

**TUAN SING HOLDINGS LIMITED**  
*(Incorporated in Singapore)*  
*(Registration No. 196900130M)*  
**AND ITS SUBSIDIARIES**

**Directors' Statement and Financial Statements**

**For The Financial Year Ended  
31 December 2017**

# **TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES**

## **Directors' Statement and Financial Statements**

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## **TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES**

### **DIRECTORS' STATEMENT for the financial year ended 31 December 2017**

The Directors of the Company present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017.

In the opinion of the Directors:

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 11 to 131 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2017, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

#### **1 Directors**

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

Mr Ong Beng Kheong	(Chairman)
Mr William Nursalim alias William Liem	(Chief Executive Officer)
Mr Cheng Hong Kok	(Appointed on 15 August 2017)
Mr Choo Teow Huat Albert	
Mr David Lee Kay Tuan	
Ms Michelle Liem Mei Fung	
Mr Neo Ban Chuan	

#### **2 Arrangements to enable Directors to acquire benefits by means of the acquisition of shares and debentures**

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

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### DIRECTORS' STATEMENT for the financial year ended 31 December 2017

#### 3 Directors' interests in shares and debentures

The Directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company or of related corporations as recorded in the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act (the "Act") except as follows:

Names of Directors and companies in which interests are held	Holdings registered in name of Director		Holdings in which Director is deemed to have an interest	
	As at 1 January 2017	As at 31 December 2017	As at 1 January 2017	As at 31 December 2017
<b><u>The Company (Ordinary Shares)</u></b>				
Mr Ong Beng Kheong	2,200	2,200	-	-
Mr David Lee Kay Tuan	250,000	250,000	-	-
Ms Michelle Liem Mei Fung	-	-	546,383,829 <sup>1</sup>	546,383,829 <sup>1</sup>
Mr William Nursalim alias William Liem	-	-	546,383,829 <sup>1</sup>	546,383,829 <sup>1</sup>
 <b><u>The Company</u></b>				
<u>S\$80 million 5-year 4.50% per annum Notes due 2019 pursuant to the</u> <u>S\$900,000,000 Multicurrency Medium Term Note Programme ("MTN Programme")</u>				
Mr William Nursalim alias William Liem	\$500,000	\$500,000	-	-
 <u>S\$150 million 3-year 6% per annum Notes due 2020</u> <u>pursuant to the MTN Programme</u>				
Mr Ong Beng Kheong	-	-	-	\$500,000
Mr William Nursalim alias William Liem	-	\$500,000	-	-
Mr Choo Teow Huat Albert	-	-	-	\$250,000
Mr David Lee Kay Tuan	-	\$500,000	-	-
 <b><u>Subsidiary</u></b>				
<b><u>SP Corporation Limited (Ordinary Shares)</u></b>				
Ms Michelle Liem Mei Fung	-	-	28,146,319 <sup>1</sup>	28,146,319 <sup>1</sup>

#### Note

<sup>1</sup> By virtue of interest in Nuri Holdings (S) Pte Ltd.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### DIRECTORS' STATEMENT for the financial year ended 31 December 2017

By virtue of Section 7 of the Act, Ms Michelle Liem Mei Fung and Mr William Nursalim alias William Liem are deemed to have an interest in the Company and in all the related corporations of the Company.

There was no change in any of the above-mentioned Directors' interests between the end of the financial year and 21 January 2018.

#### 4 Share options

During the financial year, there were no options granted to take up unissued shares of the Company or any corporation in the Group.

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

#### 5 Audit and Risk Committee

The Audit and Risk Committee performed functions specified in Section 201B (5) of the Act, the SGX-ST Listing Manual and the Singapore Code of Corporate Governance.

The Audit and Risk Committee of the Company is chaired by Mr Choo Teow Huat Albert and includes Messrs David Lee Kay Tuan and Neo Ban Chuan, all of whom are non-executive Directors and the majority including the Chairman, are independent. The Audit and Risk Committee met six times during the financial year ended 31 December 2017 and had reviewed, *inter alia*, the following with the executive Director, external and internal auditors of the Company where relevant:

- (a) the external and internal audit plans; the scope of the internal audit procedures and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- (b) the Group's financial and operating results and accounting policies;
- (c) the consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company before their submission to the Directors of the Company and the external auditors' report on those financial statements;
- (d) the quarterly, half-yearly and annual announcements on the results and financial positions of the Company and the Group;
- (e) the interested person transactions as specified under Chapter 9 of the SGX-ST Listing Manual Rules;

**TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES**

**DIRECTORS' STATEMENT  
for the financial year ended 31 December 2017**

- (f) the co-operation and assistance given by the management to the Group's external and internal auditors; and
- (g) the re-appointment of the external and internal auditors of the Group.

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the Directors the nomination of Deloitte & Touche LLP for re-appointment as the external auditors of the Group at the forthcoming Annual General Meeting of the Company.

**6 External auditors**

Deloitte & Touche LLP have expressed their willingness to accept re-appointment.

On Behalf of the Directors



**Mr Ong Beng Kheong**  
Chairman



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

26 January 2018

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Tuan Sing Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 131.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TUAN SING HOLDINGS LIMITED**

**Key Audit Matters**

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

**Valuation of development properties**

The Group has residential properties under development and held for sale which are mainly located in Singapore. These development properties are stated at the lower of cost and net realisable values. The determination of the estimated net realisable value of these development properties is dependent upon the Group's expectations of future selling prices. There is a risk that the estimates of net realisable values may exceed future selling prices, resulting in losses when properties are sold.

**Our audit performed and responses thereon**

We discussed with and challenged management on the basis used in their assessment in determining whether the Group's properties under development and completed residential properties held for sale are impaired and the amount of impairment to be recorded if any, based on the Group's estimated selling prices of these properties, by comparing where available, to recently transacted prices and prices of past sales of comparable properties in surrounding locations. We also performed sensitivity analysis on the estimated selling prices used by management in their assessment and considered the adequacy of the disclosures in respect of the impairment losses presented in the financial statements for these properties.

We found management's estimates to be reasonable based on supportable information available, and that management had applied their knowledge of the business in determining the estimated selling prices of the respective properties, by taking into consideration the selling prices of recent sales of the respective properties and that of comparable properties, and expectations of the property market conditions. We found that the Group had appropriately recorded the impairment loss in profit or loss and the related disclosures to be appropriate.

Further disclosures are made in Note 8 to the financial statements.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED

### Valuation of investment properties and hotel properties

The Group has investment and hotel properties stated at fair value, determined based on professional external valuers engaged by the Group.

The valuation process involves significant judgement and estimation. The valuations are dependent on the valuation methodology applied and these are underpinned by a number of assumptions which included price per square metre of market comparables used; capitalisation rates; price per square metre of gross/net lettable area; value per room for hotel properties and costs to complete and gross development value for the investment property under redevelopment. A change in the key assumptions applied may have a significant impact to the valuation.

### Our audit performed and responses thereon

We read the terms of engagement of the external valuers to consider the objectivity and independence of the external valuers, and also considered the qualification and competency of the external valuers engaged.

We considered the appropriateness of the valuation techniques used by the external valuers for the respective investment and hotel properties, taking into account the profile and type of these properties. We discussed with the external valuers on the results of their work, and compared the key assumptions used in their valuations by reference to externally published benchmarks where available and considered whether these assumptions are consistent with the current market environment.

For the investment property under development, we also evaluated the Group's estimated cost of development and where relevant, agreed to third party contracts for work contracted or to supportable documents.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates.

We found that the external valuers were recognised professionals with appropriate level of qualifications and experience. The valuation methodologies adopted were in line with generally accepted market practices. The key assumptions used were within reasonable range, taking into account historical rates and available industry data for comparable markets and properties. For the investment property under development, the estimated total cost of development and cost of work performed were supported by third parties' construction certificates and other relevant documents. We also found that the related disclosures in the financial statements to be adequate.

Further disclosures on the investment properties and hotel properties are found in Note 10 and Note 9 to the financial statements respectively.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TUAN SING HOLDINGS LIMITED**

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the Directors' Statement and Corporate Governance Report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Company and Strategy, Highlights of the Year, Corporate Stewardship, Management Discussion and Analysis, Sustainability Report and Shareholding Statistics reports, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information which are expected to be made available to us after the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

**Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TUAN SING HOLDINGS LIMITED**

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TUAN SING HOLDINGS LIMITED**

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Loi Chee Keong.



Public Accountants and  
Chartered Accountants  
Singapore

26 January 2018

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION  
As at 31 December 2017

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	5	216,843	163,688	88,737	301
Trade and other receivables	6	93,827	158,793	12,162	7,994
Amounts due from subsidiaries	15	-	-	354,851	255,467
Inventories	7	2,906	3,564	-	-
Development properties	8	188,308	183,232	-	-
Total current assets		<u>501,884</u>	<u>509,277</u>	<u>455,750</u>	<u>263,762</u>
<b>Non-current assets</b>					
Property, plant and equipment	9	443,093	419,278	-	-
Investment properties	10	1,592,687	1,108,652	498	498
Investments in subsidiaries	11	-	-	695,647	684,755
Investments in equity accounted investees	12	93,185	83,579	-	-
Deferred tax assets	17	2,253	2,286	-	-
Trade and other receivables	6	5,057	-	-	-
Other non-current assets		12	11	-	-
Total non-current assets		<u>2,136,287</u>	<u>1,613,806</u>	<u>696,145</u>	<u>685,253</u>
<b>Total assets</b>		<u><b>2,638,171</b></u>	<u><b>2,123,083</b></u>	<u><b>1,151,895</b></u>	<u><b>949,015</b></u>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Loans and borrowings	13	278,943	3,406	-	-
Trade and other payables	14	121,917	112,333	20,153	20,096
Amounts due to subsidiaries	15	-	-	309,729	265,956
Derivative financial instruments	28	87	-	-	-
Income tax payable		13,523	22,290	84	52
Total current liabilities		<u>414,470</u>	<u>138,029</u>	<u>329,966</u>	<u>286,104</u>
<b>Non-current liabilities</b>					
Loans and borrowings	13	1,179,177	1,017,387	228,364	79,562
Derivative financial instruments	28	-	1,019	-	-
Deferred tax liabilities	17	47,784	35,730	-	-
Other non-current liabilities	14	463	462	-	-
Total non-current liabilities		<u>1,227,424</u>	<u>1,054,598</u>	<u>228,364</u>	<u>79,562</u>
<b>Capital, reserves and non-controlling interests</b>					
Share capital	18	172,514	171,306	172,514	171,306
Reserves	19	813,135	748,116	421,051	412,043
Equity attributable to owners of the Company		<u>985,649</u>	<u>919,422</u>	<u>593,565</u>	<u>583,349</u>
Non-controlling interests		<u>10,628</u>	<u>11,034</u>	<u>-</u>	<u>-</u>
Total equity		<u>996,277</u>	<u>930,456</u>	<u>593,565</u>	<u>583,349</u>
<b>Total liabilities and equity</b>		<u><b>2,638,171</b></u>	<u><b>2,123,083</b></u>	<u><b>1,151,895</b></u>	<u><b>949,015</b></u>

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

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
for the financial year ended 31 December 2017

	Note	Group	
		2017 \$'000	2016 \$'000
<b>Revenue</b>	21	357,922	404,018
Cost of sales		(292,894)	(319,634)
<b>Gross profit</b>		65,028	84,384
Other operating income		7,346	4,490
Distribution costs		(6,077)	(5,867)
Administrative expenses		(26,268)	(29,741)
Other operating expenses		(3,390)	(7,739)
Share of results of an equity accounted investee	12	15,677	13,466
Interest income	22	4,150	4,465
Finance costs	23	(33,173)	(25,716)
<b>Profit before tax and fair value adjustments</b>		23,293	37,742
Fair value adjustments	24	44,814	2,336
<b>Profit before tax</b>	25	68,107	40,078
Income tax expenses	26	(5,261)	(6,272)
<b>Profit for the year</b>		62,846	33,806
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of properties	28	33,846	16,980
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	28	(10,154)	(5,094)
		23,692	11,886
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	28	(9,109)	4,903
Share of other comprehensive income of an equity accounted investee	28	(6,360)	2,829
Cash flow hedges	28	916	(90)
Income tax relating to components of other comprehensive income that may be reclassified subsequently	28	(275)	27
		(14,828)	7,669
<b>Other comprehensive income for the year, net of tax</b>	28	8,864	19,555
<b>Total comprehensive income for the year</b>		71,710	53,361

*The accompanying notes form an integral part of the financial statements.*

**TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
for the financial year ended 31 December 2017**

	Note	Group	
		2017 \$'000	2016 \$'000
<b>Profit attributable to:</b>			
Owners of the Company		62,734	33,585
Non-controlling interests		112	221
		<u>62,846</u>	<u>33,806</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		72,116	52,979
Non-controlling interests		(406)	382
		<u>71,710</u>	<u>53,361</u>
<b>Basic and diluted earnings per share (in cents)</b>			
Including fair value adjustments	27	<u>5.3</u>	<u>2.8</u>
Excluding fair value adjustments	27	<u>1.8</u>	<u>2.7</u>

*The accompanying notes form an integral part of the financial statements.*

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the financial year ended 31 December 2017

	Note	Group	
		2017 \$'000	2016 \$'000
<b>Operating activities</b>			
<b>Profit before tax</b>		<b>68,107</b>	40,078
Adjustments for:			
Fair value gain	24	(44,814)	(2,336)
Share of results of an equity accounted investee (Write-back of allowance) / allowance for diminution in value for development properties, net	12	(15,677)	(13,466)
Depreciation of property, plant and equipment	8	(1,784)	3,649
Allowance for inventory obsolescence, net	9	7,725	7,772
Allowance for doubtful trade and other receivables, net	7	17	1
Write-back of recognised corporate guarantee no longer required	6	425	52
Net loss on liquidation of subsidiaries	25	-	(445)
Net loss on disposal of property, plant and equipment	25	-	1,794
Interest income	25	6	5
Finance costs	22	(4,150)	(4,465)
	23	<b>33,173</b>	<b>25,716</b>
<b>Operating cash flows before movements in working capital</b>		<b>43,028</b>	58,355
Development properties less progressive billings receivable		(2,495)	149,759
Inventories		671	83
Trade and other receivables		62,358	(12,424)
Trade and other payables		<b>8,351</b>	<b>(4,276)</b>
<b>Cash generated from operations</b>		<b>111,913</b>	191,497
Interest received		2,059	2,129
Income tax paid		(12,406)	(3,523)
<b>Net cash from operating activities</b>		<b>101,566</b>	190,103
<b>Investing activities</b>			
Purchase of property, plant and equipment	9	(4,263)	(4,098)
Proceeds on disposal of property, plant and equipment		171	64
Additions to investment properties		(439,095)	(19,364)
Deposit paid for acquisition of land in Batam	6	(3,915)	(7,830)
Deposit collected from disposal of a subsidiary	8	4,294	-
<b>Net cash used in investing activities</b>		<b>(442,808)</b>	(31,228)
<b>Financing activities</b>			
Proceeds from loans and borrowings		510,894	98,166
Repayment of loans and borrowings		(67,015)	(192,611)
Interest paid		(39,094)	(34,161)
Bank deposits released / (pledged) as securities for bank facilities		656	(32,922)
Dividend paid to shareholders		(5,866)	(5,877)
Shares bought back and cancelled	18	(23)	(120)
<b>Net cash from / (used in) financing activities</b>		<b>399,552</b>	(167,525)

*The accompanying notes form an integral part of the financial statements.*



**TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
for the financial year ended 31 December 2017**

	Note	Group	
		2017 \$'000	2016 \$'000
Net increase / (decrease) in cash and cash equivalents		58,310	(8,650)
Cash and cash equivalents at the beginning of the year		95,896	105,675
Foreign currency translation adjustments		<u>(3,061)</u>	<u>(1,129)</u>
<b>Cash and cash equivalents at the end of the year</b>	5	<u><b>151,145</b></u>	<u><b>95,896</b></u>

*The accompanying notes form an integral part of the financial statements.*

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY  
for the financial year ended 31 December 2017

Note	Share capital \$'000	Foreign currency translation account \$'000	Asset revaluation reserve \$'000	Other capital reserves # \$'000	Revenue reserve \$'000	Attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total Equity \$'000
<b>Group</b>								
At 1 January 2017	171,306	(16,151)	106,420	126,787	531,060	919,422	11,034	930,456
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	62,734	62,734	112	62,846
Exchange differences on translation of foreign operations	28	(14,951)	-	-	-	(14,951)	(518)	(15,469)
Revaluation of properties	28	-	33,846	-	-	33,846	-	33,846
Cash flow hedges	28	-	-	916	-	916	-	916
Income tax adjustments relating to other comprehensive income	28	-	(10,154)	(275)	-	(10,429)	-	(10,429)
Other comprehensive (loss)/income for the year, net of tax	-	(14,951)	23,692	641	-	9,382	(518)	8,864
Total	-	(14,951)	23,692	641	62,734	72,116	(406)	71,710
<b>Transactions with owners, recognised directly in equity</b>								
Transfer from revenue reserve to other capital reserves	-	-	-	23,234	(23,234)	-	-	-
Issue of shares under the Scrip Dividend Scheme	18	1,231	-	-	-	1,231	-	1,231
Shares bought back and cancelled	18	(23)	-	-	-	(23)	-	(23)
Dividend paid to shareholders								
- Cash	20	-	-	-	(5,866)	(5,866)	-	(5,866)
- Share	20	-	-	-	(1,231)	(1,231)	-	(1,231)
Total	1,208	-	-	23,234	(30,331)	(5,889)	-	(5,889)
At 31 December 2017	172,514	(31,102)	130,112	150,662	563,463	985,649	10,628	996,277

# Details of "Other capital reserves" are disclosed in Note 19.

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

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY  
for the financial year ended 31 December 2017

Note	Share capital \$'000	Foreign currency translation account \$'000	Asset revaluation reserve \$'000	Other capital reserves # \$'000	Revenue reserve \$'000	Attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total Equity \$'000
<b>Group</b>								
At 1 January 2016	170,230	(23,722)	94,534	116,342	519,421	876,805	10,652	887,457
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	33,585	33,585	221	33,806
Exchange differences on translation of foreign operations	28	7,571	-	-	-	7,571	161	7,732
Revaluation of properties	28	-	16,980	-	-	16,980	-	16,980
Cash flow hedges	28	-	-	(90)	-	(90)	-	(90)
Income tax adjustments relating to other comprehensive income	28	-	(5,094)	27	-	(5,067)	-	(5,067)
Other comprehensive (loss)/income for the year, net of tax	-	7,571	11,886	(63)	-	19,394	161	19,555
Total	-	7,571	11,886	(63)	33,585	52,979	382	53,361
<b>Transactions with owners, recognised directly in equity</b>								
Transfer from revenue reserve to other capital reserves	-	-	-	14,873	(14,873)	-	-	-
Issue of shares under the Scrip Dividend Scheme	18	1,196	-	-	-	1,196	-	1,196
Shares bought back and cancelled	18	(120)	-	-	-	(120)	-	(120)
Dividend paid to shareholders								
- Cash	20	-	-	-	(5,877)	(5,877)	-	(5,877)
- Share	20	-	-	-	(1,196)	(1,196)	-	(1,196)
Goodwill paid over acquiring additional shares in a member of associate	12	-	-	(4,365)	-	(4,365)	-	(4,365)
Total	1,076	-	-	10,508	(21,946)	(10,362)	-	(10,362)
At 31 December 2016	171,306	(16,151)	106,420	126,787	531,060	919,422	11,034	930,456

# Details of "Other capital reserves" are disclosed in Note 19.

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

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY  
for the financial year ended 31 December 2017

<u>Company</u>	Note	<u>Share capital</u> \$'000	<u>Other capital reserve<sup>#</sup></u> \$'000	<u>Revenue reserve</u> \$'000	<u>Total equity</u> \$'000
At 1 January 2017		171,306	101,264	310,779	583,349
<b>Profit for the year, representing total comprehensive income for the year</b>		-	-	16,105	16,105
<b>Transactions with owners, recognised directly in equity</b>					
Issue of shares under the Scrip Dividend Scheme	18	1,231	-	-	1,231
Dividend paid to shareholders					
- Cash	20	-	-	(5,866)	(5,866)
- Share	20	-	-	(1,231)	(1,231)
Shares bought back and cancelled	18	(23)	-	-	(23)
Total		<u>1,208</u>	<u>-</u>	<u>(7,097)</u>	<u>(5,889)</u>
At 31 December 2017		<u>172,514</u>	<u>101,264</u>	<u>319,787</u>	<u>593,565</u>
At 1 January 2016		170,230	101,264	294,427	565,921
<b>Profit for the year, representing total comprehensive income for the year</b>		-	-	23,425	23,425
<b>Transactions with owners, recognised directly in equity</b>					
Issue of shares under the Scrip Dividend Scheme	18	1,196	-	-	1,196
Dividend paid to shareholders					
- Cash	20	-	-	(5,877)	(5,877)
- Share	20	-	-	(1,196)	(1,196)
Shares bought back and cancelled	18	(120)	-	-	(120)
Total		<u>1,076</u>	<u>-</u>	<u>(7,073)</u>	<u>(5,997)</u>
At 31 December 2016		<u>171,306</u>	<u>101,264</u>	<u>310,779</u>	<u>583,349</u>

<sup>#</sup> Details of "Other capital reserves" are disclosed in Note 19.

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

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

#### 1 General

Tuan Sing Holdings Limited (Registration number: 196900130M) is incorporated in the Republic of Singapore with its principal place of business and registered office at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding. The principal activities of its significant subsidiaries and associates are disclosed in Note 33 and Note 34 to the financial statements respectively. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 26 January 2018.

#### 2 Summary of significant accounting policies

##### (a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore (“FRSs”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### **(b) Adoption of new and revised Standards**

On 1 January 2017, the Group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations.

The adoption of these new or revised FRSs and INT FRSs does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current or prior years except for certain presentation improvements arising from Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*.

#### Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes.

The Group’s liabilities arising from financing activities and a reconciliation between the opening and closing balances of these liabilities are set out in Note 13. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 13, the application of these amendments has had no impact on the Group’s consolidated financial statements.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

#### (c) Standards issued but not yet effective

##### *Convergence to the International Financial Reporting Standards (“IFRS”) in 2018*

Singapore-incorporated companies listed on the Singapore Exchange (“SGX”) will be required to apply a new Singapore financial reporting framework, the Singapore Financial Reporting Standards (International) (“SFRS(I)”), that is identical to the International Financial Reporting Standards (“IFRS”) for annual periods beginning on or after 1 January 2018. The Group will be adopting SFRS(I) framework for the first time for financial year ending 31 December 2018, with retrospective application to the comparative financial year ended 31 December 2017 and the opening statement of financial position as at 1 January 2017 (date of transition).

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, and has determined that there is no change to the Group’s current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs, and the election of certain transition options available under SFRS(I) 1.

Management will be electing the transition option to use fair value as the deemed cost for certain properties that will result in material adjustments on transition to the new framework.

The estimated effects of retrospective application on the amounts reported in 2017 is tabled on page 24 to 25.

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I) Interpretations (“SFRS(I) INT”) that are relevant to the Group and the Company were issued but not effective:

- SFRS(I) 9 *Financial Instruments*<sup>1</sup>
- SFRS(I) 15 *Revenue from Contracts with Customers (with clarifications issued)*<sup>1</sup>
- SFRS(I) 16 *Leases*<sup>2</sup>
- SFRS(I) 1-40 *Investment Property*<sup>1</sup>
- SFRS(I) 10 *Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures*<sup>1</sup>
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*<sup>1</sup>

<sup>1</sup> Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

<sup>2</sup> Applies to annual periods beginning on or after 1 January 2019, with earlier application permitted if SFRS(I) 15 is adopted.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

Management will be electing the transition option to use fair value as the deemed cost for certain properties. The estimated effects to the Group's financial statements in the period of initial application are disclosed on page 24 to 25.

Consequential amendments were also made to various standards as a result of these new or revised standards.

The management anticipates that the adoption of the above SFRS(I)s and SFRS(I) INTs in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

#### SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 was issued in December 2017, and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management has performed a detailed analysis of the requirements of the initial application of the new SFRS(I) 9 and has anticipated that the adoption of SFRS(I) 9 will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption. Management does not plan to early adopt the new SFRS(I) 9.

#### SFRS(I) 15 *Revenue from Contracts with Customers*

In December 2017, SFRS(I) 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. SFRS(I) 15 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.



## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management anticipates that the initial application of the new SFRS(I) 15 will have an impact on the financial statements of the Group in the period of their initial adoption. The estimates effects to the Group’s financial statements in the period of initial application are disclosed on page 24 to 25.

#### SFRS(I) 16 Leases

SFRS(I) 16 was issued in December 2017. The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17 *Leases*.

Management is currently assessing and has yet to complete the work on the possible impact of implementing SFRS(I) 16. It is therefore impracticable to disclose any further information on the known or reasonably estimable impact to the Group’s financial statements in the period of initial application. Management does not plan to early adopt the above new SFRS(I) 17.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

Impact of adoption of SFRS(I) 1 and SFRS(I) 15

The following table provides the estimates effects on the Group's financial in the period of the initial application of SFRS(I) 1 and SFRS(I) 15.

**Consolidated Statement of Financial Position**

	<b>1 January 2017</b>	<b>Effects of</b>		<b>1 January 2017</b>
	<b>\$'000</b>	<b>SFRS(I) 15</b>	<b>SFRS(I) 1</b>	<b>\$'000</b>
	<b>(As reported)</b>	<b>\$'000</b>	<b>\$'000</b>	<b>(Restated)</b>
Contract assets	-	337	-	337
Property, plant and equipment	419,278	-	3,653	422,931
Income tax payable	22,290	-	-	22,290
Deferred tax liabilities	35,730	-	-	35,730
Revenue reserve	531,060	337	-	531,397
Asset revaluation reserve	106,420	-	3,653	110,073

  

	<b>31 December 2017</b>	<b>Effects of</b>		<b>31 December 2017</b>
	<b>\$'000</b>	<b>SFRS(I) 15</b>	<b>SFRS(I) 1</b>	<b>\$'000</b>
	<b>(As reported)</b>	<b>\$'000</b>	<b>\$'000</b>	<b>(Restated)</b>
Contract assets	-	286	-	286
Property, plant and equipment	443,093	-	3,592	446,685
Income tax payable	13,523	(9)	-	13,514
Deferred tax liabilities	47,784	-	(10)	47,774
Revenue reserve	563,463	295	(51)	563,707
Asset revaluation reserve	130,112	-	3,653	133,765

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	2017	Effects of		2017
	\$'000	SFRS(I) 15	SFRS(I) 1	\$'000
	(As reported)	\$'000	\$'000	(Restated)
Revenue	357,922	-	-	357,922
Cost of sales	(292,894)	-	-	(292,894)
Administrative	(26,268)	(51)	(61)	(26,380)
Profit before tax	68,107	(51)	(61)	67,995
Income tax expenses	(5,261)	9	10	(5,242)
Profit for the year	62,846	(42)	(51)	62,753

**(d) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

#### Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Asset Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year from acquisition date.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

#### Associates and joint venture (equity accounted investees)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results of and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired [Note 2(h)].

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where the group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

#### **(e) Foreign currency transactions and translation**

##### *Functional and presentation currency*

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (i.e. its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar which is the functional currency of the Company and the presentation currency for the consolidated financial statements.



## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

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#### Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated to the functional currency at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies below [Note 2(f)].

#### Foreign currency translation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation account.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a joint venture that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

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In the case of partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### Net investment in foreign operations

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation account.

#### **(f) Financial instruments**

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

#### Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

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Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss”, “held-to-maturity investments”, “available-for-sale” financial assets and “loans and receivables”. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

#### *Financial assets at fair value through profit or loss (FVTPL)*

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if (i) it has been acquired principally for the purpose of selling in the near future; or (ii) on initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 32(e).

#### *Held-to-maturity financial assets*

Bonds with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity financial assets. Subsequent to initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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#### Available-for-sale financial assets

Certain shares and debt securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 32(e). Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

#### Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

#### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

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#### Financial liabilities

Financial liabilities are classified as either financial liabilities “at fair value through profit or loss” or other financial liabilities.

#### Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if (i) it has been incurred principally for the purpose of repurchasing in the near future; or (ii) it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (ii) on initial recognition, the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘other operating income and expenses’ line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 32(e).

#### Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group’s accounting policy for borrowing costs [Note 2(r)].

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Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, subsequently at the higher of the amount of obligation under the guarantee recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

#### Derivative financial instruments and hedge accounting

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

#### Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss for the period immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of profit or loss and other comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

#### Cash flow hedge

The effective portion of changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other income and expenses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the period when the hedged item is recognised in profit or loss in same line item of the statement of profit or loss and other comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

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#### Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation account. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the “fair value adjustments” line of the statement of profit or loss and other comprehensive income.

Gains and losses previously recognised in other comprehensive income and accumulated in foreign currency translation account are reclassified in profit or loss in the same way as exchange differences relating to the foreign operation as described in the accounting policy for foreign currency transactions and translation as stated in Note 2(e) to these financial statements.

#### Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available as of the date of the reporting rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

### **(g) Property, plant and equipment**

#### Measurement

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less any subsequent accumulated depreciation and accumulated impairment losses.

Cost includes professional fees and for qualifying assets, borrowing cost, capitalised in accordance with the Group’s accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.



## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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#### Revaluation

Certain land and buildings held for use in the production or supply of goods or services, or for administrative purpose, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising from the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged to profit or loss. A decrease in carrying amount arising from the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

#### Depreciation

Depreciation is charged so as to write off the cost or valuation of assets, other than properties under construction and freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

	<u>Useful lives</u>
Building on freehold land	50 years
Leasehold land, buildings and improvements	Over the remaining lease periods ranging 3 to 99 years
Plant and equipment	1 - 15 years
Motor vehicles	5 - 10 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate being accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

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#### Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

#### **(h) Goodwill**

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### **(i) Impairment of assets**

##### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

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For all other financial assets, objective evidence of impairment could include (i) significant financial difficulty of the issuer or counterparty; or (ii) default or delinquency in interest or principal payments; or (iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

#### *Impairment of tangible and intangible assets excluding goodwill*

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and non-tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units (CGU), or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

#### **(j) Investment properties**

Investment properties comprise completed properties and properties under construction or redevelopment held to earn rental and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss for the period in which they arise.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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Transfers are made to or from investment properties when and only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed costs of property for subsequent accounting is its fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment [Note 2(g)] up to the date of change in use.

#### **(k) Development properties**

Development properties comprise properties in the course of development and completed properties held for sale in the ordinary course of business.

Properties in the course of development are stated at cost plus attributable profits less progress billing. Progress billings received from customers prior to completion are presented as advance billings within “trade and other payables” and progress billings not yet paid by customers are presented within “trade and other receivables”.

Completed properties held for sale are stated at the lower of cost and estimated net realisable value. Cost is determined by apportionment of the total land cost, development costs and borrowing costs capitalised attributable to properties. Net realisable value takes into account the estimated selling price, less cost to be incurred in marketing and selling, and the expected costs to completion, where appropriate.

Cost of development properties comprises costs that relate directly to the development, such as cost of land and construction and related costs that are attributable to development activities and can be allocated to the development project, including attributable borrowing costs [Note 2(r)].

When losses are expected, full allowance are recognised as expenses immediately based on best estimates of net realisable value and estimated costs to completion.

Lands held for development and costs attributable to the development activities which are held for future development where no significant development has been undertaken is stated at cost less impairment loss (if any).

The Group’s policy for revenue recognition in relation to development properties is described under “Revenue recognition” [Note 2(q)].

#### **(l) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour costs where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

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Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Allowance is made where necessary for obsolete, slow-moving and defective inventories.

#### **(m) Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and demand deposits, bank overdrafts and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents in the consolidated statement of cash flows exclude encumbered fixed deposits.

#### **(n) Construction contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of reporting period, as measured by the proportion that contract cost incurred for work performed to date relative to the estimated total contract cost, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the periods in which they are incurred. When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

#### **(o) Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### *The Group as lessor*

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit attributable to the leased asset is diminished. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

#### *The Group as lessee*

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs [Note 2(r)]. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as expenses in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **(p) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **(q) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is reduced for goods and services tax, estimated customer returns, rebates and other similar allowances.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met.

##### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Revenue from sales of development properties

Revenue from completed properties is recognised when the risks and rewards of ownership have been transferred to the purchaser either through the transfer of legal title or equitable interest in a property.



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Revenue recognition on partly completed properties held for sale is based on the following methods:

- For sale of partly completed development properties in Singapore under progressive payment scheme, profit is recognised upon the signing of sale contracts and payment of the first instalment which corresponds to 20% of the estimated profit attributable to the actual sale contracts signed. Subsequent recognition of profit is based on the percentage of completion method as construction progresses. The percentage of work completed is measured based on the construction and related costs incurred to date as a proportion of the estimated total construction and related costs;
- For sale of partly completed development properties in Singapore under deferred payment scheme and overseas development properties, profit is recognised only upon the transfer of significant risks and rewards of ownership of the properties to the purchasers.

In cases where transfer of significant risks and rewards of ownership coincides with the time the development units are delivered to the purchasers, revenue is recognised upon completion of construction; and when legal title passes to the buyer or when equitable interest in the property vests to the buyer upon release of the handover notice to the buyer, whichever is earlier.

#### Construction contracts

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts as disclosed in Note 2(n).

#### Revenue from hotel operations

Revenue is recognised when goods and services have been provided to the customer and the costs in relation to the goods and services can be reliably measured.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

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#### Services rendered

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period except that revenue from services of short duration are recognised on completion of services;
- Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the services for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

#### Rental income

The Group's policy for recognition of revenue from operating leases is described above in Note 2(o).

#### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### Dividend income

Dividend income from investment is recognised when the shareholders' rights to receive payment have been established.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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**(r) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(s) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends are deducted from shareholders' equity and recorded as a liability when declared payable. Proposed dividends which are subject to shareholders' approval are not deducted from equity and are not recorded as liabilities.

**(t) Employee benefits**

Retirement benefit obligations

Payments to defined contribution retirement benefit plans are recognised as expenses when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employees' leave entitlement

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

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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#### (u) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

##### Deferred tax

Deferred tax is recognised on the difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or when the asset is realised based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

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For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised either in other comprehensive income or directly in equity, or where they arise from the initial accounting for business combination. In case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

#### **(v) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is provided internally to the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group's CEO to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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#### 3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### Termination of main contractor

In 2014, the Group terminated the services of the previous main contractor for Seletar Park Residence on grounds of unsatisfactory performance. The Group's subsidiary, Asplenium Land Pte Ltd ("Asplenium") had recently received a Partial Award from the arbitration Tribunal. The Tribunal ruled inter alia that Asplenium was entitled to terminate the previous main contractor's employment under the Contract based on Termination Certificates issued by the Project Architect for their failure to comply with a number of Architect's Directions and failure to proceed with diligence and due expedition within the relevant prescribed periods pursuant to the Conditions of Contract between the two parties. On 7 November 2017, the previous main contractor dissatisfied with the outcome of the partial award on liability and filed an application for leave to appeal on questions of law out of the award.

As at 31 December 2017, the ensuing legal and arbitration proceedings were still on-going. It was advised by the Group's legal counsel that the Tribunal's findings are final in relation to the issues of liability of the Parties while the quantum and costs will be dealt with in the next phase of the Arbitration. No provision was made in relation to such termination. Legal and professional expenses of \$315,000 (2016 : \$6,472,000) have been recorded in the profit or loss for the year ended 31 December 2017.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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#### **Key sources of estimation uncertainty**

Key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

#### Allowance for diminution in value for development properties

Development properties in the course of development and completed properties are stated at lower of cost and estimated net realisable value, assessed on an individual property basis. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value of each property is subject to management judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each property, taking into account the costs incurred to date, the development status and costs to complete each development property. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

During the year, a write-back of allowance for diminution in value of \$1,784,000 (2016 : an allowance for diminution in value of \$3,649,000) was made on Singapore development properties, taking into account and with reference to past sales of the respective properties and that of comparable properties, location and market conditions.

The carrying amount of development properties are disclosed in Note 8. Allowance for diminution in value is recognised as “other operating expenses” and “cost of sales” in profit or loss and disclosed in Note 25 to the financial statements.

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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#### Fair value measurement and valuation processes

The Group carries its hotel properties [Note 9] and investment properties [Note 10] at fair value based on independent professional valuations or internal valuations.

In determining fair values, the valuers have used valuation techniques (including direct comparison method, income method, capitalisation method, discounted cash flow method and residual land value method) which involve certain estimates and significant unobservable inputs which are disclosed in Notes 9 and 10. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties. The investment method capitalises an income stream into a present value using single-year capitalisation rates. Capitalisation method involves assessment of the income earning capacity and capitalised it at the adopted capitalisation rate to derive a core value. Discounted cash flow method recognises the time value of money by estimating the net present value of future cash flows. In the residual land value method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of the property under development. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. In relying on valuation reports, the management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Information relating to the valuation techniques and inputs used in determining the fair value of hotel properties and investment properties are disclosed in Notes 9 and 10 respectively to the financial statements.

#### Deferred tax liabilities arising from increase in the carrying amount of investment in Grand Hotel Group

The Group's interest in Grand Hotel Group ("GHG") is held by TSH Australia Holdings Pte Ltd ("TAHAUD"), a wholly-owned subsidiary of the Company, through Tuan Sing (Australia) Trust ("TSAT") and Tuan Sing Real Estate Trust ("TSRET"). GHG comprises of the Grand Hotel Trust ("GHT") and its controlled entities and Grand Hotel Company Pty Ltd ("GHC") and its controlled entities. The units in GHT are 'stapled' to the shares of GHC. GHT is not liable for tax under the Australian tax legislation provided the taxable income (including any assessable component of capital gains from sale of investment assets) is fully distributed to unit holders in each year.

TAHAUD is subject to income taxes in the Australian jurisdiction. The Group has estimated deferred tax liability arising from an increase in the carrying amount of its investments in GHG amounting to A\$44,006,000 (2016 : A\$32,509,000) or equivalent to \$45,339,000 (2016 : \$34,034,000) [Note 17]. In estimating this amount, the Group considers the taxable gains to be the excess of Group's share of the fair value of net assets of GHG over the tax cost base of the securities in GHG held by the Group.

Future actual tax liability when incurred and payable will differ from this estimate to the extent that the future realisation of values from the investment in GHG differs from the amount of fair value of the assets currently estimated. It would similarly be affected by any change in tax losses and tax base which have yet to be agreed with the Australian tax authorities.



## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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#### Allowance for doubtful receivables and refundable deposit

Allowance for doubtful receivables and refundable deposit are based on an evaluation of the collectability of receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including current creditworthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The carrying amount of trade and other receivables are disclosed in Note 6 to the financial statements.

#### 4 Segment information

##### Products and services from which reportable segments derive their revenue

For management purpose, the Group is organised into strategic business units based on their products and services. The Group's principal business operating units, during and at the end of the reporting period, are Property, Hotels Investment, Industrial Services and Other Investments. Accordingly, the Group's reportable operating segments under FRS 108 are as follows:

Segment	Principal activities
Property	Development of properties for sale, property investment and provision of property management services in Singapore, Australia and China.
Hotels Investment	Investment in hotels in Australia.
Industrial Services	Trading and marketing of industrial commodities, distribution of tyres and re-treading of tyres, as well as manufacturing of polypropylene woven bags in Malaysia. The tyres distribution and re-treading business was discontinued at the end of the current financial year.
Other Investment	Investments in GulTech, a printed circuit boards manufacturer with operations in China
Corporate and Others	Provision of corporate-level services.

Segment revenue represents revenue generated from external and internal customers. Segment profit represents the profit earned by each segment after allocation of central administrative costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Management monitors the operating results of each of its business unit for the purpose of making decisions on resource allocation and performance assessment. Corporate and Others are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on arm's length basis.

Information regarding each of the Group's reportable segments is presented below.

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*Segment revenues and results*

	Property	Hotels Investment <sup>3</sup>	Industrial Services <sup>4</sup>	Other Investment <sup>1</sup>	Corporate and Others <sup>2</sup>	Inter- Segment Eliminations	Total Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2017</b>							
<b>Revenue</b>							
External revenue	100,346	121,277	136,119	-	180	-	357,922
Inter-segment revenue	22,549	2,052	-	-	25,767	(50,368)	-
	<u>122,895</u>	<u>123,329</u>	<u>136,119</u>	<u>-</u>	<u>25,947</u>	<u>(50,368)</u>	<u>357,922</u>
<b>Results</b>							
Gross profit	53,933	28,197	3,801	-	17,756	(38,659)	65,028
Other operating income	3,976	-	1,462	-	(2,237)	4,145	7,346
Distribution costs	(4,052)	-	(2,025)	-	-	-	(6,077)
Administrative expenses	(17,779)	(23,836)	(3,490)	-	(2,529)	21,366	(26,268)
Other operating expenses	(2,893)	(36)	(415)	-	(2,929)	2,883	(3,390)
Share of results of an equity accounted investee	-	-	-	15,677	-	-	15,677
Interest income	4,332	4	1,117	-	227	(1,530)	4,150
Finance costs	(23,915)	-	(1)	-	(10,787)	1,530	(33,173)
<b>Profit before tax and fair value adjustments</b>	<b>13,602</b>	<b>4,329</b>	<b>449</b>	<b>15,677</b>	<b>(499)</b>	<b>(10,265)</b>	<b>23,293</b>
Fair value adjustments	44,525	-	-	289	-	-	44,814
<b>Profit before tax</b>	<b>58,127</b>	<b>4,329</b>	<b>449</b>	<b>15,966</b>	<b>(499)</b>	<b>(10,265)</b>	<b>68,107</b>
Income tax expenses	(1,195)	(1,139)	22	-	(2,949)	-	(5,261)
<b>Profit for the year</b>	<b>56,932</b>	<b>3,190</b>	<b>471</b>	<b>15,966</b>	<b>(3,448)</b>	<b>(10,265)</b>	<b>62,846</b>
<b>Profit attributable to</b>							
Owners of the Company	56,933	3,190	358	15,966	(3,448)	(10,265)	62,734
Non-controlling interests	(1)	-	113	-	-	-	112
<b>Profit for the year</b>	<b>56,932</b>	<b>3,190</b>	<b>471</b>	<b>15,966</b>	<b>(3,448)</b>	<b>(10,265)</b>	<b>62,846</b>

Notes:

1. No revenue is reported under "Other Investment" as the Group equity accounts for its investment in GulTech.
2. "Corporate and Others" refers to the aggregation of provision of corporate-level services by the Company to the various subsidiaries and charged as such. They are eliminated at group-level upon consolidation.
3. Results of GHG's commercial, retail and car park components, which are currently leased out to various tenants, are included in the Property Segment.
4. Tyre Distribution Unit included in Industrial Services Segment has disposed of its operations as at 31 December 2017. The discontinued operation has contributed revenue of \$6.7 million, gross profit of \$1.0 million, loss before tax of \$1.5 million and loss after tax of \$1.2 million for the year ended 31 December 2017.

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NOTES TO THE FINANCIAL STATEMENTS  
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*Segment revenues and results (cont'd)*

	Property	Hotels Investment <sup>3</sup>	Industrial Services <sup>4</sup>	Other Investment <sup>1</sup>	Corporate and Others <sup>2</sup>	Inter- Segment Eliminations	Total Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2016</b>							
<b>Revenue</b>							
External revenue	147,941	121,749	134,148	-	180	-	404,018
Inter-segment revenue	23,371	1,868	-	-	18,070	(43,309)	-
	<u>171,312</u>	<u>123,617</u>	<u>134,148</u>	<u>-</u>	<u>18,250</u>	<u>(43,309)</u>	<u>404,018</u>
<b>Results</b>							
Gross profit	70,543	28,784	5,643	-	10,782	(31,368)	84,384
Other operating income	13,987	27	963	445	11,850	(22,782)	4,490
Distribution costs	(3,362)	-	(2,505)	-	-	-	(5,867)
Administrative expenses	(21,263)	(24,804)	(3,678)	1	(2,367)	22,370	(29,741)
Other operating expenses	(24,064)	-	(49)	(1,794)	2,474	15,694	(7,739)
Share of results of an equity accounted investee	-	-	-	13,466	-	-	13,466
Interest income	4,120	23	1,840	-	16	(1,534)	4,465
Finance costs	(21,959)	-	(9)	-	(5,282)	1,534	(25,716)
<b>Profit before tax and fair value adjustments</b>							
	18,002	4,030	2,205	12,118	17,473	(16,086)	37,742
Fair value adjustments	2,198	-	-	138	-	-	2,336
<b>Profit before tax</b>	20,200	4,030	2,205	12,256	17,473	(16,086)	40,078
Income tax expenses	(2,989)	(1,271)	(537)	-	(1,475)	-	(6,272)
<b>Profit for the year</b>	<u>17,211</u>	<u>2,759</u>	<u>1,668</u>	<u>12,256</u>	<u>15,998</u>	<u>(16,086)</u>	<u>33,806</u>
<b>Profit attributable to</b>							
Owners of the Company	17,327	2,759	1,331	12,256	15,998	(16,086)	33,585
Non-controlling interests	(116)	-	337	-	-	-	221
<b>Profit for the year</b>	<u>17,211</u>	<u>2,759</u>	<u>1,668</u>	<u>12,256</u>	<u>15,998</u>	<u>(16,086)</u>	<u>33,806</u>

Notes:

1. No revenue is reported under "Other Investment" as the Group equity accounts for its investment in GulTech.
2. "Corporate and Others" refers to the aggregation of provision of corporate-level services by the Company to the various subsidiaries and charged as such. They are eliminated at group-level upon consolidation.
3. Results of GHG's investment properties have been reclassified from Hotels Investment Segment to Property Segment for commercial, retail and car park components, which are currently leased out to various tenants. The reclassification included revenue of \$41.3 million, fair value gain of \$0.3 million, gross profit of \$37.4 million and profit for the year of \$14.2 million.
4. Tyre Distribution Unit included in Industrial Services Segment has discontinued its operations as at 31 December 2017. The discontinued operation has contributed revenue of \$16.3 million, gross profit of \$2.6 million, loss before tax of \$0.9 million and loss after tax of \$0.7 million for the year ended 31 December 2017.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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*Segment assets, liabilities and other segment information*

	Property	Hotels	Industrial	Other	Corporate	Total
	\$'000	Investment	Services	Investment <sup>1</sup>	and	Consolidated
		\$'000	\$'000	\$'000	Others	\$'000
					\$'000	\$'000
<b>2017</b>						
<b>Assets</b>						
Segment assets	2,349,160	13,823	73,573	-	108,430	2,544,986
Investments in an equity accounted investee	-	-	-	93,185	-	93,185
Total assets	2,349,160	13,823	73,573	93,185	108,430	2,638,171
<b>Liabilities</b>						
Segment liabilities	(77,593)	(17,382)	(16,665)	(5,432)	(5,395)	(122,467)
Loans and borrowings	(1,229,756)	-	-	-	(228,364)	(1,458,120)
Income tax payable and deferred tax liabilities	(14,535)	(275)	(292)	-	(46,205)	(61,307)
Total liabilities	(1,321,884)	(17,657)	(16,957)	(5,432)	(279,964)	(1,641,894)
<b>Net assets/ (liabilities)</b>	<b>1,027,276</b>	<b>(3,834)</b>	<b>56,616</b>	<b>87,753</b>	<b>(171,534)</b>	<b>996,277</b>
<b>Other information</b>						
Capital expenditure	4,159	11	93	-	-	4,263
Depreciation of property, plant and	7,383	14	328	-	-	7,725
Write back of allowance for diminution in value for development properties	1,784	-	-	-	-	1,784
Revaluation gain of properties	33,846	-	-	-	-	33,846
Fair value gain on investment properties	44,525	-	-	-	-	44,525
Fair value gain on financial instruments	-	-	-	289	-	289
<b>2016</b>						
<b>Assets</b>						
Segment assets	1,932,426	13,833	84,515	-	8,730	2,039,504
Investments in an equity accounted investee	-	-	-	83,579	-	83,579
Total assets	1,932,426	13,833	84,515	83,579	8,730	2,123,083
<b>Liabilities</b>						
Segment liabilities	(61,887)	(17,408)	(25,247)	(5,432)	(3,830)	(113,814)
Loans and borrowings	(941,231)	-	-	-	(79,562)	(1,020,793)
Income tax payable and deferred tax liabilities	(21,925)	-	(619)	-	(35,476)	(58,020)
Total liabilities	(1,025,043)	(17,408)	(25,866)	(5,432)	(118,878)	(1,192,627)
<b>Net assets/ (liabilities)</b>	<b>907,383</b>	<b>(3,575)</b>	<b>58,649</b>	<b>78,147</b>	<b>(110,148)</b>	<b>930,456</b>
<b>Other information</b>						
Capital expenditure	4,071	-	27	-	-	4,098
Depreciation of property, plant and	7,340	18	414	-	-	7,772
Allowance for diminution in value for development properties	3,649	-	-	-	-	3,649
Write-back of recognised corporate guarantee no longer required	-	-	-	445	-	445
Revaluation gain of properties	16,980	-	-	-	-	16,980
Fair value gain on investment properties	2,198	-	-	-	-	2,198
Fair value gain on financial instruments	-	-	-	138	-	138

**Note:**

1. No capital expenditure and depreciation are reported under "Other Investment" as the Group equity accounts for its investment in GulTech.

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Geographical information

Geographically, management reviews the performance of the businesses in Singapore, Australia, China, Malaysia, Indonesia, Europe and other ASEAN countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of external customers. Non-current assets are based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Singapore	175,753	202,779	1,450,029	959,520
Australia	140,231	140,606	678,550	646,300
China	13,757	26,401	6,407	6,447
Malaysia	9,904	16,520	1,301	1,539
Indonesia	12,677	9,254	-	-
Other ASEAN countries <sup>(1)</sup>	5,351	7,350	-	-
Others	249	1,108	-	-
	<u>357,922</u>	<u>404,018</u>	<u>2,136,287</u>	<u>1,613,806</u>

Note:

1. Other ASEAN countries comprise Vietnam, Cambodia, Brunei and Laos with revenue in each country constituting not more than 1% of total Group revenue.

Other segment information

Included in the Group revenue of \$357.9 million (2016 : \$404.0 million) were sales of approximately \$38.1 million (2016 : \$44.7 million) to a customer that contributed 10% or more to the Group's revenue for both years in the Industrial Services segment.

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5 Cash and bank balances

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at banks and on hand	62,381	39,271	13,787	301
Fixed deposits	151,673	117,323	74,950	-
Amounts held under the Housing Developers (Project Account) Rules	2,789	7,094	-	-
	216,843	163,688	88,737	301

Cash and bank balances comprise cash and fixed deposits held by the Group which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Deposits earned interest ranging from 0.1% to 4.2% per annum (2016 : 0.1% to 3.4% per annum) and for tenures ranging from 7 days to 3 years (2016 : 7 days to 3 years).

Withdrawals of amounts held under the project accounts are restricted to payments for expenditure incurred on development properties and are subject to the provisions in the Housing Developers (Project Account) Rules in Singapore.

The carrying amounts of the cash and bank balances approximate their fair values at the end of the reporting period. Further details regarding the exposure to interest rate risk, contractual and effective interest rates and foreign currency denomination of the cash and bank balances are disclosed under Note 32 to the financial statements.

Cash and cash equivalents

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

	Group	
	2017 \$'000	2016 \$'000
<b>Cash and cash equivalents per consolidated statement of cash flows</b>		
Cash and bank balances (as per statements of financial position)	216,843	163,688
Encumbered fixed deposits and bank balances	(65,698)	(67,792)
	151,145	95,896

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As at 31 December 2017, the Group had cash and cash equivalents placed with banks in China amounting to \$78,852,000 (2016 : \$80,344,000), the repatriation of which into Singapore is subject to the Foreign Exchange Control Regulations in China. Of which amount, \$63,851,000 (2016 : \$65,052,000) were fixed deposits for tenures ranging from 1 to 3 years (2016 : 1 to 3 years) but were classified as current on the basis that they were used to secure a facility in Singapore which could be cancelled at short notice by the borrower and the sum of deposits released without significant penalty and changes in value.

As at 31 December 2017, cash and bank balances amounting to \$76,491,000 (2016 : \$77,703,000) was pledged to banks to secure credit facilities and designated for specific operations. Information relating to the Group's loans and borrowings is disclosed in Note 13 to the financial statements.

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Encumbered fixed deposits and bank balances	65,698	67,792
Cash and bank balances designated for specific operations	<u>10,793</u>	<u>9,911</u>
	<u><u>76,491</u></u>	<u><u>77,703</u></u>

**6 Trade and other receivables**

		<u>Group</u>		<u>Company</u>	
	Note	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Trade</b>					
Trade debtors		27,422	85,232	-	-
Less: Allowance for doubtful receivables		<u>(536)</u>	<u>(179)</u>	-	-
		26,886	85,053	-	-
Amounts due from related parties	16	<u>31,040</u>	<u>35,193</u>	-	-
		<u><u>57,926</u></u>	<u><u>120,246</u></u>	-	-
<b>Non-trade</b>					
Deposits		17,086	13,219	11,820	7,903
Prepayments		3,678	3,567	161	131
Interest receivables		4,434	2,338	60	-
Sundry debtors		5,567	6,922	180	32
Advances to suppliers		521	103	-	-
Tax recoverable		477	110	-	-
		<u>31,763</u>	<u>26,259</u>	<u>12,221</u>	<u>8,066</u>
Less: Allowance for doubtful receivables		<u>(129)</u>	<u>(124)</u>	<u>(72)</u>	<u>(72)</u>
		<u>31,634</u>	<u>26,135</u>	<u>12,149</u>	<u>7,994</u>
Amount due from related parties	16	<u>9,324</u>	<u>12,412</u>	<u>13</u>	-
		<u><u>40,958</u></u>	<u><u>38,547</u></u>	<u><u>12,162</u></u>	<u><u>7,994</u></u>
Less: Non-current portion		<u>(5,057)</u>	-	-	-
		<u><u>93,827</u></u>	<u><u>158,793</u></u>	<u><u>12,162</u></u>	<u><u>7,994</u></u>

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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#### Trade Debtors

In the previous year, included in the trade debtors were unbilled receivables of \$64,547,000 which related to the remaining sales consideration on completed development properties for sale. As at 31 December 2017, trade debtors of \$5,057,000 were classified as non-current for progress billings receivable on development properties which were sold under the deferred payment scheme.

During the financial year, management noted that two trade debtors who are related parties were previously classified as external parties. Accordingly, \$22,984,000 that was previously classified and presented as “Trade debtors” as at 31 December 2016 has been re-classified as “Amounts due from related parties – trade”. The amounts due from these two related parties at 31 December 2017 and 31 December 2015 amounted to \$20,310,000 and \$21,081,000 respectively.

#### Deposits in respect of acquisition of lands

Included in the carrying amount of deposits as at 31 December 2017 were deposits amounting to:

- a) \$11,745,000 (2016 : \$7,830,000) paid to a related party for the purchase of shares in two Singapore-incorporated companies whose subsidiary is the beneficial owner of four plots of land in Batam, Indonesia. The acquisition has not been completed at the end of the reporting period; and
- b) \$4,887,000 (2016 : \$4,983,000) relating to a plot of land of approximately 60,200 square metres (2016 : 60,200 square metres) in Jiaozhou, China which was pending for the issuance of the land title deed. The land title deed has since been obtained in January 2018.

The deposits have been assessed to be placed with counterparties that are creditworthy and accordingly, no allowance for potential non-recovery of the deposit is required.

#### Amounts due from related parties - trade

Included in the carrying amount as at 31 December 2017 were unbilled rent revenue of \$212,000 (2016 : \$221,000) relating to rent-free period given to related party lessees [Note 16].

#### Details of collateral

As at 31 December 2017, trade and other receivables amounting to \$9,706,000 (2016 : \$10,530,000) included in the above balances were mortgaged to banks to secure credit facilities for the Group. Information relating to the Group’s loans and borrowings is disclosed in Note 13 to the financial statements.



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*Analysis of allowance for doubtful receivables:*

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Allowance for doubtful receivables</b>					
Trade		(536)	(179)	-	-
Non-trade		(129)	(124)	(72)	(72)
		<u>(665)</u>	<u>(303)</u>	<u>(72)</u>	<u>(72)</u>
<b>Movements in allowance for doubtful receivables</b>					
At 1 January		(303)	(349)	(72)	(72)
Exchange differences on consolidation		10	8	-	-
Amounts written off		53	90	-	-
Allowance made	25	(425)	(52)	-	-
At 31 December		<u>(665)</u>	<u>(303)</u>	<u>(72)</u>	<u>(72)</u>

The carrying amount of trade and other receivables approximates their fair values at the end of the reporting year. Further details regarding the exposure to foreign currency denominated trade and other receivables are disclosed in Note 32 to the financial statements.

*Analysis of trade receivables*

Trade receivables are non-interest bearing and are generally on 7 to 120 days (2016 : 7 to 120 days) credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group assesses the potential customer's credit quality and determines credit limits to be allowed before accepting any new customer. Credit limits granted to customers are reviewed regularly.

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The Group's trade receivables that were impaired at the end of the reporting period and the allowance for doubtful receivables are disclosed below:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Trade receivables, net</b>		
Not past due and not impaired	41,640	102,961
Past due but not impaired <sup>(i)</sup>	16,286	17,285
	<u>57,926</u>	<u>120,246</u>
Impaired receivables - collectively assessed <sup>(ii)</sup>	142	160
Less: Allowance for doubtful receivables	<u>(142)</u>	<u>(160)</u>
	-	-
Impaired receivables - individually assessed		
Past due for more than 36 months or no response to repayment demands <sup>(ii)</sup>	394	19
Less: Allowance for doubtful receivables	<u>(394)</u>	<u>(19)</u>
	-	-
	<u>57,926</u>	<u>120,246</u>

**Notes:**

(i) Aging of trade receivables that were past due but not impaired:		
< 3 months	7,923	11,108
3 months to 6 months	4,108	2,533
6 months to 12 months	4,241	3,442
> 12 months	14	202
	<u>16,286</u>	<u>17,285</u>

(ii) The amounts stated were before deduction for impairment losses.

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The Group had trade receivables amounting to \$16,286,000 (2016 : \$17,285,000) that were past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is disclosed in Note (i) above.

Certain past due trade receivables bear interest at rates ranging from 8% to 12% (2016 : 8% to 12%) per annum in accordance with the billing terms and the remaining are non-interest bearing. The trade receivables are generally on 30 to 120 days (2016 : 30 to 120 days) credit terms.

Trade and other receivables that are individually assessed to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

Allowances for doubtful trade and other receivables are recognised for the estimated irrecoverable amounts from the sale of goods and services rendered. These allowances for doubtful trade and other receivables are determined by assessing the profile of debtors and after considering recovery prospects. Further details regarding the credit risk for trade and other receivables are disclosed in Note 32(c) to the financial statements.

**7 Inventories**

	<b>Group</b>		
	<b>At cost</b>	<b>At net realisable value</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2017</b>			
Raw materials	909	-	909
Work-in-progress	1,184	-	1,184
Finished goods	813	-	813
	<u>2,906</u>	<u>-</u>	<u>2,906</u>
<b>2016</b>			
Raw materials	988	-	988
Work-in-progress	977	-	977
Finished goods	1,557	42	1,599
	<u>3,522</u>	<u>42</u>	<u>3,564</u>

In the prior year, net realisable values of inventories amounting to \$42,000 were stated net of allowance of \$43,000.

During the year, an allowance for inventory obsolescence amounting to \$17,000 (2016 : \$1,000) was recognised as “other operating expenses” in profit or loss [Note 25].

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

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*Details of collateral*

As at 31 December 2017, inventories amounting to \$643,000 (2016 : \$748,000) included in the above balances were mortgaged to banks to secure credit facilities for the Group. Information relating to the Group's loans and borrowings is disclosed in Note 13 to the financial statements.

**8 Development properties**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Properties in the course of development	113,379	56,166
Land held for future development	7,236	18,647
Land held for sale	11,856	-
	<u>132,471</u>	<u>74,813</u>
Completed properties held for sale	55,837	108,419
	<u>188,308</u>	<u>183,232</u>

**Represented by:**

Properties in the course of development in Singapore	113,379	56,166
Land held for future development in China	7,236	18,647
Land held for sale in China	11,856	-
Completed properties held for sale in Singapore	51,792	104,310
Completed properties held for sale in China	4,045	4,109
	<u>188,308</u>	<u>183,232</u>

Development properties comprise properties in the course of development; land held for future development or held for sale and completed properties held for sale. These properties have operating cycles longer than one year. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle.

For land which is held for sale in China, the Group has entered into a sale and purchase agreement during the year to dispose its interests in a wholly-owned subsidiary which owns the land in Jiaozhou, China. The transaction has yet to be completed as at the end of the reporting period and is subject to a number of conditions precedent. A deposit amounting to \$4,294,000 has been collected from the buyer and is included in other creditors as at 31 December 2017 [Note 14].

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*Properties in the course of development and land held for future development or sale*

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Land cost	128,508	79,728
Development cost incurred to-date	8,862	979
Interest and others	4,396	1,484
	<u>141,766</u>	<u>82,191</u>
Add: Attributable profit	732	-
Less: Progress billings received and receivable	(2,791)	-
Less: Allowance for diminution in value	(7,236)	(7,378)
	<u>132,471</u>	<u>74,813</u>

*Completed properties held for sale*

	Note	<b>Group</b>	
		<b>2017</b>	<b>2016</b>
		<b>\$'000</b>	<b>\$'000</b>
Completed properties, at cost		58,739	113,105
Less: Allowance for diminution in value		(2,902)	(4,686)
		<u>55,837</u>	<u>108,419</u>

**Movements in allowance for diminution in value**

At 1 January		(12,064)	(8,879)
Exchange difference on consolidation		142	301
Allowance made during the year	25	(1,611)	(3,649)
Write-back during the year	25	3,395	163
At 31 December		<u>(10,138)</u>	<u>(12,064)</u>

Interest costs capitalised during the year was \$1,333,000 (2016 : \$1,641,000) at effective interest rates ranging from 1.9% to 2.1% per annum (2016 : 1.9% to 2.0% per annum) [Note 23].

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The following table provides information on properties in the course of development and land held for future development or held for sale, of which revenue is recognised based on (i) transfer of significant risks and rewards of ownership at completion, and (ii) as construction progresses:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Transfer of significant risks and rewards of ownership at completion:</b>		
Land cost	23,958	24,405
Development cost incurred to-date	771	786
Interest and others	1,599	834
Less: Allowance for diminution in value	<u>(7,236)</u>	<u>(7,378)</u>
	<u>19,092</u>	<u>18,647</u>
<b>Continuous transfer of significant risks and rewards of ownership as construction progresses:</b>		
Cost incurred plus attributable profit	116,170	56,166
Progress billings received and receivable	(2,791)	-
Less: Allowance for diminution in value	-	-
	<u>113,379</u>	<u>56,166</u>
	<u>132,471</u>	<u>74,813</u>

Allowance for diminution in value

The allowance for diminution in value for development properties held for sale was estimated taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on expected selling prices for the development project after taking into consideration of prevailing market conditions. The estimated total construction costs include contracted amounts plus estimated costs to complete the development project. The allowance will be progressively reversed for those residential units sold above their carrying amounts.

During the year, a write-back in allowance for diminution in value for development properties of \$1,784,000 (2016 : an allowance for diminution in value of \$3,649,000) is included in “other operating expenses / cost of sales” in profit or loss [Note 25].

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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#### Details of collateral

As at 31 December 2017, development properties amounting to \$113,379,000 (2016 : \$126,615,000) included in the above balances were mortgaged to banks to secure credit facilities for the Group. Information relating to the Group's loans and borrowings is disclosed in Note 13 to the financial statements.

#### Land in Fuzhou Jin'an District, Fuzhou, Fujian Province, China

Included in the development properties was a carrying amount of \$7,236,000 (2016 : \$7,378,000) relating to a land parcel acquired in 2009 in Fuzhou, China with an expired certificate for the construction site planning. The Group has applied to the relevant authorities for its renewal since 2013. An allowance of \$7,236,000 (2016 : \$7,378,000) was made based on management's best estimate on net realisable value of the development site.

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*List of development properties*

As at 31 December 2017, the development properties held by the Group are as follows:

<b>Name of property/ location</b>	<b>Description/ planned use</b>	<b>Held by</b>	<b>Tenure</b>	<b>Land area (sq. m)</b>	<b>Estimated gross floor area (sq m)</b>	<b>Year completed/ estimated completion</b>	<b>Group's effective equity interest</b>
<b><u>Properties in the course of development</u></b>							
Kandis Residence, Jalan Kandis, Singapore	Condominium of 130 units (17 units booked/sold)	Dillenia Land Pte Ltd	99 years from 2016	7,046	10,850	2019	100%
Site at Jalan Remaja	Condominium of 108 units	Episcia Land Pte Ltd	Freehold	4,047	8,546	2020	100%
<b><u>Land held for future development</u></b>							
Land in Jin-an District, Fuzhou Fujian Province, China	Residential	Fujian Ji'Xing Real Estate Development Co., Ltd	70 years from 1994	163,740	*	*	100%



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<b>Name of property/location</b>	<b>Description/planned use</b>	<b>Held by</b>	<b>Tenure</b>	<b>Land area (sq. m)</b>	<b>Estimated gross floor area (sq m)</b>	<b>Year completed/estimated completion</b>	<b>Group's effective equity interest</b>
<b><u>Land held for sale</u></b>							
Land adjacent to Huangjiahe Reservoir, Shandong Province, China	Mainly Residential	Qingdao Shenyang Property Co., Ltd.	70 years (residential) 40 years (commercial) from 2011/2013	119,244	**	**	100%

\* Pending renewal of expired certificate for construction site planning.

\*\* During the year, a Sale and Purchase Agreement was entered into for the sale of Qingdao Shenyang Property Co., Ltd. The transaction has yet to be completed at the end of the reporting period and is subject to a number of conditions precedent.

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**31 December 2017**

<b>Name of property/location</b>	<b>Description/planned use</b>	<b>Held by</b>	<b>Tenure</b>	<b>Land area (sq. m)</b>	<b>Estimated gross floor area (sq m)</b>	<b>Year completed/estimated completion</b>	<b>Group's effective equity interest</b>
<b><u>Completed properties held for sale</u></b>							
Lakeside Ville Phase III, Qingpu district Shanghai China	172 units of apartments, townhouses, and 8 units of commercial units (168 units sold)	Habitat Properties (Shanghai) Ltd	70 years From 1997	35,643	41,584	2010	100%
Seletar Park Residence, Seletar Road Singapore	Condominium of 276 units (276 units booked/sold)	Asplenium Land Pte Ltd	99 years from 2011	17,456	26,862	2015	100%
Sennett Residence, Pheng Geck Avenue Singapore	Condominium townhouses of 332 units and three shop units (324 units booked/sold)	Clerodendrum Land Pte Ltd	99 years from 2011	8,664	33,328	2016	100%
Cluny Park Residence, Cluny Park Road Singapore	Condominium of 52 units (47 units booked/sold)	Shelford Properties Pte Ltd	Freehold	4,544	6,997	2016	100%

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9 Property, plant and equipment

Note	Building and freehold land	Leasehold land, buildings and improvements	Plant and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
<b>Cost or valuation:</b>					
At 1 January 2017	391,990	4,691	33,760	1,371	431,812
Exchange differences on consolidation	(6,208)	(41)	(710)	-	(6,959)
Additions	105	5	4,087	66	4,263
Disposal of a subsidiary	-	-	(364)	(435)	(799)
Disposals	-	-	(159)	(236)	(395)
Write-offs	-	(157)	(2,196)	(2)	(2,355)
Revaluation	31,188	-	-	-	31,188
At 31 December 2017	<u>417,075</u>	<u>4,498</u>	<u>34,418</u>	<u>764</u>	<u>456,755</u>
At 1 January 2016	367,206	4,837	31,289	1,376	404,708
Exchange differences on consolidation	10,336	(148)	1,291	(5)	11,474
Additions	40	2	4,056	-	4,098
Disposals	-	-	(109)	-	(109)
Write-offs	-	-	(2,448)	-	(2,448)
Reclassification	319	-	(319)	-	-
Revaluation	14,089	-	-	-	14,089
At 31 December 2016	<u>391,990</u>	<u>4,691</u>	<u>33,760</u>	<u>1,371</u>	<u>431,812</u>
<b>Comprising</b>					
At 31 December 2017:					
At cost	498	4,498	34,418	764	40,178
At valuation	416,577	-	-	-	416,577
	<u>417,075</u>	<u>4,498</u>	<u>34,418</u>	<u>764</u>	<u>456,755</u>
At 31 December 2016:					
At cost	498	4,691	33,760	1,371	40,320
At valuation	391,492	-	-	-	391,492
	<u>391,990</u>	<u>4,691</u>	<u>33,760</u>	<u>1,371</u>	<u>431,812</u>

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

Group	Note	Building and freehold land	Leasehold land, buildings and improvements	Plant and equipment	Motor vehicles	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Accumulated depreciation:</b>						
		-	960	7,563	970	9,493
		(73)	1	(441)	-	(513)
	25	2,731	27	4,856	111	7,725
		-	-	(286)	(346)	(632)
		-	-	(138)	(246)	(384)
		-	(157)	(2,196)	(2)	(2,355)
		(2,658)	-	-	-	(2,658)
		-	831	9,358	487	10,676
		-	916	4,627	858	6,401
		55	(25)	672	(3)	699
	25	2,836	69	4,752	115	7,772
		-	-	(40)	-	(40)
		-	-	(2,448)	-	(2,448)
		(2,891)	-	-	-	(2,891)
		-	960	7,563	970	9,493
<b>Accumulated impairment:</b>						
		-	3,041	-	-	3,041
		-	(55)	-	-	(55)
		-	2,986	-	-	2,986
		-	3,158	-	-	3,158
		-	(117)	-	-	(117)
		-	3,041	-	-	3,041
<b>Carrying amount:</b>						
		417,075	681	25,060	277	443,093
		391,990	690	26,197	401	419,278

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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Included in building and freehold land is freehold land with a carrying amount of \$224,952,000 (2016 : \$211,406,000) which is not subject to depreciation.

As at 31 December 2017, a leasehold land and building with a carrying amount of \$531,000 (MYR1,611,000) [2016: \$539,000 (MYR1,667,000)] was stated at cost less accumulated depreciation. For information only, its fair value which has been determined by an independent valuer was \$3,881,000 (MYR12,000,000) as at 31 December 2016. When the Group adopts IFRS 1 from 1 January 2018, fair value of fixed assets on the date of transition will be used as deemed cost. An estimated revaluation gain of \$3,342,000 on the leasehold land and building will be retrospectively applied on the amounts as at 1 January 2017. For the freehold building with a carrying amount of \$498,000, an estimated revaluation gain of \$311,000 will be retrospectively applied.

The Group reviews the carrying amounts of its property, plant and equipment at the end of each reporting year to determine whether there is any indication that those assets have suffered impairment loss. No impairment loss was made in 2017 and 2016 as a result of such assessment.

#### Details of collateral

As at 31 December 2017, property, plant and equipment amounting to \$440,925,000 (2016 : \$416,706,000) included in the above balances were mortgaged to banks as security for borrowings. Information relating to the Group's loans and borrowings is disclosed in Note 13 to the financial statements.

#### Fair value measurement of hotel properties

The Group's hotel properties (including freehold land and buildings) held under GHG are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulative depreciation and subsequent accumulative impairment loss. The fair value measurement is based on the valuation carried out by independent valuers, who have appropriate qualification and recent experience in the fair value measurement of the properties in the relevant locations.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at 31 December 2017, the fair value measurement of the Group's hotel properties is classified within Level 3 of the fair value hierarchy. There is no change in the fair value hierarchy as compared to prior year.

Based on the valuation, revaluation gain amounting to \$33,846,000 (2016 : \$16,980,000) was recognised in other comprehensive income [Note 28].

As at 31 December 2017, had freehold land and building been carried at historical cost, their aggregate carrying amount would have been approximately \$341,523,000 (2016 : \$350,209,000) for the Group.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS  
31 December 2017

There were no transfers between different levels in 2017 and 2016 during the year. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2017 and 2016 are as follows:

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
<b>2017</b>			
Grand	Direct Comparison	Value per room	\$643,900 – \$695,500
Hyatt Melbourne 121-131 Collins Street Melbourne, Victoria <sup>(a)</sup>	Capitalisation Approach	Capitalisation rate <sup>(1)</sup>	5.25%
	Discounted Cash Flow Method	Discount rate <sup>(1)</sup> Terminal yield rate <sup>(1)</sup>	7.50% - 8.50% 4.75% - 5.75%
Hyatt Regency Perth 87-123 Adelaide Terrace East Perth Western Australia <sup>(a)</sup>	Direct Comparison Capitalisation Approach	Value per room Capitalisation rate <sup>(1)</sup>	\$159,600–\$180,300 7.00%
	Discounted Cash Flow Method	Discount rate <sup>(1)</sup> Terminal yield rate <sup>(1)</sup>	7.50% - 8.50% 5.75% - 6.75%
<b>2016</b>			
Grand	Stabilised Earnings Method	Capitalisation rate <sup>(1)</sup>	6.25%
Hyatt Melbourne 121-131 Collins Street Melbourne, Victoria <sup>(b)</sup>	Discounted Cash Flow Method	Discount rate <sup>(1)</sup> Terminal yield rate <sup>(1)</sup>	7.50% - 9.00% 6.00% - 6.50%
Hyatt Regency Perth 87-123 Adelaide Terrace East Perth Western Australia <sup>(b)</sup>	Stabilised Earnings Method	Capitalisation rate <sup>(1)</sup>	6.50%
	Discounted Cash Flow Method	Discount rate <sup>(1)</sup> Terminal yield rate <sup>(1)</sup>	7.75% - 9.25% 6.25% - 6.75%

<sup>(1)</sup> Any significant isolated increase (decrease) in these inputs would result in a significantly lower (higher) fair value measurement.

<sup>(a)</sup> The property valuation was performed by Jones Lang LaSalle Advisory Services Pty Ltd on 30 September 2017, an independent valuer

<sup>(b)</sup> The property valuation was performed by Knight Frank Valuations on 30 November 2016, an independent valuer

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

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*List of hotel properties*

The carrying amount of the Group's hotel properties as at 31 December 2017 included in property, plant and equipment are set out below. The non-hotel properties within the complexes are accounted for under investment properties [Note 10].

Name of property	Description	Tenure	Land area (sq. m)	Group's effective equity interest	2017	2016	2017	2016
					AS'000 <sup>1</sup>	AS'000 <sup>1</sup>	S\$'000	S\$'000
<b>Australia</b>								
Grand Hyatt Melbourne Australia	Located at the "Paris end" of Collins Street and its intersection with Russell Street. The Property is of 34 levels featuring one of Melbourne's largest 5-star hotels, complete with retail/commercial space. The carrying value of the retail/commercial space has been disclosed as investment property [Note 10].	Freehold	5,776	100%	<b>364,997</b>	334,871	<b>376,056</b>	350,576
Hyatt Regency Perth Australia	By Swan River and within walking distance from the central business district. The Property is an integrated 5-star hotel, office, retail and parking complex. The hotel is built over 9 levels. The carrying value of the office, retail and parking complex has been disclosed as investment property [Note 10].	Freehold	25,826	100%	<b>60,920</b>	61,090	<b>62,766</b>	63,955
					<b>425,917</b>	395,961	<b>438,822</b>	414,531

<sup>1</sup> Figures in A\$ are for information.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS  
31 December 2017

10 Investment properties

	Note	Completed investment properties \$'000	Investment properties under redevelopment \$'000	Total \$'000
<b>Group</b>				
At 1 January 2017		711,698	396,954	1,108,652
Exchange differences on consolidation		(4,033)	-	(4,033)
Development costs		376,410	67,133	443,543
Net gain from fair value adjustments	24	22,661	21,864	44,525
At 31 December 2017		<b>1,106,736</b>	<b>485,951</b>	<b>1,592,687</b>
At 1 January 2016		705,244	371,665	1,076,909
Exchange differences on consolidation		5,952	-	5,952
Development costs		633	22,960	23,593
Net (loss) / gain from fair value	24	(131)	2,329	2,198
At 31 December 2016		<b>711,698</b>	<b>396,954</b>	<b>1,108,652</b>
<b>Company</b>				
At 31 December 2017		<b>498</b>	-	<b>498</b>
At 31 December 2016		<b>498</b>	-	<b>498</b>
<b>Represented by:</b>				
Completed investment properties in Singapore		<b>865,030</b>	478,030	
Completed investment properties in Australia		<b>235,372</b>	227,309	
Completed investment properties in China		<b>6,334</b>	6,359	
Investment property under development in Singapore		<b>485,951</b>	396,954	
		<b>1,592,687</b>	<b>1,108,652</b>	

<b>Group</b>	
2017 \$'000	2016 \$'000
<b>865,030</b>	478,030
<b>235,372</b>	227,309
<b>6,334</b>	6,359
<b>485,951</b>	396,954
<b>1,592,687</b>	<b>1,108,652</b>



TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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*Fair value adjustments*

The Group's investment properties are stated at fair value as at 31 December 2017, based on valuation carried out by independent professional valuers, who have the appropriate qualification and experience in the location and category of the properties being valued. Based on these valuations, a net fair value gain amounting to \$44,525,000 (2016 : net fair value gain amounting to \$2,198,000) was recognised in profit or loss [Note 24].

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at 31 December 2017, the fair value measurement of the Group's investment properties is classified within Level 3 of the fair value hierarchy. There were no transfers between different levels in 2017 and 2016.

Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at 31 December 2017 and 31 December 2016 are as follows:

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
<b>2017</b>			
<b>Singapore</b>			
Robinson Point <sup>(a)</sup> 39 Robinson Road Singapore	Comparison Method	Price per square metre of lettable area <sup>(1)</sup>	\$28,400 - \$31,300
	Income Method	Net income margin* <sup>(1)</sup> Capitalisation rate <sup>(2)</sup>	75% - 80% 3.0% to 3.65%
The Oxley <sup>(a)</sup> 9 Oxley Rise #01-00, #02-00, #03-00 Singapore	Comparison Method	Price per square metre of strata floor area <sup>(1)</sup>	\$26,900 - \$35,700
	Income Method	Net income margin* <sup>(1)</sup> Capitalisation rate <sup>(2)</sup>	75% - 80% 3.0% to 3.65%
Century Warehouse <sup>(b)</sup> 31 strata units (out of a total of 35 units) of the building 100E Pasir Panjang Road Singapore	Direct Comparison Method	Price per square metre of strata floor area <sup>(1)</sup>	\$6,600 - \$13,400
L&Y Building <sup>(b)</sup> #01-03, #01-04, #05-01 59 Jalan Pemimpin Singapore	Direct Comparison Method	Price per square metre of strata floor area <sup>(1)</sup>	\$5,500 - \$7,600 \$6,100 - \$12,100 (ground floor)

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
<b>Singapore</b> (cont'd)			
Far East Finance Building <sup>(c)</sup> #11-01/02 14 Robinson Road Singapore	Direct Comparison Method	Price per square metre of strata floor area <sup>(1)</sup>	\$23,700 - \$35,400
896 Dunearn Road <sup>(d)</sup> 896 Dunearn Road Singapore	Direct Comparison Method	Price per square metre of strata floor area <sup>(1)</sup>	Retail: \$18,900 - \$43,400 Office: \$13,500 - \$19,000
18 Robinson <sup>(c)</sup>	Residual Land Value Method	Gross development value per square metre <sup>(1)</sup> Developer's profit <sup>(2)</sup>	Office: \$34,100 - \$36,300 Retail: \$64,200 - \$77,200 10%
	Direct Comparison Method	Land sale per square metre per plot ratio <sup>(1)</sup> Construction cost per square metre of gross floor area <sup>(2)</sup> Total development cost (exclude land cost) per square metre of gross floor area <sup>(2) #</sup> Remaining construction period <sup>(2)</sup>	\$9,700 - \$18,400 \$7,200 \$9,000 1 year
<b>Australia</b>			
Fortescue Centre & Carpark (being part of the Hyatt Regency complex) <sup>(e)</sup>	Capitalisation Method Discounted Cash Flow Method Direct Comparison	Capitalisation rate <sup>(2)</sup> Discount rate <sup>(2)</sup> Terminal yield rate <sup>(2)</sup> Land sale per square metre <sup>(1)</sup>	8.50% 8.50% - 9.00% 8.50% - 9.00% \$3,100 - \$5,400
Commercial Centre & Carpark within the Melbourne Grand Hyatt complex <sup>(e)</sup>	Capitalisation Method Discounted Cash Flow Method	Capitalisation rate <sup>(2)</sup> Discount rate <sup>(2)</sup> Terminal yield rate <sup>(2)</sup>	Retail: 5.25% Carpark: 5.75% Retail: 6.75% - 7.25% Carpark: 7.00% - 7.50% Retail: 5.25% - 5.75% Carpark: 6.00% - 6.50%
<b>China</b>			
No. 2950 ChunShen Road Shanghai, China <sup>(f)</sup>	Direct Comparison Method Income Method	Price per square metre of gross floor area <sup>(1)</sup> Capitalisation rate <sup>(2)</sup> Net income margin <sup>*(1)</sup>	\$4,000 - \$5,600 8% 70%

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS  
31 December 2017

Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
<b>2016</b>			
<b>Singapore</b>			
Robinson Point <sup>(a)</sup> 39 Robinson Road Singapore	Comparison Method	Price per square metre of lettable area <sup>(1)</sup>	\$19,400 - \$38,000
	Income Method	Net income margin* <sup>(1)</sup> Capitalisation rate <sup>(2)</sup>	75% - 85% 2.8% to 4.0%
The Oxley <sup>(a)</sup> 9 Oxley Rise #01-00, #02-00, #03-00 Singapore	Comparison Method	Price per square metre of strata floor area <sup>(1)</sup>	\$18,300 - \$30,800
	Income Method	Net income margin* <sup>(1)</sup> Capitalisation rate <sup>(2)</sup>	80% - 90% 2.0 % to 3.75%
Century Warehouse <sup>(b)</sup> 31 strata units (out of a total of 35 units) of the building 100E Pasir Panjang Road Singapore	Direct Comparison Method	Price per square metre of strata floor area <sup>(1)</sup>	\$7,300 - \$12,800
L&Y Building <sup>(b)</sup> #01-03, #01-04, #05-01 59 Jalan Pemimpin Singapore	Direct Comparison Method	Price per square metre of strata floor area <sup>(1)</sup>	\$5,900 - \$6,700 \$5,900 - \$8,300 (ground floor)
Far East Finance Building <sup>(c)</sup> #11-01/02 14 Robinson Road Singapore	Direct Comparison Method	Price per square metre of strata floor area <sup>(1)</sup>	\$23,400 - \$32,300
18 Robinson <sup>(c)</sup>	Residual Land Value Method	Gross development value per square metre <sup>(1)</sup> Developer's profit <sup>(2)</sup>	Office: \$29,300 - \$38,000 Retail: \$51,700-\$52,800 10%
	Direct Comparison Method	Land sale per square metre per plot ratio <sup>(1)</sup> Construction cost per square metre of gross floor area <sup>(2)</sup> Total development cost (exclude land cost) per square metre of gross floor area <sup>(2)</sup> #	\$9,700 - \$12,000 \$7,200 \$9,700

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

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Name of property	Valuation methodology	Significant unobservable inputs (Level 3)	Range
		Remaining construction period <sup>(2)</sup>	2 years
<b><u>Australia</u></b>			
Fortescue Centre & Carpark (being part of the Hyatt Regency complex) <sup>(e)</sup>	Capitalisation Method	Capitalisation rate <sup>(2)</sup>	9.25% - 9.75%
	Discounted Cash Flow Method	Discount rate <sup>(2)</sup>	8.50% - 9.50%
	Method	Terminal yield rate <sup>(2)</sup>	9.25% - 9.75%
	Direct Comparison	Land sale per square metre <sup>(1)</sup>	\$2,500 - \$4,200
Commercial Centre & Carpark within the Melbourne Grand Hyatt complex <sup>(e)</sup>	Capitalisation Method	Capitalisation rate <sup>(2)</sup>	Retail: 5.80%
	Discounted Cash Flow Method	Discount rate <sup>(2)</sup>	7.25% - 7.75%
		Terminal yield rate <sup>(2)</sup>	6.00% - 6.50%
<b><u>China</u></b>			
No. 2950 ChunShen Road <sup>(f)</sup> Shanghai, China	Direct Comparison Method	Price per square metre of gross floor area <sup>(1)</sup>	\$4,000 - \$5,500

**Notes:**

- \* Net income margin - net property income/annual gross rental income.
- # Total development cost includes construction cost, professional fees, interest cost, land holding cost and other development related cost.
- <sup>(1)</sup> Any significant isolated increase (decrease) in these inputs would result in a significantly higher (lower) fair value measurement.
- <sup>(2)</sup> Any significant isolated increase (decrease) in these inputs would result in a significantly lower (higher) fair value measurement.
- <sup>(a)</sup> The property valuation was performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer, for both years.
- <sup>(b)</sup> The property valuation was performed by Jones Lang LaSalle Property Consultants Pte Ltd, an independent valuer, for both years.
- <sup>(c)</sup> The property valuation was performed by CBRE Pte. Ltd, an independent valuer, for both years.
- <sup>(d)</sup> The 2017 valuation was performed by Savills Valuation And Professional Services (S) Pte Ltd. There was no comparative valuation for 2016 as the property was acquired on 16 June 2017.
- <sup>(e)</sup> The 2017 valuation was performed by Jones Lang LaSalle Advisory Services Pty Ltd as at 30 September 2017; whilst the 2016 valuation was performed by Knight Frank Valuations as at 30 November 2016.
- <sup>(f)</sup> The 2017 valuation was performed by Shenjia Real Estate Appraisal Co. Ltd. as at 31 December 2017; whilst the 2016 valuation was assessed by the directors.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

Operating lease disclosure

During the year, rental income from the Group's investment properties which were all leased under operating leases amounted to \$38,318,000 (2016 : \$34,844,000) [Note 21]. Direct operating expenses (including repairs and maintenance) related to these investment properties amounted to \$8,601,000 (2016 : \$7,052,000). Information on operating lease commitments is disclosed in Note 30 to the financial statements.

Details of collateral

As at 31 December 2017, investment properties amounting to \$1,586,353,000 (2016 : \$1,102,293,000) included in the above balances were mortgaged to banks as security for borrowings. Information relating to the Group's loans and borrowings is disclosed in Note 13 to the financial statements.

List of completed investment properties

The carrying amounts of completed investment properties held by the Group as at 31 December 2017 are as follows:

Name of property	Description	Tenure	Strata floor area (sq. m)	Group's effective equity interest	2017 \$'000	2016 \$'000
<b>Singapore</b>						
Robinson Point 39 Robinson Road Singapore	A 21-storey commercial building with 3-levels of carpark	Freehold	15,724 ^	100%	<b>362,000</b>	352,000
The Oxley 9 Oxley Rise #01-00, #02-00, #03-00 Singapore	3 floors of commercial space within a 10-storey building including residential units	Freehold	2,770	100%	<b>64,000</b>	63,300
Century Warehouse 100E Pasir Panjang Road Singapore	31 out of a total of 35 strata units of a 8-storey industrial building	Freehold	4,690	100%	<b>40,400</b>	40,400

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31 December 2017

Name of property	Description	Tenure	Strata floor area (sq. m)	Group's effective equity interest	2017 \$'000	2016 \$'000
L&Y Building #01-03, #01-04, #05-01 59 Jalan Pemimpin Singapore	3 out of a total of 24 strata units of a 5-storey industrial building	999 years From 1885	2,285	100%	13,030	13,030
Far East Finance Building #11-01/02 14 Robinson Road Singapore	1 strata unit (floor) within a 13- storey commercial building and a basement	999 years from 1884	402	100%	9,600	9,300
896 Dunearn Road 896 Dunearn Road Singapore	A 5-storey commercial building with covered and surface carpark	Estate in Fee simple (Lot 1182k), Estate in Fee Simple and 999 years from 7 May 1879 (Lot 1185L), Estate in Perpetuity (Lot 99907P) and 999 years from 7 May 1879 (Lot 99891X)	23,500	100%	376,000	-
					<u>865,030</u>	<u>478,030</u>

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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Name of property	Description	Tenure	Strata floor area (sq. m)	Group's effective equity interest	2017 AS'000 <sup>1</sup>	2016 AS'000 <sup>1</sup>	2017 SS'000	2016 SS'000
<b>Australia</b>								
Commercial Centre & Carpark within the Melbourne Grand Hyatt complex	4 Collins St. retail shops consisting of 2 floors each, a bar & function room. A further 7 retail areas in and around Russell St. with 4-levels of basement car park	Freehold	3,024	100%	<b>138,500</b>	130,000	<b>142,697</b>	136,097
Fortescue Centre & Carpark (being part of the Perth Hyatt Regency complex)	A 3-level commercial building and plaza level shops and suites with 2-levels of basement car park	Freehold	23,415	100%	<b>89,950</b>	87,125	<b>92,675</b>	91,212
					<b>228,450</b>	217,125	<b>235,372</b>	227,309
<b>China</b>								
No. 2950 ChunShen Road Shanghai, China	A 3-storey commercial building	58 years from 2008	2,170	100%	<b>30,974</b>	30,500	<b>6,334</b>	6,359

<sup>^</sup> Gross floor area

<sup>1</sup> Figures in A\$ and RMB are for information only.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS  
31 December 2017

*List of investment property under redevelopment*

The carrying amount of investment property under redevelopment as at 31 December 2017 is as follows:

Name of property	Description	Tenure	Planned		2017 \$'000	2016 \$'000
			Gross Floor Area (sq. m)	Group's effective equity interest		
<b>Singapore</b>						
18 Robinson	Proposed 28 storey commercial building comprising office tower, retail podium, sky terrace and an underground mechanised carpark	999-years from 1884 & 1885 (Lots 167X, 616W, 691X, 99280A, 99287W and 99289P)	24,086	100%	<b>485,951</b>	396,954
		99-years from 2013 (Lots 485M, 488P)				

The Group is in the course of redeveloping the site where the previous Robinson Towers, its annex and the immediately adjacent International Factors Building were as a single commercial development as indicated above.

Interest costs capitalised during the year was \$4,448,000 (2016 : \$4,229,000) at effective interest rate of 2.5% per annum (2016 : 2.4% per annum) [Note 23].



TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

11 Investments in subsidiaries

	<u>Company</u>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Quoted shares, at cost	115,976	115,976
Unquoted shares, at cost	553,419	548,418
Loan to a subsidiary	79,719	79,562
Deemed investment arising from financial guarantees	<u>69,647</u>	<u>63,809</u>
	<b>818,761</b>	<b>807,765</b>
Less: Allowance for impairment	<u>(123,114)</u>	<u>(123,010)</u>
	<b><u>695,647</u></b>	<b><u>684,755</u></b>
Fair value of investment in a subsidiary for which there are published price quotations	 <u><b>23,924</b></u>	 <u><b>13,792</b></u>

Details of the Company's significant subsidiaries are disclosed in Note 33 to the financial statements.

Financial guarantees

The Company provided guarantees to banks for credit facilities obtained by certain of its subsidiaries and recorded a deemed financial guarantee fee income in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*. The deemed income is amortised over the period of the guarantees. The unamortised financial guarantee fee of \$14,738,000 (2016 : \$16,236,000) is disclosed under the Company's non-trade payables in [Note 14] to the financial statements. The guarantee fee was not charged by the Company to the subsidiaries. The full amount of the guarantee fee is deemed to be additional investment in subsidiaries.

Movements in allowance for impairment

	<u>Company</u>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Allowance for impairment</b>		
At 1 January	<b>(123,010)</b>	(137,945)
Allowance for impairment	<b>(111)</b>	(6,404)
Reversal of impairment	<b>7</b>	7,609
	<b>(104)</b>	1,205
Reversal upon liquidation of subsidiaries	<b>-</b>	13,730
At 31 December	<b><u>(123,114)</u></b>	<b><u>(123,010)</u></b>

**TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2017**

During the year, impairment loss amounting to \$111,000 (2016 : \$6,404,000) was made in respect of the Company's investment in certain subsidiaries to reduce the carrying value of investment to the recoverable amounts after taking into account the current financial position of the subsidiaries. In addition, there was a reversal of impairment amounting to \$7,000 (2016 : \$7,609,000) in relation to certain subsidiaries due to increase in their recoverable amounts.

*Loan to a subsidiary*

Loan to a subsidiary refers to unsecured advances which have no fixed terms of repayment and are not expected to be repaid in the next 12 months. These advances bear interest rate at 6.5% per annum (2016 : 6.5% per annum).

*Wholly-owned subsidiaries*

Information about the composition of wholly-owned subsidiaries of the Group as at 31 December 2017 is as follows:

<b>Principal activity</b>	<b>Country of incorporation and operation</b>	<b>Number of wholly-owned Subsidiaries</b>	
		<b>2017</b>	<b>2016</b>
Development of properties for sale, property investment and provision of property management services.	Singapore, China and Australia	<b>31</b>	27
Investment in hotels in Australia	Australia	<b>4</b>	4
Investments in GulTech, a printed circuit boards manufacturer with operations in Singapore and China, and Pan-West, a retailer of golf-related products.	Singapore, China and Malaysia	<b>3</b>	3
		<b>38</b>	34

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS  
31 December 2017

*Non-wholly owned subsidiaries*

Information about the composition of non-wholly owned subsidiaries of the Group as at 31 December 2017 is as follows:

Principal activity	Country of incorporation and operation	Number of non-wholly owned subsidiaries	
		2017	2016
Trading and marketing of selected industrial commodities, distribution of tyres and re-treading of tyres	Singapore and Malaysia	9	9
Property development	Singapore	1	1
Manufacture and sale of polypropylene woven bags	Malaysia	1	1
		11	11

Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group is disclosed below:

Name of subsidiary	Country of incorporation and principal place of business	Effective equity interest & voting power held by non-controlling interests		Net profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	2017	2016	2017	2016
				\$'000	\$'000	\$'000	\$'000
SP Corporation Limited and its subsidiaries	Various	19.8%	19.8%	115	337	10,090	10,476
Individually immaterial subsidiaries with non-controlling interests				(3)	(116)	538	558
				112	221	10,628	11,034

**TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES**

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The summarised financial information of SP Corporation Limited and its subsidiaries on a 100% basis is set out below:

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Current assets	66,841	77,596
Non-current assets	172	375
Current liabilities	(16,169)	(24,933)
Non-current liabilities	(38)	(54)
Equity attributable to owners	<u>50,806</u>	<u>52,984</u>
Revenue for the year	127,726	125,640
Net profit for the year	<u>447</u>	<u>1,802</u>

**12 Investments in equity accounted investees**

	<u>Group</u>	
	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Unquoted equity shares, at cost	72,240	72,240
Exchange differences on consolidation	1,680	8,040
Share of post-acquisition results and reserves, net of dividends and distributions received	19,265	3,299
	<u>93,185</u>	<u>83,579</u>

*Equity accounted investees*

The Group equity accounted for Gul Technologies Singapore Pte Ltd (“GulTech”) and Pan-West (Private) Limited (“Pan-West”). In February 2016, GulTech increased its equity stake in GulTech (Suzhou) Electronics Co., Ltd from 61.4% to 100%. Goodwill of \$4,365,000 paid over acquiring additional shares was included in the share of post-acquisition results and reserves. Details of the Group’s significant associates as at 31 December 2017 are disclosed in Note 34 to the financial statements. The Group has ceased recognising Pan-West’s losses after the Group’s share of Pan-West’s accumulated losses exceeded the Group’s cost of investment.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS  
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The Group's share of net assets and total comprehensive income of GulTech is set out below:

	Note	Group	
		2017 \$'000	2016 \$'000
<b>Share of net assets</b>			
At 1 January		83,579	71,511
Exchange differences on consolidation		(6,360)	2,829
Goodwill paid over acquiring additional shares		-	(4,365)
Share of total comprehensive income (refer to below)		15,966	13,604
At 31 December		<u>93,185</u>	<u>83,579</u>
<b>Share of total comprehensive income</b>			
Share of results before fair value adjustments		15,677	13,466
Share of fair value gain on financial instruments	24	<u>289</u>	<u>138</u>
Share of total comprehensive income for the year		<u>15,966</u>	<u>13,604</u>

Details of asset revaluation reserve and cash flow hedging account are disclosed in Note 19 to the financial statements. Share of capital commitments of GulTech, an equity accounted investee is disclosed in Note 30 to the financial statements.

GulTech

The summarised financial information of GulTech on a 100% basis is set out below:

	2017 US\$'000 <sup>1</sup>	2016 US\$'000 <sup>1</sup>	2017 S\$'000	2016 S\$'000
Current assets	181,798	154,955	244,609	224,405
Non-current assets	145,262	149,887	195,450	217,066
Current liabilities	(108,367)	(93,769)	(145,807)	(135,796)
Non-current liabilities	(19,745)	(37,421)	(26,567)	(54,194)
Non-controlling interests	(43,510)	(43,902)	(58,543)	(63,579)
Equity attributable to owners	<u>155,438</u>	129,750	<u>209,142</u>	187,902
Revenue for the year	293,757	244,340	406,266	337,214
Net profit for the year	<u>25,688</u>	22,162	<u>35,527</u>	30,586

<sup>1</sup> Figures in US\$ are for information.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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*Pan-West*

The Group had recognised its share of losses of \$5,408,000 (2016 : \$5,408,000) [Note 14] being the corporate guarantees given to certain banks in exchange for bank facilities granted to Pan-West and its subsidiary. Other than the afore-mentioned corporate guarantees, the Group had no other commitments in relation to Pan-West. The Group has ceased recognising Pan-West's losses after the Group's share of Pan-West's accumulated losses exceeded the Group's cost of investment. Accordingly, the Group's nominal additional share of accumulated losses of Pan-West amounting to \$6,550,000 (2016 : \$5,939,000) as at the end of the year was not recognised.

**13 Loans and borrowings**

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<b>Short-term borrowings</b>				
Bank loans	278,943	3,406	-	-
<b>Long-term borrowings</b>				
Bank loans	950,813	937,825	-	-
Notes issued under MTN Programme	228,364	79,562	228,364	79,562
	<b>1,179,177</b>	1,017,387	<b>228,364</b>	79,562
<b>Total borrowings</b>	<b>1,458,120</b>	1,020,793	<b>228,364</b>	79,562
<i>Represented by:</i>				
Interest-bearing liabilities	1,462,087	1,024,085	230,000	80,000
Capitalised interest costs	(3,967)	(3,292)	(1,636)	(438)
	<b>1,458,120</b>	1,020,793	<b>228,364</b>	79,562

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

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*Security profile*

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Secured borrowings</b>				
Current	278,943	3,406	-	-
Non-current	950,813	937,825	-	-
	<u>1,229,756</u>	<u>941,231</u>	<u>-</u>	<u>-</u>
<b>Unsecured borrowings</b>				
Non-current	228,364	79,562	228,364	79,562
	<u>1,458,120</u>	<u>1,020,793</u>	<u>228,364</u>	<u>79,562</u>

*Multicurrency Medium Term Note Programme*

The Company has in place a S\$900 million Multicurrency Medium Term Note Programme (“MTN Programme”) under which it can issue notes in series or tranches and may be denominated in Singapore Dollars or other currency deemed appropriate at the time.

Series I of S\$80 million were issued on 14 October 2014. They are of five years duration, unsecured, bear a fixed interest rate of 4.50% per annum payable semi-annually in arrear and will mature on 14 October 2019. Series II of S\$150 million were issued on 5 June 2017. They are of three years duration, unsecured, bear a fixed interest rate of 6.00% per annum payable semi-annually in arrear and will mature on 5 June 2020. At the end of the reporting period, the fair value of the Note approximates its carrying amount.

*Details of collateral*

Loans and borrowings from banks were secured over the Group’s cash and bank balances [Note 5], trade and other receivables [Note 6], inventories [Note 7], development properties [Note 8], property, plant and equipment [Note 9], investment properties [Note 10] and covered by corporate guarantees [Note 31].

*Interest rate profile*

	<u>Group</u>		<u>Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Loans and borrowings</b>				
Fixed rate	228,364	79,562	228,364	79,562
Variable rate	1,229,756	941,231	-	-
	<u>1,458,120</u>	<u>1,020,793</u>	<u>228,364</u>	<u>79,562</u>

**TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

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The Group's exposure to fair value interest rate risk as at 31 December 2017 is disclosed in Note 32(b) to the financial statements.

Fair value

The fair value of the current portion of the Group's loans and borrowings approximate their carrying amounts at the end of the reporting period because they are short term in nature. The fair value of the non-current portion of the Group's loans and borrowings approximate their carrying amounts at the end of the reporting period as their interest rates approximate current market interest rates on or near the end of the reporting period. Further details regarding foreign currency denomination and maturity dates, contractual and effective interest rates are disclosed in Notes 32(a) and 32(d) respectively to the financial statements.

Loan maturity profile

The non-current borrowings are generally repayable from 30 November 2018 to 11 September 2026 (2016 : 2 January 2018 to 11 September 2026). Information relating to the maturity profile of the Group's loans and borrowings is disclosed in Note 32(d) to the financial statements.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Note	1 January 2017 \$'000	Financing cash flow (i) \$'000	Foreign exchange movement \$'000	Other changes (ii) \$'000	31 December 2017 \$'000
<b>Group</b>						
Bank loans	13	1,020,793	443,879	(5,887)	(665)	1,458,120
		<b>1,020,793</b>	<b>443,879</b>	<b>(5,887)</b>	<b>(665)</b>	<b>1,458,120</b>

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes include interest accruals and payments.



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NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

14 Trade and other payables

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Trade</b>					
Trade payables		56,618	46,846	279	95
Amounts due to related parties	16	3,089	4,143	-	-
		<u>59,707</u>	<u>50,989</u>	<u>279</u>	<u>95</u>
<b>Non-trade</b>					
Other creditors		23,336	19,315	378	212
Other provisions		5,659	5,653	-	-
Advanced billings		8,261	6,692	-	-
Accrued operating expenses		22,491	27,688	3,313	2,774
Accrued interest expenses		2,553	2,028	1,445	779
Financial guarantees to subsidiaries	11	-	-	14,738	16,236
Amounts due to related parties	16	373	430	-	-
		<u>122,380</u>	<u>112,795</u>	<u>20,153</u>	<u>20,096</u>
Less: Non-current portion		(463)	(462)	-	-
Current portion		<u>121,917</u>	<u>112,333</u>	<u>20,153</u>	<u>20,096</u>

The Group is granted various credit terms on its purchases from its large number of suppliers who are geographically dispersed. Trade payables are generally on 7 to 90 days (2016 : 7 to 120 days) credit term. The Group manages liquidity risk of trade payables primarily by maintaining sufficient cash and credit facilities [Note 32(d)].

Included in other creditors is a financial guarantee of \$5,408,000 (2016 : \$5,408,000) granted to its associate, Pan-West, equivalent to the Group's share of corporate guarantees given to certain banks to secure credit facilities of Pan-West and its subsidiary. In addition, a deposit of \$4,294,000 has been included in other creditors [Note 8].

The carrying amount of trade and other payables approximate their fair values at the end of the reporting periods. Further details regarding the contractual and effective interest rates, maturity dates and foreign currency denomination are disclosed in Note 32 to the financial statements.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

15 Amounts due from/(to) subsidiaries

	<u>Company</u>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts due from subsidiaries - non-trade	<b>379,901</b>	279,146
Less: Allowance for impairment	<b>(25,050)</b>	(23,679)
	<b><u>354,851</u></b>	<u>255,467</u>
 Amounts due to subsidiaries - non-trade	 <b><u>(309,729)</u></b>	 <u>(265,956)</u>

*Movements in allowance for impairment*

	<u>Company</u>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Movements in allowance for impairment</b>		
At 1 January	<b>(23,679)</b>	(22,170)
Allowance made	<b>(1,371)</b>	(1,509)
At 31 December	<b><u>(25,050)</u></b>	<u>(23,679)</u>

Advances from and to subsidiaries are unsecured and are repayable on demand. Interest is charged at 2.5% (2016 : 2.4%) per annum on interest-bearing advances.

During the year, allowance for impairment of \$1,371,000 (2016 : \$1,509,000) was made for amounts due from subsidiaries. The above assessment is after taking into account the current financial position of the subsidiaries. The allowance for impairment of \$1,371,000 (2016 : \$1,509,000) was made for a subsidiary due to decrease in net asset value of the underlying interest as at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS

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16 Amounts due from/(to) related parties

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b><u>Amounts due from:</u></b>					
<b>Other related parties</b>					
Other related parties, trade		31,040	35,193	-	-
Other related parties, non-trade:					
- Advance for coal order trade placement		-	3,476	-	-
- Others		1,251	247	13	-
Refundable trade deposits with other parties		8,073	8,689	-	-
		<u>40,364</u>	<u>47,605</u>	<u>13</u>	<u>-</u>
<b>Total</b>		<u><b>40,364</b></u>	<u><b>47,605</b></u>	<u><b>13</b></u>	<u><b>-</b></u>
 <i>Presented as:</i>					
Amounts due from related parties, trade	6	31,040	35,193	-	-
Amounts due from related parties, non-trade	6	9,324	12,412	13	-
		<u>40,364</u>	<u>42,605</u>	<u>13</u>	<u>-</u>
 <b><u>Amounts due to:</u></b>					
<b>Other related parties</b>					
Other related parties, trade		(3,089)	(4,143)	-	-
Other related parties, non-trade		(373)	(430)	-	-
		<u>(3,462)</u>	<u>(4,573)</u>	<u>-</u>	<u>-</u>
<b>Total</b>		<u><b>(3,462)</b></u>	<u><b>(4,573)</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
 <i>Presented as:</i>					
Amounts due to related parties, trade	14	(3,089)	(4,143)	-	-
Amounts due to related parties, non-trade	14	(373)	(430)	-	-
		<u>(3,462)</u>	<u>(4,573)</u>	<u>-</u>	<u>-</u>

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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The Company's major shareholder is Nuri Holdings (S) Pte Ltd ("Nuri"), incorporated in Singapore. Related parties are the companies in which the shareholders of Nuri and their family members have a controlling interest in, subsidiaries, associates, joint ventures, related companies, Nuri and Directors of the Company and their associates.

Included in amounts due to other related parties, trade and non-trade, are mainly balances with related companies. Further details regarding transactions with related parties are disclosed in Note 29 to the financial statements.

#### Amounts due from/(to) other related parties

Included in the non-trade amounts due from related parties is a refundable deposit of US\$6,000,000 or equivalent to \$8,073,000 (2016 : \$8,689,000) placed by SP Corporation Limited ("SP Corp"), a listed subsidiary of the Group, to secure coal supply allocation with a coal mine which is a related party as defined above.

The deposit is repayable within one year and is subject to annual renewal by mutual agreement between the two parties. It is secured by a corporate guarantee issued by the immediate holding company of the related party and bears an effective interest of 5.7% (2016 : 5.4%) per annum. The deposit has been assessed as having been placed with a counterparty that is creditworthy and accordingly no allowance for potential non-recovery of this deposit is required.

In 2017, included in non-trade amounts due from other related parties is an amount of \$892,000 for the sale of the discontinued Tyre Distribution Unit.

The trade and non-trade amounts due from / (to) other related parties were unsecured, interest-free, and repayable on demand unless otherwise stated.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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17 Deferred tax assets and liabilities

Deferred tax at the end of the reporting period consists of the following:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Deferred tax assets and liabilities arising from</b>		
Accelerated tax depreciation compared to accounting depreciation	221	254
Revaluation of properties	1,366	1,393
Foreign income not remitted and which will be subject to tax if remitted in the future	47,099	33,475
Unutilised tax losses	(1,630)	-
Others	(1,525)	(1,678)
	<u>45,531</u>	<u>33,444</u>
 <u>Represented by:</u>		
Deferred tax assets	(2,253)	(2,286)
Deferred tax liabilities	47,784	35,730
	<u>45,531</u>	<u>33,444</u>

Deferred tax assets and liabilities are netted off when there is a legally enforceable right to offset and when the deferred income taxes relate to the same tax authorities.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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Deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior reporting periods are as following:

Note	Accelerated tax depreciation	Deferred development costs	Revaluation of properties	Foreign income not remitted	Unutilised tax losses	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Group</u>							
<b>At 1 January 2017</b>	254	-	1,393	33,475	-	(1,678)	33,444
Exchange differences on consolidation	2	-	(27)	(587)	(13)	31	(594)
Transfer to income tax payable upon completion of development properties	-	-	-	-	-	-	-
(Credited) / Charged to profit or loss	26	(35)	-	3,782	(1,617)	122	2,252
Charged to other comprehensive income	28	-	-	10,429	-	-	10,429
<b>At 31 December 2017</b>	<b>221</b>	<b>-</b>	<b>1,366</b>	<b>47,099</b>	<b>(1,630)</b>	<b>(1,525)</b>	<b>45,531</b>

Note	Accelerated tax depreciation	Deferred development costs	Revaluation of properties	Foreign income not remitted	Unutilised tax losses	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Group</u>							
<b>At 1 January 2016</b>	278	13,542	1,450	23,838	1,826	(1,659)	39,275
Exchange differences on consolidation	(1)	-	(57)	780	14	(59)	677
Transfer to income tax payable upon completion of development properties	-	(12,602)	-	-	-	-	(12,602)
(Credited) / Charged to profit or loss	26	(940)	-	3,790	(1,840)	40	1,027
Charged to other comprehensive income	28	-	-	5,067	-	-	5,067
<b>At 31 December 2016</b>	<b>254</b>	<b>-</b>	<b>1,393</b>	<b>33,475</b>	<b>-</b>	<b>(1,678)</b>	<b>33,444</b>

## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

#### Deferred tax liabilities relating to equity interest in GHG

Deferred tax liabilities included an amount of \$45,339,000 (2016 : \$34,034,000) on account of a provision made by the Group to recognise the taxable gains on the excess of the fair value of net assets of GHG over the tax cost base of the securities in GHG.

#### Deferred tax liabilities not recognised

At the end of the reporting year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was \$290,000 (2016 : \$263,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

#### Deferred tax benefits not recognised

At the end of the reporting year, the Group had, subject to the agreement by the tax authorities, unutilised tax losses of \$32,575,000 (2016 : \$29,692,000) which were available for carry forward and set-off against future taxable income. No deferred tax asset (2016 : \$Nil) had been recognised in respect of the tax losses of \$32,575,000 (2016 : \$29,640,000) due to the unpredictability of the relevant future profit streams.

At the end of the reporting year, the Group had, subject to the agreement by the tax authorities, capital allowances of \$3,540,000 (2016 : \$2,263,000) which were available for carry forward and set-off against future taxable income. Future tax benefits arising from these unutilised capital allowances had not been recognised in the financial statements as there was no reasonable certainty of their recovery in the future years.

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31 December 2017

18 Share capital

	<u>Group and Company</u>			
	2017	2016	2017	2016
	Number of ordinary shares ('000)		\$'000	
<b>Issued and paid up:</b>				
At 1 January	1,182,842	1,178,825	171,306	170,230
Issued under Scrip Dividend Scheme	4,201	4,432	1,231	1,196
Shares bought back and cancelled	<u>(50)</u>	<u>(415)</u>	<u>(23)</u>	<u>(120)</u>
At 31 December	<u><u>1,186,993</u></u>	<u><u>1,182,842</u></u>	<u><u>172,514</u></u>	<u><u>171,306</u></u>

The Company has a single class of ordinary shares. All issued shares carry one vote per share and are entitled to receive dividend as and when declared by the Company. The ordinary shares are fully paid and have no par value.

Issue of shares

During the year, the Company allotted and issued 4,200,725 (2016 : 4,431,667) ordinary shares at an issue price of 29.3 cents (2016 : 27.0 cents) per share to eligible shareholders who have validly elected to participate in the Tuan Sing Scrip Dividend Scheme in respect of the first and final ordinary dividend of 0.6 cent per share for the financial year ended 31 December 2016.

Purchase and cancellation of shares

During the year, the Company acquired 50,000 (2016 : 415,000) of its ordinary shares through purchase on the Singapore Exchange under the Share Purchase Mandate approved by its shareholders. The shares were purchased were cancelled subsequently.



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NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

19 Reserves

	Group		Company	
	2017 S'000	2016 S'000	2017 S'000	2016 S'000
Asset revaluation reserve	130,112	106,420	-	-
Foreign currency translation account	(31,102)	(16,151)	-	-
Other capital reserves:				
- Non-distributable capital reserves	151,434	128,200	101,264	101,264
- Cash flow hedging account	(772)	(1,413)	-	-
	150,662	126,787	101,264	101,264
Revenue reserve	563,463	531,060	319,787	310,779
	813,135	748,116	421,051	412,043

Asset revaluation reserve

Asset revaluation reserve comprises net cumulative surpluses arising from the revaluation of property, plant and equipment which are held for the purpose of production or supply of goods and services.

Foreign currency translation account

Foreign currency translation account comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Company, i.e. SGD; as well as from the translation of monetary items which form part of the Group's net investment in foreign operations at the end of the reporting period.

Other capital reserves

Non-distributable capital reserves comprise mainly capital reduction reserve of the Company, share of reserve of an associate, GulTech and distribution reserve of GHG which is used to record the balance of amounts available for distribution as defined by the Trust Deed.

Cash flow hedging account represents the cumulative net change in fair value of the effective portion of the cash flow hedges.

Revenue reserve

Revenue reserve is used to record the balance of amounts available for distributions as defined by regulatory requirements. This is distributable to shareholders as dividend.

**TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES**

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**20 Dividend**

	<b>Group and Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Tax-exempt one-tier first and final dividend paid in respect of the previous year</b>		
Cash	<b>5,866</b>	5,877
Share	<b>1,231</b>	1,196
	<b><u>7,097</u></b>	<u>7,073</u>

The Directors proposed a tax exempt one-tier first and final dividend of 0.6 cent per share (2016 : 0.6 cent per share) amounting to \$7,122,000 (2016 : \$7,097,000), subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company, to be paid in respect of the financial year ended 31 December 2017. The Tuan Sing Scrip Dividend Scheme will be applicable to this proposed dividend.

**21 Revenue**

	<b>Note</b>	<b>Group</b>	
		<b>2017</b>	<b>2016</b>
		<b>\$'000</b>	<b>\$'000</b>
Sale of products		<b>134,680</b>	132,003
Sale of development properties		<b>58,576</b>	110,066
Rental income of investment properties	10	<b>38,318</b>	34,844
Hotel operations and related income		<b>121,278</b>	121,748
Services rendered		<b>4,005</b>	4,816
Others		<b>1,065</b>	541
		<b><u>357,922</u></b>	<u>404,018</u>

Revenue represents the invoiced value of goods and services supplied. Included in the Group's revenue from sale of development properties is an amount of \$2,419,000 (2016 : \$81,552,000) whereby the revenue is recognised based on the percentage of completion method.

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22 Interest income

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income on bank deposits	2,957	2,634
Interest income from debtors	115	292
Interest income from related parties	1,078	1,539
	<u>4,150</u>	<u>4,465</u>

23 Finance costs

	<b>Note</b>	<b>Group</b>	
		<b>2017</b>	<b>2016</b>
		<b>\$'000</b>	<b>\$'000</b>
Interest expense on loans and borrowings		37,351	30,283
Amortisation of capitalised finance costs		1,603	1,303
		<u>38,954</u>	<u>31,586</u>
Less: Amounts capitalised			
- Development properties	8	(1,333)	(1,641)
- Investment properties	10	(4,448)	(4,229)
		<u>(5,781)</u>	<u>(5,870)</u>
		<u>33,173</u>	<u>25,716</u>

Borrowing costs capitalised as cost of properties under development relate to borrowings taken up to finance each project.

TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

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24 Fair value adjustments

	Note	Group	
		2017 \$'000	2016 \$'000
<b>Fair value gain from:</b>			
Subsidiaries		44,525	2,198
Share of an equity accounted investee	12	289	138
		<u>44,814</u>	<u>2,336</u>
 <i>Represented by:</i>			
Fair value gain in respect of :			
- investment properties		44,525	2,198
- financial instruments	12	289	138
		<u>44,814</u>	<u>2,336</u>

The fair value adjustment is analysed as follows:

	Note	Group		
		Gross \$'000	Deferred tax \$'000	Net \$'000
<b><u>2017</u></b>				
<b>Fair value gain</b>				
<b>on investment properties</b>				
Subsidiaries	10	44,525	(3,453)	41,072
<b>Fair value gain</b>				
<b>on financial instruments</b>				
Share of an equity accounted investee	12	289	-	289
		<u>44,814</u>	<u>(3,453)</u>	<u>41,361</u>
 <b><u>2016</u></b>				
<b>Fair value loss</b>				
<b>on investment properties</b>				
Subsidiaries	10	2,198	(87)	2,111
<b>Fair value loss</b>				
<b>on financial instruments</b>				
Share of an equity accounted investee	12	138	-	138
		<u>2,336</u>	<u>(87)</u>	<u>2,249</u>

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**31 December 2017**

**25 Profit before tax**

Other than disclosed elsewhere in these financial statements, profit before tax for the year has been arrived at after charging/(crediting) the following:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation of property, plant and equipment [included in cost of sales, distribution costs, administrative expenses]	7,725	7,772
Net loss on disposal of property, plant and equipment [included in other operating expenses]	6	5
(Write-back of allowance) / allowance for diminution in value for development properties [included in other operating (income) / expenses / cost of sales]	<b>(1,784)</b>	3,649
Allowance for doubtful receivables, net [included in other operating (expenses) / income]	425	52
Allowance for inventory obsolescence, net [included in other operating (expenses) / income]	17	1
Foreign exchange loss / (gain), net [included in other operating (expenses) / income]	188	(352)
Write-back of recognised corporate guarantee no longer required [included in other operating income]	-	(445)
Provision for restructuring costs [included in other operating expenses]	123	73

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	<u>Group</u>	
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Cost of inventories recognised as an expense	132,293	128,479
Net loss on liquidation of subsidiaries [included in other operating expenses]	-	1,794
<b>Auditors' remuneration</b>		
Audit fees		
- Auditors of the Company	331	326
- Other auditors	177	173
Non-audit fees		
- Auditors of the Company	198	52
- Other auditors	10	32
<b>Directors' remuneration</b>		
Of the Company		
- Salaries and wages	1,737	1,554
Of the subsidiaries		
- Salaries and wages	1,907	1,951
- Defined contribution plans	53	56
	<u>3,697</u>	<u>3,561</u>
<b>Employees benefit expenses (excluding Directors' remuneration)</b>		
- Salaries and wages	12,759	12,274
- Defined contribution plans	991	1,007
- Others	116	86
	<u>13,866</u>	<u>13,367</u>

The Audit and Risk Committee has reviewed the non-audit services provided by the auditors, Deloitte & Touche LLP, Singapore and the overseas practices of Deloitte Touche Tohmatsu Limited and was of the opinion that these services would not affect the independence of the auditors.

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NOTES TO THE FINANCIAL STATEMENTS

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26 Income tax expenses

	Note	Group	
		2017 \$'000	2016 \$'000
Current income tax			
- Singapore		328	1,970
- Foreign		1,992	3,146
- Under (Over) provision in prior years		648	(10)
		<u>2,968</u>	<u>5,106</u>
Withholding tax expense		41	139
Deferred tax	17	<u>2,252</u>	<u>1,027</u>
		<u><u>5,261</u></u>	<u><u>6,272</u></u>

Singapore income tax is calculated at 17% (2016 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The reconciliation between the tax expense reported and the product of accounting profit multiplied by the applicable tax rate is as follows:

	Group	
	2017 \$'000	2016 \$'000
Profit before income tax	<u>68,107</u>	<u>40,078</u>
Income tax calculated at 17% (2016 : 17%)	11,578	6,814
<i>Adjustments:</i>		
Share of results of an equity-accounted investee	(2,714)	(2,313)
Expenses not deductible for tax purposes	5,072	3,231
Tax losses not recognised as deferred tax assets	335	178
Tax losses not available for set-off against future income	46	7
Different tax rates of subsidiaries operating in other jurisdictions	2,109	1,872
Income that is not subject to tax	(11,699)	(3,705)
Utilisation of tax losses and capital allowance previously not recognised	(58)	(102)
Under (Over) provision in prior years	648	(10)
Withholding tax expense	41	139
Others	(97)	161
	<u><u>5,261</u></u>	<u><u>6,272</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

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27 Earnings per share

Analysis of the Group's profit from operations and fair value adjustments are as follows:

	Note	Group		
		Before fair value adjustments \$'000	Fair value adjustments \$'000	After fair value adjustments \$'000
<b>2017</b>				
<b>Profit before tax</b>		23,293	44,814	68,107
Income tax expenses	24, 26	(1,808)	(3,453)	(5,261)
<b>Profit for the year</b>		21,485	41,361	62,846
<i>Less:</i>				
Non-controlling interests		(112)	-	(112)
<b>Profit attributable to owners of the Company</b>		<b>21,373</b>	<b>41,361</b>	<b>62,734</b>
<b>2016</b>				
<b>Profit before tax</b>		37,742	2,336	40,078
Income tax expenses	24, 26	(6,185)	(87)	(6,272)
<b>Profit for the year</b>		31,557	2,249	33,806
<i>Less:</i>				
Non-controlling interests		(221)	-	(221)
<b>Profit attributable to owners of the Company</b>		<b>31,336</b>	<b>2,249</b>	<b>33,585</b>



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The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit attributable to owners of the Company</b>		
Before fair value adjustments	21,373	31,336
Fair value adjustments	<u>41,361</u>	<u>2,249</u>
After fair value adjustments	<u><u>62,734</u></u>	<u><u>33,585</u></u>
<b>Basic and diluted earnings per share (cents)</b>		
Including fair value adjustments	<u>5.3</u>	<u>2.8</u>
Excluding fair value adjustments	<u>1.8</u>	<u>2.7</u>
<b>Weighted average number of ordinary shares (in '000 shares) for the purpose of computation of basic and diluted earnings per share</b>	<u><u>1,185,048</u></u>	<u><u>1,181,005</u></u>

There is no dilutive ordinary share in 2017 and 2016.

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28 Other comprehensive income

	Note	Group		
		Before tax	Deferred tax	After tax
		\$'000	\$'000	\$'000
<b>2017</b>				
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation of properties	9	33,846	(10,154)	23,692
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		(9,109)	-	(9,109)
Share of other comprehensive income of an equity accounted investee		(6,360)	-	(6,360)
Cash flow hedges		916	(275)	641
		<b>19,293</b>	<b>(10,429)</b>	<b>8,864</b>
<b>2016</b>				
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation of properties	9	16,980	(5,094)	11,886
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		4,903	-	4,903
Share of other comprehensive income of an equity accounted investee		2,829	-	2,829
Cash flow hedges		(90)	27	(63)
		<b>24,622</b>	<b>(5,067)</b>	<b>19,555</b>

The Group entered into certain interest rate swap contracts to hedge its interest rate risk exposures. Derivatives that are designated and effective as hedging instruments are carried at fair value.

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	<u>Group</u>	
	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Derivatives that are designated and effective as hedging	<u>87</u>	<u>1,019</u>

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with nominal values of A\$177 million or equivalent to \$185 million have fixed interest payments at a fixed rate of 2.254% per annum for periods up until 2018 and have a floating interest rate of 1 month Bank Bill Swap Bid Rate.

All of the Group's interest rate swaps are designated and effective as cash flow hedges and the fair value change of these interest rate swaps, amounting to \$916,000 (2016 : \$90,000) has been recognised in other comprehensive income during the year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the end of the reporting year:

<u>Group</u>	<u>Average contracted</u>		<u>Notional principal amount</u>		<u>Fair value</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>per annum</u>	<u>per annum</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>1 month</b>	<b>2.254%</b>	2.254%	<u>182,363</u>	<u>185,301</u>	<u>87</u>	<u>1,019</u>

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29 Significant related party transactions

In addition to the related party transactions disclosed elsewhere in the financial statements, the Group has the following significant related party transactions with the major shareholders, associates and the Directors of the Company and their associates:

	<u>Group</u>	
	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
<b>Transactions with major shareholder</b>		
Sale of products and services rendered	61,451	74,947
Sale of a completed development property	-	645
Rental income	2,160	1,887
Interest income	664	827
Consideration for disposal of assets of Tyre Distribution Unit	1,750	-
Purchase of products	<u>(68,158)</u>	<u>(46,747)</u>
<b>Transactions with associates</b>		
Management fee income	180	180
Rental income	-	173
Interest income	<u>414</u>	<u>713</u>
<b>Transactions with Directors of the Company and their associates</b>		
Sale of completed development properties	2,270	-
MTN Interest expense	<u>(137)</u>	<u>(68)</u>

The Company's major shareholder is Nuri Holdings (S) Pte Ltd ("Nuri"), incorporated in Singapore. Related party transactions with major shareholder refer to transactions with the companies in which the shareholders of Nuri and their family members have a controlling interest in. The related party transactions are entered into in the normal course of business based on terms agreed between the parties.

One of the Group's subsidiary, SP Resources International Pte Ltd, is reliant on two related parties for the supply of 100% (2016: 100%) of its coal. Another subsidiary, Globaltraco Pte Ltd, is reliant on another two related parties for the supply of 96% (2016: 95%) of its tyres. The Group supplies 100% (2016: 100%) of its rubber products to two customers who are related parties, but were previously classified as third party customers.

Accordingly, \$60,611,000 sales to these two related parties for the financial year ended 31 December 2016 has been included in the comparative figure of "Sale of products and services rendered to major shareholder". Sales to these two related parties for the financial year ended 31 December 2017 amounted to \$43,853,000.

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At the end of the reporting year, the Group had commitments to lease certain commercial properties to Nuri, and associates of the Group. These non-cancellable operating leases had remaining lease terms of 2 months (2016 : 1 to 14 months). Future minimum lease receivables under these leases not recognised as receivables at the end of each reporting period were as follows:

*Commitment with related parties*

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Commitment with major shareholder</b>		
Operating leases		
- Within one year	<b>860</b>	2,385
- After one year but not more than five years	<b>1,813</b>	2,100
- After five years	<b>1,695</b>	2,299
	<b>4,368</b>	6,784

*Remuneration of Directors and key management personnel*

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term benefits and fees	<b>3,644</b>	3,505
Post-employment benefits (defined contribution plan)	<b>53</b>	56
	<b>3,697</b>	3,561

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30 Commitments

*Capital commitments*

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Development and investment properties expenditure contracted for but not provided in the financial statements	<u>122,226</u>	<u>143,287</u>
Capital expenditure approved by Directors but not contracted for in the financial statements	<u>2,276</u>	<u>5,143</u>
Share of commitments of equity-accounted investees		
- Capital expenditure contracted for but not provided in the financial statements	<u>615</u>	<u>1,703</u>

*Share of commitment on acquisition of shares*

On 31 December 2015, the Company's 44.5%-owned associated company, Gul Technologies Singapore Ltd ("GulTech"), has through its wholly-owned subsidiary, Gultech International Pte Ltd, entered into an agreement with a related company, Anhui Prime Cord Fabrics Company Ltd, to acquire the remaining 38.6% of the issued share capital of Gultech (Suzhou) Electronics Co., Ltd ("GulSuzhou") that it did not already own for a cash consideration of S\$42,098,000 (RMB194,000,000). The Group's share of commitment in the acquisition was S\$18,725,000 (RMB86,291,000). The acquisition was completed in February 2016 and GulSuzhou had as from the same date become wholly owned by GulTech.

*Operating lease commitments - where the Group is a lessor*

The Group entered into commercial property leases on its investment property portfolio, consisting of commercial and industrial buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. As at the end of the reporting period, these non-cancellable leases had remaining lease terms of between one and eleven years (2016 : one and eleven years).

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	31,839	29,649
After one year but not more than five years	42,552	42,007
After five years	4,235	2,561
	<u>78,626</u>	<u>74,217</u>

*Operating lease commitments - where the Group is a lessee*

The Group leases office premises, warehouse, and workshops under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. They are generally negotiated for a term of 1 to 2 years and rentals are generally fixed for the same periods. Payment recognised as an expense during the year was \$236,000 (2016 : \$360,000).

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	215	368
After one year but not more than five years	272	100
	<u>487</u>	<u>468</u>

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*Derivative financial instrument*

SP Corp, a listed subsidiary of the Group, utilised currency derivatives to hedge significant future transactions and cash flows. At the end of the reporting year, the total notional amount of outstanding forward foreign exchange contracts to which the Group was committed were as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency forward contracts	<b>8,400</b>	<b>15,000</b>

The change in the fair value of non-hedging currency derivative was insignificant and hence its amount was not charged to profit or loss.

**31 Contingent liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Guarantees given to banks in respect of bank facilities utilised by subsidiaries	<b>-</b>	<b>-</b>	<b>807,361</b>	<b>513,482</b>

In the previous year, the Group recognised a financial guarantee of \$5,408,000 (2016 : \$5,408,000) granted to its associate, Pan-West, equivalent to the Group's share of corporate guarantees given to certain banks to secure credit facilities of Pan-West and its subsidiary [Note 12]. As the liabilities had been recognised, there were no contingent liabilities as at the reporting date.



## TUAN SING HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

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#### 32 Financial risk management

##### *Financial risk management policies and objectives*

The Group has documented financial risk management policies approved by the Board of Directors. The policies consist of guidelines and rules to identify and manage periodically significant risks that might affect the achievement of business objectives, outputs, projects or operating processes at the Group, subsidiary or business unit level. Guidelines and rules are reviewed annually by the Group to ensure that they remain relevant. The Group's overall risk management program seeks to minimise potentially adverse effects on financial performance of the Group.

The Group's risk management process is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile. The key risks relating to financial management include foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing cash in excess of short-term operational requirement.

##### *Factors behind financial risks*

The Group's activities expose it to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group seeks to minimise potentially adverse effects arising from the unpredictability of the financial markets on the Group's financial performance.

The Group's financial instruments comprise loans and borrowings, cash and liquid resources, trade and other receivables, trade and other payables that arise directly from its operations. The Group manages its exposure to currency and interest rate risks by using a variety of techniques and instruments as described in Notes 32(a) and 32(b) to the financial statements.

Natural hedging is preferred by matching assets and liabilities of the same currency. Derivative financial instruments are only used where it is necessary to reduce the Group's exposure to fluctuations in foreign exchange and interest rates or to comply with covenants imposed by banks. While these financial instruments are subject to risk of change in market rates subsequent to their acquisition, such changes are generally offset by opposite effects on the items being hedged. The Group does not hold or issue derivative financial instruments for speculative purposes. The Group is not exposed to any equity-price risk.

There has been no major change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analyses indicated in Note 32(a) and Note 32(b) to the financial statements.

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*Classification of financial instruments*

The table below sets out the financial instruments at the end of the reporting year:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Financial assets</b>				
Loans and receivables (including cash and bank balances)	312,049	318,914	455,589	263,631
<b>Financial liabilities</b>				
Loans and payables – amortised cost	1,572,239	1,126,896	543,508	349,377
Financial guarantee contracts	-	-	14,738	16,236
	1,572,239	1,126,896	558,246	365,613
Derivative financial instruments	87	1,019	-	-
	1,572,326	1,127,915	558,246	365,613

**(a) Currency risk**

The Group's subsidiaries operate mainly in Singapore, Australia, China, Malaysia and Indonesia. As for its associates, GulTech operates mainly in China and Singapore; Pan-West operates mainly in Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the Singapore dollar ("SGD"), Australian dollar ("AUD"), United States dollar ("USD") and Malaysian Ringgit ("MYR"). Currency risk arises when transactions are denominated in foreign currencies.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations mainly in Australia and China. As far as possible, the Group relies on natural hedges of matching foreign assets and liabilities of the same currency.

SP Corp, a listed subsidiary of the Group, uses forward foreign exchange contracts to protect against the effect of volatility in foreign currency exchange rates on foreign currency denominated assets and liabilities arising in the normal course of business. SP Corp enters into forward exchange contracts with maturities of less than twelve months. Further details on the forward exchange contracts are disclosed in Note 30 to the financial statements.

The Group does not enter into currency options and does not use forward foreign exchange contracts for speculative trading purposes.

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*Currency risk exposure*

At the end of the reporting year, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currencies were as follows:

	<b>SGD</b>	<b>USD</b>	<b>AUD</b>	<b>Others</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Group</u></b>				
<b><u>At 31 December 2017</u></b>				
<b>Financial assets</b>				
Cash and bank balances	350	620	1	30
Trade and other receivables	46	-	-	77
	<u>396</u>	<u>620</u>	<u>1</u>	<u>107</u>
<b>Financial liabilities</b>				
Trade and other payables	(6,653)	(61)	-	(4,294)
<b>Net financial (liabilities)/assets</b>	<u>(6,257)</u>	<u>559</u>	<u>1</u>	<u>(4,187)</u>
Less:				
Forward foreign exchange contracts	8,382	-	-	-
<b>Net currency exposure</b>	<u><u>2,125</u></u>	<u><u>559</u></u>	<u><u>1</u></u>	<u><u>(4,187)</u></u>
 <b><u>At 31 December 2016</u></b>				
<b>Financial assets</b>				
Cash and bank balances	230	5,791	1	18
Trade and other receivables	40	568	-	95
	<u>270</u>	<u>6,359</u>	<u>1</u>	<u>113</u>
<b>Financial liabilities</b>				
Trade and other payables	(19,226)	(828)	-	(120)
<b>Net financial (liabilities)/assets</b>	<u>(18,956)</u>	<u>5,531</u>	<u>1</u>	<u>(7)</u>
Less:				
Forward foreign exchange contracts	15,328	-	-	-
<b>Net currency exposure</b>	<u><u>(3,628)</u></u>	<u><u>5,531</u></u>	<u><u>1</u></u>	<u><u>(7)</u></u>

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At the end of the reporting year, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency were as follows:

	2017		2016	
	AUD	MYR	AUD	MYR
	\$'000	\$'000	\$'000	\$'000
<b><u>Company</u></b>				
<b>Financial assets</b>				
Amounts due from subsidiaries	-	37	-	131
<b>Financial liabilities</b>				
Amounts due to subsidiaries	(235)	-	(228)	-
<b>Net currency exposure</b>	<b>(235)</b>	<b>37</b>	<b>(228)</b>	<b>131</b>

*Sensitivity analysis for currency risk*

The following table details the sensitivity to a 10% increase/decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss may increase (decrease) by:

	SGD		USD		AUD		Others	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Group</u></b>								
Profit or loss	(213)	363	(56)	(553)	-	-	419	1
<b><u>Company</u></b>								
Profit or loss	-	-	-	-	24	23	(4)	(13)

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The strengthening of the relevant foreign currency against the functional currency of each group entity at the end of the reporting year would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

#### **(b) Cash flow and fair value interest rate risk**

Cash flow interest rate risk is the risk that future cash flows of a financial instrument may fluctuate because of changes in interest rates in the market. Fair value interest rate risk is the risk that the fair value of a financial instrument may fluctuate due to such changes.

The Group's exposure to cash flow interest rate risk arises mainly from bank borrowings. The Group aims to optimise net interest cost and to reduce volatility in the finance cost. The Group borrows mainly variable rate debts with varying tenures. A summary of the Group's interest-bearing financial instruments is disclosed in Note 32(d) to these financial statements.

Other than those disclosed below, the Group does not use derivative financial instruments to hedge fluctuations in interest rates for its borrowings.

#### *Sensitivity analysis for interest rate risk*

The sensitivity analysis below is based on the exposure to interest rates for non-derivative instruments at the end of the reporting year and assumes that the change took place at the beginning of the financial year and was held constant throughout the reporting year. The magnitude represents the Group's assessment of the likely movement in interest rates under normal economic conditions.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit after tax would decrease or increase by \$12,086,000 (2016 : decrease or increase by \$9,178,000).

The Company's profit or loss was not affected by changes in interest rates as the Company did not have any borrowings or inter-company loans that are at variable rates.

#### **(c) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a mean of mitigating the risk of financial loss from such defaults. Credit risk on cash and bank balances and derivative financial instrument is limited as these balances are placed with or transacted with institutions of repute. The Group manages these risks by monitoring credit worthiness and limiting the aggregate use to any individual counterparty. The Group does not expect to incur material credit losses on its financial instruments.

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With respect to trade and other receivables at the end of the reporting year, trade amounts due from other related parties amounting to \$29,124,000 (2016 : \$30,820,000) comprised 3 (2016 : 3) major customers with outstanding balances individually exceeding 5% of the Group's trade and other receivables as at 31 December 2017.

Other than as disclosed above, there was no significant concentration of credit risk with respect to the rest of trade receivables at the end of the reporting year because of the Group's large number of customers who are in turn geographically dispersed and from a fairly diverse spectrum of industries. The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained and the guarantees given by the Group to banks in respect of bank facilities utilised by an associate.

The credit risk for trade receivables after allowance for doubtful receivables was as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>By geographical area</u></b>		
Singapore	39,698	100,126
Australia	4,996	4,821
China	704	3,903
Malaysia	1,891	2,330
Indonesia	10,394	8,323
United States of America (USA)	220	126
Others	23	617
	<u>57,926</u>	<u>120,246</u>
<b><u>By type of customers</u></b>		
Related parties	31,040	35,193
Non-related parties	26,886	85,053
	<u>57,926</u>	<u>120,246</u>
<b><u>By industry sector</u></b>		
Property	17,364	73,863
Hotels investment	4,560	5,236
Industrial services	36,002	41,147
	<u>57,926</u>	<u>120,246</u>

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(d) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash and borrowings with different tenures. Due to the dynamic nature of the businesses the Group is in, the Group aims at maintaining flexibility in funding and keeping adequate committed credit facilities available.

*Analysis for liquidity and interest risk - non-derivative financial liabilities*

The following tables detail the effective annual interest rates and the remaining contractual maturity for non-derivative financial liabilities at the end of the reporting year.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents possible future cash flow attributable to the instruments included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

	Effective interest rate	On demand or less than 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years	Adjustment	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>							
<b>31 December 2017</b>							
Non-interest bearing	-	113,656	463	-	-	-	114,119
Fixed interest rate instruments	4.5 - 6.0	12,600	91,821	153,847	-	(29,904)	228,364
Variable interest rate instruments	2.2 - 3.0	301,012	875,350	85,102	3,636	(35,344)	1,229,756
		<u>427,268</u>	<u>967,634</u>	<u>238,949</u>	<u>3,636</u>	<u>(65,248)</u>	<u>1,572,239</u>
<b>31 December 2016</b>							
Non-interest bearing	-	105,641	462	-	-	-	106,103
Fixed interest rate instruments	4.5	3,600	86,420	-	-	(10,458)	79,562
Variable interest rate instruments	1.7 - 2.8	14,598	668,322	282,697	4,982	(29,368)	941,231
		<u>123,839</u>	<u>755,204</u>	<u>282,697</u>	<u>4,982</u>	<u>(39,826)</u>	<u>1,126,896</u>

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<u>Company</u>	Effective interest rate	On demand or less than 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years	Adjustment	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 December 2017</b>							
Non-interest bearing	-	315,144	-	-	-	-	315,144
Fixed interest rate instruments	4.5 - 6.0	12,600	91,821	153,847	-	(29,904)	228,364
Financial guarantee contracts	-	807,361	-	-	-	(792,623)	14,738
		<u>1,135,105</u>	<u>91,821</u>	<u>153,847</u>	<u>-</u>	<u>(822,527)</u>	<u>558,246</u>
<b>31 December 2016</b>							
Non-interest bearing	-	269,815	-	-	-	-	269,815
Fixed interest rate instruments	4.5	3,600	86,420	-	-	(10,458)	79,562
Financial guarantee contracts	-	513,482	-	-	-	(497,246)	16,236
		<u>786,897</u>	<u>86,420</u>	<u>-</u>	<u>-</u>	<u>(507,704)</u>	<u>365,613</u>

At the end of the reporting year, the maximum amount that the Company could be forced to settle under the financial guarantee contracts if the full guaranteed amounts were claimed by the counterparty to the various guarantees, was \$807,361,000 (2016 : \$513,482,000). The earliest time that a guarantee could be called is as and when the guarantee is claimed by the counterparty.

As at the end of the reporting year, the Group's total obligation on guarantees in connection with Pan-West's bank facilities amounted to \$5,408,000 (2016 : \$5,408,000). The earliest time that a guarantee could be called is as and when the guarantee is claimed by the counterparty.

Analysis for liquidity and interest risk - non-derivative financial assets

The following tables detail the effective annual interest rates and the expected maturity for non-derivative financial assets at the end of the reporting year. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different year. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets on the statements of financial position.



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<b>Group</b>	Effective interest rate	On demand or less than 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years	Adjustment	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 December 2017</b>							
Non-interest bearing	-	99,839	5,057	-	-	-	104,896
Variable interest rate instruments	0.1 - 0.3	21,163	-	-	-	(5)	21,158
Fixed interest rate instruments	0.4 - 5.7	123,882	31,275	31,275	-	(437)	185,995
		<u>244,884</u>	<u>36,332</u>	<u>31,275</u>	<u>-</u>	<u>(442)</u>	<u>312,049</u>
<b>31 December 2016</b>							
Non-interest bearing	-	156,214	113	2,901	9	-	159,237
Variable interest rate instruments	0.1 - 0.3	23,406	-	-	-	(16)	23,390
Fixed interest rate instruments	0.2 - 5.4	74,072	31,275	31,275	-	(335)	136,287
		<u>253,692</u>	<u>31,388</u>	<u>34,176</u>	<u>9</u>	<u>(351)</u>	<u>318,914</u>
<b>Company</b>							
<b>31 December 2017</b>							
Non-interest bearing	-	<u>455,589</u>	-	-	-	-	<u>455,589</u>
<b>31 December 2016</b>							
Non-interest bearing	-	<u>263,631</u>	-	-	-	-	<u>263,631</u>

*Analysis for liquidity risk - derivative financial instruments*

The following table details a liquidity analysis for derivative financial instruments the Group had entered into at the end of the reporting year. The table has been drawn up based on the undiscounted net cash outflows on the derivative instruments that settle on a net basis and the undiscounted gross inflows on those derivatives that require gross settlement.

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<b>Group</b>	<b>On demand or less than 1 year</b>	<b>Within 1 to 2 years</b>	<b>Within 2 to 5 years</b>	<b>Over 5 years</b>	<b>Adjustment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31 December 2017</b>						
Gross settled:						
Foreign exchange forward contracts	<u>19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>
<b>31 December 2016</b>						
Gross settled:						
Foreign exchange forward contracts	<u>(327)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(327)</u>

**(e) Fair value of financial assets and financial liabilities**

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, provisions and other liabilities approximated their respective fair values due to their relative short-term maturity.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements. The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the end of each reporting year, the Group and the Company's interest rate swap was measured based on Level 2. The valuation technique and key input is future cash flows which are estimated based on forward interest rates (from observable yield curves at the end of the reporting year) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

**(f) Capital risk**

In managing capital, the Group's objectives are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to provide appropriate returns to shareholders and benefits for other stakeholders through pricing its products and services at levels commensurate with the level of risks it is exposed to.

The capital structure of the Group consists of loans and borrowings disclosed in Note 13, issued capital, reserves and retained earnings disclosed in Notes 18 and 19 to the financial statements. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, obtain new borrowings, sell assets to reduce borrowings, pay or adjust the amount of dividend payment or return capital to shareholders. The Group's overall strategy remains unchanged from the prior years.

The Group monitors capital risks through measuring the Group's gross gearing and net gearing. The Group's gross gearing is calculated as total borrowings divided by total equity, whilst net gearing is calculated as net borrowings divided by total equity. Net borrowings are calculated as total borrowings as disclosed in Note 13, less cash and bank balances as disclosed in Note 5 to the financial statements.

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Total borrowings	<b>1,458,120</b>	1,020,793
Total equity	<b>996,277</b>	930,456
<b>Gross gearing (times)</b>	<b><u>1.46</u></b>	<u>1.10</u>
Net borrowings	<b>1,241,277</b>	857,105
Total equity	<b>996,277</b>	930,456
<b>Net gearing (times)</b>	<b><u>1.25</u></b>	<u>0.92</u>

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33 Listing of significant subsidiaries

Information relating to the significant subsidiaries is disclosed as below:

Name of company	Note	Principal activities	Country of incorporation/ establishment	Effective equity interest & voting power held by the Group	
				2017 %	2016 %
<i>Significant subsidiaries directly held by the Company</i>					
Asiaview Properties Pte Ltd		Property investment	Singapore	100	100
Asplenium Land Pte. Ltd.		Property development	Singapore	100	100
Clerodendrum Land Pte. Ltd.		Property development	Singapore	100	100
Dillenia Land Pte. Ltd.		Property development	Singapore	100	100
Episcia Land Pte. Ltd.		Property development	Singapore	100	100
Gerbera Land Pte. Ltd.		Property development	Singapore	100	-
Oxley Development Pte Ltd		Property investment	Singapore	100	100
SP Corporation Limited		Investment holding	Singapore	80.2	80.2
Superluck Properties Pte Ltd		Property investment	Singapore	100	100
<i>Significant subsidiaries indirectly held by the Company</i>					
39 Robinson Road Pte. Ltd.		Property investment	Singapore	100	100
Grand Hotel Group	(i)	Property investment	Australia	100	100
Habitat Properties (Shanghai) Ltd.	(i)	Property development	China	100	100
Shelford Properties Pte Ltd		Property development	Singapore	100	100
SP Resources International Pte. Ltd.		Trading of industrial products	Singapore	80.2	80.2

All subsidiaries in Singapore are audited by Deloitte & Touche LLP, Singapore.

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**Note**

- (i) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

#### 34 Listing of significant associates

Associates are those in which the Group has significant influence, but not control in the operating and financial policy decisions.

Information relating to the significant associates is disclosed as below:

Name of company	Note	Principal activities	Country of incorporation	Effective equity interest & voting power held by the Group	
				2017 %	2016 %
Gul Technologies Singapore Pte. Ltd.	(i)	Manufacture of printed circuit boards	Singapore	44.5	44.5

**Note**

- (i) Audited by Deloitte & Touche LLP, Singapore.