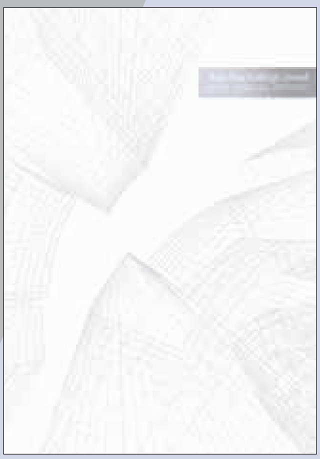
# Tuan Sing Holdings Limited

2017 ANNUAL REPORT



# BLUEPRINT
# FOR GROWTH

The design for this cover reflects the Company's vision for sustainability, balancing the need to drive profitability but taking care of the greater community and the planet. The growth of the Company is multifaceted and through staying relevant today and in the future, it was able to and will continue to grow the business for the 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*

Visit www.tuansing.com or scan this QR Code with your smart phone to learn more about Tuan Sing.
You will need to download a QR code scanner on your mobile phone in order to use this feature.

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, webcasts, presentation slides and announcements are also available at our website.

# OUR VISION

**CREATING A CLEAR DISTINCTION**

追求卓越，创建非凡

# OUR MISSION

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

砥砺奋进，共享增值

# INSIDE OUR REPORT

*Exquisite dining area overlooking the lush greenery – Kandis Residence Showroom*

## INSIDE OUR REPORT



## COMPANY AND STRATEGY



## HIGHLIGHTS OF THE YEAR



## CORPORATE STEWARDSHIP



## MANAGEMENT DISCUSSION AND ANALYSIS

# INSIDE OUR REPORT

## SUSTAINABILITY REPORT



## CORPORATE INFORMATION



## ONLINE INFORMATION

To keep shareholders up-to-date, we have comprehensive financial and company information on our website www.tuansing.com which is accessible anytime.

| | | |
|---|---|---|
| **Announcements** | **Investor Guide** | **Annual Reports** |
| **Quarterly Results**<br>Statutory Results<br>Press release<br>Presentation<br>Webcast | **Financial Calendar** | **Corporate Governance**<br>Whistle-blowing Policy |
| **Dividend Policy**<br>Scrip Dividend Scheme | **Shareholders' Meetings**<br>Notice of Shareholders' Meeting<br>Minutes of Shareholders' Meeting | **Shareholder Circulars** |
| **Stock Information**<br>Stock Fundamentals<br>Stock Quotes<br>Historical Price<br>Investment Calculator | **Key Financials**<br>5-Year Financials<br>Portfolio Highlights<br>5-Year Performance<br>5-Year Segment Review | **Investor Contact**<br>Investor Relations Policy |

# OUR CORPORATE PROFILE
# 集团概况


Tuan Sing Holdings Limited was established in 1969 and listed on the Mainboard of the Singapore Stock Exchange in 1973. Tuan Sing has interest and core businesses mainly in property development, property investment and hotels investment. Headquartered in Singapore, the Group has over 60 subsidiaries and associates located in South East Asia, China and Australia serving a broad spectrum of customers across the region.

传慎控股成立于1969年，并于1973年在新加坡股票交易所主板上市。传慎专注于房地产开发，房地产投资及酒店投资。总部设在新加坡，集团目前拥有超过60间子公司和联营公司分布于东南亚，中国和澳大利亚，为广大客户提供服务。

Our Corporate Office in Singapore. To view our Corporate video, please visit http://www.tuansing.com/admin/ts_corporatevid.mp4 or scan this QR Code.

# OUR VALUE STATEMENT

## BUILDING VALUE AND TARGETING GROWTH

### EXCELLENCE
Nothing but the best to our ability

### INTEGRITY
Upholding honesty and morality

### TEAMWORK
Effective communication and corporation

### ATTITUDE
Embracing humility, care and hard work

# OUR BUSINESS STRATEGY

## BUILDING ON FUNDAMENTALS AND DRIVING SUSTAINABLE GROWTH

- Scaling up and strengthening the “Tuan Sing” brand
- Delivering inspiring, iconic and good quality properties
- Seeking opportunities to grow businesses regionally
- Balancing 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 to create sustainable income streams
- Competent, experienced and dedicated Board of Directors and management team

# OUR BUSINESS PHILOSOPHY

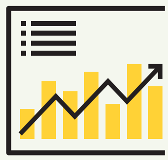
## OUR BUSINESS MODEL SEEKS TO CREATE VALUE FOR STAKEHOLDERS IN A SUSTAINABLE WAY

### 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 / STAKEHOLDERS

#### TO OUR INVESTORS

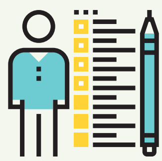


Deliver long-term and sustainable returns to shareholders through
- Maintaining profitability with reduced volatility
- Appropriate use of capital leverage to enhance returns
- Good corporate governance and sound risks management

#### TO OUR EMPLOYEES

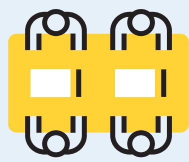
Offer ample opportunities to develop employees' potential while taking care of their well-being and work-family balance through
- Career growth and rotation where appropriate
- Competitive compensation and rewarding opportunities
- Safe working environment

#### TO OUR CUSTOMERS



Create customer value and pleasant experience through
- Quality products at competitive pricing
- Sustainable products including development of green buildings
- Reliable and enlightening customer service

#### TO OUR BUSINESS PARTNERS



Treat partners as equal through
- Upholding the principles of ethical and fair trading
- Proactive engagement for mutual benefits
- Strong and long-term relationships

#### TO OUR COMMUNITY

Care for and contribute to the economic, environmental and social development of the communities through
- Striking a balance between economic objectives and environmental sustainability
- Continual improvement on environmental, health and safety practices
- Economic and social contributions, including jobs, local procurement, taxes and communities engagement

# DELIVERING OUR STRATEGY

## CREATING VALUE FOR ALL STAKEHOLDERS THROUGH INNOVATIVE REAL ESTATE SOLUTIONS

### GROWTH IN UNDERLYING PROFITABILITY

- Group posted revenue of $357.9 million and net profit attributable to shareholders of $62.7 million
- All business segments were profitable, led by Property segment
- Redevelopment of 18 Robinson will contribute positively to both top and bottom lines when it is completed by end 2018

### ENHANCED EARNINGS STABILITY

- Hotels Investment segment has been consistently contributing to both top and bottom line which highlighted our right decision to acquire full ownership of GHG in 2014
- Core assets (development portfolio, investment portfolio and hotel portfolio) constituted majority of the Group's total assets base of $2,638.2 million at end-December 2017
- Focused on maintaining a diversified property portfolio to achieve greater balance in revenues and profitability stream

*Roof crown installation works progressing (February 2018) – 18 Robinson*

*Immerse in the tranquil ambience – Kandis Residence (Artist's impression)*

### STRENGTHENED FINANCIAL POSITION

- Managed cash flow proactively – Net increase in cash of $58.3 million during the year vis-a-vis a decrease of $8.7 million last year
- Increased total assets – Total assets increased 24.3% to $2,638.2 million with the acquisition of investment property and a vacant land for property development. A net fair value gain was recognised for the Group's investment properties
- Maintained appropriate capital structure after taking cognizance of a balance between performance, leverage risk and flexibility

### DELIVERED SHAREHOLDERS VALUE

- Shareholders' funds grew 7.2% or $66.2 million to $985.6 million
- Net assets value per share increased in tandem to 83.0 cents
- Recommended dividend for the year of 0.6 cent, remained same as last year
- Bought back and cancelled 50,000 shares

### GOOD GOVERNANCE

- Maintained at 7th position for the Singapore Governance and Transparency Index Ranking

# KEY EVENTS

## OUR GROWTH

"Our business strategies are built on the belief that a sustainable, long-term growth takes precedence to a short-term gain"

### APR

- Establishment of wholly owned subsidiaries – Gerbera Land Pte. Ltd. and Heliconia Land Pte. Ltd. in Singapore

### MAY

- Sennett Residence, a 332-units residential and 3-shop units in Singapore, obtained its Certificate of Statutory Completion ("CSC")

### JUN

- Issuance of unsecured Multicurrency Medium Term Note Series II amounting to S$150 million, bearing a fixed interest rate of 6.00% per annum and maturing on 5 June 2020
- Purchase of a freehold vacant lot at No. 1 Jalan Remaja for residential property development, in Singapore
- Agreement with an Interested Person Vendor to extend the completion date to 7 June 2018 for the proposed acquisition of land in Batam, Indonesia so as to allow the Vendor more time to fulfil certain conditions precedent
- Completion of acquisition of the commercial building at 896 Dunearn Road, Singapore

### JUL

- Winner of "Best Annual Report (Gold)" and "Best Investor Relations (Silver)" from 2017 Singapore Corporate Awards

### AUG

- Appointment of Mr. Cheng Hong Kok as a new Independent and Non-Executive Director following the resignation of Mr. Chow Kok Kee on 30 June 2017
- Ranked the 7th amongst 606 listed companies in the Singapore Governance and Transparency Index 2017
- Soft-launch of Kandis Residence, a 130-units condominium in Singapore
- Obtained written Planning Approval from the City of Perth for the Asset Enhancement Initiative in respect of Hyatt Centre and the adjacent vacant land

### SEP

- Establishment of wholly owned subsidiaries – Ipomoea Land Pte. Ltd. and Jasminum Land Pte. Ltd. in Singapore

### NOV

- Signed an agreement with a third party, subject to conditions precedent, for the divestment of a subsidiary, Qingdao Shenyang Property Co. Ltd., owning a piece of undeveloped land in Jiaozhou, Qingdao in China

# KEY FIGURES

## DRIVING SUSTAINABLE GROWTH BY SEIZING OPPORTUNITIES PROACTIVELY TO SEEK HIGHER RETURNS

**REVENUE**

$357.9M

Dropped 11% as compared to last year; All the three residential developments in Singapore have been substantially sold

**PROFIT AFTER TAX**

$62.8M

Increased 85.9% mainly attributable to net fair value gain on investment properties

**CASH AND BANK BALANCES**

$216.8M

Increased 32.5% mainly as more cash were received from the sales of completed development properties

**TOTAL BORROWINGS**

$1,458.1M

Increased 42.8% attributable to loans drawn to finance the acquisition of an investment property and the issuance of Multicurrency Medium Term Note ("MTN") Series II

**TOTAL ASSETS**

$2,638.2M

Increased 24.3% mainly attributable to the acquisitions of an investment property and land for property development

**SHAREHOLDERS' FUNDS**

$985.6M

Grew 7.2% reflect mainly profit made and revaluation gain on properties

**GROSS GEARING**

1.46 TIMES

Increased from 1.10 times last year

**NET ASSET VALUE PER SHARE**

83.0CENTS

Increased from 77.7 cents a year ago

**DIVIDEND YIELD**

1.7%

As compared to last year's 2.0%; Dividend yield is defined as dividend per share divided by average share price during the year

**MARKET CAPITALISATION AT YEAR-END**

$534.1M

A discount of 46% from the net assets of the Group

# GROUP FINANCIAL HIGHLIGHTS

## HIGHER PROFITS REPORTED WERE FROM THE FAIR VALUE GAIN ON INVESTMENT PROPERTIES

Profit attributable to shareholders increased 87% to $62.7 million

| FOR THE YEAR ($'000) | 2017 | 2016 |
|---|---|---|
| Revenue | 357,922 | 404,018 |
| Revenue (including equity accounted investees) | 772,841 | 750,370 |
| Profit | | |
| – Before tax and fair value adjustments | 23,293 | 37,742 |
| – Before tax | 68,107 | 40,078 |
| – After tax | 62,846 | 33,806 |
| Profit attributable to shareholders | | |
| – Before fair value adjustments | 21,373 | 31,336 |
| – After fair value adjustments | 62,734 | 33,585 |
| Total comprehensive income attributable to shareholders | 72,116 | 52,979 |
| Operating cash flow | 101,566 | 190,103 |
| Free cash flow[1] | (341,242) | 158,875 |

| AT YEAR-END ($'000) | | |
|---|---|---|
| Total assets | 2,638,171 | 2,123,083 |
| Total liabilities | 1,641,894 | 1,192,627 |
| Total borrowings | 1,458,120 | 1,020,793 |
| Net borrowings | 1,241,277 | 857,105 |
| Working capital | 87,414 | 371,248 |
| Shareholders' funds | 985,649 | 919,422 |
| Total equity | 996,277 | 930,456 |

| FINANCIAL RATIOS | | |
|---|---|---|
| Return on assets (%)[2] | 2.6% | 1.6% |
| Return on shareholders' funds (%)[3] | 6.6% | 3.7% |
| Return on total equity (%)[4] | | |
| – Before tax and fair value adjustments | 2.4% | 4.2% |
| – Before tax | 6.9% | 4.4% |
| – After tax | 6.4% | 3.7% |
| Debt-equity ratio (times)[5] | | |
| – Gross gearing | 1.46X | 1.10X |
| – Net gearing | 1.25X | 0.92X |

| SHAREHOLDERS' RETURN | | |
|---|---|---|
| Earnings per share (cents) | | |
| – Before fair value adjustments | 1.8 | 2.7 |
| – After fair value adjustments | 5.3 | 2.8 |
| Net asset value per share (cents) | 83.0 | 77.7 |
| Proposed first and final dividend per share (cent) | 0.6 | 0.6 |
| Total dividend payout ($'000) | 7,122 | 7,097 |
| Dividend payout ratio[6] | 33.3% | 22.6% |
| Dividend yield[7] | 1.7% | 2.0% |

**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. Return on total equity = profit/ average total equity
5. Gross gearing = total borrowings as at year-end/total equity as at year-end; Net gearing = net borrowings as at year-end/total equity as at year-end
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

# GROUP QUARTERLY RESULTS

### FIRST QUARTER

For the first quarter, the Group reported revenue of $74.8 million as compared to $105.5 million reported in the same quarter last year. Net profit attributable to shareholders fell 44% to $5.4 million as compared to the same quarter last year. Lower revenue and profit were a reflection that the Group had sold most of the units of residential development projects which were completed last year. Earnings per Share stood at 0.5 cent for the first quarter, down from 0.8 cent a year earlier.

### SECOND QUARTER

For the second quarter, the Group reported revenue of $84.1 million as compared to $106.6 million reported in the same quarter last year. Net profit attributable to shareholders fell 64% to $1.8 million as compared to the same quarter last year. Lower revenue and profit were due to the decrease in sales of the residential development projects. Earnings per Share stood at 0.1 cent for the second quarter, down from 0.4 cent a year earlier.

### THIRD QUARTER

For the third quarter, Group revenue was $101.0 million, as compared to $90.3 million in the same quarter last year. Net profit attributable to shareholders fell 9% to $5.9 million as compared to the same quarter last year. Lower revenue and profit were due to overall decrease in sales of residential development projects. Earnings per Share remained comparable to the same quarter last year at 0.5 cent.

### FOURTH QUARTER

For the fourth quarter 2017, the Group revenue was $98.0 million as compared to $101.7 million in the same quarter last year. Lower revenue was mainly due to lower sales of the residential development projects. Net profit attributable to shareholders increased by 298% to $49.7 million as compared to the same quarter last year. Higher profits reported were attributable to the fair value gain on investment properties of $44.5 million as compared to $2.2 million last year. Earnings per Share stood at 4.2 cents for the fourth quarter, an increase from 1.0 cent a year earlier.

| 2017 GROUP QUARTERLY RESULTS ($'000) | 1Q | 2Q | 3Q | 4Q | TOTAL |
|---|---|---|---|---|---|
| Revenue | 74,797 | 84,095 | 101,001 | 98,029 | 357,922 |
| Profit | | | | | |
| – Before tax and fair value adjustments | 6,350 | 2,532 | 7,090 | 7,321 | 23,293 |
| – Before tax | 6,365 | 2,412 | 7,111 | 52,219 | 68,107 |
| – After tax | 5,321 | 1,821 | 5,930 | 49,774 | 62,846 |
| Profit attributable to shareholders | 5,385 | 1,837 | 5,862 | 49,650 | 62,734 |
| Earnings per Share (cents) | 0.5 | 0.1 | 0.5 | 4.2 | 5.3 |

| 2016 GROUP QUARTERLY RESULTS ($'000) | 1Q | 2Q | 3Q | 4Q | TOTAL |
|---|---|---|---|---|---|
| Revenue | 105,462 | 106,573 | 90,275 | 101,708 | 404,018 |
| Profit | | | | | |
| – Before tax and fair value adjustments | 11,999 | 5,549 | 8,710 | 11,484 | 37,742 |
| – Before tax | 12,095 | 5,575 | 8,725 | 13,683 | 40,078 |
| – After tax | 9,619 | 5,114 | 6,580 | 12,493 | 33,806 |
| Profit attributable to shareholders | 9,562 | 5,137 | 6,425 | 12,461 | 33,585 |
| Earnings per Share (cents) | 0.8 | 0.4 | 0.5 | 1.0 | 2.8 |

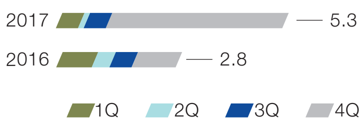
*Note: Discrepancy in the values or percentages in the above table, if any, is due to rounding.*

**REVENUE** ($'000)


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


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


**EARNINGS PER SHARE** (CENTS)



# FIVE-YEAR PERFORMANCE

## SUSTAINABLE EARNINGS AMIDST COMPETITIVE LANDSCAPE

"Property remains the key business to the Group"

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **FOR THE YEAR ($'000)** | | | | | |
| Revenue (excluding equity accounted investees) | 357,922 | 404,018 | 677,122 | 354,765 | 302,273 |
| Profit before tax | 68,107 | 40,078 | 80,654 | 75,973 | 62,769 |
| Income tax | (5,261) | (6,272) | (11,535) | (14,387) | (9,715) |
| Profit after tax | 62,846 | 33,806 | 69,119 | 61,586 | 53,054 |
| Profit attributable to: | | | | | |
| Shareholders of the Company | 62,734 | 33,585 | 68,833 | 61,169 | 52,000 |
| Non-controlling interests | 112 | 221 | 286 | 417 | 1,054 |
| | 62,846 | 33,806 | 69,119 | 61,586 | 53,054 |
| **AT YEAR END ($'000)** | | | | | |
| Property, plant and equipment | 443,093 | 419,278 | 395,149 | 397,886 | 3,504 |
| Investment properties | 1,592,687 | 1,108,652 | 1,076,909 | 1,082,932 | 824,125 |
| Development properties | 188,308 | 183,232 | 336,132 | 414,153 | 404,285 |
| Investments in equity accounted investees | 93,185 | 83,579 | 71,511 | 62,981 | 208,159 |
| Cash and bank balances | 216,843 | 163,688 | 141,717 | 252,270 | 276,872 |
| Other assets | 104,055 | 164,654 | 141,087 | 96,100 | 66,366 |
| Total assets | 2,638,171 | 2,123,083 | 2,162,505 | 2,306,322 | 1,783,311 |
| Shareholders' funds | 985,649 | 919,422 | 876,805 | 802,918 | 749,681 |
| Non-controlling interests | 10,628 | 11,034 | 10,652 | 10,129 | 9,524 |
| Total borrowings | 1,458,120 | 1,020,793 | 1,106,334 | 1,344,872 | 917,656 |
| Other liabilities | 183,774 | 171,834 | 168,714 | 148,403 | 106,450 |
| Total liabilities and equity | 2,638,171 | 2,123,083 | 2,162,505 | 2,306,322 | 1,783,311 |
| **FINANCIAL RATIOS** | | | | | |
| Return on assets[1] | 2.6% | 1.6% | 3.1% | 3.0% | 3.4% |
| Return on shareholders' funds[2] | 6.6% | 3.7% | 8.2% | 7.9% | 7.1% |
| Interest coverage ratio[3] | 2.7X | 2.2X | 3.1X | 5.1X | 6.2X |
| Interest coverage ratio[3] – before fair value adjustments | 1.5X | 2.1X | 3.3X | 4.7X | 3.7X |
| Gross gearing[4] | 1.46X | 1.10X | 1.25X | 1.65X | 1.21X |
| Net gearing[5] | 1.25X | 0.92X | 1.09X | 1.34X | 0.84X |
| **SHAREHOLDERS' RETURN** | | | | | |
| Earnings per Share (cents) | 5.3 | 2.8 | 5.8 | 5.2 | 4.5 |
| Net asset value per Share (cents) | 83.0 | 77.7 | 74.4 | 68.3 | 63.9 |
| Dividend per Share (cent) | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 |
| Total dividend payout ($'000) | 7,122 | 7,097 | 7,073 | 5,881 | 5,864 |

**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 as at year end/total equity as at year end
5. Net gearing = net borrowings as at year-end/total equity as at year-end

# FIVE-YEAR PERFORMANCE

## FIVE-YEAR PERFORMANCE – BUSINESS SEGMENT

| | 2017 | % | 2016 | % | 2015 | % | 2014 | % | 2013 | % |
|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUE BY BUSINESS SEGMENT ($'000)** | | | | | | | | | | |
| Property | 122,895 | 34% | 171,312 | 42% | 446,514 | 66% | 203,022 | 57% | 141,097 | 46% |
| Hotels Investment[1] | 123,329 | 35% | 123,617 | 31% | 128,300 | 19% | 12,023 | 3% | – | – |
| Industrial Services[3] | 136,119 | 38% | 134,148 | 33% | 128,342 | 19% | 140,347 | 40% | 162,025 | 54% |
| Corporate and Others[4] | (24,421) | -7% | (25,059) | -6% | (26,034) | -4% | (627) | * | (849) | * |
| **Group total** | 357,922 | 100% | 404,018 | 100% | 677,122 | 100% | 354,765 | 100% | 302,273 | 100% |

| | 2017 | % | 2016 | % | 2015 | % | 2014 | % | 2013 | % |
|---|---|---|---|---|---|---|---|---|---|---|
| **PROFIT ATTRIBUTABLE TO SHAREHOLDERS BY BUSINESS SEGMENT ($'000)** | | | | | | | | | | |
| Property | 56,933 | 91% | 17,327 | 52% | 47,570 | 69% | 36,580 | 60% | 36,007 | 69% |
| Hotels Investment[1] | 3,190 | 5% | 2,759 | 8% | 3,613 | 5% | 12,962 | 21% | 9,139 | 18% |
| Industrial Services[3] | 358 | 1% | 1,331 | 4% | 999 | 1% | 1,409 | 2% | 1,910 | 4% |
| Other Investments[2] | 15,966 | 25% | 12,256 | 36% | 6,680 | 10% | 11,539 | 19% | 7,800 | 15% |
| Corporate and Others[4] | (13,713) | -22% | (88) | * | 9,971 | 15% | (1,321) | -2% | (2,856) | -6% |
| **Group total** | 62,734 | 100% | 33,585 | 100% | 68,833 | 100% | 61,169 | 100% | 52,000 | 100% |

* Less than 1%

**Notes:**

1. Revenue reported under Hotels Investment segment relates to GHG's results after it was 100%-owned on 2 December 2014. Prior to that, the Group equity accounted for its 50% interest in GHG. Results of GHG's investment property have been reclassified from Hotels Investment segment to Property segment.
2. No revenue is reported under Other Investments segment as the Group equity accounts for its investment in GulTech and Pan-West.
3. Tyre Distribution Unit included in Industrial Services segment has discontinued its operations as at 31 December 2017. The discontinued operation has 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 segment 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.

*Kandis Residence, located near Sembawang Park, Singapore, has 130 one- to three-bed-room units with full condominium facilities. (Artist's impression)*

# FIVE-YEAR PERFORMANCE

**2017** Tuan Sing reported revenue of $357.9 million, a decrease of 11% from $404.0 million last year. Lower revenue was because most of the units of the residential development projects have been sold. Profit after tax and fair value adjustments increased 86% to $62.8 million mainly attributable to the $44.5 million fair value gain on investment properties as compared to $2.2 million last year. Correspondingly, net profit attributable to shareholders increased 87% to $62.7 million.

Accordingly, earnings per Share increased to 5.3 cents as compared to 2.8 cents a year earlier. Net asset value per Share was 83.0 cents as at 31 December 2017 as compared to 77.7 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 have been recognised based on the percentage of completion method. The Group reported lower revenue and profits due to the completion of the various development projects during the year. Revenue for the year was $404.0 million, a decrease of 40% as compared to $677.1 million last year. There was a fair value gain for investment properties of $2.2 million as compared to a fair value loss of $7.9 million last year.

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 was $33.6 million. Earnings per Share stood at 2.8 cents for the year, as compared to 5.8 cents a year earlier. Net asset value per Share was 77.7 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 formed the bulk of revenue and profit in 2015. The increase was also boosted by the full-year consolidation of 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 last year. Earnings per Share increased to 5.8 cents for the year, as compared to 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 2013. Increase in revenue was attributable to the progressive recognition for Seletar Park Residence and Sennett Residence projects and the initial 20% recognition on new bookings at Cluny Park Residence. Full year rental from Robinson Point, acquired in October 2013, also contributed to the increase in revenue. The Group completed its acquisition of the remaining 50% interest in GHG on 2 December 2014. Henceforth, the Group had full ownership and control over GHG and accordingly full consolidation of the financial results of GHG.

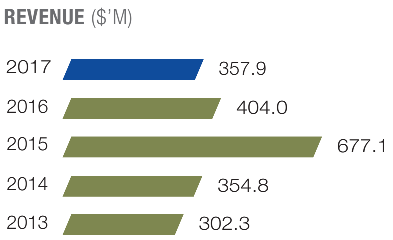
*18 Robinson, Singapore (Artist's impression)*

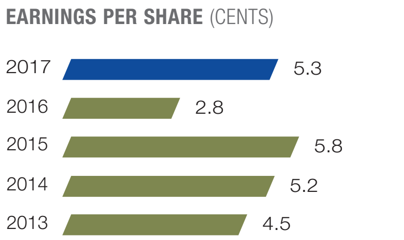
*Kandis Residence, Singapore (Artist's impression)*

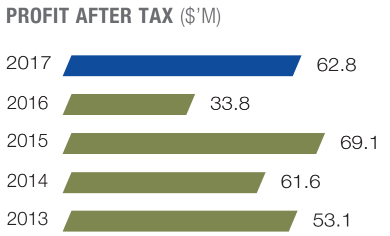
# FIVE-YEAR PERFORMANCE

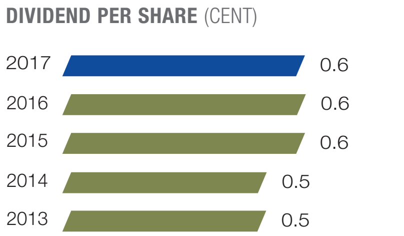
Profit before tax and fair value gain increased 96% to $69.5 million. A net fair value gain of $6.5 million was recorded as compared to $27.2 million a year ago. As a result, profit after tax increased at a smaller 16% to $61.6 million. After accounting for non-controlling interests' share of profits,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

**2013** Tuan Sing posted full year revenue of $302.3 million. The 19% decrease over 2012 was due to lower contribution from Property and Industrial Services. Revenue from Property declined as Mont Timah and Botanika projects had been fully sold. In addition, there was no rental income from Robinson Towers, currently known as "18 Robinson" and International




*896 Dunearn Road Property, Singapore*

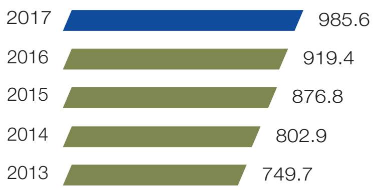
*Cluny Park Residence, Singapore*

# FIVE-YEAR PERFORMANCE

Factors Building since June 2013 as the site was slated for redevelopment. The Group commenced progressive recognition of revenue and profit in Sennett Residence and Cluny Park Residence in the second and third quarter respectively upon buyers' signing the sale and purchase contracts and paying 20% of the contract sum. From the fourth quarter onwards, recognition of revenue and profit on units sold in Seletar Park Residence were based on the percentage of completion method as construction progresses.

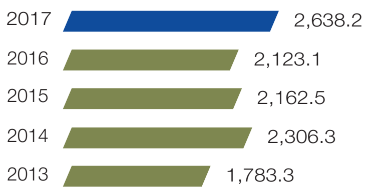
Overall, the Group's full year net profit attributable to shareholders was $52.0 million inclusive of a fair value gain of $27.2 million and a one-time further recognition of losses in Pan-West of $5.9 million. Earnings per Share were 4.5 cents for the year as compared to 9.5 cents a year earlier. Net asset value per Share rose to 63.9 cents at 31 December 2013, up from 60.9 cents at the previous year-end. The Directors proposed a first and final dividend of 0.5 cent per share.

**SHAREHOLDERS' FUNDS** ($'M)




**NET ASSET VALUE PER SHARE** (CENTS)


**TOTAL ASSETS** ($'M)




**DIVIDEND PAYOUT** ($'M)



*Grand Hyatt Melbourne*


*Hyatt Regency Perth*

# PORTFOLIO HIGHLIGHTS

## BUILDING ON OUR PROGRESS

"We aim to strengthen our portfolio through value-adding acquisitions and enhancement to our existing assets"

**931,980 SQ. FT.**
of GFA of **DEVELOPMENT PROPERTIES** in Singapore

**TARGET**
at upper-middle to high income segment

**10 INVESTMENT PROPERTIES**
in Singapore, Australia and China

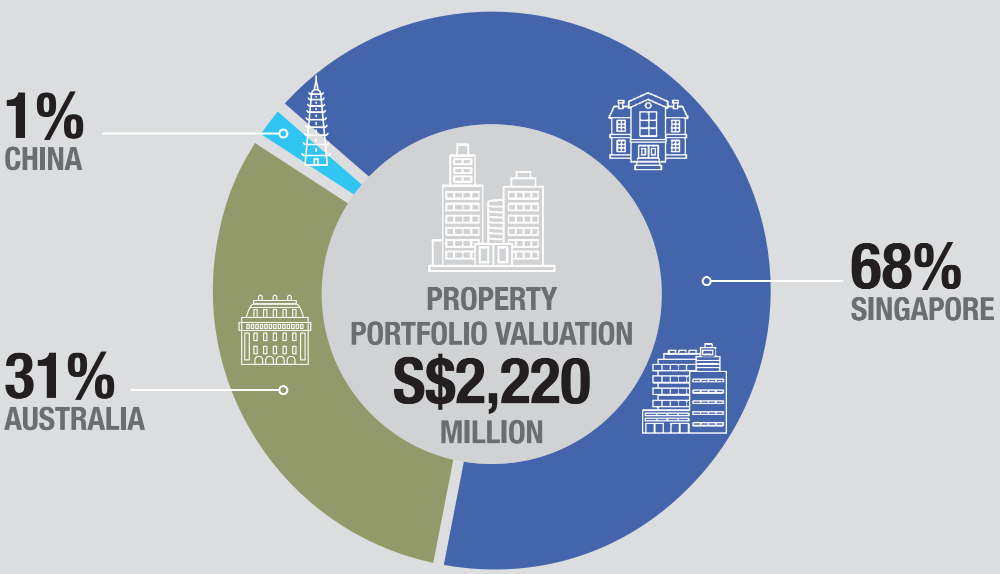
**943,340 SQ. FT.**
lettable area lined-up

Mostly **FREEHOLD**

**2 QUALITY HOTELS**
in Australia

**917** hotel rooms
at **CHOICE LOCATIONS**

**PERENNIAL**
winners of hospitality awards



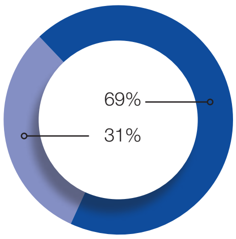

Property portfolio includes development properties, investment properties and hotel properties

# PORTFOLIO HIGHLIGHTS

## DEVELOPMENT PROPERTY PORTFOLIO

**PROPERTY VALUE IN SINGAPORE – $165.2M**

BY STAGES

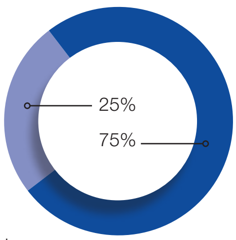



Completed
Under development

Property under development pertains to Kandis Residence and the site at Jalan Remaja.

**NUMBER OF RESIDENTIAL UNITS IN SINGAPORE – 890 UNITS**

BY UNITS SOLD OR BOOKED



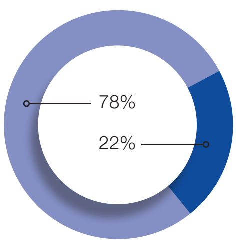

Unsold
Sold or booked

The unsold residential units include approximately 100 units to be developed at Jalan Remaja and 113 units from Kandis Residence which was soft-launched in 2017.

Sold and booked units include those of Seletar Park Residence, Sennett Residence, Cluny Park Residence and 17 units from Kandis Residence.

**GROSS FLOOR AREA IN SINGAPORE – 931,980 SQ. FT.**

BY STAGES




Completed
Under development

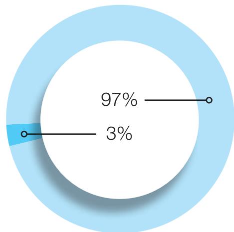
Property under development pertains to Kandis Residence and the site at Jalan Remaja.

Completed residential developments comprise Seletar Park Residence, Sennett Residence and Cluny Park Residence.

## INVESTMENT PROPERTY PORTFOLIO IN SINGAPORE, AUSTRALIA AND CHINA

**PROPERTY VALUE – $1,592.7M**

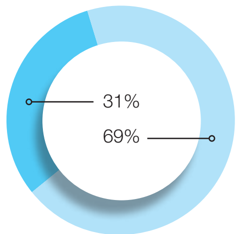
BY TYPES




Commercial
Industrial

**PROPERTY VALUE – $1,592.7M**

BY STAGES

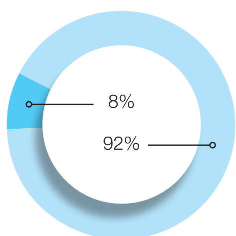



Completed
Under redevelopment

18 Robinson, under redevelopment, is expected to be completed in the later part of 2018.

**ESTIMATED LETTABLE AREA – 943,340 SQ. FT.**

BY TYPES



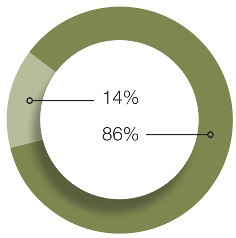

Commercial
Industrial

Commercial buildings include estimated lettable area of 18 Robinson, under redevelopment.

## HOTEL PROPERTY PORTFOLIO

**PROPERTY VALUE – A$425.9M**

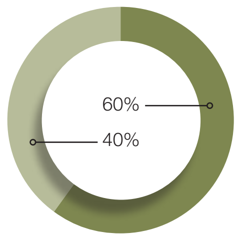
BY LOCATION




Melbourne
Perth

**NUMBER OF HOTEL ROOMS – 917 ROOMS**

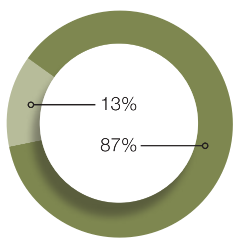
BY LOCATION




Melbourne
Perth

**NET PROPERTY INCOME – A$25.1M**

BY LOCATION




Melbourne
Perth


# MESSAGE TO SHAREHOLDERS

"We are pressing on to build on our core property business and to increase our resilience in a potentially volatile market"

"我们团队正努力构建集团的核心业务 — 物业，并增强我们在一个潜在动荡环境中的应变能力"

## Dear shareholders,

On behalf of the Board, we are pleased to present Tuan Sing's Annual Report and Financial Statements for the year ended 31 December 2017.

### PERFORMANCE DURING THE YEAR

We ended the year with a net profit attributable to shareholders of $62.7 million, an increase of 87% over 2016. This included a fair value gain on investment properties of $44.5 million. Accordingly, earnings per Share increased to 5.3 cents from 2.8 cents a year earlier, whilst net asset value per Share increased to 83.0 cents as at 31 December 2017, from 77.7 cents a year ago.

The property market in Singapore started showing elevated prices and increased transacted volumes from the later part of 2017. Prior to this trend and in June 2017, Tuan Sing completed three major transactions in quick succession: (i) the $365 million purchase of 896 Dunearn Road property (the former "Sime Darby Centre"), (ii) the $47.8 million purchase of a plot of vacant land at Jalan Remaja and

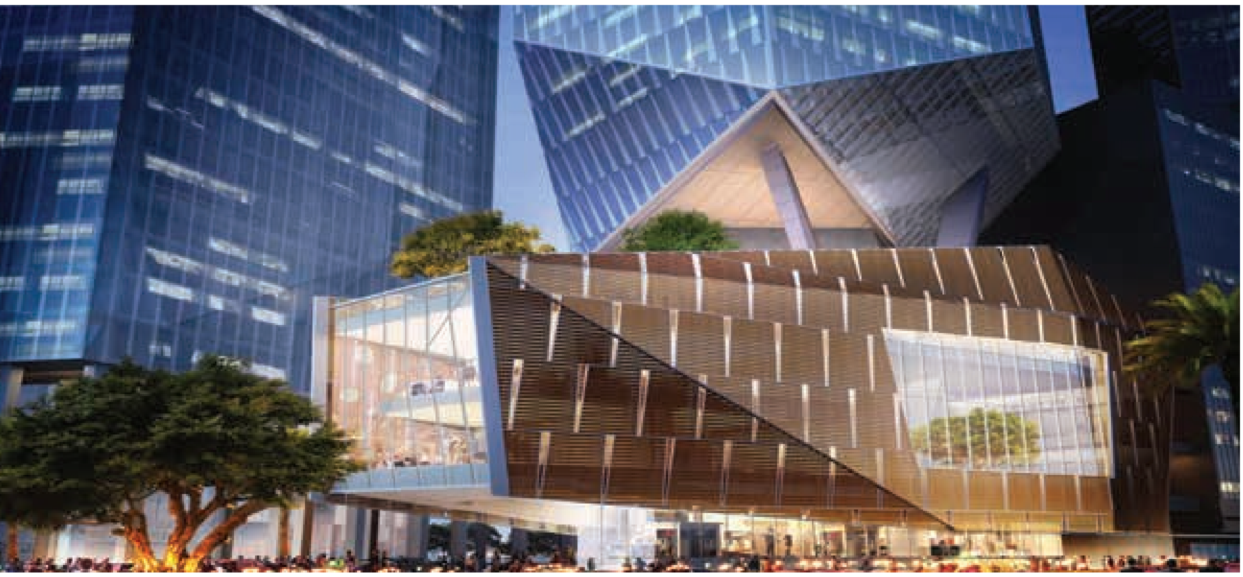
## 尊敬的股东们：

我们欣然代表董事部呈报截至2017年12月31日的传慎年报和财务报表。

### 本年度业绩

集团全年可归属股东净利为6,270万元，同比增长87%。其中，投资物业上涨的公允价值为4,450万元。为此，每股净利从去年的2.8分增至5.3分。每股资产也从去年的77.7分增至2017年12月31日的83.0分。

新加坡房地产在2017年下半年开始出现价格上涨和交易量增加的趋势。在这势头之前，集团已一口气儿在6月间完成三大举措：(一) 以3.65亿元购买896 杜尼安路大厦(前"森那美中心")(二) 以4,780万元购买Jalan Remaja的空置地块 (三) 发行三年期的中期票据达1.5亿元。属于



*Night view of 18 Robinson (Artist's impression)*

# MESSAGE TO SHAREHOLDERS


*With the completion of 18 Robinson in 2018, a steady recurrent stream of rental revenue will be expected. Picture as at 6 March 2018.*

(iii) the issuance of the three-year notes amounting to S$150 million to part-finance these purchases and to provide for future needs. The lower per-square-foot purchase price of the freehold site at Jalan Remaja will put the Company in good stead as compared to the higher bid price paid in a government tender for a nearby site.

Concomitantly, Singapore dollar interest rates have commenced their climb. To this end, out of the $1,097.4 million Singapore dollar borrowings as at year-end, 21% were of fixed rates maturing in the next 22-30 months and an additional 47% had since the fourth quarter of 2017, converted from one- to three-month durations to twelve-month duration. The foreign currency borrowings were in Australian dollar and on a one-month rollover for which we will monitor closely the trend of the Australian dollar interest rate.

永久地段的Remaja在每平方尺价格上还比周围的政府地段便宜，使集团在性价比上处于有利地位。

同一时期，新元利率也开始攀升。在集团截至2017年底的10.97亿新元贷款中，有21%属于固定利率，在未来的22至30个月到期。另外的47%是浮动利率，集团已陆续从2017年第四季度开始，把原来的1至3个月的计息期延长到12个月。至于非新元贷款的唯一澳元贷款，利息安排为每月滚动，当然我们会密切留意澳元利率的走势。

# MESSAGE TO SHAREHOLDERS

A fuller discussion can be found under the "CEO's Review of Operations" and "CFO's Review of Financial Performance" sections of this Annual Report.

## DELIVERING VALUE FOR STAKEHOLDERS

As in the past years, the Board proposes a first and final one-tier tax exempt dividend of 0.6 cent per Share. If approved at the forthcoming Annual General Meeting on 19 April 2018, it will be paid on 26 June 2018. Similar to prior years, shareholders may elect to receive their dividend in the form of Shares under the Scrip Dividend Scheme so as to grow with the Company.

We have included an enhanced sustainability section in this Annual Report. Stakeholders would be pleased to note the Board's sustainability policy and the results achieved by the Company in the past one year as a responsible corporate citizen.

## UPHOLDING EXCELLENCE

In Tuan Sing, our motto is to achieve and deliver the best in whatever we do. You may be pleased to note that in year 2017, the Company bagged two wins in the form of "Best Annual Report (Gold)" and "Best Investor Relations (Silver)" awards at the Singapore Corporate Awards. It was also our second year running in being ranked 7th amongst more than 600 listed companies under the Singapore Governance and Transparency Index. Tuan Sing was the only mid-cap company among the top ten positions as all the rest were big-cap companies. The Group also received a number of other recognitions including for Green Building Design and Hotel Services. For your convenience, a list of these accolades appears in page 32 of this Annual Report.

## PRESSING FORWARD AND BUILDING RESILIENCE

We are pressing on to build on our core property business and to increase our resilience in a potentially volatile market.

A few assets in our portfolio are worth being mentioned here. When 18 Robinson is completed in the later part of 2018, a significant profit would be recognised. Thereafter, the new building will provide a steady recurrent stream of rental revenue. Similarly, the 896 Dunearn Road property, after its transformation in the future, will give us steady returns. Separately, Kandis Residence and Jalan Remaja project will start generating sales revenue and profit when they are launched in the year.

Outside Singapore, we will commence our Asset Enhancement Initiative for Hyatt Centre in Perth, Australia; and subject to the relevant authorities' approval, will launch the initial phase of the integrated township development in the Batam Marina City, Indonesia.

欲知详细业绩，请参阅本年报的“首席执行长之业务回顾”和“首席财务长之财务回顾”。

## 兑现利益相关方的期望

与往年一样，董事部建议派发年度股息每股0.6分，如在2018年4月19日的常年大会上获得通过，将于同年6月26日支付。一如既往，股东可选择以股代息, 与公司砥砺奋进，供享增值。

我们在本年报中增加了可持续性报告的内容及篇幅。 各利益相关方应会乐见董事部所批准的可持续发展策略，及团队在企业公民责任心的驱使下，在过去一年在这方面所付出的努力和取得的成果。

## 追求卓越

在传慎，我们的座右铭是追求卓越，创建非凡。秉持著这信念，传慎在2017年新加坡企业奖中荣获“最佳公司年报奖（金奖）”和“最佳投资者关系（银奖）”。我们也在六百多家上市公司中脱颖而出，连续第二年在新加坡企业治理和透明度指数中排名第七。值得一提的是，传慎也是前十排名中唯一的中型市值公司，其他都是大型公司。集团还获得其他多方的认可，包括其在绿色建筑设计及酒店服务的努力，详情可参阅本年报第32页之褒奖录。

## 砥砺奋进

我们团队正努力构建集团的核心业务 - 物业，并增强我们在一个潜在动荡环境中的应变能力。

在此，集团现所拥有的一些资产值得一提。预计18 罗敏申大厦在2018年下半年完工后，公司可实现一笔可观的发展商利润，并因新大厦提供的稳定租金收入而受益。同样的，896 杜尼安路大厦在未来转型后会带给我们稳定的回报。另外，Kandis Residence和Remaja项目将在今年正式开盘，实现销售和利润。

我们计划在今年把澳洲珀斯的资产增值计划付诸实施；另外，在得到相关部门批准后也会开始印尼巴淡岛滨海城市综合项目的初期发展。

# MESSAGE TO SHAREHOLDERS

In 2018, we will remain prudent, agile and resilient as we look out for potential investment opportunities which will add value to Tuan Sing.

## TRIBUTE AND THANKS

We would like to thank Mr Chow Kok Kee, who retired on 1 July 2017 after many years as an independent director. Our new director, Mr Cheng Hong Kok, joined the Board on 15 August 2017.

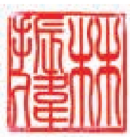
We express our deepest gratitude to the past and present Directors, the management and staff, business associates, investors and all other stakeholders for their continued support of the Company. We are confident that with this support, the Company can ride the challenges and strive for long-term sustainability and growth. Last but not least, we look forward to meeting with our shareholders at the upcoming Annual General Meeting on 19 April 2018.

在2018年，我们会谨慎但保持敏捷和灵活性地寻找商机，以为传慎增值。

## 鸣谢

周国基先生在担任公司独立董事多年后于2017年7月1日荣休；程汉国先生随后于8月15日加入董事会。我们谨此对前任和现任董事，管理层，全体员工, 商业夥伴、股东和所有其他利益相关方对公司一贯的支持致最高的敬意。在他们的支持下，我们深信团队有能力排除万难，争取永续增长。最后，我们期盼能在2018年4月19日的常年大会上与众股东会面交流。

**Ong Beng Kheong** 王明强
Chairman 主席



**William Nursalim alias William Liem** 林振伟
CEO 首席执行长

*Every home actualizes the co-habitation of tranquillity and structural order via clean and assured line-work contouring the gentle medley of colour and space – Kandis Residence (Artist's impression)*

# 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 high-quality financial reporting which is prepared in accordance with the prescribed accounting standards and is provided to stakeholders on a timely and comprehensible basis.

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 16-month cash-flow forecast and representation letter to the Board. The letter confirms *inter alia* that i) the financial statements are free of 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 six 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; and vi) the announcements of financial results and issues and judgements arising therefrom.

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, with and without the 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.

With *First-time Adoption of Singapore Financial Reporting Standards (International)* ("SFRS(I)") being effective 1 January 2018, we have briefed the ARC and the Board on the application of the SFRS(I), the implications of all the transition requirements and the Group's preparation process for the SFRS(I) convergence. The ARC and the Board have also been provided with an impact analysis of the retroactive application of the SFRS(I) on the Group's financial statements. Please refer to page 137 of this Annual Report for the impact analysis.

## 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 area 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 respective business units in accordance with Group accounting policies.

The reliability of the monthly financial reports prepared by subsidiaries and business units is reviewed at the group level by Group Consolidation and Control Team using automated validation by Cognos Controller, a consolidation software as well as analytic review 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, the applicable provisions in Financial Reporting Standards and the Companies Act. In the representation letter for the 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 Group CEO and Group CFO issued their quarterly and year-end group management representation letters to the ARC and the Board.

The internal control relating to the consolidated financial reporting process serves 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 control has inherent limitation and may 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 2017 and based on such assessment, 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 2017 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 the framework of internal controls and procedures are, in our opinion, adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls addressing financial, operational and compliance risks and system of risk management.

**William Nursalim alias William Liem**
Group CEO

**Chong Chou Yuen**
Group CFO

# DIRECTORS' PROFILE

Front (From left to right):

**ONG BENG KHEONG**
*Chairman*
*Non-Independent & Non-Executive Director*

**MICHELLE LIEM MEI FUNG**
*Non-Independent & Non-Executive Director*

Back (From left to right):

**DAVID LEE KAY TUAN**
*Non-Independent & Non-Executive Director*

**CHENG HONG KOK**
*Independent & Non-Executive Director*

**WILLIAM NURSALIM ALIAS WILLIAM LIEM**
*Group Chief Executive Officer/Executive Director*

**CHOO TEOW HUAT ALBERT**
*Independent & Non-Executive Director*

**NEO BAN CHUAN**
*Independent & Non-Executive Director*

# 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: 9 April 2015*
*Proposed for re-election at the AGM on 19 April 2018*

### Served on the following Board committee:

Nominating Committee (Member)

### Academic and professional qualification

Professional Diploma in Valuation Surveying, Stoke-On-Trent Cauldon College (now part of Staffordshire University, United Kingdom)

### Present directorship in other listed companies

PT Indonesia Prima Property Tbk (listed on the Indonesian Stock Exchange)

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

- Subsidiaries of PT Indonesia Prima Property Tbk (President Director)
- GT Group Property Division (Indonesia) (Managing Director)

### 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 (formerly known as Ascendas Land Pte Ltd).

### Relationship with other Directors, the Company or its 10% shareholders

Mr Ong is the Managing Director of 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

**GROUP CHIEF EXECUTIVE OFFICER ("CEO")**
**EXECUTIVE DIRECTOR**

*Date of first appointment as Director: 15 January 2004*
*Date of appointment as CEO: 1 January 2008*
*Date of last re-election as Director: 29 April 2016*

### Served on the following Board committee:

Nil

### Academic and professional qualification

- 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 10% 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 a brother of Ms Michelle Liem Mei Fung, a Non-Executive Director and deemed substantial shareholder of the Company. He is also a 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 $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*
*Proposed for re-election at the AGM on 19 April 2018*

### Served on the following Board committees:
- Remuneration Committee (Chairman)
- Nominating Committee (Member)

### Academic and professional qualification
- Bachelor of Science (Chemical Engineering) Degree 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 in Singapore Petroleum Company Limited ("**SPC**") as head of 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 10% shareholders
Nil

## CHOO TEOW HUAT ALBERT
**INDEPENDENT & NON-EXECUTIVE DIRECTOR**

*Date of first appointment as Director: 18 February 2002*
*Date of last re-appointment as Director: 9 April 2015*
*Proposed for re-election at the AGM on 19 April 2018*

### Served on the following Board committees:
- Audit and Risk Committee (Chairman)
- Nominating Committee (Chairman)
- Remuneration Committee (Member)

### Academic and professional qualification
Bachelor of Business Administration (Upper Two Honours) Degree, 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 10% 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*

### Served on the following Board committee:

Audit and Risk Committee (Member)

### Academic and professional qualification

- Bachelor of Laws (Honours) Degree, National University of Singapore
- Masters of Laws (International Business Law) (cum laude), Panthéon-Assas University (Paris II)
- Masters of Science in Applied Economics, Singapore Management University
- Masters of Business Administration, University of Hull

### Present directorship in other listed companies

Nil

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

- Singapore University of Social Sciences (Senior Lecturer)
- Shenton Law Practice LLP (Partner)

### 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 2007 to 2009.
- Managing Partner of Shenton Law Practice LLP from 2010 to 2017.

### Membership and others

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

### Relationship with other Directors, the Company or its 10% shareholders

Mr Lee is the spouse of Ms Michelle Liem Mei Fung, a Non-Executive Director of the Company. He is also a brother-in-law of Mr William Nursalim alias William Liem, the CEO and Executive Director of the Company. Both Ms Michelle Liem Mei Fung and Mr William Nursalim alias William Liem are deemed to be substantial shareholders of the Company by virtue of their interests in Nuri Holdings (S) Pte Ltd.

## 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 qualification

- 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 (Director)
- Giti Tire Pte. Ltd. (Director)
- GT Asia Pacific Holdings Pte Ltd (Director)
- Honorary Consul, Consulate in Singapore of the Grand Duchy of Luxembourg
- Chairman of Bukit Timah Citizens' Consultative Committee, Holland-Bukit Timah GRC, 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

- Co-Chair of the Global Advisory Board (Asia Cabinet) of the University of Chicago Booth School of Business
- Chairperson of Singapore Management University Art Advisory Committee
- Trustee of the Singapore LSE Trust
- Director of Conservation International Singapore, Ltd.

### Relationship with other Directors, the Company or its 10% 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 a sister of Mr William Nursalim alias William Liem, the CEO 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 qualification
- Masters in Professional Accounting
- Masters in International Business
- Chartered Accountant Singapore
- Registered Company Liquidator in 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)

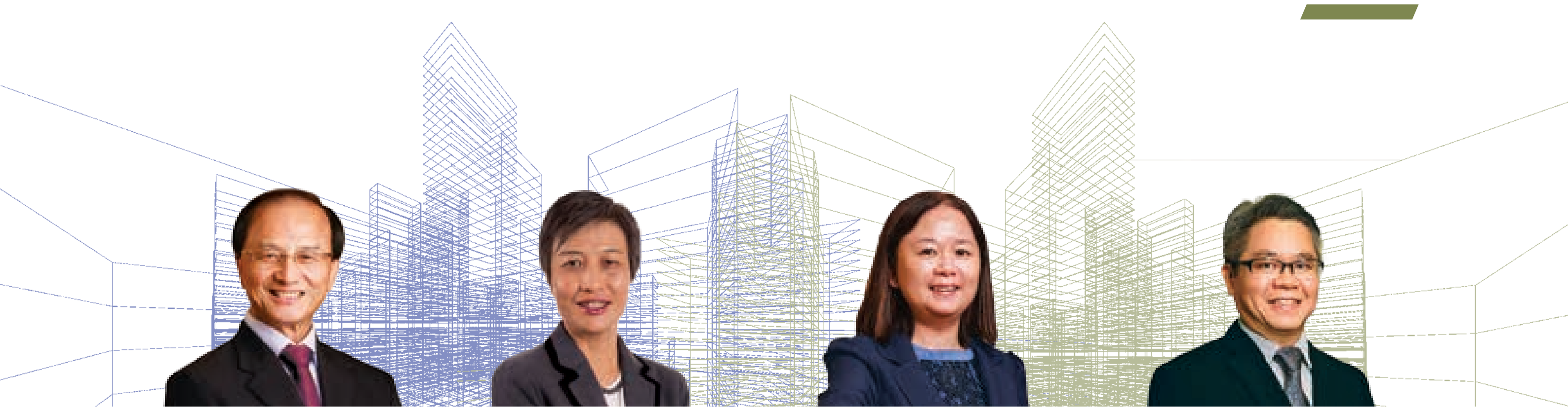
### Past directorship in other listed companies held over the preceding three years
Nil

### Background and working experience
- Previously the Head of Restructuring at KPMG 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 Insolvency Practitioners Association of Singapore
- Fellow Member of CPA Australia
- Member of Institute of Singapore Chartered Accountants

### Relationship with other Directors, the Company or its 10% shareholders
Nil

# MANAGEMENT PROFILE



**CHONG CHOU YUEN**
GROUP CHIEF FINANCIAL OFFICER

Chou Yuen has been with Tuan Sing since April 2004. He holds directorship in most of Tuan Sing's subsidiaries including a concurrent non-executive directorship in main-board listed SP Corp. His career spans a few decades in finance management in a number of industries covering Asia Pacific, Middle East and the Caribbean regions. Chou Yuen holds a Bachelor Degree in Accountancy and a Master of Business Administration Degree from the National University of Singapore. He is a Fellow of the Institute of Singapore Chartered Accountants. In addition, he is a director of and a chairman in a number of board committees of Singapore Heart Foundation.

**WONG PEGGY**
GENERAL COUNSEL

Peggy joined Tuan Sing in July 2017. She brings with her extensive experience across a full spectrum of legal work in private practice and in-house (listed and non-listed) positions in real estate development, manufacturing, assets management and investment holdings. Peggy holds a Bachelor of Laws Degree from University of Canterbury and is a Barrister and Solicitor of the High Court of New Zealand.

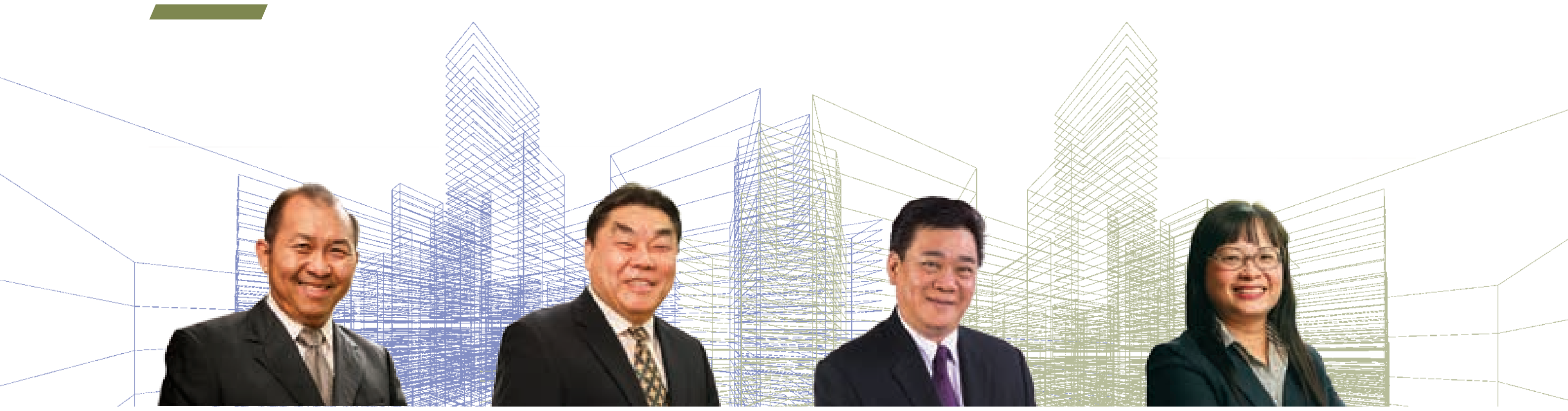
**HELENA CHUA GUAT HUAT**
GROUP COMPANY SECRETARY

Helena joined Tuan Sing in April 2016 overseeing the corporate secretarial matters of the Group. She has more than two decades of experience in providing corporate secretarial support to public listed companies and privately owned local and foreign companies. Helena is an Associate Member of the Singapore Association of the Chartered Secretaries Institute of Singapore.

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

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

# MANAGEMENT PROFILE



### CHONG TEIK YEAN
SENIOR VICE PRESIDENT, PROJECTS

Teik Yean joined Tuan Sing in May 2011, heading the Projects department. He has more than three decades of experience in project management comprising infrastructure works, high-rise residential apartments and sizable commercial/mixed developments. Teik Yean holds a Bachelor of Engineering (Civil) Degree from the National University of Singapore and a Bachelor of Laws from University of London.

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

James joined Tuan Sing in June 2012. Prior to that, he had been in various senior positions with established real estate agencies including Jones Lang LaSalle, Chesterton International and Colliers International selling local and overseas resident projects for almost three decades.

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

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

### DING TSUI ENG FLORENCE
GROUP FINANCIAL CONTROLLER

Florence joined Tuan Sing in May 2016. She has many years' experience in group reporting, corporate finance, reporting and compliance in listed companies in Singapore. Florence is a fellow member of the Association of Chartered Certified Accountants and a non-practicing member of the Institute of Singapore Chartered Accountants.

# MANAGEMENT PROFILE

## GAN HUI YEN
VICE PRESIDENT,
HUMAN RESOURCES

Hui Yen has been with Tuan Sing since August 2002. Prior to that, she has had regional human resources experiences in human resources consultancy and insurance industry. Hui Yen holds a Bachelor of Arts Degree in Business and Human Resource Management (Honours) from University of Portsmouth, United Kingdom and a Diploma in Life Insurance from the Singapore College of Insurance. She is a member of Singapore Human Resources Institute.

## LEOW MAY CIN
VICE PRESIDENT,
FINANCE

May Cin joined Tuan Sing in April 2013. She has more than a decade's experience in financial management in the real estate industry in Singapore. May Cin holds a Bachelor of Accountancy Degree from Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

## MISHCA DAVIS
CHIEF FINANCIAL OFFICER,
GRAND HOTEL GROUP

Mishca joined Grand Hotel Group as Financial Controller in May 2007 and became its CFO and Company Secretary in August 2011. Prior to that, she was an Audit Manager at Ernst & Young working for several years on various listed and privately owned property related companies. Mishca is a member of the Institute of Chartered Accountants in Australia and holds a double degree from Monash University majoring in Accounting, Statistics and Psychology.

## ILAN WEILL
GENERAL MANAGER,
GRAND HYATT MELBOURNE

Ilan joined Grand Hyatt Melbourne in January 2011 after some years in Grand Hyatt Mumbai. His career with Hyatt spans three decades across multiple Hyatt brands and in six countries – Israel, Australia, Mexico, Guatemala, Argentina and India. Ilan holds a certificate in Business and Hotel Management from the Mt Scopus University in Jerusalem, Israel.

## SHOLTO SMITH
GENERAL MANAGER,
HYATT REGENCY PERTH

Sholto joined the Hyatt Group in 1991. His career spans more than two decades in a number of Hyatt hotels in London, UK, Almaty in Kazakhstan, Perth, Melbourne and Sydney in Australia.

His penultimate posting was in Siem Reap, Cambodia as the General Manager of Park Hyatt. During the period, he also acted as a board member of two charitable organisations there. Sholto holds a Diploma in Hotel Management from Bentley College, Perth, Western Australia.

# AWARDS & ACCOLADES

## RECOGNITION FOR CORPORATE GOVERNANCE AND TRANSPARENCY

### SINGAPORE CORPORATE AWARDS

- 2017 Singapore Corporate Awards – "Best Annual Report (Gold)" & "Best Investor Relations (Silver)"
- 2016 Singapore Corporate Awards – "Best CEO" & "Best Investor Relations (Silver)"

### SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX

- 2017 (Top 1.2%) – 7th place amongst 606 listed companies
- 2016 (Top 1.1%) – 7th place amongst 631 listed companies

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

- 2017 Winner of the Mid Capitalisation Category for Singapore Corporate Governance
- 2017 Runner-up for the Real Estate Category for Singapore Corporate Governance
- 2016 Most Transparent Company Award (MTCA), Mainboard Small Caps Category
- 2016 Merit for the Singapore Corporate Governance Award (SCGA, Mid & Small Cap Category)
- 2016 Merit for the Most Improved Category

*Mr William Liem (middle), Group CEO, receiving the "Best Annual Report (Gold)" award during the Singapore Corporate Awards 2017.*

# AWARDS & ACCOLADES

## RECOGNITION FOR BUILDING, DESIGN AND ARCHITECTURAL EXCELLENCE

### 18 ROBINSON, 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
- 2016 BCI Asia Awards: Top Ten 2016 Developers – Singapore

### SELETAR PARK RESIDENCE, SINGAPORE

- 2016 Asia Pacific Property Awards: Architecture Multiple Residence for Singapore


*18 Robinson (formally known as Robinson Towers) was awarded the Green Mark (Gold$^{Plus}$) award by BCA in 2017*

## RECOGNITION FOR CUSTOMER SATISFACTION AND SERVICE EXCELLENCE

### GRAND HYATT MELBOURNE, AUSTRALIA

- 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 and inducted into the AHA Hall of Fame

*Ilan Weill, General Manager of Grand Hyatt Melbourne is pictured here having received the "Australia's Leading Business Hotel 2017".*

# AWARDS & ACCOLADES

## GRAND HYATT MELBOURNE, AUSTRALIA (continued)

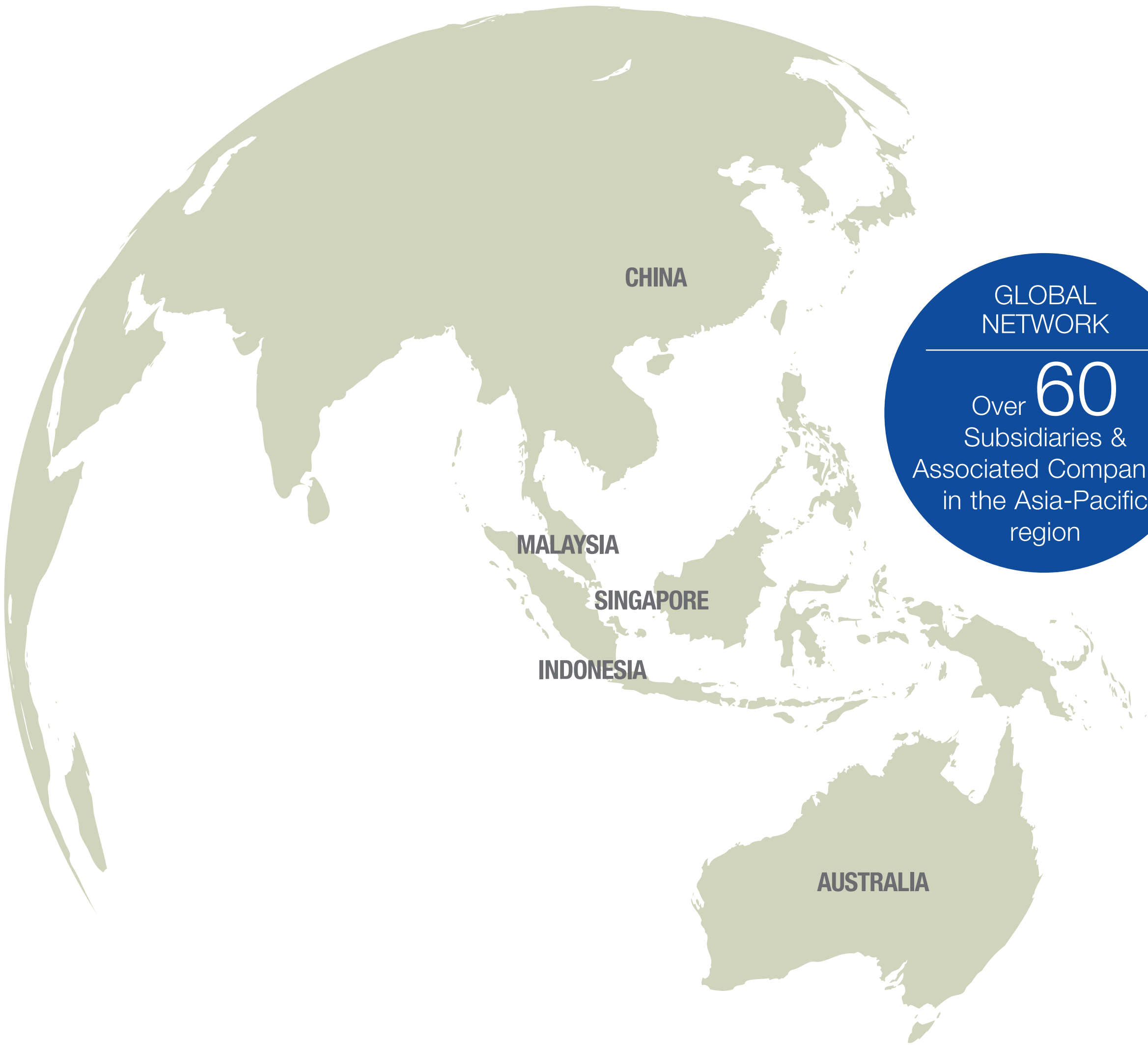
- 2016 World Luxury Hotel Awards – Australia's Luxury Hotel and Conference Centre
- 2016 Luxury Travel Magazine Gold List – Ranked in the Top 20
- 2016 World Travel Awards – Australia's Leading Business Hotel
- 2016 Business Traveller Asia-Pacific Awards – Best Business Hotel in Melbourne
- 2016 Haute Grandeur Global Hotel Awards – Best City Hotel in Oceania
- 2016 Australian Hotels Association (AHA) National Awards for Excellence – Best Marketed Hotel – Accommodation Division
- 2016 Hyatt Thrive Leadership Award for Excellence in Environmental Sustainability
- 2016 Tourism Accommodation Australia (Victoria) Accommodation Awards for Excellence – Excellence in Innovation; Best Marketed Accommodation Provider; Administration Employee of the Year
- 2016 Spice Magazine Hot 100 Hotels, Best Business Hotel, Best Venue for a Product Launch, Best Hotel Bar
- 2016 Australia Gourmet Traveller Hotel Guide – Best Breakfast Award

## 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
- 2016 Catering Award in Perth
- 2016 Gold Plate Awards – High Tea

*Hyatt Regency Perth clinched the "Excellence in Health, Licensed Asian and High Tea" awards at the 2017 Gold Plate Awards*

# CEO'S REVIEW OF OPERATIONS




GLOBAL NETWORK

Over 60 Subsidiaries & Associated Companies in the Asia-Pacific region

### RESIDENTIAL PROPERTIES

Developed **660 residential units** over the past three years in Singapore

### INVESTMENTS PROPERTIES

Owns **over 940,000 sq. ft.** of lettable area of commercial and industrial space in Singapore, Australia & China

### HOTELS INVESTMENT

Investment in **2 freehold & award-winning hotel properties** in Australia

### INDUSTRIAL SERVICES

**Non-core businesses** mostly comprise commodity trading serving various Asian countries

### OTHER INVESTMENTS

**Non-core investments** comprise a printed circuit board manufacturer with plants in China

# CEO'S REVIEW OF OPERATIONS

## PROPERTY
## 房地产

The Property segment focuses on development of and investment in prime residential, commercial and industrial properties. Tuan Sing is a recognised developer and owns a number of properties in prime areas in Singapore. This is in line with the Group's strategic direction to continue expanding its property business to spearhead future growth.

集团属下房地产板块致力于投资和开发优质住宅，商业和工业项目。传慎是知名的房地产开发商，传慎也在新加坡高尚地段拥有多项产业。这符合集团的战略方针，继续拓展房地产相关业务，引领未来增长。

**REVENUE** ($ M)


**PROFIT AFTER TAX** ($ M)

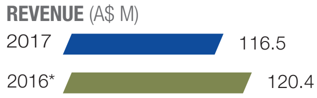

**Results of GHG's investment properties (i.e. non-hotel space including office & shopping area) have been reclassed from Hotels Investment segment to Property segment*

## HOTELS INVESTMENT
## 酒店投资

The Group's Hotels Investment segment is represented by Grand Hotel Group ("GHG"), which owns two five-star Hyatt hotels in Australia, namely, Grand Hyatt Melbourne and Hyatt Regency Perth. The hotels are managed by Hyatt International and located in prime locations that cater to the business and high-end tourism sectors in Melbourne and Perth.

酒店投资板块由澳洲的豪华酒店集团所代表。豪华酒店在墨尔本和柏斯拥有两间五星级酒店，即墨尔本君悦大酒店和柏斯凯悦酒店，由凯悦国际酒店集团管理，坐落于黄金地段以迎合商务和高端旅游客户群的需求。

**REVENUE** (A$ M)




**PROFIT AFTER TAX** (A$ M)

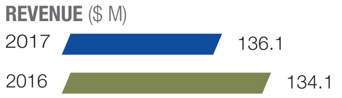

**Results of GHG's investment properties have been reclassed from Hotels Investment segment to Property segment*

## INDUSTRIAL SERVICES
## 工业服务

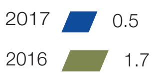
The Industrial Services segment consists of 80.2%-owned SGX-ST listed subsidiary, SP Corporation Limited ("SP Corp") and 97.9%-owned Hypak Sdn. Berhad ("Hypak"). SP Corp is primarily engaged in commodities trading. Hypak is in the business of making polypropylene packaging bags and radiant barrier film in Malaysia.

工业服务板块主要包括集团持股80.2%的新交所上市子公司新加坡佳和有限公司和持股97.9%的Hypak。新加坡佳和主营业务包括原料商品贸易。Hypak则在马来西亚从事聚丙烯包装袋和太阳挡热屏的生产和销售。

**REVENUE** ($ M)




**PROFIT AFTER TAX** ($ M)

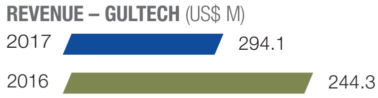



## OTHER INVESTMENTS
## 其他投资

The Group holds a 44.5% interest in Gul Technologies Singapore Pte. Ltd ("GulTech"), and a 49% stake in Pan-West (Private) Limited ("Pan-West"). GulTech is a printed circuit board manufacturer with operations in Singapore and China. Pan-West is a retailer of golf-related products. In line with its strategic direction, the Group is not averse to divesting these investments when opportunities arise.

集团也持有高科技新加坡私人有限公司44.5%的股权和泛西集团49%的股权。高科技在新加坡和中国从事生产和销售电路板业务，泛西则是高尔夫及相关产品零售商。基于策略考量，集团不排除在适当时机脱售这些股权。

**REVENUE – GULTECH** (US$ M)




**PROFIT AFTER TAX – GULTECH** (US$ M)

# PROPERTY

*The central pool against an L-shaped backdrop of architectural elegance encapsulates luxury living – Kandis Residence (Artist's impression)*

# PROPERTY

"Having a mix of investment properties for rental and development projects for sale enable us to have sustainable income streams"

For the year in review, Property revenue decreased 28% to $122.9 million, accordingly, profit before tax and fair value adjustments declined 24% to $13.6 million. The decrease was a reflection that all our three residential development projects have been substantially sold. There are currently two new residential projects: Kandis Residence was soft-launched in August 2017 while the construction for the show rooms for the Remaja Project commenced in February 2018. It is expected that this freehold residential plot could be launched for sale in 2Q 2018.

Revenue from investment properties increased by 11% to $40.3m on the back of contribution from the commercial building at 896 Dunearn Road, acquired in June 2017. The construction at 18 Robinson is on track and is expected to complete before end 2018.

Despite lower revenue, the Property segment profit after tax has increased to $56.9 million from $17.2 million a year ago, attributable to higher fair value gain of $44.5m on investment properties. As a result, Property remained as the largest profit contributor and accounted for 91% of the Group's total profit after tax in 2017.

## SINGAPORE PROPERTY

### MARKET REVIEW

The Singapore property market showed a decisive recovery amid the buoyant collective sales activities as developers intensely replenished their land banks. Private residential market in 2017 experienced stronger growth in sales volume as buyer sentiments improve, encouraged by the surge in *en bloc* deals that have driven land prices higher and boosted the liquidity of the residential properties.

The Urban Redevelopment Authority ("URA") indicated that prices of private residential properties increased by 1.1% in 2017 as compared with 3.1% decline in 2016. The number of units launched by the developers in 2017 was 6,020 units as compared to 7,877 units in 2016. Notwithstanding fewer private housing launches, the take-up soared and developers sold 10,566 private residential units, as compared with 7,972 units in 2016.

Against the backdrop of a broad-based economic recovery, the leasing market became comparatively more upbeat. According to URA's Office Space Price and Rental Indices, the prices of office space have fallen by 2.4%, softer than previous year's 2.8% decrease. Rentals of office space have risen by 0.4% in 2017 in contrast with the decline of 8.2% in 2016.

Correspondingly, industrial sector has shown subtle signs of recovery as year-on-year decline in prices and rental became less severe; JTC Quarterly Market Report on Industrial Properties showed that industrial prices and rentals fell by 5.7% and 2.8% respectively in 2017 as compared to the previous year. In 2016, industrial prices and rentals fell by 9.1% and 6.8% respectively.

### OPERATIONS REVIEW

In June 2017, the Group successfully acquired a land parcel at 1 Jalan Remaja through a private tender for $47.8 million. The freehold site has a land area of approximately 4,047 square metres. With a plot ratio of 1.92, the site can be developed into approximately 100 residential units for sale, taking into account a permissible Gross Floor Area ("GFA") (excluding balcony bonus GFA) of 7,770 square metres.

Within the same month, the Group completed the acquisition of a commercial building at 896 Dunearn Road for $365.0 million. Plans are in progress to reposition the investment property into a hub of activities that serves the needs of the vast residential community in the vicinity.

### KEY FIGURES

REVENUE
**$122.9 MILLION**

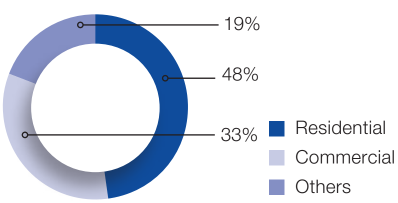
PROFIT BEFORE TAX AND FAIR VALUE ADJUSTMENTS
**$13.6 MILLION**

PROFIT AFTER TAX
**$56.9 MILLION**

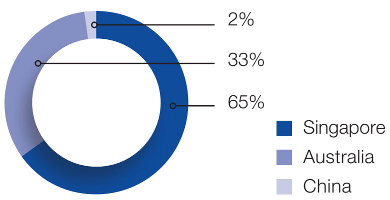
DEVELOPMENT PROPERTIES BY VALUE
**$188.3 MILLION**

INVESTMENT PROPERTIES BY VALUE
**$1,592.7 MILLION**

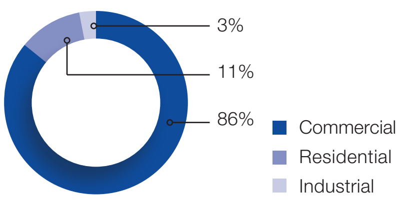
REVENUE BY TYPE (TOTAL: $122.9M)




REVENUE BY COUNTRY (TOTAL: $122.9M)




PROPERTY PORTFOLIO BY VALUE (TOTAL: $1,781.0M)



# PROPERTY

**SELETAR PARK RESIDENCE** is a three-block, five-storey, 276-unit residential development occupying approximately 17,456 square metres of land with a basement car park and communal facilities. The 99-year leasehold development is located within the established Seletar Hills private estate, close to the Seletar Aerospace Park and near Yio Chu Kang MRT and Fernvale LRT stations. The Temporary Occupation Permit ("TOP") was obtained in August 2015 and Certificate of Statutory Completion ("CSC") was obtained in January 2016. The last few units were sold during the year. The project won the Asia Pacific Property Awards under the Architecture Multiple Residence for Singapore category in 2016.

**SENNETT RESIDENCE** comprises three blocks of 19-storey and one block of five-storey condominium housing, totalling 332 residential units with two basement car parks, roof terraces and other facilities. The 99-year leasehold land occupies an area of approximately 8,664 square metres and is located immediately next to the Potong Pasir MRT station and overlooks the landed Sennett estate. The TOP was obtained in June 2016 and CSC was obtained in May 2017. There were only eight units left unsold in the project.

**CLUNY PARK RESIDENCE** is a 52-unit luxury residential development directly opposite the Botanic Gardens. It is the one and only condominium along Cluny Park Road. This freehold development occupies a land area of approximately 4,544 square metres and is directly opposite Bukit Timah Gate of the Singapore Botanic Gardens. The TOP was obtained in July 2016 and CSC was obtained in October 2016. As at 31 December 2017, only five units remained unsold.

**KANDIS RESIDENCE** is a condominium housing of three and seven-storey high buildings (totaling 130 residential units) comprising one- to three- bedroom units and with full condominium facilities. The 99-year leasehold development occupies an area of approximately 7,064 square metres and is well-positioned within the North Coast Innovation Corridor earmarked by the URA and is a short drive to key commercial centres along the Corridor – Woodlands Regional Centre, future Seletar Regional Centre and Punggol Creative Cluster. Designed by Ong & Ong, Kandis Residence was soft-launched in August 2017. The project is scheduled to be completed by 2019.

**REMAJA PROJECT** is a freehold site occupying approximately 4,047 square metres. It is within walking distance from Hillview MRT Station and is surrounded by lush greenery endowed by the neighbouring Bukit Timah Nature Reserve, Bukit Batok Nature Park and Bukit Gombak “Little Guilin”. We have engaged AGA Architects to build approximately 100 residential condominium units there. It is expected to be launched by 2Q 2018 and to be completed by 2020.

**ROBINSON POINT** was acquired in October 2013. It 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, which include retail units on the ground floor. The building offers 57 car parking bays at levels 3 to 5. Robinson Point was awarded the BCA Green Mark (GOLD) in 2013 and was rated the Top 10 most energy-efficient private office buildings by the BCA of Singapore. In 2017, the average occupancy rate was 91% and the average gross rental was around $8 per square foot per month.

**FAR EAST FINANCE BUILDING** is a 14-storey office building with shop space at part of the ground floor. The building is immediately adjacent to the site where 18 Robinson is being developed. The Group owns the strata unit on the whole of 11th floor. In 2017, we achieved almost full occupancy at an average gross rental of around $6.30 per square foot per month.

**THE OXLEY** is a freehold ten-storey mixed commercial-cum-residential building along Oxley Rise which is in the prime District 9 and a few minutes’ walk from the entertainment, shopping and hotel belt of Orchard Road. The building comprises commercial premises in a podium block from the first to the third storey, residential units located in a tower block from the fourth to the tenth storey and a three-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 and the third floor is where the corporate headquarters of the Group currently sits. In 2017, we achieved full occupancy with average gross rental of around $8.00 per square foot per month.

**CENTURY WAREHOUSE** is an eight-storey freehold warehouse building at 100E Pasir Panjang Road, within close proximity to Pasir Panjang MRT station, Labrador Park MRT station and Alexandra Retail Centre, which provides a host of food and beverage and retail amenities. The Group owns 31 out of a total of 35 strata units in the building. In 2017, the average occupancy rate was 92% and the average gross rental was around $2.10 per square foot per month.

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

**COMMERCIAL BUILDING AT 896 DUNEARN ROAD** was acquired in June 2017. The five-storey building sits just opposite the King Albert Park MRT Station, on a part freehold, part 999 years leasehold 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. The building currently has about 18,857 square metres of net lettable area, which include a mixture of retail and office tenancies. In 2017, the average occupancy rate was 87% and the average gross rental was around $4.00 per square foot per month.

**18 ROBINSON (FORMERLY KNOWN AS “ROBINSON TOWERS REDEVELOPMENT SITE”)** The Group commenced redevelopment in June 2013 of the 1,725 square metres site on which Robinson Tower, its annex and International Factors Building were erected. Designed by the internationally-acclaimed Kohn Pedersen Fox Associates and Architects 61, the proposed redevelopment, now known as 18 Robinson, will comprise an office tower with a retail podium. It shall have a total planned gross floor area of 24,086 square metres and total lettable area of about 18,058 square metres.

# PROPERTY

18 Robinson will feature high-ceiling, grade-A office space, a retail podium with 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 Goldplus standards, thus reflecting Tuan Sing's green and sustainability efforts. In addition, 18 Robinson will be equipped with a new automatic carpark system that uses battery-powered automated guided vehicles ("AGVs"). The AGV system uses a laser-guided positioning system instead of conventional automatic parking systems which require conveyor belts to transport the cars. When drivers wish to retrieve their cars, they can call for them using their mobile phones. An AGV will then deliver the car to the car pick-up area. This will benefit drivers from a much quicker retrieval time compared to conventional mechanical carpark systems. It will be the first of its kind in Singapore and South-East Asia.

This project has garnered several awards and accolades in recent years, including the 2014 Le marché international des professionnels de l'immobilier (MIPIM) Asia Awards – Best Futura Project (Silver) and the Top 10 Developers at the 2016 BCI Asia Awards. In 2017, the project received the BCA Green Mark (Goldplus), Workplace Safety and Health (WSH) Sharp Awards and Royal Society for the prevention of Accidents (RoSPA) Gold Awards.

Upon completion by end 2018, the Group is expected to recognise a significant developer's profit in relation to 18 Robinson. It will also provide a recurring income stream to the Group.

### BUSINESS OUTLOOK

In 2017, collective sales activities have fueled optimism in the property market, resulting in a rebound in property prices. The upward trend in property prices is expected to persist in 2018 in view of the rising land prices and incremental demand from displaced sellers from collective sales. Cognizant of the expected price increase, developers are likely to time or hold back their launches to leverage on the potential upside.

Developers will continue to face intense competition for development sites as they replenish land banks. However, the existing property cooling measures in place may moderate the developers' bullish appetite in land bidding. As recovery of the property market enters its nascent phase, cautious sentiments remain as development of collective sales sites will amplify the supply pipeline in the next few years and the probable downside risks of further tightening measures in the event of an overheated market.

Following the upswing in global growth, the outlook for office property market remains optimistic. The tapering supply in the next few years is expected to accelerate rent growth. On the other hand, the robust manufacturing growth has not translated into sustained rental improvement for industrial property market due to oversupply. Given that 24.8 million square foot of industrial space are estimated to come on-stream from 4Q 2017 to 2018, downward rental pressure is set to continue with overall industrial rents likely to moderate into 2018. (Source: *Colliers Quarterly Singapore Industrial Report*)

## AUSTRALIA PROPERTY

### MARKET REVIEW

The Central Business District ("CBD") in Melbourne is one of the most densely populated areas across the Commonwealth. Its population bloom has transformed the retail culture with more choice and a wider variety of retailers. In the light of elevated rents and tight retail vacancy within the "Paris End" of the CBD, there was increasing demand and interest for retail space in the western side of Collins Street. Retail leasing demand in Melbourne therefore remained relatively healthy, with food and beverage operators being the key source of the demand.

The business conditions in Western Australia remained soft, translating to subdued white-collar employment growth and weak office space demand. However, net absorption of office space had generally improved in Perth, mostly driven by the demand for quality office space. As a result, vacancy burden had been shifted to older properties in the market. Similarly, the sluggish retail conditions in Western Australia continued to create vacancies and impact rental growth. In order to remain competitive in the retail landscape, major suburban and CBD centre owners were forging ahead with significant redevelopment and expansion plans. (Source: *Colliers Research and Forecast Report – Retail & Office Second Half 2017*)

### OPERATIONS REVIEW

Net income from non-hotel operations (office, retail and carpark) of A$14.1 million was 3% lower than last year mainly due to lower occupancy rate at Fortescue Centre in Perth.

**COMMERCIAL CENTRE AND CARPARK WITHIN MELBOURNE GRAND HYATT COMPLEX** comprises ten tenancies with a total lettable area of 3,024 square metres. The tenancies have a mixture of leases ranging from three to ten years. Some of the luxurious and high-end stores in the hotel's shopping complex include Chanel, Bvlgari, Paspaley Pearls and Giorgio Armani. The Group has a master lease agreement with Wilson Parking for the leasing of the basement car park of 595 bays. The car park is configured over four levels and has access from Russell Street and Flinders Lane.

During the year, the property was fully occupied and reported net property income of A$7.8 million.

# PROPERTY

**FORTESCUE CENTRE AND CARPARK** (being part of the Hyatt Regency Perth complex) comprise a three-level office in the building facing Terrace Road, Adelaide Terrace and Plain Street with a total lettable area of 23,415 square metres and a two-level basement car park which can accommodate approximately 1,018 cars. The tenancies which cater for retail and office tenants have a mixture of lease durations ranging from one to eight years. Fortescue Metals Group which occupies approximately 55% of the total lettable area, is a major tenant. The Group has outsourced the management of the carpark to Secure Parking.

During the year, the average occupancy rate of the property was 75% and reported net property income of A$6.3 million.

**PERTH LAND** refers to a plot of vacant freehold land known as Lots 11 and 12 Terrace Road and of 1,405 square metres and 1,667 square metres respectively. These plots of land together with Hyatt Regency and the existing commercial centre are slated for an enhancement under the Group's Asset Enhancement Initiative ("AEI"). The proposed enhancement incorporates the redevelopment of its existing commercial space, development of new residential buildings, new hotel and office tower in several stages. Stage one, to be implemented by second half 2018, shall involve the refurbishment of the existing commercial space in Lot 10 and construction of a new podium in Lot 11. The proposed development when completed shall increase the retail space, activate the centre with street engagement and innovate the space with modern retail concept and family entertainment attraction, making it a prominent destination and attraction because of its proximity to the Langley Park, Swan River, new Perth stadium and other landmarks in Perth. In 3Q 2017, written planning approval has been obtained from City of Perth for the AEI in respect of Hyatt Centre (the retail complex) and the development of Lot 11.

### BUSINESS OUTLOOK

Notwithstanding growing competition, the outlook for Melbourne's retail leasing market remains cautious. In contrast, there is renewed confidence in Perth leasing market, with the iron ore resource sector signaling investment spend and office space commitment. Gradual improvement in demand is expected to improve vacancy rate and scale back on incentive offerings, positively impacting net effective rental growth in Perth. Headwinds remain as the pace of recovery of the leasing sector is highly reliant of the adsorption of new supply and additional vacancies that enter the market.

## CHINA PROPERTY

### MARKET REVIEW

Slowing property sales was observed in the Shanghai's luxury residential market as policy tightening measures continued to dampen home buyer's sentiments. Developers delayed launching new units in anticipation of capitalising on a more favourable policy environment. Stricter regulatory controls were placed on pre-sale launch permits, therefore impacting new supply.

### OPERATIONS REVIEW

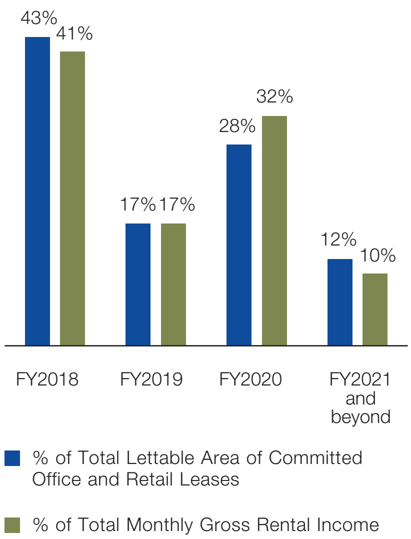
At present, the Group has no development activities in China. The Group has two plots of land, one each in Fuzhou and Jiaozhou meant for mainly residential development. In November 2017, the Group has entered into a sale and purchase agreement to dispose its interests in a wholly-owned subsidiary which owns the land in Jiaozhou. The transaction has yet to be completed as at 31 December 2017 and is subject to a number of conditions precedents.

Fuzhou Land is a piece of vacant and undeveloped land measuring 163,740 square metres, situated in the mountainous ridge of the Shoushan Country, Jing'an District of Fuzhou, which is a rural part of the city. The site is about 400 metres above the sea level and is approximately 30 minutes' drive from the foot of the mountain to the city center. The Group plans to develop the site into luxury residences.

### BUSINESS OUTLOOK

China's economy grew 6.9% in 2017, up from 6.7% in the previous year. With growth supported by other sectors in the economy, the Chinese Government is expected to place sustained efforts in property cooling measures, moderating the growth in the property market.

### LEASE EXPIRY AND KEY TENANTS PROFILE




In generating a less volatile income stream, the Group tries to maintain a balanced lease expiry profile for our property portfolio in Singapore, Australia and China. As at 31 December 2017, approximately 43%, 17% and 28% of the lettable area of the committed leases are due to expire in FY 2018, FY 2019 and FY 2020 respectively, whilst the balanced 12% is due to expire beyond FY 2020.

Five major tenants from retail, office and carpark leases of the Group in FY2017 were Fortescue Metals Group, Wilson Parking Australia 1992 Pty Ltd, Bulgari Australia Pty Ltd, Skyscanner Pte Ltd and Nuri Holdings Pte Ltd.

# HOTELS INVESTMENT

*Extend the comfort of dining experience at Collins Kitchen booths – Grand Hyatt Melbourne*

# HOTELS INVESTMENT

> "Our award-winning hotels epitomize our commitment in delivering excellence"

In 2017, Hotels Investment recorded revenue of A$116.5 million and net property income of A$25.1 million. Net income from hotel operations was down 4% to A$25.1 million as Grand Hyatt Melbourne and Hyatt Regency Perth registered a combined 1% drop in Revenue Per Available Room ("RevPAR") despite achieving overall higher occupancies.

Revenue from Grand Hyatt Melbourne was 2% higher than the previous year, attributable mainly to higher occupancies as well as the successful brand collaboration with Burn City Smokers for the Collins kitchen. In contrast, the highly competitive market and the loss of certain airline crew business weighed down the performance of Hyatt Regency Perth as RevPAR deteriorated by 10%. On the whole, the Hotels Investment contributed higher profit after tax of A$3.0 million as compared to A$2.7 million in the previous year as a direct consequence of lower operating expenses.

Separately, hotel properties recorded a net fair value gain of A$32.9 million, as compared to last year's A$16.2 million and such gain is reflected in the Group's balance sheet.

The two five-star hotels owned by the Group are managed by Hyatt International.

Two hotel management agreements were signed with Hyatt International for the purpose. For Grand Hyatt Melbourne, it was for the period between 8 August 1996 and 31 December 2022; for Hyatt Regency Perth, it was for the period commencing 1 July 1996 and ending 31 December 2026. The Group also had a master lease agreement with Wilson Parking for the car park within the Melbourne Grand Hyatt complex and a management agreement with Secure Parking for the car park within the Hyatt Regency Perth complex.

## MARKET REVIEW

Australian tourism posted strong growth amidst a moderation of the global economic conditions. The growth in inbound leisure travels continued to drive the market demand for Australia's hotel sector.

In Melbourne, the overall market growth in visitation maintained its momentum because of a strong calendar of international events, including Australia Open, Melbourne International Comedy Festival and Formula One Australian Grand Prix. However, hotel occupancy growth remained subdued with new hotel supply and "Airbnb" residential apartments shifting demand away from the hotel sector. *(Source: Savills – Asia Pacific Hotel Sentiment Survey)*

## KEY FIGURES

**REVENUE**
A$116.5 MILLION

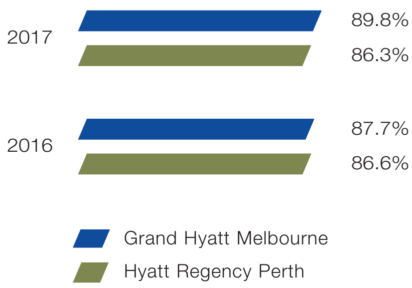
**NET PROPERTY INCOME**
A$25.1 MILLION

**PROFIT BEFORE TAX AND FAIR VALUE ADJUSTMENT**
A$4.1 MILLION

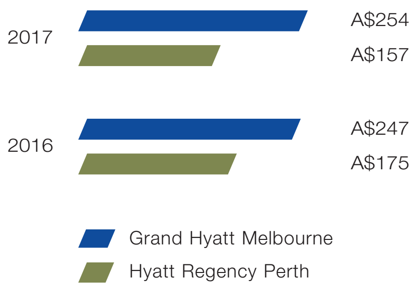
**PROFIT AFTER TAX**
A$3.0 MILLION

**HOTEL PROPERTIES BY VALUE**
A$425.9 MILLION

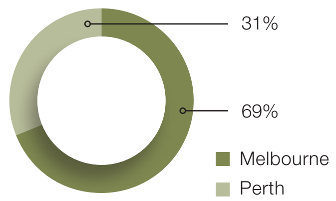
### HOTEL OPERATING PERFORMANCE
AVERAGE ROOM OCCUPANCY



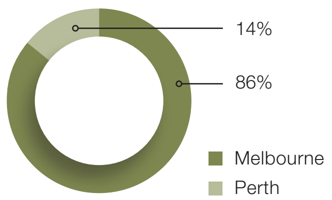

### HOTEL OPERATING PERFORMANCE
REVENUE PER AVAILABLE ROOM ("RevPAR")




REVENUE BY LOCATION (TOTAL: A$116.5M)




HOTEL PROPERTY PORTFOLIO BY VALUE BY LOCATION (TOTAL: A$425.9M)



# HOTELS INVESTMENT

In Perth, the hotel sector struggled to improve its performance in view of new supply. It is reported that the Western Australian Government had increased its budget funding to market Perth.

## OPERATIONS REVIEW

**GRAND HYATT MELBOURNE** is located within Melbourne's Central Business District at the "Paris End" and on the southern side of Collins Street intersected with the eastern side of Russell Street and a rear frontage to Flinders Lane. The internationally recognised 5-star hotel, which opened in 1986 and extensively renovated in recent years, comprises a total of 550 guestrooms and suites over 34 levels. The hotel also offers four food and beverage outlets, 15 meeting rooms, a day spa, a fully equipped health/fitness club with swimming pool, tennis court, basketball court and golf driving area.

As an outstanding hospitality service provider, Grand Hyatt Melbourne received a number of awards in 2017. For details, please refer to the "Awards and Accolades" section of this Annual Report.

In 2017, net property income for hotel operations amounted to approximately A$21.8 million, an increase of 2% from the previous year. In December 2017, Grand Hyatt Melbourne signed a two-year preferred partnership agreement with China Southern Airlines for the latter's crew accommodation.

This collaboration with China Southern Airlines, one of the fastest growing airlines in the world, is the result of our marketing effort in China and would in due course enhance our presence there.

*China Southern Airlines crew celebrating the Chinese New Year by spreading the festive cheers to guests at Grand Hyatt Melbourne.*

# HOTELS INVESTMENT

*Hyatt Regency Perth team receiving the honors at the 2017 AHA Accommodation Awards for Excellence.*

**HYATT REGENCY PERTH** is located at the eastern end of Perth's Central Business District on the southern side of Adelaide Terrace and the northern side of Terrace Road between Plain Street to the east and Bennett Street to the west. The hotel was completed in 1984 and forms an integrated 5-star hotel, office, retail, and parking complex with the adjacent commercial centre known as Fortescue Centre. It comprises 367 hotel rooms and suites over the upper nine levels.

Facilities and amenities include a total of five food and beverage outlets, 15 conference/meeting rooms as well as recreation facilities including an outdoor swimming pool, fitness centre and a day spa.

Hyatt Regency Perth had also received a number of awards. For details, please refer to the "Awards and Accolades" section of this Annual Report.

In 2017, net property income for hotel operations was down 32% to approximately A$3.3 million. However, Hyatt Regency Perth had introduced some cost savings initiatives during the year that could support the reduction of operating expenses, with one notable innovation being the installation of a subsidized food vending machine in the staff canteen instead of a fully-staffed canteen.

## BUSINESS OUTLOOK

The global economic conditions are expected to remain in support of the Australian tourism. In Western Australia, there is expected growth in tourism following the government funding to step up marketing efforts. On the other hand, the market buoyancy seen in the Melbourne's accommodation sector of the recent years is expected to moderate due to the impending new supply.

# INDUSTRIAL SERVICES

The Group's Industrial Services segment consists of SP Corp and Hypak. SP Corp is an 80.2%-owned subsidiary. Hypak is a 97.9%-owned subsidiary. In 2017, Industrial Services reported revenue of $136.1 million and profit after tax of $0.5 million. In comparison, revenue of $134.1 million and profit after tax of $1.7 million were reported in the previous year.

**SP CORP** is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). It principally engages in commodities trading and tyre distribution. For 2017, SP Corp recorded revenue of $127.7 million, a 2% increase as compared to $125.6 million in 2016. Higher activities in commodities trading have led to the increase in revenue while the tyre distribution business continued to be affected by intense competition. Following the completion of asset sales to interested persons, the Tyre Distribution Unit was discontinued as at 31 December 2017. Overall, profit after tax decreased 75% to $0.4 million, down from $1.8 million a year ago.

The Commodities Trading Unit primarily carries out trading and marketing of a broad range of commodities including coal, rubber, metals as well as other commodities and products used by manufacturers in the energy, tyre, metal and automotive industries in Asia. It also handles the distribution of consumer products including baby and adult diapers, baby wipes and feminine napkins produced in China and Indonesia.

Commodities Trading Unit reported higher revenue of $121.1 million in 2017 as compared to $109.3 million in 2016 attributable to higher level of coal trading and sale of metals. However, profit after tax have decreased 60% to $0.8 million due to lower margin for coal trading and lower sales from rubber, machinery and consumer products which normally enjoyed higher margin, coupled with lower interest income and higher foreign exchange losses. The coal allocation agreement with the coal mine in Indonesia had been extended to year 2021 and is expected to contribute positively.

Prior to the discontinuation, the Tyre Distribution Unit distributed a range of bias and radial tyres for trucks and buses and passenger cars under tyre brands like GT Radial and Gajah Tunggal from Indonesia; and GT Radial, Primewell, Runway and Giti from China. Its distribution network included certain ASEAN countries. The Unit also provided tyre management services in Singapore and was a one-stop solution for both new and retread tyres.

In 2017, Tyre Distribution Unit's revenue of $6.7 million was lower as compared to $16.3 million in the previous year. The Unit posted a net loss of $0.5 million arising from lower revenue, partially offset by lower operating overheads and expenses. The lower sales for the year reflected the discontinuation of the business towards the end of the year.

**HYPAK** is a leading industrial packaging producer and supplier of polypropylene woven bags and laminated bags in Malaysia for products such as fertiliser, sugar, chemical, flour and feed meal. In 2017, Hypak reported revenue of RM26.1 million, compared to last year's RM25.5 million and a loss after tax of RM0.3 million, compared to loss of RM0.1 million in the previous year.

Higher sales revenue in 2017 was driven by higher pricing sales mix in response to the rising material prices. The improved sales performance from polypropylene woven bags in 2017 was partially offset by lower sales of Radiant Barrier Foil Products as only certain product series can be sold while Hypak was pursuing for product certification. The product certification of the fire-retardant foil series had been made compulsory for the roofing industry in Malaysia.

Hypak posted higher net loss of RM0.3 million as compared to the previous year due to margin erosion from selling prices not increasing in tandem with the material prices as well as on-going costs incurred in the pursuit of product certification of its fire-retardant foil series.

During the year, one of the fire-retardant product series has been successfully registered with the Construction Industry Development Board (CIDB) Malaysia while another two series received certification from Standard and Industrial Research Institute of Malaysia (SIRIM). It is expected that the certification and registration as a qualified fire-retardant product supplier will contribute positively to the results of Hypak.

*A process in the manufacture of laminated Radiant Barrier Foil Products.*

### KEY FIGURES

***SP CORP***

REVENUE
$127.7 MILLION

PROFIT AFTER TAX
$0.4 MILLION

***HYPAK***

REVENUE
RM26.1 MILLION

LOSS AFTER TAX
RM0.3 MILLION

# OTHER INVESTMENTS

The Group holds a 44.5% interest in GulTech and a 49% interest in Pan-West. These holdings are classified under "Other Investments" segment. In line with our strategic direction, the Group is not averse to dispose of its investments in these two entities when opportunity arises. For the full year 2017, Other Investments contributed a higher profit after tax of $16.0 million as compared to $12.3 million in the previous year, attributable to higher contribution from GulTech.

**GULTECH** is a respectable player in the printed circuit boards ("PCB") market, serving customers in the automotive, computer peripheral, consumer electronics, telecommunication, healthcare and instrument & control. GulTech has manufacturing facilities in Suzhou and Wuxi, China. Through innovative design and prototype expertise, GulTech continues to work in partnership with its multinational customers 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 reported revenue of US$294.1 million and profit after tax of US$35.3 million. Profit after tax increased 23% as compared to last year mainly attributable to improved performance from all three plants. As a result, GulTech's net profit attributable to shareholders was up 17% to US$26.0 million.

*Rows of automated drilling machines humming their way to produce printed circuit boards at GulTech Jiangsu Plant, China.*

**PAN-WEST** distributes golf-related lifestyle products, operating in nine on-course and off-course outlets and concessionaires across Singapore and Malaysia. Pan-West 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 of Asics Golf and Skechers Golf footwear in Singapore.


*Flagship store of premium brand, Honma Golf, at Wheelock Place, Singapore*

# GROUP PROPERTY PORTFOLIO

## DEVELOPMENT PROPERTIES – RESIDENTIAL

| NAME OF PROPERTY | LOCATION | ESTIMATED GFA (SQ. M.) | TENURE | SALES REVENUE FY2017 (MILLIONS) | SALES REVENUE FY2016 (MILLIONS) |
|---|---|---|---|---|---|
| **UNDER DEVELOPMENT** | | | | | |
| Kandis Residence | Singapore | 10,850 | 99 years from year 2016 | SGD 2.4[(a)] | – |
| Project at Jalan Remaja | Singapore | 8,546 | Freehold | – | – |
| **COMPLETED** | | | | | |
| Seletar Park Residence | Singapore | 26,862 | 99 years from year 2011 | SGD 1.6 | SGD 5.1 |
| Sennett Residence | Singapore | 33,328 | 99 years from year 2011 | SGD 7.7 | SGD 58.8 |
| Cluny Park Residence | Singapore | 6,997 | Freehold | SGD 46.9 | SGD 46.2 |

(a) Soft-launched in August 2017.

Kandis Residence, Singapore (Artist's impression)

Cluny Park Residence, Singapore

# GROUP PROPERTY PORTFOLIO

## INVESTMENT PROPERTIES – COMMERCIAL

| NAME OF PROPERTY | LOCATION | LAND AREA (SQ. M.) | ESTIMATED LETTABLE/ STRATA AREA (SQ. M.) | TENURE | RENTAL REVENUE FY2017 (MILLIONS) | RENTAL REVENUE FY2016 (MILLIONS) |
|---|---|---|---|---|---|---|
| **UNDER REDEVELOPMENT** | | | | | | |
| 18 Robinson (formerly known as "Robinson Towers") | Singapore | 1,725 | 18,058 | 999 years from year 1884 & 1885 (Lots 167X, 616W, 691X, 99280A, 99287W and 99289P)<br><br>99 years from year 2013 (Lots 485M and 488P) | – | – |
| **COMPLETED PROPERTY** | | | | | | |
| 896 Dunearn Road | Singapore | 13,089 | 18,857 | Estate in Fee Simple (Lot 1182K)<br><br>Estate in Fee Simple and 999 years from year 1879 (Lot 1185L)<br><br>Estate in Perpetuity (Lot 99907P)<br><br>999 years from year 1879 (Lot 99891X) | SGD 4.5 | –[b] |
| Robinson Point | Singapore | 1,404 | 12,483 | Freehold | SGD 11.5 | SGD 12.3 |
| The Oxley, 1st – 3rd floor | Singapore | –[c] | 2,770 | Freehold | SGD 2.6 | SGD 2.6 |
| Far East Finance Building – 11th Floor | Singapore | –[d] | 402 | 999 years from year 1884 | SGD 0.2 | SGD 0.2 |
| No. 2950 Chun Shen Road Property | China | 1,741 | 2,170 | 58 years from year 2008 | RMB1.9 | RMB1.9 |
| Commercial Centre and Carpark within Melbourne Grand Hyatt complex | Australia | –[e] | 3,024 (plus 595 carpark bays) | Freehold | AUD 4.0 | AUD 3.8 |
| Fortescue Centre and Carpark (within Hyatt Regency Perth complex) | Australia | –[e] | 23,415 (plus 1,018 carpark bays) | Freehold | AUD 6.1 | AUD 6.7 |

(b) There is no comparative information as the building was acquired on 16 June 2017.
(c) Not applicable, strata-titled.
(d) Not applicable, strata-titled.
(e) Please refer to "Hotel Operation Properties" section.

18 Robinson, Singapore (Artist's impression)

# GROUP PROPERTY PORTFOLIO

## INVESTMENT PROPERTIES – INDUSTRIAL

| NAME OF PROPERTY | LOCATION | ESTIMATED LETTABLE/ STRATA AREA (SQ. M.) | TENURE | RENTAL REVENUE FY2017 (MILLIONS) | RENTAL REVENUE FY2016 (MILLIONS) |
|---|---|---|---|---|---|
| **COMPLETED PROPERTY** | | | | | |
| Century Warehouse (31 strata units) | Singapore | 4,690 | Freehold | SGD 1.2 | SGD 1.2 |
| L&Y Building (3 strata units) | Singapore | 2,285 | 999 years from year 1885 | –[f] | SGD 0.2 |

(f) There was no revenue from the 3 strata units in FY2017 as leasing was previously put on hold pending an *en bloc* effort. The units have since been put back to the leasing market.


Century Warehouse, Singapore


L&Y Building, Singapore

## HOTEL OPERATION PROPERTIES

| NAME OF PROPERTY | LOCATION | LAND AREA (SQ. M.) | TENURE | TOTAL HOTEL ROOMS | OPERATIONS REVENUE FY2017 (MILLIONS) | OPERATIONS REVENUE FY2016 (MILLIONS) |
|---|---|---|---|---|---|---|
| Grand Hyatt Melbourne | Australia | 5,776[g] | Freehold | 550 | AUD 78.7 | AUD 77.5 |
| Hyatt Regency Perth | Australia | 25,826[h] | Freehold | 367 | AUD 35.9 | AUD 41.1 |

(g) The land area includes the commercial and carpark components. The commercial portion occupies a land area of approximately 747 square metres.
(h) The land area includes the vacant land, commercial and carpark components. The hotel operation occupies a land area of approximately 6,500 square metres.


Grand Hyatt Melbourne, Australia


Hyatt Regency Perth, Australia

# GROUP PROPERTY PORTFOLIO

## PROPERTIES HELD UNDER INDUSTRIAL SERVICES & OTHER INVESTMENTS

| NAME OF PROPERTY | LOCATION | LAND AREA (SQ. M.) | TENURE | OPERATIONS REVENUE FY2017 (MILLIONS) | OPERATIONS REVENUE FY2016 (MILLIONS) |
|---|---|---|---|---|---|
| Hypak Factory Building | Malacca, Malaysia | 19,100 | 99 years from year 1973 | MYR 26.1 | MYR 25.5 |
| GulTech Suzhou Factory Building | Suzhou, China | 40,455 | 48 years from year 1999 | USD101.8 | USD83.0 |
| GulTech Wuxi Factory Building | Wuxi, China | 78,800 | 50 years from year 2004 | USD179.0 | USD153.5 |
| GulTech Jiangsu Factory Building | Wuxi, China | 75,500 | 50 years from year 2012 | USD36.1 | USD25.2 |


Hypak Factory Building, Malaysia


Gultech Jiangu and Wuxi Factory Building, China

# CFO'S REVIEW OF FINANCIAL PERFORMANCE

## OVERVIEW

### OUR FINANCIAL STRATEGY AND TARGET

| LIQUIDITY | FLEXIBILITY | STRONG METRICS |
|---|---|---|
| To maintain adequate cash (including near cash) to support business needs and serendipity opportunities | To diversify source of financing with a mix of fixed and variable interest and maturity periods | To maintain cordial and strong relationship with the banking community and use non-recourse debt whenever possible |
| **Cash & Bank Balances**[1] **$216.8m** | **Undrawn Facilities** **$358.3m** | **Weighted Average Cost of Financing from Financial Institutions** **2.6% p.a.** |
| **Cash Equivalents**[1] **$151.1m** | **Secured Debt/Total Assets** **0.47X** | **Cost of Notes issued** MTN Series I: **4.5% p.a.** MTN Series II: **6.0% p.a.** |

1 Cash and bank balances comprise of 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. Cash equivalents exclude encumbered fixed deposits and bank balances.

### KEY PERFORMANCE INDICATORS

| | | 2017 | 2016 | CHANGE |
|---|---|---|---|---|
| **PROFITABILITY – MEASURES ABILITY TO GENERATE EARNINGS** | | | | |
| Revenue | $'M | 357.9 | 404.0 | -11% |
| Profit before tax and fair value adjustments | $'M | 23.3 | 37.7 | -38% |
| Profit after tax | $'M | 62.8 | 33.8 | 86% |
| Profit attributable to shareholders | $'M | 62.7 | 33.6 | 87% |
| **LIQUIDITY – MEASURES ABILITY TO MEET DEBT OBLIGATIONS** | | | | |
| Working capital | $'M | 87.4 | 371.2 | -76% |
| Operating cash flow | $'M | 101.6 | 190.1 | -47% |
| Free cash flow[1] | $'M | (341.2) | 158.9 | n.m. |
| **EFFICIENCY – MEASURES EFFICIENCY OF USING FUND AND MANAGING ASSETS** | | | | |
| Total assets | $'M | 2,638.2 | 2,123.1 | 24% |
| Shareholders' funds | $'M | 985.6 | 919.4 | 7% |
| Return on assets[2] | % | 2.6 | 1.6 | 63% |
| Return on shareholders' funds[3] | % | 6.6 | 3.7 | 78% |
| **DEBT LEVERAGE – MEASURES CAPITAL EMPLOYED AND FINANCIAL LEVERAGE** | | | | |
| Total borrowings | $'M | 1,458.1 | 1,020.8 | 43% |
| Net borrowings | $'M | 1,241.3 | 857.1 | 45% |
| Gross gearing[4] | times | 1.46 | 1.10 | 33% |
| Net gearing[4] | times | 1.25 | 0.92 | 36% |
| **SHAREHOLDERS' RETURN – MEASURES WEALTH CREATION FOR SHAREHOLDERS** | | | | |
| Earnings per Share (before fair value adjustments) | cents | 1.8 | 2.7 | -33% |
| Earnings per Share (after fair value adjustments) | cents | 5.3 | 2.8 | 89% |
| Net asset value per Share | cents | 83.0 | 77.7 | 7% |
| Dividend per Share | cent | 0.6 | 0.6 | 0% |
| Dividend payout ratio[5] | % | 33.3 | 22.6 | 47% |
| Dividend yield[6] | % | 1.7 | 2.0 | -15% |

**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 as at year end/total equity as at year end; Net gearing = net borrowings as at year end/total equity as at year end
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

# CFO'S REVIEW OF FINANCIAL PERFORMANCE

This review is to provide readers with an insight into our financial performance and position as of 31 December 2017, the cash flow and our financial strategy.

As is mandatory, the financial statements are prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("SFRSs"). Management reviews the financial performance of the Group principally on a consolidated basis. By that we mean all subsidiaries' results are consolidated line-by-line and associates' results are equity-accounted in a single line on i) the Group's consolidated statement of profit or loss and ii) consolidated statement of financial position.

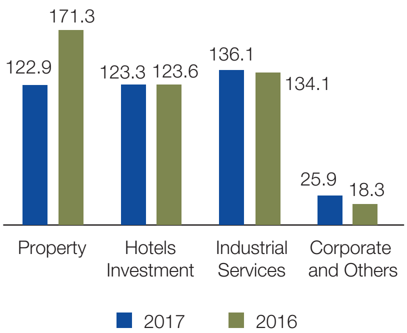
A summary of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position are separately included in the "Financial Performance" and "Financial Position" section of this report. Readers are advised to read this review together with the Statutory Reports and Accounts.

## FINANCIAL PERFORMANCE

### REVENUE

Group's revenue was $357.9 million, a decrease of 11% as compared to $404.0 million last year. The overall decrease was largely due to lower revenue from the property segment as most units of the development property projects have been sold.

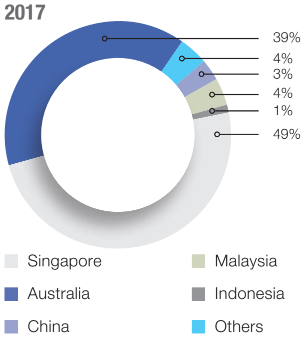
**REVENUE BY BUSINESS SEGMENT** ($'M)



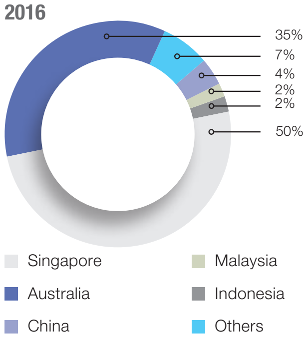

Property remains a key revenue driver despite showing a decline in 2017, contributing 34% of the Group's revenue in 2017.

**REVENUE BY GEOGRAPHICAL LOCATION**

**2017**




**2016**




Group's revenue was mainly generated from Singapore and Australia, contributing to a combined 88% and 85% of the total revenue in 2017 and 2016 respectively.

### GROSS PROFIT

Gross profit was $65.0 million, a reduction of 23% because of lower revenue. This is because most units of our various development projects have been sold in the previous year.

### OTHER INCOME AND EXPENSES

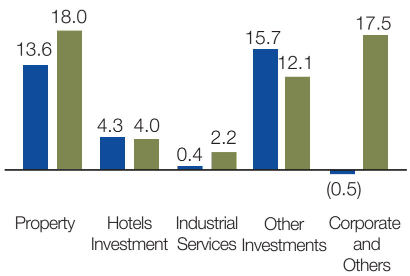
Other operating income increased by 64% to $7.3 million as compared to last year. It was mainly attributable to a $2.9 million liquidated damage received from a contractor for its delay in a development project and a $0.7 million gain on disposal of assets from the discontinued Tyre Distribution Unit in Industrial Services segment. Distribution costs were 4% higher at $6.1 million reflecting mainly costs incurred of $1.3 million for the preparation of the show flat for Kandis Residence. This increase was partially offset by lower sales promotion expenses of $1.0 million in the residential projects.

Other operating expenses were 56% lower at $3.4 million, as a result of lower allowance for diminution in this current year of $0.5 million as compared to $3.7 million made last year and the absence of a foreign exchange loss realised from the translation reserve of $1.8 million in FY2016 arising from the liquidation of two Malaysian subsidiaries.

The Group's share of results (before fair value adjustments) of an equity-accounted entity (i.e. GulTech) increased 16% to $15.7 million attributable to its better performance.

### PROFITABILITY

**PROFIT BEFORE TAX AND FAIR VALUE ADJUSTMENTS BY BUSINESS SEGMENTS** ($'M)




Profit before tax and fair value adjustments declined 38% to $23.3 million. All operating segments were profitable in 2017. Property segment reported lower profit as most of the units of our three residential developments in Singapore had been sold. The other significant contributor for the year was GulTech, under the Other Investments segment.

## FINANCIAL POSITION

As at 31 December 2017, the Group's total assets increased 24% or $515.1 million to $2,638.2 million as compared to $2,123.1 million at the previous year-end. The increase was mainly attributable to the acquisition of the 896 Dunearn Road property and a vacant land at Jalan Remaja, a higher cash and bank balances after the issuance of the MTN Notes Series II of S$150 million and a net fair vale gain on investment properties, offset partially by a decrease in trade and other receivables.

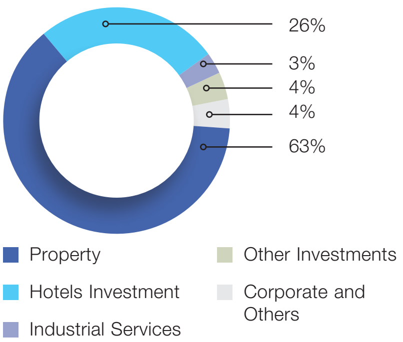
# CFO'S REVIEW OF FINANCIAL PERFORMANCE

The Group's total liabilities increased by 38% or $449.3 million to $1,641.9 million as compared to $1,192.6 million at the previous year end reflecting borrowings to finance the two afore-said acquisitions and the issuance of Series II notes. These additional borrowings resulted in gross gearing ratio increasing to 1.46 times (from 1.1 times) and net gearing ratio increasing to 1.25 times (from 0.92 times).

As at 31 December 2017, shareholders' fund grew by 7% over the previous year end or $66.2 million to $985.6 million. Total equity (i.e. including non-controlling interests) increased to $996.3 million as at 31 December 2017, from $930.5 million at the previous year end. The increase reflected a combination of profit 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.

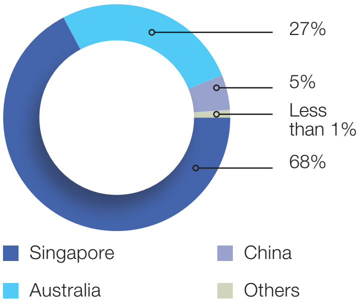
During the year, 4.2 million new shares were issued to shareholders under the Tuan Sing Scrip Dividend Scheme. Separately, 50,000 shares were cancelled after they were purchased from the open market. Accordingly in monetary terms, the Company's share capital increased by approximately $1.2 million to $172.5 million as at 31 December 2017.

### TOTAL ASSETS BY BUSINESS SEGMENT (2017: $2,638.2M)




Property segment contributed 63% of the Group's total assets in 2017.

### TOTAL ASSETS BY GEOGRAPHICAL LOCATION (2017: $2,638.2M)

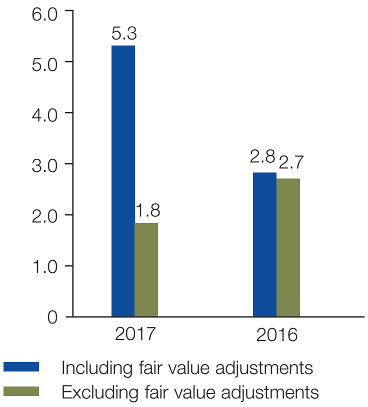



68% of the Group's total assets are located in Singapore whereas assets in Australia form the bulk of the Group's overseas assets.

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

The number of issued ordinary shares as at 31 December 2017 was 1,186,992,780 as compared to 1,182,842,055 as at 31 December 2016. On 23 June 2017, 4,200,725 new ordinary shares were allotted and issued at $0.293 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 2016. Separately, 50,000 ordinary shares were purchased under the "Share Purchase Mandate" and were subsequently cancelled on 1 December 2017.

### EARNINGS PER SHARE (CENTS)




Earnings per share, including fair value adjustments, increased 89% to 5.3 cents, as compared to 2.8 cents a year earlier. This is mainly the result of higher fair value gain recognised for most of the Group's investment properties.

### DIVIDEND AND SHAREHOLDERS' RETURN

#### DIVIDEND

Subject to the shareholders' approval at the forthcoming Annual General Meeting to be held on 19 April 2018, a first and final one-tier tax exempt dividend of 0.6 cent per share, amounting to about $7.1 million, will be paid on 26 June 2018 in respect of the year ended 31 December 2017. 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 2018.

For the previous year end, the same payout rate of 0.6 cent per share of dividend 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.

The Group has been declaring dividends every year since 2009. Total gross dividend payout since then amounts to $50.3 million, including $7.1 million proposed for FY2017.

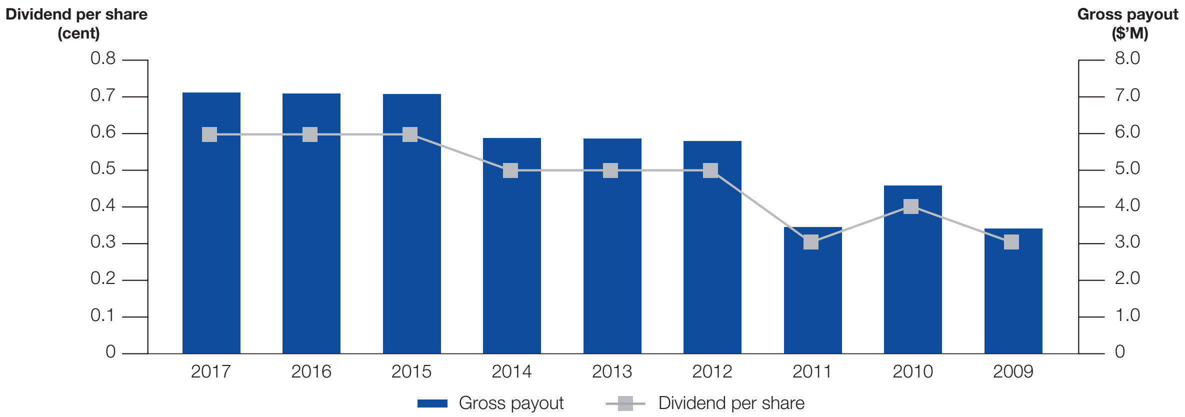
# CFO'S REVIEW OF FINANCIAL PERFORMANCE

### DIVIDEND PAYOUT AND DIVIDEND YIELD

The proposed dividend of 0.6 cent per share for 2017 represents i) dividend payout ratio of 33.3% based on core earnings which are the net profit before fair value adjustments; ii) dividend yield of 1.7% based on dividend per share over the average share price of 35.3 cents traded during the year.

We are aware of our shareholders' wish for more dividends. However, we have to balance shareholders' desire to have a higher dividend with sustainable annual returns and prudence to preserve cash and maintain sufficient working capital to support business growth. The bulk of the Group's profits, when made, shall therefore be retained for investing in the Group's future, while an appropriate dividend will be distributed annually – cash flow permitting – to reward shareholders. Please refer to the Group's "Dividend Policy" stated in Corporate Governance.

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|
| Dividend per share (cent) | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 | 0.5 | 0.3 | 0.4 | 0.3 |
| Number of shares (million) | 1,187 | 1,183 | 1,179 | 1,176 | 1,173 | 1,161 | 1,154 | 1,146 | 1,138 |
| Gross payout ($'000) | 7,122 | 7,097 | 7,073 | 5,881 | 5,864 | 5,806 | 3,463 | 4,586 | 3,412 |
| Cumulative payout ($'000) | 50,304 | 43,182 | 36,085 | 29,012 | 23,131 | 17,267 | 11,461 | 7,998 | 3,412 |




## CASH FLOW

### FREE CASH FLOW

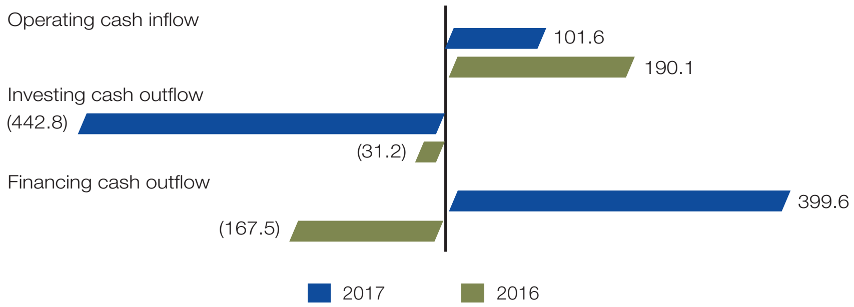
One of the important drivers to increase shareholder value is the generation of free cash in-flow over a medium term. Free cash flow for a period is the arithmetic sum of two streams of cash flows during the period: cash generated from/(used in) operating activities and cash (used in)/from investing 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 $341.2 million as compared to free cash inflow of $158.9 million in 2016. This was due to a much higher investing cash outflow of $442.8 million and lower operating cash inflow of $101.6 million. In comparison, last year's investing cash outflow and operating cash inflow were $31.2 million and $190.1 million respectively.

### CASH FROM OPERATING ACTIVITIES

Lower operating cash flows were generated during the year as most units of the development properties have been sold, hence resulting in lesser cash collected.

**CASH FLOW** ($'M)



# CFO'S REVIEW OF FINANCIAL PERFORMANCE

### CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities increased substantially during the year so as to buy an investment property at 896 Dunearn Road, the construction of 18 Robinson, and the purchase of a plot of land at Jalan Remaja for future development into a residence project.

### CASH USED IN FINANCING ACTIVITIES

Net cash generated from financing activities was $399.6 million including the $150 million proceeds from the issuance of MTN Programme Series II notes and from drawing down of loan facilities. There was also interest payment of $39.1 million and cash dividend of $5.9 million. In comparison, last year's net cash of $167.5 million was used in financing activities mainly on a net loan repayment of $94.4 million, interest payment of $34.2 million, cash dividend of $5.9 million, and an increase in bank deposit pledged of $32.9 million.

### CASH AND CASH EQUIVALENTS

As at 31 December 2017, cash and cash equivalents stood at $151.1 million, an increase from $95.9 million as at 31 December 2016.

### BORROWINGS AND DEBT SECURITIES

As of 31 December 2017, the Group had borrowings of $1,458.1 million comprising long term borrowings of $1,179.2 million and short-term borrowings of $278.9 million. Out of the total borrowings, 84% were secured. The remaining unsecured balance were the S$80 million and S$150 million notes issued under the MTN Programme. Secured borrowings were mainly for financing development projects and investment properties in Singapore and Australia. Singapore dollar borrowings represented 75% of total borrowings and the remaining 25% were in Australian dollars. Australian dollar borrowings by and under GHG, act as a natural hedge against the Group's investment in Australia.

As a matter of policy, we spread our borrowings amongst a number of 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.

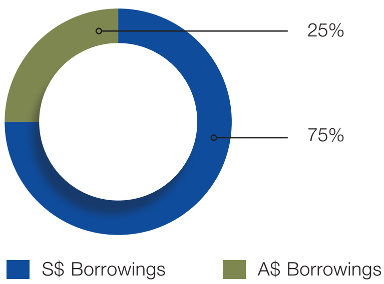
To mitigate interest rate risk, we monitor the trend of interest rate movements closely. Financial instruments are used, if it is deemed necessary, to hedge interest rate risk arising from the normal course of business.

We are aware that Singapore dollar interest rates have commenced their climb since the later part of 2017. To this end, out of the $1,097 million Singapore dollar borrowings as at the year end, 21% were of fixed rates maturing in the next 22-30 months and an additional 60% had since the fourth quarter of 2017 been converted from one- to three-month durations to twelve-month duration. The non-Singapore dollar borrowings were in Australian dollar which were on one-month rollover basis for which we had been monitoring closely the trend of the Australian dollar interest rate.

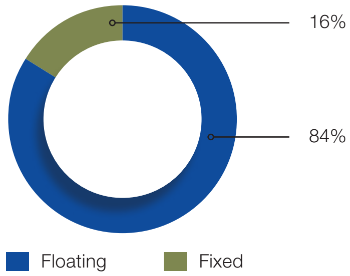
Tuan Sing has established a S$900 million MTN Programme under which it can issue notes of various durations in series or tranches either in Singapore dollar or other currency as deemed appropriate at the time. The first tranche of the unsecured S$80 million fixed rate notes (the "Notes") were issued 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 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.

### DEBT PROFILE

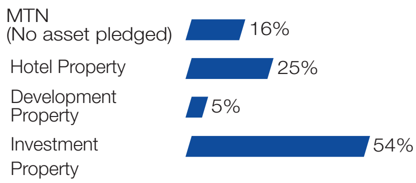
#### TOTAL BORROWINGS BY CURRENCY



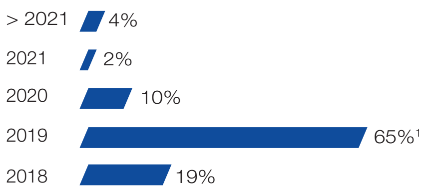

#### INTEREST RATE PROFILE




#### TOTAL BORROWINGS BY ASSETS PLEDGED

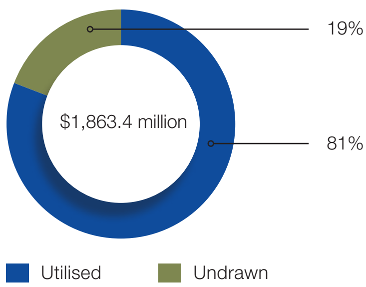



#### LOAN MATURITY PROFILE




[1] 65% of the Group's total borrowings will mature in 2019. These include the A$ loan for the two hotels, certain loans taken up to finance two investment properties in Singapore and the Multicurrency Medium Term Note Series I of $80 million.

#### TOTAL CREDIT FACILITY




Note: The above analysis is based on total loans and borrowings outstanding as at 31 December 2017.

# CFO'S REVIEW OF FINANCIAL PERFORMANCE

## 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. To achieve an optimal capital structure, we may issue new shares from time to time, buy back shares in the open market & cancelled 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 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.

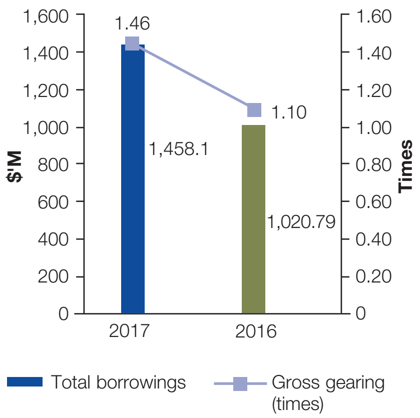
Having access to reasonably-priced financing is dependent, in part, on how our financiers view our credit ratings. Like most mid-capped companies, we do not engage the service of a credit rating agency to perform a credit rating exercise. We do however believe that we have a reputation for having good 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

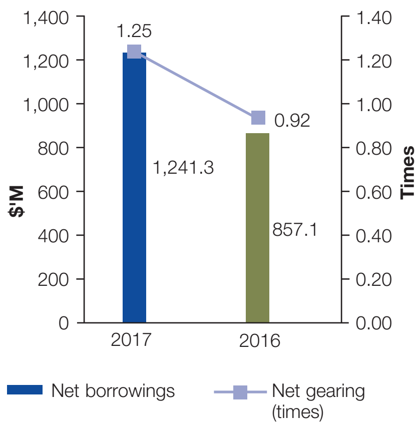
We use gross gearing ratio (debt as a percentage of total equity) and net gearing ratio (net debt as a percentage of total equity) to measure our debt leverage. Net debt is defined as debt less cash in hand and at banks.

As at 31 December 2017, gross gearing ratio increased from 1.10 times to 1.46 times. Similarly, net gearing ratio increased from 0.92 times last year to 1.25 times. This was mainly due to an increase in bank borrowings for the acquisition of 896 Dunearn Road property and a vacant land at Jalan Remaja.

#### GROSS GEARING



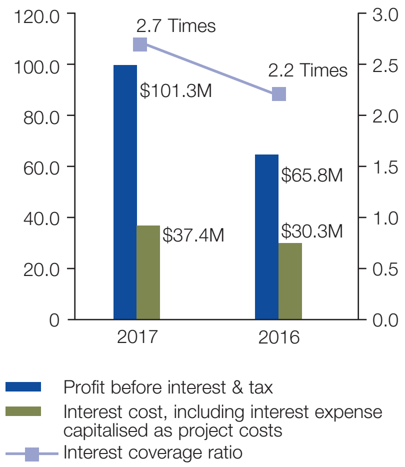

#### NET GEARING




### OUR INTEREST COVERAGE RATIO

The Group's interest cover was 2.7 times as at end 2017 as compared to 2.2 times in 2016. The higher interest cover was attributable to higher profits. Interest expense saw an increase by almost 23% to $37.4 million from $30.3 million. The higher interest expense was due mainly to loans taken up for the acquisition of 896 Dunearn Road and the issuance of the MTN Series II Term Notes of S$150 million, both in June 2017.

#### INTEREST COVER RATIO




## 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

# CFO'S REVIEW OF FINANCIAL PERFORMANCE

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.

## FINANCIAL RISK MANAGEMENT

For a full understanding of this topic, please also read "Business Dynamics and Risk Factors' section of this Annual Report and note 32 to the Statutory Reports and Account.

## SENSITIVITY ANALYSIS

Sensitivity analysis on currency and interest rate changes and associated risks are discussed in note 32 in the Statutory Reports and Account. Other sensitivity analyses are discussed below:

### FOREIGN CURRENCY EXPOSURE

As the Group has operations and properties outside Singapore, it is subject to the effect of foreign currency translation when the assets and liabilities recorded in foreign currencies are translated or exchanged into Singapore dollar for financial reporting or repatriation purpose. The translation exposure is primarily related to Australian dollar ("AUD"), Renminbi ("RMB") and United States dollar ("USD"). A 5% appreciation or depreciation in AUD, RMB and USD against the Singapore dollar at 31 December 2017 would have the Company's shareholders' fund increase or decrease by approximately $13.6 million, $5.6 million and $6.6 million respectively.

### DEVELOPMENT PROPERTIES

For sales of partly completed development properties in Singapore under progressive payment method, 20% of profit is recognised upon the signing of sales contracts and the first 20% of the transacted price is received for the unit, if following conditions are met:
i) using the standard form of Sales and Purchase Agreement prescribed under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130); ii) meet the criteria for continuous transfer of control, risks and rewards of ownership as progressive payments are made by the buyers. Subsequent recognition of profit for the unit will be using the percentage of completion method based on actual percentage of physical completion achieved during the year.

For sales of partly completed development properties in Singapore under deferred payment scheme and development properties outside Singapore, profit is recognised upon completion of construction, and when legal title passes to the buyer or when equitable interest in the property vests upon release of the handover notice to the buyer, whichever is earlier.

As of 31 December 2017, most of the completed development properties in Singapore have been booked or sold (Seletar Park Residence: 100%; Sennett Residence: 97%; Cluny Park Residence: 90%). As there are only a few remaining units unsold, the incremental impact to the Group's profit before tax would be minimal for every 1% of the remaining saleable area sold.

Kandis Residence, which is a property in the course of development, has 13% of its units booked or sold as at 31 December 2017. Based on its percentage of completion at year end, the incremental impact on the Group's profit before tax for every additional 1% of the total saleable area sold would contribute an estimated $0.2 million to the Group's profit before tax. This is based on estimated profit margin and properties available for sale as at 31 December 2017.

### INVESTMENT PROPERTIES

The Group's investment properties comprise Robinson Point, building at 896 Dunearn Road, three floors of commercial space in The Oxley, 31 strata units (out of 35 strata units) within Century Warehouse, 3 strata units (out of 24 strata units) within L&Y Building and 1 strata unit within Far East Finance Building in Singapore, non-hotel commercial space (office, retail and car park) adjacent to Grand Hyatt Melbourne and Hyatt Regency Perth in Australia, as well as No. 2950 Chun Shen Road Property in China. Profit before tax could be sensitive to changes in their respective occupancy and rental rates.

Assuming that the current rental rates are maintained, every 1% change in occupancy rate would have an approximately $0.3 million impact to the total rental income.

### FAIR VALUE ADJUSTMENTS

Volatility of financial results arising from fair value adjustment of the Group's property portfolio is an inherent, systemic risk that the Group faces. This is because these assets form a very significant portion of the Group's total asset base. Whilst there is no actual cash flow impact arising from such accounting entries, a substantial reduction in the properties' valuation may trigger the activation of certain loan-to-value bank covenants.

As at 31 December 2017, there was $1,592.7 million worth of investment properties which formed 60% of the total assets of the Group. Hence, for every 1% increase/decrease in the fair value of investment properties, the Group's shareholder's fund will increase/decrease by approximately $15.9 million.

## CRITICAL ACCOUNTING POLICIES

Tuan Sing's financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("SFRSs") and are on the historical cost basis except for the revaluation of certain non-current assets and financial instruments that have been measured at their fair values and amortised costs respectively at the end of the reporting period. The Group's significant accounting policies are discussed in note 2 to the Statutory Reports and Account.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to exercise its judgment in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. The Group's critical accounting judgments and key sources of estimation uncertainty are discussed in note 3 to the Statutory Reports and Account.

# MANAGING RISK IN DELIVERING OUR STRATEGY

"We maintain a suitably controlled culture to ensure strategies and operations are executed within our risk appetite"

We recognise that in our effort to delivering results and achieving our strategies, Tuan Sing is exposed to a melange of risks. Hence, our ability to prevent, detect and manage risks is crucial for an effective governance and control of the business. However, we also recognise that there is a fine balance between risk taking and reward. Our Enterprise Risks Management ("ERM") therefore comes into play.

Our ERM framework is designed to be in line with "ISO31000 – Risk Management Principles and Guidelines" and the recommended practices under "Risk Governance Guidance for Listed Boards" issued by Corporate Governance Council on 10 May 2012. The ERM outlines the principles, process, tools, risk categories, key responsibilities, reporting requirements and communication timelines within the Group and intends to provide reasonable assurance that the Group's objectives can be achieved and its obligations to customers, shareholders, employees and community can be met.

In this discussion, we give an outline of the Group's approach in managing risks. Key risks faced by the Group in 2017 have been identified and reviewed by the Board of Directors. They are summarised in the "Business Dynamics and Risk Factors Statement" section of this Annual Report.

## OUR APPROACH TO RISK MANAGEMENT

The Group's business environment changes incessantly and which results in it being exposed to different profile of risks over time. This change of risks profile, in turn, may require a regular review of our corporate strategies.
To manage risks, Tuan Sing has an integrated risks management process that recognises the need for timely direction and decision throughout the Board of Directors, senior management and our strategic business unit management (i.e. SBUs), where appropriate. Through practices over the years, risk culture has been embedded both at the board level (i.e. strategic risk management) and at the day-to-day decision-making, operational activities (i.e. operational risk management).

The top-down approach (i.e. strategic risk management) involves a review of the external environment and our risk appetite at the top management and Board level. The result therefrom will then guide our strategy-making. Key risk indicators have been identified and are used to monitor our risk exposure and to determine our risk appetite. These key risks are reviewed quarterly by the Audit and Risk 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 operating level and is embedded in our everyday operations. Control of this process is through maintaining the risk register by all SBUs. These risk registers are aggregated and reviewed by the Group CEO and Group CFO; all significant and emerging risks are escalated for the consideration of the Board and Audit and Risk Committee, as appropriate. This process complements the top-down approach.

## OUR RISK GOVERNANCE AND OVERSIGHT STRUCTURE

Our ERM system is designed to provide reasonable, but not absolute, assurance that the risks facing the business are being assessed and all information that may 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 remains appropriate for the year 2017.

## MANAGE RISK IN DELIVERING OUR STRATEGY

We remain focused on property and hotel segments to drive growth. In pursuing 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 it should be within our risk appetite. We use key risk indicators to ensure that the activities of the business are within our risk appetite.

## OUR RISK MANAGEMENT PROCESS AND CULTURE

The Group places considerable importance on maintaining a strong control environment to ensure that risks are managed and business strategies are executed. Policies and procedures, delegation of authority, minimum internal controls and Code of Ethics have been defined and put into practice in all SBUs. Together with compliance with laws and regulations, these established procedures and internal guidelines form the control environment of Tuan Sing for which employees are accountable for their compliance.

In addition, the Group has since 2006 established a whistle-blowing policy under which employees and outsiders could, through well-defined and accessible channels, raise concerns in confidence about possible improprieties in matters of business activities,

# MANAGING RISK IN DELIVERING OUR STRATEGY

financial reporting or other matters to the Whistle-blowing Committee. The Committee is bound to report, within certain established timeline, the results of its investigation to the Audit and Risk Committee.

On a quarterly basis, the head of SBU is required to submit management representation letters to the Group CEO and Group CFO to confirm the effectiveness of the financial reporting, risk management, compliance and internal control systems in their respective units. These representation letters in turn formed the basis on which the Group CEO and Group CFO issued the quarterly group management representation letters to the Audit and Risk Committee. To promote accountability and appropriate corporate culture, yearly compliance checklist and declaration on ethics by all employees have also been implemented for some time.

The Internal Audit function is outsourced to PricewaterhouseCoopers which provides independent checks on operational issues and risk controls and reports directly to the Audit and Risk Committee.

To increase risk awareness and to continue with a culture of risk-conscious decision-making, risk management training sessions were held during the Tuan Sing Finance Conference in August 2017, bringing together employees from not only finance but also operational managers. In our effort to build a knowledgeable and progressive workforce, we have added relevant training hours received as part of the key performance indicators for all employees. This is to ensure that there is proper alignment of award and incentive scheme with our strategic objectives and risk appetite.

## CRISIS MANAGEMENT AND BUSINESS CONTINUITY

The Group implements crisis management and business continuity programme as part of its Enterprise Risk Management processes to ensure that the Group has the ability to respond and continue to operate critical business functions across a broad spectrum of interruptions to business.

In addition, to better prepare ourselves for business continuity, we conduct periodic emergency response exercises such as fire drills. Our SBUs also share information with one another on successful safety initiatives and accident cases so that others can learn from the experiences. In relation to preventive risk management measures, the Group protects itself by taking out appropriate group insurance policies. The coverage and quantum insured for each type of insurance are subject to review by insurance professionals.

### THE BOARD

- Determine strategies
- Set risk appetite and parameters
- Review external environment
- Manage and monitor risks
- Assess effectiveness of risk management system
- Instil corporate culture and approaches to 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 adequacy and effectiveness of the Group's risk management and internal control systems

### GROUP CEO & GROUP CFO

- Implement the Company's strategy
- Strengthen the Group's risk management culture ensuring the overall framework of risk management is comprehensive and responsive to changes in the business
- Regularly review the completeness and accuracy of risk assessments, risk reporting and the adequacy of risk mitigation efforts

### STRATEGIC BUSINESS UNITS

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

# BUSINESS DYNAMICS & RISK FACTORS STATEMENT

“We strike a balance between risk taking and rewards; but all within our appetite”

## KEY RISK PROFILE 2017

Changing business environment necessitates a close monitoring of the impact on our risk landscape. A total of 26 key risks have been identified. Our risk appetite and risk profile remains broadly unchanged in 2017.

## NO THREAT TO GOING CONCERN

After making due inquiry, we are satisfied that as on 31 December 2017, there were no risks that could affect the ability of the Group to continue as a going concern in the next twelve months.

## RISK MATRIX TABLE

| CONSEQUENCE \ LIKELIHOOD | 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 | | | | | |

## 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 on 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 by routine process / procedures<br>* Consider additional controls only if they are clearly quantifiable cost benefit<br>* Ongoing monitoring and review |
| NEGLIGIBLE | Acceptable:<br>* Manage by 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 and dealing with unfamiliar rules and regulations in foreign countries or nuances in customer service expectations.<br>• Such expansion plan may cause management losing focus. | • 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, in addition to consideration of other relevant risk factors.<br>• Evaluation includes macro and project-specific risks analyses, due diligence and sensitivity analysis on key assumptions. Each investment proposal is 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 may be a disadvantage in the highly competitive property development industry. Hence, the Group may be more vulnerable to external shocks and negative occurrences specific to its operations.<br>• The real estate markets in Singapore and in the region are rapidly changing and the Group has to respond swiftly and effectively more so than other bigger players.<br>• The Australian hospitality industry 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 maintain competitiveness through differentiation of its products and leveraging on its brand name and thereby moving away from the mass market.<br>• Tuan Sing is a recognised developer with proven track records and reputation associated with award-winning projects.<br>• The Group actively works with potential business partners in submitting joint- bid for new land parcels.<br>• The Group's hotel properties offer choice locations and excellent services of their class. Long term management agreements 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 shortage, poor performance of main contractors, industrial accidents or delays in obtaining regulatory approvals may 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 the conditions of the hospitality and leisure industry and the state of the property market in Australia.<br>• Reductions in room rates and occupancy levels would adversely impact the Group results. | • Policies and procedures covering project management process are in place.<br>• Pre-approved Project budget is agreed in advance to monitor the performance of the project team. All variation orders require approval at appropriate level.<br>• Hyatt management tracks room bookings daily. Room rates are adjusted as and when necessary to optimise returns. |
| **MACROECONOMIC & POLITICAL RISK** | |
| • Changing macroeconomic and political conditions in the countries where the Group operates may adversely affect the Group's performance particularly when the Group ventures 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 the market demand, land title acquisition, planning and design, construction hours and financing. | • The Group monitors key economic indicators and keeps itself updated on potential changes of policies by the authorities.<br>• The Group remains optimistic of the median and long-term outlook for the property markets in Singapore and in the region. |

# BUSINESS DYNAMICS & RISK FACTORS STATEMENT

| DESCRIPTION OF RISKS | WHAT WE DO TO MANAGE THE RISKS |
|---|---|
| **BUSINESS & STRATEGY RISKS (CONT'D)** | |
| **REGULATORY RISK** | |
| • Group is exposed to changes in prevailing laws and regulations in the country where it operates, particularly in corporate law, competition law, consumer protection and environment law. | • The Group works closely with advisors, consultants and local authorities so as to keep abreast of changes.<br>• Local business units are required to apprise 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 mission statement and guiding principles that drive the Group's operations.<br>• The Group has established an Investor Relations policy which is made available on our corporate website to further strengthen our communication with stakeholders. |
| **BUSINESS CONTINUITY RISK** | |
| • Property and hotels investment businesses are capital intensive and rely heavily on external financing at commercially acceptable interest rate and terms.<br>• Property development business relies on obtaining land plots, executing the projects to their fruition and successfully marketing the units within a certain timeframe and achieving profitability that commensurate with the risks involved. | • A S$900 million MTN Programme had been in place since 2013 so that we could seize business opportunities at short notice, diversify our sources of funding and to raise our business profile.<br>• A portfolio of mostly freehold investment properties provides a platform of growth and generates recurring income. Existing hotel properties offer a stable income stream given its 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 attacks because of its geographical footprints.<br>• This would potentially result in damage to properties, facilities and cause injury or death to personnel as well as disruption in operation and will cause financial loss to 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 certain security measures. |
| **FINANCIAL RISKS** | |
| **LIQUIDITY RISK** | |
| • Renewal or additional debt-financing on favourable terms is subject to prevailing global and local economic conditions, credit and capital market sentiments.<br>• The Group's property portfolio in Singapore and Australia are pledged under various mortgage loan agreements. A breach in any loan covenant may trigger certain repayment at short notice. | • The Group monitors and maintains a level of cash and cash equivalents deemed adequate.<br>• The Group manages debt financing proactively to ensure 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 liquidity position.<br>• Great emphasis is placed on the timely execution of on-going projects to ensure that significant proportion of our property projects are sold and cash being realised as early as is possible. |

# BUSINESS DYNAMICS & RISK FACTORS STATEMENT

| DESCRIPTION OF RISKS | WHAT WE DO TO MANAGE THE RISKS |
|---|---|
| **FINANCIAL RISKS (CONT'D)** | |
| **CAPITAL STRUCTURE RISK** | |
| • Inefficient capital structure or weakness in financial management could impact the Group's ability to provide adequate returns to the shareholders. | • The Group conducts regular reviews to ensure an optimal capital structure.<br>• The Group monitors its gross gearing, net gearing ratios and their trends on a quarterly basis.<br>• To achieve an optimal capital structure, the Group may 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 certain number of shares from the open market which were cancelled thereafter. |
| **DERIVATIVE FINANCIAL INSTRUMENT RISK** | |
| • Market conditions may move against the assumptions the Group adopts at the time of hedging transactions, an inherent risk. | • Derivative financial instruments are only used to manage interest rate fluctuation on floating rate debts or foreign currency exposure, or to comply with certain bank covenants.<br>• Hedging is to meet actual operational requirements, not for speculative purpose.<br>• The Group closely monitors the impact of the 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 demands 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. The Group monitors the market sentiments to leverage on any potential upside as well.<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 loss to the Group. | • Standard operating procedures are in place which includes extending pre-approved credit terms to only credit-worthy customers and monitoring credit risk on a regular basis.<br>• Major collectability issues are highlighted to all concerned. |
| **FOREIGN EXCHANGE RISK** | |
| • Exchange gains or losses may arise when the assets and liabilities in foreign currencies are translated into Singapore dollars for financial reporting or repatriation purposes. | • Natural hedging is used extensively including matching sale with purchase or matching asset with liability 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 from borrowings. | • The Group keeps abreast of the trend of interest rate movements.<br>• A variety of financial instruments, including interest rates of different durations, interest rate swaps, caps and forwards, may be used to hedge interest rate risks arising from normal course of business. |

# BUSINESS DYNAMICS & RISK FACTORS STATEMENT

| DESCRIPTION OF RISKS | WHAT WE DO TO MANAGE THE RISKS |
|---|---|
| **FINANCIAL RISKS (CONT'D)** | |
| **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 periodic basis.<br>• Tax provisions are made in strict compliance to the rules so as to reduce under-accrual in the book of accounts.<br>• The Group developed Transfer Pricing Documentation Master File to provide a guideline on transfer pricing for all subsidiaries across different countries. |
| **FINANCIAL MANAGEMENT RISK** | |
| • Other than the Group's policies and guidelines and the internal audit function which has been outsourced, the Group relies on self-assessment, review and reporting process from the strategic business units to ensure that transactions are carried out in conformity with the accounting standards and Group accounting policies and that the internal controls are adequate and effective.<br>• This system may not prevent or detect all frauds or misstatements in a timely manner.<br>• Changes in conditions or operations may cause system 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, strategic business units' operating and finance heads are to report the results of their self-review in their management representation letter.<br>• Quarterly management representation letter also serves as a platform for all strategic business units to highlight any transactions and/or events which may have material or potential financial impact to the Group. |
| **INVESTMENT RISK** | |
| • Higher returns are usually accompanied with higher risk and uncertainty. Therefore, the Group has to strike a balance in 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. |
| **OPERATIONAL RISKS** | |
| **ALLIANCE RISK** | |
| • Business associates or joint venture partners' median or long term interest may not necessarily be aligned with the Group's.<br>• Change in business associates' policies and personnel may lead to its inability or unwillingness to fulfil obligations. | • The Group agrees with business associates in advance on well thought rights, duties and obligations of each party.<br>• The Group maintains cordial working relationship with business partners. |
| **SOCIAL & ENVIRONMENT RISK** | |
| • Heightened awareness by the public and environmental agencies may increase the Group's operating expenses in environmental issues. | • The Group adopts environmental-friendly practices across countries, so as to bring them in line with best practices in the market and remedy shortcomings identified.<br>• The Group provides eco-themed amenities and nature-inspired landscaping at development projects. The Group is also committed to meeting green building requirements for our projects.<br>• The Group has implemented the Sustainability Policy which is published on the corporate website to promote stakeholder engagement. |
| **PEOPLE RISK** | |
| • The Group depends on the service of 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 under which employees could develop their career with work-life balance so as to ensure that human capital are nurtured and retained.<br>• Attractive award and bonus are given to good performers. |

# BUSINESS DYNAMICS & RISK FACTORS STATEMENT

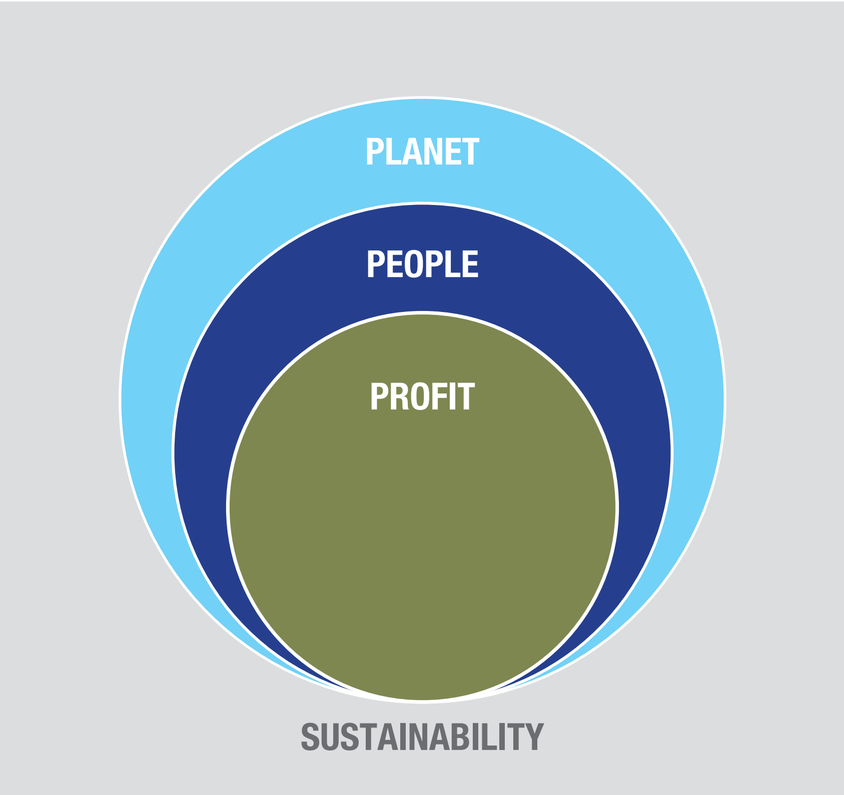
| DESCRIPTION OF RISKS | WHAT WE DO TO MANAGE THE RISKS |
|---|---|
| **OPERATIONAL RISKS (CONT'D)** | |
| **PROCESS, SOURCING & EXECUTION RISK** | |
| • Property development projects take 3-5 years to complete. Delays in the project completion and cost overruns may arise from labour and material shortage, poor performance of contractors, or delay in obtaining necessary regulatory approvals, 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 hotels. | • Operating manuals, standard operating procedures, delegation of authority matrix are in place.<br>• Project costs and project timeline are closely monitored through regular project meetings with consultants, suppliers and contractors.<br>• Project control sheets are prepared for the on-going projects and are monitored on a monthly basis. Costs overruns are analysed and highlighted to the senior management and the Board.<br>• Regular management team meetings facilitate effective project coordination and communication.<br>• Profit sharing terms in the hotel management agreements to ensure alignment with our risk appetite. |
| **WORK HEALTH AND SAFETY RISK** | |
| • The Group is exposed to work, health and safety risks of employees arising from incidents in the production process and pandemics. | • The Group cultivates a safety-consciousness culture at all levels including the setting up of employees' safety council, where appropriate.<br>• Refresher drills on fire safety, emergency evacuation and first aid responses are conducted regularly.<br>• Disease pandemic preparedness plan is in place to safeguard the health and welfare of employees and to ensure quick resumption of critical business functions. |
| **INSURANCE RISK** | |
| • Properties owned are subject to risks (e.g., war, terrorism, outbreak of contagious diseases, environmental breaches) that may not be insurable or the premium prohibitive or financial loss may not be fully compensated by insurance proceeds. | • The Group conducts insurance review with insurance brokers on an annual basis to ensure adequate and comprehensive insurance coverage. |
| **CYBER SECURITY RISK** | |
| • The Group's operation is exposed to disruptions to the network.<br>• This can happen through targeted attack from hackers, insider attacks and accidental cyber incidents.<br>• Resulted cyber thefts of sensitive and confidential information could lead to litigations from 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 in place the Information Security Policy covering 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 may not be kept up-to-date in time. | • Internal controls, risk management and corporate governance frameworks, control self-assessment processes have all been in place and are reviewed on an annual basis.<br>• Whistle-blowing policy and annual declaration by staff on ethics have been in place for some time.<br>• External auditors are engaged for statutory audit and internal auditors are engaged to conduct operations review; both report directly to the Audit and Risk Committee. |

# SUSTAINABILITY AT TUAN SING

"Sustainability is core to Tuan Sing's strategy and operations, as it creates enduring value for our stakeholders"

## MANAGING SUSTAINABILITY

Since 2016, Tuan Sing has codified its sustainability practices into the Sustainability Policy. This epitomises our belief in integrating sustainability into our decision making so that we could: nurture our PLANET; care for our PEOPLE and grow sustainable PROFIT. The policy, approved by the Board has been uploaded onto the Company's website.




### NURTURING OUR PLANET

Through cultivating a spirit of green awareness among our employees and encouraging them to volunteer for charitable cause, we are privileged to give back to the community and the society.

### CARING FOR OUR PEOPLE

Through continuous training and development, we nurture and develop our employees.

### GROWING SUSTAINABLE PROFIT

Through maintaining a high standard of corporate governance and strengthening risk-centric culture, we secure sustainable growth and performance.

## 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.

The report covers environmental, social and governance (ESG) factors that are deemed material by the Tuan Sing Board. The Board has overseen the management and monitored the material ESG factors over this report year which is from 1 January 2017 to 31 December 2017. It 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 as part of its strategic formulation. This sustainability report, containing the primary components as set out in Rule 711B, is issued with the approval of the Board.

# SUSTAINABILITY AT TUAN SING

## IDENTIFICATION OF MATERIAL ESG FACTORS

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

| PRIMARY FACTORS | MATERIAL FACTORS | PERFORMANCE MEASURES |
|---|---|---|
| Environment | (1) Water consumption | Water consumption ($m^3$) |
| | (2) Electricity consumption | Electricity consumption (kWh) |
| | (3) Paper consumption | Paper consumption (Tonnes) |
| | (4) Food waste reduction | Reduction rate of food waste via composting (%) |
| Social and Governance | (5) Employees retention | Staff turnover rate |
| | (6) Training and education of employees | Training hours and training costs |
| | (7) Diversity i.e. embedded diversity in the company's culture, creating a more flexible environment | Percentage comparison of male and female employees |
| | (8) Community Services | Total donation and sponsorship spent |

## CARING FOR OUR ENVIRONMENT

At Tuan Sing, we are fully committed to reducing our environmental footprints in areas where we operate. Monitoring environmental impacts is integral to our business operations, as efficient use of environmental resources such as energy and water contributes to the long-term sustainability of the company. Below are our key environmental performance indicators:

### WATER CONSUMPTION

There was an increase in water consumption from 269,656 $m^3$ in 2016 to 304,134 $m^3$ in 2017 due mainly to its higher usage for the redevelopment of 18 Robinson and new acquisition of building at 896 Dunearn Road in 2017. Had we not counting these two factors, water consumption in 2017 would have been 263,623 $m^3$.

### ELECTRICITY CONSUMPTION

Similarly, with the acquisition of property along 896 Dunearn Road and the on-going redevelopment of 18 Robinson, electricity consumption increased 7.7% to 25,241,965 kWh in 2017. Had we not counting these two factors, electricity consumption in 2017 would have been 22,292,518 kWh.

### PAPER CONSUMPTION

Paper consumption increased by 1.3 tonnes from 2016 mainly due to i) an increase in drawings for the redevelopment of 18 Robinson; ii) the preparatory work required for the soft-launch and initial developmental phase of Kandis Residence; and iii) the printing of new product labels and brochures incorporating the Flame-Retardant ("FR") qualifications and specifications for the newly certified FR Radiant Barrier by Hypak. Had we not counting these three factors, paper consumption in 2017 would have been 13.8 tonnes.

**WATER CONSUMPTION** ($M^3$)


**ELECTRICITY CONSUMPTION** (KWH)


**PAPER CONSUMPTION** (TONNES)

# SUSTAINABILITY AT TUAN SING

## FOOD WASTE REDUCED

Food wastage is an unavoidable key concern when it comes to running hotel businesses. Food waste, which usually ends up in landfills, produces a large amount of carbon dioxide and this escalates the threat of global warming and climate change. As part of our environmental conservation initiatives, GHM had installed a Closed Loop Organics unit in February 2016 to convert food waste into high quality composted organic fertiliser, revolutionising the hotel's sustainable practices, and making it the first five-star hotel in Victoria, Australia to implement this sustainable recycling program. Ever since its implementation in 2016, average food waste has been reduced by more than 60% in both 2016 and 2017.

**REDUCTION RATE OF FOOD WASTE VIA COMPOSTING** (%)


*Food waste reduction = (Total food waste – total compost unloaded)/Total food waste.*
*Data collection began in May 2016.*

## GREEN BUILDING

18 Robinson, the building currently under construction, has in 2017 received from the Building and Construction Authority ("BCA"), the Green Mark Gold$^{plus}$ rating. This is in recognition, *inter alia*, with our using PUB WELS water efficient fittings, efficient LED lighting completed with motion sensors in staircases and toilets, and efficient air-conditioning units that will result in an estimated water and energy savings of approximately 9,715 m$^3$ and 2,359,318 kWh per year respectively.

## CARING FOR OUR PEOPLE

At Tuan Sing, we acknowledge our people as our greatest assets and they play an important role in steering the Group towards our business goals. We advocate lifelong learning and seek to develop our employees' capabilities to their potential so that they can grow together with the Company.

We have invested substantially in our human capital. Employees have been encouraged to sign up for relevant training courses to hone and sharpen their skills, knowledge and competencies. Correspondingly, training costs had increased significantly from 2016 to continuously equip our employees with key competencies and skills to perform their job functions efficiently. In particular, to prepare our accounting employees for the implementation in 2018 of the Singapore Financial Reporting Standards (International) ("SFRS(I)"), we organised a 26-hour workshop tailor-made by Deloitte Business Advisory Singapore.

We have fairly good gender diversity. The percentage has remained around 54% of male employees and 46% of females for both years.

| | 2017 | 2016 |
|---|---|---|
| Training Hours (hours) | 7,349 | 6,107 |
| Training Costs ($) | 71,545[1] | 9,942 |
| Staff turnover rate[2] (%) | 32.7 | 33.7 |
| Employees by gender (%) | | |
| – Male | 54 | 54 |
| – Female | 46 | 46 |

1. *Training costs include an one-off SFRS(I) workshop*
2. *Staff turnover rate = Total number of voluntary & involuntary termination during the year/average number of employees during the year*

## CARING FOR OUR COMMUNITY

For six years running, Tuan Sing has been an active participant of volunteerism and community work. Besides our employees committing hours towards helping the community, Tuan Sing has also provided financial assistance in the form of donations and sponsorships to those in need. Below are our key social performance indicators:

| | 2017 | 2016 | INCREASE |
|---|---|---|---|
| Donation and Sponsorship ($) | 52,366 | 44,694 | 17% |
| Volunteer Hours (hours) | 2,916 | 1,936 | 51% |

## SUSTAINABILITY CONTACT

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

# INVESTOR RELATIONS

"Building stakeholders' confidence through timely and accurate disclosure and regular communication is the key focus of Tuan Sing's Investor Relations function"

The Group has an Investor Relations Policy to ensure that we engage stakeholders in an open and transparent manner using 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 remains committed to delivering high standards of corporate disclosure and transparency for the benefit of our shareholders, the investment community and other key stakeholders. Following communication tools have been used by the Company:

## COMMUNICATION TOOLS

### SGXNET ANNOUNCEMENTS

Tuan Sing provides timely, regular and relevant information regarding the Group's performance and prospects to aid shareholders and investors in their investment decision. Tuan Sing also makes timely disclosure on any new material information to the SGX on any corporate development or decision which may move its share price or of interest to the stakeholders. In making such disclosure, observing the spirit of any rules or regulations takes precedence to the letter of the relevant 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 matters.

### COMPANY'S WEBSITE

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

Contact details are also provided to help readers in making enquiries or submitting feedback to the Company. We are committed to replying to enquiries received by the second working day, seventy percent of the time.

### ROADSHOWS

In the past year, the Management participated in a number of roadshows organised by some stockbrokers specifically to introduce the Company to the investment community. The response was warm as we observed higher share price and transaction volume thereafter.

During the year, the Management together with its bankers also organised a number of roadshows to gauge the response from the bonds investment community to the Company issuing additional notes under the Company's Medium Term Note Programme. As the response was positive, the Company issued S$150 million of the notes on 5 June 2017 as Series II of the said Programme.

### QUARTERLY RESULTS & WEBCASTS

All quarterly results, the relevant press releases in English and in Chinese, and PowerPoint slides are released within 30 days of the period-end. If the quarter falls on the financial year-end, audited full year statutory financial statements together with notes to accounts are also released on the same day. Webcasts by the Group CFO analyzing the results and highlighting the outlook of the Company are posted in the same evening of a year-end results announcement.

### 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, strategy and an analysis of all business segments of the Company. Key sections are bi-lingual. A bi-lingual "Glossary" explaining certain technical terms and financial ratios definitions has been included. We have improved the contents of the Annual Report over the years so that each report currently contains more than 200 pages of useful information including a revamped Sustainability Reporting.

## SHAREHOLDERS' MEETINGS

Tuan Sing encourages and supports shareholder participation at its general meetings in the following ways. Tuan Sing delivers the Notice of general meetings and related information one month ahead of the meeting so as to allow sufficient time for shareholders to plan ahead of their schedule, to review the Notice of meetings, the proposed resolutions and to appoint and give instruction to proxies to attend on their behalf if they so wish. The Notice of the meetings was also advertised in The Business Times and announced in the Company website. For the convenience of shareholders, Tuan Sing holds its meetings over the years, mainly at a specific location in the Central Business District with easy access to the Raffles Place MRT Station.

# INVESTOR RELATIONS

The last AGM held on 26 April 2017 included both the ordinary business and some special businesses, like the adoption of the new constitution, renewal of Share Purchase Mandate, authority to the Directors to allot and issue shares up to ten per centum of the issued shares, and authority to allot and issue shares under the Company's Scrip Dividend Scheme.

The meeting was well attended by shareholders and as practiced in the past years, the Group CFO made a PowerPoint presentation to update the meeting on Tuan Sing's performance over the past year and the Group's future development plans and investment strategies. Tuan Sing's external auditors and counsels were on standing-by at the meeting so as to 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.

As practiced in the past and to promote shareholder participation, all resolutions, whether of ordinary or special business, were put to vote by electronic poll and the results were displayed on-line real-time including the number of votes casted for and against and the respective percentage. We also maintained an audit trail of all votes casted at the general meetings.

Full minutes of the last AGM were announced in the SGXNet on 5 May 2017 and posted on Tuan Sing's website in the same evening. The minutes include the PowerPoint Presentation made by the Group CFO at the beginning of the meeting, attendance information of the Directors, senior executives and the shareholders, details of the proceedings, questions raised by shareholders and the response from the Directors/Management.

## SINGAPORE CORPORATE AWARDS

Singapore Corporate Awards was a yearly event organised by the Institute of Singapore Chartered Accountants ("ISCA"), Singapore Institute of Directors ("SID") and The Business Times to recognise exemplary corporate practices for listed companies in Singapore. This year, Tuan Sing was privileged to have received two awards in the mid-capped category – Best Annual Report (Gold) and Best Investor Relations (Silver).

The Singapore Corporate Awards consists of five main awards. Since 2010, Tuan Sing was honored to having received a number of them, and last year in 2016, Tuan Sing was conferred with the "Best Investor Relations (Silver) award and our Mr. William Liem, "the Best CEO" of the year.

## CORPORATE GOVERNANCE AND TRANSPARENCY

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

a. Future-prove the business and its performance through an ingrained culture of observing good corporate governance and processes;
b. Strengthen stakeholder confidence – transparency in disclosure ensures that all stakeholders, be they investors, employees, customers or suppliers of the Company can have confidence in the decision-making and management processes and the eventual products of the Company;
c. Further corporate accountability – the Board has the fiduciary duty to give shareholders an explanation for the Company's actions, inactions and conduct;
d. Attain a suitable balance of power among shareholders, directors, and management to enhance shareholder value and protect the interests of other stakeholders.

*Shareholders are seen having a friendly discussion with the Group CEO after the AGM on 26 April 2017.*

# INVESTOR RELATIONS

We believe making good governance practices an ingrained corporate culture would ease the Management's effort in keep on "casting its eyes on the corporate governance ball" and instead focus on achieving the financial goals of the Company. This is because best practices in governance would then have been an integral part of our business strategy and decision-making process at all levels and there is no necessity to keep on looking at the governance ball. Having good governance would therefore reduce the risk of the Company and minimize the chance of a failure. Together with transparency, it could also enhance the image and standing of the Company in the eyes of the suppliers, customers and financiers who are either more willing to do business with the Company or offer better terms in terms of lower cost or willingness to pay higher price for the products. Consequently, with better performance, the value of the Company will increase and with more potential investors.

Tuan Sing's effort in this area has been recognised in recent years in the form of a great improvement in its ranking in the Singapore Governance and Transparency Index ("SGTI"), a leading index for assessing corporate governance practices of Singapore-listed companies.

The latest ranking, published on 2 August 2017, showed that Tuan Sing retained its 7th position in 2017, amongst 606 listed companies in Singapore, as in 2016. It is noteworthy that for four consecutive years, Tuan Sing has been the only non-big-market-capitalisation company to have achieved the top 10 position – the other nine companies are all counters with multi-billion-dollar capitalisation.

**_Financial publications_**

Annual Report in PDF format may be downloaded at www.tuansing.com while printed annual reports may 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. Webcastings are also available at our website.

**_Shareholder services_**

Shareholders should notify the CDP (for CDP account holders) or Share Registrar (for script holders) on matters relating to their shareholding, such as account statement, transfer of shares, lost or misplaced share certificates, dividend payment and change 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

### SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX

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

### INVESTORS' CHOICE AWARDS

The investors' choice Awards are organised by Securities Investors Association Singapore to recognise excellence in companies adopting good corporate governance practices. In 2017, Tuan Sing was honoured to have won two awards: Winner of the Mid-Capitalisation Category for Singapore Corporate Governance and Runner-up for the Real Estate Category for Singapore Corporate Governance.

### MAXIMISE LONG-TERM VALUE FOR SHAREHOLDERS

For the past five years, the Company has delivered cumulative profit attributable to shareholders of $278.3 million. Our average earnings per share was 4.7 cents per annum for the five-year period. In tandem, net asset value per share grew from 63.9 cents in 2013 to 83.0 cents in 2017. Please refer to the "Five-Year Performance" section in this Annual Report.

The Group has also declared dividends yearly since 2009. The Board of Directors has recommended 0.6 cent per share dividend totaling $7.1 million for the financial year ended 31 December 2017. Total gross pay out for the years from 2009 to 2017 inclusive would have amounted to $50.3 million.

# ENVIRONMENT INITIATIVES

"We are guided by our philosophy to care for and contribute to the economic, environmental, and social development of the communities"

At Tuan Sing, we view our role as a developer of living spaces, lives, and communities. We endeavour to create an inclusive built-environment that serves the need of all age groups and people with different abilities, allowing for independent and equitable access and use. We are guided by our philosophy to care for and contribute to the economic, environmental, and social development of the communities.

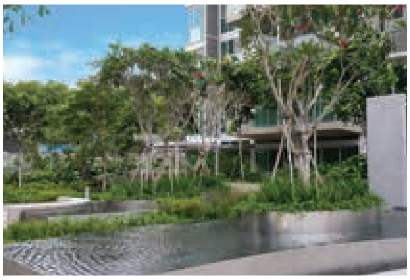
In conceptualising our developments, we create value by balancing economic objectives with the needs for environmental sustainability, continual improvements on health and safe practices and universal design considerations. We apply the universal design principles throughout the stages of architectural 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

We have been developing high quality homes known for its design excellence, lush greenery and modernity over the last two decades. As a result, we have received a number of awards for being "green".

As examples, our Robinson Point is recognised by the Building and Construction Authority of Singapore ("BCA") as a Green Mark (Gold) building. The building has many green features such as energy efficient air conditioned plant, naturally well ventilated car park, sub-meters that track energy and water consumption by tenants, and recycling waste management system. Yet another example, the 18 Robinson building, under construction, has in 2017 obtained a higher award than that for Robinson Point: the BCA Green Mark GoldPlus rating. Its green features include energy-efficient air-conditioning system, lifts and escalators, an excellent building envelope system using high performance glazing to minimise heat gain into the building, and efficient water fittings, all of which will be fitted in the new building.


*Lush Greenery*


*Design Excellence*


*Modernity*

*Tuan Sing prides itself as a developer of high quality premium homes known for its design excellence, lush greenery and modernity.*

# ENVIRONMENT INITIATIVES

## SUSTAINABILITY PRACTICES AT OUR HOTELS

Hotel operations have been the biggest generators of waste and have high energy consumption within our Group operation. In this respect, we have for a number of years been setting targets for their energy, water consumption and waste generation with the aim of reducing resource depletion, greenhouse gas emission and waste generation.

**GRAND HYATT MELBOURNE** ("GHM") – It has a number of fairly large food and beverage outlets and therefore generates sizeable quantum of food waste. To divert food waste from landfill, GHM installed in 2016 an appropriately sized Closed Loop Organics Unit using composting technology to process all food waste onsite. The Unit is capable of reducing the volume of food waste by up to 90% in 24 hours. The resulting material is a nutrient-rich soil conditioner which is used as fertiliser for gardens and grounds.

The introduction of the Unit enabled improved waste management across the board. Removing food waste from the general waste stream resulted in:

- The volume of general waste to landfill decreased by 23%.
- Better signage and education decreased contamination rates.
- The volume of comingled (i.e., mixed, dry recyclable) materials recycled increased by 41%.
- Reduction in general waste volume enabled replacement of the large general waste compactor with smaller 1100 litre bins.
- Review of waste contractor, infrastructure and pick up requirements enabled negotiation of a more financially beneficial arrangement.

Quantitatively, for the full year 2017, 74,234 kgs of food waste were processed by the Unit resulting in 27,353 kgs of compost being produced. The average reduction rate by weight was 63.19%, and the Unit also avoided 76.01 tonnes of $CO_2e$ net emissions annually.

GHM is the first five-star hotel in Victoria, Australia to have implemented this organics recycling program. As an industry leader, GHM is keen to promote knowledge sharing and help raise awareness of food waste recycling solutions. Therefore, GHM recently hosted a Building Engineering Managers meeting with tours to demonstrate our food recycling operation. Also, as Supporting Partner of the iconic event "The World's 50 Best Restaurants Awards" in 2017, GHM invited all delegates to tour the Closed Loop Organics Unit and view the sustainability practices being implemented. GHM was also proud to be a finalist in the Premiers Sustainability awards 2017 under the category of Large Business, being recognised for its composting initiative and sustainability efforts towards the community. Samples of compost were also distributed to demonstrate the positive outcomes of the initiative.

We tabulate below GHM's waste management results in 2017 and targets for 2018:

| | FY2017 (KG) | FY2018 TARGET (KG) | |
|---|---|---|---|
| Paper | 33,566 | 34,573 | 3% increase over 2017 |
| Commingled | 121,405 | 124,440 | 2% increase over 2017 |
| Food waste* | 85,548 | 89,825 | 5% increase over 2017 |

* The difference between the quantity generated of 85,548 kgs and 74,234 kgs processed by the Closed Loop Organics Unit indicated earlier represents food waste disposed of through authorised agents during the maintenance period of the Unit.

Other green initiatives of GHM included a total of 615 kgs of recycled soap products donated to Soap Aid in 2017. This brings a total of 1,939 kgs being donated since we started monitoring the practice.

**HYATT REGENCY PERTH** ("HRP") – HRP continues to focus on implementing strategies and innovation to reduce the impact of its operations on the environment. HRP has rolled out Light-Emitting Diode lightings throughout the hotel as part of their power saving initiatives. It has also actively driven reductions in land-fill by sending wet waste to a recycling plant for conversion into compost. HRP has engaged the services of City of Perth and Cleartech as agents to undertake total waste service.

# ENVIRONMENT INITIATIVES

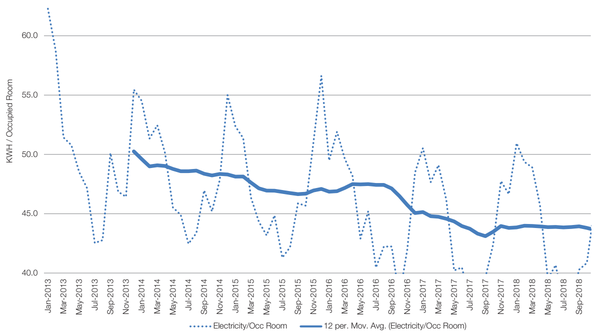
We tabulate below HRP's waste management results in 2017 and targets for 2018:

| | FY2017 (KG) | FY2018 TARGET (KG) | |
|---|---|---|---|
| Landfill | 181,100 | 171,100 | 6% decrease over 2017 |
| Commingled | 71,940 | 73,400 | 2% increase over 2017 |
| Food waste | 224,390 | 228,850 | 2% increase over 2017 |

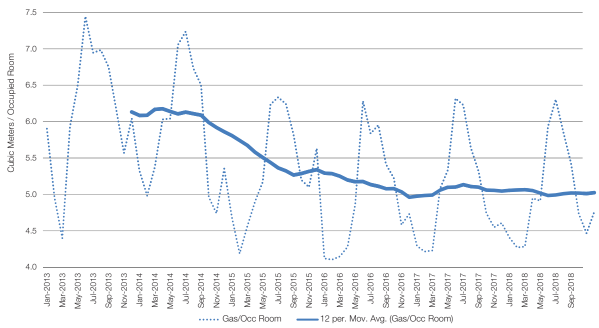
## HOTEL ENERGY CONSUMPTION TREND

### GRAND HYATT MELBOURNE

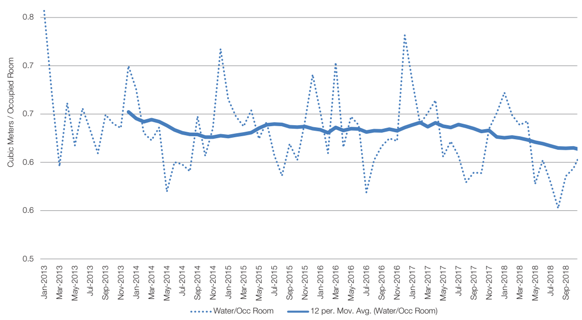
Electricity/Occupied Room




Gas/Occupied Room

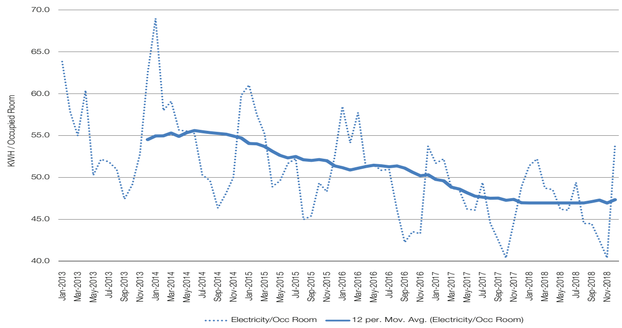



Water/Occupied Room

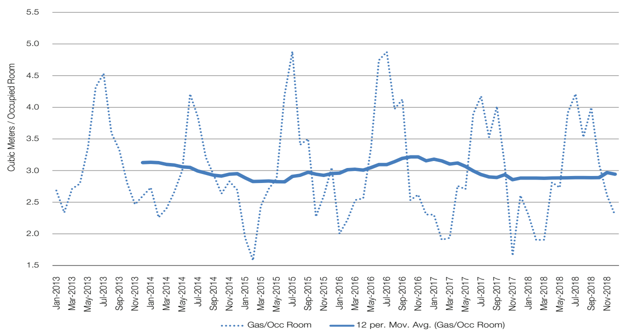



### HYATT REGENCY PERTH

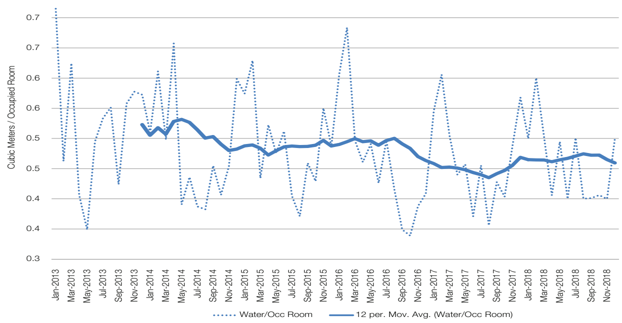
Electricity/Occupied Room




Gas/Occupied Room




Water/Occupied Room



# LABOUR PRACTICE & CONDUCIVE WORKPLACE

We recognise that employees are the Group's most important asset. We believe that an engaged workforce contributes positively and would motivate one another to bring the Company into new height. As such, we endeavour to provide our employees with a safe working environment, and let them have adequate learning and career advancement opportunities.

## A SAFE WORKING ENVIRONMENT

At Tuan Sing, safety takes priority over all work rules and duties. In this respect, we promote and nurture mental health and wellbeing. We also take measures to prevent discrimination (including bullying and harassment) of any spectrum. During the year, a workshop was conducted in Melbourne, providing information and tips on how to build a mentally healthy workplace; one that protects and 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 in our two hotels and in GulTech have been active for many years and have regularly reviewed safety and health issues and sought ways to making work environment safer. Every year, we have allocated an appropriate sum of budget to improve work safety. A pandemic preparedness plan had also been in place that can be activated with short notice in Singapore, Australia and China. In addition, because of the nature of the operations, our two hotels in Australia have specific pandemic preparedness plans for each potentially high risk pandemic such as Ebola, tuberculosis, measles and Zika.

We also have an Automatic External Defibrillator ("AED") in all buildings owned by Tuan Sing in Singapore and the two hotels in Australia. We train our employees regularly on Cardiac Pulmonary Resuscitation and the use of AED to ensure that they are competent and confident enough to render help when it is necessary.

## FAIR AND MERIT-BASED EMPLOYMENT

Employees are given amble opportunities to excel in their career regardless of their background. Recognising that older workers can continue to contribute to the well-being of the Company by sharing their wealth of experiences with younger colleagues, it is our practice to continue re-employing employees beyond their retirement age.

*Ms Cora McDiarmid (centre), Laundry Attendant celebrated her 30th year with Grand Hyatt Melbourne. Eight of her other colleagues who have also spent more than 30 years with the hotel are seen posing with her.*

The Company adopts an open performance appraisal approach and review appraisal criteria regularly to reflect more closely the changing expectations of different category and nature of employees. The last review was in year 2016.

The Company's remuneration package comprises both fixed and variable components. The variable component is performance-based and is determined based on the Company's performance, business unit's performance as well as each individual's performance. The variable portion of remuneration of an employee increases as the employee moves up in the corporate ladder.

## EMPLOYEE RELATIONS

Employees are updated regularly on their respective business units' performance as well as the Group's. We have an open door policy to facilitate and encourage formal and informal interaction and discussion amongst employees at all levels.

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

Committed to having a team of happy employees, employee grievances are dealt with promptly. Whistle-blowing policy has been in place for years and made known to all employees. A Whistle-blowing Committee ("WBC") had been tasked to look into any feedback from our employees on unfair practices, corruption and misconduct. Our last survey on Singapore-based employees' satisfaction was conducted in May 2016; some of the feedback obtained had been taken into consideration in rolling out new HR initiatives, practices and activities.

## EMPLOYEE DEVELOPMENT

As we continue to grow and expand our business, it is important to ensure that our employees have the knowledge and skills to stay relevant amid changing workplace demands. Tuan Sing strives to develop employees to reach their potential through training, job rotation and internal promotion opportunities. Opportunities were given to employees to explore jobs beyond their existing scope of work both locally and regionally. Training needs for each employee are identified annually and mutually agreed with for implementation in the ensuing years. We encourage employees to equip themselves with relevant job-related skills and to share with their fellow colleagues, knowledge and skills that they gain from trainings. Training materials are also made available to all employees who are interested. Eligible employees are also granted sponsorship for higher studies and examination leaves.

# LABOUR PRACTICE & CONDUCIVE WORKPLACE

## SUCCESSION PLANNING

Tuan Sing strives to continually groom and retain a diverse and robust talent pool to ensure that our employees are ready for the future needs and are in place to handle change. Employees are given priority whenever there is a job vacancy within the Group. Quite a number of employees have benefited from this, broadening their exposure and skill-set across business functions.

## EMPLOYEES' CODE OF CONDUCT

Tuan Sing upholds integrity and professionalism in conducting its business activities and expects its employees to embrace, practice and adopt these values. To ensure employees understand the Company's philosophy in this aspect, an Employee Handbook that provides guidelines on Code of Conducts is available to all employees through intranet. As a reminder to employees that they should act in the best interest of the Company and avoid situations that may create conflict of interest, employees are required at each year-end to make a declaration on whether they had been involved in any situation of conflict of interest and if they had complied with the Code of Conducts. A formal "Anti-bribery and anti-corruption Policy" is also made available to all employees through intranet.

## EMPLOYEE WELLNESS AND WORK-LIFE BALANCE

In addition to having five-day work-week, we promote a holistic and balanced lifestyle for our employees in various ways. These include allowing employees to work from home when their need requires them to do so and to decide on their own starting and finishing work time in a day for a period.

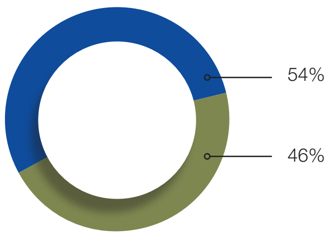
Employees are also free to use the swimming pool and jacuzzi facility available at the corporate head office's premises. Complimentary health screenings are made available for employees and their family members annually. Comprehensive health screening packages, dental services and telecommunication services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

Our employees in Australia get complimentary hotel stay at participating Hyatt hotels worldwide.

## EMPLOYEE PROFILE 2017

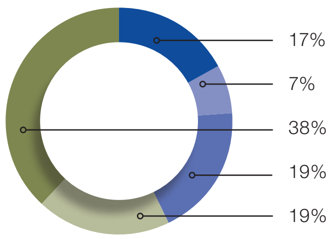
HEADQUARTER AND SUBSIDIARIES

### EMPLOYEES BY GENDER



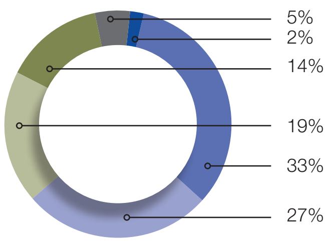

Female
Male

### YEARS OF SERVICE



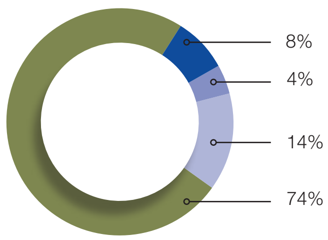

More than 15 years
Between 11 to 15 years
Between 6 to 10 years
Between 3 to 5 years
Less than 3 years

### EMPLOYEES BY AGE BAND




Below 20
Between 20-30
Between 31-40
Between 41-50
Between 51-60
Above 60

### EMPLOYEES BY COUNTRY




Singapore
China
Malaysia
Australia

*Mr Tan Kee Ling, Production Executive – Maintenance, retired on 30 September 2017 after 36 years of contribution to Hypak.*

# SUPPLY CHAIN MANAGEMENT

"As a conscientious corporate citizen, we prefer suppliers with green, sustainable practices who could minimise our carbon footprint"

## SUSTAINABLE SUPPLY CHAIN MANAGEMENT

We choose the right supply chain in order to meet and comply with our sustainability strategy. We have in place sustainability practices for our development projects. These practices have taken into account requirements under i) the Building and Construction Authority of Singapore's ("BCA") Green Mark certification standard, ii) ISO 26000: 2010 Guidance on Social Responsibility, iii) ISO 14001 Certificate of Developers, Main Builder, M&E Consultant and Architect, iv) ISO 14064-1 Greenhouse Gas (GHG) Emission and v) SS 557: 2010 Code of Practice for Demolition.

We required our main contractors for Sennett Residence and Cluny Park Residence projects to subject their work for BCA Construction Quality Assessment System ("CONQUAS"), an industry benchmark for quality and workmanship standards for construction projects in Singapore. CONQUAS consists of 3 components, namely structural works, architectural works and mechanical & electrical (M&E) works. These assessments help to safeguard the interest of building occupants in relation to safety, comfort and aesthetic defects. Assessment for Sennett Residence was performed in 2016 while Cluny Park Residence was performed in 2017. Out of 915 private housing developments that have been assessed by CONQUAS to date, both our Sennett and Cluny Park Residences have performed well, achieving scores of 93.1 and 90.7 respectively, outperforming 2016's industry average of 88.7. Details of the respective project's CONQUAS scores are shown below:

| PROJECT | CONQUAS SCORE | INDUSTRY AVERAGE[1] |
|---|---|---|
| Sennett Residence | 93.1 | 88.7 |
| Cluny Park Residence | 90.7 | 88.7 |

*[1] Based on 2016's average CONQUAS score of 88.7; average score for 2017 has not been made publicly available as on the date of this report.*

Teaming up contractors with good CONQUAS scores further provides quality assurance to our customers and strengthens the marketability of our new projects going forward.

## SUSTAINABLE INVESTMENT AND DEVELOPMENT PROJECTS

Over the years, Tuan Sing made it a priority to deliver not only aesthetically pleasing, good workmanship development projects but to ensure that they are also "green". As an example, the 18 Robinson (formerly known as Robinson Towers) which is under construction has been certified Green Mark Gold$^{plus}$ by BCA in January 2017. Some of the significant features of 18 Robinson include energy-efficient variable speed drives in air-conditioning system, lift and escalators systems and extensive use of light emitting diode ("LED") lightings in all areas within the building. Passive energy-saving design features include locating lift/staircase and services core spaces at the western façade to mitigate solar penetration through the western elevation into the building, excellent curtain wall facade system using high performance low-e glazing to minimize heat gain into the building.

As another example, Kandis Residence development project has energy-saving features such as motion detection sensors for staircase lighting, energy-efficient air-conditioning systems and LED lighting. Passive sun-shading features are also detailed into the external facade treatment of the condominium blocks. During its construction, there have been and will be extensive use of eco-friendly and sustainable materials complying with the Singapore Green Label Certification.

## CUSTOMER SATISFACTION AND SERVICE EXCELLENCE

In selecting for suppliers, we are not averse to trying new but promising ones. In 2017, Grand Hyatt Melbourne collaborated with "Burn City Smokers" for the first time to offer hotel guests a brand new menu entitled "Burn City Pop-Up" in its restaurant, Collins Kitchen. "Burn City Pop -Up" is a relatively small but renowned set-up in Melbourne which taps into the love of smoke-grilling involving

*Kandis Residence is nestled in an idyllic location within walking distance to the Sembawang Park – Showroom.*

# SUPPLY CHAIN MANAGEMENT

smoking meat for a long time in a "pit" barbecue, with no direct contact with a flame. The food is intended to be a representation of Melbourne – its produce, people and food culture, hence its name 'Burn City Smokers'.

This collaboration, initially intended for three months from June to August, was extended till November 2017 because of popular demand. With such warm reception, gastronome may not have to wait for too long before we invite the "Burn City Smokers" back to our Collins Kitchen. You may view a video clip of "Burn City Pop-Up" through this link: http://www.tuansing.com/hotelsinvestment/burncity.mp4.

*Top: Working closely with Executive Chef Jason Camillo (middle), the Burn City team has created a succulent menu in line with Hyatt's food philosophy of "Food. Thoughtfully Sourced. Carefully Served".*

*Right: The American style barbeque brisket burger, one of the signature dishes offered in the "Burn City Pop-Up" menu.*

# COMMUNITY INVOLVEMENT

> "Generosity and care from our employees made a day to our beneficiaries"

For the past few years, Tuan Sing has sponsored and facilitated volunteerism for our employees to give back to the society.

Since 2012, in collaboration with RSVP Singapore, we have been involved in the following: doing an artwork or farm-tour with seniors, educational tour for the students, outdoor games and outings for the mentally disadvantaged, etc. RSVP is a non-profit organisation of senior volunteers. Registered under the Society Act, RSVP's mission is to provide opportunities for seniors to serve the community with their talent and experience through purpose-driven volunteerism.

## CARING FOR THE COMMUNITY

In 2017, we sponsored RSVP Singapore's Mentally Disadvantaged Outreach Programme ("MDOP") at Bethesda Care Centre FAME Club 574. The objective of the MDOP is to motivate and encourage the rehabilitating mental persons to socialise and develop skills and interests through structured and group activities so as to enable them to regain confidence and self-esteem. This is achieved through sessions run by volunteers in the centre including physical and relaxation exercises, story-telling and discussion, guided sharing of the past, group games and skills development activities.

In addition, we supported RSVP Flag Day and organised two events for the MDOP beneficiaries from three different centres.

*Tuan Sing staff volunteered at the two social events organised for the beneficiaries.*

On 23 May 2017, the MDOP beneficiaries from the combined FAME Club 574 and Club 242 of Bethesda Care Centre were treated to a lunch at Eighteen Chef Restaurant where the beneficiaries had a great chat with Tuan Sing employees before proceeding to enjoy a movie screening. Many of the beneficiaries have not visited a cinema for years. We chose to lunch at Eighteen Chef with another purpose: to show our support to the restaurant which provides a safe and non-judgmental working environment for troubled youths and people with conviction backgrounds to find positive ways to reintegrate back into the society.

On 22 September 2017, some of our employees were at Pappamia Restaurant to serve lunch to the MDOP beneficiaries from Hougang Care Centre. After the hearty meal, Tuan Sing employees accompanied them to Sentosa Resort where they were treated to a magnificent view of the biggest aquarium in this part of the world.

# COMMUNITY INVOLVEMENT


*Mr. David Lee (extreme right), our Director, presenting the Charity Golf cheque to Singapore Cord Blood Bank. Next to him was the Guest of Honour, Mr. Wong Kan Seng, former Deputy Prime Minister, Singapore.*

This year, Tuan Sing and three of our Directors were sponsors to the Singapore Cord Blood Bank (SCBB)'s Charity Golf 2017. SCBB is a non-profit organisation whose mission is to provide high safety and quality cord blood units, through accredited techniques of collection, processing and banking, to support cord blood transplantation in Singapore and around the world.

Ms. Michelle Liem and Mr. David Lee, and Tuan Sing were the main (Gold) sponsors whilst Mr. Neo Ban Chuan was a Bronze sponsor. Mr. Lee also chaired the event's Organising Committee. Amongst members of the Committee were Mr. Neo and Mr. Chong, Tuan Sing's CFO. The event raised more than $365,000 for the benefit of SCBB.

During the year, Tuan Sing also sponsored, amongst others, Singapore Management University on Lee Kuan Yew Global Business Plan.

### HOTELS PHILANTHROPY

Our hotel employees are passionate about contributing to the communities they call home, as when our people, communities and planet thrive, so does our business.

Since November 2015, Grand Hyatt Melbourne ("GHM") has been supporting local charities through its "Casual for a Cause program" and raised funds to support these charities. It is built on the understanding that through actions large and small we can have a big impact on the lives of the people and the communities we touch. Some of the charities supported by us under this program include Lighthouse Foundation, Beyond Blue and Salvation Army. Under this program, we have also organised talk events to raise the awareness of our employees on youth homelessness and on elements of a mentally healthy workplace that protects and promotes mental health.

GHM employees also showed their generosity and care through taking part in various events in 2017. To name but a few: i) the "Annual Month of Giving" held in April, organised by Salvation

# COMMUNITY INVOLVEMENT


*Our Melbourne employees took part in a "Christmas in July" event.*


Army in which employees donated time, clothing and food to 120 less-privileged people; ii) the annual "Christmas in July" lunch serving more than 400 people in need at the Salvation Army's facility; and iii) Christmas gifts to The Royal Children's Hospital.

Hyatt Regency Perth and employees also have a long history of contributing back to the community. During 2017, these include: i) provided job opportunities in the hotel to people with disability, in association with Edge; ii) participated in the biggest "Morning Tea fundraising event" for Australian Cancer Council; iii) supported various events organised by charities such as People Who Care, Foodbank, Share the Dignity and St Bartholomew; iv) working with Share the Dignity, provided essential toiletries for homeless women and women at risk; v) donated blood to support a blood donating appeal which saved equivalent of 18 lives in October 2017.

*Under the "Casual for a Cause program", our Melbourne employees were dressed in their casual clothing to raise funds for the nominated charities.*


*Our Melbourne employees were heavily involved in an event during the Annual Month of Giving organised by the Salvation Army.*

# CORPORATE DATA

## BOARD OF DIRECTORS

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

## 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, CEO
Chong Chou Yuen, CFO
Helena Chua Guat Huat, 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

## 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

# CORPORATE STRUCTURE

AS AT 26 JANUARY 2018

## TUAN SING HOLDINGS LIMITED

### PROPERTY

- Asiaview Properties Pte Ltd
- Asplenium Land Pte. Ltd.
- Bauhinia Land Pte. Ltd.
  - Qingdao Shenyang Property Co., Ltd.
- Clerodendrum Land Pte. Ltd.
- Dillenia Land Pte. Ltd.
- Episcia Land Pte. Ltd.
- Fuchsia Land Pty Ltd
- Gerbera Land Pte. Ltd.
- Golden Cape Investments Ltd#
- Heliconia Land Pte. Ltd.
- Ipomoea Land Pte. Ltd.
- 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
- Sing-Hu International Pte Ltd
  - Premiera Development Pte. Ltd.
  - Shanghai Shenyu Interior Decoration Limited Liability Company
    - Fujian Ji'Xing Real Estate Development Co. Ltd
- Superluck Properties Pte Ltd
- TSH China Holdings Pte Ltd
  - Yewglade Pte Ltd
    - Habitat Properties (Shanghai) Ltd. (91%)[1]
  - Shanghai Shenjia Property Management Co., Ltd.
- Tuan Sing (China) Investments Limited#
- Shanghai Xin Min Real Estate United Development Co., Ltd.# (70%)[2]
- Maylands Investment Pte Ltd (70%)

## 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%)[3]
  - Globaltraco International Pte Ltd
  - SP Resources International Pte. Ltd.
  - SP Global International Pte. Ltd.
- Hypak Sdn. Berhad (97.9%)

### OTHER INVESTMENTS

- TS Planet Sports Pte. Ltd.
  - Pan-West (Private) Limited (49%)
    - Pan-West (Malaysia) Sdn. Bhd.
    - Pan-West China Holdings Pte. Ltd.+
- 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%)
        - 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

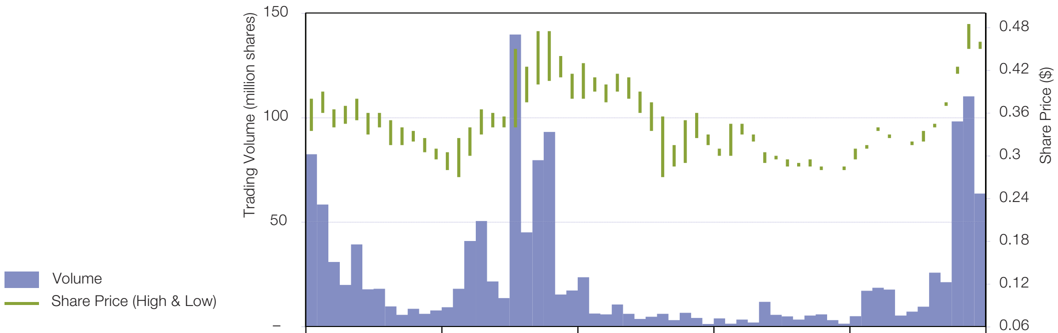
1 Balance of 9% is held by TSH China Holdings Pte Ltd
2 Balance of 30% is held by Tuan Sing (China) Investments Limited
3 Balance of 1% is held by SP Energy Pte. Ltd.
* Public listed company
# In members' voluntary liquidation
+ In the process of being struck-off

# ON THE STOCK MARKET

## SHARE PRICE AND TRADING VOLUME (2013 – 2017)

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

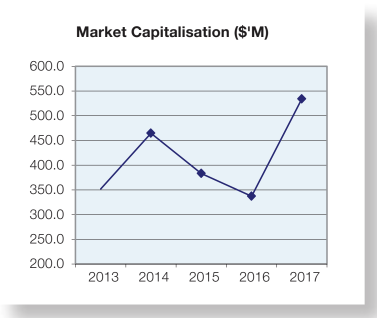
### TSH SHARE PRICE AND TRADING VOLUME (2013 – 2017)

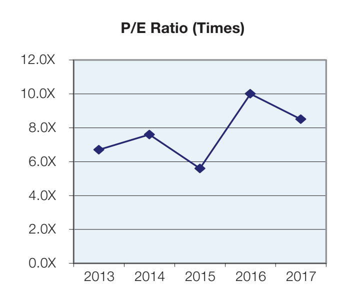


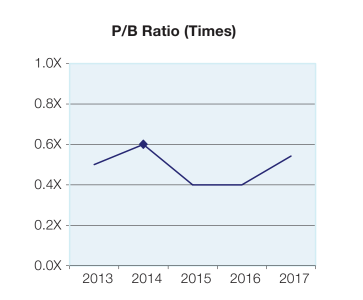

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Last transacted (cents)# | 30.0 | 39.5 | 32.5 | 28.5 | 45.0 |
| High (cents) | 38.5 | 47.5 | 42.5 | 34.0 | 48.5 |
| Low (cents) | 29.5 | 27.0 | 28.0 | 27.5 | 28.0 |
| Average (cents)## | 34.1 | 36.6 | 36.1 | 30.0 | 35.3 |
| Market capitalisation ($M), year end | 351.8 | 464.6 | 383.1 | 337.1 | 534.1 |
| Trading volume (million shares), full year | 305.2 | 545.1 | 82.5 | 52.6 | 400.2 |
| Number of shares issued (million shares), year end | 1,172.7 | 1,176.2 | 1,178.8 | 1,182.8 | 1,187.0 |
| P/E Ratio, year end | 6.7X | 7.6X | 5.6X | 10.0X | 8.5X |
| P/B Ratio, year end | 0.5X | 0.6X | 0.4X | 0.4X | 0.5X |

**Notes:**
# Last transacted share price as at year end
## Average closing price of all trading days during the year

**Definitions:**
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



# ON THE STOCK MARKET

## SHARE PRICE PERFORMANCE (1-YEAR)

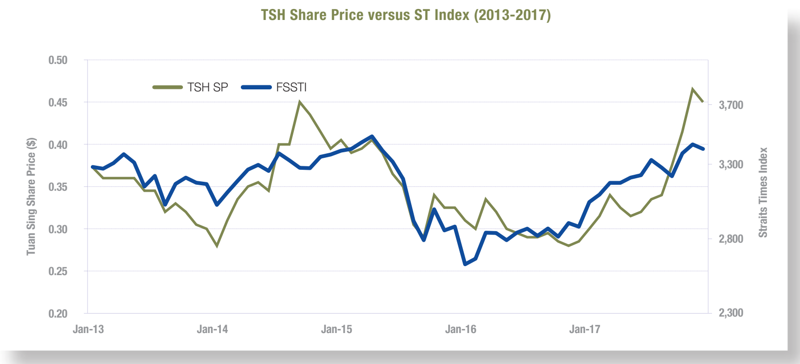
### TSH SHARE PRICE VERSUS ST INDEX AND ST REAL ESTATE INDEX (2017)

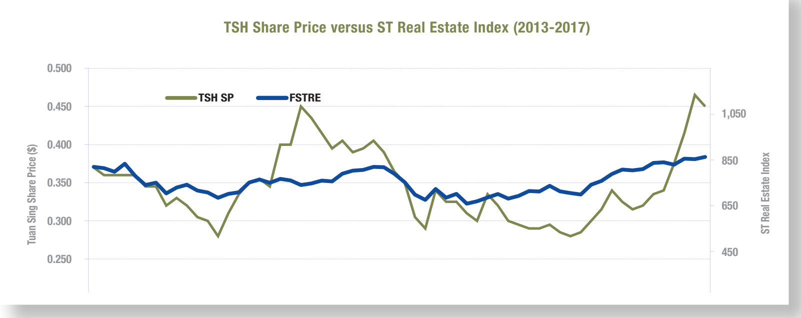
| SHARE PERFORMANCE | 3M2017 | 6M2017 | 9M2017 | FY2017 |
|---|---|---|---|---|
| Period Commencing | 3/1/2017 | 3/1/2017 | 3/1/2017 | 3/1/2017 |
| Period Ending | 31/3/2017 | 30/6/2017 | 29/9/2017 | 29/12/2017 |
| Tuan Sing (TSH SP) | 17% | 10% | 29% | 55% |
| Straits Times Index (FSSTI) | 10% | 11% | 11% | 17% |
| ST Real Estate Index (FSTRE) | 12% | 15% | 17% | 22% |
| ST Real Estate Holding and Development Index (FSTREH) | 19% | 18% | 23% | 25% |

## SHARE PRICE PERFORMANCE (5-YEAR)

### TSH SHARE PRICE VERSUS ST INDEX AND ST REAL ESTATE INDEX (2013 – 2017)

| SHARE PERFORMANCE | 1-YEAR | 2-YEAR | 3-YEAR | 4-YEAR | 5-YEAR |
|---|---|---|---|---|---|
| Period Commencing | 3/1/2017 | 4/1/2016 | 2/1/2015 | 2/1/2014 | 2/1/2013 |
| Period Ending | 29/12/2017 | 29/12/2017 | 29/12/2017 | 29/12/2017 | 29/12/2017 |
| Tuan Sing (TSH SP) | 55% | 38% | 11% | 50% | 29% |
| Straits Times Index (FSSTI) | 17% | 20% | 1% | 7% | 6% |
| ST Real Estate Index (FSTRE) | 22% | 23% | 14% | 22% | 9% |
| ST Real Estate Holding and Development Index (FSTREH) | 25% | 24% | 19% | 25% | 11% |




**Bloomberg ticker symbols:**
TSH SP: Tuan Sing
FSSTI: Straits Times (ST) Index
FSTRE: Straits Times (ST) Real Estate Index

Share price displayed in the graph are closing prices of active trading days.

**Source:**
Bloomberg

# FINANCIAL CALENDAR

## 2017

### 27 APRIL
Announcement of first quarter financial results for the period ended 31 March 2017

### 27 JULY
Announcement of half-year financial results for the period ended 30 June 2017

### 26 OCTOBER
Announcement of third quarter financial results for the period ended 30 September 2017

## 2018

### 26 JANUARY
Announcement of full-year financial results for the year ended 31 December 2017

### 21 MARCH
Dispatch of 2017 annual report

### 19 APRIL
48th Annual General Meeting

### 27 APRIL
Proposed announcement of first quarter financial results for the period ending 31 March 2018

### 7 & 8 MAY
Books closure dates for 2017 first and final tax-exempt dividend

### 26 JUNE
Proposed payment date for 2017 first and final tax-exempt dividend (subject to shareholders' approval at AGM)

### 26 JULY
Proposed announcement of half-year financial results for the period ending 30 June 2018

### 25 OCTOBER
Proposed announcement of third quarter financial results for the period ending 30 September 2018

## 2019

### 25 JANUARY
Proposed announcement of full-year financial results for the year ending 31 December 2018

*Note: The dates for the proposed results announcements in 2018 and 2019 are indicative only and are subject to change.*

# CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE AT A GLANCE

| GOVERNANCE[Note 1] | IMPLEMENTED AND/OR PRESENTED IN ANNUAL REPORT |
|---|---|
| **BOARD RESPONSIBILITIES** | |
| ***Board size*** | |
| ■ The Board comprises seven members | Guideline 2.1 of the Corporate Governance Report ("**CG Report**") |
| ***Board independence*** | |
| ■ Independent Directors make up more than one-third of the Board<br>■ Comprehensive description of how the Company assesses the independence of its Directors which includes being independent from shareholders<br>■ Independent Director who has served on the Board beyond nine years | Guidelines 2.1, 2.2, 2.3 and 2.4 of CG Report |
| ***Role Separation – Chairman and CEO*** | |
| ■ The Chairman is a Non-Executive Director and unrelated to the CEO<br>■ Roles and responsibilities of the Chairman | Directors' Profile and Guideline 3.1 of CG Report<br>Guideline 3.2 of CG Report |
| ***Board competencies*** | |
| ■ The Board comprises members with diverse qualifications and backgrounds<br>■ Directors are informed of relevant training programs, seminars and workshops organised by professional bodies and organisations<br>■ Appropriate induction programme was organised for new Director | Directors' Profile and Guidelines 2.5 and 2.6 of CG Report<br>Guideline 1.6 of CG Report |
| ***Board duties and responsibilities*** | |
| ■ Roles and responsibilities of the Board | Guideline 1.1 of CG Report |
| ***Board and committee meetings and attendance during the year*** | |
| ■ Board met six times<br>■ Remuneration Committee met twice<br>■ Nominating Committee met once<br>■ Audit and Risk Committee met six times<br>■ Tabulation of Directors' attendance at all meetings | Guideline 1.4 of CG Report |
| ***Nominating committee*** | |
| ■ Majority of the members are independent including the Chairman | Guideline 4.1 of CG Report |
| ***Limits on the number of directorships*** | |
| ■ The Company has internal guidelines which stipulate that Directors should not hold more than three other directorships in unrelated listed companies/major corporations<br>■ All Directors complied with this internal policy | Guideline 4.4 of CG Report |
| ***Selection of Directors*** | |
| ■ The Company has in place a process seeking candidates with the relevant skills/experience | Guideline 4.6 of CG Report |
| ***Board and individual Director appraisal*** | |
| ■ The process and criteria used for assessment | Guidelines 5.1, 5.2 and 5.3 of CG Report |

Note 1 Guided largely by the governance factors set out under the Singapore Governance and Transparency Index framework

# CORPORATE GOVERNANCE AT A GLANCE

| GOVERNANCE[Note 1] | IMPLEMENTED AND/OR PRESENTED IN ANNUAL REPORT |
|---|---|
| ***Remuneration committee*** | |
| ■ All members are non-executive with the majority, including the Chairman, being independent | Guideline 7.1 of CG Report |
| ■ Remuneration Committee has access to professional advice | Guideline 7.3 of CG Report |
| ***Structure for Non-Executive Directors' fees*** | |
| ■ Framework for Non-Executive Directors' fees is presented | Guidelines 7.2 and 8.3 of CG Report |
| ***Remuneration structure of Executive Director & top five executives*** | |
| ■ Fixed and variable components<br>■ Incentives in the form of bonus<br>■ Performance measures – specific key performance indicators<br>■ Remuneration Committee reviews and approves the remuneration of the CEO and the senior executives | Guideline 8.1 of CG Report |
| ***Disclosure of remuneration of the Directors and top five executives*** | |
| ■ Full disclosure for remuneration of all Directors including the CEO | Guideline 9.2 of CG Report |
| ■ Remuneration of top five executives in bands of $100,000 | Guideline 9.3 of CG Report |
| **RIGHTS OF SHAREHOLDERS** | |
| ***Fundamental shareholder right*** | |
| ■ Scrip Dividend Scheme applies to our FY2017 dividend payments<br>■ Payment of dividend is between thirty and thirty-five market days from the books closure date | Corporate Governance in Action, Financial Calendar, Notice of AGM and Notice of Books Closure Date |
| ***Rights to participate effectively and vote in general shareholder meetings*** | |
| ■ Shareholders are provided with opportunity to approve amongst others, the remuneration for the Non-Executive Directors at each AGM | Guideline 8.3 of CG Report and Notice of AGM |
| ■ Voting and vote tabulation procedures are disclosed and both declared before the meeting proceeds | Guidelines 14.2 and 16.5 of CG Report |
| ■ Shareholders are provided with opportunities to ask questions in the latest AGM and the meeting minutes record details of shareholders' questions and answers. The minutes are posted on the website of both SGX-ST and the Company | Guidelines 15.3 and 16.4 of CG Report |
| ■ Appointment of an independent party to be the scrutineer to count and validate the votes at the AGM | Guideline 16.5 of CG Report |
| ■ The attendance of the Chairman of the Board and the CEO at the latest AGM | Guidelines 1.4 and 16.3 of CG Report |
| ■ Poll voting is used for all resolutions at the latest AGM | Guideline 16.5 of CG Report |
| ***Conduct of interested person transactions ("IPTs") and management of conflicts of interest*** | |
| ■ Internal guidelines have been established for board members who have a conflict of interest in a particular item to recuse from the discussion | Guideline 1.5 of CG Report and Corporate Governance in Action |
| ■ The Company has in place a policy to ensure that IPTs are conducted fairly and on arm's length basis | Corporate Governance in Action |
| ***Institutional investors*** | |
| ■ Disclosure is made of share ownership of institutional investors, other than controlling shareholders, whose interest in the Company exceeds 5% | Shareholding Statistics |

Note 1 Guided largely by the governance factors set out under the Singapore Governance and Transparency Index framework

# CORPORATE GOVERNANCE AT A GLANCE

| GOVERNANCE[Note 1] | IMPLEMENTED AND/OR PRESENTED IN ANNUAL REPORT |
|---|---|
| ***Shareholder participation*** | |
| ■ No limit is imposed on the number of proxies for nominee companies | Guideline 14.3 of CG Report |
| ■ Annual Report is sent to shareholders twenty-eight days before the AGM | Guidelines 15.2 and 16.1 of CG Report and Notice of AGM |
| ■ Full information (including explanatory notes) is provided on each agenda item for the AGM | Notice of AGM |
| ■ All Directors are required to stand for re-election by the shareholders at least once every three years | Guideline 4.2 of CG Report |
| ***Dividend payment*** | |
| ■ Proposed dividend is for FY2017 | Notice of AGM |
| ■ Dividend policy is published in the Company's website and a summary of the policy disclosed in the annual report | Guideline 15.5 of CG Report and Corporate Governance in Action |
| ■ Tuan Sing Holdings Limited Scrip Dividend Scheme implemented since 2009 | Corporate Governance in Action |
| **ENGAGEMENT OF STAKEHOLDERS** | |
| ***Rights of stakeholder established through law and mutual agreements upheld*** | |
| ■ In FY2016, the Company implemented four policies, namely, Information Security Policy, Personal Data Protection Policy, Sustainability Policy and Anti-bribery and Anti-corruption Policy | Guideline 11.2 of CG Report |
| ■ The Sustainability Policy ensures that sustainability and ecological awareness are incorporated into our business practices, processes and operations | Environment Initiatives and Supply Chain Management under Sustainability Report |
| ■ Activities that<br>(a) demonstrate the Company's attempts to employ eco-friendly and sustainable value chain processes; and<br>(b) describe the Company's interaction and cooperation with the relevant communities are disclosed in the Sustainability Report | Community Involvement under Sustainability Report |
| ■ Anti-corruption procedures are set out in the Anti-bribery and Anti-corruption Policy | Labour Practice & Conducive Workplace under Sustainability Report |
| ***Stakeholders' avenue for redress for violation of rights*** | |
| ■ The Company has put in place internal guidelines to ensure the health, safety and welfare of its employees | Labour Practice & Conducive Workplace under Sustainability Report |
| ■ The Company provides training and development programmes for its employees | |
| ■ To safeguard the creditors' rights, the Company has in place internal guidelines to ensure that businesses with the customers, service providers, suppliers and competitors are conducted in a fair manner | Supply Chain Management under Sustainability Report |
| ***Whistle-blowing policy*** | |
| ■ Disclosure on key details of the Company's Whistle-blowing Policy | Guideline 12.7 of CG Report and Corporate Governance in Action |

Note 1 Guided largely by the governance factors set out under the Singapore Governance and Transparency Index framework

# CORPORATE GOVERNANCE AT A GLANCE

| GOVERNANCE[Note 1] | IMPLEMENTED AND/OR PRESENTED IN ANNUAL REPORT |
|---|---|
| **ACCOUNTABILITY AND AUDIT** | |
| ***Composition of the audit and risk committee ("ARC")*** | |
| ■ All members are non-executive with the majority, including the Chairman, being independent | Guidelines 12.1 and 12.2 of CG Report |
| ■ Chairman and members have had relevant accounting and finance background | Guidelines 12.1 and 12.2 of CG Report and Directors' Profile |
| ***Risk management and internal control systems*** | |
| ■ Assessed and managed key risks, including operational risks<br>■ Process and framework used to assess the adequacy of internal control systems and risk management | Guidelines 11.1,11.2 and 11.3 of CG Report, Managing Risk in Delivering our Strategy and Business Dynamics & Risk Factors Statement |
| ■ Statement by the Board on the adequacy of the risk management and internal control systems | Guideline 11.3 of CG Report |
| ■ Quarterly CEO/CFO written representations given to the Board and the ARC regarding the effectiveness of the company's risk management and internal control systems and certification of financial statements | Guidelines 10.1 and 11.3 of the CG Report and CEO & CFO Responsibility Statement |
| ***Internal audit function*** | |
| ■ Discloses the name of the external firm that conducts the Company's internal audit | Guidelines 13.1 and 13.2 of CG Report |
| ■ The internal auditor complies with its own Global Internal Audit Services methodology which in turn is aligned to IIA standards | Guidelines 13.3 and 13.4 of CG Report |
| ***External auditor and auditor report*** | |
| ■ ARC is primarily responsible for proposing the appointment and removal of the external auditor | Guidelines 12.3, 12.4 and 12.6 of CG Report |
| **DISCLOSURE AND TRANSPARENCY** | |
| ***Transparent ownership structure*** | |
| ■ Disclosures on the direct and indirect (deemed) shareholdings of Directors | Directors' Statement in the Statutory Reports and Accounts |
| ***Quality of Annual Report*** | |
| ■ Disclosures on:<br>(a) Corporate objectives<br>(b) Financial performance indicators<br>(c) Non-financial performance indicators<br>(d) Key risks (including operational risks) and how these risks are assessed and managed | ➢ Delivering our Strategy<br>➢ CFO's Review of Financial Performance<br>➢ Portfolio Highlights<br>➢ Group Property Portfolio<br>➢ Labour Practice & Conducive Workplace under Sustainability Report<br>➢ Environment Initiatives under Sustainability Report<br>➢ Managing Risk in Delivering Our Strategy<br>➢ Business Dynamics & Risk Factors Statement<br>➢ Guidelines 11.1, 11.2, 11.3, 12.3 and 12.4 of CG Report |

Note 1 Guided largely by the governance factors set out under the Singapore Governance and Transparency Index framework

# CORPORATE GOVERNANCE AT A GLANCE

| GOVERNANCE[Note 1] | IMPLEMENTED AND/OR PRESENTED IN ANNUAL REPORT |
|---|---|
| ***Disclosure of related party transactions and IPTs*** | |
| ■ The Company has in place an Interested Person Transactions Policy that sets out the procedure for the review and approval of all IPTs | Corporate Governance in Action |
| ■ For each IPT, the Company identifies all related parties and its relationship with each party and discloses the nature and value of each transaction for each IPT | SGX-ST Listing Manual Requirements |
| ■ Type of material transactions that require Board's approval | Key Activities of the Board – 2017 under Guideline 1.5 of CG Report |
| ***Directorships/Chairmanships held by the Company's Directors in listed companies*** | |
| ■ Information on Directors' directorships/chairmanships in listed companies, both current and those held over the preceding three years | Directors' Profile and Guideline 4.7 of CG Report |
| ***Timeliness of release of financial results*** | |
| ■ Unaudited quarterly financial results and full-year audited results were announced within thirty days of each quarter and within one month from year-end (as appropriate) | Guideline 15.2 of CG Report, Investor Relations under Sustainability Report and Financial Calendar |
| ***Medium of communication*** | |
| ■ The Company communicates regularly with shareholders and the investment community, with timely disclosures of material and other pertinent information, through regular dialogues and announcements to SGX-ST | Guidelines 15.1 and 15.2 of CG Report and Investor Relations under Sustainability Report |
| ***Corporate website*** | |
| ■ Description of the Company's code of conduct/ethics and practices on its website | Corporate Governance in Action |
| ■ The Company's website link and QR Code is provided in the Annual Report and a link is provided on the SGX's website | Inside cover of 2017 Annual Report and SGX's Website |
| ■ An Investor Relations Policy is published on the Company's website | www.tuansing.com/InvestorRelations/InvestorRelations.aspx?ID=32 |
| ■ The Company's website also has a clearly dedicated "Investor Relations" link and the investor relations contact is provided | www.tuansing.com/InvestorRelations/InvestorContact.aspx |
| ■ The latest and past five years financial results and annual report are available on the Company's website | Inside cover of 2017 Annual Report |
| ■ Up-to-date information of the Group's corporate structure and clear vision and mission statements are found on the Company's website | www.tuansing.com/AboutUs/CorporateProfile.aspx and www.tuansing.com/AboutUs/GroupStructure.aspx |
| ***Responsiveness of Investor Relations Function*** | |
| ■ The Company endeavors to respond to email enquiries within two working days | Guideline 15.1 of CG Report |
| ***Results briefings*** | |
| ■ An adequate Investor Relations Policy is in place to ensure regular and effective convey of pertinent information to shareholders | Guideline 15.1 of CG Report |
| ■ Steps and measures are being taken to understand shareholders' viewpoints and concerns | Guideline 15.4 of CG Report |

Note 1 Guided largely by the governance factors set out under the Singapore Governance and Transparency Index framework

# CORPORATE GOVERNANCE AT A GLANCE

| GOVERNANCE[Note 1] | IMPLEMENTED AND/OR PRESENTED IN ANNUAL REPORT |
|---|---|
| **ADDITIONAL GOVERNANCE PRACTICES** | |
| ***Confirmation Statement*** | |
| ■ The Company provides a positive Confirmation Statement at the start of the corporate governance report that it has adhered to the principles and guidelines of the Code, and if there is any deviation from the Code, each area of non-compliance is specified | First page of CG Report |
| ***Annual Sustainability Report*** | |
| ■ The Company publishes a Sustainability Report which forms part of the Annual Report | Sustainability Report |
| ***Percentage of share capital to be offered – S161 of the Act*** | |
| ■ Ten percent | Notice of AGM |
| ***Risk management policy*** | |
| ■ The Company has in place a Risk Management Policy that sets out its tolerance for various classes of risk by the Board | Managing Risk in Delivering our Strategy<br>Business Dynamics & Risk Factors Statement |
| ***Publishing its notice of AGM (with detailed agendas and explanatory notes) at least twenty-eight days before the meeting*** | |
| ■ The Company publishes its notice of AGM on 21 March 2018, twenty-eight days before the date of AGM | Notice of AGM |

Note 1 Guided largely by the governance factors set out under the Singapore Governance and Transparency Index framework

# CORPORATE GOVERNANCE REPORT

***"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 committees have established policies and rules on good governance, and they are guided by their respective written Terms of References.

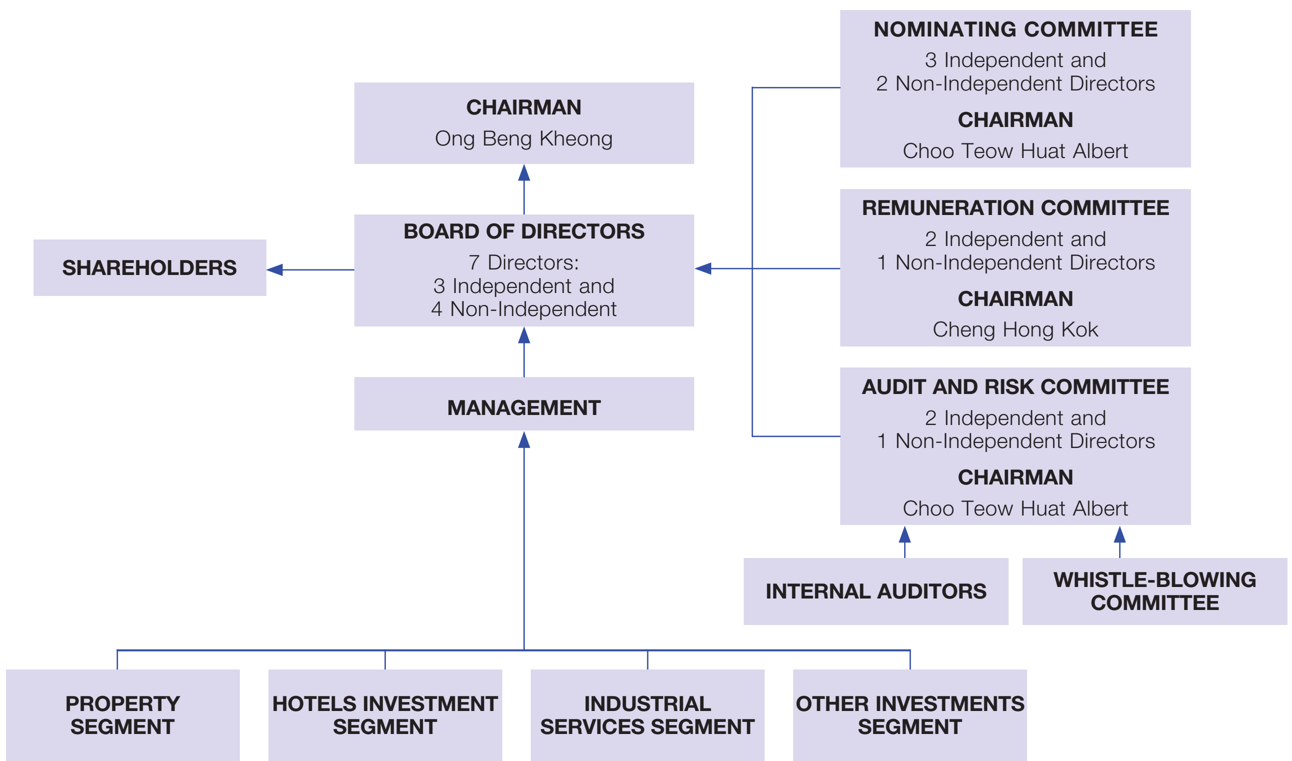
In 2017, the Group received a number of recognitions in the Group's pursuit to achieve high standards of corporate governance. Among which, the Group was ranked 7th in The Singapore Governance and Transparency Index (SGTI) 2017, out of 606 Singapore-listed companies. The Group continues to review and refine its corporate governance processes to meet with the best practices but 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 2017 ("**FY2017**") with specific reference to the Code of Corporate Governance 2012 (the "**Code**").

Other than Guidelines 2.2, 3.3 and 8.4, 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 not yet making up at least half of the Board for which the Board is well aware of the timeline. 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 was that there were no contractual provisions to reclaim components of remuneration from the executive director and key management personnel if there were misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Remuneration Committee and the Board believe that the bonus payable to key management personnel has not been excessive as to require an official claw-back provision. There are no lengthy or onerous removal clauses in the employment contracts.

## CORPORATE GOVERNANCE FRAMEWORK



# CORPORATE GOVERNANCE REPORT

## I. BOARD MATTERS

The Board believed that in FY2017 it led and controlled the management of the Company effectively in ensuring that the Company not only performed successfully in the year but also in the long-term.

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

#### Guideline 1.1
***Principal Duties of the Board***

During FY2017 and as was in the 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, operational and capital expenditure plans as well as constructively challenging Management on the strategic options and planning process;

iii. reviewing the adequacy and effectiveness of the Group's risk management and ensuring that the Management maintained a sound system of internal controls (including financial, operational and compliance) to safeguard the shareholders' investments and the Company's assets;

iv. overseeing the conduct of the Company, evaluating and having satisfied themselves that the business was properly managed; and

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

#### 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 the Management to make objective decisions in the interest of the Group.

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

#### Guideline 1.3
***Delegation by the Board***

In discharging the Board's oversight functions, it is supported/assisted by three Board committees, namely, the Audit and Risk Committee ("**ARC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). Each Board committee has its specific Terms of Reference setting 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 committees requires the specific written approval of the Board.

The Board approves transactions exceeding certain thresholds, while delegating authority for transactions below those limits to Board committees and the Management via a structured Delegation of Authority matrix. This matrix is reviewed and revised periodically (last reviewed on 29 January 2014). More details on the Board's delegation are presented below. The Board committees and the Management remain accountable to the Board.

#### Guideline 1.4
***Board and Board Committees Meetings and Attendance Records of the Board Members***

The Board and its committees met regularly based on schedules planned one year ahead so as to ensure maximum attendance by all participants. *Ad hoc* meetings were also organised as often as it was warranted by particular circumstances. On occasions when Directors were unable to attend meetings in person, telephonic participation is allowed under the Constitution of the Company. To enable members of the Board and its committees to prepare adequately for the meetings, agenda and materials were circulated at least one week before the meetings.

To go green, the Company has since year 2014 ceased to provide hard copy meeting papers to Directors. In its stead, Directors have been provided with electronic tablet devices to enable them to access and read such papers prior to 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 its Committees made site visits to places where the Group operates. In September 2017, certain members of the Board went to Bali to inspect the site and its surroundings in respect of a proposed project that the Company was deliberating. In November 2017, members of the ARC made a trip to Hyatt Regency Perth and held *inter alia* an ARC meeting and an in-depth discussion with the management of Hyatt Regency Perth regarding the hotel operations, their internal controls, cyber security and IT operations.

# CORPORATE GOVERNANCE REPORT

The attendance record of the Directors during FY2017 is set out below:

| TOTAL NUMBER OF MEETINGS HELD | BOARD[1] 6 | ARC[2] 6 | NC 1 | RC[3] 2 | GENERAL MEETING 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 (appointed since 15 August 2017) | 3 | N.A. | 0 | 0 | 0 |
| Choo Teow Huat Albert | 6 | 6 | 1 | 2 | 1 |
| Chow Kok Kee (resigned as from 1 July 2017) | 2 | 2 | 1 | 2 | 1 |
| David Lee Kay Tuan | 6 | 5 | N.A. | N.A. | 1 |
| Michelle Liem Mei Fung | 6 | N.A. | 1 | 2 | 1 |
| Neo Ban Chuan | 6 | 6 | 1 | N.A. | 1 |

**Annotations:**

(1) The Board met six times in FY2017, of which five were scheduled meetings and one was an *ad hoc* meeting.

(2) The ARC met six times in FY2017, of which four were scheduled meetings and two were *ad hoc* meetings.

(3) The RC met two times in FY2017, of which one was scheduled meeting and one was an *ad hoc* meeting.

### 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. delegation of authority matrix, policies and procedures

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

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

### Key Activities of the Board – 2017

Standard agenda:

- Reports of the ARC, NC and RC
- Group Chief Executive Officer ("**CEO**")'s monthly management report, quarterly updates on the businesses including risk profile
- Quarterly updates on development/operations in Australia
- Quarterly updates on compliance of financial covenants and 16-month cash flow projection
- Review and approval of all announcements including those for quarterly results and year-end financial statements
- Conflict 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 FY2017:

- Various proposed acquisition of land
- New banking relationship
- Business strategy
- Material developments relating to accounting, legal, regulatory and/or corporate governance issues
- Formation of new entities

Matters reserved for specific Board approval:

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

ii. Annual budgets and business plan

iii. Dividend payout

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

# CORPORATE GOVERNANCE REPORT

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

It is our policy and practice to provide new Directors with detailed and thorough induction, including meeting with key management personnel, an overview of their responsibility and where necessary an opportunity to visit the Company's key properties and developments. Mr. Cheng Hong Kok received such induction when he joined the Board as an Independent Director in August 2017.

The Company also offers Directors opportunities to update and refresh their knowledge on an ongoing basis, to enable them to continue fulfilling their roles as Board members and Committee members effectively. This includes training opportunities and operational site visit 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 including changes in laws and regulations, code of corporate governance, and financial reporting standards are also given 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 FY2017, Management did all the aforesaid and also invited Directors to take part in the annual Finance seminar organised by the Company for the internal staff. Certain PowerPoint presentations made during the seminar covering *inter alia*, an update on Cyber Security, Insurance on Terrorism, International Financial Reporting Statements and Transfer Pricing were also circulated to the Directors for their information.

### Guideline 1.7
***Appointment Letter to new Director***

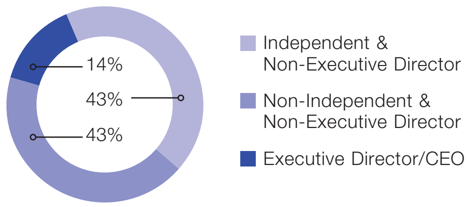
Upon appointment to the Board, all new Directors receive a formal letter of appointment together with a thumb drive containing relevant information which includes, Directors' duties and responsibilities, Board and Board committees' meetings schedule of the Company, the Company's last Annual Report, Constitution, 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 the Management on the business activities of the Group, its strategic directions, and the Company's corporate governance policies and practices when they are first appointed to the Board.

The Company observed the aforesaid practices when Mr. Cheng Hong Kok became a Director of the Company in August 2017.

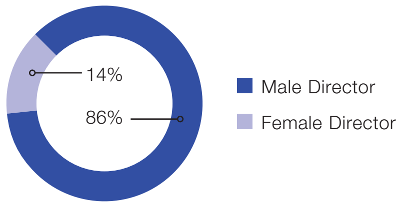
## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

### Board Composition at one glance

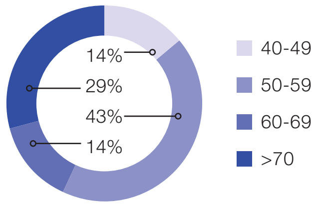
**INDEPENDENCE**




**GENDER DIVERSITY**




**AGE GROUP OF OUR DIRECTORS**




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

At the beginning and at the end of FY2017, there were seven Board members – three were independent and four were non-independent. Other than the CEO, all Directors were non-executive.

An Independent Director is one who has no relationship with the Company, its related companies, its 10% shareholders[Note 1] or its officers who can interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgement to 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 deliberation. During FY2017, the NC conducted its annual review of the Directors' independence and was satisfied that the Company complies with the guideline of the Code which provides that at least one-third of the Board is made up of Independent Directors.

Note 1 A "10% shareholder" is a person 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 is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

# CORPORATE GOVERNANCE REPORT

### Guideline 2.2

***Composition of Independent Directors on the Board***

The Board is aware of the guideline of the Code that independent directors shall make up at least half of the Board where the Chairman of the Board is not an independent director. The NC has recommended to the Board to consider increasing the representation of Independent Directors so as to comply with this guideline before the Annual General Meeting to be held in 2018. The Board has taken note of the recommendation. Currently, matters requiring the Board's approval are discussed and deliberated with 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 meet the standard of the guideline, it is sufficient for it to exercise objective and balanced judgement. Nevertheless, the Board is committed to meeting the guideline.

### Guideline 2.3

***Independence of Directors***

The NC, in its deliberation as to 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 judgements. 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 self-assessment questionnaire is collated and reported to the Board.

In deliberating Mr. Cheng Hong Kok's appointment in August 2017 as an independent director, the NC and the Board had i) noted Mr. Cheng's qualification and experience; ii) taken cognizant of a written legal advice in relation to the independence of a director who is concurrently an independent director of a listed subsidiary in which he is not a nominee of Tuan Sing; and iii) been informed of Mr. Cheng's intention to remain an independent director of SP Corporation Limited ("**SP Corp**") and his view that such status would not interfere, or be reasonably perceived to interfere with his ability to exercise independent judgement and that he would act in the best interest of the Group.

During FY2017 and as in the past years, the Company provided management support services to SP Corp. The aggregate value of the said support was not material when compared to the revenues of the Company and SP Corp. Mr. Cheng was not involved in determining the value of the support or rendering the support itself.

The NC has assessed the independence of Messrs Choo Teow Huat Albert, Neo Ban Chuan during the year, and 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 association, business dealings, representative of shareholder, financial dependence, relationship with the Group or the Group's management which 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 in the Group's business and operations, and can 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 FY2017, 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). The assessment included the following:

i. Contribution: whether he offered objective and constructive opinions concerning IPTs; whether he made independent judgment 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 on IPTs;

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

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

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 last two years thereby allowing for progressive renewal of the Board in the Company.

# CORPORATE GOVERNANCE REPORT

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

In FY2017 and as in the previous years, the NC conducted its annual review on the composition and size of the Board and concluded that they were appropriate, taking into account the scope and nature of the operations of the Group. The NC also noted that there was adequate diversity in that the Board comprised members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences met with the requirement of the Group. "Directors' Profile" section of this Annual Report contains such information, whereas the composition and structure of the Board and its committees is set out under "Corporate Data" section of this Annual Report.

After having served on the Board for eighteen years as Independent Director, Mr. Chow Kok Kee voluntarily stepped down in July 2017 to allow for a planned board renewal. Replacing him, Mr. Cheng Hong Kok was appointed Independent and Non-Executive Director of the Company, the RC Chairman and a NC member.

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

The Company recognises and embraces the benefits of diversity on the Board and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development even though the Company does not formalise this 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 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 will ensure 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 the candidates can bring to the Board, as part of the process for new Board appointment and Board succession planning.

In FY2017, there was one female Director out of a total of seven Directors, namely, Ms. Michelle Liem Mei Fung, on the Board. Female Director therefore represents 14% of total Board membership which is compared favourably to the national average of 12.2%[Note 1]. 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 their valuable experiences and provide independent judgement during Board deliberations.

### Guideline 2.7
***Role of Non-Executive Directors***

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

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

During FY2017, Non-Executive Directors met quarterly and on an *ad hoc* basis with the CEO and senior management to discuss challenges facing the Group. The Company benefited from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committees meetings.

At least once a year, Non-Executive Directors 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 Role of Chairman and the CEO***

The Company has a clear division of responsibilities at each level of the organisation including that between the Non-Executive Chairman and the CEO.

The division of responsibilities between the Chairman and the CEO is established in the Terms of Reference of the Board. The Chairman manages the business of the Board and shall lead the meetings to ensure full discussion of all agenda items whilst the CEO translates 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.

Note 1 Source: Diversity Action Committee (DAC), 22 August 2017.

# CORPORATE GOVERNANCE REPORT

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

The Chairman, Mr. Ong Beng Kheong, is responsible for the management of the Board. He leads the Board, encourages Board's interaction with Management, facilitates effective contribution of Non-Executive Directors, encourages constructive relations among the Directors, and promotes corporate governance.

Prior to 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 one week in advance in order for Directors to be adequately prepared for the meeting. He leads the meetings and ensures full discussion of each agendum and that the Board members are able to engage the Management in constructive debate on various matters including strategic issues. Management staff who had prepared the papers, or who could provide additional insights into the matters to be discussed had been 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 the 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 Non-Executive Directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity. The Lead Independent Director also assists the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company.

Considering the Company's current business operations and a 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 impacted and is unlikely to impact such accessibility or the Company's response to shareholders' queries.

Nevertheless, the Board will annually examine the need for the appointment of a Lead Independent Director.

### Guideline 3.4
***Lead Independent Director to lead in periodical meetings amongst themselves***

Although no Lead Independent Director has been appointed, the Company's Independent Directors set aside time to meet without the presence of other Directors at least once a year. The Independent Directors did provide feedback as appropriate to the Chairman of the Board after such meetings. In addition, Independent Directors also met regularly and on *ad hoc* basis with the CEO and senior management as well as other Non-Executive Directors 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 stipulates its principal roles as follows:

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

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

iii. determine a suitable size of the Board;

iv. develop and maintain internal guidelines to assess 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, qualities and experiences that the Board requires;

v. recommend to the Board on internal guidelines to address the 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;

# CORPORATE GOVERNANCE REPORT

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 following persons in the Company:

(a) the CEO and Company Secretary for recommendation to the Board for approval; and

(b) the personnel occupying key positions such as Chief Financial Officer, Chief Operating Officer, Financial Controller, General Counsel, Senior Vice President, General Manager or its equivalent.

Other than as stated above, the NC is also involved in the review of training and professional development programs for the Board. For FY2017, the task of this review was assisted 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 including the relevant expertise and experience that are required on 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 FY2017:

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. contribution 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 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 CEO, the sole Executive Director), 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 NC having reviewed and has recommended and the Board has agreed for the following Directors to retire by rotation and seek re-election at the Company's forthcoming AGM:

(a) Mr. Ong Beng Kheong; and

(b) Mr. Choo Teow Huat Albert.

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 only hold office until the next AGM, and thereafter be eligible for re-election at the AGM. This stipulation is in addition to the number of Directors to retire by rotation at the AGM. In this aspect, Mr. Cheng Hong Kok, who was appointed as Director of the Company on 15 August 2017, will be eligible and offered himself for re-election at the forthcoming AGM.

Subject to their re-election, Mr. Ong Beng Kheong shall continue to serve as Chairman of the Board as well as a member of the NC, Mr. Choo Teow Huat Albert shall continue to serve as Chairman of both the ARC and the NC and a member of the RC whilst Mr. Cheng Hong Kok shall continue to serve as Chairman of the RC and a member of the NC.

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

During FY2017, the NC conducted *inter alia* an annual review of the independence of the Directors based on their declaration which was drawn up in accordance with the guidelines provided under the Code. The NC is also committed to reassess the independence of each individual Director as and when warranted.

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

There are internal guidelines in 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 other directorships on unrelated listed companies and/or major corporations.

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

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

During FY2017, 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, 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, the Management or through third party referrals.

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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 the candidate fits into the overall desired competency matrix of the Board. The NC may recourse to both internal sources as well as external sources to draw up a list of potential candidates. Short-listed candidates would be required to furnish their curriculum vitae stating in detail their qualification, working experience, 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.

The NC confirmed that during the year it had observed the due process enumerated above which led to the appointment of Mr. Cheng Hong Kok as a Director.

**Guideline 4.7**
***Key Information on Directors***
All the information of 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) the contribution by individual Director including the Chairman to the effectiveness of the Board.

In FY2017, 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 FY2017 and as in the previous years, the Board conducted an annual evaluation of the performance of the Board and individual Directors in the following manner:

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

ii. Self-assessment by the individual Directors, with comments where necessary.

In evaluating the board performance, following areas were assessed:

(a) Board Structure, including independent element on the Board, working partnership between the Board and the management, and Board size;

(b) Conduct of meetings including their regularity, adequacy of notice, leadership of the chair, quality of discussion and consensus of decision;

(c) Corporate Strategy and Planning including provision of entrepreneurial leadership to the management, resources allocation and approval of annual business plan;

(d) Risk Management and Internal Control including its 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 previous year performance and budget;

(f) Recruitment, evaluation and Compensation including approval for senior level appointments, remuneration framework and annual compensation and bonus for senior management;

(g) Succession planning for the Board and management;

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

(i) Shareholders Communication.

In the self-assessment of individual Directors, a Board Competency Matrix has been used to assess Directors' respective areas of specialisation and expertise, and other factors as provided under the guidelines of the Code. The Board would act 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 as well as his/her participation in discussions at meetings. Executive Director and Non-Executive Directors are evaluated using different criteria in that the Executive Director is evaluated by Non-Executive Directors, *inter alia*, through assessment of his performance against certain KPIs set by the Board in the early part of the year. KPIs include both financial and non-financial criteria and short and medium-term goals.

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

The Board was satisfied with the results of the assessment for FY2017.

**Guideline 5.2**
***Board Performance Criteria***
In FY2017 and as in the previous years, the NC evaluated the effectiveness of the Board and its Committees.

In evaluating the Board's performance, the NC has 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 of the Group. The NC had also used the data obtained from the "Real Estate Development & Holding Company – 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, recorded and action taken where necessary.

# CORPORATE GOVERNANCE REPORT

**Guideline 5.3**
***Individual Director Evaluation***
Evaluation of individual Director's performance is a continuous process. Evaluation criteria include: individual Director's attendance at meetings of the Board, Board committees and at general meetings; participation in discussions at meetings; knowledge of and contacts in the regions where the Group operates; functional expertise and his/her 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.

## 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 the time. All scheduled Board and Board committees' meetings are planned twelve months ahead and all discussion papers are distributed to Directors at least one week in advance of the meetings.

The Board, its committees and every Director have separate and independent access to the Management and are free to request for 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 was 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 explanation. Further, there were periodic reports on cash flow forecast, performance forecast, 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 ARC for review. PowerPoint presentations are sent to the Board for approval before any bidding of land or properties or engaging in new projects complete with detailed qualitative and financial analysis, cash flow forecast and financing requirements.

In FY2017, members of ARC and the Board were also briefed by the Management on the application of the Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), the implications of all the transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, and the Group's process of preparing for the SFRS(I) convergence in 2018. The SFRS(I) framework is to be adopted from 1 January 2018 with retroactive application, unless a specific exemption or relief is provided in SFRS(I) 1.

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, 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 its committees and between Management and Non-Executive Directors.

Directors have separate and independent access to the Company Secretary through electronic mails, telephone and face-to-face meetings. During FY2017, the Company Secretary attended all meetings of the Board and its 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 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 last resignation and appointment of the Company Secretary was in November 2016. The incumbent appointment was with an 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.

# CORPORATE GOVERNANCE REPORT

## II. REMUNERATION MATTERS

Matters concerning remuneration of the Board, senior executives and other employees who are related to the controlling 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 which 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 and 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 responsibilities as follows:

i. offers 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 key management personnel of the Company;

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

iii. develops remuneration policy for the Executive Director and key management personnel (or executive of equivalent rank), structuring it to link rewards to corporate and individual performance;

iv. determines specific remuneration packages for the Executive Director and key management personnel (or executive of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company;

v. reviews and approves the compensation of key management personnel;

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

vii. has 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 being reviewed periodically to ensure that they remain relevant.

Non-Executive Directors receive remuneration packages consisting of Directors' fees and attendance fees which are based on a scale of fees divided into basic retainer fees as 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.

In January 2018, the Company conducted a survey of such fees disclosed by property companies listed in Singapore in their 2016 annual reports. Using the data from the survey as well as taking into consideration, the increasingly onerous responsibilities placed on the Directors and in particular, to reflect the time and contribution of each Director towards the improved performance of the Company, the RC proposed and the Board consented that the framework for Non-Executive Directors' fees be revised 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 frequency of meetings, time spent, responsibilities of Non-Executive Directors, and the need 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 Director's fee.

The current remuneration framework for the key management personnel was the result of the last review in 2016; the Non-Executive Directors' fee framework was recently revised in January 2018 as aforementioned. Determining the remuneration of the Directors is the purview of the Board as a whole; individual Directors do not participate in discussion regarding their own remuneration.

# CORPORATE GOVERNANCE REPORT

In FY2017 as in the previous years, the RC reviewed and recommended to the Board the remuneration package of the CEO and the Group Chief Financial Officer ("**CFO**"). The RC also reviewed and endorsed the Management's recommendation of the other employees' bonus for year 2017 and salary increment for year 2018.

### Guideline 7.3

***RC's access to advice on remuneration matters***

The RC has direct access to the Comp investigate any matter within its Terms of Reference and to seek external expert advice should such 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.

Based on the results of the Mercer's Singapore Total Remuneration Survey (Property) which the Company participated in 2016, the Company had updated the Company's remuneration framework for implementation in FY2017.

### Guideline 7.4

***Service Contract***

The Company's obligations in the event of termination of service of Executive Director and key management personnel are enumerated in their respective employment letters. The RC was satisfied that termination clauses therein are fair and reasonable to the respective employment class and are not overly generous.

## PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

### Guideline 8.1

***Remuneration of Executive Director and Key Management Personnel***

The Company's remuneration structure for the Executive Director/CEO, key management personnel and others has been benchmarked against entities of comparable size and in similar industries. It consists of both fixed and variable portions with the aim to attract, retain and motivate appropriate talents on a sustainable basis. The fixed compensation comprises base salary and fixed allowances. The variable component, on the other hand, is a cash-based short-term incentive that is performance-related which is linked to the performance of the Company as well as the individual. This is designed to align the employees' 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 FY2017, the Board had only one Executive Director, namely the CEO. As stipulated in the Company's remuneration framework, Executive Director and key management personnel of the Group do not receive Directors' 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 key management personnel, 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 shareholder's return (i.e. dividend plus share price movement over the year). Non-financial targets are those related to reputation, customers, employees, environment, community and 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 of the Group in delivering high-quality sustainable growth.

The RC reviewed and approved the remuneration package (which includes salaries, allowances, bonuses and benefits-in-kind) of the Executive Director and the CFO after considering *inter alia* the achievement of their KPIs. In addition, the RC also 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 CEO's assessment of and recommendation for bonus and remuneration.

For FY2017, the RC is satisfied that the adjustments made to the salaries as well as the performance-related bonuses granted to the Executive Director and key management personnel were reflective of their performance and contribution made by them taking into account the extent to which their KPIs were 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 plan may not be effective and that it is difficult to determine how such long-term incentive plan contributes to the retention of employees and/or motivating desired performance.

### Guideline 8.3

***Remuneration of Non-Executive Directors***

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

# CORPORATE GOVERNANCE REPORT

The remuneration framework for Non-Executive Directors 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. After such review, the RC recommended and the Board approved the revised framework that is presented under Guideline 7.2 of this Report.

The Board concurred with the RC's proposal for Non-Executive Directors' fees for FY2017 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 FY2017 is appropriate and not excessive and would accordingly table it for the shareholders' approval at the forthcoming AGM. The Chairman and Non-Executive Directors 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 key management personnel, which are not excessive, the RC is of the view that there is no requirement 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 on remuneration of Directors and key management personnel for FY2017 are reported below. During FY2017, there was no termination, retirement or post-employment benefits granted to any of them.

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

The remuneration of the Executive Director and Non-Executive Directors which is paid or payable by the Company for FY2017 is set out below:

| NAME OF DIRECTORS | DIRECTORS' FEES(1) | SALARY(2) | BENEFITS(3) | VARIABLE BONUS | TOTAL |
|---|---|---|---|---|---|
| **Executive Director** | | | | | |
| William Nursalim alias William Liem(4) | – | $700,008 | $45,626 | $408,338 | $1,153,972 |
| **Non-Executive Directors** | | | | | |
| Ong Beng Kheong | $114,500 | – | – | – | $114,500 |
| Cheng Hong Kok(5) | $32,609 | – | – | – | $32,609 |
| Choo Teow Huat Albert | $131,500 | – | – | – | $131,500 |
| Chow Kok Kee(6) | $53,124 | – | – | – | $53,124 |
| David Lee Kay Tuan | $83,000 | – | – | – | $83,000 |
| Michelle Liem Mei Fung | $74,000 | – | – | – | $74,000 |
| Neo Ban Chuan | $94,500 | – | – | – | $94,500 |
| **Total Directors' Remuneration** | **$583,233<br>34%** | **$700,008<br>40%** | **$45,626<br>3%** | **$408,338<br>23%** | **$1,737,205<br>100%** |

**Annotations:**

(1) If approved, the aggregate amount of Directors' fees of $583,233 will be paid to the Non-Executive Directors 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.

(5) Pro-rated fees as Mr. Cheng Hong Kok was appointed as a Director, Chairman of RC and a member of the NC effective 15 August 2017.

(6) Pro-rated fees as Mr. Chow Kok Kee stepped down from the Board and ceased as the Chairman of RC as well as a member of the ARC and the NC on 1 July 2017.

During the year 2017, there were revisions in the fee structure for Directors. The total Directors' fees proposed this year of $583,233 is 15.83% higher than that for year 2016 reflecting mainly an increase in the overall fees based on the revised fee structure.

# CORPORATE GOVERNANCE REPORT

### Guideline 9.3

***Remuneration of Top Five Key Management Personnel***

The table below sets out the range of gross remuneration of the top five key management personnel (excluding the Executive Director) of the Group including those in the Company's listed subsidiary, SP Corp but excluding those in associated companies:

| NAME OF TOP 5 KEY MANAGEMENT PERSONNEL | DESIGNATION | SALARY(1) | BENEFITS(2) | BONUS(3) | TOTAL | REMUNERATION BANDS OF $100,000 |
|---|---|---|---|---|---|---|
| Chong Chou Yuen(4) | Group Chief Financial Officer | 69% | 1% | 30% | 100% | $700,000 – $799,999 |
| Boediman Gozali (alias Tony Wu)(5) | Managing Director & Chief Executive Officer, SP Corp | 98% | 2% | 0% | 100% | $500,000 – $599,999 |
| Ilan Weill | General Manager, Grand Hyatt Melbourne | 82% | 8% | 10% | 100% | $500,000 – $599,999 |
| Ng Choong How Nick | Senior Vice President, (Business Development) | 69% | 0% | 31% | 100% | $400,000 – $499,999 |
| Sholto Smith | General Manager, Hyatt Regency Perth | 86% | 9% | 5% | 100% | $400,000 – $499,999 |
| **Total Remuneration of Top 5 Management Personnel** | | **$2,286,330 80%** | **$118,561 4%** | **$457,604 16%** | **$2,862,495 100%** | |

**Annotations:**

(1) Salary refers to basic salary, allowance and employer's provident fund or equivalent contribution thereof.
(2) Benefits refer to car benefits and taxable health insurance.
(3) Bonus refers to variable bonus and employer's provident fund or equivalent contribution thereof.
(4) In accordance with the Company's Group Policy, Mr. Chong Chou Yuen does not receive Director's fees acting as Non-Executive Director in SP Corp.
(5) Mr. Boediman Gozali (alias Tony Wu) is an uncle of Ms. Michelle Liem Mei Fung, a Non-Executive Director of the Company, and of Mr. William Nursalim alias William Liem, the CEO and an Executive Director of the Company.

The aggregate remuneration paid to the above key management personnel in FY2017 was $2,862,495. The Company discloses the above information using a narrower band of $100,000 to improve the transparency as compared to the $250,000 band indicated in the Code.

### Guideline 9.4

***Employee related to Directors or CEO***

In addition to the disclosure under the top five key management personnel wherein a key management person was related to certain Directors during FY2017, there was another employee related to certain Directors whose remuneration exceeded $50,000. He was Mr. Jason Lee Kay Chen, employed by 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 nor long-term incentive scheme. The explanation for not having such schemes is presented under Guideline 8.2 of this Report.

### Guideline 9.6

***Link between remuneration and performance***

The information on the link between remuneration paid to the Executive Director and key management personnel 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. In this respect, 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 and that all areas of weaknesses identified in internal audit reports are properly dealt with in a timely manner.

During FY2017, quarterly unaudited results and the audited full-year results of the Group had all been announced within one month after the end of each period.

## PRINCIPLE 10: ACCOUNTABILITY

### Guideline 10.1

***Accountability for Accurate Information***

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 announcement together with the associated press releases and presentation slides are released to SGX-ST via SGXNet on the same evening of announcement.

# CORPORATE GOVERNANCE REPORT

The business and finance heads of individual subsidiaries and strategic business units are required to provide quarterly written representation, in specific template, to the CEO and CFO who would 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; ii) the financial processes and controls, and the integrity of the Group's financial statements are in place. In addition, the CEO and CFO's quarterly written representations highlight, *inter alia*, material financial risks, their impact and provide updates on significant financial issues of the Group.

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

The contents of the annual report are approved by the Board and contain relevant and useful information of the Company. They include Company's vision and mission, corporate profile, its business strategy, philosophy, highlights of the year, message to shareholders, profiles of the Directors and management, discussion and analysis of the year's results, the Company's portfolio of properties, sustainability report and corporate governance report.

### Guideline 10.2

***Compliance with Legislative and Regulatory Requirements***

During FY2017, the Board reviewed quarterly representation letters from the Management regarding compliance by strategic business units of 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***

The Management updated 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 forecast. Major variances are analysed, investigated and explained accordingly. The monthly reports also contain banking facilities utilised, bank covenants compliance 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 FY2017 and as in the previous years, the ARC assisted the Board to oversee the Management's risk management and internal control and reported to the Board on risks facing the Group, suggested level of risk tolerance and risk policies.

A detailed Risks Report prepared by the Management and reviewed by the ARC had also been presented to the Board for the latter's review. The Report identified twenty-six risks and ways to manage them. Two risks, namely, cyber-security risk and terrorism risk have been identified recently because of the increase in the scale and level of sophistication of cyber-attacks and terrorism that happen globally and near-misses regionally. The Board had since endorsed the contents and its conclusion. A summary of the contents may be referred to under "Business Dynamics and Risk Factors Statement" section of this Annual Report.

The Group's risks management had been based on the Group's Enterprise Risks Management framework which is in turn designed to be in line with ISO 31000 – Risk Management Principles and Guidelines" and the recommended practice under "Risk Governance Guidance for Listed Boards" issued by the Corporate Governance Council on 10 May 2012.

The last review of the framework by the ARC and the Board was in 2016 taking into account changes in the business and operation environments as well as evolving corporate governance requirements. The framework outlines the principles, process, tools, risk categories and types, key responsibilities, reporting requirements and communication timelines within the Group and intends to provide reasonable insurance that the Group's objectives can be achieved and its obligations to customers, shareholders, employees and community can be met.

Risks that affect the achievement of the business objectives and financial performance of the Group over a short-to-medium term are summarised in the Group Risks Register by each business unit. The identified risks had been grouped in two dimensions: one based on the risk exposure and appetite, and the other based on the likelihood of happening. From there, a "Risk Matrix Table" had been charted to aid the Board's deliberation. The Group's risks had also been classified into four main categories, namely, Business & Strategy Risks, Financial Risks, Operational Risks and Compliance Risks.

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

# CORPORATE GOVERNANCE 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 submitted to ARC and the Board the "Risks Report" detailing the Group's risk profile, evaluating their potential impact and proposing countermeasures to mitigate or to transfer identified risks so as to bring them to an acceptable level.

The ARC also reviewed reports submitted by the internal auditors on pre-selected areas of the operations of the Group. The selection process follows a cycle of a few years so that all key operations/units of the Group would be subject 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 and 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 for 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 which the Group operates so as to protect the security and confidentiality of data of third parties it obtains during its operations.

iii. Anti-bribery and Anti-corruption Policy

   This policy sets out guidelines to ensure that the Company, its Directors, officers, employees and agents conduct their activities in an honest and ethical manner as well as to 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.

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 the existing policies by conducting regular reviews to ensure that they remain relevant but is also implementing new ones where necessary so as to meet challenges brought on by a changing business environment.

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

The Board, with the concurrence of the ARC, is of the view that the internal controls, including financial, operational, compliance and information technology controls, and risk management systems of the Group were adequate and effective as of 31 December 2017. In arriving at this view, the Board had considered the following: the risk management evaluation, internal controls implementation, internal auditors' reports, statutory audit undertaken by the external auditors, and the written representation issued by the CEO and CFO.

In this respect, the CEO and 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 2017 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 details.

**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 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.

# CORPORATE GOVERNANCE REPORT

## 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 and 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 control over financial, operational, compliance, information technology, and risk management policies and systems established by the Management;

ii. Monitoring compliance with the 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 the monthly management reports, quarterly and annual financial statements, assessing and challenging where necessary, their correctness, completeness, integrity and consistency before submittal to the Board or made public;

vi. Meeting with the 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 disclosure on corporate governance practices before its release;

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

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

ix. Reviewing and recommending to the Board for approval the Whistle-blowing Policy, by 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 the 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 recommendation to the Board on the proposals to the shareholders on the appointment or re-appointment of the external auditors.

In FY2017 and as in the 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 the significant comments and recommendations by the auditors. Where relevant, the ARC makes reference to best practices and guidance in the Guidebook for Audit Committee 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 had recused themselves from the deliberation and approval process in both the ARC and Board meetings.

# CORPORATE GOVERNANCE REPORT

The ARC had reviewed the external auditor's audit plan for FY2017 and had agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In ARC's review of the financial statements of the Group for FY2017, it had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARC also reviewed and addressed, amongst other matters, the following key audit matters as reported by the external auditors for FY2017:

| KEY AUDIT MATTERS | HOW THESE ISSUES WERE ADDRESSED BY THE ARC |
|---|---|
| **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, about the market trends and the strategies and timing to sell the inventories.<br><br>The ARC received detailed reporting from Deloitte & Touche LLP on their assessment of the estimation of net realisable value and allowances for foreseeable losses to form a view on the appropriateness of the level of provisioning adopted by Management.<br><br>The ARC was 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 was 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. |

The Management reported to and discussed with the ARC on changes to the accounting standards and accounting issues which have a direct impact on the financial statements. Directors had also been invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

Following the review, the ARC is satisfied that all the aforesaid matters have been properly dealt with and recommended the Board to approve the financial statements. The Board has on 26 January 2018 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 were 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 the whistle-blowing incidents. The contents including "nil" returns in the register is reviewed by the ARC during its quarterly meetings.

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

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

During FY2017 and as in the 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 the Management.

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

During FY2017 and as in the past years, the ARC reviewed the "Professional Services Planning Memorandum" prepared by Deloitte & Touche LLP ("**Deloitte**"), the independent auditors, discussed about the terms of engagement, materiality level of their work, significant risks assessment, areas of audit focus, internal control plan 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 had reviewed, 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.

After the review, the ARC is satisfied with the independence and objectivity of the external auditors, their approach of the audit work and their proposed audit fees.

# CORPORATE GOVERNANCE REPORT

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):

| | FY2017 | | FY2016 | |
|---|---|---|---|---|
| | S$ | % OF TOTAL FEES | S$ | % OF TOTAL FEES |
| Audit fees to Deloitte Singapore | 330,600 | 46 | 325,970 | 56 |
| Audit fees to Deloitte member firms outside Singapore | 177,450 | 25 | 173,304 | 30 |
| Total Audit Fees | 508,050 | 71 | 499,274 | 86 |
| Total Non-Audit Fees (both Singapore and member firms) | 208,001 | 29 | 83,862 | 14 |
| **Total Fees** | **716,051** | **100** | **583,136** | **100** |

The ARC had recommended and the Board had accepted proposing to shareholders, the re-appointment of Deloitte as the independent auditors for the Group in the ensuing year. During FY2017 and as in the 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" so as to provide 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 Whistle-blowing Policy has been posted on the Company's Human Resource Intranet and official website encouraging the report of any behaviour or actions that anyone reasonably believes might be suspicious, against any rules/regulations/accounting standards as well as internal policies. In addition, a Chinese translation of the said policy has been disseminated to the Group's employees in China. A summary of the Company's Whistle-blowing Policy is presented in the "Corporate Governance in Action" section of this Annual Report.

The Policy details the mechanism for which submission of issues or concerns could be made and 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 the interest of all whistle-blowers. Anonymous reporting will also be attended to and anonymity honoured.

All newly recruited employees are briefed of the existence of the Policy and a reminder is sent to all employees annually in the form of an Annual Declaration by the employees requiring them to disclose any instances of conflicts of interest or raising any issues or concerns of possible irregularities of the Company or the Group's affairs. A "nil" return is also required for the purpose.

It has also been a standard item in the agenda of the quarterly meeting of the ARC to review any entries in the register of whistle-blowing incidents, and progress of investigation, if it remains outstanding.

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

The ARC met six times during FY2017 consisting of four scheduled meetings and two *ad hoc* meetings. The CEO, CFO and Company Secretary attended all the six meetings while the external and internal auditors attended all the scheduled meetings. One of the ARC meetings was held in Perth, Australia during an ARC's visit to review the Group's operations there. In the said meeting, remedial action for points highlighted in a recent internal audit report, internal controls in general, network security and information technology operations in particular were discussed with the Hyatt representatives.

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

# CORPORATE GOVERNANCE REPORT

In FY2017, members of ARC and the Board were also briefed by the Management on the application of the SFRS(I), the implications of all the transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, and the Group's process of preparing for the SFRS(I) convergence in 2018. The SFRS(I) framework is to be adopted from 1 January 2018 with retroactive application, unless a specific exemption or relief is provided in SFRS(I) 1. The ARC and the Board were provided with an impact analysis of the adoption of the SFRS(I) on the Group's financial statements, summarised below:

| MANDATORY ADJUSTMENTS | |
|---|---|
| **STANDARDS** | **FINANCIAL IMPACT** |
| **SFRS(I) 15 – Revenue from Contracts with Customers** has specific requirements on how revenue should be recognised and also introduces other new requirements such as accounting for commissions paid to salesmen, additional disclosures, and so on. The standard provides a single, principles based five-step model to be applied to all contracts with customers:<br>1. Identify the contract<br>2. Identify performance obligations<br>3. Determine transaction price<br>4. Allocate transaction price<br>5. Recognise revenue when performance obligation is satisfied. | The financial impact on FY2018 would be mainly on the timing of revenue recognition. There will be restatements to the comparative as at 31 December 2017:<br><br>Statement of Profit or Loss and Other Comprehensive Income<br>(i) Commission & Legal Expense: $51,000<br>(ii) Tax credit: $8,700<br><br>Statement of Financial Position<br>(i) Contract Asset: $285,800<br>(ii) Income tax recoverable: $8,700<br>(iii) Opening Retained Earnings: $336,800 |
| **SFRS(I) 16 – Leases** requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months on the Statement of Financial Position. | This is effective 1 January 2019. As the Group is not early adopting this standard, there is no financial impact to the comparative as at 31 December 2017. |
| **SFRS(I) INT 22 – Foreign Currency Transactions and Advanced Consideration**<br><br>A first-time adopter need to apply to assets, expenses and income within the scope of SFRS(I) INT 22 initially recognised on or after the date of transition to SFRS(I) i.e. 1 January 2017. | This is effective 1 January 2018. The Group has assessed that there will be no financial impact to the comparative as at 31 December 2017. |
| **SFRS(I) 9 – Financial Instruments**<br><br>In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. | This is effective 1 January 2018. Based on 3-year historical trend on the Group's provision for doubtful debt, which has been consistently less than 1% of the total receivable balance, we do not expect the implementation of SFRS(I) 9 to have any significant impact to the comparative as at 31 December 2017. |
| **OPTIONAL ADJUSTMENTS** | |
| **STANDARDS** | **FINANCIAL IMPACT** |
| **SFRS(I) – 1 First-time Adoption of Singapore Financial Reporting Standards (International)/SFRS(I) 1-16 – Property, Plant and Equipment ("PPE")**<br><br>Under SFRS(I) 1:D5, the Company has the option to measure PPE at the date of transition to SFRS(I)s i.e. 1 January 2017 at its fair value and use that fair value as its deemed cost at that date | This is effective 1 January 2018. The Group has opted to restate certain PPE resulting in an asset revaluation gain of S$3.6 million. Its financial impact for FY2018 financial statements with the restatements to the comparative as at 31 December 2017 are:<br><br>Statement of Profit or Loss and Other Comprehensive Income<br>(i) Depreciation Expense: $60,800<br>(ii) Tax credit: $10,300<br><br>Statement of Financial Position<br>(i) Property, plant and equipment: $3,592,000<br>(ii) Deferred tax: $10,300<br>(iii) Asset revaluation reserve: $3,652,800 |
| **SFRS(I) – 1 First-time Adoption of Singapore Financial Reporting Standards (International)/SFRS(I) 1-21 – The Effects of Changes in Foreign Exchange Rates**<br><br>Under SFRS(I) 1, it allows the cumulative translation reserve to be reset to zero balance on 1 January 2017. | This is effective 1 January 2018. As this is an optional adjustment involving a reclassification within the Reserves, the Group is not adopting this new standard. Hence, there is no financial impact to the comparative as at 31 December 2017. |

# CORPORATE GOVERNANCE REPORT

### Guideline 12.9

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

During FY2017, 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 the past years outsourced its internal audit function to PricewaterhouseCoopers Risk Services Pte. Ltd. ("**PwC**"). Upon the recommendation by ARC, the Board approved the re-engagement of PwC as the Internal Auditor ("**IA**") of the Group in the ensuing year. In FY2017 and as in the past years, the ARC assessed the adequacy of the internal audit function through reviewing of PwC's audit plan submitted at the beginning 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 their 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 with 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 entails the review of selected functions or business units of the Group is developed and agreed by the ARC. The audit plan has been devised in such a way that all the major functions or business units would be audited within an internal-audit cycle. 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 Internal Audit Function***

In FY2017 and as in the other years, the ARC reviewed the adequacy of the internal audit function to ensure that the internal audits were conducted effectively and that the Management provided the necessary co-operation to enable the PwC, the IA, to perform its function. After having reviewed the IA reports and remedial actions implemented by the Management, the ARC was 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. As such, 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. Fuller discussion can be found in "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 the mere compliance of prevailing statutory or professional standards, if it deems beneficial to its shareholders and the general public. In this respect, the Company has been disclosing clear and fair information about the Company's broad strategy, business developments and financial performance through appropriate media. For developments that could have a material impact on the share price, the information were dispatched as soon as it was available. The Company has been using news releases, annual reports, shareholder circulars, shareholders' meetings, announcements through SGXNet, webcasts 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 general meetings and are given amble opportunity to participate effectively in and vote at the general meetings of the Company. Because of the PowerPoint presentation of results and outlooks and dialogue with shareholders, the Company's typical annual general meeting lasts more than two hours.

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

### Guideline 14.3

***Proxies for Nominee Companies***

Pursuant to the provisions in the Company's Constitution, shareholders who are not "relevant intermediaries" may appoint up to two proxies during his/her absence, to attend, speak, vote on his/her behalf at general meetings. 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 indirect shareholders including CPF investors to participate in general meetings. Such indirect shareholders where so appointed as proxy, will have the same rights as direct shareholders to attend, speak and vote at general meetings.

# CORPORATE GOVERNANCE REPORT

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

## PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

### Guideline 15.1

***Communication with Shareholders***

Since November 2015, an Investor Relations Policy ("**IR Policy**") had been established setting out the principles to provide shareholders and prospective investors with 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, whilst 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 of useful information and analysis. In addition, press releases in English and Chinese languages and PowerPoint slides are provided and posted in the Company's website.

An investor relations contact has been provided in the Company's website which stakeholders can use to voice their concerns or feedbacks about possible violation of their rights. In the event that the 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 timely release of announcements to SGX-ST via SGXNet and the Company's corporate website. Should an inadvertent disclosure be made 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 of quarterly financial results is disclosed twelve months ahead in the Annual Report of the preceding year and confirmed approximately two weeks prior to the actual date of announcement via SGXNet.

For FY2017, quarterly results were announced within twenty-eight days of the succeeding month; and full-year audited results (full set; inclusive of notes to accounts) were released on 26 January 2018. Each results announcement is accompanied by a press release and a PowerPoint presentation. The 2017 Annual Report will be distributed to shareholders twenty-eight days before the AGM scheduled to be held on 19 April 2018.

### 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 on 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 of each resolution, shareholders are again given ample opportunities to raise queries. For shareholders not used to raising questions in public, they are encouraged to have a private chat with any Director or the senior management after the general meetings who stay back for the purpose.

### Guideline 15.4

***Soliciting and Understanding Views of Shareholders***

The Company has stated in the "Investor Relations" section of the Annual Reports, steps it has taken to solicit and understand the views of the shareholders. During the year, the Management also entertained analysts and fund managers' requests for dialogue. The Company also had a series of roadshow in May 2017 to drum up support for the Company's issue in June 2017 of the $150 million Notes under Medium Term Note programme to potential investors.

To enhance the process of soliciting input from shareholders and members of the investment community, a "Feedback and Queries" template has been established in the Company's website. The Company's website also has an "Investor Contact" link which 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***

The Company has established a dividend policy which attempts to balance on the one hand, the need to conserve cash for working capital and investment into the future and on the other hand, shareholders' desire to receive dividends arising from their investment in the Company. The Policy is presented in the "Corporate Governance in Action" section of this Annual Report.

## PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

### Guideline 16.1

***Effective Shareholders Participation***

In an attempt to facilitate shareholders' effective participation at AGMs, the Company has done the following:

i. posted under "Investor Relations" section of the Company's website, 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" so as to assist shareholders in gaining more from reading annual reports and frame pertinent questions at the AGMs;

ii. in the Annual Report, there is an eight-page bilingual "Glossary" section explaining in laymen's language, terms used therein;

iii. Shareholders are given notice of AGMs twenty-eight days in advance; and

# CORPORATE GOVERNANCE REPORT

iv. 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 the general meetings. However, such methods may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web is not 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, attorney or in the case of a corporation, a corporate representative, to cast their 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 note on each item of the agenda is also provided to the Notice of AGM in this Annual Report.

**Guideline 16.3**
***Attendees at General Meetings***
In the past years, the Chairman of the Board and the Chairman of each of the Board committees, CEO and CFO have all attended all the general meetings to address issues raised by shareholders. The Company's external auditors and legal advisers were 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 result of each resolution. The minutes of the last AGM held on 26 April 2017 together with the Directors' attendance sheet were published via SGXNet and the Company's website on 5 May 2017, i.e., within five working days from the date of the general meetings.

**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. In the Company's last AGM held on 26 April 2017, following had been implemented with the satisfaction of shareholders:

- Registering electronically the shareholders and proxies who attended the meeting and issuing an electronic token to each of them.
- Reviewing the robustness of the system by the appointed scrutineer who is an independent external party prior to the commencement of the meeting.
- Verifying the proxy and poll voting information by the appointed scrutineer ensuring that the polling process is properly carried out.
- Giving instructions on the use of the electronic token for polling.
- Putting each and every resolution to electronic polling.
- Flashing the results of the voting on the screen including the number and the percentage of votes cast for and against.
- Releasing voting results to SGX-ST on the same day as the meeting via SGXNet.

# CORPORATE GOVERNANCE IN ACTION

To maintain a high standard of corporate governance, the Company has in place various policies and practices for the observance by its Directors and employees.

## 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 take part in the discussions nor exercise any influence over other members of the Board. The Board last revised the IPTs policy and procedures in 2011.

List of IPTs including those 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 will be sought through a general meeting, while the interested shareholder will abstain from voting. In FY2017, the aforesaid 3% threshold was about $27.5 million using the audited 31 December 2016 balance sheet.

Details of IPTs for FY2017 and FY2016 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 maintaining a high level of integrity and professionalism by its Directors and officers in the conduct of the Group's business. Hence, the Company's code of conduct and practices as entailed in the Employees' Handbook. The Handbook is stored electronically in the Company's Intranet and is introduced to all new employees during their induction.

This code enumerates, at the employee level, the standard of acceptable and unacceptable behaviour as well as issues of workplace harassment. On the business front, the code addresses the standard of business behaviour pertaining to the offering and receiving of business courtesies as well as issues of conflict of interests.

The code of conduct has been strengthened since FY2016 with the implementation of the following: Information Security Policy, Personal Data Protection Policy as well as the Anti-bribery and Anti-corruption Policy.

## WHISTLE-BLOWING POLICY

The Company is committed to 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 offer 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 and bogus complaints. The policy is also not a route for taking up personal grievances.

There may 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 e-mail address allowing 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 follow-up of appropriate 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:

- CEO;
- CFO; and
- the Company Secretary.

# CORPORATE GOVERNANCE IN ACTION

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 FY2017, there was no incident of genuine concern reported to the WBC.

## DIVIDEND POLICY

The Company's priority is to achieve long-term capital growth for the benefit of shareholders. Most of its profits, when made, shall therefore be retained for investment into the future.

Tuan Sing recognises, however, the desire of some of our shareholders to receive income out of their investment in the Company. Tuan Sing therefore strives to distribute, year after year and when its cash flow permits, an appropriate sum of dividend, so that its medium term dividend yield would be better than the first quartile of the benchmarked group of Real Estate Development and Holding Companies. For the avoidance of doubt, the first quartile is defined as the middle number between the smallest number and the median of the data set.

The actual dividend payout shall be recommended by the Board at the end of each year and when required, 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 exceptional operational performance in a particular year or in a major investment sale.

Tuan Sing Holdings Limited Scrip Dividend Scheme (the "**Scheme**") shall be an integral and important component of the dividend policy so that shareholders who opt for them could 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 will provide 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. By 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 2017

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 2017.

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 128 to 207 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 2017, 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 (Chairman)
Mr William Nursalim alias William Liem (Chief Executive Officer)
Mr Cheng Hong Kok (Appointed on 15 August 2017)
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 1 JANUARY 2017** | **AS AT 31 DECEMBER 2017** | **AS AT 1 JANUARY 2017** | **AS AT 31 DECEMBER 2017** |
| **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 | – | – | 546,383,829[1] | 546,383,829[1] |
| Mr William Nursalim alias William Liem | – | – | 546,383,829[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 2017

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

| NAMES OF DIRECTORS AND COMPANIES IN WHICH INTERESTS ARE HELD | HOLDINGS REGISTERED IN NAME OF DIRECTOR | | HOLDINGS IN WHICH DIRECTOR IS DEEMED TO HAVE AN INTEREST | |
|---|---|---|---|---|
| | AS AT 1 JANUARY 2017 | AS AT 31 DECEMBER 2017 | AS AT 1 JANUARY 2017 | AS AT 31 DECEMBER 2017 |
| S$150 million 3-year 6% per annum Notes due 2020 pursuant to the MTN Programme | | | | |
| Mr Ong Beng Kheong | – | – | – | $500,000 |
| Mr William Nursalim alias William Liem | – | $500,000 | – | – |
| Mr Choo Teow Huat Albert | – | – | – | $250,000 |
| Mr David Lee Kay Tuan | – | $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 2018.

## 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 six times during the financial year ended 31 December 2017 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;

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 5 AUDIT AND RISK COMMITTEE (CONT'D)

(c) the consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company before their submission to the Directors of the Company and the external auditors' report on those financial statements;

(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

26 January 2018

Deloitte.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

## 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 2017, 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 128 to 207.

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 Financial Reporting Standards in Singapore ("FRSs") 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 2017 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.

***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 challenged management on the 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 8 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; value per room for hotel properties and costs to complete and gross development value for the investment property under redevelopment. A change in the key assumptions applied may have a significant impact to the valuation.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

***Our audit performed and responses thereon***

We read the terms of engagement of the external valuers to consider the objectivity and independence of the external valuers, and also considered the qualification and competency of the external valuers engaged.

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.

For the investment property under development, we also evaluated the Group's estimated cost of development and where relevant, agreed to third party contracts for work contracted or to supportable documents.

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 appropriate level of qualifications and experience. The valuation methodologies adopted were in line with generally accepted market practices. The key assumptions used were within reasonable range, taking into account historical rates and available industry data for comparable markets and properties. For the investment property under development, the estimated total cost of development and cost of work performed were supported by third parties' construction certificates and other relevant documents. 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 Note 10 and Note 9 to the financial statements respectively.

## 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 and Corporate Governance Report 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, 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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

## 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.

(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.

**Deloitte & Touche LLP**
Public Accountants and
Chartered Accountants
Singapore

26 January 2018

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

| | Note | Group 2017 $'000 | Group 2016 $'000 | Company 2017 $'000 | Company 2016 $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and bank balances | 5 | **216,843** | 163,688 | **88,737** | 301 |
| Trade and other receivables | 6 | **93,827** | 158,793 | **12,162** | 7,994 |
| Amounts due from subsidiaries | 15 | **–** | – | **354,851** | 255,467 |
| Inventories | 7 | **2,906** | 3,564 | **–** | – |
| Development properties | 8 | **188,308** | 183,232 | **–** | – |
| Total current assets | | **501,884** | 509,277 | **455,750** | 263,762 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 9 | **443,093** | 419,278 | **–** | – |
| Investment properties | 10 | **1,592,687** | 1,108,652 | **498** | 498 |
| Investments in subsidiaries | 11 | **–** | – | **695,647** | 684,755 |
| Investments in equity accounted investees | 12 | **93,185** | 83,579 | **–** | – |
| Deferred tax assets | 17 | **2,253** | 2,286 | **–** | – |
| Trade and other receivables | 6 | **5,057** | – | **–** | – |
| Other non-current assets | | **12** | 11 | **–** | – |
| Total non-current assets | | **2,136,287** | 1,613,806 | **696,145** | 685,253 |
| **Total assets** | | **2,638,171** | 2,123,083 | **1,151,895** | 949,015 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Loans and borrowings | 13 | **278,943** | 3,406 | **–** | – |
| Trade and other payables | 14 | **121,917** | 112,333 | **20,153** | 20,096 |
| Amounts due to subsidiaries | 15 | **–** | – | **309,729** | 265,956 |
| Derivative financial instruments | 28 | **87** | – | **–** | – |
| Income tax payable | | **13,523** | 22,290 | **84** | 52 |
| Total current liabilities | | **414,470** | 138,029 | **329,966** | 286,104 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 13 | **1,179,177** | 1,017,387 | **228,364** | 79,562 |
| Derivative financial instruments | 28 | **–** | 1,019 | **–** | – |
| Deferred tax liabilities | 17 | **47,784** | 35,730 | **–** | – |
| Other non-current liabilities | 14 | **463** | 462 | **–** | – |
| Total non-current liabilities | | **1,227,424** | 1,054,598 | **228,364** | 79,562 |
| **Capital, reserves and non-controlling interests** | | | | | |
| Share capital | 18 | **172,514** | 171,306 | **172,514** | 171,306 |
| Reserves | 19 | **813,135** | 748,116 | **421,051** | 412,043 |
| Equity attributable to owners of the Company | | **985,649** | 919,422 | **593,565** | 583,349 |
| Non-controlling interests | | **10,628** | 11,034 | **–** | – |
| Total equity | | **996,277** | 930,456 | **593,565** | 583,349 |
| **Total liabilities and equity** | | **2,638,171** | 2,123,083 | **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 2017

| | Note | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|---|
| **Revenue** | 21 | **357,922** | 404,018 |
| Cost of sales | | **(292,894)** | (319,634) |
| **Gross profit** | | **65,028** | 84,384 |
| Other operating income | | **7,346** | 4,490 |
| Distribution costs | | **(6,077)** | (5,867) |
| Administrative expenses | | **(26,268)** | (29,741) |
| Other operating expenses | | **(3,390)** | (7,739) |
| Share of results of an equity accounted investee | 12 | **15,677** | 13,466 |
| Interest income | 22 | **4,150** | 4,465 |
| Finance costs | 23 | **(33,173)** | (25,716) |
| **Profit before tax and fair value adjustments** | | **23,293** | 37,742 |
| Fair value adjustments | 24 | **44,814** | 2,336 |
| **Profit before tax** | 25 | **68,107** | 40,078 |
| Income tax expenses | 26 | **(5,261)** | (6,272) |
| **Profit for the year** | | **62,846** | 33,806 |
| | | | |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Revaluation of properties | 28 | **33,846** | 16,980 |
| Income tax relating to components of other comprehensive income that will not be reclassified subsequently | 28 | **(10,154)** | (5,094) |
| | | **23,692** | 11,886 |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Exchange differences on translation of foreign operations | 28 | **(9,109)** | 4,903 |
| Share of other comprehensive income of an equity accounted investee | 28 | **(6,360)** | 2,829 |
| Cash flow hedges | 28 | **916** | (90) |
| Income tax relating to components of other comprehensive income that may be reclassified subsequently | 28 | **(275)** | 27 |
| | | **(14,828)** | 7,669 |
| **Other comprehensive income for the year, net of tax** | 28 | **8,864** | 19,555 |
| **Total comprehensive income for the year** | | **71,710** | 53,361 |
| | | | |
| **Profit attributable to:** | | | |
| Owners of the Company | | **62,734** | 33,585 |
| Non-controlling interests | | **112** | 221 |
| | | **62,846** | 33,806 |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **72,116** | 52,979 |
| Non-controlling interests | | **(406)** | 382 |
| | | **71,710** | 53,361 |
| | | | |
| **Basic and diluted earnings per share (in cents)** | | | |
| Including fair value adjustments | 27 | **5.3** | 2.8 |
| Excluding fair value adjustments | 27 | **1.8** | 2.7 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

| | Note | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|---|
| **Operating activities** | | | |
| **Profit before tax** | | **68,107** | 40,078 |
| Adjustments for: | | | |
| Fair value gain | 24 | **(44,814)** | (2,336) |
| Share of results of an equity accounted investee | 12 | **(15,677)** | (13,466) |
| (Write-back of allowance)/allowance for diminution in value for development properties, net | 8 | **(1,784)** | 3,649 |
| Depreciation of property, plant and equipment | 9 | **7,725** | 7,772 |
| Allowance for inventory obsolescence, net | 7 | **17** | 1 |
| Allowance for doubtful trade and other receivables, net | 6 | **425** | 52 |
| Write-back of recognised corporate guarantee no longer required | 25 | **–** | (445) |
| Net loss on liquidation of subsidiaries | 25 | **–** | 1,794 |
| Net loss on disposal of property, plant and equipment | 25 | **6** | 5 |
| Interest income | 22 | **(4,150)** | (4,465) |
| Finance costs | 23 | **33,173** | 25,716 |
| **Operating cash flows before movements in working capital** | | **43,028** | 58,355 |
| Development properties less progressive billings receivable | | **(2,495)** | 149,759 |
| Inventories | | **671** | 83 |
| Trade and other receivables | | **62,358** | (12,424) |
| Trade and other payables | | **8,351** | (4,276) |
| **Cash generated from operations** | | **111,913** | 191,497 |
| Interest received | | **2,059** | 2,129 |
| Income tax paid | | **(12,406)** | (3,523) |
| **Net cash from operating activities** | | **101,566** | 190,103 |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | 9 | **(4,263)** | (4,098) |
| Proceeds on disposal of property, plant and equipment | | **171** | 64 |
| Additions to investment properties | | **(439,095)** | (19,364) |
| Deposit paid for acquisition of land in Batam | 6 | **(3,915)** | (7,830) |
| Deposit collected from disposal of a subsidiary | 8 | **4,294** | – |
| **Net cash used in investing activities** | | **(442,808)** | (31,228) |
| **Financing activities** | | | |
| Proceeds from loans and borrowings | | **510,894** | 98,166 |
| Repayment of loans and borrowings | | **(67,015)** | (192,611) |
| Interest paid | | **(39,094)** | (34,161) |
| Bank deposits released/(pledged) as securities for bank facilities | | **656** | (32,922) |
| Dividend paid to shareholders | | **(5,866)** | (5,877) |
| Shares bought back and cancelled | 18 | **(23)** | (120) |
| **Net cash from/(used in) financing activities** | | **399,552** | (167,525) |
| **Net increase/(decrease) in cash and cash equivalents** | | **58,310** | (8,650) |
| Cash and cash equivalents at the beginning of the year | | **95,896** | 105,675 |
| Foreign currency translation adjustments | | **(3,061)** | (1,129) |
| **Cash and cash equivalents at the end of the year** | 5 | **151,145** | 95,896 |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

| | 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** | | 171,306 | (16,151) | 106,420 | 126,787 | 531,060 | 919,422 | 11,034 | 930,456 |
| **Total comprehensive income for the year** | | | | | | | | | |
| Profit for the year | | – | – | – | – | 62,734 | 62,734 | 112 | 62,846 |
| Exchange differences on translation of foreign operations | 28 | – | (14,951) | – | – | – | (14,951) | (518) | (15,469) |
| Revaluation of properties | 28 | – | – | 33,846 | – | – | 33,846 | – | 33,846 |
| Cash flow hedges | 28 | – | – | – | 916 | – | 916 | – | 916 |
| Income tax adjustments relating to other comprehensive income | 28 | – | – | (10,154) | (275) | – | (10,429) | – | (10,429) |
| Other comprehensive (loss)/ income for the year, net of tax | | – | (14,951) | 23,692 | 641 | – | 9,382 | (518) | 8,864 |
| Total | | – | (14,951) | 23,692 | 641 | 62,734 | 72,116 | (406) | 71,710 |
| **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 | 18 | 1,231 | – | – | – | – | 1,231 | – | 1,231 |
| Shares bought back and cancelled | 18 | (23) | – | – | – | – | (23) | – | (23) |
| Dividend paid to shareholders | | | | | | | | | |
| – Cash | 20 | – | – | – | – | (5,866) | (5,866) | – | (5,866) |
| – Share | 20 | – | – | – | – | (1,231) | (1,231) | – | (1,231) |
| Total | | 1,208 | – | – | 23,234 | (30,331) | (5,889) | – | (5,889) |
| **At 31 December 2017** | | 172,514 | (31,102) | 130,112 | 150,662 | 563,463 | 985,649 | 10,628 | 996,277 |

# *Details of "Other capital reserves" are disclosed in Note 19.*

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

| | 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 2016** | | 170,230 | (23,722) | 94,534 | 116,342 | 519,421 | 876,805 | 10,652 | 887,457 |
| **Total comprehensive income for the year** | | | | | | | | | |
| Profit for the year | | – | – | – | – | 33,585 | 33,585 | 221 | 33,806 |
| Exchange differences on translation of foreign operations | 28 | – | 7,571 | – | – | – | 7,571 | 161 | 7,732 |
| Revaluation of properties | 28 | – | – | 16,980 | – | – | 16,980 | – | 16,980 |
| Cash flow hedges | 28 | – | – | – | (90) | – | (90) | – | (90) |
| Income tax adjustments relating to other comprehensive income | 28 | – | – | (5,094) | 27 | – | (5,067) | – | (5,067) |
| Other comprehensive (loss)/ income for the year, net of tax | | – | 7,571 | 11,886 | (63) | – | 19,394 | 161 | 19,555 |
| Total | | – | 7,571 | 11,886 | (63) | 33,585 | 52,979 | 382 | 53,361 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | |
| Transfer from revenue reserve to other capital reserves | | – | – | – | 14,873 | (14,873) | – | – | – |
| Issue of shares under the Scrip Dividend Scheme | 18 | 1,196 | – | – | – | – | 1,196 | – | 1,196 |
| Shares bought back and cancelled | 18 | (120) | – | – | – | – | (120) | – | (120) |
| Dividend paid to shareholders | | | | | | | | | |
| – Cash | 20 | – | – | – | – | (5,877) | (5,877) | – | (5,877) |
| – Share | 20 | – | – | – | – | (1,196) | (1,196) | – | (1,196) |
| Goodwill paid over acquiring additional shares in a member of associate | 12 | – | – | – | (4,365) | – | (4,365) | – | (4,365) |
| Total | | 1,076 | – | – | 10,508 | (21,946) | (10,362) | – | (10,362) |
| **At 31 December 2016** | | 171,306 | (16,151) | 106,420 | 126,787 | 531,060 | 919,422 | 11,034 | 930,456 |

# Details of "Other capital reserves" are disclosed in Note 19.

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

| | Note | Share capital $'000 | Other capital reserve# $'000 | Revenue reserve $'000 | Total equity $'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **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 | 18 | **1,231** | **–** | **–** | **1,231** |
| Dividend paid to shareholders | | | | | |
| – Cash | 20 | **–** | **–** | **(5,866)** | **(5,866)** |
| – Share | 20 | **–** | **–** | **(1,231)** | **(1,231)** |
| Shares bought back and cancelled | 18 | **(23)** | **–** | **–** | **(23)** |
| Total | | **1,208** | **–** | **(7,097)** | **(5,889)** |
| **At 31 December 2017** | | **172,514** | **101,264** | **319,787** | **593,565** |
| **At 1 January 2016** | | 170,230 | 101,264 | 294,427 | 565,921 |
| **Profit for the year, representing total comprehensive income for the year** | | – | – | 23,425 | 23,425 |
| **Transactions with owners, recognised directly in equity** | | | | | |
| Issue of shares under the Scrip Dividend Scheme | 18 | 1,196 | – | – | 1,196 |
| Dividend paid to shareholders | | | | | |
| – Cash | 20 | – | – | (5,877) | (5,877) |
| – Share | 20 | – | – | (1,196) | (1,196) |
| Shares bought back and cancelled | 18 | (120) | – | – | (120) |
| Total | | 1,076 | – | (7,073) | (5,997) |
| **At 31 December 2016** | | 171,306 | 101,264 | 310,779 | 583,349 |

# *Details of "Other capital reserves" are disclosed in Note 19.*

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 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 Note 33 and Note 34 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 2017 were authorised for issue by the Board of Directors on 26 January 2018.

## 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 Financial Reporting Standards in Singapore ("FRSs").

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 FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 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) Adoption of new and revised Standards

On 1 January 2017, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations.

The adoption of these new or revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years except for certain presentation improvements arising from Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative.*

***Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative***

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes.

The Group's liabilities arising from financing activities and a reconciliation between the opening and closing balances of these liabilities are set out in Note 13. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 13, the application of these amendments has had no impact on the Group's consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Standards issued but not yet effective**

***Convergence to the International Financial Reporting Standards ("IFRS") in 2018***

Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will be required to apply a new Singapore financial reporting framework, the Singapore Financial Reporting Standards (International) ("SFRS(I)"), that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Group will be adopting SFRS(I) framework for the first time for financial year ending 31 December 2018, with retrospective application to the comparative financial year ended 31 December 2017 and the opening statement of financial position as at 1 January 2017 (date of transition).

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, and has determined that there is no change to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs, and the election of certain transition options available under SFRS(I) 1.

Management will be electing the transition option to use fair value as the deemed cost for certain properties that will result in material adjustments on transition to the new framework.

The estimated effects of retrospective application on the amounts reported in 2017 is tabled on page 137.

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to the Group and the Company were issued but not effective:

- SFRS(I) 9 Financial Instruments[1]
- SFRS(I) 15 *Revenue from Contracts with Customers (with clarifications issued)*[1]
- SFRS(I) 16 *Leases*[2]
- SFRS(I) 1-40 *Investment Property*[1]
- SFRS(I) 10 *Consolidated Financial Statements and SFRS(I)* 1-28 *Investments in Associates and Joint Ventures*[1]
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*[1]

1 Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

2 Applies to annual periods beginning on or after 1 January 2019, with earlier application permitted if SFRS(I) 15 is adopted.

Management will be electing the transition option to use fair value as the deemed cost for certain properties. The estimated effects to the Group's financial statements in the period of initial application are disclosed on page 137.

Consequential amendments were also made to various standards as a result of these new or revised standards.

The management anticipates that the adoption of the above SFRS(I)s and SFRS(I) INTs in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

***SFRS(I) 9 Financial Instruments***

SFRS(I) 9 was issued in December 2017, and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management has performed a detailed analysis of the requirements of the initial application of the new SFRS(I) 9 and has anticipated that the adoption of SFRS(I) 9 will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption. Management does not plan to early adopt the new SFRS(I) 9.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Standards issued but not yet effective (cont'd)

***SFRS(I) 15 Revenue from Contracts with Customers***

In December 2017, SFRS(I) 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. SFRS(I) 15 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management anticipates that the initial application of the new SFRS(I) 15 will have an impact on the financial statements of the Group in the period of their initial adoption. The estimates effects to the Group's financial statements in the period of initial application are disclosed on page 137.

***SFRS(I) 16 Leases***

SFRS(I) 16 was issued in December 2017. 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 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 predecessor FRS 17 *Leases.*

Management is currently assessing and has yet to complete the work on the possible impact of implementing SFRS(I) 16. It is therefore impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application. Management does not plan to early adopt the above new SFRS(I) 16.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Standards issued but not yet effective (cont'd)

***Impact of adoption of SFRS(I) 1 and SFRS(I) 15***

The following table provides the estimates effects on the Group's financial in the period of the initial application of SFRS(I) 1 and SFRS(I) 15.

#### Consolidated Statement of Financial Position

| | 1 January 2017 $'000 (As reported) | SFRS(I) 15 $'000 | SFRS(I) 1 $'000 | 1 January 2017 $'000 (Restated) |
|---|---|---|---|---|
| Contract assets | **–** | 337 | – | **337** |
| Property, plant and equipment | **419,278** | – | 3,653 | **422,931** |
| Income tax payable | **22,290** | – | – | **22,290** |
| Deferred tax liabilities | **35,730** | – | – | **35,730** |
| Revenue reserve | **531,060** | 337 | – | **531,397** |
| Asset revaluation reserve | **106,420** | – | 3,653 | **110,073** |

| | 31 December 2017 $'000 (As reported) | SFRS(I) 15 $'000 | SFRS(I) 1 $'000 | 31 December 2017 $'000 (Restated) |
|---|---|---|---|---|
| Contract assets | **–** | 286 | – | **286** |
| Property, plant and equipment | **443,093** | – | 3,592 | **446,685** |
| Income tax payable | **13,523** | (9) | – | **13,514** |
| Deferred tax liabilities | **47,784** | – | (10) | **47,774** |
| Revenue reserve | **563,463** | 295 | (51) | **563,707** |
| Asset revaluation reserve | **130,112** | – | 3,653 | **133,765** |

#### Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | 2017 $'000 (As reported) | SFRS(I) 15 $'000 | SFRS(I) 1 $'000 | 2017 $'000 (Restated) |
|---|---|---|---|---|
| Revenue | **357,922** | – | – | **357,922** |
| Cost of sales | **(292,894)** | – | – | **(292,894)** |
| Administrative expenses | **(26,268)** | (51) | (61) | **(26,380)** |
| Profit before tax | **68,107** | (51) | (61) | **67,995** |
| Income tax expenses | **(5,261)** | 9 | 10 | **(5,242)** |
| Profit for the year | **62,846** | (42) | (51) | **62,753** |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) 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.

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 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 the 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 FRSs). 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 FRS 39 *Financial Instruments: Recognition and Measurement* 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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Basis of consolidation (cont'd)

***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.

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 FRS 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 FRS 12 *Income Taxes* and FRS 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 FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Asset 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 FRS.

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 and joint venture (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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Basis of consolidation (cont'd)

***Associates and joint venture (equity accounted investees) (cont'd)***

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results of and assets and liabilities of associates or joint ventures 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 FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in an associate or a joint venture is 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 or joint ventures. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), 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 associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, 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(h)].

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 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 FRS 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 a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture 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 FRS 39. The difference between the carrying amount of the associate or joint venture 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 or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture 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 or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Basis of consolidation (cont'd)

***Associates and joint venture (equity accounted investees) (cont'd)***

When the Group reduces its ownership interest in an associate or a joint venture 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 or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

### (e) 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 which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

***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(f)].

***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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Foreign currency transactions and translation (cont'd)

***Foreign currency translation (cont'd)***

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.

### (f) 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.

***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on 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 instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

***Financial assets***

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

***Financial assets at fair value through profit or loss (FVTPL)***

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if (i) it has been acquired principally for the purpose of selling in the near future; or (ii) on initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (ii) the financial asset 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 grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as FVTPL.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Financial instruments (cont'd)

***Financial assets at fair value through profit or loss (FVTPL) (cont'd)***

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 32(e).

***Held-to-maturity financial assets***

Bonds with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity financial assets. Subsequent to initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

***Available-for-sale financial assets***

Certain shares and debt securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 32(e). Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

***Loans and receivables***

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

***Derecognition of financial assets***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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 recognise a collateralised borrowing for the proceeds received.

***Classification as debt or equity***

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

***Financial liabilities***

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

***Financial liabilities at fair value through profit or loss (FVTPL)***

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if (i) it has been incurred principally for the purpose of repurchasing in the near future; or (ii) it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) **Financial instruments (cont'd)**

***Financial liabilities at fair value through profit or loss (FVTPL) (cont'd)***

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (ii) on initial recognition, 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 grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other operating income and expenses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 32(e).

***Other financial liabilities***

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs [Note 2(r)].

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, subsequently at the higher of the amount of obligation under the guarantee recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

***Derecognition of financial liabilities***

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

***Derivative financial instruments and hedge accounting***

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. 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.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

***Hedge accounting***

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Financial instruments (cont'd)

***Hedge accounting (cont'd)***

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and 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 that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

***Fair value hedge***

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss for the period immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of profit or loss and other comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

***Cash flow hedge***

The effective portion of changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other income and expenses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the period when the hedged item is recognised in profit or loss in same line item of the statement of profit or loss and other comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

***Hedges of net investments in foreign operations***

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation account. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "fair value adjustments" line of the statement of profit or loss and other comprehensive income.

Gains and losses previously recognised in other comprehensive income and accumulated in foreign currency translation account are reclassified in profit or loss in the same way as exchange differences relating to the foreign operation as described in the accounting policy for foreign currency transactions and translation as stated in Note 2(e) to these financial statements.

***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

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) 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 – 15 years |
| Motor vehicles | 5 – 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.

### (h) 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

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) 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, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### (i) Impairment of assets

***Impairment of financial assets***

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include (i) significant financial difficulty of the issuer or counterparty; or (ii) default or delinquency in interest or principal payments; or (iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Impairment of assets (cont'd)

***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.

### (j) 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(g)] up to the date of change in use.

### (k) Development properties

Development properties comprise properties in the course of development and completed properties held for sale in the ordinary course of business.

Properties in the course of development are stated at cost plus attributable profits less progress billing. Progress billings received from customers prior to completion are presented as advance billings within "trade and other payables" and progress billings not yet paid by customers are presented within "trade and other receivables".

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Development properties (cont'd)

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, development costs and borrowing 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, including attributable borrowing costs [Note 2(r)].

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(q)].

### (l) 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.

### (m) 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.

### (n) Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of reporting period, as measured by the proportion that contract cost incurred for work performed to date relative to the estimated total contract cost, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the periods in which they are incurred. When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### (o) 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.

***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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (o) Leases (cont'd)

***The Group as lessor (cont'd)***

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(r)]. 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.

### (p) 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.

### (q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is reduced for goods and services tax, estimated customer returns, rebates and other similar allowances.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met.

***Sale of goods***

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Revenue recognition (cont'd)

***Sale of goods (cont'd)***

- It is probable that the economic benefits associated with the transaction will flow to the entity; and

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

***Revenue from sales of development properties***

Revenue from completed properties is recognised when the risks and rewards of ownership have been transferred to the purchaser either through the transfer of legal title or equitable interest in a property.

Revenue recognition on partly completed properties held for sale is based on the following methods:

- For sale of partly completed development properties in Singapore under progressive payment scheme, profit is recognised upon the signing of sale contracts and payment of the first instalment which corresponds to 20% of the estimated profit attributable to the actual sale contracts signed. Subsequent recognition of profit is based on the percentage of completion method as construction progresses. The percentage of work completed is measured based on the construction and related costs incurred to date as a proportion of the estimated total construction and related costs;

- For sale of partly completed development properties in Singapore under deferred payment scheme and overseas development properties, profit is recognised only upon the transfer of significant risks and rewards of ownership of the properties to the purchasers.

In cases where transfer of significant risks and rewards of ownership coincides with the time the development units are delivered to the purchasers, revenue is recognised upon completion of construction; and when legal title passes to the buyer or when equitable interest in the property vests to the buyer upon release of the handover notice to the buyer, whichever is earlier.

***Construction contracts***

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts as disclosed in Note 2(n).

***Revenue from hotel operations***

Revenue is recognised when goods and services have been provided to the customer and the costs in relation to the goods and services can be reliably measured.

***Services rendered***

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period except that revenue from services of short duration are recognised on completion of services;

- Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the services for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and

- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

***Rental income***

The Group's policy for recognition of revenue from operating leases is described above in Note 2(o).

***Interest income***

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

***Dividend income***

Dividend income from investment is recognised when the shareholders' rights to receive payment have been established.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) 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.

### (s) 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.

### (t) 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.

***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.

### (u) 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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (u) Income tax (cont'd)

***Deferred tax (cont'd)***

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 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.

### (v) 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 CEO 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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### Critical judgements in applying the Group's accounting policies (cont'd)

***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's subsidiary, Asplenium Land Pte Ltd ("Asplenium") had recently received a Partial Award from the arbitration Tribunal. The Tribunal ruled inter alia that Asplenium 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. On 7 November 2017, the previous main contractor dissatisfied with the outcome of the partial award on liability and filed an application for leave to appeal on questions of law out of the award.

As at 31 December 2017, the ensuing legal and arbitration proceedings were still on-going. It was advised by the Group's legal counsel that the Tribunal's findings are final in relation to the issues of liability of the Parties while the quantum and costs will be dealt with in the next phase of the Arbitration. No provision was made in relation to such termination. Legal and professional expenses of $315,000 (2016: $6,472,000) have been recorded in the profit or loss for the year ended 31 December 2017.

### 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:

***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 write-back of allowance for diminution in value of $1,784,000 (2016: an allowance for diminution in value of $3,649,000) was made on Singapore development properties, taking into account and with reference to past sales of the respective properties and that of comparable properties, location and market conditions.

The carrying amount of development properties are disclosed in Note 8. Allowance for diminution in value is recognised as "other operating expenses" and "cost of sales" in profit or loss and disclosed in Note 25 to the financial statements.

***Fair value measurement and valuation processes***

The Group carries its hotel properties [Note 9] and investment properties [Note 10] 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, discounted cash flow method and residual land value method) which involve certain estimates and significant unobservable inputs which are disclosed in Notes 9 and 10. 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 the residual land value method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of the property under development. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. 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 9 and 10 respectively to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 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$44,006,000 (2016: A$32,509,000) or equivalent to $45,339,000 (2016: $34,034,000) [Note 17]. 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 doubtful 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 and ongoing dealings with them. 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 FRS 108 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 Australia. |
| Industrial Services | Trading and marketing of industrial commodities, distribution of tyres and re-treading of tyres, as well as manufacturing of polypropylene woven bags in Malaysia. The tyres distribution and re-treading business was discontinued at the end of the current financial year. |
| Other Investment | Investments in GulTech, a printed circuit boards manufacturer with operations in China. |
| Corporate and Others | Provision of corporate-level services. |

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. Corporate and Others are managed on a group basis and are not allocated to operating segments. 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
YEAR ENDED 31 DECEMBER 2017

## 4 SEGMENT INFORMATION (CONT'D)
### Segment revenues and results
Information regarding each of the Group's reportable segments is presented below.

| | Property $'000 | Hotels Investment[3] $'000 | Industrial Services[4] $'000 | Other Investment[1] $'000 | Corporate and Others[2] $'000 | Inter-Segment Eliminations $'000 | Total Consolidated $'000 |
|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | |
| **Revenue** | | | | | | | |
| External revenue | 100,346 | 121,277 | 136,119 | – | 180 | – | 357,922 |
| Inter-segment revenue | 22,549 | 2,052 | – | – | 25,767 | (50,368) | – |
| | 122,895 | 123,329 | 136,119 | – | 25,947 | (50,368) | 357,922 |
| **Results** | | | | | | | |
| Gross profit | 53,933 | 28,197 | 3,801 | – | 17,756 | (38,659) | 65,028 |
| Other operating income | 3,976 | – | 1,462 | – | (2,237) | 4,145 | 7,346 |
| Distribution costs | (4,052) | – | (2,025) | – | – | – | (6,077) |
| Administrative expenses | (17,779) | (23,836) | (3,490) | – | (2,529) | 21,366 | (26,268) |
| Other operating expenses | (2,893) | (36) | (415) | – | (2,929) | 2,883 | (3,390) |
| Share of results of an equity accounted investee | – | – | – | 15,677 | – | – | 15,677 |
| Interest income | 4,332 | 4 | 1,117 | – | 227 | (1,530) | 4,150 |
| Finance costs | (23,915) | – | (1) | – | (10,787) | 1,530 | (33,173) |
| **Profit before tax and fair value adjustments** | 13,602 | 4,329 | 449 | 15,677 | (499) | (10,265) | 23,293 |
| Fair value adjustments | 44,525 | – | – | 289 | – | – | 44,814 |
| **Profit before tax** | 58,127 | 4,329 | 449 | 15,966 | (499) | (10,265) | 68,107 |
| Income tax expenses | (1,195) | (1,139) | 22 | – | (2,949) | – | (5,261) |
| **Profit for the year** | 56,932 | 3,190 | 471 | 15,966 | (3,448) | (10,265) | 62,846 |
| **Profit attributable to** | | | | | | | |
| Owners of the Company | 56,933 | 3,190 | 358 | 15,966 | (3,448) | (10,265) | 62,734 |
| Non-controlling interests | (1) | – | 113 | – | – | – | 112 |
| **Profit for the year** | 56,932 | 3,190 | 471 | 15,966 | (3,448) | (10,265) | 62,846 |

**Notes:**

1. No revenue is reported under "Other Investment" as the Group equity accounts for its investment in GulTech.
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 car park components, which are currently leased out to various tenants, are included in the Property Segment.
4. Tyre Distribution Unit included in Industrial Services Segment has disposed of its operations as at 31 December 2017. The discontinued operation has 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

YEAR ENDED 31 DECEMBER 2017

## 4 SEGMENT INFORMATION (CONT'D)

### Segment revenues and results (cont'd)

| | Property $'000 | Hotels Investment[3] $'000 | Industrial Services[4] $'000 | Other Investment[1] $'000 | Corporate and Others[2] $'000 | Inter-Segment Eliminations $'000 | Total Consolidated $'000 |
|---|---|---|---|---|---|---|---|
| **2016** | | | | | | | |
| **Revenue** | | | | | | | |
| External revenue | 147,941 | 121,749 | 134,148 | – | 180 | – | 404,018 |
| Inter-segment revenue | 23,371 | 1,868 | – | – | 18,070 | (43,309) | – |
| | 171,312 | 123,617 | 134,148 | – | 18,250 | (43,309) | 404,018 |
| **Results** | | | | | | | |
| Gross profit | 70,543 | 28,784 | 5,643 | – | 10,782 | (31,368) | 84,384 |
| Other operating income | 13,987 | 27 | 963 | 445 | 11,850 | (22,782) | 4,490 |
| Distribution costs | (3,362) | – | (2,505) | – | – | – | (5,867) |
| Administrative expenses | (21,263) | (24,804) | (3,678) | 1 | (2,367) | 22,370 | (29,741) |
| Other operating expenses | (24,064) | – | (49) | (1,794) | 2,474 | 15,694 | (7,739) |
| Share of results of an equity accounted investee | – | – | – | 13,466 | – | – | 13,466 |
| Interest income | 4,120 | 23 | 1,840 | – | 16 | (1,534) | 4,465 |
| Finance costs | (21,959) | – | (9) | – | (5,282) | 1,534 | (25,716) |
| **Profit before tax and fair value adjustments** | 18,002 | 4,030 | 2,205 | 12,118 | 17,473 | (16,086) | 37,742 |
| Fair value adjustments | 2,198 | – | – | 138 | – | – | 2,336 |
| **Profit before tax** | 20,200 | 4,030 | 2,205 | 12,256 | 17,473 | (16,086) | 40,078 |
| Income tax expenses | (2,989) | (1,271) | (537) | – | (1,475) | – | (6,272) |
| **Profit for the year** | 17,211 | 2,759 | 1,668 | 12,256 | 15,998 | (16,086) | 33,806 |
| **Profit attributable to** | | | | | | | |
| Owners of the Company | 17,327 | 2,759 | 1,331 | 12,256 | 15,998 | (16,086) | 33,585 |
| Non-controlling interests | (116) | – | 337 | – | – | – | 221 |
| **Profit for the year** | 17,211 | 2,759 | 1,668 | 12,256 | 15,998 | (16,086) | 33,806 |

**Notes:**

1. No revenue is reported under "Other Investment" as the Group equity accounts for its investment in GulTech.
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 investment properties have been reclassified from Hotels Investment Segment to Property Segment for commercial, retail and car park components, which are currently leased out to various tenants. The reclassification included revenue of $41.3 million, fair value gain of $0.3 million, gross profit of $37.4 million and profit for the year of $14.2 million.
4. Tyre Distribution Unit included in Industrial Services Segment has discontinued its operations as at 31 December 2017. The discontinued operation has contributed revenue of $16.3 million, gross profit of $2.6 million, loss before tax of $0.9 million and loss after tax of $0.7 million for the year ended 31 December 2017.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 4 SEGMENT INFORMATION (CONT'D)

### Segment assets, liabilities and other segment information

| | Property $'000 | Hotels Investment $'000 | Industrial Services $'000 | Other Investment[1] $'000 | Corporate and Others $'000 | Total Consolidated $'000 |
|---|---|---|---|---|---|---|
| **2017** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | **2,349,160** | **13,823** | **73,573** | **–** | **108,430** | **2,544,986** |
| Investments in an equity accounted investee | **–** | **–** | **–** | **93,185** | **–** | **93,185** |
| Total assets | **2,349,160** | **13,823** | **73,573** | **93,185** | **108,430** | **2,638,171** |
| **Liabilities** | | | | | | |
| Segment liabilities | **(77,593)** | **(17,382)** | **(16,665)** | **(5,432)** | **(5,395)** | **(122,467)** |
| Loans and borrowings | **(1,229,756)** | **–** | **–** | **–** | **(228,364)** | **(1,458,120)** |
| Income tax payable and deferred tax liabilities | **(14,535)** | **(275)** | **(292)** | **–** | **(46,205)** | **(61,307)** |
| Total liabilities | **(1,321,884)** | **(17,657)** | **(16,957)** | **(5,432)** | **(279,964)** | **(1,641,894)** |
| **Net assets/(liabilities)** | **1,027,276** | **(3,834)** | **56,616** | **87,753** | **(171,534)** | **996,277** |
| **Other information** | | | | | | |
| Capital expenditure | **4,159** | **11** | **93** | **–** | **–** | **4,263** |
| Depreciation of property, plant and equipment | **7,383** | **14** | **328** | **–** | **–** | **7,725** |
| Write back of allowance for diminution in value for development properties | **1,784** | **–** | **–** | **–** | **–** | **1,784** |
| 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** |
| **2016** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | 1,932,426 | 13,833 | 84,515 | – | 8,730 | 2,039,504 |
| Investments in an equity accounted investee | – | – | – | 83,579 | – | 83,579 |
| Total assets | 1,932,426 | 13,833 | 84,515 | 83,579 | 8,730 | 2,123,083 |
| **Liabilities** | | | | | | |
| Segment liabilities | (61,887) | (17,408) | (25,247) | (5,432) | (3,830) | (113,814) |
| Loans and borrowings | (941,231) | – | – | – | (79,562) | (1,020,793) |
| Income tax payable and deferred tax liabilities | (21,925) | – | (619) | – | (35,476) | (58,020) |
| Total liabilities | (1,025,043) | (17,408) | (25,866) | (5,432) | (118,878) | (1,192,627) |
| **Net assets/(liabilities)** | 907,383 | (3,575) | 58,649 | 78,147 | (110,148) | 930,456 |
| **Other information** | | | | | | |
| Capital expenditure | 4,071 | – | 27 | – | – | 4,098 |
| Depreciation of property, plant and equipment | 7,340 | 18 | 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 Investment" as the Group equity accounts for its investment in GulTech.

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 4 SEGMENT INFORMATION (CONT'D)

### Geographical information

Geographically, management reviews the performance of the businesses in Singapore, Australia, China, Malaysia, Indonesia, Europe 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 are based on the geographical location of the assets.

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| Singapore | **175,753** | 202,779 | **1,450,029** | 959,520 |
| Australia | **140,231** | 140,606 | **678,550** | 646,300 |
| China | **13,757** | 26,401 | **6,407** | 6,447 |
| Malaysia | **9,904** | 16,520 | **1,301** | 1,539 |
| Indonesia | **12,677** | 9,254 | **–** | – |
| Other ASEAN countries[1] | **5,351** | 7,350 | **–** | – |
| Others | **249** | 1,108 | **–** | – |
| | **357,922** | 404,018 | **2,136,287** | 1,613,806 |

**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 $357.9 million (2016: $404.0 million) were sales of approximately $38.1 million (2016: $44.7 million) to a customer that contributed 10% or more to the Group's revenue for both years in the Industrial Services segment.

## 5 CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| Cash at banks and on hand | **62,381** | 39,271 | **13,787** | 301 |
| Fixed deposits | **151,673** | 117,323 | **74,950** | – |
| Amounts held under the Housing Developers (Project Account) Rules | **2,789** | 7,094 | **–** | – |
| | **216,843** | 163,688 | **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 0.1% to 4.2% per annum (2016: 0.1% to 3.4% per annum) and for tenures ranging from 7 days to 3 years (2016: 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 32 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 5 CASH AND BANK BALANCES (CONT'D)

### Cash and cash equivalents

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

| | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|
| **Cash and cash equivalents per consolidated statement of cash flows** | | |
| Cash and bank balances (as per statements of financial position) | **216,843** | 163,688 |
| Encumbered fixed deposits and bank balances | **(65,698)** | (67,792) |
| | **151,145** | 95,896 |

As at 31 December 2017, the Group had cash and cash equivalents placed with banks in China amounting to $78,852,000 (2016: $80,344,000), the repatriation of which into Singapore is subject to the Foreign Exchange Control Regulations in China. Of which amount, $63,851,000 (2016: $65,052,000) were fixed deposits for tenures ranging from 1 to 3 years (2016: 1 to 3 years) but were classified as current on the basis that they were used to secure a facility in Singapore which could be cancelled at short notice by the borrower and the sum of deposits released without significant penalty and changes in value.

As at 31 December 2017, cash and bank balances amounting to $76,491,000 (2016: $77,703,000) was pledged to banks to secure credit facilities and designated for specific operations. Information relating to the Group's loans and borrowings is disclosed in Note 13 to the financial statements.

| | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|
| Encumbered fixed deposits and bank balances | **65,698** | 67,792 |
| Cash and bank balances designated for specific operations | **10,793** | 9,911 |
| | **76,491** | 77,703 |

## 6 TRADE AND OTHER RECEIVABLES

| | Note | Group 2017 $'000 | Group 2016 $'000 | Company 2017 $'000 | Company 2016 $'000 |
|---|---|---|---|---|---|
| **Trade** | | | | | |
| Trade debtors | | **27,422** | 85,232 | **–** | – |
| Less: Allowance for doubtful receivables | | **(536)** | (179) | **–** | – |
| | | **26,886** | 85,053 | **–** | – |
| Amounts due from related parties | 16 | **31,040** | 35,193 | **–** | – |
| | | **57,926** | 120,246 | **–** | – |
| **Non-trade** | | | | | |
| Deposits | | **17,086** | 13,219 | **11,820** | 7,903 |
| Prepayments | | **3,678** | 3,567 | **161** | 131 |
| Interest receivables | | **4,434** | 2,338 | **60** | – |
| Sundry debtors | | **5,567** | 6,922 | **180** | 32 |
| Advances to suppliers | | **521** | 103 | **–** | – |
| Tax recoverable | | **477** | 110 | **–** | – |
| | | **31,763** | 26,259 | **12,221** | 8,066 |
| Less: Allowance for doubtful receivables | | **(129)** | (124) | **(72)** | (72) |
| | | **31,634** | 26,135 | **12,149** | 7,994 |
| Amount due from related parties | 16 | **9,324** | 12,412 | **13** | – |
| | | **40,958** | 38,547 | **12,162** | 7,994 |
| Less: Non-current portion | | **(5,057)** | – | **–** | – |
| | | **93,827** | 158,793 | **12,162** | 7,994 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 6 TRADE AND OTHER RECEIVABLES (CONT'D)

### Trade Debtors

In the previous year, included in the trade debtors were unbilled receivables of $64,547,000 which related to the remaining sales consideration on completed development properties for sale. As at 31 December 2017, trade debtors of $5,057,000 were classified as non-current for progress billings receivable on development properties which were sold under the deferred payment scheme.

During the financial year, management noted that two trade debtors who are related parties were previously classified as external parties. Accordingly, $22,984,000 that was previously classified and presented as "Trade debtors" as at 31 December 2016 has been re-classified as "Amounts due from related parties – trade". The amounts due from these two related parties at 31 December 2017 and 31 December 2015 amounted to $20,310,000 and $21,081,000 respectively.

### Deposits in respect of acquisition of lands

Included in the carrying amount of deposits as at 31 December 2017 were deposits amounting to:

a) $11,745,000 (2016: $7,830,000) paid to a related party for the purchase of shares in two Singapore-incorporated companies whose subsidiary is the beneficial owner of four plots of land in Batam, Indonesia. The acquisition has not been completed at the end of the reporting period; and

b) $4,887,000 (2016: $4,983,000) relating to a plot of land of approximately 60,200 square metres (2016: 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 in January 2018.

The deposits have been assessed to be placed with counterparties that are creditworthy and accordingly, no allowance for potential non-recovery of the deposit is required.

### Amounts due from related parties – trade

Included in the carrying amount as at 31 December 2017 were unbilled rent revenue of $212,000 (2016: $221,000) relating to rent-free period given to related party lessees [Note 16].

### Details of collateral

As at 31 December 2017, trade and other receivables amounting to $9,706,000 (2016: $10,530,000) 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 13 to the financial statements.

### Analysis of allowance for doubtful receivables:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Allowance for doubtful receivables** | | | | | |
| Trade | | **(536)** | (179) | **–** | – |
| Non-trade | | **(129)** | (124) | **(72)** | (72) |
| | | **(665)** | (303) | **(72)** | (72) |
| **Movements in allowance for doubtful receivables** | | | | | |
| At 1 January | | **(303)** | (349) | **(72)** | (72) |
| Exchange differences on consolidation | | **10** | 8 | **–** | – |
| Amounts written off | | **53** | 90 | **–** | – |
| Allowance made | 25 | **(425)** | (52) | **–** | – |
| At 31 December | | **(665)** | (303) | **(72)** | (72) |

The carrying amount of trade and other receivables approximates their fair values at the end of the reporting year. Further details regarding the exposure to foreign currency denominated trade and other receivables are disclosed in Note 32 to the financial statements.

### Analysis of trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 120 days (2016: 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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 6 TRADE AND OTHER RECEIVABLES (CONT'D)

### Analysis of trade receivables (cont'd)

The Group's trade receivables that were impaired at the end of the reporting period and the allowance for doubtful receivables are disclosed below:

| | Group | |
|---|---|---|
| | **2017 $'000** | **2016 $'000** |
| **Trade receivables, net** | | |
| Not past due and not impaired | **41,640** | 102,961 |
| Past due but not impaired[(i)] | **16,286** | 17,285 |
| | **57,926** | 120,246 |
| Impaired receivables – collectively assessed[(ii)] | **142** | 160 |
| Less: Allowance for doubtful receivables | **(142)** | (160) |
| | **–** | – |
| Impaired receivables – individually assessed | | |
| Past due for more than 36 months or no response to repayment demands[(ii)] | **394** | 19 |
| Less: Allowance for doubtful receivables | **(394)** | (19) |
| | **–** | – |
| | **57,926** | 120,246 |

**Notes:**

(i) Aging of trade receivables that were past due but not impaired:

| | 2017 | 2016 |
|---|---|---|
| < 3 months | **7,923** | 11,108 |
| 3 months to 6 months | **4,108** | 2,533 |
| 6 months to 12 months | **4,241** | 3,442 |
| > 12 months | **14** | 202 |
| | **16,286** | 17,285 |

(ii) The amounts stated were before deduction for impairment losses.

The Group had trade receivables amounting to $16,286,000 (2016: $17,285,000) that were past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is disclosed in Note (i) above.

Certain past due trade receivables bear interest at rates ranging from 8% to 12% (2016: 8% to 12%) per annum in accordance with the billing terms and the remaining are non-interest bearing. The trade receivables are generally on 30 to 120 days (2016: 30 to 120 days) credit terms.

Trade and other receivables that are individually assessed to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

Allowances for doubtful trade and other receivables are recognised for the estimated irrecoverable amounts from the sale of goods and services rendered. These allowances for doubtful trade and other receivables are determined by assessing the profile of debtors and after considering recovery prospects. Further details regarding the credit risk for trade and other receivables are disclosed in Note 32(c) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 7 INVENTORIES

| | Group | | |
|---|---|---|---|
| | At cost $'000 | At net realisable value $'000 | Total $'000 |
| **2017** | | | |
| Raw materials | **909** | **–** | **909** |
| Work-in-progress | **1,184** | **–** | **1,184** |
| Finished goods | **813** | **–** | **813** |
| | **2,906** | **–** | **2,906** |
| **2016** | | | |
| Raw materials | 988 | – | 988 |
| Work-in-progress | 977 | – | 977 |
| Finished goods | 1,557 | 42 | 1,599 |
| | 3,522 | 42 | 3,564 |

In the prior year, net realisable values of inventories amounting to $42,000 were stated net of allowance of $43,000.

During the year, an allowance for inventory obsolescence amounting to $17,000 (2016: $1,000) was recognised as "other operating expenses" in profit or loss [Note 25].

### Details of collateral
As at 31 December 2017, inventories amounting to $643,000 (2016: $748,000) 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 13 to the financial statements.

## 8 DEVELOPMENT PROPERTIES

| | Group | |
|---|---|---|
| | 2017 $'000 | 2016 $'000 |
| Properties in the course of development | **113,379** | 56,166 |
| Land held for future development | **7,236** | 18,647 |
| Land held for sale | **11,856** | – |
| | **132,471** | 74,813 |
| Completed properties held for sale | **55,837** | 108,419 |
| | **188,308** | 183,232 |
| **Represented by:** | | |
| Properties in the course of development in Singapore | **113,379** | 56,166 |
| Land held for future development in China | **7,236** | 18,647 |
| Land held for sale in China | **11,856** | – |
| Completed properties held for sale in Singapore | **51,792** | 104,310 |
| Completed properties held for sale in China | **4,045** | 4,109 |
| | **188,308** | 183,232 |

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 land which is held for sale in China, the Group has entered into a sale and purchase agreement during the year to dispose its interests in a wholly-owned subsidiary which owns the land in Jiaozhou, China. The transaction has yet to be completed as at the end of the reporting period and is subject to a number of conditions precedent. A deposit amounting to $4,294,000 has been collected from the buyer and is included in other creditors as at 31 December 2017 [Note 14].

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 8 DEVELOPMENT PROPERTIES (CONT'D)

### Properties in the course of development and land held for future development or sale

| | Group | |
|---|---|---|
| | 2017 $'000 | 2016 $'000 |
| Land cost | **128,508** | 79,728 |
| Development cost incurred to-date | **8,862** | 979 |
| Interest and others | **4,396** | 1,484 |
| | **141,766** | 82,191 |
| Add: Attributable profit | **732** | – |
| Less: Progress billings received and receivable | **(2,791)** | – |
| Less: Allowance for diminution in value | **(7,236)** | (7,378) |
| | **132,471** | 74,813 |

### Completed properties held for sale

| | Note | Group | |
|---|---|---|---|
| | | 2017 $'000 | 2016 $'000 |
| Completed properties, at cost | | **58,739** | 113,105 |
| Less: Allowance for diminution in value | | **(2,902)** | (4,686) |
| | | **55,837** | 108,419 |
| **Movements in allowance for diminution in value** | | | |
| At 1 January | | **(12,064)** | (8,879) |
| Exchange difference on consolidation | | **142** | 301 |
| Allowance made during the year | 25 | **(1,611)** | (3,649) |
| Write-back during the year | 25 | **3,395** | 163 |
| At 31 December | | **(10,138)** | (12,064) |

Interest costs capitalised during the year was $1,333,000 (2016: $1,641,000) at effective interest rates ranging from 1.9% to 2.1% per annum (2016: 1.9% to 2.0% per annum) [Note 23].

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 8 DEVELOPMENT PROPERTIES (CONT'D)

### Completed properties held for sale (cont'd)

The following table provides information on properties in the course of development and land held for future development or held for sale, of which revenue is recognised based on (i) transfer of significant risks and rewards of ownership at completion, and (ii) as construction progresses:

| | Group | |
|---|---|---|
| | 2017 $'000 | 2016 $'000 |
| **Transfer of significant risks and rewards of ownership at completion:** | | |
| Land cost | **23,958** | 24,405 |
| Development cost incurred to-date | **771** | 786 |
| Interest and others | **1,599** | 834 |
| Less: Allowance for diminution in value | **(7,236)** | (7,378) |
| | **19,092** | 18,647 |
| **Continuous transfer of significant risks and rewards of ownership as construction progresses:** | | |
| Cost incurred plus attributable profit | **116,170** | 56,166 |
| Progress billings received and receivable | **(2,791)** | – |
| Less: Allowance for diminution in value | **–** | – |
| | **113,379** | 56,166 |
| | **132,471** | 74,813 |

### 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 write-back in allowance for diminution in value for development properties of $1,784,000 (2016: an allowance for diminution in value of $3,649,000) is included in "other operating expenses/ cost of sales" in profit or loss [Note 25].

### Details of collateral

As at 31 December 2017, development properties amounting to $113,379,000 (2016: $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 13 to the financial statements.

### Land in Fuzhou Jin'an District, Fuzhou, Fujian Province, China

Included in the development properties was a carrying amount of $7,236,000 (2016: $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 $7,236,000 (2016: $7,378,000) was made based on management's best estimate on net realisable value of the development site.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 8 DEVELOPMENT PROPERTIES (CONT'D)

### List of development properties

As at 31 December 2017, 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 (17 units booked/sold) | Dillenia Land Pte Ltd | 99 years from 2016 | 7,046 | 10,850 | 2019 | 100% |
| Site at Jalan Remaja Jalan Remaja Singapore | Condominium of 108 units | Episcia Land Pte Ltd | Freehold | 4,047 | 8,546 | 2020 | 100% |
| **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% |
| **Land held for sale** | | | | | | | |
| Land adjacent to Huangjiahe Reservoir, Shandong Province, China | Mainly Residential | Qingdao Shenyang Property Co., Ltd. | 70 years (residential) 40 years (commercial) from 2011/2013 | 119,244 | ** | ** | 100% |
| **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% |
| Seletar Park Residence, Seletar Road Singapore | Condominium of 276 units (276 units booked/sold) | Asplenium Land Pte Ltd | 99 years from 2011 | 17,456 | 26,862 | 2015 | 100% |
| Sennett Residence, Pheng Geck Avenue Singapore | Condominium townhouses of 332 units and three shop units (324 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 (47 units booked/sold) | Shelford Properties Pte Ltd | Freehold | 4,544 | 6,997 | 2016 | 100% |

* Pending renewal of expired certificate for construction site planning.

** During the year, a Sale and Purchase Agreement was entered into for the sale of Qingdao Shengyang Property Co., Ltd. The transaction has yet to be completed at the end of the reporting period and is subject to a number of conditions precedent.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 9 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 2017 | | **391,990** | **4,691** | **33,760** | **1,371** | **431,812** |
| Exchange differences on consolidation | | **(6,208)** | **(41)** | **(710)** | **–** | **(6,959)** |
| 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 | | **417,075** | **4,498** | **34,418** | **764** | **456,755** |
| At 1 January 2016 | | 367,206 | 4,837 | 31,289 | 1,376 | 404,708 |
| Exchange differences on consolidation | | 10,336 | (148) | 1,291 | (5) | 11,474 |
| Additions | | 40 | 2 | 4,056 | – | 4,098 |
| Disposals | | – | – | (109) | – | (109) |
| Write-offs | | – | – | (2,448) | – | (2,448) |
| Reclassification | | 319 | – | (319) | – | – |
| Revaluation | | 14,089 | – | – | – | 14,089 |
| At 31 December 2016 | | 391,990 | 4,691 | 33,760 | 1,371 | 431,812 |
| **Comprising** | | | | | | |
| At 31 December 2017: | | | | | | |
| At cost | | **498** | **4,498** | **34,418** | **764** | **40,178** |
| At valuation | | **416,577** | **–** | **–** | **–** | **416,577** |
| | | **417,075** | **4,498** | **34,418** | **764** | **456,755** |
| At 31 December 2016: | | | | | | |
| At cost | | 498 | 4,691 | 33,760 | 1,371 | 40,320 |
| At valuation | | 391,492 | – | – | – | 391,492 |
| | | 391,990 | 4,691 | 33,760 | 1,371 | 431,812 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 9 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 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Accumulated depreciation:** | | | | | | |
| At 1 January 2017 | | **–** | **960** | **7,563** | **970** | **9,493** |
| Exchange differences on consolidation | | **(73)** | **1** | **(441)** | **–** | **(513)** |
| Depreciation | 25 | **2,731** | **27** | **4,856** | **111** | **7,725** |
| 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 | | **–** | **831** | **9,358** | **487** | **10,676** |
| At 1 January 2016 | | – | 916 | 4,627 | 858 | 6,401 |
| Exchange differences on consolidation | | 55 | (25) | 672 | (3) | 699 |
| Depreciation | 25 | 2,836 | 69 | 4,752 | 115 | 7,772 |
| Disposals | | – | – | (40) | – | (40) |
| Write-offs | | – | – | (2,448) | – | (2,448) |
| Revaluation | | (2,891) | – | – | – | (2,891) |
| At 31 December 2016 | | – | 960 | 7,563 | 970 | 9,493 |
| **Accumulated impairment:** | | | | | | |
| At 1 January 2017 | | **–** | **3,041** | **–** | **–** | **3,041** |
| Exchange differences on consolidation | | **–** | **(55)** | **–** | **–** | **(55)** |
| At 31 December 2017 | | **–** | **2,986** | **–** | **–** | **2,986** |
| At 1 January 2016 | | – | 3,158 | – | – | 3,158 |
| Exchange differences on consolidation | | – | (117) | – | – | (117) |
| At 31 December 2016 | | – | 3,041 | – | – | 3,041 |
| **Carrying amount:** | | | | | | |
| At 31 December 2017 | | **417,075** | **681** | **25,060** | **277** | **443,093** |
| At 31 December 2016 | | 391,990 | 690 | 26,197 | 401 | 419,278 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in building and freehold land is freehold land with a carrying amount of $224,952,000 (2016: $211,406,000) which is not subject to depreciation.

As at 31 December 2017, a leasehold land and building with a carrying amount of $531,000 (MYR1,611,000) [2016: $539,000 (MYR1,667,000)] was stated at cost less accumulated depreciation. For information only, its fair value which has been determined by an independent valuer was $3,881,000 (MYR12,000,000) as at 31 December 2016. When the Group adopts IFRS 1 from 1 January 2018, fair value of fixed assets on the date of transition will be used as deemed cost. An estimated revaluation gain of $3,342,000 on the leasehold land and building will be retrospectively applied on the amounts as at 1 January 2017. For the freehold building with a carrying amount of $498,000, an estimated revaluation gain of $311,000 will be retrospectively applied.

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 impairment loss was made in 2017 and 2016 as a result of such assessment.

### Details of collateral

As at 31 December 2017, property, plant and equipment amounting to $440,925,000 (2016: $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 13 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 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 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 $33,846,000 (2016: $16,980,000) was recognised in other comprehensive income [Note 28].

As at 31 December 2017, had freehold land and building been carried at historical cost, their aggregate carrying amount would have been approximately $341,523,000 (2016: $350,209,000) for the Group.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Fair value measurement of hotel properties (cont'd)

There were no transfers between different levels in 2017 and 2016 during the year. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2017 and 2016 are as follows:

| Name of property | Valuation methodology | Significant unobservable inputs (Level 3) | Range |
|---|---|---|---|
| **2017** | | | |
| Grand Hyatt Melbourne 121-131 Collins Street Melbourne, Victoria[a] | Direct Comparison<br>Capitalisation Approach<br>Discounted Cash Flow Method | Value per room<br>Capitalisation rate[1]<br>Discount rate[1]<br>Terminal yield rate[1] | \$643,900 – \$695,500<br>5.25%<br>7.50% – 8.50%<br>4.75% – 5.75% |
| Hyatt Regency Perth 87-123 Adelaide Terrace East Perth Western Australia[a] | Direct Comparison<br>Capitalisation Approach<br>Discounted Cash Flow Method | Value per room<br>Capitalisation rate[1]<br>Discount rate[1]<br>Terminal yield rate[1] | \$159,600 – \$180,300<br>7.00%<br>7.50% – 8.50%<br>5.75% – 6.75% |
| **2016** | | | |
| Grand Hyatt Melbourne 121-131 Collins Street Melbourne, Victoria[b] | Stabilised Earnings Method<br>Discounted Cash Flow Method | Capitalisation rate[1]<br>Discount rate[1]<br>Terminal yield rate[1] | 6.25%<br>7.50% – 9.00%<br>6.00% – 6.50% |
| Hyatt Regency Perth 87-123 Adelaide Terrace East Perth Western Australia[b] | Stabilised Earnings Method<br>Discounted Cash Flow Method | Capitalisation rate[1]<br>Discount rate[1]<br>Terminal yield rate[1] | 6.50%<br>7.75% – 9.25%<br>6.25% – 6.75% |

(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 30 September 2017, an independent valuer.

(b) The property valuation was performed by Knight Frank Valuations on 30 November 2016, an independent valuer.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### List of hotel properties

The carrying amount of the Group's hotel properties as at 31 December 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 10].

| Name of property | Description | Tenure | Land area (sq. m.) | Group's effective equity interest | 2017 A$'000[1] | 2016 A$'000[1] | 2017 S$'000 | 2016 S$'000 |
|---|---|---|---|---|---|---|---|---|
| **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 10]. | Freehold | 5,776 | 100% | **364,997** | 334,871 | **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 10]. | Freehold | 25,826 | 100% | **60,920** | 61,090 | **62,766** | 63,955 |
| | | | | | **425,917** | 395,961 | **438,822** | 414,531 |

[1] Figures in A$ are for information.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 10 INVESTMENT PROPERTIES

| | Note | Completed investment properties $'000 | Investment properties under redevelopment $'000 | Total $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| At 1 January 2017 | | **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 | 24 | **22,661** | **21,864** | **44,525** |
| At 31 December 2017 | | **1,106,736** | **485,951** | **1,592,687** |
| At 1 January 2016 | | 705,244 | 371,665 | 1,076,909 |
| Exchange differences on consolidation | | 5,952 | – | 5,952 |
| Development costs | | 633 | 22,960 | 23,593 |
| Net (loss)/gain from fair value adjustments | 24 | (131) | 2,329 | 2,198 |
| At 31 December 2016 | | 711,698 | 396,954 | 1,108,652 |
| **Company** | | | | |
| At 31 December 2017 | | **498** | **–** | **498** |
| At 31 December 2016 | | 498 | – | 498 |

| | Group | |
|---|---|---|
| | 2017 $'000 | 2016 $'000 |
| **Represented by:** | | |
| Completed investment properties in Singapore | **865,030** | 478,030 |
| Completed investment properties in Australia | **235,372** | 227,309 |
| Completed investment properties in China | **6,334** | 6,359 |
| Investment property under development in Singapore | **485,951** | 396,954 |
| | **1,592,687** | 1,108,652 |

### Fair value adjustments

The Group's investment properties are stated at fair value as at 31 December 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 $44,525,000 (2016: net fair value gain amounting to $2,198,000) was recognised in profit or loss [Note 24].

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 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 in 2017 and 2016.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 10 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 2017 and 31 December 2016 are as follows:

| Name of property | Valuation methodology | Significant unobservable inputs (Level 3) | Range |
|---|---|---|---|
| **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] | $28,400 – $31,300<br><br>75% – 80%<br>3.0% to 3.65% |
| 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] | $26,900 – $35,700<br><br>75% – 80%<br>3.0% to 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<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: $34,100 – $36,300<br>Retail: $64,200 – $77,200<br>10%<br>$9,700 – $18,400<br>$7,200<br>$9,000<br>1 year |
| **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] | 8.50%<br>8.50% – 9.00%<br>8.50% – 9.00%<br>$3,100 – $5,400 |
| 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><br>Terminal yield rate[2] | Retail: 5.25%<br>Carpark: 5.75%<br>Retail: 6.75% – 7.25%<br>Carpark: 7.00% – 7.50%<br>Retail: 5.25% – 5.75%<br>Carpark: 6.00% – 6.50% |
| **China** | | | |
| No. 2950 ChunShen Road<br>Shanghai, China[f] | Direct Comparison Method<br><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><br>8%<br>70% |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 10 INVESTMENT PROPERTIES (CONT'D)

### Fair value adjustments (cont'd)

| Name of property | Valuation methodology | Significant unobservable inputs (Level 3) | Range |
|---|---|---|---|
| **2016** | | | |
| **Singapore** | | | |
| Robinson Point[(a)] 39 Robinson Road Singapore | Comparison Method | Price per square metre of lettable area[(1)] | \$19,400 – \$38,000 |
| | Income Method | Net income margin*[(1)] | 75% – 85% |
| | | Capitalisation rate[(2)] | 2.8% to 4.0% |
| The Oxley[(a)] 9 Oxley Rise #01-00, #02-00, #03-00 Singapore | Comparison Method | Price per square metre of strata floor area[(1)] | \$18,300 – \$30,800 |
| | Income Method | Net income margin*[(1)] | 80% – 90% |
| | | Capitalisation rate[(2)] | 2.0 % to 3.75% |
| Century Warehouse[(b)] 31 strata units (out of a total of 35 units) of the building 100E Pasir Panjang Road Singapore | Direct Comparison Method | Price per square metre of strata floor area[(1)] | \$7,300 – \$12,800 |
| L&Y Building[(b)] #01-03, #01-04, #05-01 59 Jalan Pemimpin 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)] #11-01/02 14 Robinson Road Singapore | Direct Comparison Method | Price per square metre of strata floor area[(1)] | \$23,400 – \$32,300 |
| 18 Robinson[(c)] | Residual Land Value Method | Gross development value per square metre[(1)] | Office: \$29,300 – \$38,000<br>Retail: \$51,700-\$52,800 |
| | | Developer's profit[(2)] | 10% |
| | Direct Comparison Method | Land sale per square metre per plot ratio[(1)] | \$9,700 – \$12,000 |
| | | Construction cost per square metre of gross floor area[(2)] | \$7,200 |
| | | Total development cost (exclude land cost) per square metre of gross floor area[(2)#] | \$9,700 |
| | | Remaining construction period[(2)] | 2 years |
| **Australia** | | | |
| Fortescue Centre & Carpark (being part of the Hyatt Regency complex)[(e)] | Capitalisation Method | Capitalisation rate[(2)] | 9.25% – 9.75% |
| | Discounted Cash Flow Method | Discount rate[(2)] | 8.50% – 9.50% |
| | | Terminal yield rate[(2)] | 9.25% – 9.75% |
| | Direct Comparison | Land sale per square metre[(1)] | \$2,500 – \$4,200 |
| Commercial Centre & Carpark within the Melbourne Grand Hyatt complex[(e)] | Capitalisation Method | Capitalisation rate[(2)] | Retail: 5.80% |
| | Discounted Cash Flow Method | Discount rate[(2)] | 7.25% – 7.75% |
| | | Terminal yield rate[(2)] | 6.00% – 6.50% |
| **China** | | | |
| No. 2950 ChunShen Road[(f)] Shanghai, China | Direct Comparison Method | Price per square metre of gross floor area[(1)] | \$4,000 – \$5,500 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 10 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 both years.
- (b) The property valuation was performed by Jones Lang LaSalle Property Consultants Pte Ltd, an independent valuer, for both years.
- (c) The property valuation was performed by CBRE Pte. Ltd, an independent valuer, for both years.
- (d) The 2017 valuation was performed by Savills Valuation And Professional Services (S) Pte Ltd. There was no comparative valuation for 2016 as the property was acquired on 16 June 2017.
- (e) The 2017 valuation was performed by Jones Lang LaSalle Advisory Services Pty Ltd as at 30 September 2017; whilst the 2016 valuation was performed by Knight Frank Valuations as at 30 November 2016.
- (f) The 2017 valuation was performed by Shenjia Real Estate Appraisal Co. Ltd. as at 31 December 2017; whilst 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 $38,318,000 (2016: $34,844,000) [Note 21]. Direct operating expenses (including repairs and maintenance) related to these investment properties amounted to $8,601,000 (2016: $7,052,000). Information on operating lease commitments is disclosed in Note 30 to the financial statements.

### Details of collateral

As at 31 December 2017, investment properties amounting to $1,586,353,000 (2016: $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 13 to the financial statements.

### List of completed investment properties

The carrying amounts of completed investment properties held by the Group as at 31 December 2017 are as follows:

| Name of property | Description | Tenure | Strata floor area (sq. m.) | Group's effective equity interest | 2017 $'000 | 2016 $'000 |
|---|---|---|---|---|---|---|
| **Singapore** | | | | | | |
| Robinson Point 39 Robinson Road Singapore | A 21-storey commercial building with 3-levels of carpark | Freehold | 15,724^ | 100% | **362,000** | 352,000 |
| The Oxley 9 Oxley Rise #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** | 63,300 |
| Century Warehouse 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 #01-03, #01-04, #05-01 59 Jalan Pemimpin Singapore | 3 out of a total of 24 strata units of a 5-storey industrial building | 999 years From 1885 | 2,285 | 100% | **13,030** | 13,030 |
| Far East Finance Building #11-01/02 14 Robinson Road Singapore | 1 strata unit (floor) within a 13- storey commercial building and basement | 999 years from 1884 | 402 | 100% | **9,600** | 9,300 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 10 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 | 2017 $'000 | 2016 $'000 |
|---|---|---|---|---|---|---|
| 896 Dunearn Road 896 Dunearn Road Singapore | A 5-storey commercial building with covered and surface carpark | Estate in Fee simple (Lot 1182k), Estate in Fee Simple and 999 years from 7 May 1879 (Lot 1185L), Estate in Perpetuity (Lot 99907P) and 999 years from 7 May 1879 (Lot 99891X) | 23,500 | 100% | **376,000** | – |
| | | | | | **865,030** | 478,030 |

| Name of property | Description | Tenure | Strata floor area (sq. m.) | Group's effective equity interest | 2017 A$'000[1] | 2016 A$'000[1] | 2017 S$'000 | 2016 S$'000 |
|---|---|---|---|---|---|---|---|---|
| **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 car park | Freehold | 3,024 | 100% | **138,500** | 130,000 | **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 car park | Freehold | 23,415 | 100% | **89,950** | 87,125 | **92,675** | 91,212 |
| | | | | | **228,450** | 217,125 | **235,372** | 227,309 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 10 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 | 2017 RMB'000[1] | 2016 RMB'000[1] | 2017 S$'000 | 2016 S$'000 |
|---|---|---|---|---|---|---|---|---|
| **China** | | | | | | | | |
| No. 2950 ChunShen Road Shanghai, China | A 3-storey commercial building | 58 years from 2008 | 2,170 | 100% | **30,974** | 30,500 | **6,334** | 6,359 |

^ Gross floor area

1 Figures in A$ and RMB are for information only.

### List of investment property under redevelopment

The carrying amount of investment property under redevelopment as at 31 December 2017 is as follows:

| Name of property | Description | Tenure | Planned Gross Floor Area (sq. m.) | Group's effective equity interest | 2017 $'000 | 2016 $'000 |
|---|---|---|---|---|---|---|
| **Singapore** | | | | | | |
| 18 Robinson | Proposed 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)<br><br>99-years from 2013 (Lots 485M, 488P) | 24,086 | 100% | **485,951** | 396,954 |

The Group is in the course of redeveloping the site where the previous Robinson Towers, its annex and the immediately adjacent International Factors Building were as a single commercial development as indicated above.

Interest costs capitalised during the year was $4,448,000 (2016: $4,229,000) at effective interest rate of 2.5% per annum (2016: 2.4% per annum) [Note 23].

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 11 INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2017** **$'000** | **2016** **$'000** |
| Quoted shares, at cost | **115,976** | 115,976 |
| Unquoted shares, at cost | **553,419** | 548,418 |
| Loan to a subsidiary | **79,719** | 79,562 |
| Deemed investment arising from financial guarantees | **69,647** | 63,809 |
| | **818,761** | 807,765 |
| Less: Allowance for impairment | **(123,114)** | (123,010) |
| | **695,647** | 684,755 |
| Fair value of investment in a subsidiary for which there are published price quotations | **23,924** | 13,792 |

Details of the Company's significant subsidiaries are disclosed in Note 33 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 FRS 39 *Financial Instruments: Recognition and Measurement*. The deemed income is amortised over the period of the guarantees. The unamortised financial guarantee fee of $14,738,000 (2016: $16,236,000) is disclosed under the Company's non-trade payables in [Note 14] 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 | |
|---|---|---|
| | **2017** **$'000** | **2016** **$'000** |
| **Allowance for impairment** | | |
| At 1 January | **(123,010)** | (137,945) |
| Allowance for impairment | **(111)** | (6,404) |
| Reversal of impairment | **7** | 7,609 |
| | **(104)** | 1,205 |
| Reversal upon liquidation of subsidiaries | **–** | 13,730 |
| At 31 December | **(123,114)** | (123,010) |

During the year, impairment loss amounting to $111,000 (2016: $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 $7,000 (2016: $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 (2016: 6.5% per annum).

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 11 INVESTMENTS IN SUBSIDIARIES (CONT'D)

### Wholly-owned subsidiaries

Information about the composition of wholly-owned subsidiaries of the Group as at 31 December 2017 is as follows:

| Principal activity | Country of incorporation and operation | Number of wholly-owned subsidiaries 2017 | 2016 |
|---|---|---|---|
| Development of properties for sale, property investment and provision of property management services. | Singapore, China and Australia | **31** | 27 |
| Investment in hotels in Australia | Australia | **4** | 4 |
| 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 |
| | | **38** | 34 |

### Non-wholly owned subsidiaries

Information about the composition of non-wholly owned subsidiaries of the Group as at 31 December 2017 is as follows:

| Principal activity | Country of incorporation and operation | Number of wholly-owned subsidiaries 2017 | 2016 |
|---|---|---|---|
| Trading and marketing of selected industrial commodities, distribution of tyres and re-treading of tyres | Singapore and Malaysia | **9** | 9 |
| Property development | Singapore | **1** | 1 |
| Manufacture and sale of polypropylene woven bags | Malaysia | **1** | 1 |
| | | **11** | 11 |

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 | |
|---|---|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| SP Corporation Limited and its subsidiaries | Various | **19.8%** | 19.8% | **115** | 337 | **10,090** | 10,476 |
| Individually immaterial subsidiaries with non-controlling interests | | | | **(3)** | (116) | **538** | 558 |
| | | | | **112** | 221 | **10,628** | 11,034 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 11 INVESTMENTS IN SUBSIDIARIES (CONT'D)

### Non-wholly owned subsidiaries (cont'd)

The summarised financial information of SP Corporation Limited and its subsidiaries on a 100% basis is set out below:

| | 2017 $'000 | 2016 $'000 |
|---|---|---|
| Current assets | **66,841** | 77,596 |
| Non-current assets | **172** | 375 |
| Current liabilities | **(16,169)** | (24,933) |
| Non-current liabilities | **(38)** | (54) |
| Equity attributable to owners | **50,806** | 52,984 |
| Revenue for the year | **127,726** | 125,640 |
| Net profit for the year | **447** | 1,802 |

## 12 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

| | Group | |
|---|---|---|
| | 2017 $'000 | 2016 $'000 |
| Unquoted equity shares, at cost | **72,240** | 72,240 |
| Exchange differences on consolidation | **1,680** | 8,040 |
| Share of post-acquisition results and reserves, net of dividends and distributions received | **19,265** | 3,299 |
| | **93,185** | 83,579 |

### Equity accounted investees

The Group equity accounted for Gul Technologies Singapore Pte Ltd ("GulTech") and Pan-West (Private) Limited ("Pan-West"). In February 2016, GulTech increased its equity stake in Gultech (Suzhou) Electronics Co., Ltd from 61.4% to 100%. Goodwill of $4,365,000 paid over acquiring additional shares was included in the share of post-acquisition results and reserves. Details of the Group's significant associates as at 31 December 2017 are disclosed in Note 34 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 GulTech is set out below:

| | | Group | |
|---|---|---|---|
| | Note | 2017 $'000 | 2016 $'000 |
| **Share of net assets** | | | |
| At 1 January | | **83,579** | 71,511 |
| Exchange differences on consolidation | | **(6,360)** | 2,829 |
| Goodwill paid over acquiring additional shares | | **–** | (4,365) |
| Share of total comprehensive income (refer to below) | | **15,966** | 13,604 |
| At 31 December | | **93,185** | 83,579 |
| **Share of total comprehensive income** | | | |
| Share of results before fair value adjustments | | **15,677** | 13,466 |
| Share of fair value gain on financial instruments | 24 | **289** | 138 |
| Share of total comprehensive income for the year | | **15,966** | 13,604 |

Details of asset revaluation reserve and cash flow hedging account are disclosed in Note 19 to the financial statements. Share of capital commitments of GulTech, an equity accounted investee is disclosed in Note 30 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 12 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONT'D)

### GulTech

The summarised financial information of GulTech on a 100% basis is set out below:

| | 2017 US$'000[1] | 2016 US$'000[1] | 2017 S$'000 | 2016 S$'000 |
|---|---|---|---|---|
| Current assets | **181,798** | 154,955 | **244,609** | 224,405 |
| Non-current assets | **145,262** | 149,887 | **195,450** | 217,066 |
| Current liabilities | **(108,367)** | (93,769) | **(145,807)** | (135,796) |
| Non-current liabilities | **(19,745)** | (37,421) | **(26,567)** | (54,194) |
| Non-controlling interests | **(43,510)** | (43,902) | **(58,543)** | (63,579) |
| Equity attributable to owners | **155,438** | 129,750 | **209,142** | 187,902 |
| Revenue for the year | **293,757** | 244,340 | **406,266** | 337,214 |
| Net profit for the year | **25,688** | 22,162 | **35,527** | 30,586 |

1 Figures in US$ are for information.

### Pan-West

The Group had recognised its share of losses of $5,408,000 (2016: $5,408,000) [Note 14] 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 $6,550,000 (2016: $5,939,000) as at the end of the year was not recognised.

## 13 LOANS AND BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | **2017 $'000** | **2016 $'000** | **2017 $'000** | **2016 $'000** |
| **Short-term borrowings** | | | | |
| Bank loans | **278,943** | 3,406 | **–** | – |
| **Long-term borrowings** | | | | |
| Bank loans | **950,813** | 937,825 | **–** | – |
| Notes issued under MTN Programme | **228,364** | 79,562 | **228,364** | 79,562 |
| | **1,179,177** | 1,017,387 | **228,364** | 79,562 |
| **Total borrowings** | **1,458,120** | 1,020,793 | **228,364** | 79,562 |
| *Represented by:* | | | | |
| Interest-bearing liabilities | **1,462,087** | 1,024,085 | **230,000** | 80,000 |
| Capitalised interest costs | **(3,967)** | (3,292) | **(1,636)** | (438) |
| | **1,458,120** | 1,020,793 | **228,364** | 79,562 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 13 LOANS AND BORROWINGS (CONT'D)

### Security profile

| | Group 2017 $'000 | Group 2016 $'000 | Company 2017 $'000 | Company 2016 $'000 |
|---|---|---|---|---|
| **Secured borrowings** | | | | |
| Current | **278,943** | 3,406 | **–** | – |
| Non-current | **950,813** | 937,825 | **–** | – |
| | **1,229,756** | 941,231 | **–** | – |
| **Unsecured borrowings** | | | | |
| Non-current | **228,364** | 79,562 | **228,364** | 79,562 |
| | **1,458,120** | 1,020,793 | **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 Note approximates its carrying amount.

### 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 7], development properties [Note 8], property, plant and equipment [Note 9], investment properties [Note 10] and covered by corporate guarantees [Note 31].

### Interest rate profile

| | Group 2017 $'000 | Group 2016 $'000 | Company 2017 $'000 | Company 2016 $'000 |
|---|---|---|---|---|
| **Loans and borrowings** | | | | |
| Fixed rate | **228,364** | 79,562 | **228,364** | 79,562 |
| Variable rate | **1,229,756** | 941,231 | **–** | – |
| | **1,458,120** | 1,020,793 | **228,364** | 79,562 |

The Group's exposure to fair value interest rate risk as at 31 December 2017 is disclosed in Note 32(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 32(a) and 32(d) respectively to the financial statements.

### Loan maturity profile

The non-current borrowings are generally repayable from 30 November 2018 to 11 September 2026 (2016: 2 January 2018 to 11 September 2026). Information relating to the maturity profile of the Group's loans and borrowings is disclosed in Note 32(d) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 13 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 2017 $'000 | Financing cash flow(i) $'000 | Foreign exchange movement $'000 | Other changes(ii) $'000 | 31 December 2017 $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Bank loans | **1,020,793** | **443,879** | **(5,887)** | **(665)** | **1,458,120** |
| | **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.

## 14 TRADE AND OTHER PAYABLES

| | Note | Group 2017 $'000 | Group 2016 $'000 | Company 2017 $'000 | Company 2016 $'000 |
|---|---|---|---|---|---|
| **Trade** | | | | | |
| Trade payables | | **56,618** | 46,846 | **279** | 95 |
| Amounts due to related parties | 16 | **3,089** | 4,143 | **–** | – |
| | | **59,707** | 50,989 | **279** | 95 |
| **Non-trade** | | | | | |
| Other creditors | | **23,336** | 19,315 | **378** | 212 |
| Other provisions | | **5,659** | 5,653 | **–** | – |
| Advanced billings | | **8,261** | 6,692 | **–** | – |
| Accrued operating expenses | | **22,491** | 27,688 | **3,313** | 2,774 |
| Accrued interest expenses | | **2,553** | 2,028 | **1,445** | 779 |
| Financial guarantees to subsidiaries | 11 | **–** | – | **14,738** | 16,236 |
| Amounts due to related parties | 16 | **373** | 430 | **–** | – |
| | | **122,380** | 112,795 | **20,153** | 20,096 |
| Less: Non-current portion | | **(463)** | (462) | **–** | – |
| Current portion | | **121,917** | 112,333 | **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 (2016: 7 to 120 days) credit term. The Group manages liquidity risk of trade payables primarily by maintaining sufficient cash and credit facilities [Note 32(d)].

Included in other creditors is a financial guarantee of $5,408,000 (2016: $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. In addition, a deposit of $4,294,000 has been included in other creditors [Note 14].

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

YEAR ENDED 31 DECEMBER 2017

## 15 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2017** **$'000** | **2016** **$'000** |
| Amounts due from subsidiaries – non-trade | **379,901** | 279,146 |
| Less: Allowance for impairment | **(25,050)** | (23,679) |
| | **354,851** | 255,467 |
| Amounts due to subsidiaries – non-trade | **(309,729)** | (265,956) |

### Movements in allowance for impairment

| | Company | |
|---|---|---|
| | **2017** **$'000** | **2016** **$'000** |
| **Movements in allowance for impairment** | | |
| At 1 January | **(23,679)** | (22,170) |
| Allowance made | **(1,371)** | (1,509) |
| At 31 December | **(25,050)** | (23,679) |

Advances from and to subsidiaries are unsecured and are repayable on demand. Interest is charged at 2.5% (2016: 2.4%) per annum on interest-bearing advances.

During the year, allowance for impairment of $1,371,000 (2016: $1,509,000) was made for amounts due from subsidiaries. The above assessment is after taking into account the current financial position of the subsidiaries. The allowance for impairment of $1,371,000 (2016: $1,509,000) was made for a subsidiary due to decrease in net asset value of the underlying interest as at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 16 AMOUNTS DUE FROM/(TO) RELATED PARTIES

| | Note | Group 2017 $'000 | Group 2016 $'000 | Company 2017 $'000 | Company 2016 $'000 |
|---|---|---|---|---|---|
| **Amounts due from:** | | | | | |
| **Other related parties** | | | | | |
| Other related parties, trade | | **31,040** | 35,193 | **–** | – |
| Other related parties, non-trade: | | | | | |
| – Advance for coal order trade placement | | **–** | 3,476 | **–** | – |
| – Others | | **1,251** | 247 | **13** | – |
| Refundable trade deposits with other related parties | | **8,073** | 8,689 | **–** | – |
| | | **40,364** | 47,605 | **13** | – |
| **Total** | | **40,364** | 47,605 | **13** | – |
| *Presented as:* | | | | | |
| Amounts due from related parties, trade | 6 | **31,040** | 35,193 | **–** | – |
| Amounts due from related parties, non-trade | 6 | **9,324** | 12,412 | **13** | – |
| | | **40,364** | 42,605 | **13** | – |
| **Amounts due to:** | | | | | |
| **Other related parties** | | | | | |
| Other related parties, trade | | **(3,089)** | (4,143) | **–** | – |
| Other related parties, non-trade | | **(373)** | (430) | **–** | – |
| | | **(3,462)** | (4,573) | **–** | – |
| **Total** | | **(3,462)** | (4,573) | **–** | – |
| *Presented as:* | | | | | |
| Amounts due to related parties, trade | 14 | **(3,089)** | (4,143) | **–** | – |
| Amounts due to related parties, non-trade | 14 | **(373)** | (430) | **–** | – |
| | | **(3,462)** | (4,573) | **–** | – |

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 29 to the financial statements.

### Amounts due from/(to) other related parties

Included in the non-trade amounts due from related parties is a refundable trade deposit of US$6,000,000 or equivalent to $8,073,000 (2016: $8,689,000) placed by SP Corporation Limited ("SP Corp"), a listed subsidiary of the Group, to secure coal supply allocation with a coal mine which is a related party as defined above.

The deposit is repayable within one year and is subject to annual renewal by mutual agreement between the two parties. It is secured by a corporate guarantee issued by the immediate holding company of the related party and bears an effective interest of 5.7% (2016: 5.4%) per annum. The deposit has been assessed as having been placed with a counterparty that is creditworthy and accordingly no allowance for potential non-recovery of this deposit is required.

In 2017, included in non-trade amounts due from other related parties is an amount of $892,000 for the sale of the discontinued Tyre Distribution Unit.

The trade and non-trade amounts due from/(to) other related parties were unsecured, interest-free, and repayable on demand unless otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 17 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax at the end of the reporting period consists of the following:

| | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|
| **Deferred tax assets and liabilities arising from** | | |
| Accelerated tax depreciation compared to accounting depreciation | **221** | 254 |
| Revaluation of properties | **1,366** | 1,393 |
| Foreign income not remitted and which will be subject to tax if remitted in the future | **47,099** | 33,475 |
| Unutilised tax losses | **(1,630)** | – |
| Others | **(1,525)** | (1,678) |
| | **45,531** | 33,444 |
| Represented by: | | |
| Deferred tax assets | **(2,253)** | (2,286) |
| Deferred tax liabilities | **47,784** | 35,730 |
| | **45,531** | 33,444 |

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 2017** | | 254 | – | 1,393 | 33,475 | – | (1,678) | 33,444 |
| Exchange differences on consolidation | | 2 | – | (27) | (587) | (13) | 31 | (594) |
| Transfer to income tax payable upon completion of development properties | | – | – | – | – | – | – | – |
| (Credited)/Charged to profit or loss | 26 | (35) | – | – | 3,782 | (1,617) | 122 | 2,252 |
| Charged to other comprehensive income | 28 | – | – | – | 10,429 | – | – | 10,429 |
| **At 31 December 2017** | | 221 | – | 1,366 | 47,099 | (1,630) | (1,525) | 45,531 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 17 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

| | 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 2016** | | 278 | 13,542 | 1,450 | 23,838 | 1,826 | (1,659) | 39,275 |
| Exchange differences on consolidation | | (1) | – | (57) | 780 | 14 | (59) | 677 |
| Transfer to income tax payable upon completion of development properties | | – | (12,602) | – | – | – | – | (12,602) |
| (Credited)/Charged to profit or loss | 26 | (23) | (940) | – | 3,790 | (1,840) | 40 | 1,027 |
| Charged to other comprehensive income | 28 | – | – | – | 5,067 | – | – | 5,067 |
| **At 31 December 2016** | | 254 | – | 1,393 | 33,475 | – | (1,678) | 33,444 |

### Deferred tax liabilities relating to equity interest in GHG

Deferred tax liabilities included an amount of $45,339,000 (2016: $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 $290,000 (2016: $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.

At the end of the reporting year, the Group had, subject to the agreement by the tax authorities, unutilised tax losses of $32,575,000 (2016: $29,692,000) which were available for carry forward and set-off against future taxable income. No deferred tax asset (2016: $Nil) had been recognised in respect of the tax losses of $32,575,000 (2016: $29,640,000) due to the unpredictability of the relevant future profit streams.

At the end of the reporting year, the Group had, subject to the agreement by the tax authorities, capital allowances of $3,540,000 (2016: $2,263,000) which were available for carry forward and set-off against future taxable income. Future tax benefits arising from these unutilised capital allowances had not been recognised in the financial statements as there was no reasonable certainty of their recovery in the future years.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 18 SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | Number of ordinary shares ('000) | | $'000 | $'000 |
| **Issued and paid up:** | | | | |
| At 1 January | **1,182,842** | 1,178,825 | **171,306** | 170,230 |
| Issued under Scrip Dividend Scheme | **4,201** | 4,432 | **1,231** | 1,196 |
| Shares bought back and cancelled | **(50)** | (415) | **(23)** | (120) |
| At 31 December | **1,186,993** | 1,182,842 | **172,514** | 171,306 |

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 4,200,725 (2016: 4,431,667) ordinary shares at an issue price of 29.3 cents (2016: 27.0 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 2016.

### Purchase and cancellation of shares

During the year, the Company acquired 50,000 (2016: 415,000) 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.

## 19 RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| Asset revaluation reserve | **130,112** | 106,420 | **–** | – |
| Foreign currency translation account | **(31,102)** | (16,151) | **–** | – |
| Other capital reserves: | | | | |
| – Non-distributable capital reserves | **151,434** | 128,200 | **101,264** | 101,264 |
| – Cash flow hedging account | **(772)** | (1,413) | **–** | – |
| | **150,662** | 126,787 | **101,264** | 101,264 |
| Revenue reserve | **563,463** | 531,060 | **319,787** | 310,779 |
| | **813,135** | 748,116 | **421,051** | 412,043 |

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 20 DIVIDEND

| | Group and Company | |
|---|---|---|
| | **2017 $'000** | **2016 $'000** |
| **Tax-exempt one-tier first and final dividend paid in respect of the previous year** | | |
| Cash | **5,866** | 5,877 |
| Share | **1,231** | 1,196 |
| | **7,097** | 7,073 |

The Directors proposed a tax exempt one-tier first and final dividend of 0.6 cent per share (2016: 0.6 cent per share) amounting to $7,122,000 (2016: $7,097,000), 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 2017. The Tuan Sing Scrip Dividend Scheme will be applicable to this proposed dividend.

## 21 REVENUE

| | | Group | |
|---|---|---|---|
| | **Note** | **2017 $'000** | **2016 $'000** |
| Sale of products | | **134,680** | 132,003 |
| Sale of development properties | | **58,576** | 110,066 |
| Rental income of investment properties | 10 | **38,318** | 34,844 |
| Hotel operations and related income | | **121,278** | 121,748 |
| Services rendered | | **4,005** | 4,816 |
| Others | | **1,065** | 541 |
| | | **357,922** | 404,018 |

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 $2,419,000 (2016: $81,552,000) whereby the revenue is recognised based on the percentage of completion method.

## 22 INTEREST INCOME

| | Group | |
|---|---|---|
| | **2017 $'000** | **2016 $'000** |
| Interest income on bank deposits | **2,957** | 2,634 |
| Interest income from debtors | **115** | 292 |
| Interest income from related parties | **1,078** | 1,539 |
| | **4,150** | 4,465 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 23 FINANCE COSTS

| | Note | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|---|
| Interest expense on loans and borrowings | | **37,351** | 30,283 |
| Amortisation of capitalised finance costs | | **1,603** | 1,303 |
| | | **38,954** | 31,586 |
| Less: Amounts capitalised | | | |
| – Development properties | 8 | **(1,333)** | (1,641) |
| – Investment properties | 10 | **(4,448)** | (4,229) |
| | | **(5,781)** | (5,870) |
| | | **33,173** | 25,716 |

Borrowing costs capitalised as cost of properties under development relate to borrowings taken up to finance each project.

## 24 FAIR VALUE ADJUSTMENTS

| | Note | Group 2017 $'000 | Group 2016 $'000 |
|---|---|---|---|
| **Fair value gain from:** | | | |
| Subsidiaries | | **44,525** | 2,198 |
| Share of an equity accounted investee | 12 | **289** | 138 |
| | | **44,814** | 2,336 |
| *Represented by:* | | | |
| Fair value gain in respect of: | | | |
| – investment properties | | **44,525** | 2,198 |
| – financial instruments | 12 | **289** | 138 |
| | | **44,814** | 2,336 |

The fair value adjustment is analysed as follows:

| | Note | Group Gross $'000 | Group Deferred tax $'000 | Group Net $'000 |
|---|---|---|---|---|
| **2017** | | | | |
| **Fair value gain on investment properties** | | | | |
| Subsidiaries | 10 | **44,525** | **(3,453)** | **41,072** |
| **Fair value gain on financial instruments** | | | | |
| Share of an equity accounted investee | 12 | **289** | **–** | **289** |
| | | **44,814** | **(3,453)** | **41,361** |
| **2016** | | | | |
| **Fair value loss on investment properties** | | | | |
| Subsidiaries | 10 | 2,198 | (87) | 2,111 |
| **Fair value loss on financial instruments** | | | | |
| Share of an equity accounted investee | 12 | 138 | – | 138 |
| | | 2,336 | (87) | 2,249 |

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 25 PROFIT BEFORE TAX

Other than disclosed elsewhere in these financial statements, profit before tax for the year has been arrived at after charging/(crediting) the following:

| | Group | |
|---|---|---|
| | **2017 $'000** | **2016 $'000** |
| Depreciation of property, plant and equipment [included in cost of sales, distribution costs, administrative expenses] | **7,725** | 7,772 |
| Net loss on disposal of property, plant and equipment [included in other operating expenses] | **6** | 5 |
| (Write-back of allowance)/allowance for diminution in value for development properties [included in other operating (income)/expenses/cost of sales] | **(1,784)** | 3,649 |
| Allowance for doubtful receivables, net [included in other operating expenses/(income)] | **425** | 52 |
| Allowance for inventory obsolescence, net [included in other operating expenses/(income)] | **17** | 1 |
| Foreign exchange loss/(gain), net [included in other operating expenses/(income)] | **188** | (352) |
| Write-back of recognised corporate guarantee no longer required [included in other operating income] | **–** | (445) |
| Provision for restructuring costs [included in other operating expenses] | **123** | 73 |
| Cost of inventories recognised as an expense | **132,293** | 128,479 |
| Net loss on liquidation of subsidiaries [included in other operating expenses] | **–** | 1,794 |
| **Auditors' remuneration** | | |
| Audit fees | | |
| – Auditors of the Company | **331** | 326 |
| – Other auditors | **177** | 173 |
| Non-audit fees | | |
| – Auditors of the Company | **198** | 52 |
| – Other auditors | **10** | 32 |
| **Directors' remuneration** | | |
| Of the Company | | |
| – Salaries and wages | **1,737** | 1,554 |
| Of the subsidiaries | | |
| – Salaries and wages | **1,907** | 1,951 |
| – Defined contribution plans | **53** | 56 |
| | **3,697** | 3,561 |
| **Employees benefit expenses (excluding Directors' remuneration)** | | |
| – Salaries and wages | **12,759** | 12,274 |
| – Defined contribution plans | **991** | 1,007 |
| – Others | **116** | 86 |
| | **13,866** | 13,367 |

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

YEAR ENDED 31 DECEMBER 2017

## 26 INCOME TAX EXPENSES

| | Note | Group | |
|---|---|---|---|
| | | 2017 $'000 | 2016 $'000 |
| Current income tax | | | |
| – Singapore | | **328** | 1,970 |
| – Foreign | | **1,992** | 3,146 |
| – Under (Over) provision in prior years | | **648** | (10) |
| | | **2,968** | 5,106 |
| Withholding tax expense | | **41** | 139 |
| Deferred tax | 17 | **2,252** | 1,027 |
| | | **5,261** | 6,272 |

Singapore income tax is calculated at 17% (2016: 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 | |
|---|---|---|
| | 2017 $'000 | 2016 $'000 |
| Profit before income tax | **68,107** | 40,078 |
| Income tax calculated at 17% (2016: 17%) | **11,578** | 6,814 |
| *Adjustments:* | | |
| Share of results of an equity-accounted investee | **(2,714)** | (2,313) |
| Expenses not deductible for tax purposes | **5,072** | 3,231 |
| Tax losses not recognised as deferred tax assets | **335** | 178 |
| Tax losses not available for set-off against future income | **46** | 7 |
| Different tax rates of subsidiaries operating in other jurisdictions | **2,109** | 1,872 |
| Income that is not subject to tax | **(11,699)** | (3,705) |
| Utilisation of tax losses and capital allowance previously not recognised | **(58)** | (102) |
| Under (Over) provision in prior years | **648** | (10) |
| Withholding tax expense | **41** | 139 |
| Others | **(97)** | 161 |
| | **5,261** | 6,272 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 27 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 |
| **2017** | | | | |
| **Profit before tax** | | **23,293** | **44,814** | **68,107** |
| Income tax expenses | 24, 26 | **(1,808)** | **(3,453)** | **(5,261)** |
| **Profit for the year** | | **21,485** | **41,361** | **62,846** |
| *Less:* | | | | |
| Non-controlling interests | | **(112)** | **–** | **(112)** |
| **Profit attributable to owners of the Company** | | **21,373** | **41,361** | **62,734** |
| **2016** | | | | |
| **Profit before tax** | | 37,742 | 2,336 | 40,078 |
| Income tax expenses | 24, 26 | (6,185) | (87) | (6,272) |
| **Profit for the year** | | 31,557 | 2,249 | 33,806 |
| *Less:* | | | | |
| Non-controlling interests | | (221) | – | (221) |
| **Profit attributable to owners of the Company** | | 31,336 | 2,249 | 33,585 |

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 | |
|---|---|---|
| | 2017 $'000 | 2016 $'000 |
| **Profit attributable to owners of the Company** | | |
| Before fair value adjustments | **21,373** | 31,336 |
| Fair value adjustments | **41,361** | 2,249 |
| After fair value adjustments | **62,734** | 33,585 |
| **Basic and diluted earnings per share (cents)** | | |
| Including fair value adjustments | **5.3** | 2.8 |
| Excluding fair value adjustments | **1.8** | 2.7 |
| **Weighted average number of ordinary shares (in '000 shares) for the purpose of computation of basic and diluted earnings per share** | **1,185,048** | 1,181,005 |

There is no dilutive ordinary share in 2017 and 2016.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 28 OTHER COMPREHENSIVE INCOME

| | | Group | | |
|---|---|---|---|---|
| | Note | Before tax $'000 | Deferred tax $'000 | After tax $'000 |
| **2017** | | | | |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Revaluation of properties | 9 | **33,846** | **(10,154)** | **23,692** |
| *Items that will be reclassified subsequently to profit or loss* | | | | |
| Exchange differences on translation of foreign operations | | **(9,109)** | **–** | **(9,109)** |
| Share of other comprehensive income of an equity accounted investee | | **(6,360)** | **–** | **(6,360)** |
| Cash flow hedges | | **916** | **(275)** | **641** |
| | | **19,293** | **(10,429)** | **8,864** |
| **2016** | | | | |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Revaluation of properties | 9 | 16,980 | (5,094) | 11,886 |
| *Items that will be reclassified subsequently to profit or loss* | | | | |
| Exchange differences on translation of foreign operations | | 4,903 | – | 4,903 |
| Share of other comprehensive income of an equity accounted investee | | 2,829 | – | 2,829 |
| Cash flow hedges | | (90) | 27 | (63) |
| | | 24,622 | (5,067) | 19,555 |

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 | |
|---|---|---|
| | 2017 $'000 | 2016 $'000 |
| Derivatives that are designated and effective as hedging instruments carried at fair value | **87** | 1,019 |

The Group uses 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 or equivalent to $185 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.

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 $916,000 (2016: $90,000) has been recognised in other comprehensive income during the year.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 28 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 | |
|---|---|---|---|---|---|---|
| | **2017 per annum** | **2016 per annum** | **2017 $'000** | **2016 $'000** | **2017 $'000** | **2016 $'000** |
| **Group** | | | | | | |
| **1 month** | **2.254%** | 2.254% | **182,363** | 185,301 | **87** | 1,019 |

## 29 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 | |
|---|---|---|
| | **2017 $'000** | **2016 $'000** |
| **Transactions with major shareholder** | | |
| Sale of products and services rendered | **61,451** | 74,947 |
| Sale of a completed development property | **–** | 645 |
| Rental income | **2,160** | 1,887 |
| Interest income | **664** | 827 |
| Consideration for disposal of assets of Tyre Distribution Unit | **1,750** | – |
| Purchase of products | **(68,158)** | (46,747) |
| **Transactions with associates** | | |
| Management fee income | **180** | 180 |
| Rental income | **–** | 173 |
| Interest income | **414** | 713 |
| **Transactions with Directors of the Company and their associates** | | |
| Sale of completed development properties | **2,270** | – |
| MTN Interest expense | **(137)** | (68) |

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% (2016: 100%) of its coal. Another subsidiary, Globaltraco Pte Ltd, is reliant on another two related parties for the supply of 96% (2016: 95%) of its tyres. The Group supplies 100% (2016: 100%) of its rubber products to two customers who are related parties, but were previously classified as third party customers.

Accordingly, $60,611,000 sales to these two related parties for the financial year ended 31 December 2016 has been included in the comparative figure of "Sale of products and services rendered to major shareholder". Sales to these two related parties for the financial year ended 31 December 2017 amounted to $43,853,000.

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 29 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 (2016: 1 to 14 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 | |
|---|---|---|
| | **2017 $'000** | **2016 $'000** |
| **Commitment with major shareholder** | | |
| Operating leases | | |
| – Within one year | **860** | 2,385 |
| – After one year but not more than five years | **1,813** | 2,100 |
| – After five years | **1,695** | 2,299 |
| | **4,368** | 6,784 |

### Remuneration of Directors and key management personnel

| | Group | |
|---|---|---|
| | **2017 $'000** | **2016 $'000** |
| Short-term benefits and fees | **3,644** | 3,505 |
| Post-employment benefits (defined contribution plan) | **53** | 56 |
| | **3,697** | 3,561 |

## 30 COMMITMENTS

### Capital commitments

| | Group | |
|---|---|---|
| | **2017 $'000** | **2016 $'000** |
| Development and investment properties expenditure contracted for but not provided in the financial statements | **122,226** | 143,287 |
| Capital expenditure approved by Directors but not contracted for in the financial statements | **2,276** | 5,143 |
| Share of commitments of equity-accounted investees – Capital expenditure contracted for but not provided in the financial statements | **615** | 1,703 |

***Share of commitment on acquisition of shares***

On 31 December 2015, the Company's 44.5%-owned associated company, Gul Technologies Singapore Ltd ("GulTech"), has through its wholly-owned subsidiary, Gultech International Pte Ltd, entered into an agreement with a related company, Anhui Prime Cord Fabrics Company Ltd, to acquire the remaining 38.6% of the issued share capital of Gultech (Suzhou) Electronics Co., Ltd ("GulSuzhou") that it did not already owned for a cash consideration of S$42,098,000 (RMB194,000,000). The Group's share of commitment in the acquisition was S$18,725,000 (RMB86,291,000). The acquisition was completed in February 2016 and GulSuzhou had as from the same date became wholly owned by GulTech.

### Operating lease commitments – where the Group is a lessor

The Group entered 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 one and eleven years (2016: one and eleven years).

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 30 COMMITMENTS (CONT'D)

### Operating lease commitments – where the Group is a lessor (cont'd)

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 | |
|---|---|---|
| | 2017 $'000 | 2016 $'000 |
| Within one year | **31,839** | 29,649 |
| After one year but not more than five years | **42,552** | 42,007 |
| After five years | **4,235** | 2,561 |
| | **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 $236,000 (2016: $360,000).

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 | |
|---|---|---|
| | 2017 $'000 | 2016 $'000 |
| Within one year | **215** | 368 |
| After one year but not more than five years | **272** | 100 |
| | **487** | 468 |

### 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 | |
|---|---|---|
| | 2017 $'000 | 2016 $'000 |
| 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.

## 31 CONTINGENT LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| Guarantees given to banks in respect of bank facilities utilised by subsidiaries | **–** | – | **807,361** | 513,482 |

In the previous year, the Group recognised a financial guarantee of $5,408,000 (2016: $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 12]. As the liabilities had been recognised, there were no contingent liabilities as at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 32 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 32(a) and 32(b) to the financial statements.

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 Note 32(a) and Note 32(b) to the financial statements.

### Classification of financial instruments

The table below sets out the financial instruments at the end of the reporting year:

| | Group | | Company | |
|---|---|---|---|---|
| | **2017 $'000** | **2016 $'000** | **2017 $'000** | **2016 $'000** |
| **Financial assets** | | | | |
| Loans and receivables (including cash and bank balances) | **312,049** | 318,914 | **455,589** | 263,631 |
| **Financial liabilities** | | | | |
| Loans and payables – amortised cost | **1,572,239** | 1,126,896 | **543,508** | 349,377 |
| Financial guarantee contracts | **–** | – | **14,738** | 16,236 |
| | **1,572,239** | 1,126,896 | **558,246** | 365,613 |
| Derivative financial instruments | **87** | 1,019 | **–** | – |
| | **1,572,326** | 1,127,915 | **558,246** | 365,613 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

**32 FINANCIAL RISK MANAGEMENT (CONT'D)**

**Classification of financial instruments (cont'd)**

***(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. 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 Corp, 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 30 to the financial statements.

The Group does not enter into currency options and does not use forward foreign exchange contracts for speculative trading purposes.

*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 2017** | | | | |
| **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 31 December 2016** | | | | |
| **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) | (828) | – | (120) |
| **Net financial (liabilities)/assets** | (18,956) | 5,531 | 1 | (7) |
| Less: | | | | |
| Forward foreign exchange contracts | 15,328 | – | – | – |
| **Net currency exposure** | (3,628) | 5,531 | 1 | (7) |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 32 FINANCIAL RISK MANAGEMENT (CONT'D)

### Classification 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:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | AUD $'000 | MYR $'000 | AUD $'000 | MYR $'000 |
| **Company** | | | | |
| **Financial assets** | | | | |
| Amounts due from subsidiaries | **–** | **37** | – | 131 |
| **Financial liabilities** | | | | |
| Amounts due to subsidiaries | **(235)** | **–** | (228) | – |
| **Net currency exposure** | **(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 | | AUD | | Others | |
|---|---|---|---|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Group** | | | | | | | | |
| Profit or loss | **(213)** | 363 | **(56)** | (553) | **–** | – | **419** | 1 |
| **Company** | | | | | | | | |
| Profit or loss | **–** | – | **–** | – | **24** | 23 | **(4)** | (13) |

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.

**(b) *Cash flow and fair value interest rate risk***

Cash flow 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. Fair value interest rate risk is the risk that the fair value of a financial instrument may fluctuate due to such changes.

The Group's exposure to cash flow 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 32(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.

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 32 FINANCIAL RISK MANAGEMENT (CONT'D)
### Classification of financial instruments (cont'd)

**(b) *Cash flow and fair value interest rate risk (cont'd)***

***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 $12,086,000 (2016: decrease or increase by $9,178,000).

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) *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.

With respect to trade and other receivables at the end of the reporting year, trade amounts due from other related parties amounting to $29,124,000 (2016: $30,820,000) comprised 3 (2016: 3) major customers with outstanding balances individually exceeding 5% of the Group's trade and other receivables as at 31 December 2017.

Other than as disclosed above, there was no significant concentration of credit risk with respect to the rest of trade receivables at the end of the reporting year because of the Group's large number of customers who are in turn geographically dispersed and from a fairly diverse spectrum of industries. 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 and the guarantees given by the Group to banks in respect of bank facilities utilised by an associate.

The credit risk for trade receivables after allowance for doubtful receivables was as follows:

| | Group | |
|---|---|---|
| | **2017 $'000** | **2016 $'000** |
| **By geographical area** | | |
| Singapore | **39,698** | 100,126 |
| Australia | **4,996** | 4,821 |
| China | **704** | 3,903 |
| Malaysia | **1,891** | 2,330 |
| Indonesia | **10,394** | 8,323 |
| United States of America (USA) | **220** | 126 |
| Others | **23** | 617 |
| | **57,926** | 120,246 |
| **By type of customers** | | |
| Related parties | **31,040** | 35,193 |
| Non-related parties | **26,886** | 85,053 |
| | **57,926** | 120,246 |
| **By industry sector** | | |
| Property | **17,364** | 73,863 |
| Hotels investment | **4,560** | 5,236 |
| Industrial services | **36,002** | 41,147 |
| | **57,926** | 120,246 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 32 FINANCIAL RISK MANAGEMENT (CONT'D)

### Classification of financial instruments (cont'd)

***(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.

***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.

| | 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 2017** | | | | | | | |
| 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** |
| **31 December 2016** | | | | | | | |
| 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 |
| **Company** | | | | | | | |
| **31 December 2017** | | | | | | | |
| 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** |
| **31 December 2016** | | | | | | | |
| Non-interest bearing | – | 269,815 | – | – | – | – | 269,815 |
| Fixed interest rate instruments | 4.5 | 3,600 | 86,420 | – | – | (10,458) | 79,562 |
| Financial guarantee contracts | – | 513,482 | – | – | – | (497,246) | 16,236 |
| | | 786,897 | 86,420 | – | – | (507,704) | 365,613 |

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 32 FINANCIAL RISK MANAGEMENT (CONT'D)
### Classification 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 were claimed by the counterparty to the various guarantees, was $807,361,000 (2016: $513,482,000). The earliest time that a guarantee could be called is as and when the guarantee is claimed by the counterparty.

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 $5,408,000 (2016: $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 2017** | | | | | | | |
| Non-interest bearing | **–** | **99,839** | **5,057** | **–** | **–** | **–** | **104,896** |
| 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** |
| | | **244,884** | **36,332** | **31,275** | **–** | **(442)** | **312,049** |
| **31 December 2016** | | | | | | | |
| Non-interest bearing | – | 156,214 | 113 | 2,901 | 9 | – | 159,237 |
| 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 |
| | | 253,692 | 31,388 | 34,176 | 9 | (351) | 318,914 |
| **Company** | | | | | | | |
| **31 December 2017** | | | | | | | |
| Non-interest bearing | – | **455,589** | **–** | **–** | **–** | **–** | **455,589** |
| **31 December 2016** | | | | | | | |
| Non-interest bearing | – | 263,631 | – | – | – | – | 263,631 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 32 FINANCIAL RISK MANAGEMENT (CONT'D)

### Classification of financial instruments (cont'd)

***(d) Liquidity risk (cont'd)***

***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 2017** | | | | | | |
| Gross settled: | | | | | | |
| Foreign exchange forward contracts | **19** | **–** | **–** | **–** | **–** | **19** |
| **31 December 2016** | | | | | | |
| 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

## 32 FINANCIAL RISK MANAGEMENT (CONT'D)
### Classification of financial instruments (cont'd)
#### *(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 13, issued capital, reserves and retained earnings disclosed in Notes 18 and 19 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 13, less cash and bank balances as disclosed in Note 5 to the financial statements.

| | Group | |
|---|---|---|
| | **2017** | **2016** |
| | **$'000** | **$'000** |
| Total borrowings | **1,458,120** | 1,020,793 |
| Total equity | **996,277** | 930,456 |
| **Gross gearing (times)** | **1.46** | 1.10 |
| Net borrowings | **1,241,277** | 857,105 |
| Total equity | **996,277** | 930,456 |
| **Net gearing (times)** | **1.25** | 0.92 |

## 33 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 2017 % | Effective equity interest & voting power held by the Group 2016 % |
|---|---|---|---|---|---|
| **Significant subsidiaries directly held by the Company** | | | | | |
| Asiaview Properties Pte Ltd | | Property investment | Singapore | **100** | 100 |
| Asplenium Land Pte. Ltd. | | Property development | Singapore | **100** | 100 |
| Clerodendrum Land Pte. Ltd. | | Property development | Singapore | **100** | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 33 LISTING OF SIGNIFICANT SUBSIDIARIES (CONT'D)

| Name of company | Note | Principal activities | Country of incorporation/ establishment | Effective equity interest & voting power held by the Group 2017 % | 2016 % |
|---|---|---|---|---|---|
| **Significant subsidiaries directly held by the Company (cont'd)** | | | | | |
| Dillenia Land Pte. Ltd. | | Property development | Singapore | **100** | 100 |
| Episcia Land Pte. Ltd. | | Property development | Singapore | **100** | 100 |
| Gerbera Land Pte. Ltd. | | Property development | Singapore | **100** | – |
| Oxley Development Pte Ltd | | Property investment | Singapore | **100** | 100 |
| SP Corporation Limited | | Investment holding | Singapore | **80.2** | 80.2 |
| Superluck Properties Pte Ltd | | Property investment | Singapore | **100** | 100 |
| **Significant subsidiaries indirectly held by the Company** | | | | | |
| 39 Robinson Road Pte. Ltd. | | Property investment | Singapore | **100** | 100 |
| Grand Hotel Group | (i) | Property investment | Australia | **100** | 100 |
| Habitat Properties (Shanghai) Ltd. | (i) | Property development | China | **100** | 100 |
| Shelford Properties Pte Ltd | | Property development | Singapore | **100** | 100 |
| SP Resources International Pte. Ltd. | | Trading of industrial products | Singapore | **80.2** | 80.2 |

All subsidiaries in Singapore are audited by Deloitte & Touche LLP, Singapore.

**Note:**
(i) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

## 34 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:

| Name of company | Note | Principal activities | Country of incorporation | Effective equity interest & voting power held by the Group 2017 % | 2016 % |
|---|---|---|---|---|---|
| Gul Technologies Singapore Pte. Ltd. | (i) | Manufacture of printed circuit boards | Singapore | **44.5** | 44.5 |

**Note:**

(i) Audited by Deloitte & Touche LLP, Singapore.

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*Group CEO*

Chong Chou Yuen
*Group CFO*

Wong Peggy
*General Counsel*

Helena Chua Guat Huat
*Group Company Secretary*

Ng Choong How Nick
*Senior Vice President, Business Development*

Chong Teik Yean
*Senior Vice President, Projects*

Ong Joo Lim James
*Senior Vice President, Sales, Leasing & Marketing*

Kock Tiam Song Peter
*Senior Vice President, Property Management*

Ding Tsui Eng Florence
*Group Financial Controller*

Gan Hui Yen
*Vice President, Human Resources*

Leow May Cin
*Vice President, Finance, Singapore Property*

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Tran Vo
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Lyndsey Jack
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David Zammit
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Sophie Blondeau
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Nicole Pasqual
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*Director, Rooms*

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*Executive Chef*

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Sholto Smith
*General Manager*

Natalia Alexandrova
*Director, Finance*

# BUSINESS DIRECTORY

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*Director, Human Resources*

Doug Stemp
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Brett Braithwaite
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Glenn Shoebridge
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Fleur Jubb
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*Non-Executive Chairman*

Boediman Gozali (alias Tony Wu)
*Managing Director and CEO*

Lee Hui Gek
*CFO*

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Yeo Chiew Tat Peter
*Managing Director*

Woon Kwai Ching
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Tan Enk Ee
*CEO & Vice Chairman*

*Lin Xinyu/*林新宇
*CFO*

*Gong Horng Lin/*龚鸿琳
*COO*

*Chee Kok Leong Jeremy/*朱国樑
*Senior Vice President, Sales & Marketing (US & Europe)*

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# GLOSSARY
# 术语汇编

**1Q, 2Q, 3Q, 4Q**
**一季度，二季度，三季度，四季度**
Period for 1 January to 31 March, 1 April to 30 June, 1 July to 30 September, and 1 October to 31 December, respectively
分别为1月1日至3月31日，4月1日至6月30日，7月1日至9月30日，和10月1日至12月31日的季度

**2012 Code**
**企业监管守则**
Code of Corporate Governance 2012
2012企业监管守则

## A

**AGM**
**常年大会**
Annual general meeting of the Company
公司的常年大会

**Annual Report**
**年度报告**
Tuan Sing annual report
传慎年度报告

**ASEAN**
**亚细安**
Association of Southeast Asian Nations
东南亚国家联盟或东盟

## B

**Board**
**董事会**
The Board of Directors of the Company currently in office
当前的公司董事会

**BCA Green Mark Scheme**
**建设局绿色标志计划**
An initiative of BCA to promote sustainability in the built environment and raise environmental awareness among developers, designers and builders
建设局的一项倡议，旨在促进建筑环境的可持续发展，提高开发商，建筑师和承包商的环保意识

**Building Construction Authority** or **BCA of Singapore**
**新加坡建设局**
A statutory board under the Ministry of National Development of Singapore. The primary role of BCA is to develop and regulate Singapore's building and construction industry
新加坡国家发展部的一个法定机构。 它的主要职责是发展和监管新加坡的建筑行业

## C

**Capitalisation Method of valuation**
**资本化估值法**
A valuation method using capitalisation calculations based on the core market yield approach
基于核心市场收益率的市值估价法

**Cash equivalents**
**现金等价物**
Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value
短期、流动性强、易于转换为已知金额现金、价值变动风险小的投资

**Cash flow hedge**
**现金流量套期**
A hedge on the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and (ii) could affect profit or loss
指对现金流量变动风险进行的套期，该类现金流量变动 (i)源于已确认资产或负债(如浮动利率债务的全部或部分未来利息支付)或高发生率的预期交易 (ii)足以影响企业的损益

**Cash-generating units**
**现金产生单位**
The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets
可产生现金流入的并持续使用的最小可辨认资产组合；基本上其现金流入不取决于其他资产或者资产组

**CEO 首席执行长**
Chief Executive Officer 首席执行长

**Certificate of Statutory Completion** or **CSC**
**法定完工证书**
A certificate issued by BCA confirming that the building works on a construction project have been completed in accordance with the provisions of the relevant Act & Regulations
新加坡建设局发出的证书确认建筑工程已按照相关法令及规例完成

**CFO**
**首席财务长**
Chief Financial Officer 首席财务长

**Companies Act** or **Act**
**公司法**
The Singapore Companies Act, Chapter 50, as amended or modified from time to time
新加坡公司法，第50章，及其修订或增删版

**Company** or **Tuan Sing**
**公司或传慎**
Tuan Sing Holdings Limited (Registration No 196900130M)
传慎控股(公司注册号：196900130M)

# GLOSSARY
# 术语汇编

**Comparison Method** or **Direct Comparison Method of Valuation**
**比较估值法**
This method of valuation provides an indication of the market value of the subject property by comparing it with identical or similar properties for which price information is available
这种市值评估法乃通过比较相同的物业或类似属性并获得后者的价格信息来完成

**Construction Quality Assessment System** or **CONQUAS**
**施工质量评估体系**
A standard assessment system on the quality of building projects by the BCA
新加坡建设局拟定的建筑工程项目施工质量评估标准系统

**Contingent liabilities**
**或有负债**
Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise
指过去的交易或事项形成的潜在义务，其存在须通过未来不确定事项的发生或不发生予以证实，且非企业主体所能控制

## D

**Derivative instrument**
**衍生工具**
A financial instrument or contract with another party (counterparty) that is structured to meet any of a variety of financial objectives, including those related to fluctuations in interest rates, currency exchange rates or commodity prices. Forwards and swaps are the most common derivative instruments the Group employs
一种金融工具或根据事先约定的事项进行支付的双边合约，其合约价格取决于或派生于原生金融工具的价格及其变化包括有关波动利率、货币汇率或商品的价格。远期合同和掉期交易是集团目前最常用的衍生工具

**Direct Comparison Method** or **Comparison Method of Valuation**
**比较估值法**
This method of valuation provides an indication of the market value of the subject property by comparing it with identical or similar properties for which price information is available
这种市值评估法乃通过比较相同的物业或类似属性并获得后者的价格信息来完成

**Discounted Cash Flow Method of valuation**
**现金流量折现估值法**
The discounted cash flow method of valuation uses free cash flow forecast during the useful life and discounts such cash flow using a discount rate so as to arrive at the net present value of the property which is the value of the property
现金流量折现法的估价是使用在有效使用期内产生的预估自由现金流量，并对其进行折现后，得出的现值估算

**Dividend payout ratio**
**股息支付率**
The ratio shows the percentage of earnings of a company paid to shareholders as dividends. It provides an indication on how much money a company is returning to shareholders versus how much money it is keeping on hand to reinvest in growth or to pay off debt or add to cash reserves to maintain optimal capital structure
股息支付率是指净收益中股利所占的百分比重。它反映公司在综合考量资 金需求、借贷风险后的最佳资本结构并进而决定的股利分配政策

**Dividend yield**
**股息收益率**
The ratio indicates how much a company pays out in dividends each year relative to its share price. In the absence of any capital gains, the dividend yield is effectively the return on investment
股息收益率是股息与股票价格之间的百分比率。在无资本收益时，股息 率即等于投资收益率

**Directors**
**董事**
The directors of the Company
公司董事

## E

**Earnings per share** or **EPS**
**每股净利**
The portion of profits earned for each ordinary share. Earnings per share serves as an indicator of a company's profitability and is calculated based on net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the year
指每个普通股所赚取的税后利润。每股净利是测定公司盈利的指标，其计算基于可归属股东税后净利除以年内已发行普通股的加权均数

# GLOSSARY
# 术语汇编

**Effective tax rate 有效税率** — Income tax expense as a percentage of profit before tax. Does not represent cash paid for income tax in the current accounting period
所得税费用占总税前利润的百分比。并不代表在本期以现金实际缴付的所得税

**Enterprise Risk Management** or **ERM 企业风险管理** — A structured and disciplined approach aligning strategy, processes, people, technology and knowledge with the purpose of evaluating and managing risks
以有系统和严格编制的方式，串联策略，流程，人员，技术和知识以便有效评估和管理风险

**Entity at risk 在险实体** — As defined in the Listing Manual under Rule 904(2)
根据上市手册第904(2)条的定义

**Equity 权益** — Essentially the amount of money that has been put into the business by the owners of the business, and all retained earnings and reserves
本质上包括企业投资人投入的原始资本，以及所有未分配利润和储备

**Executive Director 执行董事** — The Director of the Company who performs an executive, managerial and administrative function
有执行，管理及行政职能的公司董事

## F

**Fair value hedge 公允价值套期** — A hedge on the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss
指对已确认资产或负债、尚未确认的确定承诺，或该资产、负债或确定承诺中可辨认的一部分的公允价值变动风险影响损益而进行的套期

**Financial Statements** or **Statutory Reports and Account 财务报表** — Audited financial statements of Tuan Sing Group
传慎集团财政年度经审计的财务报表

**Foreign currencies 外币** — Currencies other than the respective functional currency of the entity
功能性货币以外的货币均为外币

**Forward contracts 远期合约** — Fixed price contracts for purchase or sale of a specified quantity of a commodity, security, currency or other financial instrument with delivery and settlement at a specified future date
合约双方同意在未来日期按照固定价格购买或出售指定数量的商品，证券，货币或其他金融产品，承诺以当前约定的条款在未来进行交付和结算的合约

**Free cash flow 自由现金流** — Operating cash flow + investing cash flow
经营性活动和投资性活动产生的现金流量总和

**Functional currency 功能性货币** — The currency of the primary economic environment in which the entity operates
企业经营环境中所使用的货币为功能性货币

**FY 财政年度** — Financial year ended 31 December
截至12月31日的财政年度

## G

**Gearing 本债比** — Gearing is defined as the ratio of borrowings to equity. A high gearing would signify borrowings are high in relation to equity capital
指公司债务与股本的比例。高本债比意味著借款相对高予权益资本

**GHG 豪华酒店** — Grand Hotel Group
豪华酒店集团

**Goodwill 商誉** — Premium paid for acquisition of a business. It is calculated as the sum of consideration transferred less the fair value of net assets acquired (net assets are identified tangible and intangible assets, less liabilities assumed)
在企业合并时支付的溢价。它的计算方式为收购被并企业投资成本减去其净资产的公允价值 (净资产是指被标识的有形和无形资产减去承担的负债)

# GLOSSARY
# 术语汇编

**GRI 全球报告倡议组织** Global Reporting Initiative is an international independent standards organization that develops and disseminates globally applicable "Sustainability Reporting Guidelines" for voluntary adoption by organisation
全球报告倡议组织是为了促进全球可持续发展报告的发展而成立的一个国际组织,其主要任务是制定和推广《可持续发展报告指南》

**Gross Floor Area** or **GFA 建筑总面积** All covered floor areas of a building, except otherwise exempted. This is used for, inter alia, plot ratio control and development charge
建筑物的所有被覆盖的地板面积,除非另有豁免。通常用于控制地积比率和发展费用

**GulTech 高德** Gul Technologies Singapore Pte. Ltd. and its subsidiaries
高科技新加坡有限公司及其子公司

## H

**Hedge 套期保值** A risk management tool designed to offset changes in fair value or cash flows
为抵消公允价值或现金流量的波动而设计的风险管理工具

**Hypak** Hypak Sdn. Berhad
Hypak私人有限公司

## I

**Income Method of valuation 收入估值法** The Income Method of valuation of a property is by converting net rental income, on fully leased basis, to be generated by that property during its useful life to a single current capital value
收入估值法通过在完全租赁的基础上将净租金收入资本化以得出物业的市价

**INT FRS 财务报告准则的解释** Interpretations of FRS
财务报告准则的释文

**Interested person 关联人士** As defined in the Listing Manual under Rule 904(4)
根据上市手册第904(4)条的定义

**Interested person transaction** or **IPT 关联人士交易** A transaction between an entity at risk and an interested person whether or not in the ordinary course of business, and whether or not entered into directly or indirectly
在险实体(即公司)与利害关联方之间所进行的直接或间接的并不限于正常业务的交易

**Interest rate swap 利率掉期** Interest rate swap is an agreement under which two counterparties agree to exchange on type of interest rate cash flow for another. In a typical arrangement, one party will periodically pay a fixed amount of interest, in exchange for which that party will receive variable payments computed using a published index
指两个主体之间签订的协议,约定在规定时期内的一系列时点上按照事先敲定的规则交换一笔现金流。通常情况下,一方提供固定利息以换取另一方支付根据浮动利率换算的现金

**ISO31000 风险管理国际标准** Family of standards relating to risk management as codified by the International Organization for Standardization. ISO 31000:2009 provides principles and generic guidelines on risks management
国际标准化组织编制的标准化认证程序之一。 ISO 31000提供风险管理原则和实施指南

## L

**Listing Manual 上市手册** The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
新加坡交易所上市手册,及其修订或增删版

## M

**Market capitalisation 市值** The total dollar value of all outstanding shares. It is computed as the number of shares in issue multiplies the current market price. Capitalisation is a measure of corporate size
所有流通股的总市场价值。其计算方式为股票的发行数量乘以当前的市场价格。市值用以衡量企业规模

# GLOSSARY
# 术语汇编

**Multicurrency Medium Term Note ("MTN") Programme**
**多种货币中期票据计划**
A programme set up by corporations for issuing debt notes with maturity periods usually between 3 to 10 years. Information memorandum would normally include the business of the issuer, financial disclosure, its risks, arrangements between the issuer, arranger, dealer, and trustee, etc. Under such programme, an issuer is usually allowed to issue different notes of different durations and at different interest rates. It offers an effective and flexible debt instruments fund raising mechanism
中期票据是指由法人发行，期限通常在3-10年之间的债务票据。募集说明书需披露的信息通常包括发行机构主营业务，财务状况，风险，以及发行机构与协调人，承销商，交易商，和受托人等之间签署的协议。 在该计划下， 发行机构可以多次发行不同期限和利率的票据。这提供一种有效灵活的债务市场筹款机制

## N

**Net asset value per share**
**每股资产产值**
Net assets value per share is calculated based on shareholders' funds over the number of shares issued excluding treasury shares (if any)
每股净资产值的计算为股东资金除以发行股份数，不包括库存股(如有)

**Nuri**
**佳通控股**
Nuri Holdings (S) Pte Ltd
佳通控股(新加坡)私人有限公司

## P

**Pan-West**
**泛西**
Pan-West (Private) Limited and its subsidiaries
泛西(私人)有限公司及其子公司

**Price to book ratio** or **P/B ratio**
**市净率**
Price to book ratio compares market value to the book value of net assets. It is determined by dividing share price by net assets value per share
即账面价值比率，指每股市价相对于每股账面净资产值的比例。它由股价除以每股净资产值而得出

**Price to earnings ratio** or **P/E ratio**
**市盈率**
Price to earnings ratio shows the multiple of earnings at which a share sells. It is determined by dividing share price by earnings per share
即股价收益比率，指股票的价格和每股收益的比例。它由股价除以每股盈利而得出

**Proxy**
**代理人**
A person authorised in writing by a shareholder to represent the shareholder and vote on his behalf at a shareholders' meeting
取得股东书面授权以代表股东在股东大会议决的人

## R

**Residual Land Value Method**
**土地余值法**
The residual land value of a property under construction is the estimated gross value of the property when completed less the estimated total development costs and the developer's profit
土地的余值由在建物业假设建完后的总估值中扣除预计的总开发成本和开发商利润而得

## S

**Scrip Dividend Scheme**
**以股代息计划**
Tuan Sing Scrip Dividend Scheme which was adopted on 18 December 2009
指传慎于2009年12月18日以来实施的以股代息方案

**Senior Management**
**高级管理人员**
Collectively the Executive Directors, the CEO, CFO and other key management personnel
指包括执行董事，首席执行长，首席财务长和其他主要管理人员的团队

**SGXNet**
**新交所资讯网**
The internet-based submission system of SGX-ST that allows users to submit corporate announcements securely to the market
新交所设立的安保互联网平台，可让用户向市场发布公司公告

**Share**
**公司股**
Ordinary shares in the capital of the Company
公司的普通股

# GLOSSARY
# 术语汇编

**Shareholders' funds 股东资金** The aggregate amount of issued share capital, foreign currency translation reserve, revaluation reserve, other capital reserves and revenue reserve attributable to equity holders of a company
指可归因于公司股本持有人(扣除少数股东权益)的总金额，包括股本金，外币换算储备，重估储备、 其他资本储备和未分配利润

**Singapore Exchange** or **SGX-ST 新加坡交易所或 新交所** Singapore Exchange Securities Trading Limited
新加坡证券交易所有限公司或新交所

**Singapore financial reporting standards** or **FRS 新加坡财务报告准则** Financial reporting standards and interpretations adopted by the Accounting Standards Council, Singapore
新加坡会计准则理事会采纳的财务报告准则和释文

**Singapore financial reporting standards or SFRS (I) 新加坡财务报告准则(国际)** A new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018
财务报表所应遵守的新的新加坡财务报告准则，适用于财务年始于2018年1月1日或之后的公司。 其准则与国际财务报告准则相同

**SP Corp 佳和** SP Corporation Limited and its subsidiaries
佳和有限公司及其子公司

**Stabilised Earnings Method of valuation 稳定收益估值法** A valuation method based upon the total discounted cash flow to be generated by the property before it reaches its potential trading performance, which could reasonably be achieved by an efficient operator and upon which a potential purchaser would calculate an offer.
一种基于由高效运营商经营物业使其合理达标(并使潜在买家合理出价)所需的年数中所产生折现金流的估价法

**Staff turnover rate 员工流失率** Staff turnover rate is the percentage of employees that left the Company during the year and is defined as the total number of voluntary & involuntary termination during the year divided by the average number of employees during the year
员工流失率是该年度离开公司的员工比例。算法为本年度员工离职的总数除以整年平均员工人数

## T

**Temporary Occupation Permit** or **TOP 临时入伙许可证** A certificate issued by the Authority before a newly erected or reconstructed building could be occupied
建设局对新建或重建的建筑物发出的许可证，以便居民入伙

**Tuan Sing** or **Company 传慎 或 公司** Tuan Sing Holdings Limited (Registration No 196900130M)
传慎控股(公司注册号：196900130M)

**Tuan Sing Group** or **Group 传慎集团 或 集团** Tuan Sing and its subsidiaries and associates
传慎及其子公司和联营公司的总称

## U

**Urban Redevelopment Authority** or **URA 市区重建局** The national urban planning authority of Singapore; a statutory board under the Ministry of National Development of the Singapore. URA's main responsibility is land-use planning
新加坡城市规划局，为新加坡国家发展部属下的一个法定机构。其主要职责是土地利用规划

# GLOSSARY
# 术语汇编

**Currencies, Units and Others**
**货币，计量单位和其他**

**A$** or **AUD** **澳元** — The lawful currency of the Commonwealth of Australia 澳大利亚联邦的法定货币

**RMB** **人民币** — The lawful currency of the People's Republic of China 中华人民共和国的法定货币

**$** or **S$** or **SGD** and **cents** **新元与分** — The lawful currency of the Republic of Singapore 新加坡共和国的法定货币

**US$** or **USD** **美元** — The lawful currency of the United States of America 美国的法定货币

**$CO_2e$** **二氧化碳当量** — Carbon dioxide equivalent is a standard unit for measuring carbon footprints 二氧化碳当量是一个用于测量碳足迹的标准单位

**kWh** **度或千瓦时** — The kilowatt-hour (kWh) is a composite unit of energy equivalent to one kilowatt of power sustained for one hour. One watt is equal to one joule per second. One kilowatt-hour is equivalent 3.6 megajoules 千瓦时(度)是相当于一千瓦功率持续一小时的组合单位。一瓦相等于每秒一焦耳。一千瓦时(一度)相等于3.6兆焦耳

**kg** **公斤** — Kilogram 公斤

**Lt.** **升** — Litre 升

**M** **百万** — Million 百万

**$M^3$** **立方米** — Cubic metre 立方米

**%** or **per cent** **百分比** — Percentage or per centum 百分比

**Sq. ft.** **平方英尺** — Square feet or Square foot 平方英尺

**Sq. m.** **平方米** — Square metres or Square metre 平方米

**X** **次** — Times 次

Definitions, acronyms, and abbreviations as contained in the Glossary and their translation in Chinese are intended solely to provide a useful and convenient guide to readers. They should therefore not be relied upon as providing a definitive view of the subject matter to which they relate.
术语汇编英文原文以及其相应中文翻译所包含的定义，缩略词和缩写仅供读者参考。它们不代表对所属主题的权威解释。

# GLOSSARY
# 术语汇编

## Financial Ratios Definitions

| Ratio | | Numerator | Denominator |
|---|---|---|---|
| **Profitability**<br>**盈利** | | | |
| Return on assets<br>资产回报率 | = | Profit after tax 税后利润 | Average total assets 年初与年底总资产的平均数字 |
| Return on total equity<br>总股本回报率 | = | Profit 盈利 | Average total equity 年初与年底总股本的平均数字 |
| Return on shareholders' funds<br>股东资金回报率 | = | Profit attributable to shareholders 可归属股东净利 | Average shareholders' funds 年初与年底股东资金的平均数字 |
| **Funding and financial position**<br>**资金和财务状况** | | | |
| Gross gearing<br>毛负债 | = | Total borrowings 总借贷 | Total equity 总股本 |
| Net gearing<br>净负债 | = | Net borrowings 净借贷 | Total equity 总股本 |
| Interest coverage ratio<br>利息覆盖率 | = | Profit before interest and tax 未计利息和税项前的利润 | Interest on borrowings 利息支出 |
| Free cash flow<br>自由现金流 | = | Operating cash flow + investing cash flow<br>经营性活动和投资性活动产生的现金流量总和 | |
| **Share performance indicators**<br>**股份性能指标** | | | |
| Dividend payout ratio<br>股息支付率 | = | Total dividend payout 总派股息 | Profit attributable to shareholders (excluding fair value adjustments)<br>可归属股东净利(不包括公允价值调整) |
| Dividend per share<br>每股股息 | = | Dividend paid 支付股息 | Total number of issued shares at balance sheet date 期末已发行股份总数 |
| Dividend yield<br>股息收益率 | = | Dividend per share 每股股息 | Average share price during the year 年内平均股价 |
| Earnings per share<br>每股收益 | = | Profit attributable to shareholders 可归属股东净利 | Weighted average number of shares 加权平均股份总数 |
| Market capitalisation<br>市值 | = | Share price x number of shares outstanding<br>每股股票的价格×发行总股数 | |
| Net asset value per Share<br>每股净资产值 | = | Equity attributable to owners of the company 可归属股东权益 | Total number of issued shares at balance sheet date 期末已发行股份总数 |
| Price/earnings ratio (P/E)<br>市盈率 | = | Share price 股价 | Earnings per Share 每股收益 |
| Price/book ratio (P/B)<br>市净率 | = | Share price 股价 | Net asset value per Share 每股资产净值 |

# SGX-ST LISTING MANUAL REQUIREMENTS

31 DECEMBER 2017

## 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 2017 and 2016 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[8])** | |
|---|---|---|
| | **31.12.2017 $'000** | **31.12.2016 $'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 their Associates | | |
| 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] for the period from 1 January 2017 to 31 December 2017 | 105 | 105 |
| Variation of terms for the acquisition of the remaining 38.6% shareholding in Gultech (Suzhou) Electronics Co., Ltd by Gultech International Pte Ltd[6]: interest payable to Anhui Prime Cord Fabrics Company Ltd[6] | – | 515 |
| Acquisition of land in Batam through the purchase of shares held by Habitat Properties Pte Ltd[7] in 2 intermediate holding entities, namely, Goodworth Investments Pte Ltd and Splendourland Pte Ltd | – | 39,150 |
| Fees paid to persons associated with Nuri for advisory/consultancy services provided to the Group during the period 1 January 2017 to 31 December 2017 | 283 | 283 |
| Sale of a residential unit at Sennett Residence, 31 Pheng Geck Avenue, Singapore to William Nursalim alias William Liem and his spouse, Mdm Lindawati | 2,270 | – |
| **Aggregated interested person transactions** | **2,838** | **40,233** |

**Notes:**

1. Nuri is a controlling shareholder of the Company (i.e. being a person who holds 15% or more of the issued shares of the Company) holding 46.03% of the Company's issued and paid-up share capital. 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 a 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, who in aggregate have a separate lot of deemed interest in 44.11% of the total issued and paid-up share capital of GulTech through Nuri Pacific Pte Ltd. In addition, Michelle Liem Mei Fung is also deemed to be interested in the 11.41% of the total issued and paid-up share capital of GulTech through Greenwich Pacific Pte. Ltd..
5. Nuri Management Pte. Ltd. is wholly owned by Michelle Liem Mei Fung, William Nursalim alias William Liem and Tan Enk Ee.
6. Gultech International Pte Ltd is a wholly-owned subsidiary of GulTech (Note 4). Anhui Prime Cord Fabrics Company Ltd is a subsidiary of GITI Holdings Ltd. At the point of the transaction, GITI Holdings Ltd and Nuri (Note 1) shared and are currently still sharing common controlling shareholders, namely Michelle Liem Mei Fung, William Nursalim alias William Liem and Tan Enk Ee.
7. At the point of the transaction, Michelle Liem Mei Fung was and still is a controlling shareholder of Habitat Properties Pte Ltd.
8. The Company does not have a general mandate from shareholders pursuant to Rule 920 of the SGX-ST Listing Manual.

# SGX-ST LISTING MANUAL REQUIREMENTS

31 DECEMBER 2017

## 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 2017 annual report, there were no other material contracts entered into by the Company and its subsidiaries involving the interest of the CEO, 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)***

At no time during the year or subsequent to the financial year end, did the Company hold any treasury 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 25 to the financial statements for the financial year ended 31 December 2017. 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 6 MARCH 2018

## SHARE CAPITAL AND VOTING RIGHTS

| | | |
|---|---|---|
| Issued and fully paid up share capital | : | S$172,513,740.37 |
| No. of shares issued | : | 1,186,992,780 |
| Class of shares | : | Ordinary shares |
| Voting rights | : | One vote per share |
| No. of treasury shares and subsidiary holdings held | : | Nil |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | %(1) | No. of Shares | %(1) |
|---|---|---|---|---|
| 1 – 99 | 217 | 1.37 | 10,008 | 0.00 |
| 100 – 1,000 | 1,165 | 7.38 | 707,623 | 0.06 |
| 1,001 – 10,000 | 8,535 | 54.05 | 46,365,530 | 3.91 |
| 10,001 – 1,000,000 | 5,835 | 36.95 | 258,702,212 | 21.79 |
| 1,000,001 & above | 39 | 0.25 | 881,207,407 | 74.24 |
| **Total** | 15,791 | 100.00 | 1,186,992,780 | 100.00 |

## TWENTY LARGEST SHAREHOLDERS

as shown in the Register of Members and Depository Register

| No. | Name of Shareholders | No. of Shares | %(1) |
|---|---|---|---|
| 1 | UOB Nominees (2006) Pte Ltd | 546,396,760 | 46.03 |
| 2 | DBS Nominees Pte Ltd | 105,910,875 | 8.92 |
| 3 | UOB Kay Hian Pte Ltd | 89,187,274 | 7.51 |
| 4 | Citibank Nominees Singapore Pte Ltd | 40,539,252 | 3.42 |
| 5 | OCBC Securities Private Limited | 8,925,261 | 0.75 |
| 6 | Low Cheng Lum | 7,340,051 | 0.62 |
| 7 | United Overseas Bank Nominees Pte Ltd | 6,048,434 | 0.51 |
| 8 | Maybank Kim Eng Securities Pte Ltd | 5,104,837 | 0.43 |
| 9 | Tan Guan Hui | 4,543,643 | 0.38 |
| 10 | Phillip Securities Pte Ltd | 4,482,662 | 0.38 |
| 11 | Lamipak KMP Pte Ltd | 4,382,393 | 0.37 |
| 12 | Raffles Nominees (Pte) Ltd | 4,343,118 | 0.37 |
| 13 | Heng Siew Eng | 4,062,000 | 0.34 |
| 14 | CGS-CIMB Securities (S) Pte Ltd | 3,955,009 | 0.33 |
| 15 | OCBC Nominees Singapore Pte Ltd | 3,806,328 | 0.32 |
| 16 | Tan Thian Hwee | 3,695,375 | 0.31 |
| 17 | Low Junrui (Liu Junrui) | 3,570,062 | 0.30 |
| 18 | Hastuti Widjaja | 3,370,000 | 0.28 |
| 19 | Hong Leong Finance Nominees Pte Ltd | 2,534,049 | 0.21 |
| 20 | DBS Vickers Securities (S) Pte Ltd | 2,524,165 | 0.21 |
| **Total** | | 854,721,548 | 71.99 |

**Note:**

(1) Percentages are calculated based on 1,186,992,780 issued shares (excluding treasury shares) as at 6 March 2018. Percentage figures have been rounded to 2 decimal places.

# SHAREHOLDING STATISTICS
AS AT 6 MARCH 2018

## 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 | 546,383,829 | 46.03 | – | – |
| Michelle Liem Mei Fung[2] | – | – | 546,383,829 | 46.03 |
| William Nursalim alias William Liem[2] | – | – | 546,383,829 | 46.03 |
| Tan Enk Ee[2] | – | – | 546,383,829 | 46.03 |
| Lim Tek Siong[3] | 55,326,150 | 4.66 | 27,104,550 | 2.28 |
| Go Giok Lian[4] | 27,104,550 | 2.28 | 55,326,150 | 4.66 |
| Koh Wee Meng[5] | 69,457,000 | 5.85 | 1,600,000 | 0.13 |

**Notes:**

(1) Percentages are calculated based on 1,186,992,780 issued shares (excluding treasury shares) as at 6 March 2018. Percentage figures have been rounded to 2 decimal places.

(2) Held through Nuri Holdings (S) Pte Ltd.

(3) Mr Lim Tek Siong, spouse of Madam Go Giok Lian, is deemed to be interested in Madam Go Giok Lian's direct interest of 2.28% in the Company.

(4) Madam Go Giok Lian, spouse of Mr Lim Tek Siong, is deemed to be interested in Mr Lim Tek Siong's direct interest of 4.66% in the Company.

(5) Mr Koh Wee Meng is deemed to be interested in his spouse, Madam Lim Wan Looi'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 6 March 2018, approximately 41.02% 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 48th Annual General Meeting of Tuan Sing Holdings Limited (the "**Company**") will be held at NTUC Centre, No. 1 Marina Boulevard, Room 701 Level 7, One Marina Boulevard, Singapore 018989 on Thursday, 19 April 2018 at 2.00 p.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**") 2017 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 for FY 2017. **Ordinary Resolution 2**

3. To approve the payment of S$583,233 as Directors' fees for FY 2017. (FY 2016: S$503,541) **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 Ong Beng Kheong **Ordinary Resolution 4**
   (b) Mr Choo Teow Huat Albert **Ordinary Resolution 5**

5. To re-elect Mr Cheng Hong Kok, who will retire pursuant to Article 106 of the Constitution of the Company and who, being eligible, offers himself for re-election. **Ordinary Resolution 6**

6. To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors of the Company ("**Directors**") to fix their remuneration. **Ordinary Resolution 7**

7. To transact any other ordinary business that may properly be transacted at the Annual General Meeting of the Company.

**SPECIAL BUSINESS:**

To consider and if thought fit, to pass with or without modifications, the following resolutions, which will be proposed as Ordinary Resolutions:

8. **Authority to allot and issue shares up to ten per centum (10%) of the issued shares** **Ordinary Resolution 8**

   That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**"), the Directors be empowered to allot and issue shares in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this Resolution shall not exceed ten per centum (10%) of the issued shares in the capital of the Company at the time of the passing of this Resolution and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

9. **Authority to allot and issue shares pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme** **Ordinary Resolution 9**

   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.

# NOTICE OF ANNUAL GENERAL MEETING

10. **The Proposed Renewal of Share Purchase Mandate** **Ordinary Resolution 10**

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**");

(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 foregoing basis) 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 at that date); and

# NOTICE OF ANNUAL GENERAL MEETING

"**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 of the Company 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

Helena Chua
Company Secretary

21 March 2018
Singapore

**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.

# NOTICE OF ANNUAL GENERAL MEETING

**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 2017 and the Independent Auditor's Report thereon which can be found under "Statutory Reports and Accounts" in the Company's 2017 Annual Report.

***Ordinary Resolution 2*** – is to approve a first and final one-tier tax exempt dividend of 0.6 cent per ordinary share in respect of FY 2017 (the "**Proposed Dividend**"). The Tuan Sing Holdings Limited Scrip Dividend Scheme is applicable if the Proposed Dividend 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 Dividend. Shareholders who elect to receive the Proposed Dividend 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$583,233 for FY 2017, 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" in the Company's 2017 Annual Report.

***Ordinary Resolution 4*** – Mr Ong Beng Kheong will, upon re-election, continue to serve as (i) Chairman of the Board; and (ii) a member of the Nominating Committee. He is considered a Non-Independent and Non-Executive Director.

***Ordinary Resolution 5*** – Mr Choo Teow Huat Albert will, upon re-election, continue to serve as (i) Chairman of the Audit and Risk Committee; (ii) Chairman of the Nominating Committee; and (iii) a member of the Remuneration Committee. He is considered an Independent and Non-Executive Director. There are no relationships (including immediate family relationships) between Mr Choo and the other Directors of the Company, the Company or its 10% shareholders.

***Ordinary Resolution 6*** – Mr Cheng Hong Kok will, upon re-election, continue to serve as (i) Chairman of the Remuneration Committee; and (ii) a member of the Nominating Committee. He is considered an Independent and Non-Executive Director. There are no relationships (including immediate family relationships) between Mr Cheng and the other Directors of the Company, the Company or its 10% shareholders.

In relation to Ordinary Resolutions 4, 5 and 6, please refer to the "Directors' Profile" section in the Company's 2017 Annual Report for more information on the Directors seeking re-election at the Annual General Meeting.

***Ordinary Resolution 7*** – 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 Richard Loi was appointed in April 2015.

***Ordinary Resolution 8*** – 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. 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 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 9*** – 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 10*** – 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.

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 2017, based on certain assumptions, are set out in paragraph 2.7 of the Letter to Shareholders dated 21 March 2018 ("**Letter**"). The Letter can be downloaded from the following website: http://www.tuansing.com/InvestorRelations/2018LettertoShareholders.pdf.

# NOTICE OF ANNUAL GENERAL MEETING

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents 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 the Share Transfer Books and Register of Members of the Company will be closed from Monday, 7 May 2018 to Tuesday, 8 May 2018 (both dates inclusive) for the purpose of determining the shareholders' entitlements to the proposed first and final dividend.

Duly completed and stamped transfers of the ordinary shares of the Company ("**Shares**") received by the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on Friday, 4 May 2018 will be registered before the shareholders' entitlements to the proposed first and final dividend are determined.

Shareholders whose securities accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with Shares as at 5.00 p.m. on 4 May 2018 will be entitled to the proposed first and final dividend.

Shareholders with registered addresses outside Singapore and who have not provided to the Company or CDP, addresses in Singapore for the service of notices and documents by Thursday, 19 April 2018, will not participate in the Tuan Sing Holdings Limited Scrip Dividend Scheme which is applicable to the proposed first and final dividend.

Subject to shareholders' approval at the 48$^{th}$ Annual General Meeting to be held on 19 April 2018, the proposed first and final dividend of 0.6 cent per Share will be paid on 26 June 2018.

**TUAN SING HOLDINGS LIMITED**
(Incorporated in the Republic of Singapore)
(Registration No.: 196900130M)

# PROXY FORM
**ANNUAL GENERAL MEETING**

**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 21 March 2018.

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 48th 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 Thursday, 19 April 2018 at 2.00 p.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 | | |
| Ordinary Resolution 3 | Approval of Directors' fees | | |
| Ordinary Resolution 4 | Re-election of Mr Ong Beng Kheong as Director | | |
| Ordinary Resolution 5 | Re-election of Mr Choo Teow Huat Albert as Director | | |
| Ordinary Resolution 6 | Re-election of Mr Cheng Hong Kok as Director | | |
| Ordinary Resolution 7 | Re-appointment of Deloitte & Touche LLP as Auditors and authorisation for Directors to fix their remuneration | | |
| **Special Business** | | | |
| Ordinary Resolution 8 | Authority to allot and issue shares (General Share Issue Mandate) | | |
| Ordinary Resolution 9 | Authority to allot and issue shares pursuant to the Tuan Sing Holdings Limited Scrip Dividend Scheme | | |
| Ordinary Resolution 10 | 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 ______________ 2018.

| **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.

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Please
Affix
Postage
Stamp

**The Company Secretary**
**TUAN SING HOLDINGS LIMITED**
**9 Oxley Rise**
**#03-02 The Oxley**
**Singapore 238697**

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JOT IT DOWN

## JOT IT DOWN

## JOT IT DOWN

## JOT IT DOWN

## PUBLISHING DETAILS


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Tuan Sing Holdings Limited

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Tuan Sing In-house Team

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Investor Relations
Tel: +65 6223 7211
Email: ir@tuansing.com


For announcements, webcasts, presentation slides and other information, please visit our website at www.tuansing.com

## PAPERS USED

In line with Tuan Sing's continuing efforts to promote environmental sustainability, the papers used in this Annual Report are all certified by The Forest Stewardship Council™ ("FSC™") and made from chlorine-free recycled and virgin pulps.

Cover – Antartic Snow Cambric, 280 gsm
Review pages – Cocoon Silk, 130 gsm
Financial pages – Green Forest, 100 gsm

Soft copies of this Annual Report may be downloaded from www.tuansing.com in the portable document format (PDF) so as to reduce your paper consumption.

## THE FOREST STEWARDSHIP COUNCIL

The Forest Stewardship Council (FSC) is an international, non-governmental organisation dedicated to promoting responsible management of the world's forests. FSC certification ensures that products come from well managed forests which allow consumers and businesses to make purchasing decisions that promote environmental, social and economic benefits. For more information, please visit www.fsc.org.

## 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.

## GLOSSARY 术语汇编

Definitions, acronyms, and abbreviations as contained in the Glossary and their translation in Chinese are intended solely to provide a useful and convenient guide to readers. They should therefore not be relied upon as providing a definitive view of the subject matter to which they relate.

术语汇编英文原文以及其相应中文翻译所包含的定义，缩略词和缩写仅供读者参考。它们不代表对所属主题的权威解释。

## 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. For other terms used in this report, please refer to "Glossary 术语汇编".

## 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)

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