responded to queries raised by its shareholders. The absence of a Lead Independent Director has not affected and is unlikely to affect efficient communication between the Board and shareholders or other stakeholders of the Company.

Nevertheless, the Board will annually examine the need to appoint a Lead Independent Director.

### *Guideline 3.4*
***Lead Independent Director to lead in periodical meetings between Independent Directors***

Although no Lead Independent Director has been appointed, the Company's Independent Directors set aside time to meet, without the presence of other non-independent Directors, at least once a year. The Independent Directors provide feedback as appropriate to the Chairman of the Board after such meetings. In addition, Independent Directors also meet regularly and on *ad hoc* basis with CEO and the KMP and other key personnel as well as other NEDs to discuss challenges facing the Group.

## PRINCIPLE 4. BOARD MEMBERSHIP

### *Guideline 4.1*
***NC Membership and Key Terms of Reference***

The NC consists of the following five members, with the majority, including the Chairman, being independent:

- Mr Choo Teow Huat Albert, Chairman
  (Independent and Non-Executive)
- Mr Cheng Hong Kok
  (Independent and Non-Executive)
- Mr Neo Ban Chuan
  (Independent and Non-Executive)
- Ms Michelle Liem Mei Fung
  (Non-Independent and Non-Executive)
- Mr Ong Beng Kheong
  (Non-Independent and Non-Executive)

The NC is guided by its written Terms of Reference, which stipulate its principal roles and responsibilities. The NC shall:

i. nominate new Directors to the Board and review the re-election of Directors at regular intervals;

ii. review annually whether or not a Director is independent;

iii. determine a suitable size for the Board;

iv. develop and maintain internal guidelines for assessing a Director's ability and his/her performance in carrying out his/her duties as Director of the Company. Review the Directors' mix of skills, attributes/qualities and experience and the diversity that the Board requires;

v. make recommendations to the Board regarding internal guidelines, to address competing time commitments faced by Directors serving on multiple boards;

vi. develop and maintain, as appropriate, a formal assessment process to evaluate the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board, as appropriate;

vii. review, as appropriate, the independence of any Director who has served on the Board beyond nine years from the date of his/her first appointment; and

viii. review the appointment and termination/dismissal of the KMP (including the CEO) and the role of the Company Secretary for recommendation to the Board for approval.

At the request of the Board and/or the CEO, the NC shall also approve any other key senior management positions within the Group, save for those listed on a stock exchange and have their own Nominating Committee(s) and those that are jointly controlled, wherein the Company's influence is balanced by the other joint-venture party(ies).

# CORPORATE GOVERNANCE

Other than as stated above, the NC is also involved in the review of training and professional development programmes for the Board. For FY2018, the NC was assisted in this task by the in-house corporate secretarial team.

When deciding on the appointment of new Directors to the Board, the NC and the Board consider a variety of factors, which include the relevant expertise and experience required for the Board and the Board Committees, diversity, independence, conflicts of interest and time commitments.

### *Guideline 4.2*
***Responsibilities of NC***

In discharging its key responsibilities, the NC reviewed the following in FY2018:

i. the independence of Directors, particularly those who have served more than nine years;

ii. the size of the Board and its composition;

iii. the commitment of Directors serving on multiple boards;

iv. the performance of the Board as a whole;

v. the contributions made by each individual Director to the effectiveness of the Board;

vi. the Directors' continued training and professional development;

vii. the disclosure of Board matters in the Annual Report; and

viii. Board succession and renewal plans.

The NC also considered the appointment and re-appointment of all Directors so as to ensure compliance with the Constitution of the Company, which stipulates that, at each AGM, one-third of the Board (inclusive of the Chairman and the CEO) or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office by rotation at least once every three years, in accordance with the Constitution, and may stand for re-election.

The CEO is subject to the same provisions on retirement by rotation, resignation and removal as other Directors of the Company as part of the Board renewal.

For FY2018, the NC recommended to the Board the following Directors who will be retiring by rotation and seeking re-election at the Company's forthcoming AGM:

(a) Mr William Nursalim alias William Liem; and

(b) Mr David Lee Kay Tuan.

In addition, the Constitution of the Company stipulates that Directors appointed by the Board during the financial year without shareholders' approval at the AGM shall hold office only until the following AGM, and shall thereafter be eligible for re-election at the AGM. This stipulation is in addition to the one setting out the number of Directors who should retire by rotation at the AGM.

Subject to their re-election, Mr William Nursalim alias William Liem shall continue to serve as the CEO of the Company, while Mr David Lee Kay Tuan shall continue to serve as a member of the ARC.

### *Guideline 4.3*
***Continuous Review of Directors' Independence***

During FY2018, the NC conducted *inter alia* an annual review of the independence of the Directors based on their declarations drawn up in accordance with the guidelines provided under the Code. The NC is also committed to reassessing the independence of each individual Director as and when warranted.

### *Guideline 4.4*
***Commitments of Directors sitting on multiple boards***

There are internal guidelines for assisting the NC to determine whether Directors who sit on multiple boards have committed adequate time to discharge their responsibilities towards the Company's affairs. In this respect, the Company's current policy stipulates that if a Director is an Executive Director or key management personnel of another listed company or a major corporation, he/she should preferably not hold more than three (3) other directorships at unrelated listed companies and/or major corporations.

For the year under review, no Director has exceeded the figure stipulated. For the Directors who have been holding executive directorships in other companies, the NC is satisfied that they have discharged their duties adequately and satisfactorily.

### *Guideline 4.5*
***Appointment of Alternate Directors***

During FY2018, the Company had no alternate director on its Board.

### *Guideline 4.6*
***Nomination and Selection of Directors***

The NC is responsible for recommending identified candidates to the Board to fill vacancies arising from resignation or retirement, or if there is a need to appoint additional directors to fill the competency gap in the Board, or for any other reasons as identified by the NC. The potential candidate may be proposed by existing Directors, Management or through third-party referrals.

The Company has in place a process for selecting and appointing new Directors. This process includes, *inter alia*, an evaluation of the candidate's capabilities by taking into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors, and how well the candidate fits into the overall desired competency matrix of the Board. The NC may have recourse to both internal sources as well as external sources to draw up a list of potential candidates. Shortlisted candidates would be required to furnish their curriculum vitae, stating in detail their qualifications, working experience and employment history, in addition to completing certain prescribed forms to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines.

For the year under review, no new Director was appointed to the Board.

# CORPORATE GOVERNANCE

### *Guideline 4.7*
***Key Information on Directors***

All the information pertaining to each member of the Board as required under the Guideline has been furnished under the "Directors' Profile" section of this Annual Report. Similar information is also published on the Company's website.

## PRINCIPLE 5. BOARD PERFORMANCE

### *Guideline 5.1*
***Board Evaluation Process***

The Company has implemented a formal process to evaluate (i) the performance of the Board and its Board Committees; and (ii) contributions by individual Directors including the Chairman to the effectiveness of the Board.

In FY2018, the Board did not engage an independent external consultant to facilitate the annual review of the performance of the Board and the Board Committees.

In FY2018 and as in previous years, the Board conducted an annual evaluation of the performance of the Board and individual Directors in the following manner:

i. Each Director had to complete the questionnaire for "Board Performance Assessment", with comments where necessary; and

ii. Self-assessments were provided by individual Directors, with comments where necessary.

In evaluating the Board's performance, the following areas were assessed:

(a) The Board's structure, including independent elements on the Board, the working partnership between the Board and Management, and Board size;

(b) The conduct of meetings, including their regularity, adequacy of notice, the leadership of the chair, the quality of the discussions and the consensus of decision;

(c) Corporate strategy and planning, including provision of entrepreneurial leadership to the management, resource allocation and approval of the annual business plan;

(d) Risk management and internal controls, including the framework and a review of their implementation effectiveness;

(e) Measuring and monitoring of Management's performance, including monthly and quarterly reviews and as compared against the previous year's performance and budget;

(f) Recruitment, evaluation and compensation, including approval for KMP appointments, and the remuneration framework and annual compensation and bonuses for the KMP;

(g) Succession planning for the Board and Management;

(h) Financial reporting, including its integrity, principles applied and approval for announcements; and

(i) Communication with shareholders.

In the self-assessment of individual Directors, a Board Competency Matrix is used to assess the Directors' respective areas of specialisation and expertise, and other factors, as provided under the guidelines of the Code. The Board then acts on the results where appropriate.

During the evaluation process, the NC also assesses each Director's contribution, his/her ability to devote sufficient time and attention to the Company's affairs, and his/her participation in discussions at meetings. The Executive Director and the NEDs are evaluated using different criteria in that the Executive Director is evaluated by the NEDs, *inter alia*, through assessment of his performance against certain KPIs set by the Board in the early part of the year. The KPIs include both financial and non-financial criteria and short and medium term goals.

To ensure confidentiality, the evaluation returns completed by all Directors are submitted to the Company Secretary for collation. The results of the evaluation on a collective basis are presented first to the NC for review and discussion and thereafter to the Board for a further discussion.

The Board through the recommendation of the NC is satisfied with the results of the Board's evaluation assessment for FY2018.

### *Guideline 5.2*
***Board Performance Criteria***

In FY2018 and as in previous years, the NC evaluated the effectiveness of the Board and its Board Committees.

In evaluating the Board's performance, the NC reviewed the Company's five-year share price performance against certain market indexes, five-year financial indicators such as return on assets, return on equity and economic value added. The NC also used data obtained from "Real Estate Development & Holding Companies – market capitalisation of $300 million-$3 billion" (source: Bloomberg) as a benchmark to assess the Company's past-year performance. Where there was material divergence, underlying reasons were sought and recorded and action taken where necessary.

### *Guideline 5.3*
***Individual Director Evaluation***

Evaluation of each individual Director's performance is a continuous process. Evaluation criteria include: the Director's attendance at meetings of the Board and Board Committees and at general meetings; his/her participation in discussions at meetings; his/her knowledge of and contacts in the regions where the Group operates; his/her functional expertise and commitment of time to the Company.

The results of the performance evaluation exercise are used as a reference by the Chairman (who is also a member of the NC) to review, where appropriate, the composition of the Board and its Board Committees and, in consultation with the NC, to support its proposals for Board renewal, so as to improve the effectiveness of the Board's oversight of the Company. Comments received from the NC are compiled and presented to the Board in due course.

# CORPORATE GOVERNANCE

## PRINCIPLE 6. ACCESS TO INFORMATION

### *Guideline 6.1*

***Complete, Adequate and Timely Information***

To enable the Board to make informed decisions and to fulfil its responsibilities, Management provides complete, accurate and adequate information in a timely manner. A system of communication between Management and the Board and Board Committees has been established and improved over time. All scheduled meetings of the Board and Board Committees as well as the Annual General Meeting and Extraordinary General Meetings are planned 12 months in advance, and all discussion papers are distributed to Directors at least one week ahead of the meetings.

The Board, its Board Committees and every Director have separate and independent access to Management and are free to request additional information as needed to make informed decisions.

### *Guideline 6.2*

***Provision of Information to the Board***

In addition to the annual budget and business plans submitted to the Board for approval, the Board is also provided with monthly management reports analysing operational performance, complete with variances between the actual results, corresponding period of the previous year and the budget, with appropriate explanations. Further, there are periodic reports on cash flow forecasts, performance forecasts, risks assessment, scenarios analysis, share price movements, utilisation of bank facilities, benchmarking with other listed real estate entities, Board memoranda and related materials. All Internal Auditors' reports are sent directly to members of the ARC for review. PowerPoint presentations are sent to the Board for approval before any bid for land or properties or engagement in new projects, complete with detailed qualitative and financial analyses, cash flow forecasts and financing requirements.

In line with the Company's commitment to conservation of the environment as well as sustainability efforts, the Company provides tablet devices to the Directors to enable them to access and read Board and Board Committees' papers prior to and during the meetings.

### *Guideline 6.3*

***Company Secretary***

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

Under the direction of the Chairman, the Company Secretary ensures good information flow to and within the Board and the Board Committees and between Management and the NEDs.

Directors have separate and independent access to the Company Secretary via electronic mail, telephone and face-to-face meetings. During FY2018, the Company Secretary attended all meetings of the Board and its Board Committees, and the minutes of such meetings were promptly circulated to all members of the Board and Board Committees.

### *Guideline 6.4*

***Appointment and Removal of the Company Secretary***

The appointment and removal of the Company Secretary are subject to the approval of the Board, as stipulated in the Company's Terms of Reference of the Board. The former Company Secretary, who was appointed in November 2016, resigned on 7 November 2018. The incumbent appointment was made with unanimous consent from members of the Board.

### *Guideline 6.5*

***Independent Professional Advice***

The Company allows for Directors, individually or as a group, to seek independent professional advice at the expense of the Company, in the furtherance of their duties and after consultation with the Chairman of the Board.

## II. REMUNERATION MATTERS

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

Matters that are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this Report and in the notes to the financial statements of the Company and of the Group.

## PRINCIPLE 7. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

### *Guideline 7.1*

***RC Composition***

The RC comprises the following Directors, all of whom are non-executive, with the majority, including the Chairman, being independent:

- Mr Cheng Hong Kok, Chairman
  (Independent and Non-Executive)
- Mr Choo Teow Huat Albert
  (Independent and Non-Executive)
- Ms Michelle Liem Mei Fung
  (Non-Independent and Non-Executive)

The RC is guided by its written Terms of Reference, which stipulate its principal roles and responsibilities. The RC shall:

i. offer an independent perspective in assisting the Board in the establishment of a formal and transparent procedure for developing policy on remuneration matters for the Directors and the KMP of the Company;

# CORPORATE GOVERNANCE

ii. establish an appropriate remuneration framework to motivate and retain Directors and executives, and to ensure that the Company is able to attract appropriate talent from the market, in order to maximise value for shareholders;

iii. develop a remuneration policy for the Executive Director and the KMP (or executives of equivalent rank), structuring it to link rewards to corporate and individual performance;

iv. determine specific remuneration packages for the Executive Director and the KMP (or executives of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company;

v. review and approve the compensation of the KMP;

vi. review the appropriateness and transparency of remuneration matters for disclosure to shareholders; and

vii. have explicit authority to investigate any matter within its Terms of Reference, including seeking expert advice within and/or outside the Company.

***Guideline 7.2***
***Remuneration Framework***

To attract, retain and motivate Directors and employees, the RC establishes appropriate remuneration frameworks for the Directors and employees of the Company. Such frameworks are reviewed periodically to ensure that they remain relevant.

The NEDs receive remuneration packages consisting of Directors' fees and attendance fees, which are based on a scale of fees divided into basic retainer fees for serving as a Director, additional fees for serving on any of the Board Committees, and attendance fees for participation in meetings of the Board and the Board Committees.

The framework for the NEDs' fees (on a per annum basis unless otherwise indicated), which was revised in 2018, is as follows:

| Roles | Members (per annum) | Chairman (per annum) |
|---|---|---|
| Board of Directors | $50,000 | Additional $50,000 |
| Audit and Risk Committee | $20,000 | Additional $20,000 |
| Other Committees | $7,500 | Additional $7,500 |
| Attendance Fee | $1,000 per meeting | |
| Overseas Engagement Fee | $2,000 per trip | |
| Special or *Ad hoc* Project(s) | Appropriate sum depending on complexity and time involved, as recommended by the Board after the completion of the projects and approved by shareholders in a general meeting | |

In determining the quantum of such fees, factors such as the frequency of meetings, the time spent and the responsibilities of the NEDs, as well as the need for the Company to be competitive in order to attract, motivate and retain these Directors, are taken into account. The Chairman and members of the ARC receive higher additional fees to take into account the nature of their responsibilities. The CEO, being an Executive Director, does not receive a Director's fee.

Determining the remuneration of the Directors lies within the purview of the Board as a whole; individual Directors do not participate in discussions regarding their own remuneration.

In FY2018, the RC reviewed and recommended to the Board the remuneration package of the CEO and the KMP. The RC also reviewed and endorsed Management's recommendations for the bonuses of other employees for 2018 and salary increments for 2019.

***Guideline 7.3***
***The RC's access to advice on remuneration matters***

The RC has direct access to the Company's Head of Human Resources should it have any queries about human resources matters. Nevertheless, the RC has explicit authority to investigate any matter within its Terms of Reference and to seek external expert advice should such a need arise, at the Company's expense. In this regard, the RC draws on a pool of independent consultants for diversified views and specific expertise to ensure that existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

***Guideline 7.4***
***Service Contract***

The Company's obligations in the event of termination of service of the Executive Director and the KMP are enumerated in their respective employment letters. In FY2018, the RC reviewed this area, and is satisfied that the termination clauses therein were fair and reasonable to the respective employment class and were not overly generous.

## PRINCIPLE 8. LEVEL AND MIX OF REMUNERATION

***Guideline 8.1***
***Remuneration of the Executive Director and KMP***

The Company's remuneration structure for the Executive Director/Chief Executive Officer, the KMP and others has been benchmarked against those adopted by entities of a comparable size and in similar industries. The structure consists of both fixed and variable portions, with the aim of attracting, retaining and motivating appropriate talent on a sustainable basis. The fixed compensation consists of a base salary and fixed allowances. The variable component, on the other hand, is a cash-based short-term incentive that is performance-related and that is linked to the performance of the Company as well as the individual. This is designed to align the employees'

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remuneration with the interests of shareholders and to link rewards to corporate and individual performance, so as to promote the long-term success of the Group.

Throughout FY2018, the Board had only one Executive Director, namely the CEO. As stipulated in the Company's remuneration framework, the Executive Director and the KMP of the Group do not receive Director's fees from the Company or from its subsidiaries/associated entities if they are nominated and appointed to these boards.

For the purpose of assessing the performance of the Executive Director and the KMP, KPIs with both financial and non-financial targets are clearly set out at the beginning of each financial year. Financial targets include net profit, return on total assets, return on shareholders' equity and total shareholders' return (i.e., dividend plus share price movement over the year). Non-financial targets are those related to reputation, customers, employees, the environment, the community and a sustainable future. Such KPIs also comprise both quantitative and qualitative factors, as well as short and medium term targets. The RC believes that the KPIs enable the Company to monitor its success in achieving its strategy and the progress made by the Group in delivering high-quality sustainable growth.

For the year under review, the RC reviewed and approved the remuneration package (which includes salaries, allowances, bonuses and benefits-in-kind) of the Executive Director and the KMP, after considering *inter alia* the achievement of their KPIs. In addition, the RC reviewed the performance of the Group's senior executives (excluding those employed by the listed subsidiary, which has its own remuneration committee), after taking into consideration the Chief Executive Officer's assessment of and recommendations for bonuses and remuneration.

For FY2018, the RC reviewed and is satisfied that adjustments made to the salaries as well as the performance-related bonuses granted to the Executive Director and the KMP were reflective of their performance and the contributions made by them, taking into account the extent to which their KPIs had been met.

### *Guideline 8.2*
***Long-term Incentive Scheme***

Currently, the Company does not have any long-term incentive scheme or schemes involving the offer of shares or grant of options or any other forms of deferred remuneration. The Board is of the view that such long-term incentive plans might not be effective, and that it is difficult to determine how such plans contribute to the retention of employees and/or help motivate them to achieve the desired performance.

### *Guideline 8.3*
***Remuneration of Non-Executive Directors***

The NEDs have no service contracts with the Company and their terms are specified in the Constitution. They are paid a basic retainer fee for serving as a Director, an additional fee for serving on Board Committees and an attendance fee for participating in meetings of the Board and any of the Board Committees. In order not to excessively compensate the NEDs, the RC takes into consideration factors such as the frequency of meetings, the time spent and the responsibilities of the NEDs, as well as the need for the Company to stay competitive with industry practices.

The remuneration framework for the NEDs was last reviewed in January 2018, using data obtained from a survey of such fees disclosed by property companies listed in Singapore in their 2016 annual reports. The framework is presented under Guideline 7.2 of this Report.

The Board concurs with the RC's proposal for the NEDs' fees for FY2018, which are computed in accordance with the current framework. The RC and the Board collectively are of the view that the remuneration of the Directors for FY2018 is appropriate and not excessive, and would accordingly table it for the shareholders' approval at the forthcoming AGM. The Chairman and NEDs will abstain from voting in respect of the resolution.

### *Guideline 8.4*
***Contractual provisions to reclaim incentive components of remuneration***

Having reviewed and considered the variable components of the Executive Director and KMP's remuneration, which are not excessive, the RC is of the view that there is no need to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years. There are no lengthy or onerous removal clauses in the employment contracts.

## PRINCIPLE 9. DISCLOSURE OF REMUNERATION
### *Guideline 9.1*
***Remuneration Report***

Details of the remuneration of Directors and the KMP for FY2018 are reported in the following pages. During FY2018, there were no termination, retirement or post-employment benefits granted to any of them.

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### *Guideline 9.2*
***Remuneration of Directors***

The remuneration of the Executive Director and the NEDs that was paid or is payable by the Company for FY2018 is set out below:

| Names of Directors | Directors' Fees(1) | Salary(2) | Benefits(3) | Variable Bonus | Total |
|---|---|---|---|---|---|
| **Executive Director** | | | | | |
| William Nursalim alias William Liem(4) | – | $800,004 | $45,626 | $466,669 | $1,312,299 |
| **Non-Executive Directors** | | | | | |
| Ong Beng Kheong | $114,500 | – | – | – | $114,500 |
| Cheng Hong Kok | $80,500 | – | – | – | $80,500 |
| Choo Teow Huat Albert | $130,500 | – | – | – | $130,500 |
| David Lee Kay Tuan | $81,000 | – | – | – | $81,000 |
| Michelle Liem Mei Fung | $73,000 | – | – | – | $73,000 |
| Neo Ban Chuan | $94,500 | – | – | – | $94,500 |
| **Total Directors' Remuneration** | **$574,000**<br>30% | **$800,004**<br>42% | **$45,626**<br>3% | **$466,669**<br>25% | **$1,886,299**<br>100% |

Annotations:
(1) If approved, the aggregate amount of Directors' fees of $574,000 will be paid to the NEDs upon approval by shareholders at the forthcoming AGM.
(2) Salary refers to basic salary (CPF contribution is not applicable).
(3) Benefits refer to car benefits.
(4) As an Executive Director, Mr William Nursalim alias William Liem does not receive Director's fees.

During 2018, there was no change in the fee structure for Directors. The total Directors' fees proposed for the year of $574,000 were 1.58% lower than those for 2017, reflecting mainly fewer overseas engagements and meetings held during the year.

### *Guideline 9.3*
***Remuneration of Top 5 Management Personnel including the KMP***

The table below sets out the range of gross remuneration for the top 5 management personnel (including the KMP, excluding the Chief Executive Officer/Executive Director) of the Group.

| Names of Top 5 Management Personnel including KMP | Designation | Breakdown of Remuneration by Percentage (%) | | | | Total remuneration in compensation bands of $250,000 |
|---|---|---|---|---|---|---|
| | | Salary(1) | Benefits(2) | Bonus(3) | Total | |
| Chong Chou Yuen(4) | Group Chief Financial Officer | 92% | 8% | 0% | 100% | $500,000 – $749,999 |
| Ilan Weill | General Manager, Grand Hyatt Melbourne | 77% | 8% | 15% | 100% | $500,000 – $749,999 |
| Sholto Smith(5) | General Manager, Hyatt Regency Perth | 85% | 8% | 7% | 100% | $250,000 – $499,999 |
| Peggy Wong(6) | General Counsel | 67% | 0% | 33% | 100% | $250,000 – $499,999 |
| Leong Kok Ho(6)(7) | Chief Financial Officer | 69% | 0% | 31% | 100% | below $250,000 |
| **Total Remuneration of Top 5 Management Personnel including the KMP** | | **$1,810,329**<br>80.63% | **$138,688**<br>6.18% | **$296,301**<br>13.20% | **$2,245,318**<br>100% | |

Annotations:
(1) Salary refers to basic salary, allowances and employer's provident fund or equivalent contributions thereof.
(2) Benefits refer to car benefits and taxable health insurance.
(3) Bonus refers to variable bonuses and employer's provident fund or equivalent contributions thereof.
(4) Mr Chong Chou Yuen left on 31 July 2018; continued as paid Adviser from 1 August to 31 December 2018.
(5) Mr Sholto Smith left on 31 December 2018.
(6) The KMP of the Company are the CEO, the CFO and General Counsel. The CEO's compensation is disclosed under the table "Remuneration of Directors".
(7) Mr Leong Kok Ho started on 1 August 2018.

The aggregate remuneration paid in FY2018 to the abovementioned management personnel including the KMP was $2,245,318.

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### *Guideline 9.4*
***Employee related to Directors or the Chief Executive Officer***

In addition to the disclosure under the top 5 Management Personnel wherein a key person was related to certain Directors during FY2018, there was another employee related to certain Directors whose remuneration exceeded $100,000. He was Mr Jason Lee Kay Chen, employed at the subsidiary of SP Corp, a listed subsidiary of the Company, and a brother of Mr David Lee Kay Tuan (Non-Executive Director) and a brother-in-law of Ms Michelle Liem Mei Fung (Non-Executive Director and deemed substantial shareholder).

### *Guideline 9.5*
***Employee Share Schemes***

The Company has no employee share/stock options scheme or long-term incentive scheme. The rationale for not having such schemes is presented under Guideline 8.2 of this Report.

### *Guideline 9.6*
***Link between Remuneration and Performance***

Information on the link between remuneration paid to the Executive Director and the KMP and performance is set out under Guideline 8.1 of this Report.

## III. ACCOUNTABILITY AND AUDIT

The Board recognises the importance of providing accurate and relevant information on a timely basis to all stakeholders. Thus, the ARC reviews all financial statements and results announcements and recommends them to the Board for approval. The ARC also ensures that the Company maintains a sound system of internal controls over financial reporting, operational risks and compliance risks (including information technology controls and risk management systems), and that all areas of weaknesses identified in internal audit reports are properly dealt with in a timely manner.

During FY2018, quarterly unaudited results and the audited full-year results of the Group were all announced within a month of the end of each period.

## PRINCIPLE 10. ACCOUNTABILITY

### *Guideline 10.1*
***Accountability for Accurate Information***

The Company ensures that the Board receives accurate and timely information. Hence, the Board receives monthly financial and operation reports from Management.

In discharging its responsibility, the Board ensures that the Group's financial results provide a balanced and understandable assessment of its performance, position and prospects. Quarterly financial results announcements together with the associated press releases and presentation slides are released to SGX-ST via SGXNet on the same evening as the announcements.

The business and finance heads of individual subsidiaries and strategic business units are required to provide quarterly written representations, in a specific template, to the CEO and the CFO, who in turn furnish an overall representation to the ARC and the Board confirming, *inter alia*, that (i) the financial statements present a true and fair view of the financial position of the Group and of the Company as of the date; and that (ii) the financial processes and controls and the integrity of the Group's financial statements are in place. In addition, the CEO and the CFO's quarterly written representations highlight, *inter alia*, material financial risks and their impact, and provide updates on significant financial issues facing the Group.

Based on the CEO and the CFO's representations, enquiries made thereof and in accordance with the requirements of the SGX-ST Listing Manual, the Board issues a negative assurance statement in its quarterly financial results announcements and confirms to the best of its knowledge that nothing had come to its attention that might render the financial statements false or misleading in any material aspect.

The annual report, which comprises the relevant business and operations, financial and governance information of the Company, is approved by the Board.

### *Guideline 10.2*
***Compliance with Legislative and Regulatory Requirements***

During FY2018, the Board reviewed quarterly representation letters from Management regarding compliance by strategic business units with the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements.

The Company received signed undertakings from all its Directors and executive officers based on the revised form of Appendix 7.7, pursuant to Rule 720(1) of the SGX-ST Listing Manual.

### *Guideline 10.3*
***Management Accounts***

Management updates the Board on the Group's business activities and financial performance through monthly operations reports. Such reports compare the Group's actual performance against the approved budget and results of the previous year and, where appropriate, against forecasts. Major variances are analysed, investigated and explained accordingly. The monthly reports also contain information about banking facilities utilised and compliance with bank covenants, and highlighted key business indicators and major issues that are relevant to the Group's performance, so as to allow the Board to make balanced and informed assessments of the Company's performance, position and prospects.

## PRINCIPLE 11. RISK MANAGEMENT AND INTERNAL CONTROLS

### *Guideline 11.1*
***Risk Management and Internal Control Systems***

During FY2018 and as in previous years, the ARC assisted the Board in the oversight of the Group's risk profile and policies, and the adequacy and effectiveness of the Group's risk management systems and internal controls, and reported to the Board on risks facing the Group, suggesting levels of risk tolerance and risk policies.

A detailed Risks Report prepared by Management and reviewed by the ARC was also presented to the Board for the latter's review. The Report identified 26 risks and ways to manage them. A summary of the contents has been provided in the "Business Dynamics and Risk Factors Statement" section of this Annual Report.

# CORPORATE GOVERNANCE

Risks that affect the achievement of business objectives and the financial performance of the Group over the short-to-medium term are summarised in the Group Risks Register by each business unit. The identified risks were grouped in two dimensions: one based on risk exposure and appetite, and the other based on the likelihood of the risk being realised. A "Risk Matrix Table" was then charted to aid the Board in its deliberations. The Group's risks were also classified into four main categories, namely, business & strategy risks, financial risks, operational risks and compliance risks including information technology controls and risk management systems.

In order to mitigate the risk of fraud, corruption and misconduct by employees, the Group also implemented the following: the Employees' Code of Conduct and Practices, Guidelines for Dealing in Securities, IPTs and the Whistle-blowing Policy, all of which are set out in the "Corporate Governance in Action" section of this Annual Report.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

### *Guideline 11.2*
***Adequacy and Effectiveness of Risk Management and Internal Control Systems***

The risk management system has become an essential part of the Group's business planning and monitoring process. On an annual basis, Management submits to the ARC and the Board the "Group Risks Management Report" detailing the Group's risk profile, evaluating the potential impact of various risks and proposing countermeasures to mitigate or transfer identified risks so as to bring them to an acceptable level.

The ARC also reviews reports submitted by the internal auditors on pre-selected areas of the Group's operations. The selection process follows a cycle of a few years so that all key operations/units of the Group are subjected to an internal audit in a cycle.

In FY2016, the Company implemented the following policies:

i. Information Security Policy

This policy provides guidelines to employees on the proper use of the Company's information systems so as to ensure that the confidentiality of proprietary information is protected. It also supports the Company's business objectives of ensuring that the security, integrity and availability of information technology systems are balanced against the need for staff to access systems and services that are necessary to their job, within the limits imposed by this policy.

ii. Personal Data Protection Policy

This policy aims to ensure that employees are aware of the legal obligations of the Company under the Personal Data Protection Act 2012, Singapore, or similar legislation in countries where the Group operates, so as to protect the security and confidentiality of third-party data obtained during its operations.

iii. Anti-bribery and Anti-corruption Policy

This policy sets out guidelines to ensure that the Company and its Directors, officers, employees and agents conduct their activities in an honest and ethical manner, and that they comply with the applicable anti-bribery or anti-corruption laws and regulatory requirements in the various jurisdictions in which the Company operates.

iv. Sustainability Policy

This policy codifies the Company's commitment to reducing the impact of our business operations on the environment by ensuring that sustainability and ecological awareness are incorporated into our business practices, processes and operations.

For FY2018, in accordance with the SGX-ST Listing Rules 711A and 711B, the Board reviewed the sustainability report of the Company and approved its inclusion in the annual report.

As part of the Group's continuous efforts to ensure that its risk management and internal control systems are adequate and effective, the Company is not only working towards strengthening existing policies by conducting regular reviews to ensure that they remain relevant, but is also implementing new policies where necessary so as to meet challenges brought on by a changing business environment.

### *Guideline 11.3*
***Board's Comment on the Adequacy and Effectiveness of Internal Controls***

For the year under review, the CEO and the CFO have provided an assurance to the Board that (i) the financial records have been properly maintained and that the financial statements give a true and fair view of the Company and the Group's operations and finances for the year ended 31 December 2018 and financial position as of the date; and (ii) that the Company's risk management and internal control systems were adequate and effective as of the same date. The "CEO and CFO's Responsibility Statement" published in this Annual Report explicitly acknowledged these points in detail.

Based on internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, written representation by the CEO and the CFO and various Board Committees, the Board, with the concurrence of the ARC, is of the opinion that the Group's risk management and internal control framework and systems were adequate and effective as at 31 December 2018 to address financial, operational and compliance risks including information technology controls and risk management systems, which the Group considers relevant and material to its operations.

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***Guideline 11.4***
***Risk Committee***

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARC with the assistance of the internal auditors. Having considered the Company's business and operations, as well as its existing internal control and risk management systems, the Board is of the view that, currently, a separate Risk Committee is not required. In October 2014, the Audit Committee was renamed as the Audit and Risk Committee. The ARC reviews key risk categories on a quarterly basis to ensure that the activities of the business remain within the Group's risk appetite.

## PRINCIPLE 12. AUDIT AND RISK COMMITTEE

***Guidelines 12.1 & 12.2***
***ARC Composition and Expertise of ARC Members***

The ARC comprises the following Directors, all of whom are non-executive, with the majority, including its Chairman, being independent:

- Mr Choo Teow Huat Albert, Chairman
(Independent and Non-Executive)
- Mr Neo Ban Chuan
(Independent and Non-Executive)
- Mr David Lee Kay Tuan
(Non-Independent and Non-Executive)

The ARC members collectively bring with them accounting, financial management and legal expertise and experience. The Board, after considering the advice from the NC, believes that the members of the ARC are appropriately qualified to discharge the ARC's responsibilities as defined under its Terms of Reference, which have been approved by the Board.

***Guidelines 12.3 & 12.4***
***Roles, Responsibilities and Authority of ARC***

The roles and responsibilities of ARC as defined under its Terms of Reference are summarised below:

i. Reviewing the adequacy and effectiveness of the internal controls over financial, operational, compliance, information technology and risk management policies and systems established by Management;

ii. Monitoring compliance with laws and regulations, the SGX-ST Listing Manual and the Code;

iii. Reviewing the principal business risks and assessing the appropriateness of the mechanisms in place to identify, prevent and minimise these business risks;

iv. Reviewing the relevance and consistency of the accounting standards used by the Group, significant financial reporting issues and judgements;

v. Reviewing monthly management reports, quarterly and annual financial statements, assessing and challenging where necessary, their correctness, completeness, integrity and consistency before they are submitted to the Board or made public;

vi. Meeting with Management and the external auditors to review the financial statements, the process and the results of the audit and other sections of the annual report, including the disclosure of corporate governance practices before its release;

vii. Reviewing and recommending for the Board's approval IPTs on at least a quarterly basis;

viii. Reviewing the internal auditors' programme with regard to the complementary roles of the internal and external audit functions; ensuring that there are no unjustified restrictions on or limitations to the internal auditors' work scope; reviewing the internal auditors' reports; and ensuring a timely response by Management;

ix. Reviewing and recommending to the Board for approval the Whistle-blowing Policy, under which employees of the Company and/or external parties may, in confidence, raise concerns about suspected improprieties including financial irregularities;

x. Reviewing the audit representation letters to be issued by the Company before consideration by the Board; reviewing the contents of the external auditors' management letter and monitoring the responsiveness of Management to the recommendations made; and ensuring that the external auditors have direct and unrestricted access to officers of the Company and the Chairman of the ARC; and

xi. Reviewing the audit fee, the terms of the audit, the nature and extent of non-audit services provided by the external auditors, and making recommendations to the Board on proposals to shareholders for the appointment or re-appointment of the external auditors.

In FY2018 and as in past years, the ARC met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to best practices and guidance in the Guidebook for Audit Committees in Singapore, including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

Minutes of the ARC meetings are routinely tabled at Board meetings for information. When considering the IPTs, Directors who are interested in the transactions recuse themselves from the deliberation and approval process at both the ARC and Board meetings.

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The ARC reviewed the external auditor's audit plan for FY2018, and agreed with the auditor's proposed significant areas of focus and assumptions that would have an impact on the financial statements. In the ARC's review of the Group's financial statements for FY2018, it had discussed with Management the accounting principles applied and their judgement of items that could affect the integrity of the statements, and it had also considered the clarity of key disclosures in the statements. The ARC also reviewed and addressed, among other matters, the following key audit matters as reported by the external auditors for FY2018:

| Key audit matters | How these issues were addressed by the ARC |
|---|---|
| **Revenue recognition of development properties** | The ARC considered the approach taken by Management in determining whether the contracts comprise one or more performance obligations, whether the performance obligations were satisfied over time and the method used to measure progress for revenue recognition for development properties which required estimates by Management.<br><br>The ARC considered the basis of Management's identification of performance obligations to determine whether the criteria for recognising revenue over time were met.<br><br>The ARC also discussed with the external auditors the adequacy of any required provision for foreseeable losses and the basis of revenue recognition and profit for the sale of development properties. |
| **Valuation of development properties** | The ARC considered the approach and methodology applied to the valuation of completed properties held for sale, focusing on projects with slower-than-expected sales or with low margins. The ARC was periodically briefed on the development of all projects. It also discussed with and challenged Management, as appropriate, regarding market trends and the strategies and timing adopted to sell the inventories.<br><br>The ARC received detailed reporting from the external auditors on their assessment of the estimation of net realisable value and allowances for foreseeable losses, in order to form a view of the appropriateness of the level of provisioning adopted by Management.<br><br>The ARC is satisfied with the valuation approach and the estimation of net realisable value for development projects as adopted and disclosed in the financial statements. |
| **Valuation of investment properties and hotel properties** | The ARC reviewed the outcomes of the yearly valuation process and discussed the details of the valuation with Management.<br><br>The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties and hotel properties.<br><br>The ARC is satisfied with the valuation process, the methodologies used and the valuation for investment properties and hotel properties as adopted and disclosed in the financial statements. |

Management reports to and discusses with the ARC changes to accounting standards and accounting issues that have a direct impact on the financial statements. Directors are invited to attend relevant seminars by leading accounting firms on changes to accounting standards and issues.

Following the review, the ARC is satisfied that all the aforesaid matters had been properly dealt with and recommended the Board to approve the financial statements. The Board on 30 January 2019 approved the financial statements.

The ARC has explicit authority to investigate any matter, including whistle-blowing, within its Terms of Reference. All whistle-blower complaints are reviewed by the ARC to ensure independent and thorough investigation and adequate follow-up. The Company has maintained a whistle-blowing register to record all whistle-blowing incidents. The contents including "nil" returns in the register are reviewed by the ARC during its quarterly meetings.

The ARC has full access to Management and staff, and has had their full cooperation. It also has full discretion to invite any Director or any member of Management to attend its meetings.

***Guideline 12.5***
***External and Internal Auditors***

During FY2018 and as in past years, the Company's external and internal auditors were invited to attend the ARC meetings and make presentations as appropriate. They also met separately with the ARC without the presence of Management.

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### Guideline 12.6
***Independence of External Auditors***

During FY2018 and as in past years, the ARC reviewed the "Professional Services Planning Memorandum" prepared by Deloitte & Touche LLP ("**Deloitte**"), the independent auditors, and discussed the terms of engagement, the materiality level of their work, the assessment of significant risks, areas of audit focus, internal control plans and the internal auditors' report, and audit quality indicators, before the commencement of their audit work.

In respect of the audit quality indicators, the ARC reviews, in particular, the following areas: audit hours planned, experience of the team, adequacy of training received by the team, results of internal and third party's inspection of their work, compliance with independence requirement, quality control, staff oversight, and staff attrition rate.

The ARC undertakes a review of the independence and objectivity of the external auditors, their approach of the audit work, their proposed audit fees as well as reviewing the non-audit fees awarded to them.

For FY2018, the ARC had reviewed and concurred with the nature of non-audit work performed and fees charged by Deloitte and its member firms. A breakdown of the fees paid or payable to Deloitte and its member firms are analysed in the table below (excluding fees paid or payable by Tuan Sing's associates, i.e., Gul Technologies Singapore Pte. Ltd. and Pan-West (Private) Limited):

| | FY2018 | | FY2017 | |
|---|---|---|---|---|
| | **S$** | **% of Total Fees** | **S$** | **% of Total Fees** |
| Audit fees to Deloitte Singapore | 328,000 | 50 | 330,600 | 46 |
| Audit fees to Deloitte member firms outside Singapore | 196,000 | 30 | 177,450 | 25 |
| Total Audit Fees | 524,000 | 80 | 508,050 | 71 |
| Total Non-Audit Fees (both Singapore and member firms) | 128,000 | 20 | 208,001 | 29 |
| **Total Fees** | **652,000** | **100** | **716,051** | **100** |

The ARC is satisfied that the nature and extent of the non-audit services performed by the external auditors have not prejudiced their independence and objectivity.

On the recommendation of the ARC, the Board approved the re-appointment of Deloitte as the independent auditors of the Group at the forthcoming Annual General Meeting for shareholders' approval. During FY2018 and as in past years, the Company's associates also engaged Deloitte and its member firms for the audit work. In view of the aforesaid, the Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the Company's appointment of auditing firms.

### Guideline 12.7
***Whistle-blowing Policy***

The Group has in place a "Whistle-blowing Policy" (the "policy") that provides a formal avenue for employees and external parties to raise concerns. The policy offers reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

A copy of the policy has been posted on the Company's Intranet and official website, encouraging the reporting of any behaviour or actions that anyone reasonably believes might be suspicious, or in breach of any rules, regulations or accounting standards, or internal policies. In addition, a Chinese translation of the policy has been disseminated to the Group's employees in China. A summary of the policy is presented in the "Corporate Governance in Action" section of this Annual Report.

The policy details the mechanism through which issues or concerns can be submitted, the means of communication, including a dedicated email address (whistle-blowing@tuansing.com), and the two committees handling the submissions, namely, the Whistle-blowing Committee and the ARC. The Company treats all information received confidentially and protects the identity and interests of all whistle-blowers. Anonymous reporting will also be attended to and anonymity honoured.

All newly recruited employees are briefed on the existence of the policy, and a reminder is sent to all employees each year in the form of an Annual Declaration, in which employees are required to disclose any instances of conflicts of interest or to raise any issues or concerns of possible irregularities in the Company or the Group's affairs. A "nil" return is also required for the purpose.

At the ARC's quarterly meetings, a standard item on the agenda is the review of any entries in the register of whistle-blowing incidents; if the case is still outstanding, the progress of the investigation is also reviewed.

### Guideline 12.8
***Disclosure of ARC activities and measures taken by the ARC to keep abreast of changes to Accounting Standards***

The ARC met eight times during FY2018 (four meetings were scheduled and four were *ad hoc*). The CEO, the CFO and the Company Secretary attended all eight meetings, while the external and internal auditors attended all the scheduled meetings. Two of the ARC meetings were held in

# CORPORATE GOVERNANCE

Melbourne, Australia, during an ARC visit to review the Group's operations there. During the meetings, remedial action for points highlighted in a recent internal audit report, internal controls in general, and network security and information technology operations in particular were discussed with the Hyatt representatives.

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

***Guideline 12.9***
***Cooling-off Period for Partners or Directors of the Company's Auditing Firm***

During FY2018, no former partner or Director of the Company's incumbent auditing firm or its member firms was a member of the ARC.

## PRINCIPLE 13. INTERNAL AUDIT

***Guidelines 13.1 & 13.2***
***Internal Auditors and Compliance***

The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the internal audit.

The Company has in past years outsourced its internal audit function to PricewaterhouseCoopers Risk Services Pte. Ltd. ("**PwC**"). At the recommendation of the ARC, the Board approved the re-engagement of PwC as the Internal Auditor ("**IA**") of the Group in the ensuing year. In FY2018 and as in past years, the ARC assessed the adequacy of the internal audit function by reviewing the audit plan submitted by PwC at the start of the year and the quality of its reports during the year. The IA has unrestricted access to the ARC and to the Company's documents, records, properties and personnel, where relevant to its work. The IA's primary line of reporting is to the Chairman of the ARC.

***Guidelines 13.3 & 13.4***
***Internal Audit Function***

The Company's internal audit function is independent of the external audit. PwC is a corporate member of the Institute of Internal Auditors Singapore, and staffed by professionals with relevant qualifications and experience. The Group's engagement with PwC stipulates that its work shall comply with the PricewaterhouseCoopers Global Internal Audit Services Methodology, which is aligned to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan entailing the review of selected functions or business units of the Group is developed and agreed to by the ARC. The audit plan is devised in such a way that all major functions or business units will be audited within an internal-audit cycle. The ARC does direct the IA, as and when deemed necessary and important, to focus on certain aspects of an audit to be conducted, as well as to audit any operational or business aspects. Having reviewed the audit plan of PwC, the ARC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.

***Guideline 13.5***
***Adequacy and Effectiveness of the Internal Audit Function***

For FY2018, the ARC reviewed the adequacy of the internal audit function, to ensure that the internal audits were conducted effectively and that Management had provided the necessary cooperation to enable PwC to perform its function. After having reviewed the PwC reports and remedial actions implemented by Management, the ARC is satisfied that the internal control functions were adequate and effective.

## IV. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

The Company believes in treating all shareholders fairly and equitably, by recognising, protecting and facilitating the exercise of shareholders' rights. Thus, it reviews and updates relevant arrangements regularly, and embraces effective and fair communication with its shareholders. It also encourages shareholders to raise questions and to participate in discussions at general meetings. A fuller discussion can be found in the "Investor Relations" section of this Annual Report.

## PRINCIPLE 14. SHAREHOLDER RIGHTS

***Guideline 14.1***
***Sufficient Information to Shareholders***

The Company believes in providing information beyond mere compliance with prevailing statutory or professional standards, if it deems such disclosure to be beneficial to its shareholders and the general public. In this respect, the Company has been disclosing clear and fair information about its broad strategy, business developments and financial performance through the appropriate media. For developments that might have a material impact on the share price, the information is dispatched as soon as it becomes available. The Company uses news releases, annual reports, shareholder circulars, shareholders' meetings, announcements through SGXNet, and the Company's website for the purpose of communication.

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

Shareholders are entitled to attend the Company's general meetings, and are given ample opportunity to participate effectively in and vote at the meetings. Because of the PowerPoint presentation of the results and the outlook, as well as the dialogue with shareholders, the Company's typical annual general meeting lasts more than two hours.

Shareholders are informed of general meetings at least 28 days in advance through reports, circulars and/or letters or notices published in the newspapers, the Company's announcements via SGXNet and the Company's website. General meetings are usually held at venues within the central business district that are easily accessible to the shareholders. Resolutions tabled at general meetings are passed through a process of voting by poll; the procedures are clearly explained by the scrutineers at the start of the voting during the meetings.

# CORPORATE GOVERNANCE

### *Guideline 14.3*
***Proxies for Nominee Companies***

Pursuant to the provisions in the Company's Constitution, a shareholder who is not a "relevant intermediary" may appoint up to two proxies to attend general meetings in his/her absence and speak and vote on his/her behalf. Shareholders who are "relevant intermediaries", such as banks, capital markets services licence holders, which provide custodial services for securities and the Central Provident Fund Board ("**CPF**"), are allowed to appoint more than two proxies. This is to facilitate participation in general meetings by indirect shareholders including CPF investors. Such indirect shareholders where so appointed as proxies have the same rights as direct shareholders to attend general meetings and speak and vote at them.

In order to have a valid proxy registration, an instrument appointing a proxy must be deposited at a place or places specified in the notice convening the general meeting at least 72 hours before the time appointed for the general meeting.

## PRINCIPLE 15. COMMUNICATION WITH SHAREHOLDERS

### *Guideline 15.1*
***Communication with Shareholders***

Since November 2015, an Investor Relations Policy ("**IR Policy**") has been established that sets out the principles for providing shareholders and prospective investors with the information necessary to make well-informed investment decisions. This IR Policy is published on the Company's website at www.tuansing.com.

The Board embraces openness and transparency in the conduct of the Company's affairs, while safeguarding its commercial interests. The Company's announcements are as descriptive, detailed and forthcoming as possible. Hence, the Company's quarterly results announcements contain much useful information and analysis. In addition, press releases in English and Chinese as well as PowerPoint slides are provided and posted on the Company's website.

An investor relations contact has been provided on the Company's website, which stakeholders can use to voice their concerns or feedback about possible violation of their rights. Where shareholders make any enquiries to the Company, Management endeavours to respond within two working days.

### *Guideline 15.2*
***Disclosure of Information on a Timely Basis***

The Company communicates with shareholders and the investment community on a non-selective basis through the timely release of announcements to SGX-ST via SGXNet and the Company's corporate website. Should a disclosure be made inadvertently to a selected group, the Company will make the same disclosure publicly as soon as is practicable. The Company's website also allows the public to have access to its past years' announcements.

The planned date of release for quarterly financial results is disclosed 12 months ahead in the Annual Report for the preceding year, and is confirmed approximately two weeks before the actual date of the announcement via SGXNet.

For FY2018, quarterly results were announced within 28 days of the succeeding month; and full-year audited results (full set; inclusive of notes to accounts) were released on 30 January 2019. Each results announcement is accompanied by a press release and a PowerPoint presentation. The 2018 Annual Report will be distributed to shareholders 28 days before the AGM, which is scheduled to be held on 24 April 2019.

### *Guideline 15.3*
***Interaction with Shareholders***

General meetings have been and are still the principal forum for dialogue with shareholders. During these meetings, shareholders are given a PowerPoint presentation by the CFO that outlines the Group's past performance and outlook or the purpose of any extraordinary meetings. Shareholders are then invited to raise questions, express any concern or give suggestions. Before the voting for each resolution, shareholders are again given ample opportunity to raise queries. Shareholders who are not used to raising questions in public are encouraged to have a private chat with any Director or any senior management member after the meeting; Management and Directors stay back for that very purpose.

### *Guideline 15.4*
***Soliciting and Understanding Views of Shareholders***

In the "Investor Relations" section of the Annual Reports, the Company states the steps it has taken to solicit and understand the views of shareholders. During the year, Management also entertains requests from analysts and fund managers for dialogue.

To enhance the process of soliciting input from shareholders and members of the investment community, a "Feedback and Queries" template has been made available on the Company's website. In addition, the website has an "Investor Contact" link that gives contact details for shareholders to communicate with the Company. The Company also attends to shareholders' queries made via telephone.

### *Guideline 15.5*
***Dividend Policy***

Please refer to the Dividend Policy write-up on page 87 of the "Corporate Governance in Action" section of the Annual Report.

## PRINCIPLE 16. CONDUCT OF SHAREHOLDER MEETINGS

### *Guideline 16.1*
***Effective Shareholder Participation***

To facilitate effective shareholder participation at AGMs, the Company took the following steps during FY2018:

i. Under the "Investor Relations" section of the Company's website, it posted two documents prepared by SGX, titled "An Investor's Guide to Preparing for Annual General Meetings" and "An Investor's Guide to Reading Annual Reports", to help shareholders gain more from reading annual reports and frame pertinent questions at the AGMs;

ii. Notice of AGMs will be circulated to shareholders 28 days in advance; and

# CORPORATE GOVERNANCE

iii. Provision has been made under Article 76 of the Constitution, allowing for shareholders to vote *in absentia*. Examples of *absentia* voting are voting via mail, electronic mail or facsimile at general meetings. However, such methods might be possible only following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web would not be compromised. Therefore, at this point in time, the Company does not allow a shareholder to vote *in absentia* at general meetings, except through the appointment of a proxy or attorney or, in the case of a corporation, a corporate representative, to cast the vote in their stead.

### *Guideline 16.2*
***Separate Resolutions at General Meetings***

The Board ensures that separate resolutions are proposed for approval on each issue at general meetings. There is no bundling of the resolutions as they are not interdependent and linked to each other. Detailed explanatory notes on each item of the agenda have also been provided in the "Notice of Annual General Meeting" section in this Annual Report.

### *Guideline 16.3*
***Attendees at General Meetings***

The Chairman of the Board and the Chairman of each of the Board Committees, the CEO, the CFO and the Company Secretary attend all the general meetings to address issues raised by shareholders. The Company's external auditors and legal advisers are also present to address relevant queries from shareholders.

### *Guideline 16.4*
***Minutes of General Meetings***

The Company prepares minutes of general meetings detailing the proceedings, questions raised by shareholders and answers given by the Board and Management and the voting results for each resolution. The minutes of the last AGM, held on 19 April 2018, together with the Directors' attendance sheet were published via SGXNet and the Company's website.

### *Guideline 16.5*
***Voting By Poll at General Meetings***

The Company has been using electronic poll voting for a number of years so as to promote greater transparency in the voting process. During the Company's last AGM, held on 19 April 2018, the Company had:

- Registered electronically the shareholders and proxies who attended the meeting and issued an electronic token to each of them.
- Reviewed the robustness of the system through the appointed scrutineer, who is an independent external party, before the commencement of the meeting.
- Verified the proxy and poll voting information through the appointed scrutineer, ensuring that the polling process was properly carried out.
- Given instructions for the use of the electronic token for polling;
- Put each and every resolution to the vote by electronic polling.
- Projected the results of the voting on the screen, including the number and the percentage of votes cast for and against.
- Released voting results to SGX-ST via SGXNet on the same day as the meeting.

## CORPORATE GOVERNANCE IN ACTION

To maintain a high standard of corporate governance, the Company has in place various policies and practices that its Directors and employees are required to observe.

### INTERESTED PERSON TRANSACTIONS
***– Listing Manual Rule 907***

The Group does not have shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual. Interested-Person Transactions ("**IPTs**") are executed on fair terms and at arm's length regardless of their nature and size. When a potential conflict of interest arises, the Director concerned neither takes part in the discussions nor exercises any influence over other members of the Board. The Board last revised the IPTs policy and procedures in 2011.

A list of IPTs including those of less than $100,000 and their aggregate is submitted quarterly to the ARC for its review. Any IPT exceeding $100,000 must get the ARC's recommendation and the Board's approval before it is entered into. Where an IPT or its aggregate exceeded 3% of the Group's latest audited net tangible assets, an immediate announcement is made after the Board's approval. Where an IPT or its aggregate exceeded 5% of the Group's latest audited net tangible assets, shareholders' approval is sought through a general meeting, while the interested shareholder abstains from voting. In FY2018, the aforesaid 3% threshold was about $29.5 million using the audited 31 December 2017 balance sheet.

Details of IPTs for FY2018 and FY2017 are presented in the "SGX-ST Listing Manual Requirements" section of this Annual Report.

### DEALINGS IN SECURITIES
***– Listing Manual Rule 1207(19)***

The Company has a formal insider trading policy whereby all the Directors and employees of the Group are prohibited from dealing in the securities of the Company and its listed subsidiary (i.e. SP Corp) (collectively the "**listed entities**") while in possession of price-sensitive information and during the period commencing one month before the announcements of the listed entities' full-year results, and two weeks before the announcements of the first three quarters financial results till the day of such announcements. This policy discourages all the Directors and employees of the Group from dealing in the listed entities' securities for short-term considerations and reminds them of their obligations under insider trading laws.

### CODE OF CONDUCT AND PRACTICES

The Group recognises the importance of having its Directors and officers maintain a high level of integrity and professionalism in the conduct of the Group's business. Hence, the Company's code of conduct and its practices are detailed in the Employees'

# CORPORATE GOVERNANCE

Handbook. This Handbook is stored electronically on the Company's Intranet and is introduced to all new employees during their induction.

This code enumerates, at the employee level, the standards for acceptable and unacceptable behaviour, as well as issues of workplace harassment. On the business front, the code addresses the standards for business behaviour pertaining to the offering and receiving of business courtesies, as well as issues arising from conflicts of interest.

The code of conduct has been strengthened since FY2016 with the implementation of the following: the Information Security Policy and the Personal Data Protection Policy, as well as the Anti-bribery and Anti-corruption Policy.

## WHISTLE-BLOWING POLICY

The Company is committed to maintaining a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements and any legislation relating thereto. In line with this commitment, the Whistle-blowing Policy aims to provide an avenue for employees and external parties to raise concerns, and it offers assurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

While the Whistle-blowing Policy is meant to protect genuine whistle-blowers from any unfair treatment as a result of their report, it strictly prohibits frivolous or bogus complaints. The policy is also not a route for taking up personal grievances.

There might be circumstances where there is insufficient evidence for the Whistle-blowing Committee ("**WBC**") to proceed with the investigation, particularly in situations of anonymous reporting or in cases where the reliability and/or credibility of the reported concern is questionable.

A mechanism for the submission of issues/concerns has been established, which includes a dedicated email address that allow whistle-blowers to contact the WBC and the ARC Chairman directly, and in confidence, so that his/her identity will be protected from reprisals within the limits of the law.

Assisted by the WBC, the ARC addresses issues/concerns raised and arranges for investigation and/or appropriate follow-up action and reports to the Board accordingly. Should the ARC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to appropriate external professional advice. Where appropriate or required, a report will be made to the relevant governmental authorities for further investigation.

### ➢ *Whistle-blowing Committee*

The WBC consists of:

- the CEO;
- the CFO; and
- the Company Secretary.

The Board believes that the earlier an issue/concern is raised, the easier it would be for the Group to take the necessary action as appropriate.

During FY2018, there was no incident of genuine concern reported to the WBC.

## DIVIDEND POLICY

The Company strives to achieve long-term, sustainable dividend income and capital growth to enhance shareholders' return.

The Company does not have a formal dividend policy. However, the Company endeavors to provide consistent and sustainable dividend payments to its shareholders from the Company's profit after taking into consideration the Group's cash position and the capital requirements for business growth and other factors as the Board may deem appropriate, on an annual basis.

The actual dividend payout is recommended by the Board at the end of each year and, when required, shall be tabled at the AGM of the Company for shareholders' approval. The Board may, at its absolute discretion, consider recommending a special dividend to commemorate the Company having achieved an exceptional operational performance in a particular year.

The Tuan Sing Holdings Limited Scrip Dividend Scheme (the "**Scheme**") is an integral and important component of the dividend policy, allowing shareholders who opt for it to grow with the Company.

The Scheme was announced on 18 December 2009 and allows shareholders of the Company who are entitled to dividends to elect to receive either cash or an allotment of ordinary shares in the Company credited as fully paid, in lieu of the cash amount of the dividend to which the Scheme applies. The Scheme provides shareholders with greater flexibility in meeting their investment objectives.

No transaction cost will be incurred by shareholders when electing to invest in the Company through the Scheme. Through the issuance of ordinary shares pursuant to the Scheme, the Company benefits from greater share liquidity in the market and conservation of cash, which could be used to strengthen the Company's working capital.

Full details of the Tuan Sing Holdings Limited Scrip Dividend Scheme Statement are available on the Company's website at www.tuansing.com.

# STATUTORY REPORTS AND ACCOUNTS

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Directors of the Company present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In the opinion of the Directors:

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 96 to 188 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

## 1 DIRECTORS

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

Mr Ong Beng Kheong
Mr William Nursalim alias William Liem
Mr Cheng Hong Kok
Mr Choo Teow Huat Albert
Mr David Lee Kay Tuan
Ms Michelle Liem Mei Fung
Mr Neo Ban Chuan

## 2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

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

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company or of related corporations as recorded in the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act (the "Act") except as follows:

| | Holdings registered in name of Director | | Holdings in which Director is deemed to have an interest | |
|---|---|---|---|---|
| **Names of Directors and companies in which interests are held** | **As at 31 December 2018** | **As at 1 January 2018** | **As at 31 December 2018** | **As at 1 January 2018** |
| **The Company (Ordinary Shares)** | | | | |
| Mr Ong Beng Kheong | 2,200 | 2,200 | – | – |
| Mr David Lee Kay Tuan | 250,000 | 250,000 | – | – |
| Ms Michelle Liem Mei Fung | – | – | 628,814,529[1] | 546,383,829[1] |
| Mr William Nursalim alias William Liem | – | – | 628,814,529[1] | 546,383,829[1] |
| **The Company** | | | | |
| S$80 million 5-year 4.50% per annum Notes due 2019 pursuant to the S$900,000,000 Multicurrency Medium Term Note Programme ("MTN Programme") | | | | |
| Mr William Nursalim alias William Liem | $500,000 | $500,000 | – | – |

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

| | Holdings registered in name of Director | | Holdings in which Director is deemed to have an interest | |
|---|---|---|---|---|
| **Names of Directors and companies in which interests are held** | **As at 31 December 2018** | **As at 1 January 2018** | **As at 31 December 2018** | **As at 1 January 2018** |
| S$150 million 3-year 6% per annum Notes due 2020 pursuant to the MTN Programme | | | | |
| Mr Ong Beng Kheong | – | – | $500,000 | $500,000 |
| Mr William Nursalim alias William Liem | $500,000 | $500,000 | – | – |
| Mr Choo Teow Huat Albert | – | – | $250,000 | $250,000 |
| Mr David Lee Kay Tuan | $500,000 | $500,000 | – | – |
| **Subsidiary** | | | | |
| **SP Corporation Limited (Ordinary Shares)** | | | | |
| Ms Michelle Liem Mei Fung | – | – | 28,146,319[1] | 28,146,319[1] |

**Note**

1 By virtue of interest in Nuri Holdings (S) Pte Ltd.

By virtue of Section 7 of the Act, Ms Michelle Liem Mei Fung and Mr William Nursalim alias William Liem are deemed to have an interest in the Company and in all the related corporations of the Company.

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

## 4 SHARE OPTIONS

During the financial year, there were no options granted to take up unissued shares of the Company or any corporation in the Group.

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

## 5 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee performed functions specified in Section 201B (5) of the Act, the SGX-ST Listing Manual and the Singapore Code of Corporate Governance.

The Audit and Risk Committee of the Company is chaired by Mr Choo Teow Huat Albert and includes Messrs David Lee Kay Tuan and Neo Ban Chuan, all of whom are non-executive Directors and the majority including the Chairman, are independent. The Audit and Risk Committee met eight times during the financial year ended 31 December 2018 and had reviewed, *inter alia*, the following with the executive Director, external and internal auditors of the Company where relevant:

(a) the external and internal audit plans; the scope of the internal audit procedures and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the consolidated financial statements of the Group and the financial statements of the Company before their submission to the Directors of the Company and the external auditors' report on those financial statements;

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 5 AUDIT AND RISK COMMITTEE (CONT'D)

(d) the quarterly, half-yearly and annual announcements on the results and financial positions of the Company and the Group;

(e) the interested person transactions as specified under Chapter 9 of the SGX-ST Listing Manual Rules;

(f) the co-operation and assistance given by the management to the Group's external and internal auditors; and

(g) the re-appointment of the external and internal auditors of the Group.

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as the external auditors of the Group at the forthcoming Annual General Meeting of the Company.

## 6 EXTERNAL AUDITORS

Deloitte & Touche LLP have expressed their willingness to accept re-appointment.

On Behalf of the Directors

**Mr Ong Beng Kheong**
Chairman

**Mr William Nursalim alias William Liem**
Chief Executive Officer

30 January 2019

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

Deloitte.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying financial statements of Tuan Sing Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 96 to 188.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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 and of the changes in equity of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

***Revenue recognition of development properties***

The Group enters into contracts with customers to sell specified residential units which are under development based on the terms and specifications as set out in the contracts. The analysis of whether the contracts comprises one or more performance obligations, determination of whether the performance obligations are satisfied over time and the method used to measure progress for revenue recognition for these development properties requires estimate by management.

The stage of completion is measured by reference to certifications of the value of work performed to date by third party quantity surveyors as compared to the estimated total construction costs of the development project as approved by management. Significant judgements are required to determine the total construction costs which include estimation for variation works and any other claims from contractors. Any changes to the estimated total construction costs will impact the percentage of completion ("POC"), and consequentially the revenue recognised.

***Our audit performed and responses thereon***

We read the sales and purchase agreements of development properties and discussed with management to understand the relevant terms of the agreements and the basis of management's identification of performance obligations to determine whether the criteria for recognising revenue over time were met. We performed procedures to evaluate the design and implementation of the relevant controls put in place by the Group in respect of revenue recognition from the development properties.

We also reviewed management's estimated total construction cost for each of the development projects, and assessed the reasonableness of the assumptions and estimates applied by management which included key elements such as construction costs and variation works, taking also into consideration the need by management to account for any effects of significant or unusual events that occurred during the year which may impact the estimated total construction cost. In addition, we also used the value of the work performed to date as provided by third party quantity surveyors, compared to the estimated total construction cost and performed arithmetic computations of the POC and revenue to be recognised for the year.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

We found management's basis of identifying performance obligations and the basis of revenue recognition for these development properties to be appropriate. We also found management to have the relevant controls in place and that the key assumptions applied by management for estimated total construction costs to be reasonable based on supportable information available.

Further disclosures are made in Note 26 to the financial statements.

***Valuation of development properties***

The Group has residential properties under development and held for sale which are mainly located in Singapore. These development properties are stated at the lower of cost and net realisable values. The determination of the estimated net realisable value of these development properties is dependent upon the Group's expectations of future selling prices. There is a risk that the estimates of net realisable values may exceed future selling prices, resulting in losses when properties are sold.

***Our audit performed and responses thereon***

We discussed with and evaluated management's basis used in their assessment in determining whether the Group's properties under development and completed residential properties held for sale are impaired and the amount of impairment to be recorded if any, based on the Group's estimated selling prices of these properties, by comparing where available, to recently transacted prices and prices of past sales of comparable properties in surrounding locations. We also performed sensitivity analysis on the estimated selling prices used by management in their assessment and considered the adequacy of the disclosures in respect of the impairment losses presented in the financial statements for these properties.

We found management's estimates to be reasonable based on supportable information available, and that management had applied their knowledge of the business in determining the estimated selling prices of the respective properties, by taking into consideration the selling prices of recent sales of the respective properties and that of comparable properties, and expectations of the property market conditions. We found that the Group had appropriately recorded the impairment loss in profit or loss and the related disclosures to be appropriate.

Further disclosures are made in Note 10 to the financial statements.

***Valuation of investment properties and hotel properties***

The Group has investment and hotel properties stated at fair value, determined based on professional external valuers engaged by the Group.

The valuation process involves significant judgement and estimation. The valuations are dependent on the valuation methodology applied and these are underpinned by a number of assumptions which included price per square metre of market comparables used; capitalisation rates; price per square metre of gross/net lettable area and value per room for hotel properties. A change in the key assumptions applied may have a significant impact to the valuation.

***Our audit performed and responses thereon***

We read the terms of engagement of the external valuers engaged and also considered the objectivity and independence of the external valuers including their qualifications and competency.

We considered the appropriateness of the valuation techniques used by the external valuers for the respective investment and hotel properties, taking into account the profile and type of these properties. We discussed with the external valuers on the results of their work, and compared the key assumptions used in their valuations by reference to externally published benchmarks where available and considered whether these assumptions are consistent with the current market environment.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates.

We found that the external valuers were recognised professionals with the appropriate level of qualifications and experience. The valuation methodologies adopted were in line with generally accepted market practices for similar properties. The key assumptions used were within reasonable range, taking into account historical rates and available industry data for comparable markets and properties. We also found that the related disclosures in the financial statements to be adequate.

Further disclosures on the investment properties and hotel properties are found in Notes 13 and 12 to the financial statements respectively.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Company and Strategy, Highlights of the Year, Corporate Stewardship, Management Discussion and Analysis, Corporate Governance Report, Sustainability Report and Shareholding Statistics reports, which are expected to be made available to us after that date.

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 identified above when it becomes available 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information which are expected to be made available to us after the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

## RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

(d) 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.

(e) 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.

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 Loi Chee Keong.

Public Accountants and
Chartered Accountants
Singapore

30 January 2019

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

| | Note | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| **ASSETS** | | | | | | | |
| **Current assets** | | | | | | | |
| Cash and bank balances | 5 | **133,007** | 216,843 | 163,688 | **25,165** | 88,737 | 301 |
| Trade and other receivables | 6 | **76,142** | 89,148 | 94,244 | **347** | 12,162 | 7,994 |
| Contract assets | 7 | **13,517** | 4,480 | 64,549 | **–** | – | – |
| Contract costs | 8 | **757** | 485 | 337 | **–** | – | – |
| Amounts due from subsidiaries | 18 | **–** | – | – | **400,312** | 354,851 | 255,467 |
| Inventories | 9 | **2,792** | 2,906 | 3,564 | **–** | – | – |
| Development properties | 10 | **358,530** | 188,680 | 183,232 | **–** | – | – |
| Asset classified as held for sale | 11 | **42,040** | – | – | **–** | – | – |
| Total current assets | | **626,785** | 502,542 | 509,614 | **425,824** | 455,750 | 263,762 |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | 12 | **425,944** | 446,749 | 422,921 | **67** | – | – |
| Investment properties | 13 | **1,742,662** | 1,592,687 | 1,108,652 | **498** | 498 | 498 |
| Investments in subsidiaries | 14 | **–** | – | – | **733,800** | 695,647 | 684,755 |
| Investments in equity accounted investees | 15 | **117,914** | 93,185 | 83,579 | **–** | – | – |
| Deferred tax assets | 21 | **2,135** | 2,253 | 2,286 | **–** | – | – |
| Contract assets | 7 | **1,934** | 5,057 | – | **–** | – | – |
| Other non-current assets | | **12** | 12 | 11 | **–** | – | – |
| Total non-current assets | | **2,290,601** | 2,139,943 | 1,617,449 | **734,365** | 696,145 | 685,253 |
| **Total assets** | | **2,917,386** | 2,642,485 | 2,127,063 | **1,160,189** | 1,151,895 | 949,015 |
| **LIABILITIES AND EQUITY** | | | | | | | |
| **Current liabilities** | | | | | | | |
| Loans and borrowings | 16 | **884,170** | 278,943 | 3,406 | **79,877** | – | – |
| Trade and other payables | 17 | **125,125** | 121,917 | 112,333 | **24,573** | 20,153 | 20,096 |
| Amounts due to subsidiaries | 18 | **–** | – | – | **308,288** | 309,729 | 265,956 |
| Contract liabilities | 20 | **593** | 372 | – | **–** | – | – |
| Derivative financial instruments | 33 | **–** | 87 | – | **–** | – | – |
| Income tax payable | | **5,317** | 13,523 | 22,290 | **14** | 84 | 52 |
| Total current liabilities | | **1,015,205** | 414,842 | 138,029 | **412,752** | 329,966 | 286,104 |
| **Non-current liabilities** | | | | | | | |
| Loans and borrowings | 16 | **746,271** | 1,179,177 | 1,017,387 | **149,203** | 228,364 | 79,562 |
| Derivative financial instruments | 33 | **–** | – | 1,019 | **–** | – | – |
| Deferred tax liabilities | 21 | **47,073** | 47,784 | 35,730 | **–** | – | – |
| Other non-current liabilities | 17 | **373** | 463 | 462 | **–** | – | – |
| Total non-current liabilities | | **793,717** | 1,227,424 | 1,054,598 | **149,203** | 228,364 | 79,562 |
| **Capital, reserves and non-controlling interests** | | | | | | | |
| Share capital | 22 | **173,945** | 172,514 | 171,306 | **173,945** | 172,514 | 171,306 |
| Treasury shares | 23 | **(1,523)** | – | – | **(1,523)** | – | – |
| Reserves | 24 | **921,030** | 817,077 | 752,096 | **425,812** | 421,051 | 412,043 |
| Equity attributable to owners of the company | | **1,093,452** | 989,591 | 923,402 | **598,234** | 593,565 | 583,349 |
| Non-controlling interests | | **15,012** | 10,628 | 11,034 | **–** | – | – |
| Total equity | | **1,108,464** | 1,000,219 | 934,436 | **598,234** | 593,565 | 583,349 |
| **Total liabilities and equity** | | **2, 917,386** | 2,642,485 | 2,127,063 | **1,160,189** | 1,151,895 | 949,015 |

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | Group | |
|---|---|---|---|
| | | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) |
| **Revenue** | 26 | **336,108** | 355,964 |
| Cost of sales | | **(267,390)** | (291,179) |
| **Gross profit** | | **68,718** | 64,785 |
| Other operating income | | **10,632** | 7,346 |
| Distribution costs | | **(5,143)** | (5,885) |
| Administrative expenses | | **(25,494)** | (26,319) |
| Other operating expenses | | **(5,577)** | (3,390) |
| Share of results of an equity accounted investee | 15 | **19,214** | 15,677 |
| Interest income | 27 | **5,226** | 4,150 |
| Finance costs | 28 | **(41,861)** | (33,173) |
| **Profit before tax and fair value adjustments** | | **25,715** | 23,191 |
| Fair value adjustments | 29 | **113,084** | 44,814 |
| **Profit before tax** | 30 | **138,799** | 68,005 |
| Income tax expenses | 31 | **(4,190)** | (5,261) |
| **Profit for the year** | | **134,609** | 62,744 |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Revaluation of properties | 33 | **7,754** | 33,846 |
| Income tax relating to components of other comprehensive income that will not be reclassified subsequently | 33 | **(2,358)** | (10,154) |
| | | **5,396** | 23,692 |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Exchange differences on translation of foreign operations | 33 | **(19,278)** | (9,045) |
| Share of other comprehensive income of an equity accounted investee | 33 | **1,866** | (6,360) |
| Cash flow hedges | 33 | **82** | 916 |
| Income tax relating to components of other comprehensive income that may be reclassified subsequently | 33 | **(25)** | (275) |
| | | **(17,355)** | (14,764) |
| **Other comprehensive (loss) income for the year, net of tax** | 33 | **(11,959)** | 8,928 |
| **Total comprehensive income for the year** | | **122,650** | 71,672 |
| **Profit attributable to:** | | | |
| Owners of the Company | | **134,376** | 62,632 |
| Non-controlling interests | | **233** | 112 |
| | | **134,609** | 62,744 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **122,271** | 72,078 |
| Non-controlling interests | | **379** | (406) |
| | | **122,650** | 71,672 |
| **Basic and diluted earnings per share (in cents)** | | | |
| Including fair value adjustments | 32 | **11.3** | 5.3 |
| Excluding fair value adjustments | 32 | **1.9** | 1.8 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | Group 31 December 2018 $'000 | Group 31 December 2017 $'000 (Restated) |
|---|---|---|---|
| **Operating activities** | | | |
| **Profit before tax** | | **138,799** | 68,005 |
| Adjustments for: | | | |
| Fair value gain | 29 | **(113,084)** | (44,814) |
| Share of results of an equity accounted investee | 15 | **(19,214)** | (15,677) |
| Write-back of allowance for diminution in value for development properties, net | 10 | **(1,576)** | (1,783) |
| Depreciation of property, plant and equipment | 12 | **7,916** | 7,776 |
| Amortisation of contract costs | 8 | **725** | 321 |
| Allowance for inventory obsolescence, net | 9 | **–** | 17 |
| Allowance for doubtful trade and other receivables, net | 6 | **525** | 425 |
| Net gain on disposal of a subsidiary | 30 | **(3,893)** | – |
| Net loss on disposal of property, plant and equipment | 30 | **36** | 6 |
| Interest income | 27 | **(5,226)** | (4,150) |
| Finance costs | 28 | **41,861** | 33,173 |
| **Operating cash flows before movements in working capital** | | **46,869** | 43,299 |
| Development properties | | **(162,227)** | (2,867) |
| Inventories | | **65** | 672 |
| Trade and other receivables | | **31,222** | 69,794 |
| Contract costs | | **(1,282)** | (148) |
| Contract assets | | **(5,916)** | (7,238) |
| Contract liabilities | | **221** | – |
| Trade and other payables | | **3,298** | 8,350 |
| **Cash (used in)/generated from operations** | | **(87,750)** | 111,862 |
| Interest received | | **6,114** | 2,059 |
| Income tax paid | | **(12,268)** | (12,406) |
| **Net cash (used in)/from operating activities** | | **(93,904)** | 101,515 |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | 12 | **(3,433)** | (4,263) |
| Proceeds on disposal of property, plant and equipment | | **18** | 171 |
| Additions to investment properties | | **(85,949)** | (439,095) |
| Deposit paid for acquisition of land in Batam | | **–** | (3,915) |
| Deposit collected from disposal of a subsidiary | 35 | **–** | 4,294 |
| Loan to a related party | | **(20,000)** | – |
| Acquisition of investment in an associate | | **(14,888)** | – |
| Acquisition of subsidiaries | 35 | **(11,310)** | – |
| Proceeds from disposal of a subsidiary | 35 | **16,547** | – |
| **Net cash used in investing activities** | | **(119,015)** | (442,808) |
| **Financing activities** | | | |
| Proceeds from loans and borrowings | | **230,008** | 510,894 |
| Repayment of loans and borrowings | | **(38,349)** | (67,015) |
| Interest paid | | **(50,054)** | (39,094) |
| Bank deposits (pledged)/released as securities for bank facilities | | **(2,543)** | 656 |
| Dividend paid to shareholders | | **(5,431)** | (5,866) |
| Purchase of treasury shares | 23 | **(1,523)** | – |
| Shares bought back and cancelled | 22 | **(258)** | (23) |
| **Net cash from financing activities** | | **131,850** | 399,552 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(81,069)** | 58,259 |
| Cash and cash equivalents at the beginning of the year | 5 | **151,145** | 95,896 |
| Foreign currency translation adjustments | | **(3,509)** | (3,010) |
| **Cash and cash equivalents at the end of the year** | 5 | **66,567** | 151,145 |

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | Share capital $'000 | Treasury Shares $'000 | Foreign currency translation account $'000 | Asset revaluation reserve $'000 | Other capital reserves# $'000 | Revenue reserve $'000 | Attributable to owners of the Company $'000 | Non-controlling interests $'000 | Total Equity $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | | |
| **At 1 January 2018** | | | | | | | | | | |
| **(Previously reported)** | | 172,514 | – | (31,102) | 130,112 | 150,662 | 563,463 | 985,649 | 10,628 | 996,277 |
| Effects of adopting SFRS(I) 1 and SFRS(I) 15 | | – | – | 64 | 3,643 | – | 235 | 3,942 | – | 3,942 |
| **At 1 January 2018 (Restated)** | | 172,514 | – | (31,038) | 133,755 | 150,662 | 563,698 | 989,591 | 10,628 | 1,000,219 |
| **Total comprehensive income for the year** | | | | | | | | | | |
| Profit for the year | | – | – | – | – | – | 134,376 | 134,376 | 233 | 134,609 |
| Exchange differences on translation of foreign operations | 33 | – | – | (17,558) | – | – | – | (17,558) | 146 | (17,412) |
| Revaluation of properties | 33 | – | – | – | 7,754 | – | – | 7,754 | – | 7,754 |
| Cash flow hedges | 33 | – | – | – | – | 82 | – | 82 | – | 82 |
| Income tax adjustments relating to other comprehensive income | 33 | – | – | – | (2,358) | (25) | – | (2,383) | – | (2,383) |
| Other comprehensive (loss)/ income for the year, net of tax | | – | – | (17,558) | 5,396 | 57 | – | (12,105) | 146 | (11,959) |
| Total | | – | – | (17,558) | 5,396 | 57 | 134,376 | 122,271 | 379 | 122,650 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | | |
| Transfer from revenue reserve to other capital reserves | | – | – | – | – | 17,388 | (17,388) | – | – | – |
| Non-controlling interest arising from acquisition of a subsidiary | | – | – | – | – | – | – | – | 3,405 | 3,405 |
| Non-controlling interest arising from incorporation of a subsidiary | | – | – | – | – | – | – | – | 600 | 600 |
| Issue of shares under the Scrip Dividend Scheme | 22 | 1,689 | – | – | – | – | – | 1,689 | – | 1,689 |
| Shares bought back and cancelled | 22 | (258) | – | – | – | – | – | (258) | – | (258) |
| Repurchase of shares | 23 | – | (1,523) | – | – | – | – | (1,523) | – | (1,523) |
| Dividend paid to shareholders | | | | | | | | | | |
| – Cash | 25 | – | – | – | – | – | (5,431) | (5,431) | – | (5,431) |
| – Share | 25 | – | – | – | – | – | (1,689) | (1,689) | – | (1,689) |
| Goodwill paid over acquiring additional shares in a member of associate | | – | – | – | – | (11,198) | – | (11,198) | – | (11,198) |
| Total | | 1,431 | (1,523) | – | – | 6,190 | (24,508) | (18,410) | 4,005 | (14,405) |
| **At 31 December 2018** | | 173,945 | (1,523) | (48,596) | 139,151 | 156,909 | 673,566 | 1,093,452 | 15,012 | 1,108,464 |

# *Details of "Other capital reserves" are disclosed in Note 24.*

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | Share capital $'000 | Foreign currency translation account $'000 | Asset revaluation reserve $'000 | Other capital reserves# $'000 | Revenue reserve $'000 | Attributable to owners of the Company $'000 | Non-controlling interests $'000 | Total Equity $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **At 1 January 2017 (Previously reported)** | | 171,306 | (16,151) | 106,420 | 126,787 | 531,060 | 919,422 | 11,034 | 930,456 |
| Effects of adopting SFRS(I) 1 and SFRS(I) 15 | | – | – | 3,643 | – | 337 | 3,980 | – | 3,980 |
| **At 1 January 2017 (Restated)** | | 171,306 | (16,151) | 110,063 | 126,787 | 531,397 | 923,402 | 11,034 | 934,436 |
| **Total comprehensive income for the year** | | | | | | | | | |
| Profit for the year | | – | – | – | – | 62,632 | 62,632 | 112 | 62,744 |
| Exchange differences on translation of foreign operations | 33 | – | (14,887) | – | – | – | (14,887) | (518) | (15,405) |
| Revaluation of properties | 33 | – | – | 33,846 | – | – | 33,846 | – | 33,846 |
| Cash flow hedges | 33 | – | – | – | 916 | – | 916 | – | 916 |
| Income tax adjustments relating to other comprehensive income | 33 | – | – | (10,154) | (275) | – | (10,429) | – | (10,429) |
| Other comprehensive (loss)/income for the year, net of tax | | – | (14,887) | 23,692 | 641 | – | 9,446 | (518) | 8,928 |
| Total | | – | (14,887) | 23,692 | 641 | 62,632 | 72,078 | (406) | 71,672 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | |
| Transfer from revenue reserve to other capital reserves | | – | – | – | 23,234 | (23,234) | – | – | – |
| Issue of shares under the Scrip Dividend Scheme | 22 | 1,231 | – | – | – | – | 1,231 | – | 1,231 |
| Shares bought back and cancelled | 22 | (23) | – | – | – | – | (23) | – | (23) |
| Dividend paid to shareholders | | | | | | | | | |
| – Cash | 25 | – | – | – | – | (5,866) | (5,866) | – | (5,866) |
| – Share | 25 | – | – | – | – | (1,231) | (1,231) | – | (1,231) |
| Total | | 1,208 | – | – | 23,234 | (30,331) | (5,889) | – | (5,889) |
| **At 31 December 2017 (Restated)** | | 172,514 | (31,038) | 133,755 | 150,662 | 563,698 | 989,591 | 10,628 | 1,000,219 |

# *Details of "Other capital reserves" are disclosed in Note 24.*

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | Share capital $'000 | Treasury shares $'000 | Other capital reserve# $'000 | Revenue reserve $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| **At 1 January 2018** | | **172,514** | **–** | **101,264** | **319,787** | **593,565** |
| **Profit for the year, representing total comprehensive income for the year** | | **–** | **–** | **–** | **11,881** | **11,881** |
| **Transactions with owners, recognised directly in equity** | | | | | | |
| Issue of shares under the Scrip Dividend Scheme | 22 | **1,689** | **–** | **–** | **–** | **1,689** |
| Dividend paid to shareholders | | | | | | |
| – Cash | 25 | **–** | **–** | **–** | **(5,431)** | **(5,431)** |
| – Share | 25 | **–** | **–** | **–** | **(1,689)** | **(1,689)** |
| Shares bought back and cancelled | 22 | **(258)** | **–** | **–** | **–** | **(258)** |
| Repurchase of shares | 23 | **–** | **(1,523)** | **–** | **–** | **(1,523)** |
| Total | | **1,431** | **(1,523)** | **–** | **(7,120)** | **(7,212)** |
| **At 31 December 2018** | | **173,945** | **(1,523)** | **101,264** | **324,548** | **598,234** |
| **At 1 January 2017** | | 171,306 | – | 101,264 | 310,779 | 583,349 |
| **Profit for the year, representing total comprehensive income for the year** | | – | – | – | 16,105 | 16,105 |
| **Transactions with owners, recognised directly in equity** | | | | | | |
| Issue of shares under the Scrip Dividend Scheme | 22 | 1,231 | – | – | – | 1,231 |
| Dividend paid to shareholders | | | | | | |
| – Cash | 25 | – | – | – | (5,866) | (5,866) |
| – Share | 25 | – | – | – | (1,231) | (1,231) |
| Shares bought back and cancelled | 22 | (23) | – | – | – | (23) |
| Repurchase of shares | | – | – | – | – | – |
| Total | | 1,208 | – | – | (7,097) | (5,889) |
| **At 31 December 2017** | | 172,514 | – | 101,264 | 319,787 | 593,565 |

\# *Details of "Other capital reserves" are disclosed in Note 24.*

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 1 GENERAL

Tuan Sing Holdings Limited (Registration number: 196900130M) is incorporated in the Republic of Singapore with its principal place of business and registered office at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding. The principal activities of its significant subsidiaries and associates are disclosed in Notes 39 and 40 to the financial statements respectively. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 30 January 2019.

For all periods up to and including the year ended 31 December 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended 31 December 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 41.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### (b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Basis of consolidation (cont'd)

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

*Changes in the Group's ownership interests in existing subsidiaries*

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

*Business combinations*

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Basis of consolidation (cont'd)

*Business combinations (cont'd)*

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year from acquisition date.

*Associates (equity accounted investees)*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

The results of and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Basis of consolidation (cont'd)

*Associates (equity accounted investees) (cont'd)*

Under the equity method, investment in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of the associate exceed the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired [Note 2(f)].

The requirements of SFRS(I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associates. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where the group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

### (c) Foreign currency transactions and translation

*Functional and presentation currency*

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (i.e. its functional currency).

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("SGD") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Foreign currency transactions and translation (cont'd)

*Foreign currency transactions*

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated to the functional currency at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies below Note 2(d).

*Foreign currency translation*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation account.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a joint venture that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

*Net investment in foreign operations*

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation account.

### (d) Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Financial instruments (cont'd)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*Financial assets*

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

*Classification of financial assets*

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

*Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Financial instruments (cont'd)

*Amortised cost and effective interest method (cont'd)*

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss under "interest income" line item.

*Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other operating income" or "other operating expenses" line item. Fair value is determined in the manner described in Note 38(e).

*Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating income" or "other operating expenses" line items.

*Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Financial instruments (cont'd)

*Impairment of financial assets (cont'd)*

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

*Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the residential properties development, investment properties, hotel operations and industrial services business.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; thinness of counterparties;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Financial instruments (cont'd)

*Significant increase in credit risk (cont'd)*

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

*Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

*Write-off policy*

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

*Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Financial instruments (cont'd)

*Measurement and recognition of expected credit losses (cont'd)*

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are Grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

*Financial liabilities and equity instruments*

*Classification as debt or equity*

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Financial instruments (cont'd)

*Financial liabilities and equity instruments* (cont'd)

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

*Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

*Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other operating income" or "other operating expenses" line item.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Financial instruments (cont'd)

*Financial liabilities and equity instruments (cont'd)*

*Financial liabilities at FVTPL (cont'd)*

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in Note 38(e).

*Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

*Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and

- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

*Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other operating income" or "other operating expense" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*Derivative financial instruments*

The Group enters into foreign exchange forward contract to manage its exposure to foreign exchange rate risks. Further details of derivative financial instruments are disclosed in Note 33.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Financial instruments (cont'd)

*Financial liabilities and equity instruments* (cont'd)

*Hedge accounting*

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

*Cash flow hedges*

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

*Offsetting arrangements*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available as of the date of the reporting rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Property, plant and equipment

*Measurement*

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less any subsequent accumulated depreciation and accumulated impairment losses.

Cost includes professional fees and for qualifying assets, borrowing cost, capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

*Revaluation*

Certain land and buildings held for use in the production or supply of goods or services, or for administrative purpose, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising from the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged to profit or loss. A decrease in carrying amount arising from the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

*Depreciation*

Depreciation is charged so as to write off the cost or valuation of assets, other than properties under construction and freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

| | Useful lives |
|---|---|
| Building on freehold land | 50 years |
| Leasehold land, buildings and improvements | Over the remaining lease periods ranging 3 to 99 years |
| Plant and equipment | 1 to 15 years |
| Motor vehicles | 5 to 10 years |

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate being accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

*Disposal*

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

### (f) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Goodwill (cont'd)

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

*Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are identified and recognized separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

### (g) Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and non-tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units (CGU), or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Investment properties

Investment properties comprise completed properties and properties under construction or redevelopment held to earn rental and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss for the period in which they arise.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfers are made to or from investment properties when and only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed costs of property for subsequent accounting is its fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment Note 2(e) up to the date of change in use.

### (i) Development properties

Development properties comprise properties in the course of development and completed properties held for sale in the ordinary course of business.

Completed properties held for sale are stated at the lower of cost and estimated net realisable value. Cost is determined by apportionment of the total land cost and development costs capitalised attributable to properties. Net realisable value takes into account the estimated selling price, less cost to be incurred in marketing and selling, and the expected costs to completion, where appropriate.

Cost of development properties comprises costs that relate directly to the development, such as cost of land and construction and related costs that are attributable to development activities and can be allocated to the development project.

When losses are expected, full allowance are recognised as expenses immediately based on best estimates of net realisable value and estimated costs to completion.

Lands held for development and costs attributable to the development activities which are held for future development where no significant development has been undertaken is stated at cost less impairment loss (if any).

The Group's policy for revenue recognition in relation to development properties is described under "Revenue recognition" Note 2(n).

### (j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour costs where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Allowance is made where necessary for obsolete, slow-moving and defective inventories.

### (k) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and demand deposits, bank overdrafts and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents in the consolidated statement of cash flows exclude encumbered fixed deposits.

### (l) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Leases (cont'd)

*The Group as lessor*

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit attributable to the leased asset is diminished. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

*The Group as lessee*

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs Note 2(o). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as expenses in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### (m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### (n) Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of goods
- Sale of development properties
- Revenue from hotel operations
- Revenue from services rendered
- Rental income

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Revenue recognition (cont'd)

- Interest income
- Dividend income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

*Sale of goods*

The Group sells commodity trading products and polypropylene and polyethylene woven bags. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Under the Group's standard contract terms, customers do not have a right of return.

*Sale of residential properties*

The Group constructs and sells residential properties under long-term contracts with customers.

Under the terms of the contracts for sale of residential properties in Singapore, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue is recognised based on the percentage of completion of construction. The percentage of completion is measured by reference to certifications of the value of work performed to date as compared to the estimated total construction costs of the development projects as approved by management. Management considers that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

For development properties whereby the Group has no enforceable right to payment until legal title has passed to the customer, revenue is recognised when the legal title has been transferred to the customer. The revenue is measured at the transaction price agreed under the contract.

For development properties under construction, the Group becomes entitled to invoice customers for construction of residential properties based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third party surveyor and an invoice for the related milestone payment. For completed development properties, the Group is entitled to invoice customers in accordance with the payment schedule in the sales contract.

The Group will previously have recognised a contract asset for any work performed (for development properties under construction) or for any revenue recognised (for completed development properties). Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. When the period between the recognition of revenue and payment by the customer exceeds one year, an adjustment is made to the transaction price for the time value of money.

*Revenue from hotel operations*

Revenue from operations of a hotel is recognised from the following major sources: hotel stays, valet parking services and sales of food and beverages.

Provision of hotel stays and valet parking services are recognised as performance obligations satisfied over time. Progress towards complete satisfaction of these performance obligations is measured based on the proportion of the total duration of stay that has elapsed at the end of the reporting period. Payment for hotel stays and valet parking services sold to corporates are due from the customer at the end of the duration of stay. Payment for such services sold to individual customers are due from the customer prior to the stay. A contract asset is recognised for time which has elapsed representing the Group's right to consideration for the services performed to date, except for short durations of service where the effect would be immaterial.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Revenue recognition (cont'd)

*Revenue from hotel operations (cont'd)*

Revenue from sales of food and beverages are recognised when control of the goods has transferred, being at the point in time when the food and beverages are consumed. This is also the point where the Group is entitled to payment.

The Group sells hotel packages to customers. The hotel packages offer combined goods and services. These goods and services are considered distinct as they are regularly supplied by the Group to customers on a stand-alone basis. These are therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on their stand-alone selling prices. Payment of the transaction price is due immediately when the customer purchases the hotel package.

*Revenue from services rendered*

The Group provides services to lessees of its investment properties and property management services. Such services are recognised as a performance obligation satisfied over time. Revenue of recognised for these services based on the stage of completion of the contract. Management has assessed that the stage of completion is determined as the proportion of the total service period that has elapsed as at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15. Payment for these services are due in accordance with payment schedules in the customer contract, on straight-line basis over the term of the contract.

*Rental income*

The Group's policy for recognition of revenue from operating leases is described above in Note 2(l).

*Interest income*

The Group's policy for recognition of revenue from operating leases is described above in Note 2(d).

*Dividend income*

Dividends on investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

### (o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends are deducted from shareholders' equity and recorded as a liability when declared payable. Proposed dividends which are subject to shareholders' approval are not deducted from equity and are not recorded as liabilities.

### (q) Employee benefits

*Retirement benefit obligations*

Payments to defined contribution retirement benefit plans are recognised as expenses when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognised any related restructuring costs.

*Employees' leave entitlement*

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Income tax

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

*Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

*Deferred tax*

Deferred tax is recognised on the difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or when the asset is realised based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties and hotel properties that are measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised either in other comprehensive income or directly in equity, or where they arise from the initial accounting for business combination. In case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (s) Non-current asset held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

- A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:
- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

### (t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is provided internally to the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

*Termination of main contractor*

In 2014, the Group terminated the services of the previous main contractor for Seletar Park Residence on grounds of unsatisfactory performance. The Group received a partial award from the arbitration tribunal. The tribunal ruled inter alia that the Group was entitled to terminate the previous main contractor's employment under the contract based on termination certificates issued by the project architect for their failure to comply with a number of architect's directions and failure to proceed with diligence and due expedition within the relevant prescribed periods pursuant to the conditions of contract between the two parties. The last phase of arbitration was held in 2018 to deal with the quantum and costs claimed by both parties.

As at 31 December 2018, the ensuing legal and arbitration proceedings were still on-going and the tribunal has yet to render his award on quantum and costs. Legal and professional expenses of $723,000 (2017: $315,000) have been recorded in the profit or loss for the year ended 31 December 2018.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### Critical judgements in applying the Group's accounting policies (cont'd)

*Significant influence over Sanya Summer Real Estate Co. Ltd*

Note 15 describes that Sanya Summer Real Estate Co. Ltd is an associate of the Group although the Group only owns a 7.8% ownership interest in Sanya Summer Real Estate Co. Ltd. The Group has significant influence over Sanya Summer Real Estate Co. Ltd by virtue of its contractual right to appoint one out of six directors to the board of directors of that entity.

### Key sources of estimation uncertainty

Key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

*Percentage of completion for revenue recognition*

The Group recognises contract revenue in Note 26 based on the stage of completion for the sale of development properties in Singapore where the Group has enforceable rights to payment for performance completed to date. The stage of completion is measured by reference to certifications of the value of work performed to date as compared to the estimated total construction costs of the development projects as approved by management.

Significant judgements are required to estimate the total construction costs which include estimation for variation works and any other claims from contractors. In making the judgements, the Group relies on past experience and the work of specialists. The valuation of development properties and provisions for foreseeable losses, if any, are therefore subject to uncertainty in respect of variation works and estimation of future costs. The Group adopts a prudent approach in evaluating these uncertainties.

The carrying amount of the Group's revenue recognised based on the percentage of completion are disclosed in Note 26 to the financial statements.

*Allowance for diminution in value for development properties*

Development properties in the course of development and completed properties are stated at lower of cost and estimated net realisable value, assessed on an individual property basis. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value of each property is subject to management judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each property, taking into account the costs incurred to date, the development status and costs to complete each development property. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

During the year, a net write-back of allowance for diminution in value of $1,576,000 (2017: write-back of allowance for diminution in value of $1,783,000) was made on Singapore development properties, taking into account with reference to past sales of the respective properties and that of comparable properties, location and market conditions.

The carrying amounts of development properties and allowance for diminution in value are disclosed in Note 10.

*Fair value measurement and valuation processes*

The Group carries its hotel properties and investment properties at fair value based on independent professional valuations or internal valuations.

In determining fair values, the valuers have used valuation techniques (including direct comparison method, income method, capitalisation method and discounted cash flow method) which involve certain estimates and significant unobservable inputs which are disclosed in Notes 12 and 13. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties. The investment method capitalises an income stream into a present value using single-year capitalisation rates. Capitalisation method involves assessment of the income earning capacity and capitalised it at the adopted capitalisation rate to derive a core value. Discounted cash flow method recognises the time value of money by estimating the net present value of future cash flows. In relying on valuation reports, the management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Information relating to the valuation techniques and inputs used in determining the fair value of hotel properties and investment properties are disclosed in Notes 12 and 13 respectively to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### Key sources of estimation uncertainty (cont'd)

*Deferred tax liabilities arising from increase in the carrying amount of investment in Grand Hotel Group*

The Group's interest in Grand Hotel Group ("GHG") is held by TSH Australia Holdings Pte Ltd ("TAHAUD"), a wholly-owned subsidiary of the Company, through Tuan Sing (Australia) Trust ("TSAT") and Tuan Sing Real Estate Trust ("TSRET"). GHG comprises of the Grand Hotel Trust ("GHT") and its controlled entities and Grand Hotel Company Pty Ltd ("GHC") and its controlled entities. The units in GHT are 'stapled' to the shares of GHC. GHT is not liable for tax under the Australian tax legislation provided the taxable income (including any assessable component of capital gains from sale of investment assets) is fully distributed to unit holders in each year.

TAHAUD is subject to income taxes in the Australian jurisdiction. The Group has estimated deferred tax liability arising from an increase in the carrying amount of its investments in GHG amounting to A$45,049,000 (2017: A$44,006,000) or equivalent to $43,860,000 (2017: $45,339,000) Note 21. In estimating this amount, the Group considers the taxable gains to be the excess of Group's share of the fair value of net assets of GHG over the tax cost base of the securities in GHG held by the Group.

Future actual tax liability when incurred and payable will differ from this estimate to the extent that the future realisation of values from the investment in GHG differs from the amount of fair value of the assets currently estimated. It would similarly be affected by any change in tax losses and tax base which have yet to be agreed with the Australian tax authorities.

*Allowance for doubtful receivables and refundable trade deposit*

Allowance for aged trade receivables and refundable trade deposit are based on an evaluation of the collectability of receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including current creditworthiness, past collection history of each customer, ongoing dealings with them and forward-looking macro-economic information. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

The carrying amount of trade and other receivables are disclosed in Note 6 to the financial statements.

## 4 SEGMENT INFORMATION

### Products and services from which reportable segments derive their revenue

For management purpose, the Group is organised into strategic business units based on their products and services. The Group's principal business operating units, during and at the end of the reporting period, are Property, Hotels Investment, Industrial Services and Other Investments. Accordingly, the Group's reportable operating segments under SFRS(I) 8 are as follows:

| Segment | Principal activities |
|---|---|
| Property | Development of properties for sale, property investment and provision of property management services in Singapore, Australia and China. |
| Hotels Investment | Investment in hotels in Melbourne and Perth, Australia, managed by hotel operators. |
| Industrial Services | Trading and marketing of industrial commodities, distribution of tyres and re-treading of tyres (ceased since December 2017), as well as manufacturing of polypropylene woven bags in Malaysia. |
| Other Investments | Investment in GulTech, a printed circuit boards manufacturer with plants in China. |

Segment revenue represents revenue generated from external and internal customers. Segment profit represents the profit earned by each segment after allocation of central administrative costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Management monitors the operating results of each of its business unit for the purpose of making decisions on resource allocation and performance assessment. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on arm's length basis.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 4 SEGMENT INFORMATION (CONT'D)

Information regarding each of the Group's reportable segments is presented below.

### Segment revenues and results

| | Property $'000 | Hotels Investment[3] $'000 | Industrial Services[4] $'000 | Other Investments[1] $'000 | Corporate and Others[2] $'000 | Inter-Segment Eliminations $'000 | Consolidated $'000 |
|---|---|---|---|---|---|---|---|
| **2018** | | | | | | | |
| **Revenue** | | | | | | | |
| External revenue | **81,874** | **109,227** | **144,828** | **–** | **179** | **–** | **336,108** |
| Inter-segment revenue | **1,145** | **487** | **–** | **–** | **26,042** | **(27,674)** | **–** |
| | **83,019** | **109,714** | **144,828** | **–** | **26,221** | **(27,674)** | **336,108** |
| **Results** | | | | | | | |
| Profit before tax and fair value adjustments | **17,165** | **5,953** | **1,423** | **19,337** | **7,128** | **(25,291)** | **25,715** |
| Fair value adjustments | **113,120** | **–** | **–** | **(36)** | **–** | **–** | **113,084** |
| Profit before tax | **130,285** | **5,953** | **1,423** | **19,301** | **7,128** | **(25,291)** | **138,799** |
| Income tax expenses | **(2,852)** | **(999)** | **(266)** | **–** | **(73)** | **–** | **(4,190)** |
| Profit for the year | **127,433** | **4,954** | **1,157** | **19,301** | **7,055** | **(25,291)** | **134,609** |
| **Profit attributable to** | | | | | | | |
| Owners of the Company | **127,504** | **4,954** | **853** | **19,301** | **7,055** | **(25,291)** | **134,376** |
| Non-controlling interests | **(71)** | **–** | **304** | **–** | **–** | **–** | **233** |
| Profit for the year | **127,433** | **4,954** | **1,157** | **19,301** | **7,055** | **25,291** | **134,609** |
| **2017** | | | | | | | |
| **Revenue** | | | | | | | |
| External revenue | 100,346 | 119,319 | 136,119 | – | 180 | – | 355,964 |
| Inter-segment revenue | 999 | 431 | – | – | 25,967 | (27,397) | – |
| | 101,345 | 119,750 | 136,119 | – | 26,147 | (27,397) | 355,964 |
| **Results** | | | | | | | |
| Profit before tax and fair value adjustments | 12,009 | 5,869 | 397 | 15,677 | 11,211 | (21,972) | 23,191 |
| Fair value adjustments | 44,525 | – | – | 289 | – | – | 44,814 |
| Profit before tax | 56,534 | 5,869 | 397 | 15,966 | 11,211 | (21,972) | 68,005 |
| Income tax expenses | (1,195) | (1,139) | 23 | – | (2,950) | – | (5,261) |
| Profit for the year | 55,339 | 4,730 | 420 | 15,966 | 8,261 | (21,972) | 62,744 |
| **Profit attributable to** | | | | | | | |
| Owners of the Company | 55,340 | 4,730 | 307 | 15,966 | 8,261 | (21,972) | 62,632 |
| Non-controlling interests | (1) | – | 113 | – | – | – | 112 |
| **Profit for the year** | 55,339 | 4,730 | 420 | 15,966 | 8,261 | (21,972) | 62,744 |

**Notes:**

1. No revenue is reported under "Other Investments" as the Group's investment in GulTech is equity accounted for.
2. "Corporate and Others" refers to the aggregation of provision of corporate-level services by the Company to the various subsidiaries and charged as such. They are eliminated at Group-level upon consolidation.
3. Results of GHG's commercial, retail and carpark components, which are currently leased out to various tenants, are included in the Property segment.
4. The Tyre Distribution Unit included in Industrial Services segment had been disposed of as at 31 December 2017. The discontinued operation contributed revenue of $6.7 million, gross profit of $1.0 million, loss before tax of $1.5 million and loss after tax of $1.2 million for the year ended 31 December 2017.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

## 4 SEGMENT INFORMATION (CONT'D)
### Segment assets, liabilities and other segment information

| | Property $'000 | Hotels Investment $'000 | Industrial Services $'000 | Other Investments[1] $'000 | Corporate and Others $'000 | Consolidated $'000 |
|---|---|---|---|---|---|---|
| **31 December 2018** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | **2,281,951** | **435,242** | **55,939** | **–** | **26,340** | **2,799,472** |
| Investments in an equity accounted investee | **14,828** | **–** | **–** | **103,086** | **–** | **117,914** |
| Total assets | **2,296,779** | **435,242** | **55,939** | **103,086** | **26,340** | **2,917,386** |
| **Liabilities** | | | | | | |
| Segment liabilities | **(76,103)** | **(15,973)** | **(14,736)** | **(5,368)** | **(13,911)** | **(126,091)** |
| Loans and borrowings | **(1,195,203)** | **(206,158)** | **–** | **–** | **(229,080)** | **(1,630,441)** |
| Income tax payable and deferred tax liabilities | **(6,193)** | **(268)** | **(425)** | **–** | **(45,504)** | **(52,390)** |
| Total liabilities | **(1,277,499)** | **(222,399)** | **(15,161)** | **(5,368)** | **(288,495)** | **(1,808,922)** |
| **Net assets/(liabilities)** | **1,019,280** | **212,843** | **40,778** | **97,718** | **(262,155)** | **1,108,464** |
| **Other information** | | | | | | |
| Capital expenditure | **3,130** | **11** | **175** | **–** | **117** | **3,433** |
| Depreciation of property, plant and equipment | **7,578** | **13** | **275** | **–** | **50** | **7,916** |
| Write back of allowance for diminution in value for development properties | **1,576** | **–** | **–** | **–** | **–** | **1,576** |
| Revaluation gain of properties | **–** | **7,754** | **–** | **–** | **–** | **7,754** |
| Fair value gain on investment properties | **113,120** | **–** | **–** | **–** | **–** | **113,120** |
| Fair value loss on financial instruments | **–** | **–** | **–** | **(36)** | **–** | **(36)** |
| **31 December 2017 (Restated)** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | 1,907,648 | 455,994 | 76,918 | – | 108,740 | 2,549,300 |
| Investments in an equity accounted investee | – | – | – | 93,185 | – | 93,185 |
| Total assets | 1,907,648 | 455,994 | 76,918 | 93,185 | 108,740 | 2,642,485 |
| **Liabilities** | | | | | | |
| Segment liabilities | (75,912) | (19,435) | (16,665) | (5,432) | (5,395) | (122,839) |
| Loans and borrowings | (1,011,132) | (218,624) | – | – | (228,364) | (1,458,120) |
| Income tax payable and deferred tax liabilities | (14,535) | (275) | (292) | – | (46,205) | (61,307) |
| Total liabilities | (1,101,579) | (238,334) | (16,957) | (5,432) | (279,964) | (1,642,266) |
| **Net assets/(liabilities)** | 806,069 | 217,660 | 59,961 | 87,753 | (171,224) | 1,000,219 |
| **Other information** | | | | | | |
| Capital expenditure | 4,159 | 11 | 93 | – | – | 4,263 |
| Depreciation of property, plant and equipment | 7,383 | 14 | 379 | – | – | 7,776 |
| Write back of allowance for diminution in value for development properties | 1,783 | – | – | – | – | 1,783 |
| Revaluation gain of properties | – | 33,846 | – | – | – | 33,846 |
| Fair value gain on investment properties | 44,525 | – | – | – | – | 44,525 |
| Fair value gain on financial instruments | – | – | – | 289 | – | 289 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 4 SEGMENT INFORMATION (CONT'D)

### Segment assets, liabilities and other segment information (cont'd)

| | Property $'000 | Hotels Investment $'000 | Industrial Services $'000 | Other Investments[1] $'000 | Corporate and Others $'000 | Consolidated $'000 |
|---|---|---|---|---|---|---|
| **1 January 2017 (Restated)** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | 1,281,585 | 665,025 | 87,847 | – | 9,027 | 2,043,484 |
| Investments in an equity accounted investee | – | – | – | 83,579 | – | 83,579 |
| Total assets | 1,281,585 | 665,025 | 87,847 | 83,579 | 9,027 | 2,127,063 |
| **Liabilities** | | | | | | |
| Segment liabilities | (56,713) | (22,649) | (25,247) | (5,432) | (3,773) | (113,814) |
| Loans and borrowings | (570,896) | (370,335) | – | – | (79,562) | (1,020,793) |
| Income tax payable and deferred tax liabilities | (21,925) | (35,337) | (619) | – | (139) | (58,020) |
| Total liabilities | (649,534) | (428,321) | (25,866) | (5,432) | (83,474) | (1,192,627) |
| **Net assets/(liabilities)** | 632,051 | 236,704 | 61,981 | 78,147 | (74,447) | 934,436 |
| **Other information** | | | | | | |
| Capital expenditure | 58 | 4,012 | 27 | – | – | 4,097 |
| Depreciation of property, plant and equipment | 203 | 7,155 | 414 | – | – | 7,772 |
| Allowance for diminution in value for development properties | 3,649 | – | – | – | – | 3,649 |
| Write-back of recognised corporate guarantee no longer required | – | – | – | 445 | – | 445 |
| Revaluation gain of properties | – | 16,980 | – | – | – | 16,980 |
| Fair value gain on investment properties | 2,198 | – | – | – | – | 2,198 |
| Fair value gain on financial instruments | – | – | – | 138 | – | 138 |

**Note:**

1. No capital expenditure and depreciation are reported under "Other Investments" as the Group's investment in GulTech is equity accounted for.

### Geographical information

Geographically, management reviews the performance of the businesses in Singapore, Australia, China, Malaysia, Indonesia and other ASEAN countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of external customers. Non-current assets other than the investment in associates and deferred tax assets are based on the geographical location of the assets.

| | Revenue from external customers | | Non-current assets | | |
|---|---|---|---|---|---|
| | 2018 $'000 | 2017 $'000 (Restated) | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| Singapore | **179,849** | 175,753 | **1,513,022** | 1,357,155 | 876,251 |
| Australia | **127,035** | 138,273 | **646,660** | 676,296 | 644,015 |
| China | **14,467** | 13,757 | **6,306** | 6,407 | 6,447 |
| Malaysia | **8,449** | 9,904 | **4,485** | 4,647 | 4,871 |
| Indonesia | **6,297** | 12,677 | **20** | – | – |
| Other ASEAN countries[1] | **–** | 5,351 | **–** | – | – |
| Others | **11** | 249 | **59** | – | – |
| | **336,108** | 355,964 | **2,170,552** | 2,044,505 | 1,531,584 |

**Note:**

1. Other ASEAN countries comprise Vietnam, Cambodia, Brunei and Laos with revenue in each country constituting not more than 1% of total Group revenue.

### Other segment information

Included in the Group revenue of $336.1 million (2017: $356.0 million) were sales of approximately $52.8 million (2017: $38.1 million) to a customer that contributed 10% or more to the Group's revenue for both years in the Industrial Services segment.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 5 CASH AND BANK BALANCES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| Cash at banks and on hand | **50,769** | 62,381 | 39,271 | **12,553** | 13,787 | 301 |
| Fixed deposits | **80,813** | 151,673 | 117,323 | **12,612** | 74,950 | – |
| Amounts held under the Housing Developers (Project Account) Rules | **1,425** | 2,789 | 7,094 | **–** | – | – |
| | **133,007** | 216,843 | 163,688 | **25,165** | 88,737 | 301 |

Cash and bank balances comprise cash and fixed deposits held by the Group which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Deposits earned interest ranging from 0.6% to 3.4% per annum (2017: 0.1% to 4.2% per annum) and for tenures ranging from 7 days to 3 years (31 December 2017: 7 days to 3 years, 1 January 2017: 7 days to 3 years).

Withdrawals of amounts held under the project accounts are restricted to payments for expenditure incurred on development properties and are subject to the provisions in the Housing Developers (Project Account) Rules in Singapore.

The carrying amounts of the cash and bank balances approximate their fair values at the end of the reporting period. Further details regarding the exposure to interest rate risk, contractual and effective interest rates and foreign currency denomination of the cash and bank balances are disclosed under Note 38 to the financial statements.

### Cash and cash equivalents

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

| | Group | | |
|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| **Cash and cash equivalents per consolidated statement of cash flows** | | | |
| Cash and bank balances (as per statements of financial position) | **133,007** | 216,843 | 163,688 |
| Encumbered fixed deposits and bank balances | **(66,440)** | (65,698) | (67,792) |
| | **66,567** | 151,145 | 95,896 |

As at 31 December 2018, the Group had cash and cash equivalents placed with banks in China amounting to $79,062,000 (31 December 2017: $81,668,000, 1 January 2017: $80,344,000), the repatriation of which into Singapore is subject to the Foreign Exchange Control Regulations in China. Of this amount, $63,097,000 (31 December 2017: $63,851,000, 1 January 2017: $65,052,000) were fixed deposits for 1 year (31 December 2017: 1 to 3 years, 1 January 2017: 1 to 3 years) but were classified as current on the basis that these deposits are used to secure a facility in Singapore which could be cancelled at short notice by the borrower and the sum of these deposits can be released without significant penalty and changes in value.

As at 31 December 2018, cash and bank balances amounting to $77,279,000 (31 December 2017: $77,300,000, 1 January 2017: $78,503,000) was pledged to banks to secure credit facilities.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 6 TRADE AND OTHER RECEIVABLES

| | Note | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** | **1 January 2017 $'000 (Restated)** | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** | **1 January 2017 $'000 (Restated)** |
| **Trade** | | | | | | | |
| Trade debtors | | **16,243** | 17,884 | 20,683 | **–** | – | – |
| Less: Allowance for doubtful receivables | | **(1,021)** | (536) | (179) | **–** | – | – |
| | | **15,222** | 17,348 | 20,504 | **–** | – | – |
| Amounts due from related parties[(a)] | 19 | **21,699** | 31,040 | 35,193 | **–** | – | – |
| | | **36,921** | 48,388 | 55,697 | **–** | – | – |
| **Non-trade** | | | | | | | |
| Deposits[(b)] | | **468** | 17,086 | 13,219 | **73** | 11,820 | 7,903 |
| Prepayments | | **4,039** | 3,480 | 3,567 | **323** | 161 | 131 |
| Interest receivables | | **3,103** | 4,434 | 2,338 | **23** | 60 | – |
| Sundry debtors | | **2,373** | 5,567 | 6,922 | **–** | 180 | 32 |
| Advances to suppliers | | **–** | 521 | 103 | **–** | – | – |
| Tax recoverable | | **186** | 477 | 110 | **–** | – | – |
| | | **10,169** | 31,565 | 26,259 | **419** | 12,221 | 8,066 |
| Less: Allowance for doubtful receivables | | **(127)** | (129) | (124) | **(72)** | (72) | (72) |
| | | **10,042** | 31,436 | 26,135 | **347** | 12,149 | 7,994 |
| Amount due from related parties | 19 | **29,179** | 9,324 | 12,412 | **–** | 13 | – |
| | | **39,221** | 40,760 | 38,547 | **347** | 12,162 | 7,994 |
| Total trade and other receivables | | **76,142** | 89,148 | 94,244 | **347** | 12,162 | 7,994 |

(a) Included in the carrying amount of amounts due from related parties – trade as at 31 December 2018 were unbilled revenue of $Nil (31 December 2017: $212,000, 1 January 2017: $221,000) relating to rent-free period given to related party lessees [Note 19].

(b) Included in the carrying amount of the deposits as at 31 December 2017 relates to the following deposits in respect of acquisition of lands:

- $11,745,000 (1 January 2017: $7,830,000) paid to a related party for the purchase of shares in two Singapore-incorporated companies whose subsidiary was the beneficial owner of four plots of land in Batam, Indonesia. The acquisition had been completed during the year ended 31 December 2018; and
- $4,887,000 (1 January 2017: $4,983,000) relating to a plot of land of approximately 60,200 square metres in Jiaozhou, China which was pending for the issuance of the land title deed. The land title deed has since been obtained and the subsidiary which owned the land was divested during the year ended 31 December 2018.

The deposits had been assessed to be placed with counterparties that were creditworthy and accordingly, no allowance for potential non-recovery of the deposit was required.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 6 TRADE AND OTHER RECEIVABLES (CONT'D)

### Analysis of trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 120 days (31 December 2017: 7 to 120 days, 1 January 2017: 7 to 120 days) credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group assesses the potential customer's credit quality and determines credit limits to be allowed before accepting any new customer. Credit limits granted to customers are reviewed regularly.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

### Analysis of amounts due from related parties

Certain past due trade amounts due from related parties bear interest rates ranging from 8% to 12% (2017: 8% to 12%) per annum in accordance with the billing terms and the remaining are non-interest bearing. The trade amounts due from related parties are generally on 90 to 120 days (2017: 90 to 120 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

For purpose of impairment assessment, the amounts due from related parties is considered to have low credit risk as the timing of payment is controlled by the ultimate holding company taking into account cash flow management within the ultimate holding company's group of companies and there has been no significant increase in the risk of default on the amounts due from related parties since initial recognition. Accordingly, for the purpose of impairment assessment for this loan, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the financial position of the related parties, adjusted for factors that are specific to the related parties and general economic conditions of the industry in which the related parties operate, in estimating the probability of default of the trade amounts due from related parties as well as the loss upon default. Management determines the trade amounts due from related parties are subject to immaterial credit loss.

The table below shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in SFRS(I) 9:

| | Lifetime ECL– credit-impaired $'000 |
|---|---|
| **Group** | |
| Balance as at 1 January 2017 (Restated) | 303 |
| Amounts written off | (53) |
| Change in loss allowance due to new trade and other receivables originated | 425 |
| Foreign exchange gains | (10) |
| Balance as at 31 December 2017 (Restated) | 665 |
| Amounts recovered | (82) |
| Change in loss allowance due to new trade and other receivables originated | 525 |
| Foreign exchange losses | 40 |
| Balance as at 31 December 2018 | 1,148 |
| **Company** | |
| Balance as at 1 January 2017 (Restated), 31 December 2017 (Restated) and 31 December 2018 | 72 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 6 TRADE AND OTHER RECEIVABLES (CONT'D)

### Analysis of amounts due from related parties (cont'd)

The following tables explain how significant changes in the gross carrying amount of the trade and other receivables contributed to changes in the loss allowance:

| | Group<br>31 December 2018<br>Increase/(Decrease) in lifetime ECL Credit-impaired<br>$'000 |
|---|---|
| Amounts recovered | **(82)** |
| Origination of new trade receivables net of those settled, as well as increase in days past due | **525** |

| | Group<br>31 December 2017<br>(Restated)<br>Increase/(Decrease) in lifetime ECL Credit-impaired<br>$'000 |
|---|---|
| Amounts written off | (53) |
| Origination of new trade receivables net of those settled, as well as increase in days past due | 425 |

There was no significant changes in the gross carrying amount of the trade and other receivables that had contributed to changes in the loss allowance for the Group during 31 December 2018 and 31 December 2017.

The following is an aging analysis of trade receivables:

| | Group | | |
|---|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** | **1 January 2017 $'000 (Restated)** |
| Not past due | **25,135** | 32,102 | 38,412 |
| < 3 months | **5,064** | 7,923 | 11,108 |
| 3 months to 6 months | **1,717** | 4,108 | 2,533 |
| 6 months to 12 months | **3,771** | 4,241 | 3,442 |
| > 12 months | **1,234** | 14 | 202 |
| | **36,921** | 48,388 | 55,697 |

### Details of collateral

As at 31 December 2018, trade and other receivables amounting to $10,724,000 (31 December 2017: $11,741,000, 1 January 2017: $12,741,000) included in the above balances were mortgaged to banks to secure certain credit facilities for the Group. Information relating to the Group's loans and borrowings is disclosed in Note 16 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 7 CONTRACT ASSETS

| | Group | | |
|---|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** | **1 January 2017 $'000 (Restated)** |
| Sales contracts | **15,451** | 9,537 | 64,549 |
| Analysed as: | | | |
| Current | **13,517** | 4,480 | 64,549 |
| Non-current | **1,934** | 5,057 | – |
| | **15,451** | 9,537 | 64,549 |

The Group becomes entitled to invoice customers for construction of residential properties based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third party surveyor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

There were no significant changes in the contract asset balances during the reporting period.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due.

As there was no historical credit loss experience by the Group, no provision for loss allowance has been made.

## 8 CONTRACT COSTS

| | Group | | |
|---|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** | **1 January 2017 $'000 (Restated)** |
| Costs to obtain contracts | **757** | 485 | 337 |

Costs to obtain contracts relate to commission paid to intermediaries as a result of obtaining residential property sales contracts.

These costs are amortised over the period of construction. In 2018, amortisation amounting to $725,000 (2017: $321,000) was recognised as part of the cost of sales recognised in profit or loss. There was no impairment loss in relation to the costs capitalised.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 9 INVENTORIES

| | Group | | |
|---|---|---|---|
| | **At cost $'000** | **At net realisable value $'000** | **Total $'000** |
| **31 December 2018** | | | |
| Raw materials | **769** | **–** | **769** |
| Work-in-progress | **1,262** | **–** | **1,262** |
| Finished goods | **761** | **–** | **761** |
| | **2,792** | **–** | **2,792** |
| **31 December 2017 (Restated)** | | | |
| Raw materials | 909 | – | 909 |
| Work-in-progress | 1,184 | – | 1,184 |
| Finished goods | 813 | – | 813 |
| | 2,906 | – | 2,906 |
| **1 January 2017 (Restated)** | 988 | – | 988 |
| Raw materials | 977 | – | 977 |
| Work-in-progress | 1,557 | 42 | 1,599 |
| Finished goods | 3,522 | 42 | 3,564 |

During the year, there were $nil allowance (2017: $17,000) for inventory obsolescence recognised in profit or loss.

### Details of collateral

As at 31 December 2018, inventories amounting to $2,792,000 (31 December 2017: $2,906,000, 1 January 2017: $2,805,000) included in the above balances were mortgaged to banks to secure credit facilities for the Group. Information relating to the Group's loans and borrowings is disclosed in Note 16 to the financial statements.

## 10 DEVELOPMENT PROPERTIES

| | Group | | |
|---|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** | **1 January 2017 $'000 (Restated)** |
| Properties in the course of development | **313,004** | 113,751 | 56,166 |
| Land held for future development | **7,024** | 7,236 | 18,647 |
| Land held for sale | **–** | 11,856 | – |
| | **320,028** | 132,843 | 74,813 |
| Completed properties held for sale | **38,502** | 55,837 | 108,419 |
| | **358,530** | 188,680 | 183,232 |
| **Represented by:** | | | |
| Properties in the course of development in Singapore | **269,708** | 113,751 | 56,166 |
| Properties in the course of development in Indonesia | **43,296** | – | – |
| Land held for future development in China | **7,024** | 7,236 | 18,647 |
| Land held for sale in China | **–** | 11,856 | – |
| Completed properties held for sale in Singapore | **33,805** | 51,792 | 104,310 |
| Completed properties held for sale in China | **4,697** | 4,045 | 4,109 |
| | **358,530** | 188,680 | 183,232 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 10 DEVELOPMENT PROPERTIES (CONT'D)

Development properties comprise properties in the course of development; land held for future development or held for sale and completed properties held for sale. These properties have operating cycles longer than one year. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle.

For the land that was held for sale in China, the Group has entered into a sale and purchase agreement in 2017 to dispose its interests in a wholly-owned subsidiary which owned the land in Jiaozhou, China. The transaction has been completed during the year ended 31 December 2018.

Included in the completed properties held for sale in Singapore relates to two residential units held on behalf of a related party (Party B) as the balance consideration of the acquisition of land in Batam. Such balance consideration is to be settled in cash and is payable upon the sale and transfer of the titles and ownerships of the units or 19 July 2019, whichever is earlier. Under the terms and conditions of the agreements, Party B is (a) entitled to request the Group to transfer ownership of the units to itself or a nominee in satisfaction of the relevant cash payment obligation; and (b) will not hold the Group liable for any loss suffered should the Group fail to achieve the selling price stipulated in the agreement, provided that Party B has agreed to the relevant sale.

### Properties in the course of development and land held for future development or sale

| | Group | | |
|---|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** | **1 January 2017 $'000 (Restated)** |
| Land cost | **299,342** | 127,591 | 79,728 |
| Development cost incurred to-date | **18,922** | 8,323 | 979 |
| Interest and others | **7,651** | 4,030 | 1,484 |
| | **325,915** | 139,944 | 82,191 |
| Add: Attributable profit | **1,137** | 135 | – |
| Less: Allowance for diminution in value | **(7,024)** | (7,236) | (7,378) |
| | **320,028** | 132,843 | 74,813 |

### Completed properties held for sale

| | Group | | |
|---|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** | **1 January 2017 $'000 (Restated)** |
| Completed properties, at cost | **39,829** | 58,739 | 113,105 |
| Less: Allowance for diminution in value | **(1,327)** | (2,902) | (4,686) |
| | **38,502** | 55,837 | 108,419 |

Interest costs capitalised during the year was $3,597,000 (31 December 2017: $1,333,000, 1 January 2017: $1,641,000) at effective interest rates ranging from 2.4% to 3.0% per annum (31 December 2017: 1.9% to 2.1% per annum, 1 January 2017: 1.9% to 2.0% per annum) [Note 28].

Allowance for diminution in value

The allowance for diminution in value for development properties held for sale was estimated taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on expected selling prices for the development project after taking into consideration of prevailing market conditions. The estimated total construction costs include contracted amounts plus estimated costs to complete the development project. The allowance will be progressively reversed for those residential units sold above their carrying amounts.

During the year, a net write-back in allowance for diminution in value for development properties of $1,576,000 (31 December 2017: $1,783,000, 1 January 2017: $3,649,000) is included in "other operating expenses/cost of sales" in profit or loss [Note 30].

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 10 DEVELOPMENT PROPERTIES (CONT'D)

### Completed properties held for sale (cont'd)

Allowance for diminution in value (cont'd)

| | Note | Group 2018 $'000 | Group 2017 $'000 (Restated) |
|---|---|---|---|
| **Movements in allowance for diminution in value** | | | |
| At 1 January | | **(10,138)** | (12,064) |
| Exchange difference on consolidation | | **211** | 143 |
| Allowance made during the year | 30 | **(142)** | (1,611) |
| Write-back during the year | 30 | **1,718** | 3,394 |
| At 31 December | | **(8,351)** | (10,138) |

Land in Fuzhou Jin'an District, Fuzhou, Fujian Province, China

Included in the development properties is a carrying amount of $7,024,000 (31 December 2017: $7,236,000, 1 January 2017: $7,378,000) relating to a land parcel acquired in 2009 in Fuzhou, China with an expired certificate for the construction site planning. The Group has applied to the relevant authorities for its renewal since 2013. An allowance of $7,024,000 (31 December 2017: $7,236,000, 1 January 2017: $7,378,000) was made based on management's best estimate on net realisable value of the development site.

Details of collateral

As at 31 December 2018, development properties amounting to $275,637,000 (31 December 2017: $113,379,000, 1 January 2017: $126,615,000) included in the above balances were mortgaged to banks to secure credit facilities for the Group. Information relating to the Group's loans and borrowings is disclosed in Note 16 to the financial statements.

### List of development properties

As at 31 December 2018, the development properties held by the Group are as follows:

| Name of property/ location | Description/ planned use | Held by | Tenure | Land area (sq. m) | Estimated gross floor area (sq. m) | Year completed/ estimated completion | Group's effective equity interest |
|---|---|---|---|---|---|---|---|
| **Properties in the course of development** | | | | | | | |
| Kandis Residence, Jalan Kandis, Singapore | Condominium of 130 units (45 units booked/sold) | Dillenia Land Pte Ltd | 99 years from 2016 | 7,046 | 10,850 | 2019 | 100% |
| Mont Botanik Residence, Jalan Remaja Singapore | Condominium of 108 units (7 units booked/sold) | Episcia Land Pte Ltd | Freehold | 4,047 | 8,546 | 2020 | 100% |
| Site at 333 Thomson Road, Peak Court Singapore | Proposed Condominium of 90 units | TSRC Novena Pte Ltd | Freehold | 5,331 | 8,209 | 2022 | 70% |
| **Land held for future development** | | | | | | | |
| Land in Jin-an District, Fuzhou Fujian Province, China | Residential | Fujian Ji'Xing Real Estate Development Co., Ltd | 70 years from 1994 | 163,740 | * | * | 100% |
| Site at Batam Marina City Indonesia | Proposed township development | PT Goodworth Investments | 30 years from 2004 | 849,748 | ** | ** | 90% |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 10 DEVELOPMENT PROPERTIES (CONT'D)

### List of development properties (cont'd)

| Name of property/ location | Description/ planned use | Held by | Tenure | Land area (sq. m) | Estimated gross floor area (sq. m) | Year completed/ estimated completion | Group's effective equity interest |
|---|---|---|---|---|---|---|---|
| **Completed properties held for sale** | | | | | | | |
| Lakeside Ville Phase III, Qingpu district Shanghai China | 172 units of apartments, townhouses, and 8 units of commercial units (168 units sold) | Habitat Properties (Shanghai) Ltd | 70 years From 1997 | 35,643 | 41,584 | 2010 | 100% |
| Sennett Residence, Pheng Geck Avenue Singapore | Condominium townhouses of 332 units and three shop units (325 units booked/sold) | Clerodendrum Land Pte Ltd | 99 years from 2011 | 8,664 | 33,328 | 2016 | 100% |
| Cluny Park Residence, Cluny Park Road Singapore | Condominium of 52 units (51 units booked/sold) | Shelford Properties Pte Ltd | Freehold | 4,544 | 6,997 | 2016 | 100% |

* Pending renewal of expired certificate for construction site planning.

** Subject to relevant authorities' approval, the Group plans to launch the initial phase of the integrated township development in 2019.

## 11 ASSET CLASSIFIED AS HELD FOR SALE

On 27 December 2018, the Group, together with the other subsidiary proprietors of all other strata units in Century Warehouse, accepted a tender bid by a private investment company for the collective sale of all the strata units and the common property of Century Warehouse at the consideration of S$48,500,000 based on a 100 per cent owners' consensus basis.

The Group owns close to 90 per cent of the strata area and the share of the consideration is S$42,040,000. Subsequent to the year end, receipt for the first 10% consideration less tender fee was received on 11 January 2019. The sale is expected to complete within the next twelve months.

The property, which was previously recognised as an investment property, has been classified as an asset held for sale and is presented separately in the statement of financial position. The operations are included in the Group's property segment for segment reporting purposes.

## 12 PROPERTY, PLANT AND EQUIPMENT

| | Note | Building and freehold land $'000 | Leasehold land, buildings and improvements $'000 | Plant and equipment $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Cost or valuation:** | | | | | | |
| At 1 January 2018 (Restated) | | 417,386 | 7,472 | 34,418 | 764 | 460,040 |
| Exchange differences on consolidation | | (22,925) | (124) | (2,883) | (3) | (25,935) |
| Additions | | 41 | 72 | 3,320 | – | 3,433 |
| Disposals | | – | – | (111) | (235) | (346) |
| Write-offs | | – | – | (1,912) | – | (1,912) |
| Revaluation | | 4,736 | – | – | – | 4,736 |
| Reclassification | | 3,450 | – | (3,450) | – | – |
| At 31 December 2018 | | 402,688 | 7,420 | 29,382 | 526 | 440,016 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Note | Building and freehold land $'000 | Leasehold land, buildings and improvements $'000 | Plant and equipment $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| At 1 January 2017 (Restated) | | 392,301 | 7,609 | 33,760 | 1,371 | 435,041 |
| Exchange differences on consolidation | | (6,208) | 15 | (710) | – | (6,903) |
| Additions | | 105 | 5 | 4,087 | 66 | 4,263 |
| Disposal of a subsidiary | | – | – | (364) | (435) | (799) |
| Disposals | | – | – | (159) | (236) | (395) |
| Write-offs | | – | (157) | (2,196) | (2) | (2,355) |
| Revaluation | | 31,188 | – | – | – | 31,188 |
| At 31 December 2017 (Restated) | | 417,386 | 7,472 | 34,418 | 764 | 460,040 |
| **Comprising** | | | | | | |
| At 31 December 2018: | | | | | | |
| At cost | | **498** | **4,465** | **29,382** | **526** | **34,871** |
| At valuation | | **402,190** | **2,955** | **–** | **–** | **405,145** |
| | | **402,688** | **7,420** | **29,382** | **526** | **440,016** |
| At 31 December 2017 (restated): | | | | | | |
| At cost | | 498 | 4,498 | 34,418 | 764 | 40,178 |
| At valuation | | 416,888 | 2,974 | – | – | 419,862 |
| | | 417,386 | 7,472 | 34,418 | 764 | 460,040 |
| **Accumulated depreciation:** | | | | | | |
| At 1 January 2018 (Restated) | | **–** | **461** | **9,358** | **487** | **10,306** |
| Exchange differences on consolidation | | **(112)** | **(16)** | **(1,698)** | **(3)** | **(1,829)** |
| Depreciation | 30 | **3,130** | **88** | **4,624** | **74** | **7,916** |
| Disposals | | **–** | **–** | **(91)** | **(202)** | **(293)** |
| Write-offs | | **–** | **–** | **(1,912)** | **–** | **(1,912)** |
| Revaluation | | **(3,018)** | **–** | **–** | **–** | **(3,018)** |
| At 31 December 2018 | | **–** | **533** | **10,281** | **356** | **11,170** |
| At 1 January 2017 (Restated) | | – | 546 | 7,563 | 970 | 9,079 |
| Exchange differences on consolidation | | (73) | (6) | (441) | – | (520) |
| Depreciation | 30 | 2,731 | 78 | 4,856 | 111 | 7,776 |
| Disposal of a subsidiary | | – | – | (286) | (346) | (632) |
| Disposals | | – | – | (138) | (246) | (384) |
| Write-offs | | – | (157) | (2,196) | (2) | (2,355) |
| Revaluation | | (2,658) | – | – | – | (2,658) |
| At 31 December 2017 (Restated) | | – | 461 | 9,358 | 487 | 10,306 |
| **Accumulated impairment:** | | | | | | |
| At 1 January 2018 | | **–** | **2,985** | **–** | **–** | **2,985** |
| Exchange differences on consolidation | | **–** | **(83)** | **–** | **–** | **(83)** |
| At 31 December 2018 | | **–** | **2,902** | **–** | **–** | **2,902** |
| At 1 January 2017 (Restated) | | – | 3,040 | – | – | 3,040 |
| Exchange differences on consolidation | | – | (55) | – | – | (55) |
| At 31 December 2017 (Restated) | | – | 2,985 | – | – | 2,985 |
| **Carrying amount:** | | | | | | |
| At 31 December 2018 | | **402,688** | **3,985** | **19,101** | **170** | **425,944** |
| At 31 December 2017 (Restated) | | 417,386 | 4,026 | 25,060 | 277 | 446,749 |
| At 1 January 2017 (Restated) | | 392,301 | 4,022 | 26,197 | 401 | 422,921 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

## 12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Plant and equipment $'000 |
|---|---|
| **Company** | |
| **Cost:** | |
| At 1 January 2018 (Restated) | **–** |
| Additions | **117** |
| At 31 December 2018 | **117** |
| At 1 January 2017 (Restated) | – |
| Additions | – |
| At 31 December 2017 (Restated) | – |
| **Accumulated depreciation:** | |
| At 1 January 2018 (Restated) | **–** |
| Depreciation | **(50)** |
| At 31 December 2018 | **(50)** |
| At 1 January 2017 (Restated) | – |
| Depreciation | – |
| At 31 December 2017 (Restated) | – |
| **Carrying amount:** | |
| At 31 December 2018 | **67** |
| At 31 December 2017 (Restated) | – |
| At 1 January 2017 (Restated) | – |

Included in building and freehold land is freehold land with a carrying amount of $217,015,000 (31 December 2017: $224,952,000, 1 January 2017: $211,406,000) which is not subject to depreciation.

The Group reviews the carrying amounts of its property, plant and equipment at the end of each reporting year to determine whether there is any indication that those assets have suffered impairment loss.

No additional impairment loss was made in 2018 and 2017 as a result of such assessment.

### Details of collateral

As at 31 December 2018, property, plant and equipment amounting to $424,750,000 (31 December 2017: $445,559,000, 1 January 2017: $416,706.000) included in the above balances were mortgaged to banks as security for borrowings. Information relating to the Group's loans and borrowings is disclosed in Note 16 to the financial statements.

### Fair value measurement of hotel properties

The Group's hotel properties (including freehold land and buildings) held under GHG are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulative depreciation and subsequent accumulative impairment loss. The fair value measurement is based on the valuation carried out by Jones Lang Advisory Services Pty Ltd, independent valuers, who have appropriate qualification and recent experience in the fair value measurement of the properties in the relevant locations.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at 31 December 2018, 31 December 2017 and 1 January 2017, the fair value measurement of the Group's hotel properties is classified within Level 3 of the fair value hierarchy. There is no change in the fair value hierarchy as compared to prior year.

Based on the valuation, revaluation gain amounting to $7,754,000 (31 December 2017: $33,846,000, 1 January 2017: $16,980,000) was recognised in other comprehensive income [Note 33].

As at 31 December 2018, had freehold land and building been carried at historical cost, their aggregate carrying amount would have been approximately $322,996,000 (31 December 2017: $341,523,000, 1 January 2017: $350,209,000) for the Group.

# NOTES TO THE FINANCIAL STATEMENTS

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## 12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

**Fair value measurement of hotel properties (cont'd)**

There were no transfers between different levels in during the year. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2018, 31 December 2017 and 1 January 2017 are as follows:

| Name of property | Valuation methodology | Significant unobservable inputs (Level 3) | Range |
|---|---|---|---|
| **31 December 2018** | | | |
| Grand | Direct Comparison | Value per room | \$632,800 – \$681,600 |
| Hyatt Melbourne | Capitalisation Approach | Capitalisation rate[1] | 5.25% |
| 121-131 Collins Street | Discounted Cash Flow | Discount rate[1] | 7.25% – 8.25% |
| Melbourne, Victoria[a] | Method | Terminal yield rate[1] | 4.75% – 5.75% |
| | | | |
| Hyatt | Direct Comparison | Value per room | \$116,800 – \$146,100 |
| Regency Perth | Capitalisation Approach | Capitalisation rate[1] | 5.00% |
| 87-123 Adelaide Terrace | Discounted Cash Flow | Discount rate[1] | 7.25% – 8.25% |
| East Perth | Method | Terminal yield rate[1] | 4.75% – 5.75% |
| Western Australia[a] | | | |

| Name of property | Valuation methodology | Significant unobservable inputs (Level 3) | Range |
|---|---|---|---|
| **31 December 2017** | | | |
| Grand | Direct Comparison | Value per room | \$643,900 – \$695,500 |
| Hyatt Melbourne | Capitalisation Approach | Capitalisation rate[1] | 5.25% |
| 121-131 Collins Street | Discounted Cash Flow | Discount rate[1] | 7.50% – 8.50% |
| Melbourne, Victoria[b] | Method | Terminal yield rate[1] | 4.75% – 5.75% |
| | | | |
| Hyatt | Direct Comparison | Value per room | \$159,600 – \$180,300 |
| Regency Perth | Capitalisation Approach | Capitalisation rate[1] | 7.00% |
| 87-123 Adelaide Terrace | Discounted Cash Flow | Discount rate[1] | 7.50% – 8.50% |
| East Perth | Method | Terminal yield rate[1] | 5.75% – 6.75% |
| Western Australia[b] | | | |

| Name of property | Valuation methodology | Significant unobservable inputs (Level 3) | Range |
|---|---|---|---|
| **1 January 2017** | | | |
| Grand | Stabilised Earnings | Capitalisation rate[1] | 6.25% |
| Hyatt Melbourne | Method | | |
| 121-131 Collins Street | Discounted Cash Flow | Discount rate[1] | 7.50% – 9.00% |
| Melbourne, Victoria[c] | Method | Terminal yield rate[1] | 6.00% – 6.50% |
| | | | |
| Hyatt | Capitalisation Approach | Capitalisation rate[1] | 6.50% |
| Regency Perth | Discounted Cash Flow | Discount rate[1] | 7.75% – 9.25% |
| 87-123 Adelaide Terrace | Method | Terminal yield rate[1] | 6.25% – 6.75% |
| East Perth | | | |
| Western Australia[c] | | | |

(1) Any significant isolated increase (decrease) in these inputs would result in a significantly lower (higher) fair value measurement.

(a) The property valuation was performed by Jones Lang LaSalle Advisory Services Pty Ltd on 31 December 2018, an independent valuer.

(b) The property valuation was performed by Jones Lang LaSalle Advisory Services Pty Ltd on 30 September 2017, an independent valuer.

(c) The property valuation was performed by Knight Frank Valuations on 30 November 2016, an independent valuer.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### List of hotel properties

The carrying amount of the Group's hotel properties as at 31 December 2018, 31 December 2017 and 1 January 2017 included in property, plant and equipment are set out below. The non-hotel properties within the complexes are accounted for under investment properties [Note 13].

| Name of Property | Description | Tenure | Land area (sq. m) | Group's effective equity interest | 31 December 2018 A$'000[1] | 31 December 2017 A$'000[1] (Restated) | 1 January 2017 A$'000[1] (Restated) | 31 December 2018 S$'000 | 31 December 2017 S$'000 (Restated) | 1 January 2017 S$'000 (Restated) |
|---|---|---|---|---|---|---|---|---|---|---|
| Australia | | | | | | | | | | |
| Grand Hyatt Melbourne Australia | Located at the "Paris end" of Collins Street and its intersection with Russell Street. The Property is of 34 levels featuring one of Melbourne's largest 5-star hotels, complete with retail/commercial space. The carrying value of the retail/commercial space has been disclosed as investment property [Note 13]. | Freehold | 5,776 | 100% | **379,573** | 364,997 | 334,871 | **369,552** | 376,056 | 350,576 |
| Hyatt Regency Perth Australia | By Swan River and within walking distance from the central business district. The Property is an integrated 5-star hotel, office, retail and parking complex. The hotel is built over 9 levels. The carrying value of the office, retail and parking complex has been disclosed as investment property [Note 13]. | Freehold | 25,826 | 100% | **50,096** | 60,920 | 61,090 | **48,773** | 62,766 | 63,955 |
| | | | | | **429,669** | 425,917 | 395,961 | **418,325** | 438,822 | 414,531 |

1 Figures in A$ are for information.

# NOTES TO THE FINANCIAL STATEMENTS

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## 13 INVESTMENT PROPERTIES

| | Note | Completed investment properties $'000 | Investment properties under redevelopment $'000 | Total $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| At 1 January 2018 | | **1,106,736** | **485,951** | **1,592,687** |
| Exchange differences on consolidation | | **(13,286)** | **–** | **(13,286)** |
| Development costs | | **338** | **91,843** | **92,181** |
| Net gain from fair value adjustments | 29 | **13,481** | **99,639** | **113,120** |
| Property reclassified as held for sale | 11 | **(42,040)** | **–** | **(42,040)** |
| Property reclassified as completed investment properties | | **677,433** | **(677,433)** | **–** |
| At 31 December 2018 | | **1,742,662** | **–** | **1,742,662** |
| At 1 January 2017 (Restated) | | 711,698 | 396,954 | 1,108,652 |
| Exchange differences on consolidation | | (4,033) | – | (4,033) |
| Development costs | | 376,410 | 67,133 | 443,543 |
| Net gain from fair value adjustments | 29 | 22,661 | 21,864 | 44,525 |
| At 31 December 2017 (Restated) | | 1,106,736 | 485,951 | 1,592,687 |
| **Company** | | | | |
| At 31 December 2018 | | **498** | **–** | **498** |
| At 31 December 2017 (Restated) | | 498 | – | 498 |
| At 1 January 2017 (Restated) | | 498 | – | 498 |

| | Group | | |
|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| **Represented by:** | | | |
| Completed investment properties in Singapore | **1,510,023** | 865,030 | 478,030 |
| Completed investment properties in Australia | **226,382** | 235,372 | 227,309 |
| Completed investment properties in China | **6,257** | 6,334 | 6,359 |
| Investment property under development in Singapore | **–** | 485,951 | 396,954 |
| | **1,742,662** | 1,592,687 | 1,108,652 |

### Fair value adjustments

The Group's investment properties are stated at fair value as at 31 December 2018, 31 December 2017 and 1 January 2017 based on valuation carried out by independent professional valuers, who have the appropriate qualification and experience in the location and category of the properties being valued. Based on these valuations, a net fair value gain amounting to $113,120,000 (2017: net fair value gain amounting to $44,525,000) was recognised in profit or loss [Note 29].

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at 31 December 2018, 31 December 2017 and 1 January 2017, the fair value measurement of the Group's investment properties is classified within Level 3 of the fair value hierarchy. There were no transfers between different levels.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 13 INVESTMENT PROPERTIES (CONT'D)

### Fair value adjustments (cont'd)

Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2018, 31 December 2017 and 1 January 2017 are as follows:

| Name of property | Valuation methodology | Significant unobservable inputs (Level 3) | Range |
|---|---|---|---|
| **31 December 2018** | | | |
| **Singapore** | | | |
| Robinson Point[a]<br>39 Robinson Road<br>Singapore | Comparison Method | Price per square metre of lettable area[1] | \$26,900 – \$32,600 |
| | Income Method | Net income margin*[1]<br>Capitalisation rate[2] | 75% – 85%<br>3.0% – 3.65% |
| The Oxley[a]<br>9 Oxley Rise<br>#01-00, #02-00, #03-00<br>Singapore | Comparison Method | Price per square metre of strata floor area[1] | \$21,100 – \$37,300 |
| | Income Method | Net income margin*[1]<br>Capitalisation rate[2] | 75% – 85%<br>3.00% – 3.65% |
| L&Y Building[b]<br>#01-03, #01-04, #05-01<br>59 Jalan Pemimpin<br>Singapore | Direct Comparison Method | Price per square metre of strata floor area[1] | \$5,600 – \$13,000<br>\$7,500 – \$13,000<br>(ground floor) |
| Far East Finance Building[c]<br>#11-01/02<br>14 Robinson Road<br>Singapore | Direct Comparison Method | Price per square metre of strata floor area[1] | \$26,300 – \$37,200 |
| 896 Dunearn Road[d]<br>896 Dunearn Road<br>Singapore | Direct Comparison Method | Price per square metre of strata floor area[1] | Retail: \$13,600 – \$47,100<br>Office: \$12,100 – \$20,400 |
| 18 Robinson[c] | Capitalisation Method<br>Discounted Cash Flow Method | Capitalisation rate[2]<br>Internal Rate of Return[2] | 3.00%<br>6.25% – 7.25% |
| | Direct Comparison Method | Price per square foot of net lettable area | \$3,544 |
| **Australia** | | | |
| Fortescue Centre & Carpark (being part of the Hyatt Regency complex)[e] | Capitalisation Method<br>Discounted Cash Flow Method<br>Direct Comparison metre[1] | Capitalisation rate[2]<br>Discount rate[2]<br>Terminal yield rate[2]<br>Land sale per square | 8.50%<br>8.50% – 9.00%<br>8.50% – 9.00%<br>\$3,100 – \$8,300 |
| Commercial Centre & Carpark within the Melbourne Grand Hyatt complex[e] | Capitalisation Method | Capitalisation rate[2] | Retail: 5.00%<br>Carpark: 5.50% |
| | Discounted Cash Flow Method | Discount rate[2] | Retail: 6.75% – 7.25%<br>Carpark: 7.00% – 7.50% |
| | | Terminal yield rate[2] | Retail: 5.25% – 5.75%<br>Carpark: 5.75% – 6.25% |
| **China** | | | |
| No. 2950 ChunShen Road<br>Shanghai, China[f] | Direct Comparison Method | Price per square metre of gross floor area[1] | \$5,100 – \$5,300 |
| | Income Method | Capitalisation rate[2]<br>Net income margin*[1] | 8.00%<br>70% – 75% |

# NOTES TO THE FINANCIAL STATEMENTS

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## 13 INVESTMENT PROPERTIES (CONT'D)

### Fair value adjustments (cont'd)

| Name of property | Valuation methodology | Significant unobservable inputs (Level 3) | Range |
|---|---|---|---|
| **31 December 2017** | | | |
| **Singapore** | | | |
| Robinson Point[(a)]<br>39 Robinson Road<br>Singapore | Comparison Method | Price per square metre of lettable area[(1)] | $28,400 – $31,300 |
| | Income Method | Net income margin*[(1)]<br>Capitalisation rate[(2)] | 75% – 80%<br>3.0% – 3.65% |
| The Oxley[(a)]<br>9 Oxley Rise<br>#01-00, #02-00, #03-00<br>Singapore | Comparison Method | Price per square metre of strata floor area[(1)] | $26,900 – $35,700 |
| | Income Method | Net income margin*[(1)]<br>Capitalisation rate[(2)] | 75% – 80%<br>3.0% – 3.65% |
| Century Warehouse[(b)]<br>31 strata units (out of a total of 35 units) of the building 100E Pasir Panjang Road<br>Singapore | Direct Comparison Method | Price per square metre of strata floor area[(1)] | $6,600 – $13,400 |
| L&Y Building[(b)]<br>#01-03, #01-04, #05-01<br>59 Jalan Pemimpin<br>Singapore | Direct Comparison Method | Price per square metre of strata floor area[(1)] | $5,500 – $7,600<br>$6,100 – $12,100 (ground floor) |
| Far East Finance Building[(c)]<br>#11-01/02<br>14 Robinson Road<br>Singapore | Direct Comparison Method | Price per square metre of strata floor area[(1)] | $23,700 – $35,400 |
| 896 Dunearn Road[(d)]<br>896 Dunearn Road<br>Singapore | Direct Comparison Method | Price per square metre of strata floor area[(1)] | Retail: $18,900 – $43,400<br>Office: $13,500 – $19,000 |
| 18 Robinson[(c)] | Residual Land Value Method | Gross development value per square metre[(1)]<br>Developer's profit[(2)] | Office: $34,100 – $36,300<br>Retail: $64,200 – $77,200<br>10% |
| | Direct Comparison Method | Land sale per square metre per plot ratio[(1)]<br>Construction cost per square metre of gross floor area[(2)]<br>Total development cost (exclude land cost) per square metre of gross floor area[(2)#]<br>Remaining construction period[(2)] | $9,700 – $18,400<br>$7,200<br><br>$9,000<br><br>1 year |
| **Australia** | | | |
| Fortescue Centre & Carpark (being part of the Hyatt Regency complex)[(e)] | Capitalisation Method<br>Discounted Cash Flow Method | Capitalisation rate[(2)]<br>Discount rate[(2)]<br>Terminal yield rate[(2)] | 8.50%<br>8.50% – 9.00%<br>8.50% – 9.00% |
| | Direct Comparison | Land sale per square metre[(1)] | $3,100 – $5,400 |
| Commercial Centre & Carpark within the Melbourne Grand Hyatt complex[(e)] | Capitalisation Method | Capitalisation rate[(2)] | Retail: 5.25%<br>Carpark: 5.75% |
| | Discounted Cash Flow Method | Discount rate[(2)] | Retail: 6.75% – 7.25%<br>Carpark: 7.00% – 7.50% |
| | | Terminal yield rate[(2)] | Retail: 5.25% – 5.75%<br>Carpark: 6.00% – 6.50% |
| **China** | | | |
| No. 2950 ChunShen Road<br>Shanghai, China[(f)] | Direct Comparison Method<br>Income Method | Price per square metre of gross floor area[(1)]<br>Capitalisation rate[(2)]<br>Net income margin*[(1)] | $4,000 – $5,600<br>8%<br>70% |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

## 13 INVESTMENT PROPERTIES (CONT'D)
### Fair value adjustments (cont'd)

| Name of property | Valuation methodology | Significant unobservable inputs (Level 3) | Range |
|---|---|---|---|
| **1 January 2017** | | | |
| **Singapore** | | | |
| Robinson Point[a]<br>39 Robinson Road<br>Singapore | Comparison Method<br><br>Income Method | Price per square metre of lettable area[1]<br>Net income margin*[1]<br>Capitalisation rate[2] | $19,400 – $38,000<br><br>75% – 85%<br>2.8% to 4.0% |
| The Oxley[a]<br>9 Oxley Rise<br>#01-00, #02-00, #03-00<br>Singapore | Comparison Method<br><br>Income Method | Price per square metre of strata floor area[1]<br>Net income margin*[1]<br>Capitalisation rate[2] | $18,300 – $30,800<br><br>80% – 90%<br>2.0 % to 3.75% |
| Century Warehouse[b]<br>31 strata units (out of a total of 35 units) of the building 100E Pasir Panjang Road<br>Singapore | Direct Comparison Method | Price per square metre of strata floor area[1] | $7,300 – $12,800 |
| L&Y Building[b]<br>#01-03, #01-04, #05-01<br>59 Jalan Pemimpin<br>Singapore | Direct Comparison Method | Price per square metre of strata floor area[1] | $5,900 – $6,700<br>$5,900 – $8,300 (ground floor) |
| Far East Finance Building[c]<br>#11-01/02<br>14 Robinson Road<br>Singapore | Direct Comparison Method | Price per square metre of strata floor area[1] | $23,400 – $32,300 |
| 18 Robinson[c] | Residual Land Value Method<br><br><br>Direct Comparison Method | Gross development value per square metre[1]<br>Developer's profit[2]<br>Land sale per square metre per plot ratio[1]<br>Construction cost per square metre of gross floor area[2]<br>Total development cost (exclude land cost) per square metre of gross floor area[2]#<br>Remaining construction period[2] | Office: $29,300 – $38,000<br>Retail: $51,700 – $52,800<br>10%<br>$9,700 – $12,000<br>$7,200<br>$9,700<br>2 years |
| **Australia** | | | |
| Fortescue Centre & Carpark (being part of the Hyatt Regency complex)[e] | Capitalisation Method<br>Discounted Cash Flow Method<br>Direct Comparison | Capitalisation rate[2]<br>Discount rate[2]<br>Terminal yield rate[2]<br>Land sale per square metre[1] | 9.25% – 9.75%<br>8.50% – 9.50%<br>9.25% – 9.75%<br>$2,500 – $4,200 |
| Commercial Centre & Carpark within the Melbourne Grand Hyatt complex[e] | Capitalisation Method<br><br>Discounted Cash Flow Method | Capitalisation rate[2]<br><br>Discount rate[2]<br>Terminal yield rate[2] | Retail: 5.80%<br><br>7.25% – 7.75%<br>6.00% – 6.50% |
| **China** | | | |
| No. 2950 ChunShen Road[f]<br>Shanghai, China | Direct Comparison Method | Price per square metre of gross floor area[1] | $4,000 – $5,500 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 13 INVESTMENT PROPERTIES (CONT'D)

### Fair value adjustments (cont'd)

**Notes:**

* Net income margin – net property income/annual gross rental income.

# Total development cost includes construction cost, professional fees, interest cost, land holding cost and other development related cost.

(1) Any significant isolated increase (decrease) in these inputs would result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated increase (decrease) in these inputs would result in a significantly lower (higher) fair value measurement.

(a) The property valuation was performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer, for three consecutive years.

(b) The property valuation was performed by Jones Lang LaSalle Property Consultants Pte Ltd, an independent valuer, for three consecutive years.

(c) The property valuation was performed by CBRE Pte. Ltd, an independent valuer, for three consecutive years.

(d) The property valuation was performed by Savills Valuation And Professional Services (S) Pte Ltd for both years. There was no comparative valuation for 2016 as the property was acquired on 16 June 2017.

(e) The valuation was performed by Jones Lang LaSalle Advisory Services Pty Ltd for both years. The 2016 valuation was performed by Knight Frank Valutions.

(f) The property valuation was performed by Shanghai Shenjia Real Estate Appraisal Co. Ltd for both years. The 2016 valuation was assessed by the directors.

### Operating lease disclosure

During the year, rental income from the Group's investment properties which were all leased under operating leases amounted to $39,231,000 (31 December 2017: $38,318,000) [Note 26]. Direct operating expenses (including repairs and maintenance) related to these investment properties amounted to $8,844,000 (31 December 2017: $8,601,000). Information on operating lease commitments is disclosed in Note 36 to the financial statements.

### Details of collateral

As at 31 December 2018, investment properties amounting to $1,778,445,000 (31 December 2017: $1,586,353,000; 1 January 2017: $1,102,293,000) included in the above balances were mortgaged to banks as security for borrowings. Information relating to the Group's loans and borrowings is disclosed in Note 16 to the financial statements.

### List of completed investment properties

The carrying amounts of completed investment properties held by the Group as at 31 December 2018, 31 December 2017 and 1 January 2017 are as follows:

| Name of property | Description | Tenure | Strata floor area (sq. m) | Group's effective equity interest | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
|---|---|---|---|---|---|---|---|
| **Singapore** | | | | | | | |
| Robinson Point<br>39 Robinson Road<br>Singapore | A 21-storey commercial building with 3-levels of carpark | Freehold | 15,724 | 100% | **368,000** | 362,000 | 352,000 |
| The Oxley<br>9 Oxley Rise<br>#01-00, #02-00, #03-00 Singapore | 3 floors of commercial space within a 10-storey building including residential units | Freehold | 2,770 | 100% | **64,000** | 64,000 | 63,300 |
| Century Warehouse<br>100E Pasir Panjang Road Singapore | 31 out of a total of 35 strata units of a 8-storey industrial building | Freehold | 4,690 | 100% | **–** | 40,400 | 40,400 |
| L&Y Building<br>#01-03, #01-04, #05-01<br>59 Jalan Pemimpin<br>Singapore | 3 out of a total of 24 strata units of a 5-storey industrial building | 999 years from 1885 | 2,285 | 100% | **14,090** | 13,030 | 13,030 |

# NOTES TO THE FINANCIAL STATEMENTS

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## 13 INVESTMENT PROPERTIES (CONT'D)

### List of completed investment properties (cont'd)

| Name of property | Description | Tenure | Strata floor area (sq. m) | Group's effective equity interest | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
|---|---|---|---|---|---|---|---|
| Far East Finance Building #11-01/02 14 Robinson Road Singapore | 1 strata unit (floor) within a 13-storey commercial building and a basement | 999 years from 1884 | 402 | 100% | **10,000** | 9,600 | 9,300 |
| 896 Dunearn Road 896 Dunearn Road Singapore | A 5-storey commercial building with covered and surface carpark | 999 years from 7 May 1879 | 23,500 | 100% | **376,500** | 376,000 | – |
| 18 Robinson[1] | A 28-storey commercial building comprising office tower, retail podium, sky terrace and an underground mechanised carpark | 999-years from 1884 & 1885 (Lots 167X, 616W, 691X, 99280A, 99287W and 99289P) 99-years from 2013 (Lots 485M, 488P) | 24,086 | 100% | **677,433** | 485,951 | 396,954 |
| | | | | | **1,510,023** | 1,350,981 | 874,984 |

1 The building for 18 Robinson is physically completed during the year ended 31 December 2018.

| Name of property | Description | Tenure | Strata floor area (sq. m) | Group's effective equity interest | 31 December 2018 A$'000[1] | 31 December 2017 A$'000[1] (Restated) | 1 January 2017 A$'000[1] (Restated) | 31 December 2018 S$'000 | 31 December 2017 S$'000 (Restated) | 1 January 2017 S$'000 (Restated) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Australia** | | | | | | | | | | |
| Commercial Centre & Carpark within the Melbourne Grand Hyatt complex | 4 Collins St. retail shops consisting of 2 floors each, a bar & function room. A further 7 retail areas in and around Russell St. with 4-levels of basement carpark | Freehold | 3,024 | 100% | **147,400** | 138,500 | 130,000 | **143,509** | 142,697 | 136,097 |
| Fortescue Centre & Carpark (being part of the Perth Hyatt Regency complex) | A 3-level commercial building and plaza level shops and suites with 2-levels of basement carpark | Freehold | 23,415 | 100% | **85,120** | 89,950 | 87,125 | **82,873** | 92,675 | 91,212 |
| | | | | | **232,520** | 228,450 | 217,125 | **226,382** | 235,372 | 227,309 |

# NOTES TO THE FINANCIAL STATEMENTS

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## 13 INVESTMENT PROPERTIES (CONT'D)

### List of completed investment properties (cont'd)

| Name of property | Description | Tenure | Strata floor area (sq. m) | Group's effective equity interest | 31 December 2018 A$'000[1] | 31 December 2017 A$'000[1] (Restated) | 1 January 2017 A$'000[1] (Restated) | 31 December 2018 S$'000 | 31 December 2017 S$'000 (Restated) | 1 January 2017 S$'000 (Restated) |
|---|---|---|---|---|---|---|---|---|---|---|
| **China** | | | | | | | | | | |
| No. 2950 ChunShen Road Shanghai, China | A 3-storey commercial building | 58 years from 2008 | 2,170 | 100% | **31,520** | 30,974 | 30,500 | **6,257** | 6,334 | 6,359 |

1 Figures in A$ and RMB are for information only.

Interest costs capitalised during the year was $6,232,000 (31 December 2017: $4,448,000, 1 January 2017: $4,229,000) at effective interest rate of 3.0% per annum (2017: 2.5% per annum) [Note 28].

## 14 INVESTMENTS IN SUBSIDIARIES

| | Company | | |
|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| Quoted shares, at cost | **115,976** | 115,976 | 115,976 |
| Unquoted shares, at cost | **583,226** | 553,419 | 548,418 |
| Loan to a subsidiary | **79,877** | 79,719 | 79,562 |
| Deemed investment arising from financial guarantees | **74,005** | 69,647 | 63,809 |
| | **853,084** | 818,761 | 807,765 |
| Less: Allowance for impairment | **(119,284)** | (123,114) | (123,010) |
| | **733,800** | 695,647 | 684,755 |
| Fair value of investment in a subsidiary for which there are published price quotations | **12,666** | 23,924 | 13,792 |

Details of the Company's significant subsidiaries are disclosed in Note 39 to the financial statements.

### Financial guarantees

The Company provided guarantees to banks for credit facilities obtained by certain of its subsidiaries and recorded a deemed financial guarantee fee income in accordance with SFRS(I) 9 Financial Instruments: Recognition and Measurement. The deemed income is amortised over the period of the guarantees. The unamortised financial guarantee fee of $10,649,000 (31 December 2017: $14,738,000, 1 January 2017: $16,236,000) is disclosed under the Company's non-trade payables in [Note 17] to the financial statements. The guarantee fee was not charged by the Company to the subsidiaries. The full amount of the guarantee fee is deemed to be additional investment in subsidiaries.

### Movements in allowance for impairment

| | Company | |
|---|---|---|
| | 2018 $'000 | 2017 $'000 (Restated) |
| **Allowance for impairment** | | |
| At 1 January | **(123,114)** | (123,010) |
| Allowance for impairment | **(3,301)** | (111) |
| Reversal of impairment | **1,000** | 7 |
| Write-off of impairment | **6,131** | – |
| | **3,830** | (104) |
| Reversal upon liquidation of subsidiaries | **–** | – |
| At 31 December | **(119,284)** | (123,114) |

# NOTES TO THE FINANCIAL STATEMENTS

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## 14 INVESTMENTS IN SUBSIDIARIES (CONT'D)

### Movements in allowance for impairment (cont'd)

During the year, impairment loss amounting to $3,301,000 (31 December 2017: $111,000, 1 January 2017: $6,404,000) was made in respect of the Company's investment in certain subsidiaries to reduce the carrying value of investment to the recoverable amounts after taking into account the current financial position of the subsidiaries. In addition, there was a reversal of impairment amounting to $1,000,000 (31 December 2017: $7,000, 1 January 2017: $7,609,000) in relation to certain subsidiaries due to increase in their recoverable amounts.

### Loan to a subsidiary

Loan to a subsidiary refers to unsecured advances which have no fixed terms of repayment and are not expected to be repaid in the next 12 months. These advances bear interest rate at 6.5% per annum (31 December 2017: 6.5% per annum, 1 January 2017: 6.5% per annum).

### Wholly-owned subsidiaries

Information about the composition of wholly-owned subsidiaries of the Group as at 31 December 2018, 31 December 2017 and 1 January 2017 is as follows:

| | | Number of wholly-owned Subsidiaries | | |
|---|---|---|---|---|
| **Principal activity** | **Country of incorporation and operation** | **31 December 2018** | **31 December 2017 (Restated)** | **1 January 2017 (Restated)** |
| Development of properties for sale, property investment and provision of property management services. | Singapore, China and Australia | **29** | 31 | 27 |
| Investment in hotels in Australia | Australia | **4** | 4 | 4 |
| Investment holding: owning investments in GulTech, a printed circuit boards manufacturer with operations in Singapore and China, and Pan-West, a Retailer of golf-related products. | Singapore, China and Malaysia | **3** | 3 | 3 |
| | | **36** | 38 | 34 |

### Non-wholly owned subsidiaries

Information about the composition of non-wholly owned subsidiaries of the Group as at 31 December 2018, 31 December 2017, and 1 January 2017 is as follows:

| | | Number of non-wholly owned subsidiaries | | |
|---|---|---|---|---|
| **Principal activity** | **Country of incorporation and operation** | **31 December 2018** | **31 December 2017 (Restated)** | **1 January 2017 (Restated)** |
| Trading and marketing of selected industrial commodities, distribution of tyres and re-treading of tyres | Singapore and Malaysia | **9** | 9 | 9 |
| Property development | Singapore, Hongkong, Indonesia | **6** | 1 | 1 |
| Manufacture and sale of polypropylene woven bags | Malaysia | **1** | 1 | 1 |
| | | **16** | 11 | 11 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 14 INVESTMENTS IN SUBSIDIARIES (CONT'D)

### Non-wholly owned subsidiaries (cont'd)

Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group is disclosed below:

| Name of subsidiary | Country of incorporation and principal place of business | Effective equity interest & voting power held by non-controlling interests | | | Net profit allocated to non-controlling interests | | | Accumulated non-controlling interests | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 31 December 2018 | 31 December 2017 | 1 January 2017 | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| SP Corporation Limited and its subsidiaries | Various | **19.8%** | 19.8% | 19.8% | **376** | 115 | 337 | **10,587** | 10,090 | 10,476 |
| Individually immaterial subsidiaries with non- controlling interests | | | | | **(138)** | (3) | (116) | **4,425** | 538 | 558 |
| | | | | | **238** | 112 | 221 | **15,012** | 10,628 | 11,034 |

The summarised financial information of SP Corporation Limited and its subsidiaries on a 100% basis is set out below:

| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
|---|---|---|---|
| Current assets | **67,520** | 66,841 | 77,596 |
| Non-current assets | **208** | 172 | 375 |
| Current liabilities | **(14,236)** | (16,169) | (24,933) |
| Non-current liabilities | **(49)** | (38) | (54) |
| Equity attributable to owners | **53,443** | 50,806 | 52,984 |
| Revenue for the year | **136,379** | 127,726 | |
| Net profit for the year | **1,898** | 447 | |

## 15 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

| | Group | | |
|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| Unquoted equity shares, at cost | **87,127** | 72,240 | 72,240 |
| Exchange differences on consolidation | **3,546** | 1,680 | 8,040 |
| Share of post-acquisition results and reserves, net of dividends and distributions received | **27,241** | 19,265 | 3,299 |
| | **117,914** | 93,185 | 83,579 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 15 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONT'D)

### Equity accounted investees

The Group equity accounted for Gul Technologies Singapore Pte Ltd ("GulTech"), Pan-West (Private) Limited ("Pan-West") and Sanya Summer Real Estate Co. Ltd ("SSRE"). In September 2018, the Group acquired 7.8% equity stake in SSRE, a Hainan-based property development company, for RMB75 million ($14.8 million). The Group has significant influence over SSRE.

In June 2018, GulTech increased its equity stake in Gultech (Wuxi) Electronics Co., Ltd from 51.0% to 100%. Goodwill of $11,198,000 paid over acquiring additional shares was included in the share of post-acquisition results and reserves. Details of the Group's significant associates are disclosed in Note 40 to the financial statements. The Group has ceased recognising Pan-West's losses after the Group's share of Pan-West's accumulated losses exceeded the Group's cost of investment.

The Group's share of net assets and total comprehensive income of its associates is set out below:

| | | Group | | |
|---|---|---|---|---|
| | Note | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| **Share of net assets** | | | | |
| At 1 January | | **93,185** | 83,579 | 71,511 |
| Exchange differences on consolidation | | **(9,337)** | (6,360) | 2,829 |
| Acquisition of investment in an associate | | **14,888** | – | (4,365) |
| Share of total comprehensive income (refer to below) | | **19,178** | 15,966 | 13,604 |
| At 31 December | | **117,914** | 93,185 | 83,579 |
| **Share of total comprehensive income** | | | | |
| Share of results before fair value adjustments | | **19,214** | 15,677 | |
| Share of fair value (loss)/gain on financial instruments | 29 | **(36)** | 289 | |
| Share of total comprehensive income for the year | | **19,178** | 15,966 | |

Details of asset revaluation reserve and cash flow hedging account are disclosed in Note 24 to the financial statements. Share of capital commitments of GulTech, an equity accounted investee is disclosed in Note 36 to the financial statements.

### GulTech

The summarised financial information of GulTech on a 100% basis is set out below:

| | 31 December 2018 US$'000[1] | 31 December 2017 US$'000[1] (Restated) | 1 January 2017 US$'000[1] (Restated) | 31 December 2018 S$'000 | 31 December 2017 S$'000 (Restated) | 1 January 2017 S$'000 (Restated) |
|---|---|---|---|---|---|---|
| Current assets | **186,863** | 181,798 | 154,955 | **255,835** | 244,609 | 224,405 |
| Non-current assets | **149,857** | 145,262 | 149,887 | **205,169** | 195,450 | 217,066 |
| Current liabilities | **(166,361)** | (108,367) | (93,769) | **(227,765)** | (145,807) | (135,796) |
| Non-current liabilities | **(1,082)** | (19,745) | (37,421) | **(1,481)** | (26,567) | (54,194) |
| Non-controlling interests | **–** | (43,510) | (43,902) | **–** | (58,543) | (63,579) |
| Equity attributable to owners | **169,277** | 155,438 | 129,750 | **231,758** | 209,142 | 187,902 |
| Revenue for the year | **337,655** | 293,757 | | **455,361** | 406,266 | |
| Net profit for the year | **32,339** | 25,688 | | **43,612** | 35,527 | |

1 Figures in US$ are for information.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 15 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONT'D)

### Sanya Summer Real Estate Co. Ltd

The summarised financial information of Sanya Summer Real Estate Co. Ltd on 100% basis is set out below:

| | 31 December 2018 RMB'000[1] | 31 December 2018 S$'000 |
|---|---|---|
| Current assets | **179,353** | **35,599** |
| Non-current assets | **477,282** | **94,734** |
| Current liabilities | **(424)** | **(84)** |
| Non-current liabilities | **(100,000)** | **(19,848)** |
| Equity attributable to owners | **556,211** | **110,401** |
| Revenue for the year | **–** | **–** |
| Net loss for the year | **(13,318)** | **(2,713)** |

1 Figures in RMB are for information.

### Pan-West

The Group had recognised its share of losses of $5,344,000 (31 December 2017: $5,408,000, 1 January 2017: $5,408,000) [Note 17] being the corporate guarantees given to certain banks in exchange for bank facilities granted to Pan-West and its subsidiary. Other than the afore-mentioned corporate guarantees, the Group had no other commitments in relation to Pan-West. The Group has ceased recognising Pan-West's losses after the Group's share of Pan-West's accumulated losses exceeded the Group's cost of investment.

Accordingly, the Group's nominal additional share of accumulated losses of Pan-West amounting to $7,312,000 (31 December 2017: $6,550,000, 1 January 2017: $5,939,000) as at the end of the year was not recognised.

## 16 LOANS AND BORROWINGS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| **Short-term borrowings** | | | | | | |
| Bank loans | **804,293** | 278,943 | 3,406 | **–** | – | – |
| Notes issued under MTN Programme | **79,877** | – | – | **79,877** | – | – |
| | **884,170** | 278,943 | 3,406 | **79,877** | – | – |
| **Long-term borrowings** | | | | | | |
| Bank loans | **597,068** | 950,813 | 937,825 | **–** | – | – |
| Notes issued under MTN Programme | **149,203** | 228,364 | 79,562 | **149,203** | 228,364 | 79,562 |
| | **746,271** | 1,179,177 | 1,017,387 | **149,203** | 228,364 | 79,562 |
| **Total borrowings** | **1,630,441** | 1,458,120 | 1,020,793 | **229,080** | 228,364 | 79,562 |
| *Represented by:* | | | | | | |
| Interest-bearing liabilities | **1,633,675** | 1,462,087 | 1,024,085 | **229,877** | 230,000 | 80,000 |
| Capitalised interest costs | **(3,234)** | (3,967) | (3,292) | **(797)** | (1,636) | (438) |
| | **1,630,441** | 1,458,120 | 1,020,793 | **229,080** | 228,364 | 79,562 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 16 LOANS AND BORROWINGS (CONT'D)

### Security profile

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| **Secured borrowings** | | | | | | |
| Current | **804,293** | 278,943 | 3,406 | **–** | – | – |
| Non-current | **597,068** | 950,813 | 937,825 | **–** | – | – |
| | **1,401,361** | 1,229,756 | 941,231 | **–** | – | – |
| **Unsecured borrowings** | | | | | | |
| Current | **79,877** | – | – | **79,877** | – | – |
| Non-current | **149,203** | 228,364 | 79,562 | **149,203** | 228,364 | 79,562 |
| | **229,080** | 228,364 | 79,562 | **229,080** | 228,364 | 79,562 |
| **Total borrowings** | **1,630,441** | 1,458,120 | 1,020,793 | **229,080** | 228,364 | 79,562 |

### Multicurrency Medium Term Note Programme

The Company has in place a S$900 million Multicurrency Medium Term Note Programme ("MTN Programme") under which it can issue notes in series or tranches and may be denominated in Singapore Dollars or other currency deemed appropriate at the time.

Series I of S$80 million were issued on 14 October 2014. They are of five years duration, unsecured, bear a fixed interest rate of 4.50% per annum payable semi-annually in arrear and will mature on 14 October 2019. Series II of S$150 million were issued on 5 June 2017. They are of three years duration, unsecured, bear a fixed interest rate of 6.00% per annum payable semi-annually in arrear and will mature on 5 June 2020. At the end of the reporting period, the fair value of the Notes approximate their respective carrying amounts.

### Details of collateral

Loans and borrowings from banks were secured over the Group's cash and bank balances [Note 5], trade and other receivables [Note 6], inventories [Note 9], development properties [Note 10], property, plant and equipment [Note 12], investment properties [Note 13] and covered by corporate guarantees [Note 37].

### Interest rate profile

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| **Loans and borrowings** | | | | | | |
| Fixed rate | **229,080** | 228,364 | 79,562 | **229,080** | 228,364 | 79,562 |
| Variable rate | **1,401,361** | 1,229,756 | 941,231 | **–** | – | – |
| | **1,630,441** | 1,458,120 | 1,020,793 | **229,080** | 228,364 | 79,562 |

The Group's exposure to fair value interest rate risk as at 31 December 2018 is disclosed in Note 38(b) to the financial statements.

### Fair value

The fair value of the current portion of the Group's loans and borrowings approximate their carrying amounts at the end of the reporting period because they are short term in nature. The fair value of the non-current portion of the Group's loans and borrowings approximate their carrying amounts at the end of the reporting period as their interest rates approximate current market interest rates on or near the end of the reporting period. Further details regarding foreign currency denomination and maturity dates, contractual and effective interest rates are disclosed in Notes 38(a) and 38(d) respectively to the financial statements.

### Loan maturity profile

The non-current borrowings are generally repayable from 31 May 2019 to 11 September 2026 (31 December 2017: 30 November 2018 to 11 September 2026, 1 January 2017: 2 January 2018 to 11 September 2026). Information relating to the maturity profile of the Group's loans and borrowings is disclosed in Note 38(d) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 16 LOANS AND BORROWINGS (CONT'D)

### Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | 1 January 2018 $'000 (Restated) | Financing cash flow(i) $'000 | Foreign exchange movement $'000 | Other changes(ii) $'000 | 31 December 2018 $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Bank loans | **1,458,120** | **191,659** | **(20,107)** | **769** | **1,630,441** |

| | 1 January 2017 $'000 (Restated) | Financing cash flow(i) $'000 | Foreign exchange movement $'000 | Other changes(ii) $'000 | 31 December 2017 $'000 (Restated) |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Bank loans | 1,020,793 | 443,879 | (5,887) | (665) | 1,458,120 |

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.
(ii) Other changes include interest accruals and payments.

## 17 TRADE AND OTHER PAYABLES

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Note | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| **Trade** | | | | | | | |
| Trade payables | | **33,482** | 56,618 | 46,846 | **224** | 279 | 95 |
| Amounts due to related parties | 19 | **5,934** | 3,089 | 4,143 | **–** | – | – |
| | | **39,416** | 59,707 | 50,989 | **224** | 279 | 95 |
| **Non-trade** | | | | | | | |
| Other creditors | | **26,640** | 23,336 | 19,315 | **329** | 378 | 212 |
| Other provisions | | **4,726** | 5,659 | 5,653 | **–** | – | – |
| Advanced billings | | **7,168** | 8,261 | 6,692 | **–** | – | – |
| Accrued operating expenses | | **34,997** | 22,491 | 27,688 | **3,576** | 3,313 | 2,774 |
| Accrued interest expenses | | **2,801** | 2,553 | 2,028 | **1,445** | 1,445 | 779 |
| Financial guarantees to subsidiaries | 14 | **–** | – | – | **10,649** | 14,738 | 16,236 |
| Amounts due to related parties | 19 | **9,750** | 373 | 430 | **8,350** | – | – |
| | | **125,498** | 122,380 | 112,795 | **24,573** | 20,153 | 20,096 |
| Less: Non-current portion | | **(373)** | (463) | (462) | **–** | – | – |
| Current portion | | **125,125** | 121,917 | 112,333 | **24,573** | 20,153 | 20,096 |

The Group is granted various credit terms on its purchases from its large number of suppliers who are geographically dispersed. Trade payables are generally on 7 to 90 days (31 December 2017: 7 to 90 days,1 January 2017: 7 to 120 days) credit term. The Group manages liquidity risk of trade payables primarily by maintaining sufficient cash and credit facilities [Note 38(d)].

Included in other creditors is a financial guarantee of $5,344,000 (31 December 2017: $5,408,000, 1 January 2017: $5,408,000) granted to its associate, Pan-West, equivalent to the Group's share of corporate guarantees given to certain banks to secure credit facilities of Pan-West and its subsidiary.

The carrying amount of trade and other payables approximate their fair values at the end of the reporting periods. Further details regarding the contractual and effective interest rates, maturity dates and foreign currency denomination are disclosed in Note 32 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 18 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

| | Company | | |
|---|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** | **1 January 2017 $'000 (Restated)** |
| Amounts due from subsidiaries – non-trade | **424,576** | 379,901 | 279,146 |
| Less: Allowance for impairment | **(24,264)** | (25,050) | (23,679) |
| | **400,312** | 354,851 | 255,467 |
| Amounts due to subsidiaries – non-trade | **(308,288)** | (309,729) | (265,956) |

### Movements in allowance for impairment

| | Company | |
|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** |
| **Movements in allowance for impairment** | | |
| At 1 January | **(25,050)** | (23,679) |
| Allowance made | **(1,118)** | (1,371) |
| Allowance written back | **1,904** | – |
| At 31 December | **(24,264)** | (25,050) |

Amounts due from to subsidiaries are unsecured and are repayable on demand. Interest is charged at 3.0% (31 December 2017: 2.5%) per annum on interest-bearing advances.

For purpose of impairment assessment, amounts due from subsidiaries are considered to have low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the Group and there has been no significant increase in the risk of default on the amounts due from subsidiaries since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for amounts due from subsidiaries.

During the year, allowance for impairment of $1,118,000 (31 December 2017: $1,371,000, 1 January 2017: $1,509,000) was made for amounts due from a subsidiary. The above assessment is after taking into account the current financial position of the subsidiary, and the allowance was due to decrease in net asset value of the underlying interest as at the reporting date.

During the year, allowance written back of $1,904,000 (31 December 2017: $Nil, 1 January 2017: $Nil) was made for subsidiaries due to an increase in net asset value of the underlying interest as at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 19 AMOUNTS DUE FROM/(TO) RELATED PARTIES

| | Note | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| **Amounts due from:** | | | | | | | |
| **Other related parties** | | | | | | | |
| Other related parties, trade | | **21,699** | 31,040 | 35,193 | **–** | – | – |
| Other related parties, non-trade: | | | | | | | |
| – Advance for coal order trade placement | | **–** | – | 3,476 | **–** | – | – |
| – Loan to a related party | (b) | **20,000** | – | – | **–** | – | – |
| Refundable trade deposit with other related parties | (a) | **8,215** | 8,073 | 8,689 | **–** | – | – |
| – Others | (c) | **964** | 1,251 | 247 | **–** | 13 | – |
| | | **50,878** | 40,364 | 47,605 | **–** | 13 | – |
| **Total** | | **50,878** | 40,364 | 47,605 | **–** | 13 | – |
| *Presented as:* | | | | | | | |
| Amounts due from related parties, trade | 6 | **21,699** | 31,040 | 35,193 | **–** | – | – |
| Amounts due from related parties, non-trade | 6 | **29,179** | 9,324 | 12,412 | **–** | 13 | – |
| | | **50,878** | 40,364 | 47,605 | **–** | 13 | – |
| **Amounts due to:** | | | | | | | |
| **Other related parties** | | | | | | | |
| Other related parties, trade | | **(5,934)** | (3,089) | (4,143) | **–** | – | – |
| Other related parties, non-trade | (d) | **(9,750)** | (373) | (430) | **(8,350)** | – | – |
| | | **(15,684)** | (3,462) | (4,573) | **(8,350)** | – | – |
| **Total** | | **(15,684)** | (3,462) | (4,573) | **(8,350)** | – | – |
| *Presented as:* | | | | | | | |
| Amounts due to related parties, trade | 17 | **(5,934)** | (3,089) | (4,143) | **–** | – | – |
| Amounts due to related parties, non-trade | 17 | **(9,750)** | (373) | (430) | **(8,350)** | – | – |
| | | **(15,684)** | (3,462) | (4,573) | **(8,350)** | – | – |

The Company's major shareholder is Nuri Holdings (S) Pte Ltd ("Nuri"), incorporated in Singapore. Related parties are the companies in which the shareholders of Nuri and their family members have a controlling interest in, subsidiaries, associates, joint ventures, related companies, Nuri and Directors of the Company and their associates.

Included in amounts due to other related parties, trade and non-trade, are mainly balances with related companies. Further details regarding transactions with related parties are disclosed in Note 34 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 19 AMOUNTS DUE FROM/(TO) RELATED PARTIES (CONT'D)

### Amounts due from/(to) other related parties

(a) Refundable trade deposit relates to a deposit of US$6,000,000 or equivalent to $8,215,000 (31 December 2017: $8,073,000, 1 January 2017: $8,689,000) placed by SP Corporation Limited ("SP Corp"), a listed subsidiary of the Group, with a related party which owns a coal mine (Party A) to secure coal allocations. The deposit is secured by a corporate guarantee issued by the immediate holding company of Party A which is also a related party and also owns a coal mine.

The deposit is repayable within one year and subject to annual renewal by mutual agreement between the two parties. It bears an effective interest rate of 6.83% (2017: 5.73%) per annum.

(b) Loan to a related party is provided by SP Corp, is repayable within one year from the date of disbursement on 24 September 2018 and carries fixed rate of 7.5% per annum. The loan and accrued interest shall be repaid in full on the repayment date in cash, or in such other repayment method as otherwise agreed between the parties, in which case interest would not apply.

(c) In 2017, included in non-trade amounts due from other related parties was an amount of $892,000 for the sale of the discontinued Tyre Distribution Unit, which had been recovered during the financial year ended 31 December 2018.

(d) Included in the non-trade amounts due to related parties is an amount payable of $8,350,000 (31 December 2017: $Nil, 1 January 2017: $Nil) to a related party in respect of the acquisition of land in Batam by the Group and the Company (Note 10).

The trade and non-trade amounts due from/(to) other related parties were unsecured, interest-free, and repayable on demand unless otherwise stated.

## 20 CONTRACT LIABILITIES

| | Group | | |
|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| Contract liabilities | **593** | 372 | – |

Contract liability mainly represents amounts of consideration billed to purchasers of the Group's development properties in advance of the percentage of completion of construction.

## 21 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax at the end of the reporting period consists of the following:

| | Group | | |
|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| **Deferred tax assets and liabilities arising from** | | | |
| Accelerated tax depreciation compared to accounting depreciation | **106** | 221 | 254 |
| Deferred development costs | **283** | – | – |
| Revaluation of properties | **1,353** | 1,366 | 1,393 |
| Foreign income not remitted and which will be subject to tax if remitted in the future | **47,107** | 47,099 | 33,475 |
| Unutilised tax losses | **(3,297)** | (1,630) | – |
| Others | **(614)** | (1,525) | (1,678) |
| | **44,938** | 45,531 | 33,444 |
| Represented by: | | | |
| Deferred tax assets | **(2,135)** | (2,253) | (2,286) |
| Deferred tax liabilities | **47,073** | 47,784 | 35,730 |
| | **44,938** | 45,531 | 33,444 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 21 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Deferred tax assets and liabilities are netted off when there is a legally enforceable right to offset and when the deferred income taxes relate to the same tax authorities.

Deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior reporting periods are as following:

| | Note | Accelerated tax depreciation $'000 | Deferred development costs $'000 | Revaluation of properties $'000 | Foreign income not remitted $'000 | Unutilised tax losses $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| Group | | | | | | | | |
| **At 1 January 2018 (restated)** | | **221** | **–** | **1,366** | **47,099** | **(1,630)** | **(1,525)** | **45,531** |
| Exchange differences on consolidation | | **2** | **–** | **(41)** | **(2,429)** | **(47)** | **83** | **(2,432)** |
| Transfer to income tax payable | | **–** | **–** | **–** | **–** | **–** | **(164)** | **(164)** |
| (Credited)/Charged to profit or loss | 31 | **(117)** | **283** | **28** | **54** | **(1,620)** | **992** | **(380)** |
| Charged to other comprehensive income | 33 | **–** | **–** | **–** | **2,383** | **–** | **–** | **2,383** |
| **At 31 December 2018** | | **106** | **283** | **1,353** | **47,107** | **(3,297)** | **(614)** | **44,938** |
| **At 1 January 2017 (restated)** | | 254 | – | 1,393 | 33,475 | – | (1,678) | 33,444 |
| Exchange differences on consolidation | | 2 | – | (27) | (587) | (13) | 31 | (594) |
| (Credited)/Charged to profit or loss | 31 | (35) | – | – | 3,782 | (1,617) | 122 | 2,252 |
| Charged to other comprehensive income | 33 | – | – | – | 10,429 | – | – | 10,429 |
| **At 31 December 2017 (restated)** | | 221 | – | 1,366 | 47,099 | (1,630) | (1,525) | 45,531 |

### Deferred tax liabilities relating to equity interest in GHG

Deferred tax liabilities included an amount of $42,107,000 (31 December 2017: $45,339,000, 1 January 2017: $34,034,000) on account of a provision made by the Group to recognise the taxable gains on the excess of the fair value of net assets of GHG over the tax cost base of the securities in GHG.

### Deferred tax liabilities not recognised

At the end of the reporting year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was $293,000 (31 December 2017: $290,000, 1 January 2017: $263,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

### Deferred tax benefits not recognised

At the end of the reporting year, the Group had, subject to the agreement by the tax authorities, unutilised tax losses of $32,873,000 (31 December 2017: $32,575,000, 1 January 2017: $29,692,000) and capital allowances of $3,572,000 (31 December 2017: $3,540,000, 1 January 2017: $2,263,000) which were available for carry forward and set-off against future taxable income. No deferred tax asset has been recognised to the unpredictability of the relevant future profit streams.

# NOTES TO THE FINANCIAL STATEMENTS

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## 22 SHARE CAPITAL

| | Group | | Company | |
|---|---|---|---|---|
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | Number of shares | | $'000 | $'000 |
| **Issued and paid up:** | | | | |
| At 1 January | **1,186,993** | 1,182,842 | **172,514** | 171,306 |
| Issued under Scrip Dividend Scheme | **4,446** | 4,201 | **1,689** | 1,231 |
| Shares bought back and cancelled | **(650)** | (50) | **(258)** | (23) |
| Shares bought back and held as treasury shares | **(4,383)** | – | **–** | – |
| At 31 December | **1,186,406** | 1,186,993 | **173,945** | 172,514 |

The Company has a single class of ordinary shares. All issued shares carry one vote per share and are entitled to receive dividend as and when declared by the Company. The ordinary shares are fully paid and have no par value.

### Issue of shares

During the year, the Company allotted and issued 4,445,582 (31 December 2017: 4,200,725) ordinary shares at an issue price of 38.0 cents (31 December 2017: 29.3 cents) per share to eligible shareholders who have validly elected to participate in the Tuan Sing Scrip Dividend Scheme in respect of the first and final ordinary dividend of 0.6 cent per share for the financial year ended 31 December 2017.

### Purchase and cancellation of shares

During the year, the Company acquired 650,000 (31 December 2017: 50,000) of its ordinary shares through purchase on the Singapore Exchange under the Share Purchase Mandate approved by its shareholders. The shares were purchased were cancelled subsequently.

## 23 TREASURY SHARES

| | Group | | Company | |
|---|---|---|---|---|
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| At the beginning of the year | **–** | – | **–** | – |
| Repurchased during the year | **4,383,400** | – | **1,523** | – |
| At the end of the year | **4,383,400** | – | **1,523** | – |

The Company acquired 4,383,400 of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was $1,523,000 and has been deducted from shareholders' equity. The shares are held as 'treasury shares'.

## 24 RESERVES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| Asset revaluation reserve | **139,151** | 133,755 | 110,063 | **–** | – | – |
| Foreign currency translation account | **(48,596)** | (31,038) | (16,151) | **–** | – | – |
| Other capital reserves: | | | | | | |
| – Non-distributable capital reserves | **157,623** | 151,434 | 128,200 | **101,264** | 101,264 | 101,264 |
| – Cash flow hedging account | **(714)** | (772) | (1,413) | **–** | – | – |
| | **156,909** | 150,662 | 126,787 | **101,264** | 101,264 | 101,264 |
| Revenue reserve | **673,566** | 563,698 | 531,397 | **324,548** | 319,787 | 310,779 |
| | **921,030** | 817,077 | 752,096 | **425,812** | 421,051 | 412,043 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 24 RESERVES (CONT'D)

### Asset revaluation reserve

Asset revaluation reserve comprises net cumulative surpluses arising from the revaluation of property, plant and equipment which are held for the purpose of production or supply of goods and services.

### Foreign currency translation account

Foreign currency translation account comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Company, i.e. SGD; as well as from the translation of monetary items which form part of the Group's net investment in foreign operations at the end of the reporting period.

### Other capital reserves

Non-distributable capital reserves comprise mainly capital reduction reserve of the Company, share of reserve of an associate, GulTech and distribution reserve of GHG which is used to record the balance of amounts available for distribution as defined by the Trust Deed.

Cash flow hedging account represents the cumulative net change in fair value of the effective portion of the cash flow hedges.

### Revenue reserve

Revenue reserve is used to record the balance of amounts available for distributions as defined by regulatory requirements. This is distributable to shareholders as dividend.

## 25 DIVIDEND

| | Group and Company | | |
|---|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000** | **1 January 2017 $'000** |
| **Tax-exempt one-tier first and final dividend paid in respect of the previous year** | | | |
| Cash | **5,431** | 5,866 | 5,877 |
| Share | **1,689** | 1,231 | 1,196 |
| | **7,120** | 7,097 | 7,073 |

The Directors proposed a tax exempt one-tier first and final dividend of 0.6 cent per share (2017: 0.6 cent per share) and an additional special dividend of 0.3 cent per share (2017: Nil), total amounting to $10,678,000 (2017: $7,122,000), subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company, to be paid in respect of the financial year ended 31 December 2018.

## 26 REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 4).

A disaggregation of the Group's revenue for the year, is as follows:

| | | Group | |
|---|---|---|---|
| | **Note** | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** |
| **Segment Revenue** | | | |
| Sale of products | | **144,816** | 134,680 |
| Sale of development properties | | **41,251** | 58,576 |
| Rental income of investment properties | 13 | **39,231** | 38,318 |
| Hotel operations and related income | | **109,227** | 119,320 |
| Services rendered | | **205** | 4,005 |
| Others | | **1,378** | 1,065 |
| | | **336,108** | 355,964 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 26 REVENUE (CONT'D)

| | Note | Group 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) |
|---|---|---|---|
| **Timing of revenue recognition** | | | |
| At a point of time: | | | |
| Sale of products | | **144,816** | 134,680 |
| Sale of completed development properties | | **22,238** | 56,157 |
| Hotel operations – food and beverages | | **33,750** | 40,005 |
| Over time: | | | |
| Sale of development properties under construction | | **19,013** | 2,419 |
| Rental income of investment properties | 13 | **39,231** | 38,318 |
| Hotel operations – room sales and other income | | **75,477** | 79,315 |
| Services rendered | | **205** | 4,005 |
| Others | | **1,378** | 1,065 |
| | | **336,108** | 355,964 |

Revenue represents the invoiced value of goods and services supplied. Included in the Group's revenue from sale of development properties is an amount of $19,013,000 (2017: $2,419,000) whereby the revenue is recognised based on the percentage of completion method.

As at 31 December 2018, the transaction price allocated to performance obligations that are partially satisfied amounted to $13,263,639. Management expects that this amount will be recognised as revenue during the next reporting period.

## 27 INTEREST INCOME

| | Group 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) |
|---|---|---|
| Interest income on bank deposits | **3,313** | 2,957 |
| Interest income from debtors | **231** | 115 |
| Interest income from related parties | **1,682** | 1,078 |
| | **5,226** | 4,150 |

## 28 FINANCE COSTS

| | Note | Group 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) |
|---|---|---|---|
| Interest expense on loans and borrowings | | **49,832** | 37,351 |
| Amortisation of capitalised finance costs | | **1,858** | 1,603 |
| | | **51,690** | 38,954 |
| Less: Amounts capitalised | | | |
| – Development properties | 10 | **(3,597)** | (1,333) |
| – Investment properties | 13 | **(6,232)** | (4,448) |
| | | **(9,829)** | (5,781) |
| | | **41,861** | 33,173 |

Borrowing costs capitalised as cost of properties under development relate to borrowings taken up to finance each project.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 29 FAIR VALUE ADJUSTMENTS

| | Note | Group<br>31 December 2018<br>$'000 | Group<br>31 December 2017<br>$'000<br>(Restated) |
|---|---|---|---|
| **Fair value gain from:** | | | |
| Subsidiaries | | **113,120** | 44,525 |
| Share of an equity accounted investee | 15 | **(36)** | 289 |
| | | **113,084** | 44,814 |
| *Represented by:* | | | |
| Fair value gain in respect of: | | | |
| – investment properties | | **113,120** | 44,525 |
| – financial instruments | 15 | **(36)** | 289 |
| | | **113,084** | 44,814 |

The fair value adjustment is analysed as follows:

| | Note | Group<br>Gross<br>$'000 | Group<br>Deferred tax<br>$'000 | Group<br>Net<br>$'000 |
|---|---|---|---|---|
| **31 December 2018** | | | | |
| **Fair value gain on investment properties** | | | | |
| Subsidiaries | 13 | **113,120** | **(1,219)** | **111,901** |
| **Fair value gains on financial instruments** | | | | |
| Share of an equity accounted investee | 15 | **(36)** | **–** | **(36)** |
| | | **113,084** | **(1,219)** | **111,865** |
| **31 December 2017 (Restated)** | | | | |
| **Fair value gain on investment properties** | | | | |
| Subsidiaries | 13 | 44,525 | (3,453) | 41,072 |
| **Fair value gain on financial instruments** | | | | |
| Share of an equity accounted investee | 15 | 289 | – | 289 |
| | | 44,814 | (3,453) | 41,361 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

## 30 PROFIT BEFORE TAX

Other than as disclosed elsewhere in these financial statements, profit before tax for the year has been arrived at after charging/(crediting) the following:

| | Group | |
|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** |
| Depreciation of property, plant and equipment [included in cost of sales, distribution costs, administrative expenses] | **7,916** | 7,776 |
| Net loss on disposal of property, plant and equipment (Note 35) [included in other operating expenses] | **36** | 6 |
| Write-back of allowance for diminution in value for development properties, net [included in other operating (income)/expenses/cost of sales] | **(1,576)** | (1,783) |
| Allowance for doubtful trade and other receivables, net [included in other operating expenses] | **525** | 425 |
| Allowance for inventory obsolescence, net [included in other operating expenses] | **–** | 17 |
| Foreign exchange loss, net [included in other operating expenses] | **92** | 188 |
| Provision for restructuring costs [included in other operating expenses] | **–** | 123 |
| Cost of inventories recognised as an expense | **141,288** | 132,293 |
| Net gain on disposal of a subsidiary [included in other operating expenses/income] | **(3,893)** | – |
| **Auditors' remuneration** | | |
| Audit fees | | |
| – Auditors of the Company | **328** | 331 |
| – Other auditors | **196** | 177 |
| Non-audit fees | | |
| – Auditors of the Company | **105** | 198 |
| – Other auditors | **23** | 10 |
| **Directors' remuneration** | | |
| Of the Company | | |
| – Salaries and wages | **1,886** | 1,737 |
| Of the subsidiaries | | |
| – Salaries and wages | **1,066** | 1,907 |
| – Defined contribution plans | **24** | 53 |
| | **2,976** | 3,697 |
| **Employees benefit expenses (excluding Directors' remuneration)** | | |
| – Salaries and wages | **11,943** | 12,759 |
| – Defined contribution plans | **1,044** | 991 |
| – Others | **74** | 116 |
| | **13,061** | 13,866 |

The Audit and Risk Committee has reviewed the non-audit services provided by the auditors, Deloitte & Touche LLP, Singapore and the overseas practices of Deloitte Touche Tohmatsu Limited and was of the opinion that these services would not affect the independence of the auditors.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 31 INCOME TAX EXPENSES

| | Note | Group<br>31 December 2018 $'000 | Group<br>31 December 2017 $'000 (Restated) |
|---|---|---|---|
| Current income tax | | | |
| – Singapore | | **1,158** | 328 |
| – Foreign | | **2,093** | 1,992 |
| – Under provision in prior years | | **1,254** | 648 |
| | | **4,505** | 2,968 |
| Withholding tax expense | | **65** | 41 |
| Deferred tax | 21 | **(380)** | 2,252 |
| | | **4,190** | 5,261 |

Singapore income tax is calculated at 17% (2017: 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The reconciliation between the tax expense reported and the product of accounting profit multiplied by the applicable tax rate is as follows:

| | Group<br>31 December 2018 $'000 | Group<br>31 December 2017 $'000 (Restated) |
|---|---|---|
| Profit before income tax | **138,799** | 68,005 |
| Income tax calculated at 17% (2017: 17%) | **23,596** | 11,561 |
| *Adjustments:* | | |
| Share of results of an equity-accounted investee | **(3,266)** | (2,714) |
| Expenses not deductible for tax purposes | **2,872** | 5,072 |
| Tax losses not recognised as deferred tax assets | **670** | 335 |
| Tax losses not available for set-off against future income | **2,170** | 46 |
| Different tax rates of subsidiaries operating in other jurisdictions | **1,137** | 2,109 |
| Income that is not subject to tax | **(23,462)** | (11,699) |
| Utilisation of tax losses and capital allowance previously not recognised | **(588)** | (58) |
| Under provision in prior years | **1,254** | 648 |
| Withholding tax expense | **65** | 41 |
| Others | **(258)** | (80) |
| | **4,190** | 5,261 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 32 EARNINGS PER SHARE

Analysis of the Group's profit from operations and fair value adjustments are as follows:

| | Note | Group | | |
|---|---|---|---|---|
| | | Before fair value adjustments $'000 | Fair value adjustments $'000 | After fair value adjustments $'000 |
| **31 December 2018** | | | | |
| **Profit before tax** | | **25,715** | **113,084** | **138,799** |
| Income tax expenses | 29, 31 | **(2,971)** | **(1,219)** | **(4,190)** |
| **Profit for the year** | | **22,744** | **111,865** | **134,609** |
| *Less:* | | | | |
| Non-controlling interests | | **(233)** | **–** | **(233)** |
| **Profit attributable to owners of the Company** | | **22,511** | **111,865** | **134,376** |
| **31 December 2017 (Restated)** | | | | |
| **Profit before tax** | | 23,191 | 44,814 | 68,005 |
| Income tax expenses | 29, 31 | (1,808) | (3,453) | (5,261) |
| **Profit for the year** | | 21,383 | 41,361 | 62,744 |
| *Less:* | | | | |
| Non-controlling interests | | (112) | – | (112) |
| **Profit attributable to owners of the Company** | | 21,271 | 41,361 | 62,632 |

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

| | Group | |
|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) |
| **Profit attributable to owners of the Company** | | |
| Before fair value adjustments | **22,511** | 21,271 |
| Fair value adjustments | **111,865** | 41,361 |
| After fair value adjustments | **134,376** | 62,632 |
| **Basic and diluted earnings per share (cents)** | | |
| Including fair value adjustments | **11.3** | 5.3 |
| Excluding fair value adjustments | **1.9** | 1.8 |
| **Weighted average number of ordinary shares (in '000 shares) for the purpose of computation of basic and diluted earnings per share** | **1,188,806** | 1,185,048 |

There is no dilutive ordinary share in 2018 and 2017.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 33 OTHER COMPREHENSIVE INCOME

| | Note | Group | | |
|---|---|---|---|---|
| | | Before tax $'000 | Deferred tax $'000 | After tax $'000 |
| **2018** | | | | |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Revaluation of properties | 12 | **7,754** | **(2,358)** | **5,396** |
| *Items that will be reclassified subsequently to profit or loss* | | | | |
| Exchange differences on translation of foreign operations | | **(19,278)** | **–** | **(19,278)** |
| Share of other comprehensive income of an equity accounted investee | | **1,866** | **–** | **1,866** |
| Cash flow hedges | | **82** | **(25)** | **57** |
| | | **(9,576)** | **(2,383)** | **(11,959)** |
| **2017 (Restated)** | | | | |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Revaluation of properties | 12 | 33,846 | (10,154) | 23,692 |
| *Items that will be reclassified subsequently to profit or loss* | | | | |
| Exchange differences on translation of foreign operations | | (9,045) | – | (9,045) |
| Share of other comprehensive income of an equity accounted investee | | (6,360) | – | (6,360) |
| Cash flow hedges | | 916 | (275) | 641 |
| | | 19,357 | (10,429) | 8,928 |

The Group entered into certain interest rate swap contracts to hedge its interest rate risk exposures. Derivatives that are designated and effective as hedging instruments are carried at fair value.

| | Group | | |
|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| Derivatives that are designated and effective as hedging instruments carried at fair value | **–** | 87 | 1,019 |

The Group used interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with nominal values of A$177 million have fixed interest payments at a fixed rate of 2.254% per annum for periods up until 2018 and have a floating interest rate of 1 month Bank Bill Swap Bid Rate. These interest rate swaps were not further extended when they matured in January 2018.

All of the Group's interest rate swaps are designated and effective as cash flow hedges and the fair value change of these interest rate swaps, amounting to $82,000 (2017: $916,000) has been recognised in other comprehensive income during the year.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 33 OTHER COMPREHENSIVE INCOME (CONT'D)

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the end of the reporting year:

| | Average contracted fixed interest rate | | | Notional principal amount | | | Fair value | | |
|---|---|---|---|---|---|---|---|---|---|
| Group | 31 December 2018 per annum | 31 December 2017 per annum | 1 January 2017 per annum | 31 December 2018 $'000 | 31 December 2017 $'000 | 1 January 2017 $'000 | 31 December 2018 $'000 | 31 December 2017 $'000 | 1 January 2017 $'000 |
| 1 month | – | 2.254% | 2.254% | – | 182,363 | 185,301 | – | 87 | 1,019 |

## 34 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in the financial statements, the Group has the following significant related party transactions with the major shareholders, associates and the Directors of the Company and their associates:

| | Group | |
|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) |
| **Transactions with major shareholder** | | |
| Sale of products and services rendered | **42,878** | 61,451 |
| Sale of a completed development property | **7,745** | – |
| Rental income | **1,525** | 2,160 |
| Interest income | **926** | 664 |
| Consideration for disposal of assets of Tyre Distribution Unit | **–** | 1,750 |
| Purchase of products | **(95,390)** | (68,158) |
| **Transactions with associates** | | |
| Management fee income | **180** | 180 |
| Interest income | **756** | 414 |
| **Transactions with Directors of the Company and their associates** | | |
| Sale of completed development properties | **–** | 2,270 |
| MTN interest expense | **(173)** | (137) |

The Company's major shareholder is Nuri Holdings (S) Pte Ltd ("Nuri"), incorporated in Singapore. Related party transactions with major shareholder refer to transactions with the companies in which the shareholders of Nuri and their family members have a controlling interest in. The related party transactions are entered into in the normal course of business based on terms agreed between the parties.

One of the Group's subsidiary, SP Resources International Pte Ltd, is reliant on two related parties for the supply of 100% (2017: 100%) of its coal. The Group supplies 100% (2017: 100%) of its rubber products to one customer (2017: two customers) who is a related party. Sales to this related party for the financial year ended 31 December 2018 amounted to $31,346,000 (2017: $43,853,000).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 34 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

At the end of the reporting year, the Group had commitments to lease certain commercial properties to Nuri and associates of the Group. These non-cancellable operating leases had remaining lease terms of 2 months (2017: 2 months). Future minimum lease receivables under these leases not recognised as receivables at the end of each reporting period were as follows:

### Commitment with related parties

| | Group | |
|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** |
| **Commitment with major shareholder** | | |
| Operating leases | | |
| – Within one year | **648** | 860 |
| – After one year but not more than five years | **1,568** | 1,813 |
| – After five years | **1,405** | 1,695 |
| | **3,621** | 4,368 |

### Remuneration of Directors and key management personnel

| | Group | |
|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** |
| Short-term benefits and fees | **2,997** | 3,644 |
| Post-employment benefits (defined contribution plan) | **30** | 53 |
| | **3,027** | 3,697 |

## 35 DISPOSAL/ACQUISITION OF A SUBSIDIARY

### Disposal of a subsidiary

On 14 March 2018, the Group disposed its wholly-owned subsidiary, Qingdao Shenyang Property Co., Ltd ("Qingdao Shenyang"), China. Details of the disposal are as follows:–

Carrying amount of net assets over which control was lost:

| | Group |
|---|---|
| | **31 December 2018 $'000** |
| Current assets | |
| Development properties | **12,121** |
| Other receivables | **4,962** |
| Total current assets | **17,085** |
| Current liabilities | |
| Other payables | **(12)** |
| Total current liabilities | **(12)** |
| Net assets derecognised | **17,071** |
| Consideration | |
| Cash | **16,547** |
| Deposit received in prior year | **4,294** |
| Deferred consideration | **496** |
| Total consideration | **21,337** |

# NOTES TO THE FINANCIAL STATEMENTS

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## 35 DISPOSAL/ACQUISITION OF A SUBSIDIARY (CONT'D)

### Disposal of a subsidiary (cont'd)

| | Group 31 December 2018 $'000 |
|---|---|
| **Gain on disposal** | |
| Consideration received/receivable | **21,337** |
| Transaction costs | **(1,193)** |
| Net assets derecognised | **(17,071)** |
| Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary | **820** |
| **Gain on disposal (Note 30)** | **3,893** |

| | Group | |
|---|---|---|
| | **2018 $'000** | **2017 $'000** |
| **Net cash inflow arising on disposal** | | |
| Cash consideration received | **16,547** | 4,294 |

### Acquisition of subsidiaries

On 7 June 2018, the Group completed the acquisition of 90% of the total issued share capital of Goodworth Investments Pte Ltd ("GIPL") and Splendourland Pte Ltd ("SPL") for an aggregate consideration of S$39.15 million from Habitat Properties Pte Ltd. GIPL and SPL jointly hold the entire issued share capital of PT Goodworth Investments ("PTGI"), the legal and beneficial owner of the Batam land.

| | Group 31 December 2018 $'000 |
|---|---|
| Consideration transferred | |
| Deposits received in prior years | **11,745** |
| Cash received during the year | **11,310** |
| Development property transferred | **7,745** |
| Deferred consideration (Note 19) | **8,350** |
| Total | **39,150** |

| | Group 31 December 2018 $'000 |
|---|---|
| Assets acquired and liabilities assumed | |
| Current assets | |
| Development properties | **39,150** |
| Other receivables | **34** |
| Current liabilities | |
| Trade and other payables | **(34)** |
| Net assets acquired and liabilities assumed | **39,150** |

# NOTES TO THE FINANCIAL STATEMENTS

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## 36 COMMITMENTS

### Capital commitments

| | Group | | |
|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| Development and investment properties expenditure contracted for but provided in the financial statements | **30,509** | 122,226 | 143,287 |
| Capital expenditure approved by Directors but not contracted for in the financial statements | **4,203** | 2,276 | 5,143 |
| Share of commitments of equity-accounted investees – Capital expenditure contracted for but not provided in the financial statements | **69** | 615 | 1,703 |

### Operating lease commitments – where the Group is a lessor

The Group enters into commercial property leases on its investment property portfolio, consisting of commercial and industrial buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. As at the end of the reporting period, these non-cancellable leases had remaining lease terms of between nine months and seven years (2017: one and eleven years).

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

| | Group | | |
|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| Within one year | **31,667** | 31,839 | 29,649 |
| After one year but not more than five years | **38,902** | 42,552 | 42,007 |
| After five years | **1,917** | 4,235 | 2,561 |
| | **72,486** | 78,626 | 74,217 |

### Operating lease commitments – where the Group is a lessee

The Group leases office premises, warehouse, and workshops under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. They are generally negotiated for a term of 1 to 2 years and rentals are generally fixed for the same periods. Payment recognised as an expense during the year was $7,000 (2017: $236,000).

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

| | Group | | |
|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| Within one year | **232** | 215 | 368 |
| After one year but not more than five years | **160** | 272 | 100 |
| | **392** | 487 | 468 |

# NOTES TO THE FINANCIAL STATEMENTS

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## 36 COMMITMENTS (CONT'D)

### Derivative financial instrument

SP Corp, a listed subsidiary of the Group, utilised currency derivatives to hedge significant future transactions and cash flows. At the end of the reporting year, the total notional amount of outstanding forward foreign exchange contracts to which the Group was committed were as follows:

| | Group | | |
|---|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** | **1 January 2017 $'000 (Restated)** |
| Foreign currency forward contracts | **–** | 8,400 | 15,000 |

The change in the fair value of non-hedging currency derivative was insignificant and hence its amount was not charged to profit or loss.

## 37 CONTINGENT LIABILITIES

| | Company | | |
|---|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** | **1 January 2017 $'000 (Restated)** |
| Guarantees given to banks in respect of bank facilities utilised by subsidiaries | **970,489** | 807,361 | 513,482 |

In 2018, the Group recognised a financial guarantee of $5,344,000 (2017: $5,408,000) granted to its associate, Pan-West, equivalent to the Group's share of corporate guarantees given to certain banks to secure credit facilities of Pan-West and its subsidiary [Note 15].

## 38 FINANCIAL RISK MANAGEMENT

### Financial risk management policies and objectives

The Group has documented financial risk management policies approved by the Board of Directors. The policies consist of guidelines and rules to identify and manage periodically significant risks that might affect the achievement of business objectives, outputs, projects or operating processes at the Group, subsidiary or business unit level. Guidelines and rules are reviewed annually by the Group to ensure that they remain relevant. The Group's overall risk management program seeks to minimise potentially adverse effects on financial performance of the Group.

The Group's risk management process is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile. The key risks relating to financial management include foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing cash in excess of short-term operational requirement.

### Factors behind financial risks

The Group's activities expose it to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group seeks to minimise potentially adverse effects arising from the unpredictability of the financial markets on the Group's financial performance.

The Group's financial instruments comprise loans and borrowings, cash and liquid resources, trade and other receivables, trade and other payables that arise directly from its operations. The Group manages its exposure to currency and interest rate risks by using a variety of techniques and instruments as described in Notes 38(a) and 38(b) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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## 38 FINANCIAL RISK MANAGEMENT (CONT'D)

### Factors behind financial risks (cont'd)

Natural hedging is preferred by matching assets and liabilities of the same currency. Derivative financial instruments are only used where it is necessary to reduce the Group's exposure to fluctuations in foreign exchange and interest rates or to comply with covenants imposed by banks. While these financial instruments are subject to risk of change in market rates subsequent to their acquisition, such changes are generally offset by opposite effects on the items being hedged. The Group does not hold or issue derivative financial instruments for speculative purposes. The Group is not exposed to any equity-price risk.

There has been no major change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analyses indicated in Notes 38(a) and 38(b) to the financial statements.

### Categories of financial instruments

The table below sets out the financial instruments at the end of the reporting year:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) | 31 December 2018 $'000 | 31 December 2017 $'000 (Restated) | 1 January 2017 $'000 (Restated) |
| **Financial assets** | | | | | | |
| Financial assets at amortised cost | **220,561** | 294,895 | 302,522 | **425,501** | 443,844 | 255,801 |
| **Financial liabilities** | | | | | | |
| Financial liabilities at amortised cost | **1,748,771** | 1,572,239 | 1,126,896 | **551,292** | 543,508 | 349,378 |
| Financial guarantee contracts | **–** | – | – | **10,649** | 14,738 | 16,236 |
| | **1,748,771** | 1,572,239 | 1,126,896 | **561,941** | 558,246 | 365,614 |
| Derivative financial instruments | **–** | 87 | 1,019 | **–** | – | – |
| | **1,748,771** | 1,572,326 | 1,127,915 | **561,941** | 558,246 | 365,614 |

#### (a) Currency risk

The Group's subsidiaries operate mainly in Singapore, Australia, China, Malaysia and Indonesia. As for its associates, GulTech operates mainly in China and Singapore; Pan-West operates mainly in Singapore and Malaysia, SSRE operates in China. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the Singapore dollar ("SGD"), Australian dollar ("AUD"), United States dollar ("USD") and Malaysian Ringgit ("MYR"). Currency risk arises when transactions are denominated in foreign currencies.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations mainly in Australia and China. As far as possible, the Group relies on natural hedges of matching foreign assets and liabilities of the same currency.

SP Corporation Limited, a listed subsidiary of the Group, uses forward foreign exchange contracts to protect against the effect of volatility in foreign currency exchange rates on foreign currency denominated assets and liabilities arising in the normal course of business. SP Corp enters into forward exchange contracts with maturities of less than twelve months. Further details on the forward exchange contracts are disclosed in Note 36 to the financial statements.

The Group does not enter into currency options and does not use forward foreign exchange contracts for speculative trading purposes.

# NOTES TO THE FINANCIAL STATEMENTS
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## 38 FINANCIAL RISK MANAGEMENT (CONT'D)
### Categories of financial instruments (cont'd)
**(a) Currency risk (cont'd)**

*Currency risk exposure*

At the end of the reporting year, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currencies were as follows:

| | SGD $'000 | USD $'000 | AUD $'000 | Others $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **At 31 December 2018** | | | | |
| **Financial assets** | | | | |
| Cash and bank balances | **494** | **406** | **23,535** | **89** |
| Trade and other receivables | **36** | **–** | **23** | **572** |
| | **530** | **406** | **23,558** | **661** |
| **Financial liabilities** | | | | |
| Trade and other payables | **(63)** | **(97)** | **–** | **(60)** |
| **Net financial liabilities** | **(63)** | **(97)** | **–** | **(60)** |
| **Net currency exposure** | **467** | **309** | **23,558** | **601** |
| **At 31 December 2017 (Restated)** | | | | |
| **Financial assets** | | | | |
| Cash and bank balances | 350 | 620 | 1 | 30 |
| Trade and other receivables | 46 | – | – | 77 |
| | 396 | 620 | 1 | 107 |
| **Financial liabilities** | | | | |
| Trade and other payables | (6,653) | (61) | – | (4,294) |
| **Net financial (liabilities)/assets** | (6,257) | 559 | 1 | (4,187) |
| Less: | | | | |
| Forward foreign exchange contracts | 8,382 | – | – | – |
| **Net currency exposure** | 2,125 | 559 | 1 | (4,187) |
| **At 1 January 2017 (Restated)** | | | | |
| **Financial assets** | | | | |
| Cash and bank balances | 230 | 5,791 | 1 | 18 |
| Trade and other receivables | 40 | 568 | – | 95 |
| | 270 | 6,359 | 1 | 113 |
| **Financial liabilities** | | | | |
| Trade and other payables | (19,226) | (228) | – | (120) |
| **Net financial (liabilities)/assets** | (18,956) | 6,131 | 1 | (7) |
| Less: | | | | |
| Forward foreign exchange contracts | 15,328 | – | – | – |
| **Net currency exposure** | (3,628) | 6,131 | 1 | (7) |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 38 FINANCIAL RISK MANAGEMENT (CONT'D)

### Categories of financial instruments (cont'd)

**(a) Currency risk (cont'd)**

*Currency risk exposure (cont'd)*

At the end of the reporting year, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency were as follows:

| | 31 December 2018 | | 31 December 2017 (Restated) | | 1 January 2017 (Restated) | |
|---|---|---|---|---|---|---|
| | AUD $'000 | MYR $'000 | AUD $'000 | MYR $'000 | AUD $'000 | MYR $'000 |
| **Company** | | | | | | |
| **Financial assets** | | | | | | |
| Amounts due from subsidiaries | **–** | **43** | – | 37 | – | 131 |
| **Financial liabilities** | | | | | | |
| Amounts due to subsidiaries | **(23,537)** | **–** | (235) | – | (228) | – |
| **Net currency exposure** | **(23,537)** | **43** | (235) | 37 | (228) | 131 |

*Sensitivity analysis for currency risk*

The following table details the sensitivity to a 10% increase/decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, profit or loss may increase (decrease) by:

| | SGD | | USD | |
|---|---|---|---|---|
| | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 |
| **Group** | | | | |
| Profit or Loss | **(47)** | (213) | **(31)** | (56) |
| **Company** | | | | |
| Profit or Loss | **–** | – | **–** | – |

| | AUD | | Others | |
|---|---|---|---|---|
| | 2018 $'000 | 2017 $'000 | 2018 $'000 | 2017 $'000 |
| **Group** | | | | |
| Profit or Loss | **(2,356)** | – | **(60)** | 419 |
| **Company** | | | | |
| Profit or Loss | **2,354** | 24 | **(4)** | (4) |

The strengthening of the relevant foreign currency against the functional currency of each Group entity at the end of the reporting year would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

# NOTES TO THE FINANCIAL STATEMENTS

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## 38 FINANCIAL RISK MANAGEMENT (CONT'D)

### Categories of financial instruments (cont'd)

**(b) Interest rate risk**

Interest rate risk is the risk that future cash flows of a financial instrument may fluctuate because of changes in interest rates in the market.

The Group's exposure to interest rate risk arises mainly from bank borrowings. The Group aims to optimise net interest cost and to reduce volatility in the finance cost. The Group borrows mainly variable rate debts with varying tenures. A summary of the Group's interest-bearing financial instruments is disclosed in Note 38(d) to these financial statements.

Other than those disclosed below, the Group does not use derivative financial instruments to hedge fluctuations in interest rates for its borrowings.

*Sensitivity analysis for interest rate risk*

The sensitivity analysis below is based on the exposure to interest rates for non-derivative instruments at the end of the reporting year and assumes that the change took place at the beginning of the financial year and was held constant throughout the reporting year. The magnitude represents the Group's assessment of the likely movement in interest rates under normal economic conditions.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit after tax would decrease or increase by $13,651,000 (2017: decrease or increase by $12,086,000).

The Company's profit or loss was not affected by changes in interest rates as the Company did not have any borrowings or inter-company loans that are at variable rates.

**(c) Overview of the Group's exposure to credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a mean of mitigating the risk of financial loss from such defaults. Credit risk on cash and bank balances and derivative financial instrument is limited as these balances are placed with or transacted with institutions of repute. The Group manages these risks by monitoring credit worthiness and limiting the aggregate use to any individual counterparty. The Group does not expect to incur material credit losses on its financial instruments.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold any collateral to cover its credit risks associated with its financial assets.

The Group's current credit risk framework comprises the following categories:

| Category | Description | Basis for recognising expected credit losses (ECL) |
|---|---|---|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts. | 12-month ECL |
| Doubtful | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition. | Lifetime ECL – not credit-impaired |
| In default | Amount is >90 days past due or there is evidence indicating the asset is credit-impaired. | Lifetime ECL – credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery. | Amount is written off |

# NOTES TO THE FINANCIAL STATEMENTS

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## 38 FINANCIAL RISK MANAGEMENT (CONT'D)

### Categories of financial instruments (cont'd)

**(c) Overview of the Group's exposure to credit risk (cont'd)**

The assessment of the credit quality and exposure to credit risk of the Group's trade and other receivables have been disclosed in Note 6. The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

| | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|
| Group | | | | | | |
| 31 December 2018 | | | | | | |
| Trade and other receivables | 6 | (i) | Lifetime ECL (simplified approach) | **45,036** | **(1,148)** | **43,888** |
| Contract assets | 7 | (i) | Lifetime ECL (simplified approach) | **15,451** | **–** | **15,451** |
| Refundable trade deposit with related party | 19 | Performing | 12-month ECL | **8,215** | **–** | **8,215** |
| Loan to a related party | 19 | Performing | 12-month ECL | **20,000** | **–** | **20,000** |
| | | | | | **(1,148)** | |

| | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|
| Group | | | | | | |
| 31 December 2017 (Restated) | | | | | | |
| Trade and other receivables | 6 | (i) | Lifetime ECL (simplified approach) | 60,697 | (665) | 60,032 |
| Contract assets | 7 | (i) | Lifetime ECL (simplified approach) | 9,537 | – | 9,537 |
| Refundable trade deposit with related party | 19 | Performing | 12-month ECL | 8,073 | – | 8,073 |
| | | | | | (665) | |

| | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|
| Group | | | | | | |
| I January 2017 (Restated) | | | | | | |
| Trade and other receivables | 6 | (i) | Lifetime ECL (simplified approach) | 65,899 | (303) | 65,596 |
| Contract assets | 7 | (i) | Lifetime ECL (simplified approach) | 64,549 | – | 64,549 |
| Refundable trade deposit with a related party | 19 | Performing | 12-month ECL | 8,689 | – | 8,689 |
| | | | | | (303) | |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 38 FINANCIAL RISK MANAGEMENT (CONT'D)

### Categories of financial instruments (cont'd)

**(c) Overview of the Group's exposure to credit risk (cont'd)**

| | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|
| Company | | | | | | |
| 31 December 2018 | | | | | | |
| Other receivables | 6 | (i) | Lifetime ECL (simplified approach) | **96** | **(72)** | **24** |
| Amount due from subsidiaries | 19 | Performing | 12-month ECL | **424,576** | **(24,264)** | **400,312** |
| | | | | | **(24,336)** | |

| | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|
| Company | | | | | | |
| 31 December 2017 (Restated) | | | | | | |
| Other receivables | 6 | (i) | Lifetime ECL (simplified approach) | 328 | (72) | 256 |
| Amount due from related party | 19 | Performing | 12-month ECL | 13 | – | 13 |
| Amount due from subsidiaries | 19 | Performing | 12-month ECL | 379,901 | (25,050) | 354,851 |
| | | | | | (25,122) | |

| | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|
| Company | | | | | | |
| 1 January 2017 (Restated) | | | | | | |
| Other receivables | 6 | (i) | Lifetime ECL (simplified approach) | 105 | (72) | 33 |
| Amount due from subsidiaries | 19 | Performing | 12-month ECL | 279,146 | (23,679) | 255,467 |
| | | | | | (23,751) | |

(i) For trade and other receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Note 6 includes further details on the loss allowance for these receivables.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

With respect to trade and other receivables at the end of the reporting year, trade amounts due from other related parties includes an amount of $20,183,000 (31 December 2017: $29,124,000; 1 January 2017: $30,820,000) which comprised of 2 (31 December 2017: 3; 1 January 2017: 3) major customers with outstanding balances individually exceeding 5% of the Group's trade and other receivables as at 31 December 2018.

# NOTES TO THE FINANCIAL STATEMENTS

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## 38 FINANCIAL RISK MANAGEMENT (CONT'D)

### Categories of financial instruments (cont'd)

**(c) Overview of the Group's exposure to credit risk (cont'd)**

The credit risk for trade receivables after allowance for doubtful receivables was as follows:

| | Group | | |
|---|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000 (Restated)** | **1 January 2017 $'000 (Restated)** |
| **By geographical area** | | | |
| Singapore | **21,229** | 30,160 | 35,577 |
| Australia | **3,810** | 4,996 | 4,821 |
| China | **356** | 704 | 3,903 |
| Malaysia | **2,365** | 1,891 | 2,330 |
| Indonesia | **8,875** | 10,394 | 8,323 |
| United States of America (USA) | **266** | 220 | 126 |
| Others | **20** | 23 | 617 |
| | **36,921** | 48,388 | 55,697 |
| **By type of customers** | | | |
| Related parties | **21,699** | 31,040 | 32,895 |
| Non-related parties | **15,222** | 17,348 | 22,802 |
| | **36,921** | 48,388 | 55,697 |
| **By industry sector** | | | |
| Property | **3,125** | 7,826 | 9,314 |
| Hotels investment | **3,667** | 4,560 | 5,236 |
| Industrial services | **30,129** | 36,002 | 41,147 |
| | **36,921** | 48,388 | 55,697 |

**(d) Liquidity risk**

The Group manages liquidity risk by maintaining sufficient cash and borrowings with different tenures. Due to the dynamic nature of the businesses the Group is in, the Group aims at maintaining flexibility in funding and keeping adequate committed credit facilities available.

As at 31 December 2018, the Group's current liabilities exceeded its current assets by $388,420,000 (31 December 2017: net current asset of $87,700,000; 1 January 2017: net current asset of $371,585,000). The directors are satisfied that the Group is able to refinance the loans that are due and it will not affect its ability to continue as a going concern within the next 12 months.

*Analysis for liquidity and interest risk – non-derivative financial liabilities*

The following tables detail the effective annual interest rates and the remaining contractual maturity for non-derivative financial liabilities at the end of the reporting year.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents possible future cash flow attributable to the instruments included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

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## 38 FINANCIAL RISK MANAGEMENT (CONT'D)

### Categories of financial instruments (cont'd)

**(d) Liquidity risk (cont'd)**

*Analysis for liquidity and interest risk – non-derivative financial liabilities* (cont'd)

| | Effective interest rate % | On demand or less than 1 year $'000 | Within 1 to 2 years $'000 | Within 2 to 5 years $'000 | Over 5 years $'000 | Adjustment $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **31 December 2018** | | | | | | | |
| Non-interest bearing | **–** | **117,956** | **374** | **–** | **–** | **–** | **118,330** |
| Fixed interest rate instruments | **4.5 – 6.0** | **91,821** | **153,847** | **–** | **–** | **(16,588)** | **229,080** |
| Variable interest rate instruments | **2.2 – 3.5** | **824,997** | **67,766** | **543,371** | **219** | **(34,992)** | **1,401,361** |
| | | **1,034,774** | **221,987** | **543,371** | **219** | **(51,580)** | **1,748,771** |
| **31 December 2017 (Restated)** | | | | | | | |
| Non-interest bearing | – | 113,656 | 463 | – | – | – | 114,119 |
| Fixed interest rate instruments | 4.5 – 6.0 | 12,600 | 91,821 | 153,847 | – | (29,904) | 228,364 |
| Variable interest rate instruments | 2.2 – 3.0 | 301,012 | 875,350 | 85,102 | 3,636 | (35,344) | 1,229,756 |
| | | 427,268 | 967,634 | 238,949 | 3,636 | (65,248) | 1,572,239 |
| **1 January 2017 (Restated)** | | | | | | | |
| Non-interest bearing | – | 105,641 | 462 | – | – | – | 106,103 |
| Fixed interest rate instruments | 4.5 | 3,600 | 86,420 | – | – | (10,458) | 79,562 |
| Variable interest rate instruments | 1.7-2.8 | 14,598 | 668,322 | 282,697 | 4,982 | (29,368) | 941,231 |
| | | 123,839 | 755,204 | 282,697 | 4,982 | (39,826) | 1,126,896 |

| | Effective interest rate % | On demand or less than 1 year $'000 | Within 1 to 2 years $'000 | Within 2 to 5 years $'000 | Over 5 years $'000 | Adjustment $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **31 December 2018** | | | | | | | |
| Non-interest bearing | **–** | **322,212** | **–** | **–** | **–** | **–** | **322,212** |
| Fixed interest rate instruments | **4.5 – 6.0** | **91,821** | **153,847** | **–** | **–** | **(16,588)** | **229,080** |
| Financial guarantee contracts | **–** | **10,649** | **–** | **–** | **–** | **–** | **10,649** |
| | | **424,682** | **153,847** | **–** | **–** | **(16,588)** | **561,941** |
| **31 December 2017 (Restated)** | | | | | | | |
| Non-interest bearing | – | 315,144 | – | – | – | – | 315,144 |
| Fixed interest rate instruments | 4.5 – 6.0 | 12,600 | 91,821 | 153,847 | – | (29,904) | 228,364 |
| Financial guarantee contracts | – | 807,361 | – | – | – | (792,623) | 14,738 |
| | | 1,135,105 | 91,821 | 153,847 | – | (822,527) | 558,246 |
| **1 January 2017 (Restated)** | | | | | | | |
| Non-interest bearing | – | 269,815 | – | – | – | – | 269,815 |
| Fixed interest rate instruments | 4.5 | 3,600 | 86,420 | – | – | (10,457) | 79,563 |
| Financial guarantee contracts | – | 513,482 | – | – | – | (497,246) | 16,236 |
| | | 786,897 | 86,420 | – | – | (507,703) | 365,614 |

# NOTES TO THE FINANCIAL STATEMENTS

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## 38 FINANCIAL RISK MANAGEMENT (CONT'D)

### Categories of financial instruments (cont'd)

**(d) Liquidity risk (cont'd)**

*Analysis for liquidity and interest risk – non-derivative financial liabilities (cont'd)*

At the end of the reporting year, the maximum amount that the Company could be forced to settle under the financial guarantee contracts if the full guaranteed amounts is claimed by the counterparty to the guarantee is $970,489,000 (31 December 2017: $807,361,000, 1 January 2017: $513,482,000). Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

As at the end of the reporting year, the Group's total obligation on guarantees in connection with Pan-West's bank facilities amounted to $5,344,000 (2017: $5,408,000). The earliest time that a guarantee could be called is as and when the guarantee is claimed by the counterparty.

*Analysis for liquidity and interest risk – non-derivative financial assets*

The following tables detail the effective annual interest rates and the expected maturity for non-derivative financial assets at the end of the reporting year. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different year. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets on the statements of financial position.

| | Effective interest rate % | On demand or less than 1 year $'000 | Within 1 to 2 years $'000 | Within 2 to 5 years $'000 | Over 5 years $'000 | Adjustment $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **31 December 2018** | | | | | | | |
| Non-interest bearing | **–** | **65,928** | **1,934** | **3,218** | **–** | **–** | **71,080** |
| Variable interest rate instruments | **0.1 – 0.3** | **36,561** | **–** | **–** | **–** | **(326)** | **36,235** |
| Fixed interest rate instruments | **0.4 – 5.7** | **51,390** | **15,457** | **47,640** | **–** | **(1,241)** | **113,246** |
| | | **138,428** | **17,391** | **50,858** | **–** | **(1,567)** | **220,561** |
| **31 December 2017 (Restated)** | | | | | | | |
| Non-interest bearing | – | 87,742 | – | – | – | – | 87,742 |
| Variable interest rate instruments | 0.1 – 0.3 | 21,163 | – | – | – | (5) | 21,158 |
| Fixed interest rate instruments | 0.4 – 5.7 | 123,882 | 31,275 | 31,275 | – | (437) | 185,995 |
| | | 232,787 | 31,275 | 31,275 | – | (442) | 294,895 |
| **1 January 2017 (Restated)** | | | | | | | |
| Non-interest bearing | – | 139,822 | 113 | 2,901 | 9 | – | 142,845 |
| Variable interest rate instruments | 0.1 – 0.3 | 23,406 | – | – | – | (16) | 23,390 |
| Fixed interest rate instruments | 0.2 – 5.4 | 74,072 | 31,275 | 31,275 | – | (335) | 136,287 |
| | | 237,300 | 31,388 | 34,176 | 9 | (351) | 302,522 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 38 FINANCIAL RISK MANAGEMENT (CONT'D)

### Categories of financial instruments (cont'd)

**(d) Liquidity risk (cont'd)**

*Analysis for liquidity and interest risk – non-derivative financial assets (cont'd)*

| | Effective interest rate % | On demand or less than 1 year $'000 | Within 1 to 2 years $'000 | Within 2 to 5 years $'000 | Over 5 years $'000 | Adjustment $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **31 December 2018** | | | | | | | |
| Non-interest bearing | **–** | **425,501** | **–** | **–** | **–** | **–** | **425,501** |
| **31 December 2017 (Restated)** | | | | | | | |
| Non-interest bearing | – | 443,844 | – | – | – | – | 443,844 |
| **1 January 2017 (Restated)** | | | | | | | |
| Non-interest bearing | – | 255,801 | – | – | – | – | 255,801 |

*Analysis for liquidity risk – derivative financial instruments*

The following table details a liquidity analysis for derivative financial instruments the Group had entered into at the end of the reporting year. The table has been drawn up based on the undiscounted net cash outflows on the derivative instruments that settle on a net basis and the undiscounted gross inflows on those derivatives that require gross settlement.

| | On demand or less than 1 year $'000 | Within 1 to 2 years $'000 | Within 2 to 5 years $'000 | Over 5 years $'000 | Adjustment $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **31 December 2018** | | | | | | |
| Gross settled: | | | | | | |
| Foreign exchange forward contracts | **–** | **–** | **–** | **–** | **–** | **–** |
| **31 December 2017 (Restated)** | | | | | | |
| Gross settled: | | | | | | |
| Foreign exchange forward contracts | 19 | – | – | – | – | 19 |
| **1 January 2017 (Restated)** | | | | | | |
| Gross settled: | | | | | | |
| Foreign exchange forward contracts | (327) | – | – | – | – | (327) |

**(e) Fair value of financial assets and financial liabilities**

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, provisions and other liabilities approximated their respective fair values due to their relative short-term maturity.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

## 38 FINANCIAL RISK MANAGEMENT (CONT'D)

### Categories of financial instruments (cont'd)

**(e) Fair value of financial assets and financial liabilities (cont'd)**

The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements. The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

At the end of each reporting year, the Group and the Company's interest rate swap was measured based on Level 2. The valuation technique and key input is future cash flows which are estimated based on forward interest rates (from observable yield curves at the end of the reporting year) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

**(f) Capital risk**

In managing capital, the Group's objectives are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to provide appropriate returns to shareholders and benefits for other stakeholders through pricing its products and services at levels commensurate with the level of risks it is exposed to.

The capital structure of the Group consists of loans and borrowings disclosed in Note 16, issued capital, reserves and retained earnings disclosed in Notes 23 and 24 to the financial statements. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, obtain new borrowings, sell assets to reduce borrowings, pay or adjust the amount of dividend payment or return capital to shareholders. The Group's overall strategy remains unchanged from the prior years.

The Group monitors capital risks through measuring the Group's gross gearing and net gearing. The Group's gross gearing is calculated as total borrowings divided by total equity, whilst net gearing is calculated as net borrowings divided by total equity. Net borrowings are calculated as total borrowings as disclosed in Note 16, less cash and bank balances as disclosed in Note 5 to the financial statements.

| | Group | | |
|---|---|---|---|
| | **31 December 2018 $'000** | **31 December 2017 $'000** (Restated) | **1 January 2017 $'000** (Restated) |
| Total borrowings | **1,630,441** | 1,458,120 | 1,020,793 |
| Total equity | **1,108,464** | 1,000,219 | 934,436 |
| **Gross gearing (times)** | **1.47** | 1.46 | 1.09 |
| Net borrowings | **1,497,434** | 1,241,277 | 857,105 |
| Total equity | **1,108,464** | 1,000,219 | 934,436 |
| **Net gearing (times)** | **1.35** | 1.24 | 0.92 |

# NOTES TO THE FINANCIAL STATEMENTS

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## 39 LISTING OF SIGNIFICANT SUBSIDIARIES

Information relating to the significant subsidiaries is disclosed as below:

| Name of company | Note | Principal activities | Country of incorporation/ establishment | Effective equity interest & voting power held by the Group 31 December 2018 % | 31 December 2017 % | 1 January 2017 % |
|---|---|---|---|---|---|---|
| *Significant subsidiaries directly held by the Company* | | | | | | |
| Asiaview Properties Pte Ltd | | Property investment | Singapore | **100** | 100 | 100 |
| Asplenium Land Pte. Ltd. | | Property development | Singapore | **100** | 100 | 100 |
| Clerodendrum Land Pte. Ltd. | | Property development | Singapore | **100** | 100 | 100 |
| Dillenia Land Pte. Ltd. | | Property development | Singapore | **100** | 100 | 100 |
| Episcia Land Pte. Ltd. | | Property development | Singapore | **100** | 100 | 100 |
| Gerbera Land Pte. Ltd. | | Property development | Singapore | **100** | 100 | – |
| Oxley Development Pte Ltd | | Property investment | Singapore | **100** | 100 | 100 |
| SP Corporation Limited | | Investment holding | Singapore | **80.2** | 80.2 | 80.2 |
| Superluck Properties Pte Ltd | | Property investment | Singapore | **100** | 100 | 100 |
| *Significant subsidiaries indirectly held by the Company* | | | | | | |
| 39 Robinson Road Pte. Ltd. | | Property investment | Singapore | **100** | 100 | 100 |
| Grand Hotel Group | (i) | Property investment | Australia | **100** | 100 | 100 |
| Habitat Properties (Shanghai) Ltd. | (i) | Property development | China | **100** | 100 | 100 |
| Shelford Properties Pte Ltd | | Property development | Singapore | **100** | 100 | 100 |
| SP Resources International Pte. Ltd. | | Trading of industrial products | Singapore | **80.2** | 80.2 | 80.2 |
| TSRC Novena Pte. Ltd. | | Property development | Singapore | **70** | – | – |

All subsidiaries in Singapore are audited by Deloitte & Touche LLP, Singapore.

(i) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

# NOTES TO THE FINANCIAL STATEMENTS

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## 40 LISTING OF SIGNIFICANT ASSOCIATES

Associates are those in which the Group has significant influence, but not control in the operating and financial policy decisions.

Information relating to the significant associates is disclosed as below:

| | | | | Effective equity interest & voting power held by the Group | | |
|---|---|---|---|---|---|---|
| **Name of company** | **Note** | **Principal activities** | **Country of incorporation** | **31 December 2018 %** | **31 December 2017 %** | **1 January 2017 %** |
| Gul Technologies Singapore Pte. Ltd. | (i) | Manufacture of printed circuit boards | Singapore | **44.5** | 44.5 | 44.5 |
| Sanya Summer Real Estate Co. Ltd. | | Property Developer | China | **7.8** | – | – |

**Note:**

(i) Audited by Deloitte & Touche LLP, Singapore.

## 41 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended 31 December, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 15 and the election of certain transition options available under SFRS(I) 1.

Management has elected the following transition exemption:

- SFRS(I) 3 *Business Combinations* has not been applied to acquisitions of subsidiaries that are considered businesses under SFRS(I) that occurred before 1 January 2017. The FRS carrying amounts of assets and liabilities determined in that business combination, that are required to be recognised under SFRS(I), are the deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SFRS(I). Assets and liabilities that do not qualify for recognition under SFRS(I) are excluded from the opening SFRS(I) statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of SFRS(I) recognition requirements.

  SFRS(I) 1 also requires that the FRS carrying amount of goodwill must be used in the opening SFRS(I) statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). There was no goodwill that had arose from the previous acquisitions.

- As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of 31 December 2017 is not disclosed using the transition provisions of SFRS(I) 15.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 41 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

### Reconciliations of equity and total comprehensive income

The effects of transition to SFRS(I) and initial application of SFRS(I) 15 are presented and explained below.

Group

(A) Impact on the statement of financial position as at 1 January 2017 (date of transition to SFRS(I))

| | As previously reported under FRS $'000 | Application of SFRS(I) 1 $'000 | Note | Initial application of SFRS(I) 15 $'000 | Note | As adjusted under SFRS(I) $'000 |
|---|---|---|---|---|---|---|
| **Current assets** | | | | | | |
| Cash and bank balances | 163,688 | – | | – | | 163,688 |
| Trade and other receivables | 158,793 | – | | (64,549) | (2) | 94,244 |
| Contract assets | – | – | | 64,549 | (2) | 64,549 |
| Contract costs | – | – | | 337 | (3) | 337 |
| Amounts due from subsidiaries | – | – | | – | | – |
| Inventories | 3,564 | – | | – | | 3,564 |
| Development properties | 183,232 | – | | – | | 183,232 |
| Asset classified as held for sale | – | – | | – | | – |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | 419,278 | 3,643 | (1) | – | | 422,921 |
| Investment properties | 1,108,652 | – | | – | | 1,108,652 |
| Investment in subsidiaries | – | – | | – | | – |
| Investments in equity accounted investees | 83,579 | – | | – | | 83,579 |
| Deferred tax assets | 2,286 | – | | – | | 2,286 |
| Contract assets | – | – | | – | | – |
| Other non-current assets | 11 | – | | – | | 11 |
| **Current liabilities** | | | | | | |
| Loans and borrowings | 3,406 | – | | – | | 3,406 |
| Trade and other payables | 112,333 | – | | – | | 112,333 |
| Amounts due to subsidiaries | – | – | | – | | – |
| Contract liabilities | – | – | | – | | – |
| Derivative financial instruments | – | – | | – | | – |
| Income tax payable | 22,290 | – | | – | | 22,290 |
| **Non-current liabilities** | | | | | | |
| Loans and borrowings | 1,017,387 | – | | – | | 1,017,387 |
| Derivative financial instruments | 1,019 | – | | – | | 1,019 |
| Deferred tax liabilities | 35,730 | – | | – | | 35,730 |
| Other non-current liabilities | 462 | – | | – | | 462 |
| **Capital, reserves and non-controlling interests** | | | | | | |
| Share capital | 171,306 | – | | – | | 171,306 |
| Treasury shares | – | – | | – | | – |
| Reserves | 748,116 | 3,643 | (1) | 337 | (3) | 752,096 |
| Non-controlling interests | 11,034 | – | | – | | 11,034 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 41 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

### Reconciliations of equity and total comprehensive income (cont'd)

Group (cont'd)

(B) Impact on the statement of financial position as at 31 December 2017 (end of last period reported under FRS)

| | As previously reported under FRS $'000 | Application of SFRS(I) 1 $'000 | Note | Initial application of SFRS(I) 15 $'000 | Note | As adjusted under SFRS(I) $'000 |
|---|---|---|---|---|---|---|
| **Current assets** | | | | | | |
| Cash and bank balances | 216,843 | – | | – | | 216,843 |
| Trade and other receivables | 93,827 | – | | (4,679) | (2) | 89,148 |
| Contract assets | – | – | | 4,480 | (2) | 4,480 |
| Contract costs | – | – | | 485 | (3) | 485 |
| Amounts due from subsidiaries | – | – | | – | | – |
| Inventories | 2,906 | – | | – | | 2,906 |
| Development properties | 188,308 | – | | 372 | (2) | 188,680 |
| Asset classified as held for sale | – | – | | – | | – |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | 443,093 | 3,656 | (1) | – | | 446,749 |
| Investment properties | 1,592,687 | – | | – | | 1,592,687 |
| Investment in subsidiaries | – | – | | – | | – |
| Investments in equity accounted investees | 93,185 | – | | – | | 93,185 |
| Deferred tax assets | 2,253 | – | | – | | 2,253 |
| Trade and other receivables | 5,057 | – | | (5,057) | (2) | – |
| Contract assets | – | – | | 5,057 | (2) | 5,057 |
| Other non-current assets | 12 | – | | – | | 12 |
| **Current liabilities** | | | | | | |
| Loans and borrowings | 278,943 | – | | – | | 278,943 |
| Trade and other payables | 121,917 | – | | – | | 121,917 |
| Amounts due to subsidiaries | – | – | | – | | – |
| Contract liabilities | – | – | | 372 | (2) | 372 |
| Derivative financial instruments | 87 | – | | – | | 87 |
| Income tax payable | 13,523 | – | | – | | 13,523 |
| **Non-current liabilities** | | | | | | |
| Loans and borrowings | 1,179,177 | – | | – | | 1,179,177 |
| Derivative financial instruments | – | – | | – | | – |
| Deferred tax liabilities | 47,784 | – | | – | | 47,784 |
| Other non-current liabilities | 463 | – | | – | | 463 |
| **Capital, reserves and non-controlling interests** | | | | | | |
| Share capital | 172,514 | – | | – | | 172,514 |
| Treasury shares | – | – | | – | | – |
| Reserves | 813,135 | 3,656 | (1) | 286 | (3) | 817,077 |
| Non-controlling interests | 10,628 | – | | – | | 10,628 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 41 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

### Reconciliations of equity and total comprehensive income (cont'd)

Group (cont'd)

(C) Impact on the statement of profit or loss and other comprehensive income for the year ended 31 December 2017 (last financial year reported under FRS)

| | As previously reported under FRS $'000 | Application of SFRS(I) 1 $'000 | Note | Initial application of SFRS(I) 15 $'000 | Note | As adjusted under SFRS(I) $'000 |
|---|---|---|---|---|---|---|
| Revenue | 357,922 | – | | (1,958) | (4) | 355,964 |
| Cost of sales | (292,894) | – | | 1,715 | (3) (4) | (291,179) |
| Other operating income | 7,346 | – | | – | | 7,346 |
| Distribution costs | (6,077) | – | | 192 | (3) | (5,885) |
| Administrative expenses | (26,268) | (51) | (1) | – | | (26,319) |
| Other operating expenses | (3,390) | – | | – | | (3,390) |
| Share of results of an equity accounted investee | 15,677 | – | | – | | 15,677 |
| Interest income | 4,150 | – | | – | | 4,150 |
| Finance costs | (33,173) | – | | – | | (33,173) |
| Fair value adjustments | 44,814 | – | | – | | 44,814 |
| Income tax expenses | (5,261) | – | | – | | (5,261) |
| **Profit for the year** | 62,846 | (51) | (1) | (51) | (3) (4) | 62,744 |
| **Other comprehensive income** | | | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | | | |
| Revaluation of properties | 33,846 | – | | – | | 33,846 |
| Income tax relating to components of other comprehensive income that will not be reclassified subsequently | (10,154) | – | | – | | (10,154) |
| Items that may be reclassified subsequently to profit or loss | | | | | | |
| Exchange differences on translation of foreign operations | (9,109) | 64 | (1) | – | | (9,045) |
| Share of other comprehensive income of an equity accounted investee | (6,360) | – | | – | | (6,360) |
| Cash flow hedges | 916 | – | | – | | 916 |
| Income tax relating to components of other comprehensive income that may be reclassified subsequently | (275) | – | | – | | (275) |
| **Total comprehensive income for the year** | 71,710 | 13 | (1) | (51) | (3) (4) | 71,672 |

**Notes to the reconciliations:**

**SFRS (I) 1**

(1) Management has elected to adopt the fair value of a leasehold land and building and freehold building as their deemed cost as at 1 January 2017. Revaluation gain of $3,643,000 was recognised by the Group as at 1 January 2017. The amount of annual depreciation expense recognised in profit or loss is also impacted.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 41 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

### Reconciliations of equity and total comprehensive income (cont'd)

Group (cont'd)

(C) Impact on the statement of profit or loss and other comprehensive income for the year ended 31 December 2017 (last financial year reported under FRS) (cont'd)

**Notes to the reconciliations: (cont'd)**

**SFRS(I) 15**

(2) Under SFRS(I) 15, progress billings invoiced to purchasers of development properties in advance of the percentage of completion of performance obligations are recognised as contract liabilities. This balance was previously recognised as part of trade receivables and development properties and so has been reclassified. If the percentage of completion of performance obligations are ahead of progress billings invoices, a contract asset is recognised. There was no impact on the statement of profit or loss as a result of these reclassifications.

(3) The Group incurs commission fees paid to intermediaries in connection with obtaining residential property sales contracts. When the Group expects that these costs will be recovered, it capitalises these and amortises them over the period during which the residential property is transferred to the customer. These amounts were previously expensed as incurred.

(4) Variable consideration was previously recognised within cost of sales. Under SFRS(I) 15, such amounts are recognised as a reduction in revenue. There is no net impact on the statement of profit or loss as a result of this reclassification.

(D) Impact on the statement of cash flows for the year ended 31 December 2017 (last financial year reported under FRS).

The transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 have not had a material impact on the statement of cash flows.

## 42 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial adoption.

### SFRS(I) 16 Leases

***Effective for annual periods beginning or after 1 January 2019***

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases that the Group enters into. Under SFRS(I) 16, the Group may be required to recognise a right-of-use asset and a corresponding liability in respect of all leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

As at 31 December 2018, the Group and the Company have non-cancellable operating lease commitments as disclosed in Note 36. A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the Group and the Company will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon application of SFRS(I) 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have impacts on the amounts recognised in the Group's and Company's financial statements and management is currently assessing its potential impact.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 43 TENTATIVE AGENDA DECISION ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE

As stated in Note 2(i) to the financial statements, cost of development properties comprise costs that are related directly to the development which include finance costs. During the year ended 31 December 2018, the International Financial Reporting Standards ("IFRS") Interpretation Committee received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development (building). In a Tentative Agenda Decision issued in November 2018, the Interpretations Committee tentatively concluded that, the entity in the fact pattern in the submission should not capitalise borrowing costs. This conclusion is different from the accounting policies applied currently by the Group. As at the date of the issuance of this financial statements, the Tentative Agenda Decisions (including explanatory material) are subject to finalisation by the Interpretation Committee after February 2019 after consideration of comments received. Accordingly, no adjustment has been made by the Group in the accompanying financial statements in respect of this matter.

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# SGX-ST LISTING
# MANUAL REQUIREMENTS
31 DECEMBER 2018

## INTERESTED PERSON TRANSACTIONS
***– Listing Manual Rule 907***

The Audit and Risk Committee has reviewed the rationale and terms of the Group's Interested Person Transactions ("**IPTs**") and is of the view that the IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

IPTs approved during the financial years ended 31 December 2018 and 2017 are set out below.

| **Name of Interested Persons/Description of Transactions** | **Aggregate value of all interested person transactions during the financial year under review and the previous financial year (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920[7])** | |
|---|---|---|
| | **31.12.2018 $'000** | **31.12.2017 $'000** |
| • Nuri Holdings (S) Pte Ltd ("**Nuri**")[1];<br>• Michelle Liem Mei Fung[1];<br>• William Nursalim alias William Liem[1&2];<br>• Tan Enk Ee[1];<br>• David Lee Kay Tuan[3]; and<br>• the Associates of the above | | |
| Management support services rendered to Gul Technologies Singapore Pte. Ltd. ("**GulTech**")[4] | 180 | 180 |
| Advisory services rendered by Nuri Management Pte. Ltd.[5] to GulTech[4] | 105 | 105 |
| Fees paid to persons associated with Nuri for advisory/consultancy services provided to the Group | 366 | 283 |
| Sale of a residential unit at Sennett Residence, 31 Pheng Geck Avenue, Singapore to William Nursalim alias William Liem and his spouse, Madam Lindawati | – | 2,270 |
| Rental charged to Nuri for lease of office unit #01-01, #02-01 and #03-01 at The Oxley, 9 Oxley Rise, Singapore, for the period from 1 March 2018 to 28 February 2019 | 1,533 | – |
| Lease of retail units and basement space at Lakeside Ville, Huqingping Road, Shanghai, China for the period from 1 January 2018 to 31 December 2020 to Shanghai GT Real Estate Development Co., Ltd by Habitat Properties (Shanghai) Ltd[6] | 509 | – |
| Acquisition of the remaining 49% shareholding in GulTech (Wuxi) Electronics Co., Ltd by GulTech (Jiangsu) Electronics Technologies Co., Ltd from Shanghai GT Micro Fiber Co., Ltd | 23,185 | – |
| Variation of terms for the acquisition of the remaining 49% shareholdings in GulTech (Wuxi) Electronics Co., Ltd by by GulTech (Jiangsu) Electronics Technologies Co., Ltd: interest payable to Shanghai GT Micro Fiber Co., Ltd | 1,800 | – |
| Interest charge in relation to loan from GulTech (Wuxi) Electronics Co., Ltd (Lender) to Shanghai Shenjia Property Management Co., Ltd (Borrower) for the period 3 September 2018 to 22 October 2018 | 31 | – |
| **Aggregated interested person transactions** | **27,709** | **2,838** |

# SGX-ST LISTING MANUAL REQUIREMENTS

31 DECEMBER 2018

**Notes:**

1. Nuri is a controlling shareholder (i.e. being a person who holds 15% or more of the issued shares of the Company) of Tuan Sing Holdings Limited ("the Company") holding 53% of the Company's issued and paid-up share capital (excluding treasury shares). Michelle Liem Mei Fung, William Nursalim alias William Liem and Tan Enk Ee are deemed to be controlling shareholders of the Company by virtue of their respective interests in Nuri Holdings (S) Pte Ltd.
2. William Nursalim alias William Liem, the CEO of the Company, is the brother of Michelle Liem Mei Fung.
3. David Lee Kay Tuan, a Non-Executive Director of the Company, is the spouse of Michelle Liem Mei Fung.
4. GulTech is an associated company of the Company as the Company indirectly holds 44.48% of the total issued and paid-up share capital in GulTech. GulTech is also an associate of the Company's controlling shareholders Michelle Liem Mei Fung and Tan Enk Ee.
5. Nuri Management Pte. Ltd. is wholly owned by Michelle Liem Mei Fung, William Nursalim alias William Liem and Tan Enk Ee.
6. At the point of the lease transaction to GT Real Estate Development Co., Ltd. by Habitat Properties (Shanghai) Ltd., Michelle Liem Mei Fung was deemed controlling shareholder of Habitat Properties (Shanghai) Ltd. and GT Real Estate Development Co., Ltd.
7. The Company does not have a general mandate from shareholders pursuant to Rule 920 of the SGX-ST Listing Manual.

## MATERIAL CONTRACTS
***– Listing Manual Rule 1207(8)***

Save as disclosed above and those disclosed separately by the Company's listed subsidiary, SP Corporation Limited in its 2018 annual report, there were no other material contracts entered into by the Company and its subsidiaries involving the interest of the Chief Executive Officer, Directors or controlling shareholders, which were either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

## TREASURY SHARES
***– Listing Manual Rule 1207(9)(f)***

The Company held 4,383,400 treasury shares as at 31 December 2018 and did not hold any treasury shares as at 31 December 2017.

In FY2018, the Company purchased from the market totalling 4,933,400 ordinary shares under the "Share Purchase Mandate". 4,383,400 of these ordinary shares were held as treasury shares while the remaining 550,000 ordinary shares were cancelled. There were no other transfers, disposal or cancellation of treasury shares during the year. In FY2017, there were no sales, transfers, disposals, cancellation and/or use of treasury shares.

Save as disclosed under Note 23 to the financial statements for the financial year ended 31 December 2018, there were no other transfer, disposal or cancellation of treasury shares during the shares.

## AUDITORS
***– Listing Manual Rule 1207(6)***

The aggregate amount of fees paid to the external auditors, broken down into audit and non-audit services are presented under Note 30 to the financial statements for the financial year ended 31 December 2018. The Audit and Risk Committee had reviewed the non-audit services provided by the external auditors, Deloitte & Touche LLP, Singapore and the overseas practices of Deloitte Touche Tohmatsu Limited and was of the opinion that these services would not affect the independence of the external auditors.

The Board of Directors and the Audit and Risk Committee, having reviewed the adequacy of the resources and experience of Deloitte & Touche LLP, the audit engagement partner assigned to the audit, their other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit, were satisfied that the Group had complied with Rules 712 and 715 of the SGX-ST Listing Manual.

# SHAREHOLDING STATISTICS

AS AT 12 MARCH 2019

## SHARE CAPITAL

| | | |
|---|---|---|
| Issued and fully Paid-up Capital (including treasury shares) | : | $173,944,620.84 |
| Number of Issued Shares (including treasury shares) | : | 1,190,788,362 |
| Number of Issued Shares (excluding treasury shares) | : | 1,186,404,962 |
| Number/percentage of treasury shares | : | 4,383,400 (0.37%)[(1)] |
| Number/percentage of shares subsidiary holdings[(2)] | : | Nil (0%) |
| Class of shares | : | Ordinary shares |
| Voting rights | : | One vote per share, the Company cannot exercise any voting rights in respect of the shares held by it as treasury shares |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 248 | 1.61 | 11,770 | 0.00 |
| 100 – 1,000 | 1,153 | 7.50 | 689,682 | 0.06 |
| 1,001 – 10,000 | 8,222 | 53.51 | 44,289,659 | 3.73 |
| 10,001 – 1,000,000 | 5,704 | 37.12 | 251,622,841 | 21.21 |
| 1,000,001 & above | 39 | 0.26 | 889,791,010 | 75.00 |
| **Total** | 15,366 | 100.00 | 1,186,404,962 | 100.00 |

## TWENTY LARGEST SHAREHOLDERS

as shown in the Register of Members and Depository Register

| No. | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 1 | UOB NOMINEES (2006) PRIVATE LIMITED | 579,581,792 | 48.85 |
| 2 | DBS NOMINEES PTE LTD | 71,456,749 | 6.02 |
| 3 | UOB KAY HIAN PTE LTD | 52,677,082 | 4.44 |
| 4 | CITIBANK NOMINEES SINGAPORE PTE LTD | 45,458,837 | 3.83 |
| 5 | SING INVESTMENT AND FINANCE NOMINEES PTE LTD | 42,500,000 | 3.58 |
| 6 | RAFFLES NOMINEES (PTE) LIMITED | 10,908,204 | 0.92 |
| 7 | MAYBANK KIM ENG SECURITIES PTE. LTD. | 8,022,843 | 0.68 |
| 8 | OCBC SECURITIES PRIVATE LTD | 7,659,223 | 0.64 |
| 9 | LOW CHENG LUM | 6,725,312 | 0.57 |
| 10 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 6,362,397 | 0.54 |
| 11 | PHILLIP SECURITIES PTE LTD | 5,692,102 | 0.48 |
| 12 | LAMIPAK KMP PTE LTD | 4,382,393 | 0.37 |
| 13 | TAN THIAN HWEE | 3,753,723 | 0.32 |
| 14 | OCBC NOMINEES SINGAPORE PTE LTD | 3,650,800 | 0.31 |
| 15 | LOW JUNRUI (LIU JUNRUI) | 3,570,062 | 0.30 |
| 16 | DBS VICKERS SECURITIES (S) PTE LTD | 2,836,706 | 0.24 |
| 17 | HONG LEONG FINANCE NOMINEES PTE LTD | 2,722,955 | 0.23 |
| 18 | ALEX CHIA CHE KENG | 2,434,934 | 0.20 |
| 19 | TAN GUAN HUI | 2,239,163 | 0.19 |
| 20 | HEXACON CONSTRUCTION PTE LTD | 2,227,149 | 0.19 |
| **Total** | | 864,862,426 | 72.90 |

**Notes:**

(1) Percentage is calculated based on total Issued and Paid-up shares (excluding treasury shares).

(2) "Subsidiary Holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50. Subject to Companies Act, Chapter 50 subsidiaries cannot exercise any voting rights in respect of shares held by them as subsidiary.

# SHAREHOLDING STATISTICS

AS AT 12 MARCH 2019

## SUBSTANTIAL SHAREHOLDERS

as shown in the Register of Substantial Shareholders

| Name | No. of Shares (Direct Interest) | %[1] | No. of Shares (Deemed Interest) | %[1] |
|---|---|---|---|---|
| Nuri Holdings (S) Pte Ltd | 628,814,529 | 53.00 | – | – |
| Michelle Liem Mei Fung[2] | – | – | 628,814,529 | 53.00 |
| William Nursalim alias William Liem[2] | – | – | 628,814,529 | 53.00 |
| Dr Tan Enk Ee[2] | – | – | 628,814,529 | 53.00 |
| Koh Wee Meng[3] | 69,457,000 | 5.83 | 1,600,000 | 0.13 |

**Notes:**

(1) Percentage is calculated based on total Issued and paid-up shares (excluding treasury shares) as at 12 March 2019.
(2) By virtue of interest in Nuri Holdings (S) Pte Ltd.
(3) Mr Koh Wee Meng, spouse of Madam Lim Wan Looi, is deemed to be interested in his spouse's direct interest of 0.13% in the Company.

## SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 12 March 2019, approximately 40.99% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 49th Annual General Meeting of Tuan Sing Holdings Limited (the "**Company**") will be held at NTUC Centre, 1 Marina Boulevard, Room 701 Level 7, One Marina Boulevard, Singapore 018989 on Wednesday, 24 April 2019 at 9.00 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December ("**FY**") 2018 and the Independent Auditor's Report thereon. **Ordinary Resolution 1**

2. To declare a first and final one-tier tax exempt dividend of 0.6 cent per ordinary share and a special one-tier tax exempt dividend of 0.3 cent per ordinary share for FY 2018. **Ordinary Resolution 2**

3. To approve the payment of S$574,000 as Directors' fees for FY 2018. (FY 2017: S$583,233) **Ordinary Resolution 3**

4. To re-elect the following Directors, each of whom retires by rotation pursuant to Article 105 of the Constitution of the Company and who, being eligible, offer themselves for re-election:

   (a) Mr William Nursalim alias William Liem **Ordinary Resolution 4**
   (b) Mr David Lee Kay Tuan **Ordinary Resolution 5**

5. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company ("**Directors**") to fix their remuneration. **Ordinary Resolution 6**

**SPECIAL BUSINESS:**

To consider and if thought fit, to pass with or without modifications, the following resolutions, which will be proposed as Ordinary Resolutions:

6. **Authority to allot and issue shares up to ten per centum (10%) of the issued shares** **Ordinary Resolution 7**

   That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**") and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares of the Company ("**shares**") 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 may, in their absolute discretion, deem fit; and

   (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors 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 Instruments made or granted pursuant to this Resolution) does not exceed 10 per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with paragraph (2) below);

# NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation and adjustment as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

and, in paragraph (1) above and this paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) 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.

7. **Authority to allot and issue shares pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme** **Ordinary Resolution 8**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to allot and issue from time to time such number of shares in the capital of the Company as may be required to be allotted and issued pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme.

8. **The Proposed Renewal of Share Purchase Mandate** **Ordinary Resolution 9**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) of Shares (each an "**On-Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchase(s) of Shares (each an "**Off-Market Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they 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 and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

# NOTICE OF ANNUAL GENERAL MEETING

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the 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 and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices (excluding any transaction that the SGX-ST requires to be excluded for this purpose) of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the On-Market Purchase by the Company or the date of the making of the offer pursuant to the Off-Market Purchase, as the case may be, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST) as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of an On-Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 110% of the Average Closing Price of the Shares; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board

Julie Koh Ngin Joo
Group Company Secretary

26 March 2019
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

**Meeting Notes:**

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. An instrument appointing a proxy must be deposited at the registered office of the Company at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697 not less than 72 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.

**EXPLANATORY NOTES ON BUSINESSES TO BE TRANSACTED:**

***Ordinary Resolution 1*** – is to receive and adopt the Directors' Statement and the Audited Financial Statements for FY 2018 and the Independent Auditor's Report thereon which can be found under "Statutory Reports and Accounts" section in the Company's 2018 Annual Report.

***Ordinary Resolution 2*** – is to approve a first and final one-tier tax exempt dividend of 0.6 cent per ordinary share and a special one-tier tax exempt dividend of 0.3 cent per ordinary share in respect of FY 2018 (the "**Proposed Dividends**"). The Tuan Sing Holdings Limited Scrip Dividend Scheme is applicable if the Proposed Dividends is approved.

Under the Tuan Sing Holdings Limited Scrip Dividend Scheme, shareholders entitled to dividends may elect to receive either cash or an allotment of ordinary shares of the Company, credited as fully paid, *in lieu* of cash amount of the Proposed Dividends. Shareholders who elect to receive the Proposed Dividends in scrip, the issue price for the new shares to be allotted shall be set at not more than 10% discount to the average of the last dealt prices of Tuan Sing shares for each market day from the ex-dividend date to the book closure date.

***Ordinary Resolution 3*** – is to approve the payment of Directors' fees of S$574,000 for FY 2018, for services rendered by the Directors on the Board as well as on various Board Committees. The framework for the proposed Directors' fees is set out under the "Corporate Governance Report" section in the Company's 2018 Annual Report.

***Ordinary Resolution 4*** – Mr William Nursalim alias William Liem will, upon re-election, continue to serve as the Chief Executive Officer of the Company. He is considered a Non-Independent and Executive Director.

***Ordinary Resolution 5*** – Mr David Lee Kay Tuan will, upon re-election, continue to serve as a member of the Audit and Risk Committee. He is considered a Non-Independent and Non-Executive Director.

In relation to Ordinary Resolutions 4 and 5, please refer to the "Directors' Profile" section in the Company's 2018 Annual Report for more information on the Directors seeking re-election at the Annual General Meeting.

***Ordinary Resolution 6*** – is to re-appoint Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. The Company has complied with Rule 713(1) of the SGX-ST Listing Manual by ensuring that the audit partner is not in charge of more than five consecutive years of audits. The current audit partner, Mr Loi Chee Keong was appointed in April 2015.

***Ordinary Resolution 7*** – is to empower the Directors to issue shares in the capital of the Company up to an amount not exceeding in aggregate 10% of the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings). For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time that this Resolution is passed after adjusting for any subsequent consolidation or subdivision of shares.

***Ordinary Resolution 8*** – is to authorise the Directors to issue shares in the Company pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme to participating shareholders who, in respect of that qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

***Ordinary Resolution 9*** – is to renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution.

The Company may use its internal sources of funds or external borrowings or a combination of both to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired, whether the purchase or acquisition is made out of profits or capital, the price at which such ordinary shares were purchased or acquired and whether the shares purchased or acquired are held as treasury shares or cancelled.

# NOTICE OF ANNUAL GENERAL MEETING

The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and the Group for FY 2018, based on certain assumptions, are set out in paragraph 2.7 of the Letter to Shareholders dated 26 March 2019 ("**Letter**"). The Letter can be downloaded from the following website: http://www.tuansing.com/InvestorRelations/2019LettertoShareholders.pdf.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over 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 that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**NOTICE OF BOOK CLOSURE AND DIVIDEND PAYMENT DATES**

**NOTICE IS HEREBY GIVEN THAT** subject to shareholders of Tuan Sing Holdings Limited ("**the Company**") approving the proposed payment of the first and final one-tier tax exempt dividend of 0.6 cent per ordinary share and a special one-tier tax exempt dividend of 0.3 cent per ordinary shares (the "**Proposed Dividends**") at the 49th Annual General Meeting to be held on 24 April 2019, the share transfer books and register of members of the Company will be closed on Tuesday, 7 May 2019 to Wednesday, 8 May 2019 (both dates inclusive) for the preparation of dividend warrants.

Duly completed instruments of transfer received by the Company's share registrar in Singapore, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on Monday, 6 May 2019 will be registered to determine shareholders' entitlements to the Proposed Dividends.

Shareholders (being depositors) whose securities accounts with the The Central Depository (Pte) Limited are credited with shares in the capital of the Company as at 5.00 p.m. on 6 May 2019 will be entitled to the Proposed Dividends.

Shareholders with registered address outside Singapore and who have not provided to the Company or CDP, address in Singapore for the service of notices and documents by Wednesday, 24 April 2019, will not participate in the Tuan Sing Holdings Limited Scrip Dividend Scheme which is applicable to the Proposed Dividends.

The Proposed Dividends, if approved by shareholders, will be paid on 26 June 2019.

# TUAN SING HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Registration No.: 196900130M)

**IMPORTANT**

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two 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 Tuan Sing Holdings Limited shares, 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. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 March 2019.

# PROXY FORM

## ANNUAL GENERAL MEETING

I/We ______________________________ (Name), ____________________ (NRIC/Passport/Registration No.)

of ____________________________________________________________ (Address),

being a member(s) of Tuan Sing Holdings Limited (the "**Company**") hereby appoint:

| **Name** | **NRIC/Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|
| **Address** | | **No. of Shares** | **%** |
| | | | |

and/or (delete as appropriate)

| **Name** | **NRIC/Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|
| **Address** | | **No. of Shares** | **%** |
| | | | |

or failing him/her, the Chairman of 49th Annual General Meeting of the Company ("**Meeting**") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Meeting to be held at NTUC Centre, No. 1 Marina Boulevard, Room 701 Level 7, One Marina Boulevard, Singapore 018989 on Wednesday, 24 April 2019 at 9.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

| **Ordinary Business** | | **For*** | **Against*** |
|---|---|---|---|
| Ordinary Resolution 1 | Adoption of Directors' Statement, Audited Financial Statements and Independent Auditor's Report | | |
| Ordinary Resolution 2 | Payment of a first and final dividend and a special dividend | | |
| Ordinary Resolution 3 | Approval of Directors' fees | | |
| Ordinary Resolution 4 | Re-election of Mr William Nursalim alias William Liem as Director | | |
| Ordinary Resolution 5 | Re-election of Mr David Lee Kay Tuan as Director | | |
| Ordinary Resolution 6 | Re-appointment of Deloitte & Touche LLP as Auditors and authorisation for Directors to fix their remuneration | | |
| **Special Business** | | | |
| Ordinary Resolution 7 | Authority to allot and issue shares (General Share Issue Mandate) | | |
| Ordinary Resolution 8 | Authority to allot and issue shares pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme | | |
| Ordinary Resolution 9 | The Proposed Renewal of the Share Purchase Mandate | | |

*Note: Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ________________ 2019.

| **Shares in:** | **Total Number of Shares held** |
|---|---|
| (a) Depository Register | |
| (b) Register of Members | |

______________________________
Signature(s) of Member(s)/Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will 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 not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two 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's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the same meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697 not less than 72 hours before the time appointed for the Meeting.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his 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 common seal or under the hand of its attorney. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy or proxies, failing which the instrument may be treated as invalid.

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.

8. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on 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 an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

*1st fold here* *Do not staple. Glue all sides firmly.*

Please
Affix
Postage
Stamp

**The Group Company Secretary**
**TUAN SING HOLDINGS LIMITED**
**9 Oxley Rise**
**#03-02 The Oxley**
**Singapore 238697**

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## PUBLISHING DETAILS

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**Tuan Sing Holdings Limited**
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Email: ir@tuansing.com

For announcements, webcasts, presentation slides and other information, please visit our website at www.tuansing.com

## PAPERS USED

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## DISCLAIMER

Readers should note that legislation in Singapore governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This Annual Report is provided for general information only and does not constitute an invitation to invest in the Company's shares. Except where you are a shareholder, this report is not, in particular, intended to confer any legal rights on you. Any decision you make by relying on this information is solely your responsibility. The historical information given is as of the dates specified, is not updated and any forward-looking statement is made subject to the reservation specified in the following paragraphs.

## CAUTIONARY STATEMENT

This Annual Report provides readers with information that management believes is required to gain an understanding of Tuan Sing's results in the last financial year and to assess the Company's future prospect. Accordingly, certain statements herein, including statements regarding future results and performance, are forward-looking statements based on current expectations. Words such as 'expects', 'anticipates', 'intends' or the negative use of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements.

These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance or events. They involve assumptions, risks and uncertainties. The actual future performance or results may differ materially from those expressed or implied by these forward looking statements as a result of various important factors. These factors include but not limited to, economic, political and social conditions in the geographic markets where the Group operates, interest rate and foreign currency exchange rate movements, cost of capital and availability of capital, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in demands, customers and partners, and changes in operating costs. Further details of potential risks and uncertainties affecting the Group are discussed in "Business Dynamics & Risk Factors Statement" in this Annual Report. Unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date of this report. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## EXTERNAL/THIRD PARTY WEBSITES

Information on or accessible through any third party or external website does not form part of and is not incorporated into this Annual Report.

Use of terms

In this Annual Report, unless the context otherwise requires, 'Tuan Sing', 'the Group', 'we', 'us', and 'our' refer to Tuan Sing Holdings Limited and its consolidated entities, Statement of financial position" and "balance sheet" are used interchangeably, and any reference to 'this Annual Report' is a reference to this Annual Report.

## FIGURES

Figures in parentheses in tables and in the Financial Statements are used to represent negative numbers.

## FEEDBACK

The Annual Report is a key document in our communication with our shareholders and other stakeholders. If you have any questions or feedback, we would very much like to hear from you. Please contact us at http://www.tuansing.com/ContactUs/Feedback.aspx

## ♲ REDUCE, REUSE AND RECYCLE

You can do your part for the environment by recycling this Annual Report after reading.

Tuan Sing Holdings Limited

(Company Registration No. 196900130M)
9 Oxley Rise | #03-02 The Oxley | Singapore 238697
Phone: (65) 6223 7211 | Fax: (65) 6224 1085
www.tuansing.com

# LETTER TO SHAREHOLDERS

**TUAN SING HOLDINGS LIMITED**
(Incorporated in the Republic of Singapore)
Registration No.: 196900130M

| **Directors:** | **Registered Office:** |
|---|---|
| Ong Beng Kheong (*Chairman*) | 9 Oxley Rise |
| William Nursalim alias William Liem *(Chief Executive Officer)* | #03-02 The Oxley |
| Choo Teow Huat Albert | Singapore 238697 |
| Cheng Hong Kok | |
| David Lee Kay Tuan | |
| Michelle Liem Mei Fung | |
| Neo Ban Chuan | |

26 March 2019

**To: The Shareholders of Tuan Sing Holdings Limited (the "Company")**

Dear Sir/Madam

## 1. INTRODUCTION

**1.1 Background.** We refer to:

(a) the Notice of the 49th Annual General Meeting ("**AGM**") of the Company dated 26 March 2019 (the "**Notice**"), accompanying the annual report for the financial year ended 31 December 2018, convening the 49th AGM of the Company to be held on 24 April 2019 (the "**2019 AGM**"); and

(b) Ordinary Resolution No. 9 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 2.1 below), as proposed in the Notice.

**1.2 Letter to Shareholders.** The purpose of this Letter is to provide shareholders of the Company ("**Shareholders**") with information relating to Ordinary Resolution No. 9 (set out in paragraphs 2.1 to 2.13), proposed in the Notice (the "**Proposal**").

**1.3 SGX-ST.** The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

**1.4 Advice to Shareholders.** Shareholders who are in any doubt as to the course of action they should take should consult their solicitor, accountant, stockbroker, bank manager, or other professional advisers immediately.

## 2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

**2.1 Background.** At the 48th Annual General Meeting of the Company held on 19 April 2018 (the "**2018 AGM**"), Shareholders had approved the renewal of the mandate (the "**Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire ordinary shares of the Company ("**Shares**").The rationale for, the authority and limitations on, and the financial effects of, the Share Purchase Mandate were set out in the Letter to Shareholders dated 21 March 2018 (the "**2018 Letter**") and Ordinary Resolution No. 10 set out in the Notice of the 2018 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution No. 10 at the 2018 AGM and will expire on the date of the forthcoming 2019 AGM to be held on 24 April 2019. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2019 AGM.

2.2 **Rationale for the Share Purchase Mandate.** The Share Purchase Mandate will provide the Company with the flexibility to undertake share purchases or acquisitions up to the 10% limit as described in paragraph 2.3.1 below at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. The rationale for the Company to undertake the Share Purchase (as defined below) is as follows:

(a) in managing the business of the Company and its subsidiaries (collectively, the "**Group**"), management strives to increase Shareholders' value by improving, *inter alia*, the return on equity (the "**ROE**") of the Group. In addition to growth and expansion of the business, purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate (the "**Share Purchase**") may be considered as one of the ways through which the ROE of the Group may be enhanced;

(b) the Share Purchase Mandate will provide the Company with greater flexibility in managing its funds and maximising returns to Shareholders. To the extent that the Company has surplus funds which are in excess of its financial requirements, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of the excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner by way of purchasing its issued Shares at prices which are viewed as favourable;

(c) Share Purchase may help mitigate short-term market volatility (by way of stabilising the supply and demand of its issued Shares), off-set the effects of short-term speculation, support the fundamental value of the issued Shares and bolster Shareholders' confidence;

(d) all things being equal, the Share Purchase will result in a lower number of issued Shares being used for the purpose of computing earnings per Share ("**EPS**") and net tangible asset ("**NTA**") per Share, if the purchased Shares are subsequently cancelled or during the period such Shares are held as treasury shares. Therefore, Share Purchase under the Share Purchase Mandate will improve the Company's EPS and NTA per Share, which in turn is expected to have a positive impact on the fundamental value of its issued Shares; and

(e) if the purchased Shares are held as treasury shares, the Company may have the opportunity to realise a potential gain if those Shares are sold at a higher price than the purchase price.

While the Share Purchase Mandate would authorise Share Purchase of up to a 10% limit during the period (as referred to in paragraph 2.3.2 below) when the Share Purchase Mandate is in force, Shareholders should note that Share Purchase pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised, and the purchase or acquisition of Shares would be made only as and when the Directors consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect to the financial condition of the Company or the Group as a whole, or result in the Company being delisted from the SGX-ST.

The Directors will use their best efforts to ensure that after a Share Purchase, the number of issued Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

**2.3 Authority and Limits on the Share Purchase Mandate.** The authority and limitations placed on Share Purchases by the Company under the proposed Share Purchase Mandate, if renewed at the 2019 AGM, are the same as were previously approved by Shareholders at the 2018 AGM and are summarised below:

**2.3.1** ***Maximum Number of Shares***

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. In accordance with Rule 882 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), the total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the forthcoming 2019 AGM at which the proposed renewal of the Share Purchase Mandate is being approved. Any Shares which are held as treasury shares and subsidiary holdings (as defined in the Listing Manual)[1] will be disregarded for purposes of computing the 10% limit.

As at 12 March 2019 (the "**Latest Practicable Date**"), the Company had 4,383,400 treasury shares and no subsidiary holdings.

**For illustrative purposes only**, on the basis of **1,186,404,962** Shares in issue (excluding treasury shares and subsidiary holdings, if any) as at the Latest Practicable Date and assuming that on or prior to the 2019 AGM: (i) no further Shares are issued, (ii) no further Shares are purchased or acquired by the Company, and no further Shares purchased or acquired by the Company are held as treasury shares, and (iii) no Shares are held as subsidiary holdings, not more than **118,640,496** Shares (representing 10% of the total number of issued Shares of the Company as at that date (disregarding treasury shares and subsidiary holdings)) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate during the duration referred to in paragraph 2.3.2 below.

**2.3.2** ***Duration of Authority***

Share Purchases may be made, at any time and from time to time, on and from the date of the 2019 AGM, at which the proposed renewal of the Share Purchase Mandate is to be approved, up to:

(a) the date on which the next AGM of the Company is held or is required by law to be held;

(b) the date on which the Share Purchases are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

[1] "Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Act.

The authority conferred on the Directors by the Share Purchase Mandate to purchase or acquire Shares, if renewed at the 2019 AGM, may be renewed at the next AGM or at an extraordinary general meeting of the Company to be held immediately after the conclusion or adjournment of the next AGM.

**2.3.3** ***Manner of Share Purchase***

(a) Share Purchase may be made by way of:

(i) on-market purchases ("**On-Market Purchases**") effected on the SGX-ST, through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(ii) off-market purchases ("**Off-Market Purchases**") effected otherwise than on a stock exchange, in accordance with an equal access scheme.

(b) The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act (Cap. 50) (the "**Act**") as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase effected in accordance with an equal access scheme must, however, satisfy all the following conditions:

(i) offers under the scheme shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

(c) In addition, the Listing Manual provides that, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders containing at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed Share Purchase;

(iv) the consequences, if any, of the Share Purchase that will arise under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable take-over rules;

(v) whether the Share Purchase, if made, could affect the listing of Shares on the SGX-ST; and

(vi) details of any Share Purchase made by the Company in the previous twelve months (whether On-Market Purchase or Off-Market Purchase), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such Share Purchase, where relevant, and the total consideration paid for such Share Purchase; and

(vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

**2.3.4** ***Maximum Purchase Price***

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting Share Purchase by the Company. However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate must not exceed:

(a) in the case of an On-Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and

(b) in the case of an Off-Market Purchase, 110% of the Average Closing Price of the Shares,

(the "**Maximum Price**") in either case, excluding related expenses of the Share Purchase.

For the above purposes:

"**Average Closing Price**" means the average of the last dealt prices (excluding any transaction that the SGX-ST requires to be excluded for this purpose) of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the On-Market Purchase by the Company or the date of the making of the offer pursuant to the Off-Market Purchase, as the case may be, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

**2.4 Source of Funds.** The Company may only apply funds for the Share Purchases as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of an On-Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company intends to use its internal sources of funds or external borrowings or a combination of both to finance its Share Purchase. In making a Share Purchase, the Directors will principally consider the availability of internal resources. The Directors will only make Share Purchase in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

**2.5 Status of Purchased Shares.** Under Section 76B(5) of the Act, Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such cancellation), unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company that are cancelled and not held as treasury shares.

**2.6 Treasury Shares.** Under the Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Act are summarised below:

**2.6.1 *Maximum Holdings***

The number of Shares that may be held as treasury shares[2] cannot at any time exceed 10% of the total number of issued Shares.

**2.6.2 *Voting and Other Rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote in respect of the treasury shares and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number, as the case may be, is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before the subdivision or consolidation, as the case may be.

[2] For these purposes, "treasury shares" shall be read as including shares held by a subsidiary under Sections 21(4B) or 21(6C) of the Act.

**2.6.3** ***Disposal and Cancellation***

Where Shares purchased or acquired by the Company are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

(a) sell the treasury shares (or any of them) for cash;

(b) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for the Company's employees, directors or other persons;

(c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares (or any of them); or

(e) sell, transfer or otherwise use the treasury shares (or any of them) for such other purposes as may be prescribed by the Minister for Finance.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued Shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after such sale, transfer, cancellation and/or use, and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

**2.7** **Financial Effects.** The financial effects on the Group and the Company arising from the Share Purchases which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the source of funds out of which the Company may use to pay the purchase price, the purchase price paid for such Shares and the amount (if any) borrowed by the Company to fund the Share Purchase and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Company's total number of issued Shares will be diminished by the aggregate number of Shares purchased by the Company and which are cancelled. The NTA of the Group will be reduced by the aggregate purchase price paid by the Company for the purchased Shares.

Under the Act, Share Purchases by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent. Where the consideration paid by the Company for the Share Purchase is made out of profits, such consideration (including brokerage, commission, goods and services tax and other related expenses) will correspondingly reduce the amount of profits available for the distribution of dividends by the Company. Where the consideration paid by the Company for the Share Purchase is made out of capital, the amount of profits available for the distribution of dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. Share Purchase will only be effected after considering relevant factors such as working capital requirement, availability of financial resources, expansion and investment plans of the Group and prevailing market conditions. The Share Purchase Mandate will be exercised with a view to enhancing the EPS and/or the NTA value per Share.

**For illustrative purposes only**, the financial effects of the Share Purchase Mandate on the Group and the Company as set out below are based on the following assumptions:

(a) that the Share Purchase comprised 118,640,496 Shares, representing the maximum 10% limit allowed under the Share Purchase Mandate of 1,186,404,962 Shares in issue as at the Latest Practicable Date and assuming no further Shares were issued on or prior to the AGM;

(b) that the Share Purchase took place at the beginning of the financial year on 1 January 2018 and the Shares purchased were (A) held as treasury shares; or (B) cancelled;

(c) that such Share Purchase was made wholly out of profits and financed solely by either internal resources of fund or external borrowings, as the case may be. If such Share Purchase was financed by external borrowings only, the estimated interest rate payable would be 5% per annum;

(d) that, in the case of On-Market Purchases, assuming the Company purchases or acquires 118,640,496 Shares, the maximum amount of funds required for such Share Purchase (excluding brokerage, commission, goods and services tax and other related expenses) based on the Maximum Price of S$0.4032 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares at S$0.3840 for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date) would amount to approximately S$47,836,000;

(e) that, in the case of Off-Market Purchases, assuming the Company purchases or acquires 118,640,496 Shares, the maximum amount of funds required for such Share Purchase (excluding brokerage, commission, goods and services tax and other related expenses) based on the Maximum Price of S$0.4224 for one Share (being the price equivalent to 110% of the Average Closing Price of the Shares at S$0.3840 for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date) would amount to approximately S$50,114,000; and

(f) that, at the Company level, existing cash resource is to be used up before the inter-company or external borrowings, as the case may be, are activated.

**Pro-forma financial effects on the Group and the Company as at 31 December 2018**

For illustrative purposes, the pro forma financial effects of the Share Purchase Mandate on the latest audited consolidated financial information of the Group and the Company for the financial year ended 31 December 2018 ("**FY2018**") based on various scenarios are set out below:

**Scenario 1**

Assuming On-Market Purchase is made entirely out of profits, financed solely by either internal resources or external borrowings (as the case may be) and:

***1(A) the purchased Shares are held as treasury shares***

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | Before Share Purchase | After Share Purchase | | Before Share Purchase | After Share Purchase | |
| | | Internal resources | External borrowings | | Internal resources | External borrowings |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **1(A) As at 31 December 2018** | | | | | | |
| Share capital | 173,945 | 173,945 | 173,945 | 173,945 | 173,945 | 173,945 |
| Revenue reserve | 673,566 | 673,566 | 671,174 | 324,548 | 324,548 | 322,156 |
| Other reserves | 247,464 | 247,464 | 247,464 | 101,264 | 101,264 | 101,264 |
| Treasury shares | (1,523) | (49,359) | (49,359) | (1,523) | (49,359) | (49,359) |
| Equity attributable to Shareholders of the Company | 1,093,452 | 1,045,616 | 1,043,224 | 598,234 | 550,398 | 548,006 |
| Non-controlling interests | 15,012 | 15,012 | 15,012 | – | – | – |
| Total equity | 1,108,464 | 1,060,628 | 1,058,236 | 598,234 | 550,398 | 548,006 |
| Cash and bank balances | 133,007 | 85,171 | 130,615 | 25,165 | – | 22,773 |
| Total borrowings | 1,630,441 | 1,630,441 | 1,678,277 | 229,080 | 229,080 | 276,916 |
| Current assets | 626,785 | 578,949 | 624,393 | 425,824 | 400,659 | 423,432 |
| Current liabilities(1) | 1,015,205 | 1,015,205 | 1,015,205 | 412,752 | 435,423 | 412,752 |
| NTA(2) | 1,090,794 | 1,042,958 | 1,040,566 | 598,234 | 550,398 | 548,006 |
| Profit attributable to Shareholders of the Company(3) | 134,376 | 134,376 | 131,984 | 11,881 | 11,881 | 9,489 |
| Number of issued Shares ('000) | 1,186,405 | 1,067,765 | 1,067,765 | 1,186,405 | 1,067,765 | 1,067,765 |
| Weighted average number of issued Shares ('000) | 1,188,806 | 1,070,166 | 1,070,166 | 1,188,806 | 1,070,166 | 1,070,166 |
| **Financial Ratios** | | | | | | |
| NTA(2) per share (cents) | 91.9 | 97.7 | 97.5 | 50.4 | 51.4 | 51.3 |
| EPS(3)(4) (cents) | 11.3 | 12.6 | 12.3 | 1.0 | 1.1 | 0.9 |
| Gross gearing(5) (times) | 1.47 | 1.54 | 1.59 | 0.38 | 0.42 | 0.51 |
| Net gearing(5) (times) | 1.35 | 1.46 | 1.46 | 0.34 | 0.42 | 0.46 |
| Current ratio(6) (times) | 0.62 | 0.57 | 0.62 | 1.03 | 0.92 | 1.03 |
| ROE(7) (%) | 12.9 | 13.2 | 13.0 | 2.0 | 2.1 | 1.7 |

## *1(B) the purchased Shares are cancelled*

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | Before Share Purchase | After Share Purchase | | Before Share Purchase | After Share Purchase | |
| | | Internal resources | External borrowings | | Internal resources | External borrowings |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **1(B) As at 31 December 2018** | | | | | | |
| Share capital | 173,945 | 173,945 | 173,945 | 173,945 | 173,945 | 173,945 |
| Revenue reserve | 673,566 | 625,730 | 623,338 | 324,548 | 276,712 | 274,320 |
| Other reserves | 247,464 | 247,464 | 247,464 | 101,264 | 101,264 | 101,264 |
| Treasury shares | (1,523) | (1,523) | (1,523) | (1,523) | (1,523) | (1,523) |
| Equity attributable to Shareholders of the Company | 1,093,452 | 1,045,616 | 1,043,224 | 598,234 | 550,398 | 548,006 |
| Non-controlling interests | 15,012 | 15,012 | 15,012 | – | – | – |
| Total equity | 1,108,464 | 1,060,628 | 1,058,236 | 598,234 | 550,398 | 548,006 |
| Cash and bank balances | 133,007 | 85,171 | 130,615 | 25,165 | – | 22,773 |
| Total borrowings | 1,630,441 | 1,630,441 | 1,678,227 | 229,080 | 229,080 | 276,916 |
| Current assets | 626,785 | 578,949 | 624,393 | 425,824 | 400,659 | 423,432 |
| Current liabilities(1) | 1,015,205 | 1,015,205 | 1,015,205 | 412,752 | 435,423 | 412,752 |
| NTA(2) | 1,090,794 | 1,042,958 | 1,040,566 | 598,234 | 550,398 | 548,006 |
| Profit attributable to Shareholders of the Company(3) | 134,376 | 134,376 | 131,984 | 11,881 | 11,881 | 9,489 |
| Number of issued Shares ('000) | 1,186,405 | 1,067,765 | 1,067,765 | 1,186,405 | 1,067,765 | 1,067,765 |
| Weighted average number of issued Shares ('000) | 1,188,806 | 1,070,166 | 1,070,166 | 1,188,806 | 1,070,166 | 1,070,166 |
| **Financial Ratios** | | | | | | |
| NTA(2) per share (cents) | 91.9 | 97.7 | 97.5 | 50.4 | 51.5 | 51.3 |
| EPS(3)(4) (cents) | 11.3 | 12.6 | 12.3 | 1.0 | 1.1 | 0.9 |
| Gross gearing(5) (times) | 1.47 | 1.54 | 1.59 | 0.38 | 0.42 | 0.51 |
| Net gearing(5) (times) | 1.35 | 1.46 | 1.46 | 0.34 | 0.42 | 0.46 |
| Current ratio(6) (times) | 0.62 | 0.57 | 0.62 | 1.03 | 0.92 | 1.03 |
| ROE(7) (%) | 12.9 | 13.2 | 13.0 | 2.0 | 2.1 | 1.7 |

## Scenario 2

Assuming Off-Market Purchase is made entirely out of profits, financed solely by either internal resources or external borrowings (as the case may be) and:

### *2(A) the purchased Shares are held as treasury shares*

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | Before Share Purchase | After Share Purchase | | Before Share Purchase | After Share Purchase | |
| | | Internal resources | External borrowings | | Internal resources | External borrowings |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **2(A) As at 31 December 2018** | | | | | | |
| Share capital | 173,945 | 173,945 | 173,945 | 173,945 | 173,945 | 173,945 |
| Revenue reserve | 673,566 | 673,566 | 671,060 | 324,548 | 324,548 | 322,042 |
| Other reserves | 247,464 | 247,464 | 247,464 | 101,264 | 101,264 | 101,264 |
| Treasury shares | (1,523) | (51,637) | (51,637) | (1,523) | (51,637) | (51,637) |
| Equity attributable to Shareholders of the Company | 1,093,452 | 1,043,338 | 1,040,832 | 598,234 | 548,120 | 545,614 |
| Non-controlling interests | 15,012 | 15,012 | 15,012 | – | – | – |
| Total equity | 1,108,464 | 1,058,350 | 1,055,844 | 598,234 | 548,120 | 545,614 |
| Cash and bank balances | 133,007 | 82,893 | 130,501 | 25,165 | – | 22,659 |
| Total borrowings | 1,630,441 | 1,630,441 | 1,680,555 | 229,080 | 229,080 | 279,194 |
| Current assets | 626,785 | 576,671 | 624,279 | 425,824 | 400,659 | 423,318 |
| Current liabilities(1) | 1,015,205 | 1,015,205 | 1,015,205 | 412,752 | 437,701 | 412,752 |
| NTA(2) | 1,090,794 | 1,040,680 | 1,038,174 | 598,234 | 548,120 | 545,614 |
| Profit attributable to Shareholders of the Company(3) | 134,376 | 134,376 | 131,870 | 11,881 | 11,881 | 9,375 |
| Number of issued Shares ('000) | 1,186,405 | 1,067,765 | 1,067,765 | 1,186,405 | 1,067,765 | 1,067,765 |
| Weighted average number of issued Shares ('000) | 1,188,806 | 1,070,166 | 1,070,166 | 1,188,806 | 1,070,166 | 1,070,166 |
| **Financial Ratios** | | | | | | |
| NTA(2) per share (cents) | 91.9 | 97.5 | 97.2 | 50.4 | 51.3 | 51.1 |
| EPS(3)(4) (cents) | 11.3 | 12.6 | 12.3 | 1.0 | 1.1 | 0.9 |
| Gross gearing(5) (times) | 1.47 | 1.54 | 1.59 | 0.38 | 0.42 | 0.51 |
| Net gearing(5) (times) | 1.35 | 1.46 | 1.47 | 0.34 | 0.42 | 0.47 |
| Current ratio(6) (times) | 0.62 | 0.57 | 0.61 | 1.03 | 0.92 | 1.03 |
| ROE(7) (%) | 12.9 | 13.2 | 13.0 | 2.0 | 2.1 | 1.6 |

## *2(B) the purchased Shares are cancelled*

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | Before Share Purchase | After Share Purchase | | Before Share Purchase | After Share Purchase | |
| | | Internal resources | External borrowings | | Internal resources | External borrowings |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| 2(B) <u>As at 31 December 2018</u> | | | | | | |
| Share capital | 173,945 | 173,945 | 173,945 | 173,945 | 173,945 | 173,945 |
| Revenue reserve | 673,566 | 623,452 | 620,946 | 324,548 | 274,434 | 271,928 |
| Other reserves | 247,464 | 247,464 | 247,464 | 101,264 | 101,264 | 101,264 |
| Treasury shares | (1,523) | (1,523) | (1,523) | (1,523) | (1,523) | (1,523) |
| Equity attributable to Shareholders of the Company | 1,093,452 | 1,043,338 | 1,040,832 | 598,234 | 548,120 | 545,614 |
| Non-controlling interests | 15,012 | 15,012 | 15,012 | – | – | – |
| Total equity | 1,108,464 | 1,058,350 | 1,055,844 | 598,234 | 548,120 | 545,614 |
| Cash and bank balances | 133,007 | 82,893 | 130,501 | 25,165 | – | 22,659 |
| Total borrowings | 1,630,441 | 1,630,441 | 1,680,555 | 229,080 | 229,080 | 279,194 |
| Current assets | 626,785 | 576,671 | 624,279 | 425,824 | 400,659 | 423,318 |
| Current liabilities(1) | 1,015,205 | 1,015,205 | 1,015,205 | 412,752 | 437,701 | 412,752 |
| NTA(2) | 1,090,794 | 1,040,680 | 1,038,174 | 598,234 | 548,120 | 545,614 |
| Profit attributable to Shareholders of the Company(3) | 134,376 | 134,376 | 131,870 | 11,881 | 11,881 | 9,375 |
| Number of issued Shares ('000) | 1,186,405 | 1,067,765 | 1,067,765 | 1,186,405 | 1,067,765 | 1,067,765 |
| Weighted average number of issued Shares ('000) | 1,188,806 | 1,070,166 | 1,070,166 | 1,188,806 | 1,070,166 | 1,070,166 |
| **<u>Financial Ratios</u>** | | | | | | |
| NTA(2) per share (cents) | 91.9 | 97.5 | 97.2 | 50.4 | 51.3 | 51.1 |
| EPS(3)(4) (cents) | 11.3 | 12.6 | 12.3 | 1.0 | 1.1 | 0.9 |
| Gross gearing(5) (times) | 1.47 | 1.54 | 1.59 | 0.38 | 0.42 | 0.51 |
| Net gearing(5) (times) | 1.35 | 1.46 | 1.47 | 0.34 | 0.42 | 0.47 |
| Current ratio(6) (times) | 0.62 | 0.57 | 0.61 | 1.03 | 0.92 | 1.03 |
| ROE(7) (%) | 12.9 | 13.2 | 13.0 | 2.0 | 2.1 | 1.6 |

**Notes to the above tables:**

(1) External borrowings used for the Share Purchase are not included in current liabilities as the borrowings used are assumed to pertain to long term liabilities.

(2) NTA equals to total equity less non-controlling interests. NTA per Share is calculated based on NTA divided by number of Shares issued excluding treasury shares at year end.

(3) Profit attributable to Shareholders and EPS after the Share Purchase using solely external borrowings have been adjusted by the estimated interest expense to be charged during the year.

(4) EPS is calculated based on the profit attributable to Shareholders and weighted average number of Shares issued excluding treasury shares during the year.

(5) Gross gearing is defined as total borrowings divided by total equity. Net gearing is defined as total borrowings (net of cash held) divided by total equity.

(6) Current ratio equals to current assets divided by current liabilities.

(7) ROE means the profit attributable to Shareholders over average equity attributable to Shareholders of the Company during the year.

**Shareholders should note that the pro forma financial effects set out above are solely for illustration purposes and are based on the assumptions set out above in this paragraph 2.7. In particular, it is important to note that the above pro forma financial analysis is based on the Group's and the Company's historical numbers for FY2018, and does not necessarily represent the Group's and the Company's future financial performance.**

The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share Purchase before execution. It should be noted that the Company may not necessarily purchase or acquire or be able to purchase or acquire the issued Shares pursuant to the Share Purchase Mandate to the full extent mandated. In addition, the Company may cancel all or part of the Shares purchased or may hold all or part of the Shares purchased as treasury shares.

2.8 **Taxation.** Shareholders who are in doubt as to their respective tax positions or any tax implications of the Share Purchase Mandate, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.9 **Reporting Requirements.** The Listing Manual specifies that a listed company shall report all Share Purchases to the SGX-ST not later than 9.00 a.m.:

(a) in the case of an On-Market Purchase, on the market day following the day on which the On-Market Purchase was made; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptance of the offer for the Share Purchase.

The notification to the SGX-ST (which must be in the form prescribed by Appendix 8.3.1 to the Listing Manual) of such Share Purchases shall include, *inter alia*, details of the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as treasury shares, the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable, the total consideration (including stamp duties and clearing charges, etc) paid or payable for the Shares, the number of Shares purchased as at the date of announcement (on a cumulative basis), the number of issued Shares excluding treasury shares and the number of treasury shares and the number of subsidiary holdings held after the purchase.

Within thirty days of the passing of a Shareholders' resolution to approve or renew the Share Purchase Mandate, the Company shall lodge a copy of such resolution with the Registrar of Companies appointed under the Act (the "**Registrar**").

The Directors shall lodge with the Registrar a notice of Share Purchase in the prescribed form within thirty days of any Share Purchase. Such notification shall include the date of the purchases or acquisitions, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of purchased Shares held as treasury shares, the Company's issued share capital before and after the Share Purchase, the amount of consideration paid by the Company for the Share Purchase, whether the Shares were purchased or acquired out of the profits or the capital of the Company and such other particulars as may be required in the prescribed form.

Within thirty days of the cancellation or disposal of treasury shares in accordance with the Act, the Directors shall lodge with the Registrar a prescribed notice of the cancellation or disposal of treasury shares with such particulars as may be required in the prescribed form, together with payment of the prescribed fee.

**2.10 No Purchases During Price Sensitive Developments.** While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any Share Purchase at any time after a price sensitive development has occurred or has been the subject of a consideration and/or decision of the Directors until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period commencing two weeks immediately preceding the announcement of the Company's financial statements for each of the first three quarters of the financial year, and one month immediately preceding the announcement of the Company's full year financial statements, as the case may be, and ending on the date of announcement of the relevant results.

**2.11 Listing Status on the SGX-ST.** Rule 723 of the Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by the public at all times. The "**public**", as defined under the Listing Manual, are persons other than: (a) the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company or its subsidiaries, as well as (b) the associates of such persons.

Based on the Register of Directors' Shareholdings maintained by the Company and its subsidiaries, the Register of Substantial Shareholders maintained by the Company and information received by the Company, as at the Latest Practicable Date, approximately 486,281,233 Shares, representing 40.99% of the total number of issued Shares (excluding treasury shares) are in the hands of the public.

Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity. While the Share Purchase Mandate would authorise Share Purchases up to a maximum limit of 10%, Shareholders should note that Share Purchase may not be carried out up to the full 10% limit as authorised, or at all.

In undertaking any Share Purchase, the Directors will use their best efforts to ensure that, notwithstanding such Share Purchase, a sufficient float held by the public will be maintained so that the Share Purchase will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

**2.12 Take-over Implications.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any Share Purchase are set out below:

**2.12.1 *Obligation to Make a Take-over Offer***

If, as a result of any Share Purchase, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, depending on the number of Shares purchased by the Company and the Company's total number of issued Shares at that time, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

**2.12.2 *Persons Acting in Concert***

Under the Take-over Code, "persons acting in concert" or "concert parties" comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of any of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the companies referred to above for the purchase of voting rights; and

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a Share Purchase are set out in Rule 14 and Appendix 2 of the Take-over Code.

**2.12.3 *Effect of Rule 14 and Appendix 2 of the Take-over Code***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

As at the Latest Practicable Date, the following Directors, who are also directors of Nuri Holdings (S) Pte Ltd, have an aggregate interest (direct and deemed) in **628,814,529** Shares, representing approximately **53.00%** of the issued Shares (excluding treasury shares):

(a) Ms Michelle Liem Mei Fung, who is deemed to be a substantial shareholder of the Company by virtue of her interests in Nuri Holdings (S) Pte Ltd which has a direct interest in **628,814,529** Shares representing approximately 53.00% of the issued Shares (excluding treasury shares);

(b) her brother, Mr William Nursalim alias William Liem, who is deemed to be a substantial shareholder of the Company by virtue of his interests in Nuri Holdings (S) Pte Ltd, which has a direct interest in **628,814,529** Shares representing approximately 53.00% of the issued Shares (excluding treasury shares); and

(c) her spouse, Mr David Lee Kay Tuan, who holds a direct interest in 250,000 Shares, representing approximately **0.021**% of the issued Shares (excluding treasury shares),

(together, the "**Relevant Directors**").

Save for the Relevant Directors, none of the Directors are directors of Nuri Holdings (S) Pte Ltd or parties acting in concert with Nuri Holdings (S) Pte Ltd.

Since the shareholding interests of the Relevant Directors and Nuri Holdings (S) Pte Ltd as at the Latest Practicable Date exceed 50% (prior to the purchase by the Company of 10% of the issued Shares pursuant to the Share Purchase Mandate), none of the Relevant Directors or Nuri Holdings (S) Pte Ltd would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the Share Purchase by the Company of up to the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

Save as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular persons and/or Shareholders are, or may be regarded as, parties acting in concert such that their respective interests in the Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a Share Purchase.

Shareholders and their concert parties will be subject to the provisions of Rule 14 of the Take-over Code if they acquire any Shares after the Company's Share Purchase(s). For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchase will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than 1% in any period of six months.

If the Company decides to cease the purchase of Shares before it has purchased in full such number of Shares authorised by its Shareholders at the latest annual general meeting, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14 of the Take-over Code.

**Shareholders are advised to consult the Securities Industry Council and/or other relevant authorities and/or their professional advisers at the earliest opportunity as to whether an obligation to make a take-over offer under the Take-over Code would arise by reason of any Share Purchase by the Company.**

**2.13 Details of Share Purchase in the Last Twelve Months.**

As at the Latest Practicable Date, the Company had purchased or acquired an aggregate of 4,933,400 Shares by way of On-Market Purchases pursuant to the Share Purchase Mandate approved by Shareholders at the 2018 AGM. The **average price paid was S$0.3514 per Share** and the total consideration paid for the purchases was **S$1,734,000** excluding commission, brokerage and goods and services tax.

## 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

**3.1 Directors' Interests.** The interests of the Directors in the Shares, as extracted from the Register of Directors' Shareholdings, as at the Latest Practicable Date, are set out below:

| **Name** | **Direct interest** | | **Deemed interest** | |
|---|---|---|---|---|
| | **No. of Shares** | **%(1)** | **No. of Shares** | **%(1)** |
| Ong Beng Kheong | 2,200 | 0.0002 | – | – |
| Michelle Liem Mei Fung | – | – | 628,814,529(2) | 53.00 |
| William Nursalim alias William Liem | – | – | 628,814,529(2) | 53.00 |
| David Lee Kay Tuan | 250,000 | 0.0210 | – | – |

**Notes:**

(1) Percentage is calculated based on the total number of 1,186,404,962 issued ordinary shares, excluding treasury shares of the Company

(2) By virtue of interest in Nuri Holdings (S) Pte Ltd.

**3.2 Substantial Shareholders' Interests.** The interests of the substantial shareholders in the Shares, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date, are set out below:

| | Direct Interest | | Deemed Interest | | Total Interest | |
|---|---|---|---|---|---|---|
| **Name** | **No. of Shares** | **%(1)** | **No. of Shares** | **%(1)** | **No. of Shares** | **%(1)** |
| Nuri Holdings (S) Pte Ltd | 628,814,529 | 53.00 | – | – | 628,814,529 | 53.00 |
| Michelle Liem Mei Fung | – | – | 628,814,529(2) | 53.00 | 628,814,529 | 53.00 |
| William Nursalim alias William Liem | – | – | 628,814,529(2) | 53.00 | 628,814,529 | 53.00 |
| Dr Tan Enk Ee | – | – | 628,814,529(2) | 53.00 | 628,814,529 | 53.00 |
| Koh Wee Meng | 69,457,000 | 5.83 | 1,600,000(3) | 0.13 | 71,057,000 | 5.97 |

**Notes:**

(1) Percentage is calculated based on the total number of 1,186,404,962 issued ordinary shares, excluding treasury shares of the Company as at 12 March 2019.

(2) By virtue of interest in Nuri Holdings (S) Pte Ltd.

(3) Mr Koh Wee Meng, spouse of Mdm Lim Wan Looi, is deemed to be interested in Mdm Lim Wan Looi's direct interest of **0.13** per cent.

## 4. DIRECTORS' RECOMMENDATION

The Directors, after having considered the rationale for the proposed renewal of the Share Purchase Mandate, are of the opinion that the same is in the interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution No. 9, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate, to be proposed at the 2019 AGM.

## 5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company during normal business hours on any weekday from the date of this Letter up to and including the date of the 2019 AGM:

(a) the annual report of the Company containing the audited financial statements of the Group and the Company for FY2018; and

(b) the Constitution of the Company.

## 6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposal, the Company and its subsidiaries which are relevant to the Proposal, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

For and on behalf of the
Board of Directors
**Tuan Sing Holdings Limited**

**Ong Beng Kheong**
Chairman