BONVESTS HOLDINGS LIMITED

ANNUAL REPORT 2017

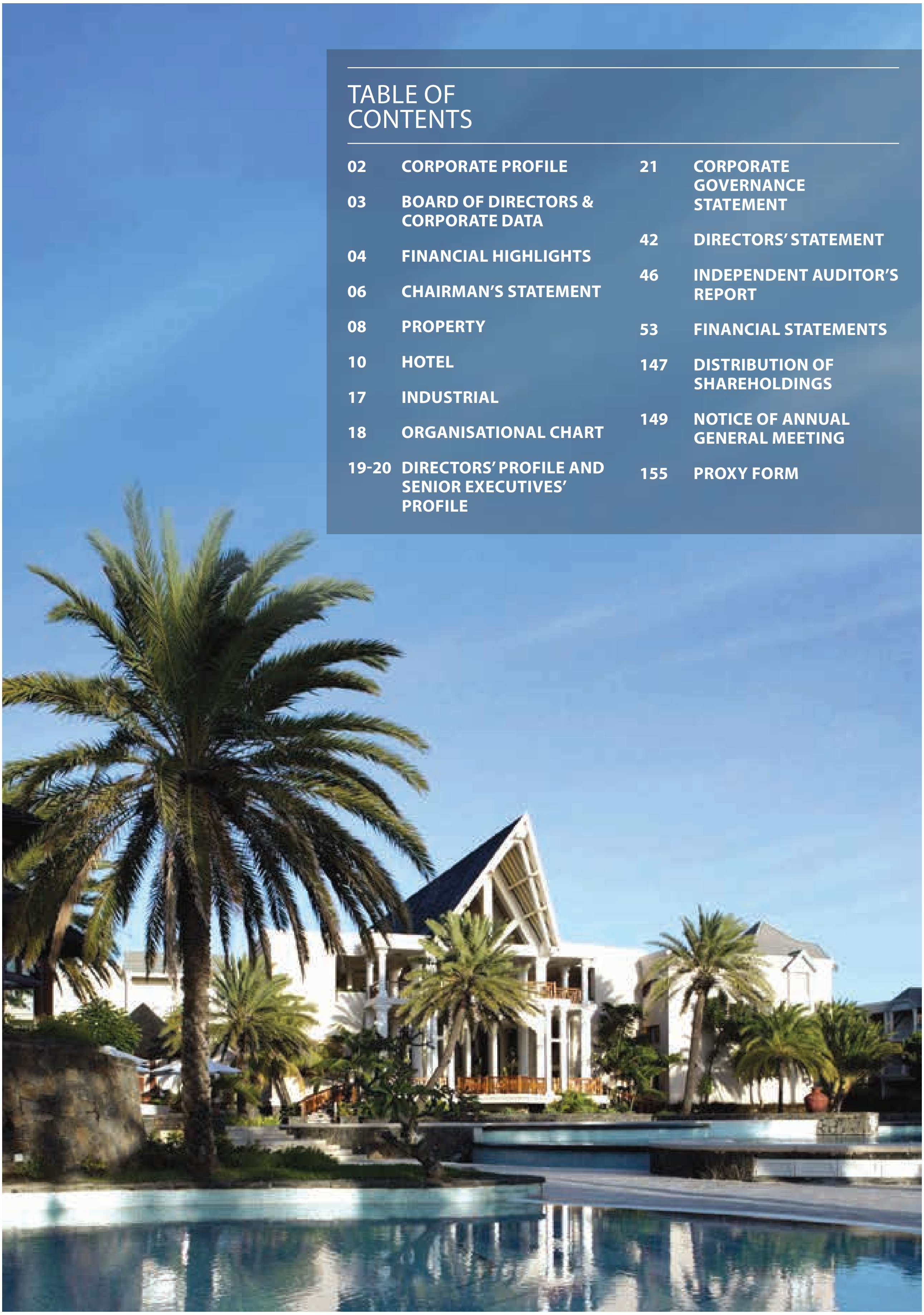


TABLE OF CONTENTS

CORPORATE PROFILE

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

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

BONVESTS HOLDINGS LIMITED

THE GROUP'S 3 CORE BUSINESSES ARE:

PROPERTY
DEVELOPMENT
& INVESTMENT

HOTEL
OWNERSHIP
& MANAGEMENT

WASTE
MANAGEMENT
& CONTRACT CLEANING

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

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

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

BOARD OF DIRECTORS & CORPORATE DATA

BOARD OF DIRECTORS

MR HENRY NGO
Chairman and Managing Director

MR GARY XIE GUOJUN
Executive Director

MR ANDY XIE GUOYUAN
Executive Director

MR CHEW HENG CHING
Independent Director

MR TOM YEE LAT SHING
Independent Director

MR YEO WEE KIONG
Independent Director

AUDIT COMMITTEE

MR TOM YEE LAT SHING Chairman
MR CHEW HENG CHING
MR YEO WEE KIONG

NOMINATING COMMITTEE

MR YEO WEE KIONG Chairman
MR HENRY NGO
MR TOM YEE LAT SHING
MR CHEW HENG CHING

REMUNERATION COMMITTEE

MR CHEW HENG CHING Chairman
MR YEO WEE KIONG
MR TOM YEE LAT SHING

REGISTERED OFFICE

541 Orchard Road
#16-00 Liat Towers
Singapore 238881
Telephone: (65) 6732 5533
Facsimile: (65) 6738 3092
Website: www.bonvests.com.sg
Email: InvestorRelations@
Bonvests.com.sg
Company Registration
No. 196900282M

REGISTRAR

KCK CORPSERVE PTE LTD
333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

COMPANY SECRETARY

MS FOO SOON SOO

AUDITORS

PRICEWATERHOUSECOOPERS LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Partner-in-charge: Chua Lay See
Year of appointment: 2017

PRINCIPAL BANKERS

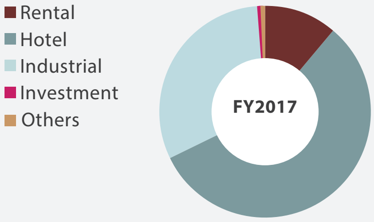
DBS BANK LIMITED, SINGAPORE

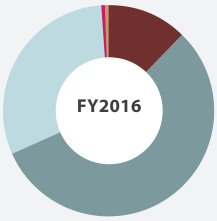
OVERSEA-CHINESE BANKING CORPORATION LIMITED, SINGAPORE

UNITED OVERSEAS BANK LIMITED, SINGAPORE

FINANCIAL HIGHLIGHTS

SEGMENT REVENUE

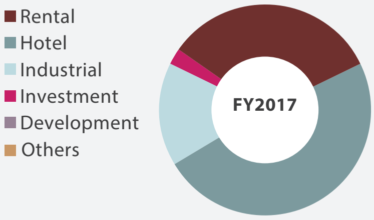


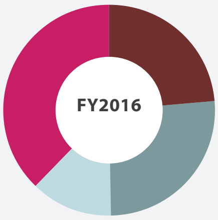


GROUP REVENUE BY BUSINESS SEGMENTS

	2017 S$'000	2017 %	2016 S$'000	2016 %
Rental	24,428	11.2%	27,206	12.3%
Hotel	123,888	56.6%	123,593	56.0%
Industrial	68,936	31.5%	68,809	31.2%
Investment	113	0.1%	73	0.1%
Others	1,447	0.6%	945	0.4%
	218,812	100.0%	220,626	100.0%

SEGMENT RESULTS





GROUP RESULTS BY BUSINESS SEGMENTS

	2017 S$'000	2017 %	2016 S$'000	2016 %
Rental	17,444	33.1%	19,448	24.3%
Hotel	25,581	48.6%	21,595	27.0%
Industrial	8,439	16.0%	10,326	12.9%
Investment	1,215	2.3%	30,852	38.7%
Development	(8)	0.0%	(8)	0.0%
Others	10	0.0%	(2,342)	-2.9%
	52,681	100.0%	79,871	100.0%

Segment results is defined as earnings before interest, tax, depreciation and amortisation, and excluding fair value gain/loss on investment properties and gain on disposal of investment properties and impairment recognised. (Refer to page 126 to 127 for details.)

FINANCIAL HIGHLIGHTS

	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Income Statement					
Revenue	**218,812**	220,626	212,251	196,711	183,965
Profit before Taxation and Non-Controlling Interests	**19,114**	64,647	59,250	43,965	63,315
Profit after Taxation and Non-Controlling Interests	**13,217**	54,907	48,843	34,249	56,228
Profit after Taxation and Non-Controlling Interests and excluding Fair Value Gain/(Loss) on Investment Properties, Deferred Tax, Impairment of PPE and Goodwill and Acquisition costs incurred	**19,709**	61,474	21,829	21,641	21,479
Balance Sheet					
Property, Plant and Equipment and Investment Properties	**1,077,221**	1,019,053	1,031,114	895,532	870,845
Net Current Liabilities	**(52,613)**	(20,206)	(164,813)	(23,241)	(23,337)
Shareholders' Funds	**881,883**	901,721	873,946	813,496	794,619
Non-Controlling Interests	**8,237**	7,572	6,683	5,654	5,419
Short-term Borrowings	**81,634**	99,978	179,503	24,731	37,956
Long-term Borrowings	**133,616**	120,414	62,928	97,896	82,619
Per Share Information					
Gross Dividend Per Share (cents)	**1.60**	2.60	1.60	1.60	1.50
Earnings Per Share (cents)	**3.288**	13.654	12.144	8.516	13.981
Net Asset Value Per Share ($)	**2.19**	2.24	2.17	2.02	1.98
Dividend Cover (times)	**2.06**	5.25	7.59	5.32	9.32
Key Ratios					
Gearing Ratio	**0.19**	0.20	0.22	0.13	0.13
Debt to Equity Ratio	**0.24**	0.24	0.28	0.15	0.15
Return on Shareholders' Funds (%)	**1.5**	6.2	5.8	4.3	7.4

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

I am pleased to report the FY2017 results of the Group.

FINANCIAL AND OPERATING PERFORMANCE

During the year under review, the Group posted profit after taxation and non-controlling interests of $13.217 million in FY2017, which represents an decrease of 75.9% as compared to $54.907 million in FY2016. The decrease was mainly attributed to absence of gain of $30.087 million from the disposal of available-for-sale financial assets and the gain of $19.373 million from the disposal of investment properties in FY2016.

The Group's revenue decreased by 0.8% to $218.812 million in FY2017 from $220.626 million in FY2016 mainly due to absence of rental income from investment properties that were divested in FY2016 for the Property – Rental Division.

PROPERTY – RENTAL DIVISION

Revenue decreased by 10.2% to $24.428 million in FY2017 from $27.206 million in FY2016. The decrease was due mainly absence of revenue from investment properties divested in FY2016. Accordingly, earnings before interest, tax, depreciation and amortization excluding fair value gain/loss on investment properties, gain on disposal of investment properties and impairment recognised (hereinafter referred to as "segment profit") decreased by 10.3% to $17.444 million from $19.448 million in FY2016.

HOTEL DIVISION

Revenue increased by 0.2% to $123.888 million in FY2017 from $123.593 million in FY2016. The increase in revenue is due mainly to higher revenue from the hotels in Mauritius, Tunis and Zanzibar, partially offset by lower revenue from the hotels in Australia, Maldives and Singapore. Segment profit increased by 18.5% to $25.581 million for FY2017 from S$21.595 million in FY2016 due mainly to better operating margins for the hotels in Tunis and Singapore.

INDUSTRIAL DIVISION

Revenue for the Industrial Division increased 0.2% to $68.936 million in FY2017 from $68.809 million in FY2016 due mainly to new contracts secured. Segment profit decreased by 18.3% to $8.439 million in FY2017 from $10.326 million in FY2016 due mainly to lower government grants as well as higher wage related costs.

INVESTMENT DIVISION

Revenue for the Investment Division increased 54.8% to $0.113 million in FY2017 from $0.073 million in FY2016 due mainly to higher dividend income received. Segment profit decreased 96.1% to $1.215 million in FY2017 from $30.852 million in FY2016 due mainly to absence of gain from disposal of available-for-sale financial assets of $30.087 million, partially offset by fair value gain from the financial assets at fair value through profit or loss in FY2017.

PROPERTY – DEVELOPMENT DIVISION

There was no revenue in FY2017. Since the completion of the villas development project in 2008, there has been no new property development project. Segment loss of $0.008 million was due to general and administrative expenses incurred.

EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

Earnings per share was 3.288 cents in FY2017 as compared with 13.654 cents in FY2016. Net asset value per share decreased to $2.19 as at 31 December 2017 from $2.24 as at 31 December 2016.

BUSINESS OUTLOOK

The Property – Rental Division is expected to remain stable as the rental market in Singapore will remain stable with steady occupancy rate.

The market conditions in the countries in which the Hotel Division operates are expected to remain challenging amid geo-political developments in many places around the world. The hotel in Bintan has commenced operations on 8 February 2018. Construction for the Group's second hotel in Maldives and the hotel in Douz, Tunisia are ongoing and barring any unforeseen circumstances, the Group's second hotel in Maldives is scheduled for operational completion in 3Q2018 and the hotel in Douz, Tunisia is scheduled for operational completion in 1Q2019.

The Industrial Division will continue to optimise its operating resources and be prudent in its cost management to remain competitive.

The Investment Division's performance will continue to be affected by volatility of the various stock markets.

DIVIDEND

For the financial year ended 31 December 2017, the Board recommends a final dividend of 1.60 cents 1-tier tax exempt per ordinary share. This proposed final dividend, if approved at the forthcoming Annual General Meeting to be held in 25 April 2018, will be paid in 23 May 2018.

APPRECIATION

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

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

HENRY NGO
Chairman and
Managing Director
19 March 2018

PROPERTY

BUILDING FOUNDATIONS OF SUCCESS

Photo courtesy of Masao Nishikawa

BONVESTS HOLDINGS LIMITED

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

SINGAPORE

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

Photo courtesy of Audemars Piguet

TUNISIA

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

AUSTRALIA

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

HOTEL
THE RESIDENCE TUNIS

THE JEWEL OF THE MEDITERRANEAN

THE RESIDENCE TUNIS by Cenizaro

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

FOR LEISURE OR BUSINESS

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

155 spacious rooms, 9 stunning suites, all with private balconies or gardens • 4 seasonal restaurants and 1 bar • An award winning Spa & Thalasso, featuring ESPA • A magnificent golf course.

AWARDS:

1) 2018 Premium Quality Certificate for Thalasso Spa and Spa Deluxe (Fit Reisen)
2) 2017 Guest Review Awards (Booking.com)
3) 2016 Best Golf Club in Tunisia (Golfer's Choice – Leading Courses)
4) Consistently ranked top 10 in Tunisia (TripAdvisor's Traveller's Choice for Luxury and Service)

HOTEL
THE RESIDENCE MAURITIUS

THE ROMANCE OF THE TROPICS

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

FOR LEISURE OR BUSINESS

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

135 spacious guest rooms, 28 suites, each with a private balcony opening onto private tropical gardens or overlooking the peaceful lagoon • 3 restaurants and 1 bar • A sublime Sanctuary Spa.

AWARDS:

1) 2017/2016/2015 Guest Review Award (Booking.com)
2) 2016 Best Overseas Hotel (Voyage Magazine, China)
3) 2016 Top 3 in Mauritius (Conde Nast Traveller, China, Readers Choice Awards)
4) 2016/2015 Guest Recommended Award (Holiday Check and Hotels.com)
5) 2013 Top 10 for Best Overseas Hotel Spa (Conde Nast Traveller, UK Readers Travel Awards)
6) Consistently ranked top 10 in Mauritius (TripAdvisor's Traveller's Choice for Luxury, Romance, Service)

HOTEL
THE RESIDENCE ZANZIBAR

ISLAND OF SPICES AND SUNSETS

THE RESIDENCE ZANZIBAR by Cenizaro

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

FOR LEISURE OR BUSINESS

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

66 exquisite villas, each with its own swimming pool, 58 one-bedroom villas, 7 two-bedroom villas, 1 Presidential villa • Two restaurants and one bar.

AWARDS

1) 2016 Zanzibar's Leading Resort (World Travel Awards)
2) 2016/2015 Excellence Award (Booking.com)
3) 2013 Best swimming pool in the world (Conde Nast Traveler, US)
4) 2012 Best International Resort (Conde Nast Traveler, Spain)
5) Consistently ranked top 10 in Tanzania (TripAdvisor's Traveller's Choice for Luxury, Service and Romance)

HOTEL
THE RESIDENCE MALDIVES

A PARADISE ON EARTH

THE RESIDENCE MALDIVES by Cenizaro

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

FOR LEISURE OR BUSINESS

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

94 exquisite beach and water villas, 88 one-bedroom villas inclusive of 4 deluxe villas, 6 two-bedroom villas, 44 villas have private pools • 3 restaurants and 3 bars • The Spa by Clarins • PADI 5* Dive Centre

AWARDS:

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

HOTEL
THE RESIDENCE BINTAN

A TROPICAL IDYLL IN NATURE

THE RESIDENCE BINTAN

by Cenizaro

A hidden oasis with huge, uninterrupted views – elegance and nature spectacularly combine at The Residence Bintan. Away from the hustle and bustle, and surrounded by lush greenery, think oversized doors, clean contemporary lines mixed with traditional Javanese aesthetics, and a real feeling of both authenticity and a sense of place. With villas designed to offer the utmost privacy, it is a place to breathe, an escape from the every day and a place to both unwind and indulge. For foodies, traditional Indonesian dishes and Pan-Asian cuisine at signature restaurant Rica Rica offer an exciting flavour of the destination. Guests can taste their way through a menu of fresh local produce, largely sourced from the resort's own kitchen gardens.

FOR LEISURE OR BUSINESS

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

22 exquisite one-bedroom beachfront villas, 80 one-bedroom vista and garden terrace rooms, 15 one-bedroom villas at The Estate, 4 opulent two-bedroom villas with direct access to the beach. Three restaurant and bars. The Spa with treatments by Ila.

HOTEL
SHERATON TOWERS SINGAPORE

URBAN RESIDENTIAL CHARM

Sheraton
TOWERS SINGAPORE

Centrally located in the city, Sheraton Towers Singapore is only a 10-minute walk from the famed Orchard Road that is flanked with iconic shopping malls and endless dining and entertainment options. The hotel's convenient location next to Newton Interchange train station makes it easily accessible to Singapore's core financial and commercial hub as well as major places of interest. Fully equipped with modern amenities and conveniences, the hotel offers characteristically distinct accommodations – the contemporary style of Deluxe, Executive Business and Sheraton Executive Club Rooms, the idyllic Pool and Cabana Rooms as well as a special collection of premium Suites – individually themed after heritage cities of the world. Housed within the hotel are award-winning Li Bai Cantonese Restaurant, the newly refurbished Dining Room with plush Italian furnishings and the Lobby Bar that offers a contemporary setting for a refreshing cocktail or leisurely afternoon tea. For discerning business traveller who values eminent service and privacy, the Towers Executive Lounge on level three opens a world of class and comfort.

FOR BUSINESS OR LEISURE

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

420 tastefully appointed guestrooms and suites • 2 restaurants and 1 bar • 13,400 square feet of function space • 24-hour fitness centre • outdoor swimming pool

AWARDS:

1) 2017/2016/2013/2011 Singapore's Best Luxury City Hotel (World Luxury Hotel Awards)
2) 2014 World's Luxury City Hotel (World Luxury Hotel Awards)
3) 2012 Asian Cuisine Chef of the Year (World Gourmet Summit Awards of Excellence)
4) Consistently ranked as one of Singapore's top restaurants (Singapore Tatler & Wine & Dine for Li Bai/The Dining Room/DOMVS)

HOTEL
FOUR POINTS BY SHERATON PERTH

THE DYNAMIC PULSE OF PERTH

Four Points by Sheraton Perth, a premier address in a lively metropolis; this stylish hotel boasts modern residential comforts for the discerning corporate and leisure traveller alike. Just 30 minutes from the airport, it offers a central CBD location.

Featuring well-furnished rooms and suites inspired by elements of the Western Australian landscape with colours and textures reflecting the relaxed ease and respite of the majestic Silver Gum trees scattered throughout Perth. State-of-the-art facilities, diverse dining options to professional event management and anticipatory service. Whether in Perth for work or just for fun, Four Points is the perfect home away from home.

Sink into the plush comfort of the Four Points signature Four Comfort™ bed, designed by Sealy for a terrific night's sleep. Wake up to a hearty breakfast and freshly brewed coffee in the cheerful surrounds of The Eatery restaurant.

After a full day of meetings, shopping or sightseeing kick back on sun deck at The Best Brew Bar & Kitchen with great local beer with Best Brews™ program and tasty meal showcasing the freshest local Western Australian produce.

FOR BUSINESS OR LEISURE

- Space to meet - ensure productive meetings in one of 4 functions spaces with 7 flexible layout options to meet a range of size requirements. The 422sqm of event space includes a Ballroom to easily accommodate up to 50 boardroom, 130 banquet and 250 cocktail style
- Great location - Conveniently located at the west end of the Perth central business district, directly opposite Perth Arena. The Hotel is close to public transport with immediate freeway access in and out of the city
- Step out for great local shopping, sports, nightlife and more. Just minutes from local attractions and financial centre and the Perth Convention and Exhibition Centre
- Burn some energy in the fitness centre or on one of the many walking trails beside the Swan River and Kings Park

271 comfortable guest rooms, 7 spacious suites • 4 meeting rooms • business centre • 24 hour reception • fitness centre • 1 breakfast restaurant • 1 all-day dining restaurant/bar and free Wi-Fi in guest rooms and public areas

AWARDS:

1) 2017 Bronze Medallist Deluxe Accommodation (Perth Airport WA Tourism Awards)
2) 2013/2014 Winner & 2015/2016 Finalist in Australian Hotel Association, Western Australia Accommodation Industry Awards for Superior Accommodation
3) 2014 Winner of Australia Hotel Association, Western Australia, Hotel and Hospitality Awards for Excellence in Environmental Practice

INDUSTRIAL

TOTAL WASTE MANAGEMENT & CONTRACT CLEANING SOLUTIONS

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

One of Singapore's leading waste management companies, Colex, a 46-year veteran has pioneered many innovative value-added services which include the fully mechanised waste disposal vehicles and portable waste compactors used in the industrial and commercial segments today.

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

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

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

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

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

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

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

ORGANISATIONAL CHART

PROPERTY

RENTAL

- Goldvein Pte Ltd
- Update Investments Pte Ltd
- Goldvista (Perth) Pty Ltd ATF Goldvista (Perth) Trust
- Singapore Tunisian Investment Company

DEVELOPMENT

- Cavendish Realty Pte Ltd
- Magnificent Developments Pte Ltd
- Singapore Tunisian Investment Company Immobiliere (held through Singapore Tunisian Investment Company)

HOTEL

- Belle Mare Beach Development Company Limited
- Richvein Pte Ltd
- Singapore Tunisian Investment Company
- Hotel & Property Development (Kendwa) Limited
- Bonaventure (Maldives) Pvt Ltd
- PT. Bintan Vista
- Bonavista (Maldives) Pvt Ltd
- Bonaventure (Perth) Pty Ltd ATF Bonaventure (Perth) Trust

INDUSTRIAL

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

DIRECTORS' PROFILE

HENRY NGO

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

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

GARY XIE GUOJUN

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

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

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

ANDY XIE GUOYUAN

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

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

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

CHEW HENG CHING

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

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

TOM YEE LAT SHING

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

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

Mr Yee is a fellow member of the Singapore Institute of Directors. He also sits on the boards of several listed companies including Cosco Shipping International (Singapore) Co. Ltd., Pacific Century Regional Developments Limited and Powermatic Data Systems Ltd.

YEO WEE KIONG

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

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

SENIOR EXECUTIVES' PROFILE

DESMOND CHAN KWAN LING

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

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

DING CHEK LEH

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

STEVEN LONG

Mr Long has been with The Sheraton Towers Singapore for over 20 years. He joined the hotel as a management trainee in 1988 and progressively assumed various positions of the hotel operations including front office, food and beverage, sales and marketing as well as finance. Mr Long was the Director of Finance and Operations before he was promoted to General Manager of the hotel in 2001. Mr Long holds a Master of Business Administration degree from Eastern Michigan University and a Bachelor of Commerce degree with high honours from Carleton University.

MEENAKSHI SUNDARAM

Mr Sundaram has joined The Residence Group in 2011 first as Executive Assistant Manager and subsequently promoted as Resident Manager. He was promoted to the position of General Manager of The Residence Maldives in July 2013. Prior to joining The Residence Maldives, he was working with an International Chain in Maldives & U.K. His hospitality career spans over 25 years with 18 years in Maldives. He holds a Bachelor's Degree in Science, Bachelor's Degree in Library & Information Science, Master's Degree in Tourism, Master's Degree in Hotel Management and an MBA in Tourism & Hotel Management.

JEAN-FRANCOIS CHONG

Mr Chong joined The Residence Mauritius in 2007 as Financial Controller. He was promoted as General Manager in 2014. He is a fellow of the Association of Chartered Certified Accountants. He started his career with De Chazal Du Mee which represented Arthur Andersen, in the business advisory and assurance department where he gained extensive experience in various industries of the economy. Afterwards he moved to the hospitality industry for the last 19 years. He was previously working as Financial Controller at The Hilton Mauritius Spa and Resorts.

BRUCE BOWAN

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

MEHDI BELKHODJA

Mr Belkhodja has been with The Residence Tunis for 14 years. He began his hospitality journey as a Management trainee with The Residence Tunis in September 2003. He progressively assumed various roles over 14 years and became the Director of Finance. He was promoted to General Manager of the hotel in July 2017. A finance specialist with a bachelor's degree specializing in Business and Management from one of France leading business schools in Paris. He is also an active member of Rotary International.

BAGUS PARAMARTA

Mr Paramarta joined The Residence Bintan in 2016 as General Manager. He has been working in the hospitality industry for 17 years with experiences in both hotel operations and administration position. Prior to joining The Residence Bintan, he was working as Financial Controller at Alila Jabal al Akhdar, Oman. He started his career in Finance where he progressively rose through the ranks to Financial Controller position and has the opportunity to experience this position in overseas such as Japan, Maldives, China and Oman. He holds 2 bachelor degrees of Accountant and Tourism Management from University of Udayana Bali.

CORPORATE GOVERNANCE STATEMENT

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

The Company has complied in all material aspects with the principles and guidelines of the Code of Corporate Governance 2012 ("Code") as well as compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual's requirements.

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

BOARD MATTERS

PRINCIPLE 1

Every Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guideline 1.1
Board's Role

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

The Board recognises that to ensure business is sustainable, it has to identify the key shareholders' groups and to recognise that their perceptions affect the Company's reputation. The Board sets the Company's values and standards to ensure that obligations to shareholders and other stakeholders are understood and met. The Group also strives to strike a balance between its business needs and the needs of the society and the environment in which the Group operates. In accordance with the listing rules of SGX-ST, the Group will issue its sustainability report by the end of 2018, and upload the full Sustainability Report in its website, http://www.bonvests.com.sg/investors/announcements/

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

Guideline 1.2
Directors' Duties and Responsibilities

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

CORPORATE GOVERNANCE STATEMENT

Guideline 1.3

Delegation of Authority to Board Committees

Board Committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), and Remuneration Committee ("**RC**") have been constituted to assist the Board in the discharge of specific responsibilities without the Board abdicating its responsibility. Please refer to Principles 4 to 5, 7 to 9, 11 and 12 herein for further information on the activities of the NC, RC and AC respectively

Guideline 1.4

Meetings of Board and Board Committees

The Board meets regularly and as warranted by particular circumstances or as deemed appropriate by the Board members. The Company Secretary is present at such meetings to record the proceedings.

The Company's Constitution allows the Board meetings to be conducted by way of telephonic or video conference meetings.

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

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Name	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Henry Ngo	4	4	N.A.	N.A.	1	1	N.A.	N.A.
Tom Yee Lat Shing	4	3	4	3	1	0	1	0
Yeo Wee Kiong	4	4	4	4	1	1	1	1
Chew Heng Ching	4	4	4	4	1	1	1	1
Gary Xie Guojun	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Andy Xie Guoyuan	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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

Guideline 1.5

Internal Guidelines on Matters Requiring Board Approval

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

Matters specifically reserved to the Board for its approval are:

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

Guidelines 1.6 and 1.7

Orientation, briefings, updates and trainings for Directors

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

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

Currently, all Directors keep themselves updated on relevant new laws and regulations through Singapore Institute of Directors and other advisors.

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

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making. The Board is assisted by the Audit Committee, the Nominating Committee and the Remuneration Committee in carrying out and discharging its duties and responsibilities efficiently and effectively. All Committees are each chaired by an Independent Director, with majority of members being non-executive and independent.

Guidelines 2.1 and 2.2

Independent Element of the Board

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

Guidelines 2.3 and 2.4

Independence of Directors

Mr Chew Heng Ching, Mr Tom Yee Lat Shing and Mr Yeo Wee Kiong have served for more than nine years. Mr Tom Yee Lat Shing and Mr Yeo Wee Kiong will retire by rotation at the forthcoming annual general meeting and be eligible for re-election. All three Independent Directors have confirmed their independence and that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgement. The Board (without the participation of the Independent Directors) has undertaken a rigorous review of their independence. The Board noted that Mr Chew, Mr Yee and Mr Yeo are well qualified retired professionals with many years of experience and who continue to be actively interested and updated in their professional disciplines and keen to contribute their experience to the community. As retired professionals, they have no business and professional conflict of interest. The Board is of the view that they have engaged the Board in constructive discussion; their contributions are relevant and reasoned, and they have exhibited integrity and exercised independent judgement. The Board further recognises that they have over time developed significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. The Board considers them independent even though they each have served on the Board for more than nine years from the respective dates of their first appointment.

CORPORATE GOVERNANCE STATEMENT

Guidelines 2.5 and 2.6
Composition and Competency of the Board
The composition of the Board is reviewed on an annual basis by the NC, taking into account the scope and nature of the operations of the Group and the requirements of the business, to ensure that the Board is of the appropriate size and has the mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. Collectively as a team, the current Board provides core competencies such as accounting, finance, law, business and management experience as well as industry knowledge.

Key information regarding the Directors and their appointments on various Board Committees are shown on page 40 to page 41 of this Annual Report.

Guideline 2.7
Role of Non-Executive Directors
During the year, the Non-Executive Directors constructively challenge and help develop both the Group's short-term and long-term business strategies. Management's progress and performance in implementing such agreed business strategies are monitored by the Non-Executive Directors.

Guideline 2.8
Regular Meetings of Non-Executive Directors
During the year, the Non-Executive Directors communicate among themselves without the presence of Management as and when the need arises. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committee meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
PRINCIPLE 3
There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

Guideline 3.1
Separate role of Chairman and Managing Director
Currently, Mr Henry Ngo is both the Managing Director (CEO equivalent) and Chairman of the Board. The roles of Chairman and CEO are clearly established where Chairman manages the business of the Board, whereas, CEO and his team implements the strategy into executive action. In assuming his roles and responsibilities, Mr Henry Ngo consults with the Board, AC, NC and RC on major issues. There is also a strong element on the Board with half the Board made up of Independent Directors and the appointment of a Lead Independent Director. As such, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

Guideline 3.2
Roles and Responsibilities of Chairman
As Chairman, Mr Ngo's responsibilities include:

- leading the Board in its role;
- scheduling of meetings (with assistance from the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- preparing meeting agenda;
- reviewing most board papers before they are presented to the Board;
- ensuring effective communication with shareholders; and
- promoting corporate governance.

Guidelines 3.3 and 3.4
Lead Independent Director
Mr Tom Yee Lat Shing is appointed the Lead Independent Director with effect from 1 June 2016. As Lead Independent Director, he is the principal liaison on Board issues between the Independent Directors and the Chairman. He is available to shareholders where they have concerns in which contact through the normal channels of the Executive Chairman and Executive Directors has failed to resolve or is inappropriate.

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

BOARD MEMBERSHIP
PRINCIPLE 4
There should be a formal and transparent process for the appointment and re-election of Directors to the Board.

Guideline 4.1
Nominating Committee
The NC comprises the following members, three of whom are independent and non-executive, including the Chairman:–

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

The NC is guided by its written terms of reference which prescribes the principal role of the NC including makes recommendations to the Board on all Board appointments. The NC is charged with the responsibility of re-nomination having regard to each Director's contribution and performance, including, if applicable, as an Independent Director. The NC is also charged with determining annually whether or not a Director is independent.

Guideline 4.2
NC Responsibilities
The NC functions under written terms of reference which sets out its responsibilities as follows:

(a) review of board succession plans for Directors in particular, the Chairman and for the Managing Director;
(b) the development of a process for evaluation of the performance of the Board, its committees and directors;
(c) the review of training and professional development programs for the Board; and
(d) the appointment and re-election of Directors (including Alternate Directors, if applicable)

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

– *Re-election of Directors*
The Company's Constitution provides that one-third of the Directors for the time being (if any) or if their number is not a multiple of 3, then the number nearest to one-third shall retire from office at each general meeting of the Company. Pursuant to the Company's Constitution, Mr Tom Yee Lat Shing and Mr Yeo Wee Kiong will retire by rotation pursuant to Article 92 of the Constitution and are eligible for re-election at the forthcoming annual general meeting.

CORPORATE GOVERNANCE STATEMENT

The NC has recommended to the Board, the re-election of Mr Tom Yee Lat Shing and Mr Yeo Wee Kiong. The NC has taken into consideration these Directors' contribution and performance. Mr Tom Yee Lat Shing and Mr Yeo Wee Kiong have abstained from making any recommendation and/or participating in any deliberation of the NC in respect of their assessment of their own performance or re-election/re-appointment as a Director. The Board has accepted the NC's recommendation.

Guideline 4.3
Determining Directors' Independence
Each Director completes a checklist to confirm his independence on an annual basis. The NC has reviewed the independence of the Directors as mentioned under guidelines 2.3 and 2.4 above.

Guideline 4.4
Multiple Board Representations
The NC considers and it is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because Directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and for each Director to personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively.

The NC has considered the multiple directorship of some Directors, as shown on page 40 to page 41 of this Annual Report. The NC has also considered the Directors' principal commitments and their contribution to the Board, the NC is satisfied that the Directors spent adequate time on the Company's affairs and have duly discharged their duties.

Guideline 4.5
Alternative Directors
There are currently no Alternative Directors on the Board.

Guideline 4.6
Process for the Selection and Appointment of New Directors
The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board is of the appropriate size and has the mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

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

Guideline 4.7
Key Information on Directors
Key information of each member of the Board including directorships and chairmanships in other listed companies, other major appointments, academic/professional qualifications, membership/chairmanship in the Company's Board Committees, date of first appointment and last re-election, etc. can all be found on pages 40 and 41.

BOARD PERFORMANCE

PRINCIPLE 5

There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.

Guideline 5.1

Conduct of Board Performance

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

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

Guideline 5.2

Performance Criteria for Board Evaluation

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

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

Guideline 5.3

Evaluation of Individual Director

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

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

ACCESS TO INFORMATION

PRINCIPLE 6

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

Guidelines 6.1 and 6.2

Board's Access to Information

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

The Directors have separate and independent access to Management.

CORPORATE GOVERNANCE STATEMENT

Guideline 6.3
Board's Access to Company Secretary
Directors have separate and independent access to the Company Secretary. The Company Secretary is present at Board meetings to assist in ensuring that Board procedures as well as applicable rules and regulations are followed.

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

Guideline 6.4
Appointment and Removal of Company Secretary
The appointment and removal of the Company Secretary is subject to the approval of the Board.

Guideline 6.5
Board's Access to Independent Professional Advice
Where required, the Board, individual Board Committees and individual Directors would seek independent professional advice.

REMUNERATION MATTERS
PRINCIPLE 7
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No director should be involved in deciding his own remuneration.

Guidelines 7.1 and 7.2
Remuneration Committee
The RC comprises three members, all of whom are independent and non-executive:
Mr Chew Heng Ching (Chairman)
Mr Yeo Wee Kiong
Mr Tom Yee Lat Shing

The RC functions under written terms of reference which sets out its responsibilities. The RC recommends to the Board a Directors' fee framework for the Independent Directors who do not receive any other remuneration. The Executive Directors do not receive any Directors' fees.

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

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

Guideline 7.3
RC's Access to Advice on Remuneration Matters
The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

Guideline 7.4
Service Contract
Each of the Executive Directors and key management personnel have an employment contract with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on an ongoing basis and no onerous or over-generous removal clauses are contained in the letter of employment.

LEVEL AND MIX OF REMUNERATION
PRINCIPLE 8
The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

Guideline 8.1
Remuneration of Executive Directors and Key Management Personnel
The Board previously engaged an independent human resource consultancy firm to assist in reviewing the competitiveness of the remuneration packages for the Executive Directors and fees paid to Non-Executive Directors and to make recommendations thereon. Based on the recommendations, the Committee had devised a performance-related remuneration scheme for the Executive Directors. This scheme was subsequently approved by the Board. The scheme is linked to the Company's performance as well as the individual's performance, the performance are largely assessed by the financial performance of the Group as well as their contribution.

In 2012, the Company commissioned Aon Hewitt to undertake a review of Senior Executives' compensation to benchmark the remuneration of the Executive Directors against comparable companies in the industry. The RC is guided by the Aon Hewitt's Senior Executive Compensation Benchmarking Report for the Company in its review of the Executive Directors to ensure that they are not overly or underly compensated.

Key management personnel are paid a fixed monthly salary and variable bonus based on a combination of the Group's performance, their operating unit performance and individual performance.

Guideline 8.2
Long-term Incentive Scheme
Currently, the Company has no long-term incentive scheme. The RC has reviewed and is satisfied that the existing remuneration structure for Executive Directors and key management personnel for their fixed and variable components to be paid out in cash would continue to be adequate in incentivising performance without being over-excessive.

Guideline 8.3
Remuneration of Non-Executive Directors
The Board has recommended a fixed fee for Non-Executive Directors, and is of the view that the remuneration of the Directors is appropriate and not excessive, taking into account the effort, time spent and responsibilities of each Non-Executive Director. The RC views that it is not appropriate to implement a scheme to encourage Non-Executive Directors to hold shares in the Company when there is no share incentive scheme for both Executive Directors and management personnel.

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

CORPORATE GOVERNANCE STATEMENT

Guideline 8.4
Contractual Provisions

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

DISCLOSURE ON REMUNERATION
PRINCIPLE 9

Every Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

Guidelines 9.1, 9.2 and 9.3
Remuneration Report

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

Directors

	Mix of Remuneration				
	Directors' Fees	Salary	Bonus	Others	Total
$500,001 to $750,000					
Henry Ngo	–	78%	22%	–	100%
$250,001 to $500,000					
Gary Xie Guojun	–	69%	31%	–	100%
Below $250,000					
Andy Xie Guoyuan	–	68%	32%	–	100%
Tom Yee Lat Shing	100%	–	–	–	100%
Yeo Wee Kiong	100%	–	–	–	100%
Chew Heng Ching	100%	–	–	–	100%

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

Top 5 Management Personnel (who are not Directors)

	Mix of Remuneration			
	Salary	Bonus	Others	Total
$500,001 to $750,000				
Executive 1	44%	53%	3%	100%
$250,001 to $500,000				
Executive 2	36%	55%	9%	100%
Executive 3	61%	30%	9%	100%
Below $250,000				
Executive 4	70%	23%	7%	100%
Executive 5	88%	10%	2%	100%

The top 5 key management personnel comprises executives in the Group's subsidiaries in foreign jurisdictions. Under those foreign jurisdictions, there is no requirement for corporations to disclose the detailed remuneration of individual executives. The disclosure in Singapore would affect the confidentiality of their remuneration. The foreign subsidiaries would be put into a position of unequal treatment in governing the confidentiality of their employees' remuneration. Such foreign executives would be disadvantaged unfairly. In addition, given the highly competitive conditions in the local and foreign market place where poaching of executives is not uncommon, it is not in the interest of the Company to disclose the remuneration of individual executives. The Board is of the view that it would be disadvantageous to the Group to detail the remuneration of its top 5 key management personnel.

The aggregate of the total remuneration paid to the top five key management personnel (who are not Director) is $1,683,554.

Guideline 9.4
Employee Related to Directors/Managing Director
Other than Ms Lydia Tjhia and Ms Alexys Tjhia, children of Mr Henry Ngo and siblings of Mr Gary Xie and Mr Andy Xie, whose remuneration are within the bands of $150,000 to $200,000 and $50,000 to $100,000 respectively, there is no immediate family member of the Directors who is employed in the Group.

Guideline 9.5
Employee Share Scheme
The Company does not have any share option or other share incentive schemes for its employees. The RC has reviewed and is satisfied that the existing remuneration structure of management personnel and executives paid out in cash would continue to be adequate in incentivising performance without being over-excessive. For other staff, the general preference is to be paid out in cash.

Guideline 9.6
Link between Remuneration and Performance
The disclosures in Guidelines 8.1 and 8.3 set out the link between remuneration and performance for Executive Directors, key management personnel and Non-Executive Directors.

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

CORPORATE GOVERNANCE STATEMENT

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

Guideline 10.1
Accountability for Company's Performance, Position and Prospects

The Board provides a balanced and meaningful assessment of the Group's financial performance and prospects regularly through financial statements, announcement of results to shareholders and the SGX-ST as well as the Chairman's statement, and review of operations in the annual report. Financial results are released on a quarterly basis to the shareholders through SGXNET and then the Company's website at http://www.bonvests.com.sg.

Guideline 10.2
Compliance with Legislative and Regulatory Requirements

The Board is accountable to the shareholders and is committed to ensure compliance with the Listing Rules of the SGX-ST. The Company had, pursuant to Listing Rule 720(1), received undertakings from all its Directors and executive officers in the form set out in Appendix 7.7 of Listing Rules to undertake to use their best endeavours to comply with the Listing Rules and to procure that the Company shall so comply.

Guideline 10.3
Management Accounts

Management of the Company provides the Board with balanced and understandable accounts of the Group's performance, financial position and business prospects on a quarterly basis. Such reports compare the Group's actual performance against the approved budget and result of the previous quarter. They also specify major issues that are relevant to the Group's performance.

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 11

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines 11.1 and 11.2
Risk Management and Internal Controls System

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

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

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

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

- **Property Division**

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

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

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

- **Hotel Division**

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

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

- **Industrial Division**

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

CORPORATE GOVERNANCE STATEMENT

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

- **Corporate Level**

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

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

Guideline 11.3
Board's Comment on Adequacy and Effectiveness of Internal Controls
Based on the risk management process, internal controls maintained, work performed by the internal auditor, statutory audit review undertaken by the external auditors, and the written representation from the CEO and Group Finance Manager, providing assurance on the effectiveness of the Group's risk management and internal control system, and that the financial records have been properly maintained and the financial statements give true and fair view of the Group's operations and finances, the Board is of the view that the Group has a sound system of risk management and internal controls.

The Board, with the concurrence of the Audit Committee, is of the opinion that adequate and effective internal control systems have been in place to address the risk relating to financial, operational, compliance and information technology controls for the year ended 31 December 2017.

Guideline 11.4
Risk Committee
The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

AUDIT COMMITTEE
PRINCIPLE 12
The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Guideline 12.1
AC Membership
The AC comprises the following members, all of whom are independent and non-executive:
Mr Tom Yee Lat Shing (Chairman)
Mr Yeo Wee Kiong
Mr Chew Heng Ching

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

Guidelines 12.2 and 12.8
Expertise of AC Members and AC to Keep Abreast of Changes to Accounting Standards
The Chairman of the AC, Mr Tom Yee Lat Shing is a Fellow Member of CPA Australia, Institute of Chartered Accountants in Australia and Institute of Singapore Chartered Accountants. Mr Chew Heng Ching is a Fellow of CPA Australia. Mr Yeo Wee Kiong brings to the AC his extensive legal experience. All the AC members are kept up to date with changes in accounting standards and issues through updates from the external auditors. The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge the AC's functions.

Guidelines 12.3 and 12.4
Roles, Responsibilities and Authorities of AC
The AC functions under written terms of reference which sets out its responsibilities. The AC reviewed the financial statements of the Group for the year ended 31 December 2017 as well as the auditor's report thereon and the quarterly, half-yearly and annual results announcements before they are submitted to the Board for approval. The AC also reviewed the interested person transactions of the Group. The AC oversees the administration of the framework for whistleblowing. The AC has oversight of risk management and internal control framework. The services of the Internal Audit function are utilised to assist the AC in the discharge of its duties and responsibilities. The AC also has the authority to carry out any matter within its terms of reference.

The financial statements, accounting policies and system of internal controls are the responsibilities of the Board acting through the AC. In performing its functions set out in Section 201B(5) of the Companies Act, Cap. 50, the AC reviewed the scope of work of both internal and external auditors and the assistance given by the Group's officers to the audits. It met periodically with the Company's internal and external auditors to review their audit plans and discuss the results of their respective examinations and their evaluations of the Group's system of internal controls. The AC Committee always has separate and independent access to the external auditors and the internal auditors.

The AC also reviewed the key audit matters ("KAM") set out in the auditor's report for FY2017 and wishes to provide its perspective on the KAM.

The external auditor has identified three KAMs, namely (1) valuation of investment properties, (2) impairment assessment of hotel properties and (3) revenue recognition from waste disposal and contract cleaning, and sets out the work it performs to ensure the accounting in respect of the KAMs are in accordance with accounting standards. The AC has considered the appropriateness of the external auditor's work and findings and concurs with the external auditor.

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

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

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

Guideline 12.5
Meeting with External and Internal Auditors without Presence of Management
During the year, the Company's internal and external auditors were invited to attend the AC meetings and make presentations as appropriate. They also met separately with the AC without the presence of Management.

CORPORATE GOVERNANCE STATEMENT

Guideline 12.6
Independence of External Auditors
The Company confirms compliance with Rule 712 of the Listing Manual in engaging PricewaterhouseCoopers LLP ("PWC"), as the external auditor of the Company for FY2017 which is registered with the Accounting and Corporate Regulatory Authority. PWC are the external auditors of the Company and of its Singapore subsidiaries (except Richvein Pte Ltd). The Company engages Ernst & Young LLP as the auditor of Richvein Pte Ltd and other suitable audit firms for its foreign subsidiaries for FY2017. Pursuant to Rule 716 of the Listing Manual, the Board and AC are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company. The AC has reviewed the amount of non-audit services rendered to the Group by the external auditors. During the year, the fees paid to the external auditors of the Company for non-audit services amounted to $57,600 or 20% of the audit fee. Being satisfied that that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the AC has recommended their re-nomination to the Board.

The Company has complied with Rules 712 and 716 of the Listing Manual in relation to the engagement of PWC as its auditor for FY2017.

Guideline 12.7
Whistle-blowing Policy
The Company has in place a whistle-blowing framework for staff to raise concerns about improprieties in confidence in matters of financial reporting or other matters. The AC oversees the administration of the framework and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. Such concerns raised will be independently investigated and appropriate follow-up action taken.

Guideline 12.8
AC to keep Abreast of Changes to Accounting Standards
The AC is kept abreast by the Management, external and internal auditors on the changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

Guideline 12.9
Partners or Directors of the Company's Auditing Firm
No former partner or Director of the Company's existing auditing firm or auditing corporation is a member of the AC.

INTERNAL AUDIT
PRINCIPLE 13
The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guidelines 13.1 and 13.2
Internal Auditors
The internal auditors ("IA") support the AC in reviewing the adequacy and effectiveness of the Company's risk management and internal control system. IA reports directly to the Chairman of the AC on all internal audit matters and administratively to the CEO. The IA has unfettered access to all the Company's documents, records, properties and personnel, including unrestricted direct access to the AC. IA plans its internal audit schedules in consultation with, but independently of, management and its internal audit plan is submitted to the AC for approval at the beginning of each year.

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

Guidelines 13.3 and 13.4
Internal Audit Function
The Company's internal audit function is outsourced to one of the Big 4 Certified Public Accounting Firms. The Internal Auditor is a corporate member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. The internal audit follows the professional standards set by the Institute of Internal Auditors. The AC is satisfied that the internal audit function is adequately resourced to carry out its function.

Guideline 13.5
Adequacy and Effectiveness of Internal Audit Function
The AC reviews the adequacy of the internal audit function to ensure that internal audits are conducted effectively and that management provides the necessary co-operation to enable the IA to perform its function. The AC also reviews the IA's reports and remedial actions implemented by Management to address any internal control inadequacies identified.

SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES
PRINCIPLE 14
Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guideline 14.1
Sufficient Information to Shareholders
The Board strives to ensure that timely disclosure is made regarding all material business matters affecting the Group so as to maintain a high level of transparency. All announcements by the Company are made through SGXNET.

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

Guideline 14.2
Providing Opportunity for Shareholders to Participate and Vote at General Meetings
Every shareholder has the right to receive notice of general meetings and to vote thereat. Notice of a general meeting is sent out at least 14 days before the meeting so that sufficient notice of meeting is given to shareholders to attend the meeting or appoint proxies to attend and vote in their stead.

At the annual general meeting, shareholders are given the opportunities to express their views and ask the Board and management questions regarding the operations of the Company. All resolutions at general meetings are required to be voted by poll under the Listing Rules of the SGX-ST. Shareholders will be briefed by the Company on the poll voting procedures at general meetings. The Directors, including the chairpersons of each of the Board Committees are available at the meetings to address shareholders' queries. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Guideline 14.3
Proxies for Nominee Companies
The Company's Constitution allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries which include CPF Approved Nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF Approved Nominees' proxies.

CORPORATE GOVERNANCE STATEMENT

COMMUNICATION WITH SHAREHOLDERS
PRINCIPLE 15
Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders

Guidelines 15.1 to 15.4
Timely information to and engagement with shareholders
The Company's investor relation policy is to communicate with its shareholders and the investment community through the timely release of announcements to the SGX-ST via SGXNET. Financial results of the Group are released within 45 days from the end of each quarter and within 60 days from the financial year end. In addition, Annual Reports are distributed to shareholders at least 14 days before each annual general meeting.

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

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

The Company does not engage an investor relations consultant. The Company will consider the use of other forums as set out in Guideline 15.4 of the Code such as analyst briefings as and when applicable.

Guideline 15.5
Dividend
For FY2017, the Board has proposed a final dividend of 1.60 Singapore cents per share at the forthcoming annual general meeting for shareholders' approval. Details of the proposed dividend are stated in the notice of the annual general meeting attached to this annual report. The Company does not have a policy on payment of dividend. The Board will consider the Group's level of cash and retained earnings and projected capital expenditure and investments in proposing a dividend.

CONDUCT OF SHAREHOLDER MEETINGS
PRINCIPLE 16
Companies should encourage greater shareholders' participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Guideline 16.1
Effective Shareholders' Participation
All resolutions at the forthcoming AGM would be put to vote by poll. This will allow greater transparency and more equitable participation by shareholders.

Voting in absentia and by email, which are currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

Guideline 16.2
Separate Resolutions at General Meetings
The Company will have separate resolutions at general meetings on each distinct issue

Guideline 16.3
Attendance of Chairman of the Board and Board Committees at General Meetings
The Directors, including the chairpersons of each of the Board Committees are available at the meetings to address shareholders' queries. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Guideline 16.4
Minutes of General Meetings
The minutes of the general meetings are taken and are available to shareholders for their inspection upon request.

Guideline 16.5
Results of resolutions by poll
All resolutions at general meetings are put to vote by electronic poll. Voting and vote tabulation procedures are disclosed at the general meetings. Votes cast for, or against, each resolution will be read out to shareholders immediately after vote tabulations. The total numbers of votes cast for or against the resolutions are also announced after the general meetings via SGXNET.

OTHER CORPORATE GOVERNANCE MATTERS

Dealing in Securities

In line with SGX-ST Listing Rule 1207(19) on Dealings in Securities, the Company issues circulars to its Directors and employees to remind them that: (1) they should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive information; and (2) they are required to report on their dealings in shares of the Company. The officers are also reminded of the prohibition in dealings in shares of the Company two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of its full year financial statements ("restricted trading periods"). The restriction in Dealings in Securities is also extended to employees of the Company.

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

Interested Person Transactions

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

Interested person	Type of transactions	Aggregate Value of all Transactions (excluding transactions less than S$100,000)*
Henry Ngo	Receipt of cleaning, waste disposal services from Group's subsidiary companies	231,828
Henry Ngo	Receipt of management services from Group's subsidiary companies	314,608

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

Material Contracts

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

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

CORPORATE GOVERNANCE STATEMENT

Name of Directors	Academic/Professional Qualifications/Affiliations	Board Appointment Executive/Non-Executive	Date Last Elected/ Re-Appointed
Henry Ngo	Higher School Certificate	Chairman and Managing Director	26 April 2016
Gary Xie Guojun	Bachelor of Science in Business Administration, Cum Laude Master of Science in Real Estate with Distinction Master of Business Administration with High Honors CFA Charter Holder Ordinary Member, Singapore Institute of Directors	Executive Director	25 April 2017
Andy Xie Guoyuan	Bachelor of Science in Commerce Master of Science in Computer Information Systems Ordinary Member, Singapore Institute of Directors	Executive Director	25 April 2017
Tom Yee Lat Shing	Fellow Member, CPA Australia Fellow Member, Institute of Chartered Accountants in Australia Fellow Member, Institute of Singapore Chartered Accountants Associate Member, Institute of Chartered Secretaries and Administrators Fellow Member, Singapore Institute of Directors	Independent Non-Executive	26 April 2016
Yeo Wee Kiong	1st Class Honours Degree in Mechanical Engineering Masters Degree in Business Administration LLB (Honours)	Independent Non-Executive	26 April 2016
Chew Heng Ching	Degrees in Industrial Engineering (1st Class Honours) and Economics PhD in Engineering (Honorary) Fellow, Singapore Institute of Directors Fellow, CPA Australia	Independent Non-Executive	25 April 2017

Board Committee As Chairman or Member	Date First Appointed	Directorships/Chairmanships In Other Listed Companies in Singapore (Present & Held Over Preceding 3 Years) & Major Appointments
Member: Nominating Member: ESOS	18.03.2002 26.06.2000	**Listed Company** (1) Colex Holdings Limited
NA	1 June 2010	NA
NA	1 June 2016	NA
Chairman: Audit Committee Member: Nominating Member: Remuneration Member: ESOS	30.09.1991 18.03.2002 26.02.2007 26.06.2000	**Listed Companies** (1) Cosco Shipping International (Singapore) Co Ltd (2) Pacific Century Regional Developments Limited (3) Powermatic Data Systems Ltd
Member: Audit Committee Chairman: Nominating Member: Remuneration Member: ESOS	25.03.1997 26.02.2007 26.02.2007 26.06.2000	**Listed Companies** (1) AF Global Limited (2) Kian Ho Bearings Ltd (Past) **Major Appointment** Council Member, Singapore Institute of Directors (2009 - 2012)
Member: Audit Committee Member: Nominating Chairman: Remuneration Member: ESOS	18.05.1995 26.02.2007 26.02.2007 26.06.2000	**Listed Companies** (1) Huan Hsin Holdings Ltd (2) Ausgroup Limited (3) Pharmesis International Ltd (4) Spindex Industries Limited (5) Sinopipe Holdings Limited (6) Stratech Systems Ltd (Past) (7) Chosen Holdings Limited (Past) **Major Appointments** Member of Parliament (1984 – 2006) Deputy Speaker, Parliament of Singapore (2002 – 2006) Chairman, Singapore International Chamber of Commerce (2005 – 2007) Council Member, Singapore Business Federation (2008) President, Singapore Institute of Directors (1998 – 2003) Chairman, Singapore Institute of Directors (2004 – 2009)

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the statement of financial position of the Company as at 31 December 2017.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 53 to 146 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, except as disclosed in Note 2.1(a)(iii) to the financial statements.

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES

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

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2017	At 1.1.2017	At 31.12.2017	At 1.1.2017
Bonvests Holdings Limited (No. of ordinary shares)				
Henry Ngo	**85,357,128**	85,357,128	**247,617,769**	247,617,769
Tom Yee Lat Shing	**420,000**	420,000	**–**	–
Yeo Wee Kiong	**420,000**	420,000	**–**	–
Chew Heng Ching	**486,000**	486,000	**–**	–
Immediate Holding Company – Goldvein Holdings Pte. Ltd. (No. of ordinary shares)				
Henry Ngo	**42,502,922**	42,502,922	**–**	–

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

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

	At 31.12.2017	At 1.1.2017
Colex Holdings Limited		
– No. of ordinary shares	**106,331,560**	106,331,560

(c) The directors' interests in the ordinary shares of the Company as at 21 January 2018 were the same as those as at 31 December 2017.

SHARE OPTIONS

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

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

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

AUDIT COMMITTEE

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

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

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

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

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;
(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
(iii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017 as well as the auditor's report thereon;

DIRECTORS' STATEMENT

AUDIT COMMITTEE (CONTINUED)

(iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;

(v) met with the external auditor and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

(xi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

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

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

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

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

INDEPENDENT AUDITOR

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

OTHER INFORMATION REQUIRED BY THE SGX-ST

Material information

There are no material contracts to which the Company or its subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year ended 31 December 2017.

Interested person transactions

There are no interested person transactions as defined in Chapter 9 of Listing Manual of the Singapore Exchange conducted during the financial year ended 31 December 2017 except as disclosed under "Interested Person Transactions" in "Corporate Governance Statement" and in Note 35 to the financial statements.

On behalf of the directors

HENRY NGO	TOM YEE LAT SHING
Director	Director

19 March 2018

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the accompanying consolidated financial statements of Bonvests Holdings Limited ("the Company") and its subsidiaries ("the Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and 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 for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the statements of financial position of the Company and of the Group as at 31 December 2017;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

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

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

Independence

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

OUR AUDIT APPROACH

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties *Refer to Note 2.1(b)(i) (Critical accounting estimates and assumptions) and Note 4 (Investment properties) to the financial statements.* As at 31 December 2017, the carrying value of the Group's investment properties stated at fair value based on independent external valuation of $506.2 million accounted for 42% of the Group's total assets. The valuation of investment properties is significant to our audit due to the use of valuation techniques which involve critical estimates based on several assumptions. The key assumptions are the selling price per square metre, estimated rental value per square metre, vacancy rates and capitalisation rates and are dependent on the prevailing market conditions.	We have performed the following procedures over the valuation process: • assessed the competency and independence of the professional valuers engaged by the Group; • discussed the key assumptions with the professional valuers and understood the approaches taken by them in determining the valuation of each investment property; • checked, on a sample basis, the accuracy of underlying lease and financial information provided by management to the valuers; and • assessed the reasonableness of selling price per square metre, estimated rental value, vacancy rates and capitalisation rates by benchmarking the rates against comparables and prior year's inputs. We also assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the professional valuers. The external valuers are members of recognised bodies for professional valuers. We found that the valuation methodologies used were appropriate in the context of the Group's investment properties and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be appropriate.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<u>*Impairment assessment of hotel properties*</u> *Refer to Note 2.1(b)(ii) (Critical accounting estimates and assumptions) and Note 5 (Property, plant and equipment) to the financial statements.* Included within the carrying value of the Group's property, plant and equipment ("PPE") as at 31 December 2017 is PPE relating to a hotel property in Perth, Australia amounting to $69.9 million, which had indicators of impairment during the year. The Group recorded an impairment charge of $4.7 million during the financial year ended 31 December 2017 in respect of this property. The recoverable amount of the hotel property of $69.9 million was based on its fair value less costs of disposal, determined using the income capitalisation and discounted cash flow method by the Group's independent professional valuers. We focused on the impairment assessment of the PPE of the hotel properties because of the significant judgement and key assumptions involved in estimating the recoverable amounts of the related PPE. The key assumptions are the discount rate, terminal yield rate and income capitalisation rate.	We have performed the following procedures over the valuation process: • assessed the competency and independence of the professional valuers; • checked, on a sample basis, the accuracy of underlying financial information provided by management to the valuers; and • assessed the reasonableness of the discount rate, terminal yield rate and income capitalisation rate by benchmarking the rates against specific property data, comparables and other external data. Based on the work performed, we found that the valuation methodologies used were appropriate in the context of the Group's hotel properties and the key assumptions used were reasonable. The external valuers are members of recognised bodies for professional valuers. We also found the disclosures in the financial statements to be appropriate.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition from waste disposal and contract cleaning *Refer to Note 2.30 and Note 3 (Revenue) to the financial statements.* For the financial year ended 31 December 2017, revenue from the industrial division, comprising waste disposal and contract cleaning services, amounted to $68.9 million. Revenue is recognised and accrued as the services are rendered. We focused on revenue recognition as it is a significant area and there is a risk that revenue could be misstated due to the high volume of customer accounts serviced by the Group.	We have performed the following procedures in relation to revenue recognition: • understood, evaluated and tested relevant controls over the revenue recognition process; • tested the period of service billed by checking to underlying supporting documents, on a sample basis; • tested rates applied to underlying agreements, on a sample basis; • re-computed contractual revenue to ascertain the accuracy of the contractual revenue recorded by management for the financial year, on a sample basis; • assessed the reasonableness of number of customer accounts by comparing to external publicly available information; • obtained independent confirmation from the third party agent on the total fees billed to customers for waste disposal services rendered for the current financial year; • performed cut-off procedures to ensure that revenue is recorded in the correct period; and • reviewed credit notes issued after year-end on a sample basis to ensure that they do not relate to revenue recognised for the current financial year. Based on the work performed, we found the Group's revenue recognition relating to waste disposal and contract cleaning to be appropriate.

INDEPENDENT AUDITOR'S REPORT

OTHER MATTER

The financial statements for the preceding financial year were reported on by an audit firm other than PricewaterhouseCoopers LLP. The auditor's report dated 20 March 2017 issued by the predecessor audit firm on the financial statements for the financial year ended 31 December 2016 was unqualified.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act 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.

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.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 19 March 2018

STATEMENTS OF FINANCIAL POSITION

	Note	The Company 2017 $'000	The Company 2016 $'000	The Group 2017 $'000	The Group 2016 (Restated) $'000	The Group 2015 (Restated) $'000
ASSETS						
Non-current assets						
Investment properties	4	**–**	–	**506,218**	500,103	547,522
Property, plant and equipment	5	**459**	620	**571,003**	518,950	483,592
Investments in subsidiaries	6	**682,604**	621,052	**–**	–	–
Goodwill	7	**–**	–	**10,739**	18,140	21,793
Available-for-sale financial assets	8	**–**	–	**10,938**	3,108	44,516
Club memberships	9	**21**	131	**21**	131	131
Rental lease receivables	10	**–**	–	**254**	489	787
Long-term prepayments and deposits	11	**–**	–	**16,538**	47,689	43,563
Deferred income tax assets	12	**–**	–	**30**	1,088	2,575
		683,084	621,803	**1,115,741**	1,089,698	1,144,479
Current assets						
Inventories	13	**–**	–	**3,928**	4,353	4,250
Financial assets at fair value through profit or loss	14	**–**	–	**5,419**	5,415	4,666
Trade and other receivables	15	**117**	117	**37,566**	28,412	30,869
Advances to subsidiaries (non-trade)	16	**17,984**	15,155	**–**	–	–
Cash and cash equivalents	17	**1,903**	68,036	**28,626**	94,256	31,182
		20,004	83,308	**75,539**	132,436	70,967
Non-current assets classified as held-for-sale	18	**–**	–	**198**	225	256
		20,004	83,308	**75,737**	132,661	71,223
Total assets		**703,088**	705,111	**1,191,478**	1,222,359	1,215,702
EQUITY AND LIABILITIES						
Capital and reserves attributable to equity holders of the Company						
Share capital	19	**254,139**	254,139	**254,139**	254,139	254,139
Retained profits		**69,907**	66,551	**722,320**	720,073	663,867
Other reserves	20	**–**	–	**(94,576)**	(72,491)	(44,060)
		324,046	320,690	**881,883**	901,721	873,946
Non-controlling interests	6	**–**	–	**8,237**	7,572	6,683
Total equity		**324,046**	320,690	**890,120**	909,293	880,629
Non-current liabilities						
Borrowings	21	**85,000**	60,000	**133,616**	120,414	62,928
Long-term liabilities	22	**–**	–	**20,944**	18,454	14,148
Derivative financial instruments	23	**–**	–	**137**	181	97
Deferred income tax liabilities	12	**–**	–	**18,311**	21,150	21,864
		85,000	60,000	**173,008**	160,199	99,037
Current liabilities						
Trade and other payables	24	**1,020**	992	**39,367**	44,982	50,272
Current tax payable		**167**	180	**7,349**	7,907	6,261
Borrowings	21	**46,075**	77,504	**81,634**	99,978	179,503
Advances from subsidiaries (non-trade)	16	**246,780**	245,745	**–**	–	–
		294,042	324,421	**128,350**	152,867	236,036
Total liabilities		**379,042**	384,421	**301,358**	313,066	335,073
Total equity and liabilities		**703,088**	705,111	**1,191,478**	1,222,359	1,215,702

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2017 $'000	2016 $'000
Revenue	3	**218,812**	220,626
Other income	25	**11,427**	54,477
Changes in inventories of finished goods		**(439)**	137
Materials and consumables purchased		**(17,300)**	(17,749)
Employee benefit costs	26	**(81,134)**	(81,220)
Depreciation expenses	5	**(22,621)**	(23,197)
Other operating expenses	27	**(84,659)**	(82,834)
Finance costs	28	**(4,972)**	(5,593)
Profit before income tax	28	**19,114**	64,647
Income tax expense	29	**(4,909)**	(8,437)
Total profit		**14,205**	56,210
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(23,296)**	4,208
Available-for-sale financial assets			
– Fair value gains/(losses)		**1,151**	(6,093)
– Reclassification		**–**	(18,157)
Cash flow hedges			
– Fair value losses		**(149)**	(193)
– Reclassification		**193**	109
Remeasurement of retirement benefits, net of tax		**(223)**	–
Other comprehensive loss, net of tax	31	**(22,324)**	(20,126)
Total comprehensive (loss)/income		**(8,119)**	36,084
Profit attributable to:			
Equity holders of the Company		**13,217**	54,907
Non-controlling interests		**988**	1,303
		14,205	56,210
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(9,091)**	34,824
Non-controlling interests		**972**	1,260
		(8,119)	36,084
Earnings per share attributable to equity holders of the Company			
(expressed in cents per share)	32		
– Basic		**3.29**	13.66
– Diluted		**3.29**	13.66

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital $'000	Retained profits $'000	Revaluation surplus reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Premium paid on acquisition of non-controlling interests $'000	Hedging reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		← Attributable to equity holders of the Company							→		
2017											
Beginning of financial year		**254,139**	**720,073**	**5,730**	**(178)**	**(40,255)**	**(37,607)**	**(181)**	**901,721**	**7,572**	**909,293**
Profit for the year		**–**	**13,217**	**–**	**–**	**–**	**–**	**–**	**13,217**	**988**	**14,205**
Other comprehensive income for the year		**–**	**(223)**	**–**	**1,151**	**(23,280)**	**–**	**44**	**(22,308)**	**(16)**	**(22,324)**
Total comprehensive income for the year		**–**	**12,994**	**–**	**1,151**	**(23,280)**	**–**	**44**	**(9,091)**	**972**	**(8,119)**
2016 final tax-exempt dividend	30	**–**	**(10,454)**	**–**	**–**	**–**	**–**	**–**	**(10,454)**	**–**	**(10,454)**
Repurchase and cancellation of shares		**–**	**(293)**	**–**	**–**	**–**	**–**	**–**	**(293)**	**–**	**(293)**
Dividend paid by subsidiary to non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(307)**	**(307)**
Total transactions with owners, recognised directly in equity		**–**	**(10,747)**	**–**	**–**	**–**	**–**	**–**	**(10,747)**	**(307)**	**(11,054)**
End of financial year		**254,139**	**722,320**	**5,730**	**973**	**(63,535)**	**(37,607)**	**(137)**	**881,883**	**8,237**	**890,120**
2016											
Beginning of financial year		254,139	663,867	13,583	24,072	(44,506)	(37,112)	(97)	873,946	6,683	880,629
Profit for the year		–	54,907	–	–	–	–	–	54,907	1,303	56,210
Other comprehensive income for the year		–	–	–	(24,250)	4,251	–	(84)	(20,083)	(43)	(20,126)
Total comprehensive income for the year		–	54,907	–	(24,250)	4,251	–	(84)	34,824	1,260	36,084
2015 final tax-exempt dividend	30	–	(6,435)	–	–	–	–	–	(6,435)	–	(6,435)
Repurchase and cancellation of shares		–	(119)	–	–	–	–	–	(119)	–	(119)
Transfer of revaluation surplus to retained profits upon disposal of investment properties		–	7,853	(7,853)	–	–	–	–	–	–	–
Change in interest in a subsidiary		–	–	–	–	–	(495)	–	(495)	(217)	(712)
Dividend paid by subsidiary to non-controlling interests		–	–	–	–	–	–	–	–	(154)	(154)
Total transactions with owners, recognised directly in equity		–	1,299	(7,853)	–	–	(495)	–	(7,049)	(371)	(7,420)
End of financial year		254,139	720,073	5,730	(178)	(40,255)	(37,607)	(181)	901,721	7,572	909,293

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit before taxation		**19,114**	64,647
Adjustments for:			
– Write-back of allowance for obsolete inventories		**–**	(19)
– Impairment of goodwill	7	**7,336**	4,197
– Impairment of property, plant and equipment	5	**4,652**	–
– Depreciation of property, plant and equipment	5	**22,621**	23,197
– Property, plant and equipment written off		**584**	600
– Loss on disposal of property, plant and equipment		**113**	269
– Loss on disposal of club membership		**92**	–
– Net gain on disposal of available-for-sale financial assets	25	**–**	(30,087)
– Fair value gain on financial assets at fair value through profit or loss	14	**(1,114)**	(749)
– Replaced components of improvements to investment properties written off	4	**72**	87
– Net fair value (gain)/loss of investment properties	4	**(5,687)**	1,962
– Gain on disposal of investment properties	25	**–**	(19,373)
– Interest income	25	**(327)**	(352)
– Dividend income from available-for-sale investments		**(113)**	(73)
– Interest expense	28	**4,972**	5,593
– Unrealised currency translation (gains)/losses		**(2,436)**	476
		49,879	50,375
Change in working capital:			
– Inventories		**126**	(112)
– Trade and other receivables		**(8,413)**	3,283
– Trade and other payables		**1,938**	2,031
Cash generated from operations		**43,530**	55,577
Income tax paid		**(7,106)**	(6,865)
Net cash provided by operating activities		**36,424**	48,712
Cash flows from investing activities			
Acquisition of property, plant and equipment (Note A)		**(44,599)**	(27,509)
Additions to investment properties	4	**(2,305)**	(448)
Acquisition of investment properties	4	**–**	(15,449)
Deposit for acquisition of property, plant and equipment		**(3,619)**	–
Payment for long-term prepayments		**(28,873)**	(19,906)
Proceeds from sale of financial assets at fair value through profit or loss		**1,110**	–
Proceeds from disposal of property, plant and equipment		**265**	166
Proceeds from disposal of available-for-sale financial assets		**–**	47,245
Proceeds from disposal of investment properties		**–**	65,493
Proceeds from disposal of club membership		**18**	–
Purchase of available-for-sale financial assets		**(6,679)**	–
Additional interests of a subsidiary, net of cash acquired	6	**–**	(555)
Interest received		**327**	352
Dividends received		**113**	73
Net cash (used in)/provided by investing activities		**(84,242)**	49,462
Cash flows from financing activities			
Proceeds from bank borrowings		**41,654**	79,816
Repayment of bank borrowings		**(43,628)**	(99,329)
Repurchase of Company's shares	19	**(293)**	(119)
Repayment of finance leases		**(10)**	(2,594)
Interest paid		**(4,968)**	(5,593)
Dividends paid to equity holders of the Company	30	**(10,454)**	(6,435)
Dividends paid to non-controlling interests		**(307)**	(154)
Net cash used in financing activities		**(18,006)**	(34,408)
Net (decrease)/increase in cash and cash equivalents		**(65,824)**	63,766
Cash and cash equivalents			
Beginning of financial year		**94,129**	30,751
Effects of currency translation on cash and cash equivalents		**(266)**	(388)
End of financial year	17	**28,039**	94,129

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2017 $'000	Principal and interest payments $'000	Non-cash changes $'000 Interest expense	Non-cash changes $'000 Foreign exchange movement	31 December 2017 $'000
Bank borrowings and accrued interest payable	220,244	(6,942)	4,971	(3,620)	214,653
Obligations under finance lease	21	(10)	1	(2)	10

NOTE A:

Property, plant and equipment

The Group acquired property, plant and equipment with an aggregate cost of $105,789,000 (2016: $42,904,000) during the financial year. Cash payments of $44,599,000 (2016: $27,509,000) were made to purchase property, plant and equipment.

	2017 $'000	2016 $'000
Additions of property, plant and equipment	**105,789**	42,904
Less:		
Capitalisation of long-term prepayment	**(57,767)**	(12,679)
Liabilities owing for capital expenditure	**(1,762)**	(1,030)
Lease rental capitalised	**(1,339)**	(1,353)
Capitalisation of depreciation on leasehold land during construction and development phase of project	**(322)**	(333)
	44,599	27,509

NOTES TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

The financial statements of the Company and of the Group for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

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

The principal activities of the Company consist of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are as stated in Note 6.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving significant judgement are described below.

(a) Significant judgements made and assumptions used in applying accounting policies

(i) Impairment of available-for-sale investments (Note 8)

At the balance sheet date, the fair values of certain quoted equity investments classified as available-for-sale financial assets with a carrying amount of $2,454,000 as at 31 December 2017 have declined below cost by $559,000. The Group has made a judgement that this decline is not significant or prolonged. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Significant accounting estimates and judgements (Continued)

(a) Significant judgements made and assumptions used in applying accounting policies (Continued)

(i) Impairment of available-for-sale investments (Note 8) (Continued)

If the decline in fair value below cost was considered significant or prolonged, the Group would have recognised an additional loss of $559,000 (2016: $175,000).

(ii) Income taxes (Note 12 and 29)

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

(iii) Going concern

Notwithstanding that the Company and the Group have total assets of $703,088,000 and $1,191,478,000 respectively as at 31 December 2017, and that the Group generated net profits of $14,205,000 and net cash from operating activities of $36,424,000 for the financial year ended 31 December 2017, the Company's and the Group's current liabilities have exceeded the current assets by $274,038,000 and $52,613,000 respectively. The negative working capital as at 31 December 2017 was due to the Group's treasury management of utilising short-term financing which carried a lower interest cost to finance its long-term capital commitments. The Company and the Group manage the liquidity risk by ensuring there are sufficient cash to meet all their normal operating commitments in a timely and cost-effective manner and having adequate amount of credit facilities.

At the end of the reporting period, the undrawn credit facilities is $156,517,000. The financial statements have been prepared on a going concern basis based on the above factors.

(b) Critical accounting estimates and assumptions used in applying accounting policies

(i) Fair value of investment properties (Note 4)

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss.

The fair values of investment properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the direct market comparison method and income method.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Significant accounting estimates and judgements (Continued)

(b) Critical accounting estimates and assumptions used in applying accounting policies (Continued)

(i) Fair value of investment properties (Note 4) (Continued)

The determination of the fair values of the investment properties require the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams and the overall repair and condition of the property) and capitalisation rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting date.

The carrying amount and key assumptions used to determine the fair value of the investment properties are further explained in Note 41.

(ii) Impairment of property, plant and equipment (Note 5)

The Company and the Group assessed annually whether property, plant and equipment had any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment had been determined based on techniques as disclosed in Note 5. These calculations required the use of judgments and estimates.

The key assumptions and estimates are disclosed in Note 5 to the financial statements.

(iii) Estimated impairment of goodwill (Note 7)

The Group has recognised an impairment charge on its goodwill of $7,336,000 during the financial year ended 31 December 2017 (2016: $4,197,000) which resulted in the carrying amount of goodwill as at 31 December 2017 reducing to $10,739,000 [2016 (Restated): $18,140,000].

In performing the impairment assessment of the carrying amount of goodwill, as disclosed in Note 7, the recoverable amount of the cash generating unit ("CGU") in which goodwill has been attributable to, was based on using fair value less costs of disposal ("FVLCD") determined using the income capitalisation and discounted cash flow method.

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

The key assumptions and estimates are disclosed in Note 7 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

FRS 7 Statement of Cash Flows

The amendments to FRS 7 Statement of Cash Flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the Consolidated Statement of Cash Flows to the Financial Statement.

2.3 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2018 and which the Group has not early adopted:

(a) *FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)*

FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.

Under FRS 109, there were no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair changes arising from changes in own credit risk. For liabilities designed at fair value through profit or loss, such changes are recognised in OCI.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New or revised accounting standards and interpretations (Continued)

(a) *FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018) (Continued)*

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

There is also now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from contracts with customers*, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 2.4). The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 2.4.

(b) *FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)*

FRS 115 replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises 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. An entity recognises revenue in accordance with that core principle by applying the following steps:

- 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

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 2.4). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 2.4.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New or revised accounting standards and interpretations (Continued)

(c) INT FRS 122 Foreign Currency Transactions and Advance Considerations (effective for annual periods beginning on or after 1 January 2018)

INT FRS 122 *Foreign Currency Transactions and Advance Considerations* considers how to determine the date of the transactions when applying the standard on foreign currency transactions, FRS 21 *The Effect of Changes in Foreign Exchange Rates*. The Interpretation applies where the Group either pays or receives consideration in advance for foreign currency-denominated contracts.

For single upfront payment/receipt, the Interpretation states that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of the related item, should be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity should determine the date of the transaction for each payment or receipt.

The Interpretation is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group does not expect a material impact on the financial statement upon adoption of the Interpretation.

(d) FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 2.4). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)s") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I)s on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I)s for the quarter ended 31 March 2018 in April 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group will also concurrently apply new major SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers. The estimated impact arising from the adoption of SFRS(I)s on the Group's financial statements are set out as follows:

(a) *Application of SFRS(I) 1*

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. The Group plans to elect relevant optional exemptions. The impact arising from the adoption of SFRS(I) 1 has been assessed to be immaterial.

(b) *Adoption of SFRS(I) 9*

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017.

(i) *Classification and measurement*

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9. Expected significant adjustments to the Group's statement of financial position line items as a result of management's assessment are as follows:

- *Equity investments previously classified as AFS to FVOCI*

  The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale in other comprehensive income.

(ii) *Impairment of financial assets*

The Company and Group's trade and other receivables and the Company's advances to subsidiaries at amortised cost will be subject to the expected credit loss model under the SFRS(I) 9.

The impact arising from the adoption of SFRS(I) 9 has been assessed to be immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Adoption of SFRS(I) (Continued)

(c) *Adoption of SFRS(I) 15*

In accordance with the requirements of SFRS(I) 1, the Group will adopt the SFRS(I) 15 retrospectively. The impact arising from the adoption of SFRS(I) 15 has been assessed to be immaterial.

(d) *Summary of provisional financial impact*

The line items on the Group's financial statements that may be adjusted with significant impact arising from the adoption of SFRS(I) as described above changes are summarised below:

	As at 31 Dec 2017 reported under SFRS $'000	(Provisional) As at 1 Jan 2018 reported under SFRS(I) $'000	As at 1 Jan 17 reported under SFRS $'000	(Provisional) As at 1 Jan 2017 reported under SFRS(I) $'000
Financial assets, at FVPL	5,419	–	5,415	5,415
Available-for-sale financial assets	10,938	–	3,108	3,108
Financial assets, at FVOCI	–	16,357	–	–
Current tax payables	7,349	8,005	7,907	7,907
Deferred income tax liabilities	18,311	17,655	21,150	21,150
Other reserves	(94,576)	(94,576)	(72,491)	(72,491)
Retained profits	722,320	722,320	720,073	720,073

2.5 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (Continued)

(a) Subsidiaries (Continued)

(i) Consolidation (Continued)

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

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (Continued)

(a) Subsidiaries (Continued)

(iii) Disposals

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

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

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

(b) Transactions with non-controlling interests

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

2.6 Investments in subsidiaries

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

2.7 Club memberships

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment

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

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

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

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

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

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

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

2.9 Investment properties

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investment properties (Continued)

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

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

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

2.10 Goodwill

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

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

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

2.11 Long-term prepayments

Long-term prepayments comprising prepaid land lease expenses are charged to profit or loss on a straight-line basis over the lease term.

2.12 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

All financial assets are recognised on their trade date – the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (Continued)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. In addition, if there is objective evidence that the investment is impaired, the financial asset is measured at the present value of estimated future cash flows, discounted at the original effective interest rate. Any changes to the carrying amount of the investment are recognised in profit or loss. Any reversal should not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment was reversed. Any reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (Continued)

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are presented as non-current assets.

Loans and receivables include trade and other receivables, related party balances, deposits and bank balances. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows, discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in profit or loss.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months of the end of reporting period.

Available-for-sale financial assets are subsequently carried at fair value.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

A significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired. If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

Impairment losses recognised in a previous interim period in respect of available-for-sale equity investments are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Fair value estimation of financial assets and liabilities

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

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

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

2.14 Derivatives financial instruments and hedging activities

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

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

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

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

Other than cash flow hedge, the Group has not designated any derivatives financial instruments as fair value hedge or net investment hedge.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Derivatives financial instruments and hedging activities (Continued)

Cash flow hedge

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the hedging reserve, while the ineffective portion is recognised in profit or loss.

Changes in the carrying amount of cash flow hedges are charged to the hedging reserve in equity. Amounts accumulated in equity are recycled to the profit or loss in the periods when the hedged item affects profit or loss. When the hedged transaction results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a cash flow hedging instrument expires or sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to profit or loss.

2.15 Inventories

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

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

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

2.16 Cash and cash equivalents

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

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

2.17 Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Non-current assets held-for-sale (Continued)

If the criteria to classify as held-for-sale are no longer met, the assets, or disposal group, are remeasured at the lower of the carrying amount before the classification as held-for-sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the assets or disposal group not been classified as held-for-sale, and the recoverable amount at the date of the subsequent decision not to sell.

2.18 Share capital

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

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

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

2.19 Dividends

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

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

2.20 Financial liabilities

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Trade and other payables

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

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

2.22 Financial guarantees

The Group has issued corporate guarantees to banks for credit facilities used for issuance of performance bonds of its subsidiaries. These guarantees are financial guarantee as they require the Group to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs in the statement of financial position.

Financial guarantees are subsequently amortised to the profit or loss over the period of the subsidiaries' credit facilities, unless it is probable that the Group will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the statement of financial position.

Intra-group transactions are eliminated on consolidation.

2.23 Provision

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Provision (Continued)

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

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

2.24 Government grants

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

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

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

2.25 Leases

(a) *When the Group is the lessee*

(i) *Lessee – Finance leases*

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

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

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

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

(ii) *Lessee – Operating leases*

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (Continued)

(b) When the Group is the lessor

(i) Lessor – Operating leases

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

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

2.26 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Income taxes (Continued)

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

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

2.27 Employee benefits

(a) *Pension benefits*

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

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

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

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

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

Past service costs are recognised immediately in profit or loss.

(b) *Employee leave entitlements*

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Employee benefits (Continued)

(c) Key management personnel

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

2.28 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company and the Group if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or the Group or of a parent of the Company.

(b) An entity is related to the Company and the Group if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) both entities are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) the entity is controlled or jointly controlled by a person identified in (a);
(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
(viii) the entity, or any member of a group which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.29 Impairment of non-financial assets

(a) Goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 Impairment of non-financial assets (Continued)

(a) *Goodwill (Continued)*

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

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

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

(b) *Property, plant and equipment*
Investments in subsidiaries

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Revenue recognition

Revenue comprise 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 presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, 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 as follows:

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Rendering of services*

Revenue from services, hotel and restaurant operations is recognised when services are rendered.

(c) *Dividend income*

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

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Rental income*

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

2.31 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.31 Currency translation (Continued)

(b) *Transactions and balances (Continued)*

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance costs". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement with 'other gains and losses'.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

2.32 Segment reporting

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.33 Borrowing costs

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

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

3. REVENUE

The Group	2017 $'000	2016 $'000
Rental	**24,428**	27,206
Hotel	**123,888**	123,593
Industrial	**68,936**	68,809
Investment	**113**	73
Others	**1,447**	945
	218,812	220,626

Revenue from rental include rental of properties net of incentive cost, and ancillary services like service and air-conditioning charges and parking income, excluding applicable goods and services tax.

Revenue from hotel operations include all income from sales of every kind resulting from the operation of the hotel and all of the facilities used therein and is recognised as and when goods and services are provided.

Revenue from industrial include invoiced value of services rendered in the collection and disposal of waste, repair of waste compactors and cleaning services rendered to customers.

Revenue from investment include gains from securities trading and investment holding.

Revenue from others include sale of food and beverages.

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT PROPERTIES

The Group	2017 $'000	2016 $'000
Beginning of financial year	**500,103**	547,522
Currency translation differences	**(1,805)**	(1,147)
Acquisition during the year [Note 4(a)]	**–**	15,449
Additions during the year	**2,305**	448
Disposals during the year [Note 4(a)]	**–**	(46,120)
Transfer to property, plant and equipment [Note 4(a) and Note 5]	**–**	(14,000)
Replaced components of improvements written off (Note 28)	**(72)**	(87)
Net fair value gain/(loss) recognised in profit or loss (Notes 25, 27 and 28)	**5,687**	(1,962)
End of financial year	**506,218**	500,103

(a) The following events took place in the previous financial year ended 31 December 2016:

(i) The Group through its wholly-owned subsidiary, Goldvista (Perth) Pty Ltd as trustee for Goldvista (Perth) Trust, entered into agreements to acquire the investment property located at Lot 66, 482-484 and 486-488 Murray Street, from third parties for total consideration of $15,449,000 (AU$14,780,000).

The acquisition was completed on 24 February 2016.

(ii) On 15 February 2016, the Group transferred a 2-storey shophouse that was held as investment property to owner-occupied property. On that date, a wholly-owned subsidiary of the Group, The Allied Folks Pte Ltd, had commenced using the shophouse for the operation of food and beverage outlet.

(iii) The Group through its wholly-owned subsidiary, Bon-food Pte Ltd, entered into an agreement to sell the investment property (1 retail shop unit) with a carrying amount of $8,500,000 located at Block 829 Tampines Street 81 to a third party for a total consideration of $14,550,000.

The disposal transaction was completed on 11 August 2016.

(iv) The Group through its wholly-owned subsidiary, Essential Investments Pte Ltd, entered into an agreement to sell the investment properties (2 retail shop units) with a carrying amount of $11,000,000 located at 220 Orchard Road, Midpoint Orchard to a third party for a total consideration of $13,667,000.

The disposal transaction was completed on 31 October 2016.

4. **INVESTMENT PROPERTIES** (CONTINUED)

(v) The Group through its wholly-owned subsidiaries, Bon-food Pte Ltd and Goldvein Trading Pte Ltd, entered into agreements to sell the investment properties (ground floor shop units) with a carrying amount of $26,620,000 located at 51 Yishun Central 1 Yishun 10 to a third party for total consideration of $37,750,000.

The disposal transactions were completed on 16 November 2016.

After deducting direct costs totalling $474,000 relating to the above said disposals, gain on disposals totalling $19,373,000 (Note 25) were recognised in the consolidated statement of comprehensive income for the financial year ended 31 December 2016.

(b) The fair value hierarchy, valuation process, techniques and inputs used to determine the fair values of investment properties are disclosed in Note 41.

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

Location	Description	Area sq. metres	Tenure
541 Orchard Road, Singapore	21-storey commercial/office building and land	19,209	Freehold
Zone Touristique Gammarth La Marsa, Tunisia	2-storey commercial building and land	7,950	Freehold
Lot 66, 482-484 and 486-488 Murray Street, Perth Australia	2-adjoining converted office buildings	2,075	Freehold

(d) Bank borrowings and bank guarantees are secured by certain investment property of the Group amounting to $478,000,000 (2016: $470,800,000) [Note 21(a)(ii) and Note 34].

(e) The investment properties are leased to non-related parties under operating leases [Note 33(b)(ii)].

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

The Group	2017 $'000	2016 $'000
Rental income (Note 3)	**24,428**	27,206
Direct operating expenses arising from investment properties that generated rental income	**4,244**	4,771

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land and buildings $'000	Leasehold land and buildings $'000	Plant, equipment and containers $'000
Cost			
At 1 January 2016	320,883	166,454	59,669
Currency translation differences	(3,853)	3,189	(1,223)
Additions	1,680	1,713	3,194
Transfer from investment properties (Note 4)	14,000	–	–
Reclassifications	40	(89)	1,784
Disposals	–	(46)	(1,269)
Written-off	–	–	(317)
At 31 December 2016	**332,750**	**171,221**	**61,838**
Currency translation differences	**(5,191)**	**(10,944)**	**(2,327)**
Additions	**2,953**	**2,092**	**3,050**
Adjustment upon finalisation of construction costs	**–**	**(3,793)**	**–**
Reclassifications	**–**	**–**	**1,210**
Disposals	**–**	**(38)**	**(410)**
Written-off	**–**	**–**	**(299)**
At 31 December 2017	**330,512**	**158,538**	**63,062**
Accumulated depreciation and impairment losses			
At 1 January 2016	73,382	35,435	40,249
Currency translation differences	(2,193)	552	(1,031)
Depreciation charge (Note 28)	8,594	4,141	3,447
Disposals	–	(4)	(1,027)
Written-off	–	–	(211)
At 31 December 2016	**79,783**	**40,124**	**41,427**
Currency translation differences	**(1,883)**	**(2,196)**	**(1,661)**
Depreciation charge (Note 28)	**8,541**	**3,817**	**3,695**
Adjustment upon finalisation of construction costs	**–**	**(434)**	**–**
Impairment charge [Note 5(d)]	**4,652**	**–**	**–**
Disposals	**–**	**(10)**	**(260)**
Written-off	**–**	**–**	**(208)**
At 31 December 2017	**91,093**	**41,301**	**42,993**
Net book value			
At 31 December 2017	**239,419**	**117,237**	**20,069**
At 31 December 2016	252,967	131,097	20,411

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Furniture, fittings, office equipment and renovations $'000	Motor vehicles $'000	Computers $'000	Store fittings, equipment and appliances $'000	Hotel operating assets $'000	Construction-in-progress $'000	Total $'000
96,700	18,480	4,116	215	12,950	49,924	729,391
(514)	(118)	40	(26)	(140)	2,213	(432)
1,559	916	150	247	34	33,411	42,904
–	–	–	–	–	–	14,000
1,317	–	110	–	33	(3,195)	–
(127)	(719)	(96)	–	(18)	–	(2,275)
(12)	–	(5)	–	(488)	–	(822)
98,923	**18,559**	**4,315**	**436**	**12,371**	**82,353**	**782,766**
(1,780)	**(230)**	**(86)**	**(23)**	**(227)**	**(7,970)**	**(28,778)**
1,871	**1,529**	**96**	**87**	**449**	**93,662**	**105,789**
–	**–**	**–**	**–**	**–**	**(85)**	**(3,878)**
2,553	**21**	**87**	**–**	**53**	**(3,924)**	**–**
(562)	**(1,025)**	**–**	**(2)**	**(395)**	**–**	**(2,432)**
(25)	**–**	**–**	**–**	**(488)**	**–**	**(812)**
100,980	**18,854**	**4,412**	**498**	**11,763**	**164,036**	**852,655**
74,646	7,916	3,404	149	10,618	–	245,799
(540)	(115)	33	(17)	(140)	–	(3,451)
5,134	1,775	275	38	126	–	23,530
(126)	(569)	(96)	–	(18)	–	(1,840)
(7)	–	(4)	–	–	–	(222)
79,107	**9,007**	**3,612**	**170**	**10,586**	**–**	**263,816**
(1,230)	**(189)**	**(74)**	**(16)**	**(228)**	**–**	**(7,477)**
5,071	**1,793**	**234**	**59**	**167**	**–**	**23,377**
–	**–**	**–**	**–**	**–**	**–**	**(434)**
–	**–**	**–**	**–**	**–**	**–**	**4,652**
(562)	**(828)**	**–**	**–**	**(394)**	**–**	**(2,054)**
(20)	**–**	**–**	**–**	**–**	**–**	**(228)**
82,366	**9,783**	**3,772**	**213**	**10,131**	**–**	**281,652**
18,614	**9,071**	**640**	**285**	**1,632**	**164,036**	**571,003**
19,816	9,552	703	266	1,785	82,353	518,950

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Motor vehicles $'000	Computers $'000	Total $'000
Cost			
At 1 January 2016	809	1	810
At 31 December 2016 and at 31 December 2017	**809**	**1**	**810**
Accumulated depreciation			
At 1 January 2016	26	1	27
Depreciation	163	–	163
At 31 December 2016	189	1	190
Depreciation	161	–	161
At 31 December 2017	**350**	**1**	**351**
Net book value			
At 31 December 2017	**459**	**–**	**459**
At 31 December 2016	620	–	620

Depreciation

The Group	2017 $'000	2016 $'000
Depreciation charged to:		
Profit or loss (Note 28)	**22,621**	23,197
Construction-in-progress	**322**	333
	22,943	23,530

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

(a) Freehold land and buildings comprise:

(i) A hotel with a land area of 7,178 square metres at 39 Scotts Road, Singapore;
(ii) A hotel with a land area of approximately 8 hectares in Tunis, Tunisia;
(iii) Golf course and clubhouse with a land area of approximately 112 hectares in Tunis, Tunisia; and
(iv) A hotel with a land area of 2,742 square metres at 707 Wellington Street, Perth, Australia.

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Leasehold land and buildings comprise:

(i) Hotel building in Mauritius. The lease on the land has an area of approximately 54,910 square metres where the hotel building is residing and will expire on 18 July 2068;

(ii) Leasehold land in Bintan, on a land area of 729,715 square metres. It is leased for approximately 30 years commencing between 29 December 2006 and 20 November 2008 and expiring between 28 December 2036 and 19 November 2038;

(iii) Resort hotel in Zanzibar, on a land area of 321,270 square metres. It is leased for 49 years from 5 February 2007 and will expire on 4 February 2056;

(iv) Resort hotel in Maldives on the island of Falhumaafushi, in Huvadhoo Atoll, on a land area of 77,600 square metres. It is leased for 50 years from 26 February 2008 and will expire on 25 February 2058; and

(v) A single storey detached factory on leasehold land with an area of 8,854 square metres located at 8 Tuas South Street 13, Singapore.

(c) Freehold land and buildings and equipment with a net book value of $233,085,000 (2016: $247,000,000) are mortgaged for bank borrowings and bank guarantees (Note 21(a)(ii) and Note 34).

(d) Property, plant and equipment of a hotel property in Perth, Australia for which an impairment loss of $4,652,000 (2016: NIL) was recognised, is part of the "Hotel" operating segment (Note 36). The impairment charge was due to a reduction in the market value of the asset which led to its carrying amount exceeding its recoverable amount. The recoverable amount of $69,884,000 was based on the fair value less costs of disposal, determined using the income capitalisation and discounted cash flow method by the Group's independent professional valuer. The impairment loss was recognised within "Other operating expenses" in the consolidated statement of comprehensive income.

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

	2017
Discount rate	**8%**
Terminal yield rate	**7%**
Income capitalisation rate	**6%**

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

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

An increase in the discount rate and terminal yield rate by 0.25% would result in further impairment by $2,045,000.

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS IN SUBSIDIARIES

The Company	2017 $'000	2016 $'000
Quoted equity investments, at cost	**17,335**	17,335
Unquoted equity investments, at cost	**326,476**	326,476
	343,811	343,811
Amounts owing by subsidiaries on long-term loan account	**426,111**	364,534
	769,922	708,345
Less: Accumulated impairment losses		
Beginning of financial year	**(87,293)**	(87,125)
Impairment charge	**(25)**	(168)
End of financial year	**(87,318)**	(87,293)
	682,604	621,052

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

An impairment charge of $25,000 (2016: $168,000) has been recognised on its investments in certain subsidiaries to reflect their recoverable amounts which were based on fair value less costs of disposal.

The market value of quoted equity investments as at 31 December 2017 was $54,996,000 (2016: $49,167,000).

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The subsidiaries are:

	Name	Principal activities	Country of business/ incorporation	Cost of investment		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
				2017 $'000	2016 $'000	2017 %	2016 %	2017 %	2016 %
	Held by the Company								
1	Bonfresh Pte Ltd	Investment holding	Singapore	**&&**	&&	**100**	100	**–**	–
1	Bonvests Trading Pte Ltd	Investment holding	Singapore	**5**	5	**100**	100	**–**	–
1	Cavendish Realty Pte Ltd	Property developer	Singapore	**4,121**	4,121	**100**	100	**–**	–
9	Colex Compost Pte Ltd	Dormant	Singapore	**&&**	&&	**100**	100	**–**	–
1	Colex Holdings Limited	Investment holding; business and management consultancy services	Singapore	**17,335**	17,335	**78.9**	78.9	**21.1**	21.1
1	Coop International Pte Ltd	Investment holding	Singapore	**10,064**	10,064	**100**	100	**–**	–
1	Henrick (Singapore) Pte Ltd	Investment holding	Singapore	**&&**	&&	**100**	100	**–**	–
9	Goldvista Pte Ltd	Dormant	Singapore	**1,285**	1,285	**100**	100	**–**	–
1	Magnificent Developments Pte Ltd	Property developer	Singapore	**20,000**	20,000	**100**	100	**–**	–
2	Belle Mare Beach Development Company Limited	Hotel developer	Mauritius	**2,186**	2,186	**100**	100	**–**	–
1	The Residence Hotels & Resorts Management Pte Ltd	Public relations consultancy services and sales and marketing support services	Singapore	**30,000**	30,000	**100**	100	**–**	–
3	Richvein Pte Ltd	Hoteliers	Singapore	**143,537**	143,537	**100**	100	**–**	–
1	The Allied Folks Pte Ltd	Operation of food and beverage outlets	Singapore	**&&**	&&	**100**	100	**–**	–
1	The Residence Hotels & Resorts Pte Ltd	Hotel and resorts management and operation	Singapore	**&&**	&&	**100**	100	**–**	–
9	The Residence Hotels & Resorts Management Services Pte Ltd	Investment holding	Singapore	**&&**	&&	**100**	100	**–**	–
1	Bonforte Investments Pte Ltd	Investment holding	Singapore	**3,600**	3,600	**100**	100	**–**	–
1	Bonsworth Developments Pte Ltd	Investment holding	Singapore	**&&**	&&	**100**	100	**–**	–
1	Upfront Developments Pte Ltd	Property developer	Singapore	**1,000**	1,000	**100**	100	**–**	–
1	International Real Estate Corporation (Private) Limited	Investment holding	Singapore	**112**	112	**100**	100	**–**	–
1	Bon-Food Pte Ltd	Property investment	Singapore	**22,753**	22,753	**100**	100	**–**	–
1	Bonvests Investments Pte Ltd	Investment holding	Singapore	**758**	758	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Name	Principal activities	Country of business/ incorporation	Cost of investment		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
				2017 $'000	2016 $'000	2017 %	2016 %	2017 %	2016 %
	Held by the Company (Continued)								
1	Goldvein Pte Ltd	Property investment	Singapore	**75,155**	75,155	**100**	100	**–**	–
1	Goldvein Trading Pte Ltd	Property investment	Singapore	**5,000**	5,000	**100**	100	**–**	–
1	Update Investments Pte Ltd	Property investment	Singapore	**660**	660	**100**	100	**–**	–
1	Essential Investments Pte Ltd	Property investment	Singapore	**6,240**	6,240	**100**	100	**–**	–
1	Goldprime Pte Ltd	Investment holding	Singapore	**&&**	&&	**100**	100	**–**	–
1	Goldview Pte Ltd	Investment holding	Singapore	**&&**	&&	**100**	100	**–**	–
9	Goldpoint Pte Ltd	Investment holding	Singapore	**&&**	&&	**100**	100	**–**	–
1	Bonswiss Pte Ltd	Dormant	Singapore	**&&**	&&	**100**	100	**–**	–
9	Cenizaro Pte Ltd	Dormant	Singapore	**&&**	&&	**100**	100	**–**	–
9	Claridges Pte Ltd (formerly known as Brooklyn Bagels Pte Ltd)	Dormant	Singapore	**&&**	&&	**100**	100	**–**	–
	Held by Bonvests Trading Pte Ltd								
4	PT. Bintan Vista	Hotel and resorts management and operation	Indonesia	**–**	–	**100**	100	**–**	–
	Held by Colex Holdings Limited								
1	Integrated Property Management Pte Ltd	Contract cleaning	Singapore	**–**	–	**78.9**	78.9	**21.1**	21.1
1	Colex Environmental Pte Ltd	Provider of waste management services, namely waste disposal services to commercial, industrial and residential properties and other waste disposal related businesses	Singapore	**–**	–	**78.9**	78.9	**21.1**	21.1

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Name	Principal activities	Country of business/ incorporation	Cost of investment		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
				2017 $'000	2016 $'000	2017 %	2016 %	2017 %	2016 %
	Held by Colex Holdings Limited (Continued)								
9	Juz Clean Pte Ltd (formerly known as Claridges Pte Ltd)	Investment holding	Singapore	**–**	–	**78.9**	78.9	**21.1**	21.1
	Held by Bonsworth Developments Pte Ltd								
6	Bonaventure (Maldives) Pvt Ltd	Investment, operation and management of resorts, hotels, spas and food and beverage outlets	Maldives	**–**	–	**100**	100	**–**	–
	Held by Goldpoint Pte Ltd								
6	Bonavista (Maldives) Pvt Ltd	Owning, operating and managing tourist investment in tourism related businesses	Maldives	**–**	–	**100**	100	**–**	–
	Held by Goldview Pte Ltd								
7	Hotel & Property Development (Kendwa) Limited	Development and management of a tourist resort	Zanzibar	**–**	–	**100**	100	**–**	–
	Held by Goldprime Pte Ltd								
5	Singapore Tunisian Investment Company	Development and promotion of hotel trade, tourism and watering places	Tunisia	**–**	–	**99.5**	99.5	**0.5**	0.5
5	Singapore Tunisian Investment Company Immobiliere	Property developer	Tunisia	**–**	–	**99.5**	99.5	**0.5**	0.5
5	Singapore Tunisian Investment Company Douz	Construction, development, purchase, sale, Hiring and operation of hotels and hotels' facilities	Tunisia	**–**	–	**99.5**	99.5	**0.5**	0.5

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Name	Principal activities	Country of business/ incorporation	Cost of investment		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
				2017 $'000	2016 $'000	2017 %	2016 %	2017 %	2016 %
	Held by Goldprime Pte Ltd								
5	Singapore Tunisian Investment Company Medina	Engage in construction, developing, purchase, sale, hiring and operation of hotels and hotels' facilities, thermal facilities, restaurants, bars, casinos, stores, stands, thalassotherapy centre in Tunis	Tunisia	**–**	–	**99.5**	99.5	**0.5**	0.5
	Held by Henrick (Singapore) Pte Ltd								
8	Bonaventure (Australia) Pty Ltd as trustee for Bonaventure (Australia) Trust	Investment holding	Australia	**–**	–	**100**	100	**–**	–
8	Bonaventure (Perth) Pty Ltd as trustee for Bonaventure (Perth) Trust	Hoteliers	Australia	**–**	–	**100**	100	**–**	–
8	Claridges (Perth) Pty Ltd as trustee for Claridges (Perth) Trust	Dormant	Australia	**–**	–	**100**	100	**–**	–
8	Goldvista (Perth) Pty Ltd as trustee for Goldvista (Perth) Trust	Property investment	Australia	**–**	–	**100**	100	**–**	–

1 Audited by PricewaterhouseCoopers LLP, Singapore
2 Audited by PricewaterhouseCoopers Ltd, Mauritius
3 Audited by Ernst & Young, Singapore
4 Audited by Ernst & Young, Indonesia
5 Audited by Ernst & Young, Tunisia
6 Audited by Ernst & Young, Maldives
7 Audited by PricewaterhouseCoopers, Tanzania
8 Audited by PricewaterhouseCoopers, Australia
9 Not required to be audited under the laws of the country of incorporation
10 In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.
&& Represents amount less than $500

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Subscription of shares in a subsidiary

In the previous financial year, the Company through its wholly-owned subsidiary, Goldprime Pte Ltd ("Goldprime") subscribed for 2,095,900 shares in Singapore Tunisian Investment Company ("STIC") amounting to $14,146,000 and its shareholdings increased from 97.99% to 98.87%. The effect of the change in shareholding interests arising from the subscription of shares was $123,000 recognised directly in equity and attributed to the owners of the parent.

(b) Acquisition of non-controlling interests

In the previous financial year, Goldprime acquired an additional 0.61% equity interest in STIC from its non-controlling interests for a cash consideration of $555,000. As a result of this acquisition, the Group held 99.48% of the issued and paid up capital in STIC. The carrying value of the net assets on 30 September 2016 was $29,932,000 and the carrying amount of the non-controlling interest acquired was $183,000. The difference of $372,000 between the consideration and the carrying value of the additional interest acquired was recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in STIC on the equity attributable to owners of the Company:

The Group	2016 $'000
Consideration paid for acquisition of non-controlling interests	555
Carrying amount of non-controlling interests acquired	183
Excess of consideration paid recognised in parent's equity [Note 20(d)]	372

There were no transactions with non-controlling interests for the financial year ended 31 December 2017.

(c) Acquisition of a subsidiary and prior year restatement

In the previous financial years, on 14 October 2015, the Company through its wholly-owned subsidiary, Bonaventure (Australia) Pty Ltd as trustee for Bonaventure Australia Trust acquired 100% of the issued share capital of Bonaventure (Perth) Pty Ltd as trustee for Bonaventure (Perth) Trust for a cash consideration of $90,059,000.

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of a subsidiary and prior year restatement (Continued)

Arising from the purchase price allocation exercise in accordance with FRS 103 Business Combinations, the fair values of the identifiable assets and liabilities as at 31 December 2016 were as follows:

	$'000
Property, plant and equipment	81,423
Trade and other receivables	1,536
Inventories	56
Cash and cash equivalents	1,148
Trade and other payables	(2,190)
Long service leave	(32)
Total net identifiable assets	81,941
Goodwill	8,118
Total consideration transferred	90,059

In the current financial year, the management reported that deferred tax liabilities have not been provided on the temporary differences between the fair value and tax bases of the identifiable assets acquired and liabilities assumed when the acquisition was accounted for in the previous financial years.

Accordingly, the management has effected an adjustment to record the deferred tax liabilities which amounted to $13,642,000 as at 31 December 2015. As a result of the decrease in net assets acquired and liabilities assumed in the acquisition, goodwill on the above acquisition also increased by $13,642,000 as at 31 December 2015.

The prior year comparatives have been restated as follows:

	Increase	
The Group	At 31 December 2016 $'000	At 1 January 2016 $'000
Consolidated statement of financial position		
Goodwill	13,801	13,642
Deferred tax liabilities	13,801	13,642

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of a subsidiary and prior year restatement (Continued)

The impact of the prior year restatement on the consolidated statement of comprehensive income for the prior financial years has been assessed to be immaterial.

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

	2017 $'000	2016 $'000
Carrying value of non-controlling interests		
Colex Holdings Limited and its subsidiaries	**8,109**	7,426
Singapore Tunisian Investment Company and its subsidiaries	**128**	146
Total	**8,237**	7,572

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

Summarised balance sheet

	As at 31 December	
	2017 $'000	2016 $'000
Current		
Assets	**28,719**	24,901
Liabilities	**(7,286)**	(6,965)
Total current net assets	**21,433**	17,936
Non-current		
Assets	**18,932**	19,214
Liabilities	**(1,864)**	(1,890)
Total non-current net assets	**17,068**	17,324
Net assets	**38,501**	35,260

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Summarised income statement

	For the year ended 31 December	
	2017	2016
	$'000	$'000
Revenue	**71,648**	72,505
Expenses	**(66,299)**	(65,241)
Profit before income tax	**5,349**	7,264
Income tax expense	**(649)**	(882)
Profit after tax and total comprehensive income	**4,700**	6,382
Total comprehensive income allocated to non-controlling interests	**990**	1,344
Dividends paid to non-controlling interests	**307**	154

Summarised cash flows

	Colex Holdings and its subsidiaries For the year ended 31 December	
	2017	2016
	$'000	$'000
Cash flows from operating activities		
Cash generated from operations	**7,960**	10,770
Interest received	**101**	24
Income tax paid	**(738)**	(717)
Net cash generated from operating activities	**7,323**	10,077
Net cash used in investing activities	**(2,994)**	(2,128)
Net cash used in financing activities	**(1,458)**	(3,420)
Net increase in cash and cash equivalents	**2,871**	4,529
Cash and cash equivalents at beginning of year	**13,822**	9,293
Cash and cash equivalents at end of year	**16,693**	13,822

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7. GOODWILL

The Group	2017 $'000	2016 (Restated) $'000
Cost		
Beginning of financial year		
– As previously reported	**8,536**	8,151
– Effect of restatement [Note (6(c)]	**13,801**	13,642
Beginning of financial year, as restated	**22,337**	21,793
Acquisition date – fair value adjustment	**–**	(33)
	22,337	21,760
Currency translation differences	**(80)**	577
End of financial year	**22,257**	22,337
Accumulated impairment		
Beginning of financial year	**4,197**	–
Impairment charge (Note 27)	**7,336**	4,197
Currency translation differences	**(15)**	–
End of financial year	**11,518**	4,197
Net book value	**10,739**	18,140

The goodwill of $22,337,000 arose from the acquisition of a subsidiary, Bonaventure (Perth) Pty Ltd as trustee for Bonaventure (Perth) Trust in Australia on 14 October 2015 and is part of the "Hotel" operating segment (Note 36). Refer to Note 6(c) for the effect of prior year's restatement.

Impairment test for goodwill

For the purpose of goodwill impairment testing, goodwill has been allocated to the property, plant and equipment held by Bonaventure (Perth) Trust (cash generating unit or "CGU"), as the management is of the view that it is the smallest identifiable group of assets that generates cash on its own.

The recoverable amount of the CGU in which goodwill has been attributable to was based on the fair value less costs of disposal, determined using the income capitalisation and discounted cash flow method by the Group's independent professional valuer using cash flow projections of 5 to 10 years (2016: 5 to 10 years). The carrying amount of the CGU was determined to be higher than its recoverable amount and an impairment loss of $7,336,000 (2016: $4,197,000) was recognised within "Other operating expenses" in the consolidated statement of comprehensive income. The recoverable amount of the CGU reduced from the previous financial year as a result of the lower projected income and cash flows used.

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

NOTES TO THE FINANCIAL STATEMENTS

7. GOODWILL (CONTINUED)

Impairment test for goodwill (Continued)

	2017	2016
Discount rate	**8%**	8%
Terminal yield rate	**7%**	7%
Income capitalisation rate	**6%**	6%

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

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

An increase in the discount rate and terminal yield rate by 0.25% would result in further impairment by $630,000.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group	2017 $'000	2016 $'000
Beginning of financial year	**3,108**	44,516
Additions	**6,679**	–
Disposals	**–**	(35,315)
Fair value gains/(losses) recognised in other comprehensive income [Note 20(a)]	**1,151**	(6,093)
End of financial year	**10,938**	3,108
Available-for-sale financial assets are analysed as follows:		
Quoted equity investments – Singapore	**10,938**	3,108

The fair value of quoted equity investments is determined by reference to Singapore Exchange Securities quoted prices.

In the previous financial year, quoted equity investments with a carrying amount of $35,315,000 were disposed for a consideration of $47,245,000.

9. CLUB MEMBERSHIPS

The Company and The Group	2017 $'000	2016 $'000
Club memberships with indefinite life, at cost	**21**	131
Market value of club memberships	**21**	80

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

10. RENTAL LEASE RECEIVABLES

The Group	2017 $'000	2016 $'000
Rental lease receivables	**497**	733
Less: Current portion (Note 15)	**(243)**	(244)
Non-current portion	**254**	489

Rental lease receivables represent the aggregate cost of incentives provided to the lessees [Note 33(b)(ii)] and are recognised as a reduction of rental income over the lease term, on the straight-line basis.

11. LONG-TERM PREPAYMENTS AND DEPOSITS

The Group	2017 $'000	2016 $'000
Prepayments for construction of hotel resorts [Note 11(a)]	**12,462**	42,405
Lease rent prepayments due after 1 year [Note 11(b)]	**3,341**	5,284
Deposits	**735**	–
	16,538	47,689

(a) Prepayments for construction of hotel resorts relate to prepayments made to contractors for the construction of the hotel resorts in Bintan, Maldives and Tunisia.

(b) Lease rent prepayments

The Group	2017 $'000	2016 $'000
Lease rent prepayments	**4,676**	6,729
Less: Current portion (Note 15)	**(1,335)**	(1,445)
Non-current portion	**3,341**	5,284

Included within lease rent prepayments are prepayments made to the Government of Maldives for the lease of an island in the Maldives for the purpose of developing and operating a tourist resort. The lease is for a period of 50 years commencing from 10 July 2011.

Long-term prepayments are charged to profit or loss on the straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED INCOME TAXES

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

The Group	2017 $'000	2016 (Restated) $'000
Deferred income tax assets		
– To be recovered after one year	**30**	1,088
	30	1,088
Deferred income tax liabilities		
– To be settled within one year	**–**	2,259
– To be settled after one year	**18,311**	18,891
	18,311	21,150

Refer to Note 6(c) for the effect of prior year's restatement.

Movements in deferred income tax accounts are as follows:

The Group	2017 $'000	2016 (Restated) $'000
Beginning of financial year		
– As previously reported	**6,261**	5,647
– Effects of restatement [Note 6(c)]	**13,801**	13,642
– As restated	**20,062**	19,289
Currency translation differences	**(71)**	58
Tax (credited)/charged to profit or loss (Note 29)		
– current year	**(1,762)**	(706)
– underprovision in respect of previous years	**52**	1,421
End of financial year	**18,281**	20,062

12. DEFERRED INCOME TAXES (CONTINUED)

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

The Group (Restated)	Accelerated tax depreciation $'000	Gain on sale of properties $'000	Fair value gain on investment properties $'000	Unabsorbed tax losses $'000	Others $'000	Total $'000
At 1 January 2017						
As previously reported	**8,275**	**282**	**2,173**	**(4,439)**	**(30)**	**6,261**
Effects of restatement [Note 6(c)]	13,801	–	–	–	–	13,801
As restated	**22,076**	**282**	**2,173**	**(4,439)**	**(30)**	**20,062**
Charged/(credited) to profit or loss	(2,024)	(159)	185	414	(126)	(1,710)
Currency translation differences	(237)	(123)	(157)	306	140	(71)
At 31 December 2017	**19,815**	**–**	**2,201**	**(3,719)**	**(16)**	**18,281**
At 1 January 2016						
As previously reported	**8,252**	**397**	**2,039**	**(4,271)**	**(770)**	**5,647**
Effects of restatement [Note 6(c)]	13,642	–	–	–	–	13,642
As restated	**21,894**	**397**	**2,039**	**(4,271)**	**(770)**	**19,289**
Charged/(credited) to profit or loss	133	(72)	408	(404)	650	715
Currency translation differences	49	(43)	(274)	236	90	58
At 31 December 2016	**22,076**	**282**	**2,173**	**(4,439)**	**(30)**	**20,062**

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

13. INVENTORIES

The Group	2017 $'000	2016 $'000
Spare parts	**1,079**	1,227
Consumables	**1,452**	1,742
Food and beverages	**1,397**	1,384
	3,928	4,353
Cost of inventories sold (Note 28)	**17,739**	17,612

NOTES TO THE FINANCIAL STATEMENTS

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group	2017 $'000	2016 $'000
Held for trading – Quoted equity investments:		
Beginning of financial year	**5,415**	4,666
Disposals	**(1,110)**	–
Fair value gain recognised in profit or loss (Note 25)	**1,114**	749
End of financial year	**5,419**	5,415
Financial assets at fair value through profit or loss are analysed as follows:		
Quoted equity investments – Singapore	**–**	579
Quoted equity investments – United States	**5,419**	4,836
	5,419	5,415

The fair value of quoted equity investments is determined by reference to New York Stock Exchange quoted prices and Singapore Exchange Securities quoted prices.

15. TRADE AND OTHER RECEIVABLES

	The Company		The Group	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables				
– third parties	**–**	–	**21,066**	18,307
– related company	**–**	–	**160**	143
– ultimate holding company	**–**	–	**6**	2
	–	–	**21,232**	18,452
Allowance for impairment of trade receivables	**–**	–	**(1,420)**	(1,726)
Net trade receivables	**–**	–	**19,812**	16,726
Other receivables				
Deposits	**1**	1	**3,374**	534
Staff loans	**–**	–	**114**	137
Tax recoverable	**–**	–	**4,348**	6,161
Prepayments	**114**	116	**4,498**	2,134
Rental lease receivables due within 1 year (Note 10)	**–**	–	**243**	244
Lease rent prepayments due within 1 year (Note 11)	**–**	–	**1,335**	1,445
Others	**2**	–	**3,842**	1,031
	117	117	**17,754**	11,686
	117	117	**37,566**	28,412

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore Dollar	**117**	117	**15,356**	13,047
Tunisian Dinar	**–**	–	**9,168**	5,934
Mauritian Rupee	**–**	–	**1,614**	1,490
Euro	**–**	–	**1,655**	924
United States Dollar	**–**	–	**4,111**	5,214
Australian Dollar	**–**	–	**4,098**	1,124
Others	**–**	–	**1,564**	679
	117	117	**37,566**	28,412

Trade receivables are usually due within 30 days and do not bear any effective interest rate.

All trade receivables are subject to credit risk exposure. However, the Group did not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers. Impairment of trade receivables is made when certain debtors are identified to be irrecoverable.

Included in trade receivables is an amount of $166,000 (2016: $145,000) owing by companies in which a director of the Company has interest.

The credit risk for trade and other receivables based on the information provided to key management is as follows:

(a) Financial assets that are neither past due nor impaired

	The Company		The Group	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
– Trade receivables	**–**	–	**15,082**	9,383
– Other receivables	**3**	1	**7,330**	1,702
	3	1	**22,412**	11,085

Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Financial assets that are past due but not impaired

The ageing analysis of trade receivables past due but not impaired is as follows:

The Group	2017 $'000	2016 $'000
Past due 0 to 30 days	**2,526**	1,422
Past due 31 to 60 days	**809**	3,714
Past due 61 to 90 days	**311**	544
Past due over 90 days	**1,084**	857
	4,730	6,537

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due but not impaired. These receivables are mainly arising from customers that have a good collection track record with the Group.

(c) Trade receivables that are past due and/or impaired

The ageing analysis of trade receivables determined to be impaired is as follows:

The Group	2017 $'000	2016 $'000
Past due 0 to 30 days	**28**	2
Past due 31 to 60 days	**154**	219
Past due 61 to 90 days	**289**	257
Past due over 90 days	**949**	1,248
	1,420	1,726

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

The Group	2017 $'000	2016 $'000
Gross amount	**1,420**	1,726
Less: Allowance for impairment of trade receivables	**(1,420)**	(1,726)
	–	–
Allowance for impairment of trade receivables		
Beginning of financial year	**1,726**	1,688
Currency translation differences	**(149)**	(111)
(Write back)/Allowance made (Note 28)	**(109)**	263
Allowance utilised	**(48)**	(114)
End of financial year	**1,420**	1,726

The impaired trade receivables arise mainly from sales to the customers which have suffered significant losses in their operations.

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Other receivables that are past due and/or impaired

The carrying amount of other receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

The Group	2017 $'000	2016 $'000
Gross amount	–	–
Less: Allowance for impairment of other receivables	–	–
	–	–
Allowance for impairment of other receivables		
Beginning of financial year	–	121
Allowance utilised	–	(121)
End of financial year	–	–

Impairment on other receivables is made on specific debts for which the directors of the Group are of the opinion that the debts are not recoverable.

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

(a) Advances to subsidiaries (non-trade)

The Company	2017 $'000	2016 $'000
Advances to subsidiaries	**34,079**	30,691
Allowance for impairment	**(16,095)**	(15,536)
	17,984	15,155

The movement in the allowance for impairment is as follows:

The Company	2017 $'000	2016 $'000
Beginning of financial year	**15,536**	15,029
Allowance for impairment	**559**	507
End of financial year	**16,095**	15,536

The advances to subsidiaries represent advances which are unsecured and interest-free. They have no repayment terms and are repayable only when the cash flows of the borrowers permit.

Impairment on advances to subsidiaries have been made on specific debts for which the directors of the Company are of the opinion that the debts are not recoverable. Impairment is reversed only when the financial performance of the subsidiaries have improved and the directors are of the opinion that the debts are recoverable.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Advances to subsidiaries (non-trade) (Continued)

Advances to subsidiaries are denominated in the following currencies:

The Company	2017 $'000	2016 $'000
Singapore Dollar	**8,430**	4,864
Australian Dollar	**564**	564
United States Dollar	**8,990**	9,727
	17,984	15,155

(b) Advances from subsidiaries (non-trade)

The advances from subsidiaries represent advances which are unsecured and interest-free. They have no repayment terms and are repayable only when the cash flows of the Company permits.

Advances from subsidiaries are denominated in the following currencies:

The Company	2017 $'000	2016 $'000
Singapore Dollar	**242,302**	243,978
Mauritian Rupee	**4,478**	1,767
	246,780	245,745

17. CASH AND CASH EQUIVALENTS

	The Company		The Group	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Fixed deposits	**–**	65,400	**10,607**	73,556
Cash and bank balances	**1,903**	2,636	**18,019**	20,700
	1,903	68,036	**28,626**	94,256

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

The Group	2017 $'000	2016 $'000
Fixed deposits	**10,607**	73,556
Cash and bank balances	**18,019**	20,700
	28,626	94,256
Less: Bank overdrafts (Note 21)	**(587)**	(127)
	28,039	94,129

17. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

	The Company		The Group	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore Dollar	**1,365**	66,854	**21,421**	83,938
Tunisian Dinar	**–**	–	**127**	2,487
Mauritian Rupee	**–**	–	**650**	880
Euro	**367**	413	**1,963**	2,468
United States Dollar	**139**	102	**2,367**	2,050
Australian Dollar	**13**	13	**1,105**	1,010
Others	**19**	654	**993**	1,423
	1,903	68,036	**28,626**	94,256

The fixed deposits mature between 3 and 5 months (2016: 1 and 11 months) from the end of the financial year with the following weighted average effective interest rates per annum:

	The Company		The Group	
	2017	2016	2017	2016
	%	%	%	%
Singapore Dollar	**–**	0.59	**1.25**	0.59
Tunisian Dinar	**–**	–	**–**	6.95

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

18. NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

Non-current assets classified as held-for-sale relates to a villa in Tunisia which is pending legal completion with local authorities for the transfer of ownership.

NOTES TO THE FINANCIAL STATEMENTS

19. SHARE CAPITAL

The Company and The Group	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital $'000	Treasury shares $'000
2017				
Beginning of financial year	**402,069,168**	**–**	**254,139**	**–**
Shares repurchased	**–**	**224,600**	**–**	**293**
Shares cancelled	**(224,600)**	**(224,600)**	**–**	**(293)**
End of financial year	**401,844,568**	**–**	**254,139**	**–**
2016				
Beginning of financial year	402,167,668	–	254,139	–
Shares repurchased	–	98,500	–	119
Shares cancelled	(98,500)	(98,500)	–	(119)
End of financial year	402,069,168	–	254,139	–

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

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

During the financial year ended 31 December 2017, the Company repurchased 224,600 (2016: 98,500) ordinary shares paid for in cash. These shares were then cancelled.

20. OTHER RESERVES

The Group	2017 $'000	2016 $'000
Fair value reserve	**973**	(178)
Currency translation reserve	**(63,535)**	(40,255)
Revaluation surplus reserve	**5,730**	5,730
Premium paid on acquisition of non-controlling interests	**(37,607)**	(37,607)
Hedging reserve	**(137)**	(181)
	(94,576)	(72,491)
Represented by:		
Non-distributable	**(94,576)**	(72,491)

20. OTHER RESERVES (CONTINUED)

The movements in other reserves are as follows:

(a) Fair value reserve

The Group	2017 $'000	2016 $'000
Beginning of financial year	**(178)**	24,072
Available-for-sale financial assets		
- Fair value gains/(losses) (Note 8)	**1,151**	(6,093)
- Reclassification to profit or loss	**–**	(18,157)
	1,151	(24,250)
End of financial year	**973**	(178)

The fair value reserve arises from net fair value gains on revaluation of available-for-sale investments held as at the end of reporting period.

(b) Currency translation reserve

The Group	2017 $'000	2016 $'000
Beginning of financial year	**(40,255)**	(44,506)
Net currency translation differences of financial statements of foreign subsidiaries	**(23,296)**	4,208
Less: Non-controlling interests	**16**	43
End of financial year	**(63,535)**	(40,255)

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

(c) Revaluation surplus reserve

The Group	2017 $'000	2016 $'000
Beginning of financial year	**5,730**	13,583
Transfer of revaluation surplus reserve to retained profits upon disposal	**–**	(7,853)
End of financial year	**5,730**	5,730

Revaluation surplus reserve arises from the revaluation of property, plant and equipment prior to its reclassification to investment properties during the financial year ended 31 December 2010 in accordance with the requirements of FRS 40.

NOTES TO THE FINANCIAL STATEMENTS

20. OTHER RESERVES (CONTINUED)

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

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

The Group	2017 $'000	2016 $'000
Beginning of financial year	**(37,607)**	(37,112)
Change in interest of a subsidiary (Note 6)	**–**	(495)
End of financial year	**(37,607)**	(37,607)

Premium paid on acquisition of non-controlling interests relates to the changes in a parent's ownership in a subsidiary that do not result in the parent losing control of the subsidiary and are reflected as equity transactions. Please refer to Note 6 to the financial statements on acquisition of non-controlling interests.

(e) Hedging reserve

The Group	2017 $'000	2016 $'000
Beginning of financial year	**(181)**	(97)
Fair value losses	**(149)**	(193)
Reclassification to profit or loss	**193**	109
End of financial year	**(137)**	(181)

The hedging reserve comprised the effective portion of the accumulated net change in the fair value of interest rate swaps (Note 23) for hedged transactions that had not occurred.

21. BORROWINGS

	The Company		The Group	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current				
Obligations under finance leases	**–**	–	**–**	11
Bank borrowings – secured	**85,000**	60,000	**133,616**	120,403
	85,000	60,000	**133,616**	120,414
Current				
Obligations under finance leases	**–**	–	**10**	10
Bank overdrafts – unsecured	**–**	–	**587**	127
Bank borrowings – secured	**46,075**	77,504	**81,037**	99,841
	46,075	77,504	**81,634**	99,978
Total borrowings	**131,075**	137,504	**215,250**	220,392

21. BORROWINGS (CONTINUED)

(a) Bank borrowings and bank overdrafts

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

	The Company		The Group	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
6 months or less	**131,075**	137,504	**215,240**	220,371

(ii) The bank borrowings are repayable on monthly or quarterly basis between the earliest date in 2018 and the latest date in 2025 and are secured by:

- a foreign subsidiary's freehold land and buildings, equipment [Note 5(c)] and business;
- local subsidiary's investment property [Note 4(d)], including rental proceeds, interests in tenancy agreements and insurance policies;
- a local subsidiary's freehold land and buildings [Note 5(c)], including rental proceeds, interests in tenancy agreements, interests in hotel management agreements and insurance policies; and
- a foreign subsidiary's freehold land and building, and equipment [Note 5(c)], including rental proceeds, interests in tenancy agreements, interests in hotel management agreements and insurance policies.

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

	The Company		The Group	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore Dollar	**94,300**	110,000	**96,300**	110,000
United States Dollar	**36,775**	27,504	**36,775**	27,829
Tunisian Dinar	**–**	–	**4,994**	7,569
Australian Dollar	**–**	–	**77,181**	74,994
	131,075	137,504	**215,250**	220,392

(c) Carrying amounts and fair values

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

NOTES TO THE FINANCIAL STATEMENTS

22. LONG-TERM LIABILITIES

The Group	2017 $'000	2016 $'000
Deferred lease liabilities	**5,290**	5,843
Gratuity on retirement [Note 22(a)]	**929**	662
Long-term payables (retention sums) [Note 22(b)]	**8,021**	6,008
Provision for dismantlement and restoration cost	**740**	740
Long-term end of service benefits	**440**	547
Rental deposits	**4,828**	4,654
Others	**696**	–
	20,944	18,454

(a) Gratuity on retirement

The Group	2017 $'000	2016 $'000
Present value of obligation at 1 January	**662**	537
Current service cost	**69**	48
Interest cost	**37**	37
Actuarial loss in defined benefit plans	**–**	57
Settlement gain on obligation	**(40)**	(18)
Contributions and direct benefits paid	**(10)**	(6)
Remeasurement of retirement benefits	**223**	–
Currency translation differences	**(12)**	7
Present value of obligation at 31 December	**929**	662

The amount recognised in the consolidated statement of comprehensive income is as follows:

The Group	2017 $'000	2016 $'000
At 1 January	**662**	537
Contributions and direct benefits paid	**(10)**	(6)
Charged to profit or loss	**66**	124
Remeasurement of retirement benefits	**223**	–
Currency translation differences	**(12)**	7
At 31 December	**929**	662

Gratuity on retirement is denominated in Mauritian Rupee.

The significant actuarial assumptions are as follows:

(i) Financial assumptions

	2017	2016
Discount rate (per annum)	**6%**	6%
Salary increase (per annum)	**5%**	5%

22. LONG-TERM LIABILITIES (CONTINUED)

(a) Gratuity on retirement (Continued)

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

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

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

	Impact on Gratuity on Retirement		
	Change in assumption	Increase in assumption $'000	Decrease in assumption $'000
Discount rate	1%	(124)	149
Salary	1%	149	(126)

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

(b) Long term payables relate to retention sums payable to contractors for construction of hotel resorts in Bintan and Maldives.

(c) Long term liabilities are denominated in the following currencies:

	The Group	
The Group	2017 $'000	2016 $'000
Indonesian Rupiah	**2,800**	1,970
Mauritian Rupee	**929**	662
Singapore Dollar	**5,568**	5,941
Tanzanian Shilling	**2,383**	2,473
Tunisian Dinar	**1,137**	–
United States Dollar	**8,127**	7,408
	20,944	18,454

NOTES TO THE FINANCIAL STATEMENTS

23. DERIVATIVE FINANCIAL INSTRUMENTS

The Group	Contract notional amount $'000	Fair value Asset $'000	Fair value Liability $'000
2017			
Cash-flow hedges			
– Interest rate swaps	**42,084**	**–**	**(137)**
2016			
Cash-flow hedges			
– Interest rate swap	42,236	–	(181)

The interest rate swaps were entered by a foreign subsidiary, Bonaventure (Perth) Pty Ltd as trustee for Bonaventure (Perth) Trust to hedge against its bank borrowing.

The interest rate swaps were transacted to hedge variable monthly interest payments on borrowings and will mature on the respective dates of 14 January 2019 and 14 May 2019. Fair value gains and losses on the interest rate swaps recognised in the other comprehensive income are reclassified to profit or loss as part of interest expense over the period of the borrowing.

24. TRADE AND OTHER PAYABLES

	The Company		The Group	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade payables	**–**	–	**18,252**	17,762
Rental deposits	**–**	–	**939**	1,212
Liabilities incurred for capital expenditure	**–**	–	**269**	5,064
Deferred income	**–**	–	**20**	34
Social security contributions	**–**	–	**934**	1,167
Employee benefits	**16**	15	**1,830**	1,575
GST payable	**–**	–	**688**	926
Other taxes payable	**–**	–	**571**	939
Advance payments received	**–**	–	**4,094**	3,742
Accrued staff costs	**383**	324	**2,733**	2,811
Accrued operating expenses	**621**	653	**9,037**	9,750
	1,020	992	**39,367**	44,,982

The fair values of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the statements of financial position to be reasonable approximation of their fair values.

24. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore Dollar	**1,020**	992	**20,401**	20,019
Tunisian Dinar	**–**	–	**5,579**	6,943
Mauritian Rupee	**–**	–	**4,743**	4,646
United States Dollar	**–**	–	**5,117**	10,351
Australian Dollar	**–**	–	**1,624**	1,591
Others	**–**	–	**1,903**	1,432
	1,020	992	**39,367**	44,982

Further details of liquidity risks on trade and other payables are disclosed in Note 38(e).

25. OTHER INCOME

The Group	2017 $'000	2016 $'000
Fair value gain of investment properties (Note 28)	**6,119**	–
Interest income	**327**	352
Gain on disposal of property, plant and equipment (Note 28)	**27**	–
Fair value gain on financial assets at fair value through profit or loss (Note 14)	**1,114**	749
Foreign exchange gain (Note 28)	**751**	–
Management fee charged to related companies	**315**	286
Gain on disposal of investment properties (Note 4(a) and Note 28)	**–**	19,373
Gain on disposal of available-for-sale financial assets (Note 28)	**–**	30,087
Government grants on special employment benefits	**1,767**	3,131
Others	**1,007**	499
	11,427	54,477

26. EMPLOYEE BENEFIT COSTS

The Group	2017 $'000	2016 $'000
Directors		
– Salaries and related costs		
– Directors of the Company	**1,758**	1,260
– Directors of subsidiaries	**1,617**	1,582
– Defined contributions	**75**	70
	3,450	2,912
Other than directors		
– Salaries and related costs	**70,850**	72,010
– Defined contributions	**6,834**	6,298
	77,684	78,308
	81,134	81,220

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

NOTES TO THE FINANCIAL STATEMENTS

27. OTHER OPERATING EXPENSES

The Group	2017 $'000	2016 $'000
Impairment of goodwill (Note 7)	**7,336**	4,197
Dumping fees	**18,426**	18,139
Repair and maintenance	**8,361**	8,664
Utilities	**5,311**	4,986
Marketing	**5,109**	5,892
Property tax	**4,200**	4,124
Labour and sub-contractor charges	**3,158**	3,103
Distillate and service fee	**2,397**	2,055
Operating lease rental expense (Note 28)	**1,756**	1,665
Credit card commission	**2,568**	2,550
Equipment expenses	**1,762**	2,341
Insurance	**1,354**	1,555
Licence fees	**1,207**	1,124
Operating supplies	**2,248**	2,055
Property, plant and equipment written off (Note 28)	**584**	600
Loss on disposal of property, plant and equipment (Note 28)	**140**	269
Impairment charge on property, plant and equipment (Note 28)	**4,652**	–
Foreign exchange loss (Note 28)	**–**	2,497
Fair value loss of investment properties (Note 28)	**432**	1,962
Professional fees	**2,209**	3,275
Printing and stationery	**409**	373
Directors' fees	**300**	317
Travelling and transportation expenses	**909**	1,012
Telecommunication charges	**302**	379
Entertainment	**991**	895
IT expenses	**522**	452
Upkeep of office and hotel premises	**569**	549
Bank charges	**435**	419
Others	**7,012**	7,385
	84,659	82,834

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. PROFIT BEFORE TAXATION

The Group	Note	2017 $'000	2016 $'000
Profit before taxation has been arrived at after charging:			
(Write back of)/Allowance for impairment of trade receivables	15	**(109)**	263
Depreciation of property, plant and equipment	5	**22,621**	23,197
Directors' remuneration			
Directors of the Company			
– fees		**202**	202
– other emoluments	26	**1,788**	1,292
Other directors of subsidiaries			
– fees		**98**	115
– other emoluments	26	**1,662**	1,620
Finance costs			
– bank overdrafts		**62**	41
– bank borrowings		**4,716**	5,364
– cash flow hedges reclassified from hedging reserve	20(e)	**193**	109
– others		**1**	79
		4,972	5,593
Foreign exchange (gain)/loss	25, 27	**(751)**	2,497
Audit fee			
– Auditor of the Company		**293**	356
– Other auditors		**270**	306
Non-audit fee			
– Auditor of the Company		**58**	22
– Other auditors		**53**	167
Net fair value (gain)/loss of investment properties	4, 25, 27	**(5,687)**	1,962
Replaced components of improvements to investment properties written off	4	**72**	87
Cost of inventories sold	13	**17,739**	17,612
Operating lease rental expense	27	**1,756**	1,665
Net loss on disposal of property, plant and equipment	25, 27	**113**	269
Property, plant and equipment written off	27	**584**	600
Impairment of property, plant and equipment	5, 27	**4,652**	–
and crediting:			
Fair value gain on financial assets at fair value through profit or loss	14	**1,114**	749
Gain on disposal of investment properties	25	**–**	19,373
Gain on disposal of available-for-sale financial assets	25	**–**	30,087
Gross dividends received from quoted equity investments		**113**	73
Interest income			
– fixed deposits		**213**	297
– others		**114**	55
		327	352
Write-back of allowance of obsolete inventories		**19**	19
Rental income	4	**24,428**	27,206

NOTES TO THE FINANCIAL STATEMENTS

29. TAXATION

The Group	2017 $'000	2016 $'000
Current income tax	**6,830**	6,974
Deferred income tax (Note 12)	**(1,762)**	(706)
	5,068	6,268
(Over)/under provision in respect of previous years		
– current income tax	**(211)**	748
– deferred income tax (Note 12)	**52**	1,421
	(159)	2,169
	4,909	8,437

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

The Group	2017 $'000	2016 $'000
Profit before taxation	**19,114**	64,647
Tax at domestic rate applicable to profits in the countries concerned[1]	**1,258**	9,316
Effects of:		
– Singapore statutory stepped income exemption	**(111)**	(183)
– Income not subject to tax	**(1,566)**	(8,600)
– Non-deductible expenses	**4,484**	5,258
– Tax incentives	**(126)**	(538)
– Tax rebate	**(41)**	(133)
– Deferred income tax assets on temporary differences not recognised	**1,156**	1,041
– Others	**14**	107
– (Over)/under provision in prior years	**(159)**	2,169
	4,909	8,437

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

Subject to agreement with the relevant tax authorities, the Group has unrecognised capital allowances and tax losses amounting of $909,000 (2016: $909,000) and $46,111,000 (2016: $42,850,000) respectively available for offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised capital allowances and tax losses in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

30. DIVIDENDS

The Company and The Group	2017 $'000	2016 $'000
Ordinary dividends paid:		
First and final tax-exempt (1-tier) dividend paid in respect of the previous financial year of 1.60 cents (2016: 1.60 cents) per share	**6,433**	6,435
Special dividends paid:		
Special tax-exempt (1-tier) dividend paid in respect of the previous financial year of 1.00 cent (2016: Nil cent) per share	**4,021**	–
	10,454	6,435

At the forthcoming Annual General Meeting, a final tax-exempt (one-tier) dividend of 1.60 cents (2016: 1.60 cents) and special dividend of Nil cent (2016: 1.00 cent) per share respectively amounting to $6,430,000 (2016: $6,433,000) and $Nil (2016: $4,021,000) respectively will be proposed. These financial statements do not reflect these dividends, which will be accounted in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2018. The payment of these dividends will not have any tax consequences for the Group.

31. OTHER COMPREHENSIVE (LOSS)/INCOME AFTER TAX

Disclosure of tax effects relating to each component of other comprehensive income:

The Group	2017 $'000	2016 $'000
Available-for-sale financial assets:		
– Fair value losses	**1,151**	(6,093)
– Reclassification to profit or loss	**–**	(18,157)
	1,151	(24,250)
Currency translation difference on foreign operations	**(23,296)**	4,208
Cash flow hedges		
– Fair value losses	**(149)**	(193)
– Reclassification to profit or loss	**193**	109
	44	(84)
Re-measurement of retirement benefits	**(223)**	–
	(22,324)	(20,126)

NOTES TO THE FINANCIAL STATEMENTS

32. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue of 401,983,854 (2016: 402,131,084) shares during the financial year.

	2017	2016
Net profit attributable to equity holders of the Company ($'000)	**13,217**	54,907
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**401,984**	402,131
Basic earnings per share (cents per share)	**3.29**	13.66
Diluted earnings per share (cents per share)	**3.29**	13.66

The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the period, adjusted by the repurchase and cancellation of ordinary shares (Note 19) during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the ordinary shares are outstanding as a proportion of the total number of days in the year.

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

33. COMMITMENTS

(a) Capital commitments

The Group	2017 $'000	2016 $'000
Capital expenditure contracted for purchase of property, plant and equipment	**78,715**	95,214

(b) Operating lease commitments

(i) *Where the Group is the lessee*

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

33. COMMITMENTS (CONTINUED)

(b) Operating lease commitments (Continued)

(i) Where the Group is the lessee (Continued)

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

The Group	2017 $'000	2016 $'000
Not later than one year	**2,646**	2,249
Later than one year and not later than five years	**12,769**	13,923
Later than five years	**100,031**	108,795
	115,446	124,967

(ii) Where the Group is the lessor

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

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

The Group	2017 $'000	2016 $'000
Not later than one year	**22,720**	23,014
Later than one year and not later than five years	**23,822**	41,021
Later than five years	**–**	133
	46,542	64,168

34. CONTINGENT LIABILITIES

The Company

The Company has issued corporate guarantees to a bank for borrowings of a subsidiary. These bank borrowings amount to $52,772,000 (2016: $55,592,000) at the end of the reporting period. As at 31 December 2017 and at 31 December 2016, the fair values of the corporate guarantee determined based on the expected loss arising from the risk of default is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

35. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	2017 $'000	2016 $'000
Cleaning service fee and waste disposal fee income from a company in which a director has interest	**232**	231
Management fee income from:		
– Ultimate holding company	**14**	3
– Company in which a director has interest	**301**	283
Sale of goods to company in which a director has interest	**3**	28
Rental income from a company in which a director has interest	**20**	20
Rental expense paid to a company in which a director has interest	**24**	9
Cleaning service to a director	**8**	7

(b) Key management personnel compensation

Key management personnel compensation is as follows:

The Group	2017 $'000	2016 $'000
Wages and salaries	**3,375**	2,842
Employer's contribution to defined contribution plans, including Central Provident Fund	**75**	70
	3,450	2,912

36. OPERATING SEGMENT

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

(a) Rental

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

(b) Hotel

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

36. OPERATING SEGMENT (CONTINUED)

(c) Industrial

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

(d) Investment

These activities relate to securities trading and investment holding.

(e) Development

Activities in this segment include the development of properties.

(f) Others

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

36. OPERATING SEGMENTS (CONTINUED)

Business segments

	Rental		Hotel		Industrial	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
External revenue	**24,428**	27,206	**123,888**	123,593	**68,936**	68,809
Inter-segment revenue	**149**	182	**1,612**	1,405	**1,119**	1,068
Total revenue	**24,577**	27,388	**125,500**	124,998	**70,055**	69,877
Result						
Segment results	**17,444**	19,448	**25,581**	21,595	**8,439**	10,326

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Investment		Development		Others		Consolidated	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	113	73	**–**	–	**1,447**	945	**218,812**	220,626
	–	–	**–**	–	**17,859**	24,667	**20,739**	27,322
	113	73	**–**	–	**19,306**	25,612	**239,551**	247,948
	1,215	30,852	**(8)**	(8)	**10**	(2,342)	**52,681**	79,871
Gain on disposal of investment properties							**–**	19,373
Net fair value gain/(loss) on investment properties							**5,687**	(1,962)
Depreciation of property, plant and equipment							**(22,621)**	(23,197)
Impairment of								
– goodwill							**(7,336)**	(4,197)
– property, plant and equipment							**(4,652)**	–
Finance costs							**(4,972)**	(5,593)
Interest income							**327**	352
Profit before income tax							**19,114**	64,647

NOTES TO THE FINANCIAL STATEMENTS

36. OPERATING SEGMENTS (CONTINUED)

Business segments (Continued)

	Rental		Hotel		Industrial	
	2017 $'000	2016 $'000	2017 $'000	2016 (Restated) $'000	2017 $'000	2016 $'000
Segment assets						
– As previously reported	**523,042**	517,322	**596,355**	561,293	**47,651**	44,115
– Effects of restatement [Note 6(c)]	**–**	–	**–**	13,801	**–**	–
– As restated	**523,042**	517,322	**596,365**	575,094	**47,651**	44,115
Unallocated assets						
– deferred tax assets						
– tax receivable						
Consolidated total assets						
Segment liabilities	**7,818**	9,231	**128,211**	128,799	**7,350**	6,967
Unallocated liabilities						
– deferred tax liabilities						
– As previously reported						
– Effects of restatement [Note 6(c)]						
– As restated						
– current tax payable						
Consolidated total liabilities						
OTHER SEGMENT INFORMATION						
Capital expenditure						
– property, plant and equipment	**32**	56	**102,288**	39,669	**3,209**	2,265
– investment properties	**2,305**	15,897	**–**	–	**–**	–
Depreciation of property, plant and equipment	**82**	87	**18,964**	19,764	**3,206**	3,055
Property, plant and equipment written off	**–**	1	**488**	489	**96**	106
Fair value (gain)/loss on financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–
Gain on disposal of available-for-sale financial assets	**–**	–	**–**	–	**–**	–
Gain on disposal of investment properties	**–**	(19,373)	**–**	–	**–**	–
Net fair value (gain)/loss of investment properties	**(5,687)**	1,962	**–**	–	**–**	–

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Investment		Development		Others		Consolidated	
2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 (Restated) $'000
16,432	8,599	**12**	15	**3,598**	69,965	**1,187,100**	1,201,309
–	–	**–**	–	**–**	–	**–**	13,801
16,432	8,599	**12**	15	**3,598**	69,965	**1,187,100**	1,215,110
						30	1,088
						4,348	6,161
						1,191,478	1,222,359
18	341	**6**	8	**132,295**	138,663	**275,698**	284,009
						18,311	7,349
						–	13,801
						18,311	21,150
						7,349	7,907
						301,358	313,066
–	–	**–**	–	**260**	914	**105,789**	42,904
–	–	**–**	–	**–**	–	**2,305**	15,897
–	–	**–**	–	**369**	291	**22,621**	23,197
–	–	**–**	–	**–**	4	**584**	600
(1,114)	(749)	**–**	–	**–**	–	**(1,114)**	(749)
–	(30,087)	**–**	–	**–**	–	**–**	(30,087)
–	–	**–**	–	**–**	–	**–**	(19,373)
–	–	**–**	–	**–**	–	**(5,687)**	1,962

NOTES TO THE FINANCIAL STATEMENTS

36. OPERATING SEGMENTS (CONTINUED)

Geographical segments

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

	2017 $'000	2016 (Restated) $'000
Revenue		
Singapore	**145,628**	148,465
Tunisia	**11,692**	10,974
Mauritius	**17,580**	16,520
Zanzibar	**9,947**	8,770
Maldives	**15,794**	16,400
Australia	**18,171**	19,497
	218,812	220,626
Non-current assets		
Singapore	**682,052**	682,026
Tunisia	**45,515**	48,608
Mauritius	**14,612**	14,837
Zanzibar	**21,101**	23,860
Maldives	**203,618**	181,955
Australia	**84,811**	98,535
Indonesia	**53,064**	35,681
	1,104,773	1,085,502

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

37. DISCLOSURE OF DIRECTORS' REMUNERATION

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

	2017	2016
Remuneration bands		
$500,000 and above	**1**	1
$250,000 to $499,999	**1**	1
Below $250,000	**4**	4
	6	6

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Foreign currency risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

If the TD, MR, Euro, AUD and USD all strengthened against the SGD by 5% (2016: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease)	
	2017	2016
	Profit net of tax	Profit net of tax
The Group	$'000	$'000
TD	**(1)**	**(1)**
MR	**(39)**	**(180)**
Euro	**121**	**123**
AUD	**(847)**	**(678)**
USD	**(1,202)**	**(921)**
The Company		
Euro	**15**	**17**
AUD	**24**	**24**
USD	**(1,147)**	**(734)**

If the TD, MR, Euro, AUD and USD weakened against the SGD by 5% (2016: 5%) with all other variables including tax rate being held constant, it would have had the equal opposite effect on the amounts shown above, on the basis that all other variables remaining constant.

(b) Interest rate risk

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

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

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest rate risk (Continued)

Sensitivity analysis for interest rate risk

If SGD, TD, AUD and USD interest rates had been 50 (2016: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been higher/lower arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings:

	Higher/(Lower)	
	2017	2016
The Group	Profit after tax $'000	Profit after tax $'000
SGD	**400**	457
TD	**19**	28
AUD	**291**	275
USD	**153**	115

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. The Company's and the Group's exposure to credit risk arises primarily from trade and other receivables, bank deposits and advances to subsidiaries.

The Company's and the Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Exposure to credit risk

As the Company and the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except for corporate guarantees provided by the Company to banks on subsidiaries' loans. The maximum exposure of the Company in respect of the intra-group financial guarantee (see Note 34) at the reporting date for facilities drawn down by the subsidiaries is $52,772,000 (2016: $55,592,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees.

The Company's major classes of financial assets are advances to subsidiaries and cash and cash equivalents. The Group's major classes of financial assets are trade and other receivables and cash and cash equivalents.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. There is no major customer to be reported. For other financial assets, the Company and the Group adopt the policy of dealing only with high credit quality counterparties.

The Company's and the Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that the counterparties fail to perform their obligations as of 31 December 2017 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statements of financial position. Cash is held with reputable financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Price risk

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

The Group is exposed to marketable securities price risk because of the investments held by the Group which are classified on the statements of financial position either as available-for-sale financial assets or financial assets at fair value through profit or loss. These securities are listed on the New York Stock Exchange and Singapore Exchange Securities.

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

Market price sensitivity

If the price for equity securities listed in Singapore and the United States had been 2% (2016: 2%) higher/lower with all other variables including tax rate held constant, the effects on profit after tax and other comprehensive income would have been:

	Increase/(Decrease)		
The Group	**Profit after tax $'000**	**Other comprehensive income $'000**	**Equity $'000**
31 December 2017			
Available-for-sale financial assets			
– increased by	**–**	**219**	**219**
– decreased by	**–**	**(219)**	**(219)**
Financial assets at fair value through profit or loss			
– increased by	**90**	**–**	**90**
– decreased by	**(90)**	**–**	**(90)**
31 December 2016			
Available-for-sale financial assets			
– increased by	–	63	63
– decreased by	–	(63)	(63)
Financial assets at fair value through profit or loss			
– increased by	90	–	90
– decreased by	(90)	–	(90)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Liquidity risk

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

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

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

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

The Group	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
At 31 December 2017					
Trade and other payables (less deferred income, other taxes payable, advanced payments received and GST payable)	**33,994**	**–**	**–**	**–**	**33,994**
Borrowings	**86,799**	**63,669**	**73,245**	**298**	**224,011**
Long-term liabilities					
– Long-term payables (retention sum)	**–**	**8,021**	**–**	**–**	**8,021**
– Rental deposits	**–**	**2,673**	**2,155**	**–**	**4,828**
	120,793	**74,363**	**75,400**	**298**	**270,854**
At 31 December 2016					
Trade and other payables (less deferred income, other taxes payable, advanced payments received and GST payable)	39,341	–	–	–	39,341
Borrowings	102,165	4,717	123,737	685	231,304
Long-term liabilities					
– Long-term payables (retention sum)	–	6,008	–	–	6,008
– Rental deposits	–	725	3,929	–	4,654
	141,506	11,450	127,666	685	281,307

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Liquidity risk (Continued)

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
The Company					
At 31 December 2017					
Trade and other payables	**1,020**	**–**	**–**	**–**	**1,020**
Advances from subsidiaries (non-trade)	**246,780**	**–**	**–**	**–**	**246,780**
Borrowings	**48,485**	**61,303**	**25,037**	**–**	**134,825**
	296,285	**61,303**	**25,037**	**–**	**382,625**
At 31 December 2016					
Trade and other payables	992	–	–	–	992
Advances from subsidiaries (non-trade)	245,745	–	–	–	245,745
Borrowings	78,885	1,622	62,839	–	143,346
	325,622	1,622	62,839	–	390,083

The Company and the Group manage the liquidity risk by ensuring there are sufficient cash and marketable securities to meet all their normal operating commitments in a timely and cost-effective manner, having adequate amount of credit facilities and the ability to close market positions at short notice. The Group intends to refinance its short-term bank borrowings upon their maturity.

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

The Group	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
At 31 December 2017					
Net-settled interest rate swaps – Net cash out flow	**128**	**9**	**–**	**–**	**137**
At 31 December 2016					
Net-settled interest rate swaps – Net cash out flow	89	92	–	–	181

At the end of the reporting period, the undrawn credit facilities is $156,517,000 (2016: $158,095,000).

39. CAPITAL MANAGEMENT

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

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

The Company and the Group actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company and the Group currently do not adopt any formal dividend policy.

The Company and the Group monitor capital on the basis of the carrying amount of equity plus borrowings as presented in the statements of financial position.

Total capital is calculated as equity plus total borrowings.

	The Company		The Group	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Total borrowings	**131,075**	137,504	**215,250**	220,392
Total equity	**324,046**	320,690	**890,120**	909,293
Total capital	**455,121**	458,194	**1,105,370**	1,129,685
Gearing ratio	**28.80%**	30.01%	**19.47%**	19.51%

Gearing has a significant influence on the Company's and the Group's capital structure and the Company and the Group monitor capital using a gearing ratio. The Company and the Group monitor gearing closely but had not set a definite ratio as it depends on the operational and investments requirement of the Company and the Group. The gearing ratio is calculated as total borrowings divided by total capital.

During the financial year ended 31 December 2017, a subsidiary of the Group did not meet a covenant obligation from a bank which resulted in the reclassification of $7,091,000 of outstanding loans from non-current liabilities to current liabilities as at 31 December 2017. The amount of $7,091,000 was repaid subsequent to the financial year end and the subsidiary is in compliance with its covenant obligations from that date. The Company and the Group is compliance with all other covenant obligations, including maintaining capital ratios since the inception of the borrowings (Note 21).

In order to maintain or adjust the capital structure, the Company and the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy-back issued shares, obtain new borrowings or sell assets to reduce debt.

There were no changes in the Company's and the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

40. FINANCIAL INSTRUMENTS

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

The Group	Note	Available-for-sale (Carried at fair value) $'000	Held for trading (FVTPL) (Carried at fair value) $'000	Loans and receivables (Carried at amortised cost) $'000	Total $'000
31 December 2017					
Financial assets					
Available-for-sale financial assets	8	10,938	–	–	10,938
Financial assets at fair value through profit or loss	14	–	5,419	–	5,419
Trade and other receivables	15				
– Trade receivables		–	–	19,812	19,812
– Deposits		–	–	3,374	3,374
– Staff loans		–	–	114	114
– Others		–	–	3,842	3,842
Long-term prepayments and deposits					
– Deposits	11	–	–	735	735
Cash and cash equivalents	17	–	–	28,626	28,626
		10,938	5,419	56,503	72,860

The Group	Note	Other liabilities (Carried at amortised cost) $'000	Total $'000
31 December 2017			
Financial liabilities			
Borrowings	21	215,250	215,250
Trade and other payables (less deferred income, other taxes payables, advanced payment received and GST payable)	24	33,994	33,994
Long-term liabilities	22		
– Long-term payables (retention sum)		8,021	8,021
– Rental deposits		4,828	4,828
		262,093	262,093

40. FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications of financial assets and financial liabilities (Continued)

The Group	Note	Available-for-sale (Carried at fair value) $'000	Held for trading (FVTPL) (Carried at fair value) $'000	Loans and receivables (Carried at amortised cost) $'000	Total $'000
31 December 2016					
Financial assets					
Available-for-sale financial assets	8	3,108	–	–	3,108
Financial assets at fair value through profit or loss	14	–	5,415	–	5,415
Trade and other receivables	15				
– Trade receivables		–	–	16,726	16,726
– Deposits		–	–	534	534
– Staff loans		–	–	137	137
– Others		–	–	1,031	1,031
Cash and cash equivalents	17	–	–	94,256	94,256
		3,108	5,415	112,684	121,207

The Group	Note	Other liabilities (Carried at amortised cost) $'000	Total $'000
31 December 2016			
Financial liabilities			
Borrowings	21	220,392	220,392
Trade and other payables (less deferred income, other taxes payables, advanced payment received and GST payable)	24	39,341	39,341
Long-term liabilities	22		
– Long-term payables (retention sum)		6,008	6,008
– Rental deposits		4,654	4,654
		270,395	270,395

NOTES TO THE FINANCIAL STATEMENTS

40. FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications of financial assets and financial liabilities (Continued)

The Company	Note	Loans and receivables (Carried at amortised cost) $'000	Total $'000
31 December 2017			
Financial assets			
Trade and other receivables	15		
– Deposits		**1**	**1**
Advances to subsidiaries	16	**17,984**	**17,984**
Cash and cash equivalents	17	**1,903**	**1,903**
		19,888	**19,888**

	Note	Other liabilities (Carried at amortised cost) $'000	Total $'000
Financial liabilities			
Borrowings	21	**131,075**	**131,075**
Advances from subsidiaries	16	**246,780**	**246,780**
Trade and other payables	24	**1,020**	**1,020**
		378,875	**378,875**

The Company	Note	Loans and receivables (Carried at amortised cost) $'000	Total $'000
31 December 2016			
Financial assets			
Trade and other receivables	15		
– Deposits		1	1
Advances to subsidiaries	16	15,155	15,155
Cash and cash equivalents	17	68,036	68,036
		83,192	83,192

40. FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications of financial assets and financial liabilities (Continued)

	Note	Other liabilities (Carried at amortised cost) $'000	Total $'000
Financial liabilities			
Borrowings	21	137,504	137,504
Advances from subsidiaries	16	245,745	245,745
Trade and other payables	24	992	992
		384,241	384,241

41. FAIR VALUE MEASUREMENT

FRS 113 defines fair value as 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. 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 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.

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

41. FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value measurement of financial assets and liabilities

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 31 December 2017				
Assets				
Available-for-sale financial assets	**10,938**	**–**	**–**	**10,938**
Financial assets at fair value through profit or loss	**5,419**	**–**	**–**	**5,419**
Liabilities				
Derivative financial instrument – Interest rate swap	**–**	**137**	**–**	**137**
At 31 December 2016				
Assets				
Available-for-sale financial assets	3,108	–	–	3,108
Financial assets at fair value through profit or loss	5,415	–	–	5,415
Liabilities				
Derivative financial instrument – Interest rate swap	–	181	–	181

The fair value of financial instruments traded in active markets (such as available-for-sale equity investments and financial assets at fair value through profit or loss) is based on quoted market prices at the end of reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

There were no transfers between Level 1 and Level 2 during the year.

The carrying amount of financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values.

41. FAIR VALUE MEASUREMENT (CONTINUED)

(b) Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2017 and 2016:

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 31 December 2017				
Non-current assets classified as held-for-sale	**–**	**198**	**–**	**198**
Investment properties				
Commercial offices and retail	**–**	**–**	**478,000**	**478,000**
Commercial retail	**–**	**–**	**28,218**	**28,218**
	–	**–**	**506,218**	**506,218**
At 31 December 2016				
Non-current assets classified as held-for-sale	–	225	–	225
Investment properties				
Commercial offices and retail	–	–	470,800	470,800
Commercial retail	–	29,303	–	29,303
	–	29,303	470,800	500,103

The non-current assets classified as held-for-sale is a non-recurring fair value which has been measured using observable inputs, being the price of actual sales transaction and is therefore within Level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

41. FAIR VALUE MEASUREMENT (CONTINUED)

(b) Fair value measurement of non-financial assets (Continued)

Level 3 fair value measurements

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 was as follows:

The Group	Investment properties Commercial retail $'000	Investment properties Commercial offices and retail $'000
31 December 2017		
Beginning of financial year	**–**	**470,800**
Additions during the year	**–**	**2,305**
Replaced components of improvements written off	**–**	**(72)**
Transfers to Level 3	**29,303**	**–**
Total amount included in profit or loss for unrealised gain on Level 3 assets		
– increase in fair value of investment properties	**720**	**4,967**
Currency translation differences	**(1,805)**	**–**
End of financial year	**28,218**	**478,000**
31 December 2016		
Beginning of financial year	–	472,500
Additions during the year	–	443
Replaced components of improvements written off	–	(83)
Total amount included in profit or loss for unrealised gain on Level 3 assets		
– decrease in fair value of investment properties	–	(2,060)
End of financial year	–	470,800

There were no changes in valuation techniques during the year. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Valuation processes of the Group

Fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee at each reporting date. As at 31 December 2017 and 2016, the fair values of the properties have been determined by Knight Frank, Colliers International and Derouiche Fadhel Architent Expert.

41. FAIR VALUE MEASUREMENT (CONTINUED)

(b) Fair value measurement of non-financial assets (Continued)

Valuation processes of the Group (Continued)

At each financial year end, the Group's finance department:

– verifies all major inputs to the independent valuation report;
– assesses property valuation movements when compared to prior year valuation report; and
– holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the Audit Committee meetings.

Valuation techniques used to derive Level 3 fair values

Level 3 fair values of the Group's investment properties have been generally derived using one or more of the following valuation approach:

(i) the Direct Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant input to the valuation approach would be the selling price per square metre.

(ii) the Income Method approach where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth and over the unexpired lease term. The most significant input to the valuation approach would be the rental value per square metre, assumptions about vacancy levels and the capitalisation rate.

Valuation inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Singapore				
Office	Income Method	– Rental value per square metre	$775 (2016: $797)	The higher the rental value per square metre, the higher the fair value.
		– Vacancy levels	1.5% (2016: 1.5%)	The lower the vacancy levels, the higher the fair value.
		– Capitalisation rate	3.3% (2016: 3.5%)	The lower the capitalisation rate, the higher the fair value.

NOTES TO THE FINANCIAL STATEMENTS

41. FAIR VALUE MEASUREMENT (CONTINUED)

(b) Fair value measurement of non-financial assets (Continued)

Valuation inputs used in Level 3 fair value measurements (Continued)

Description	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Singapore				
Retail	Income Method	– Rental value per square metre	$1,916 (2016: $2,024)	The higher the rental value per square metre, the higher the fair value.
		– Vacancy levels	2.5% (2016: 1.5%)	The lower the vacancy levels, the higher the fair value.
		– Capitalisation rate	4.3% (2016: 4.5%)	The lower the capitalisation rate, the higher the fair value.
Australia				
Retail	Income Method	– Rental value per square metre	$389 to $662 (2016: NA)	The higher the rental value per square metre, the higher the fair value.
		– Capitalisation rate	7.5% to 9% (2016: NA)	The lower the capitalisation rate, the higher the fair value.
	Direct Comparison Method	– Selling price per square metre	$6,775 to $6,829 (2016: NA)	The higher the selling price per square metre, the higher the fair value.
Tunisia				
Retail	Direct Comparison Method	– Selling price per square metre	$1,040 to $3,250 (2016: NA)	The higher the selling price per square metre, the higher the fair value.

DISTRIBUTION OF SHAREHOLDINGS

Issued & Fully Paid-Up Capital	:	254,427,603
Number & Class of Shares	:	401,844,568 ordinary shares with equal voting rights
Number of treasury shares	:	Nil

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1–99	32	0.96	808	0.00
100 – 1,000	476	14.35	196,570	0.05
1,001 – 10,000	2,103	63.38	8,673,127	2.16
10,001 – 1,000,000	697	21.01	34,056,293	8.47
1,000,001 and above	10	0.30	358,917,770	89.32
	3,318	**100.00**	**401,844,568**	**100.00**

LIST OF 20 LARGEST SHAREHOLDERS AS AT 14 MARCH 2018

No.	Name	No. of Shares	% of Shares
1	GOLDVEIN HOLDINGS PTE LTD	240,026,769	59.73
2	NGO HENRY	85,357,128	21.24
3	UNITED OVERSEAS BANK NOMINEES	10,148,000	2.53
4	MORPH INVESTMENTS LTD	8,293,600	2.06
5	CITIBANK NOMS S'PORE PTE LTD	3,984,816	0.99
6	DBS NOMINEES PTE LTD	3,333,228	0.83
7	NG POH CHENG	2,288,200	0.57
8	CGS-CIMB SECURITIES (S) PL	2,124,216	0.53
9	RAFFLES NOMINEES (PTE) LTD	2,058,413	0.51
10	NG SOO GIAP OR CHEW SOOI GUAT	1,303,400	0.32
11	OCBC NOMINEES SINGAPORE	970,580	0.24
12	LAI CHOY KUEN	915,814	0.23
13	ANG HAO YAO (HONG HAOYAO)	850,200	0.21
14	OCBC SECURITIES PRIVATE LTD	805,200	0.20
15	YEAP LAM HONG	719,200	0.18
16	TEO KAR TIN	684,100	0.17
17	TAN KAH BOH ROBERT@ TAN KAH BOO	663,000	0.16
18	CHIAM HOCK POH	606,700	0.15
19	PLAZA DEVELOPMENT (PTE) LTD	542,000	0.13
20	KHOO LU-EN @ LEN KO	534,000	0.13
		366,208,564	**91.11**

DISTRIBUTION OF SHAREHOLDINGS

SHAREHOLDINGS IN THE HANDS OF THE PUBLIC AS AT 14 MARCH 2018

Percentage of shareholdings held in the hands of the public is 16.81% and hence Rule 723 of the Listing Manual is complied with.

REGISTER OF SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

	Direct Interest	Deemed Interest
Goldvein Holdings Pte. Ltd.		
– Ordinary Shares	240,026,769*	–
Henry Ngo		
– In Own Name	85,357,128	–
– United Overseas Bank Nominees (Private) Limited**	–	7,591,000

* Mr Henry Ngo, Mr Patrick Tse, Mr James Sookanan and Mr Wilfred Hsieh are deemed to be interested in these shares by virtue of their shareholdings in Goldvein Holdings Pte. Ltd.

** Held in trust for Allsland Pte Ltd, a company wholly owned by Mr Henry Ngo.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of the Company will be held at the Sheraton Towers Singapore, 39 Scotts Road, Topaz Room, Level 2, Singapore 228230 on Wednesday, 25 April 2018 at 2.00 p.m., to transact the following businesses:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2017 together with the Directors' Statement and the Auditor's Report thereon. (Resolution 1)

2. To declare a final one-tier tax exempt dividend of 1.6 cents per share in respect of the financial year ended 31 December 2017 (2016: final one-tier tax exempt dividend of 1.6 cents per share and a special one-tier tax exempt dividend of 1.0 cent per share). (Resolution 2)

3. To re-elect Mr Tom Yee Lat Shing, a Director retiring under Article 92 of the Constitution of the Company. (Resolution 3)

   Mr Tom Yee Lat Shing will, upon re-appointment as Director of the Company, remain as Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as a member of the Nominating Committee and Remuneration Committee.

4. To re-elect Mr Yeo Wee Kiong, a Director retiring under Article 92 of the Constitution of the Company. (Resolution 4)

   Mr Yeo Wee Kiong will, upon re-election as Director of the Company, remain a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as Chairman of the Nominating Committee and a member of the Remuneration Committee.

5. To approve the payment of Directors' Fee of S$202,000 for the financial year ended 31 December 2017 (2016: S$202,000). (Resolution 5)

6. To re-appoint PricewaterhouseCoopers LLP as Auditor and to authorise the Directors to fix their remuneration. (Resolution 6)

As Special Business

7. Authority to issue shares

   To consider, and if thought fit, to pass the following Ordinary Resolution (with or without amendments):

   (a) "that, pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

      (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and/or

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) notwithstanding the authority conferred by the shareholders may have ceased to be in force, issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always, that subject to any applicable regulations as may be prescribed by the Singapore Exchange Securities Trading Limited,

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50 per cent of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities, or

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (Resolution 7)
[See Explanatory Note]

8. The Proposed Adoption of the New Constitution

That the regulations contained in the new Constitution submitted to this Meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution. (Resolution 8)

9. Proposed Share Buy Back Mandate

"That:–

(a) for the purposes of Sections 76C and 76E of the Companies Act (Cap. 50) of Singapore (the "**Companies Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("**Share Buy-Backs**") in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:–

(i) on-market Share Buy-Backs (each an "**On-market Share Buy-Back**") transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market Share Buy-Backs (each an "**Off-market Share Buy-Back**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the directors of the Company ("**Directors**") as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with the applicable provisions of the Companies Act and the Listing Manual, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:–

(i) the date on which the next annual general meeting of the Company ("**AGM**") is held or required by law to be held;

(ii) the date on which the Share Buy-Backs are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Company in general meeting;

(c) in this Resolution:–

"**Prescribed Limit**" means 10% of the total number of Shares as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

NOTICE OF ANNUAL GENERAL MEETING

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share, which shall not exceed:–

(i) in the case of an On-market Share Buy-Back, 5% above the average of the closing market prices of the Shares over the last 5 market days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day of the On-market Share Buy-Back by the Company, and deemed to be adjusted for any corporate action that occurs after such 5-day period; and

(ii) in the case of an Off-market Share Buy-Back pursuant to an equal access scheme, 20% above the average of the closing market prices of the Share over the last 5 market days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price for each Share and the relevant terms of the equal access scheme for effecting the Off-market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs after such 5-day period; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary or expedient to give effect to the transactions contemplated by this Resolution." (Resolution 9)
[See Explanatory Note]

Any other business

10. To transact any other business that may normally be transacted at an Annual General Meeting.

By Order of the Board

Foo Soon Soo
Company Secretary

Singapore, 3 April 2018

Explanatory Notes:

1. The Ordinary Resolution in item 7 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company of which the total number of shares and convertible securities, issued other than on a pro rata basis to existing shareholders shall not exceed 20 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

2. The Ordinary Resolution 8 relates to the proposed adoption of the New Constitution of the Company. Please refer to the Appendix accompanying this Annual Report for more information.

3. The Ordinary Resolution 9 relates to the proposed mandate authorising the Company to purchase its own shares. Please refer to the Appendix accompanying this Annual Report for more information.

Notes:

1. A Depositor is not regarded as a member of the Company entitled to attend and vote at the Annual General Meeting unless his name appears on the Depository Register not less than 72 hours before the time of the Annual General Meeting.

2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in the form of proxy.

3. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Annual General Meeting.

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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) 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 DATE

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Forty-Ninth Annual General Meeting:

FIRST AND FINAL DIVIDEND

A final one-tier tax exempt dividend of 1.6 Singapore cents per share in respect of the financial year ended 31 December 2017 will be paid on 23 May 2018 to shareholders whose names appear in the Register of Members on 8 May 2018 as at 5.00 p.m. Accordingly, the Transfer Books and the Register of Members of the Company will be closed on 8 May 2018 after 5.00 p.m., for the purpose of determining shareholders' entitlements to the proposed final dividend.

Registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd. at 333 North Bridge Road #08-00, KH KEA Building, Singapore 188721 up to 5.00 p.m. on 8 May 2018 will be registered before entitlements to the dividends are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares of the Company on 8 May 2018 as at 5.00 p.m. will be entitled to such proposed dividend.

By Order of the Board

Foo Soon Soo
Company Secretary

Singapore, 3 April 2018

PROXY FORM

FORTY-NINTH ANNUAL GENERAL MEETING

Bonvests Holdings Limited
Registration No. 196900282M
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. A relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) may appoint more than two proxies to attend the Annual General Meeting and vote.
2. For investors who have used their CPF moneys to buy shares in Bonvests Holdings Limited, this Annual Report is forwarded to them at the request of the CPF Approved Nominees.
3. The Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____ (Name)

of ____ (Address)

being a member/members of BONVESTS HOLDINGS LIMITED hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or [delete as appropriate]

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 25 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 Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

No.	Ordinary Resolutions	No. of votes or indicate with a tick*	
		For	Against
1.	To receive and adopt the Audited Financial Statements for the year ended 31 December 2017 together with the Directors' Statement and the Auditor's Report thereon.		
2.	To declare a first and final one-tier tax exempt dividend of 1.6 cents per share in respect of the financial year ended 31 December 2017.		
3.	To re-elect Mr Tom Yee Lat Shing, a Director retiring under Article 92 of the Constitution of the Company.		
4.	To re-elect Mr Yeo Wee Kiong, a Director retiring under Article 92 of the Constitution of the Company.		
5.	To approve the payment of Directors' Fee of S$202,000 for year ended 31 December 2017.		
6.	To re-appoint PricewaterhouseCoopers LLP as Auditor and to authorise the Directors to fix their remuneration.		
	Special Business		
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.		
8.	To approve the proposed Adoption of the New Constitution.		
9.	To approve the proposed Share Buy-Back Mandate.		

* *All resolutions would be put to vote by poll in accordance with listing rule of Singapore Exchange Securities Trading Limited. If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ________ day of ________________ 2018.

Total number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

Notes

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in the Securities and Futures Act, Chapter 289) (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("AGM"). Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in the form of proxy. If no such proportion, the first-named proxy may be treated as representing 100 per cent of the shareholding and any second-named proxy as alternate to the first-named.

3. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Companies Act").

4. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.

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Please
Affix
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The Company Secretary

BONVESTS HOLDINGS LIMITED

541 Orchard Road #16-00

Liat Towers

Singapore 238881

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6. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the Registered Office at 541 Orchard Road #16-00, Liat Towers, Singapore 238881, not later than 48 hours before the time set for the AGM.

7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing; or if such appointor is a corporation under its common seal, if any, and, if none, then under the hand of some officer duly authorised in that behalf.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with its Constitution of the Company and Section 179 of the Companies Act.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or when the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

10. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

11. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

BONVESTS HOLDINGS LIMITED

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COMPANY REGISTRATION NO. 196900282M