# SING HOLDINGS LIMITED

Co. Reg. No. 196400165G

ANNUAL REPORT 2018

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Parc Botannia

# CORPORATE **PROFILE**

The Group prides itself in delivering quality developments to its purchasers and tenants. From the conceptualisation of project layouts and designs to the selection of fittings and finishes, the construction of the development to the final touches upon completion, every detail is meticulously combed to ensure finest quality.

Founded in 1964, Sing Holdings Limited and its subsidiaries (the "Group") is a property development and investment group currently listed on the Mainboard of the Singapore Exchange. It has an established track record of development experiences in a wide spectrum of properties ranging from landed houses, condominiums to commercial and industrial buildings. Some of the Group's past residential projects include Robin Residences at Robin Drive, Waterwoods in Punggol and The Laurels at Cairnhill Road. For commercial and industrial projects, the Group developed BizTech Centre at Aljunied Road, EastGate building along East Coast Road and Ocean Towers in Shanghai, an award-winning Grade-A office building in the People's Republic of China.

The Group currently owns a 291-room, limited service hotel known as Travelodge Docklands in Melbourne and 43 strata units in BizTech Centre. Its ongoing residential project, Parc Botannia in Sengkang, is a private condominium development comprising 4 blocks of 22-storey buildings with 735 apartment units.

The Group prides itself in delivering quality developments to its purchasers and tenants. From the conceptualisation of project layouts and designs to the selection of fittings and finishes, the construction of the development to the final touches upon completion, every detail is meticulously combed to ensure finest quality. As a testament to this, the Company received the prestigious FIABCI[1] Singapore Property Award for its project, The Laurels. Another two projects, Waterwoods and Parc Botannia, were also bestowed the BCA[2] Green Mark Award (Gold Plus).

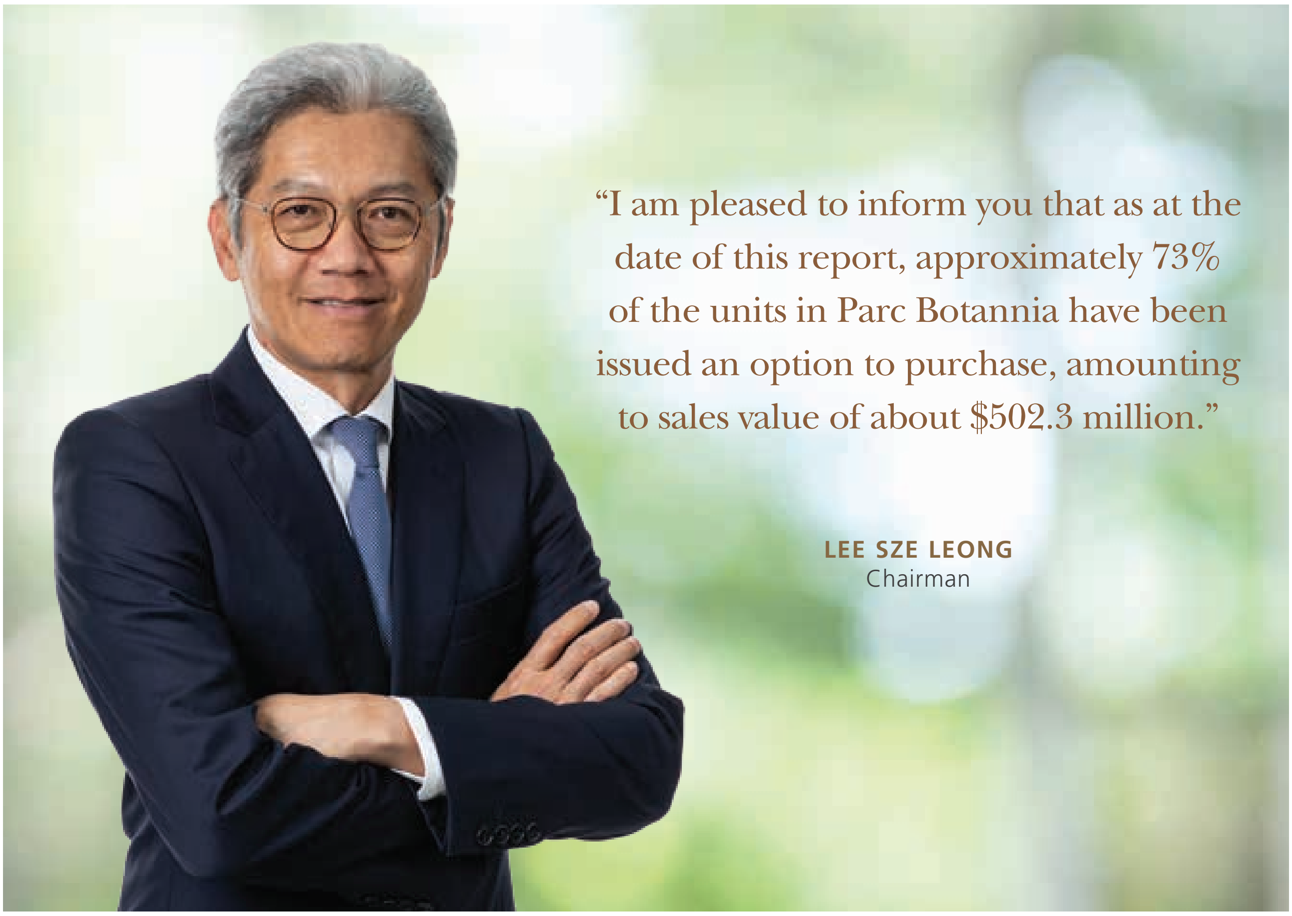
Going forward, the Group will continue to focus on its core business of property development and investment. It shall continue to leverage on its development experience and expertise to deliver dream homes to its purchasers, in its bid to be a Developer of Premier Living.

Notes:

(1) FIABCI is the French acronym for "Federation Internationale des Administrateurs de Bien-Conselis Immobiliers" which means "The International Real Estate Federation". The FIABCI awards recognise outstanding developments evaluated on their overall concept, architecture and design, development and construction, community benefit and environmental impact as well as financing and marketing.

(2) BCA refers to the Building and Construction Authority of Singapore.

# CHAIRMAN'S MESSAGE




On behalf of the Board of Directors, I am pleased to present the annual report of Sing Holdings Limited for the financial year ended 31 December 2018 ("FY2018").

## FINANCIAL REVIEW

Our Group reported a profit attributable to shareholders of $11.2 million for FY2018, an increase of $7.8 million compared to the preceding financial year. This was largely due to recognition of profit from Parc Botannia, a development property at Fernvale Street.

Revenue for the year comprised recognition of sales proceeds from the development property and a completed industrial strata unit, as well as rental income from lease of an investment property. Other income arose mainly from rental income from completed properties, interest income and dividend income. Operating expenses dropped due to losses incurred in the preceding financial year from disposal of a subsidiary and fair value adjustment of an investment property. This was partly offset by accrual for performance bonus and higher marketing costs incurred. The increase in finance costs was attributable to a change in the treatment of borrowing costs, whereby borrowing costs relating to the development property were expensed when incurred instead of capitalised in accordance with the decision of the IFRS Interpretations Committee.

Equity attributable to our shareholders rose by $1.8 million due mainly to profit reported for the year, partly offset by foreign currency translation loss arising from the weakening Australian Dollar and payment of dividends in respect of the preceding financial year.

## DIVIDENDS

Subject to approval by our shareholders at the forthcoming Annual General Meeting, the Board is recommending a first and final one-tier tax exempt dividend of 1.2 cent per ordinary share.

# CHAIRMAN'S MESSAGE

## BUSINESS REVIEW

2018 was a turbulent year for housing developers in Singapore. It started on a high note with much exuberance and strong sales momentum. After the announcement of heightened property cooling measures in July 2018, with Additional Buyer's Stamp Duty raised and loan-to-value limits tightened on residential property purchases, the residential market took a sharp turn. While prices of private residential properties (excluding executive condominiums) appeared to hold, the number of transactions dropped drastically in the second half of 2018. Our residential project, Parc Botannia, similarly experienced a slowdown in sales.

Unlike the residential market, the Singapore industrial property market remained fairly stable throughout 2018. Price and rental indices, as well as occupancy levels, for multiple-user factories such as our BizTech Centre experienced only marginal changes.

The Melbourne hotel market continued to enjoy high occupancy levels and strong average daily rates in 2018. Travelodge Docklands, our hotel in Melbourne, maintained its

Parc Botannia

average occupancy rate at above 90%. However, in the face of keen competition, its average daily rate declined slightly in 2018.

Our Group's portfolio comprises the following:

- ***Parc Botannia, Singapore***
  Parc Botannia is a 99-year leasehold residential development at Fernvale Street with a gross floor area of 51,588 square metres. It is located next to the Thanggam LRT station and is easily accessible via the

# CHAIRMAN'S MESSAGE


Parc Botannia


Parc Botannia

Tampines Expressway. Amenities within its vicinity include The Seletar Mall, eateries along Jalan Kayu, Sengkang Sports Centre, Sengkang Riverside Park and the newly-developed Seletar Aerospace Park.

The proposed private condominium development will comprise 4 blocks of 22-storey buildings with 735 apartment units. Our Group has a 70% interest in this development project. As at the date of this report, approximately 73% of the units in Parc Botannia have been issued an option to purchase, amounting to sales value of about $502.3 million. Revenue from sales will continue to be recognised progressively over time as performance obligations are satisfied.

- ***BizTech Centre, Singapore***
  BizTech Centre is a freehold light industrial building along Aljunied Road. It is within walking distance to the Mattar MRT station on the Downtown Line. Our Company currently owns 43 strata units in the building with a saleable area of 44,275 square feet. Of this, about 89% is leased to multiple tenants which provide a steady stream of income to the Group.


BizTech Centre

# CHAIRMAN'S MESSAGE

- ***Travelodge Docklands, Australia***
  Travelodge Docklands is a freehold, 14-storey limited service hotel in Docklands, Melbourne. It comprises 291 guestrooms, a food and beverage outlet, a business centre, meeting rooms and other basic amenities. The hotel is strategically located near to the Southern Cross Railway Station and within minutes' walk to the all-purpose Marvel Stadium, the Melbourne Convention & Exhibition Centre and the Crown Casino. It enjoys close proximity to many office buildings which offer corporate account opportunities to the hotel.

  Our hotel enjoyed an average occupancy rate of about 93% in 2018 and had a diversified group of guests including tourists and business travelers. It is on a long-term lease to TFE Hotels group, one of Australia's largest hotel companies which operates hotels across Australia, New Zealand and Europe.

## OUTLOOK

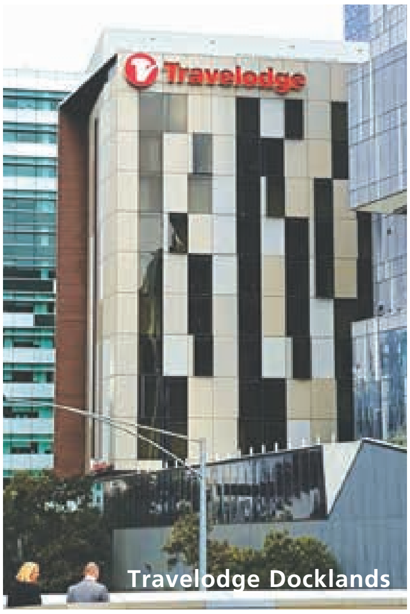
Global economic growth, including that of the United States, China and the Eurozone, is projected to ease in 2019. Escalation of trade conflicts between the US and its key trading partners, further slowdown of the Chinese economy and uncertainties over Brexit are risk factors that weigh heavily on investment sentiments and consumer confidence. The Ministry of Trade and Industry expects the Singapore economic growth in 2019 to be slightly below the mid-point of the forecast range of 1.5 to 3.5 per cent.

In addition to the global economic climate, we are also mindful of the development in the Singapore property market. There is a huge supply of residential properties in the pipeline, the absorption and its impact on pricing remain uncertain. As we continue to monitor the market, we will explore land replenishment opportunities in our bid to enhance shareholder value.

## APPRECIATION

I would like to thank my fellow directors for their invaluable insight and guidance, and our management team and staff for their commitment and dedication. On behalf of the Board of Directors, I would also like to express our gratitude to our valued shareholders, customers, bankers and business partners for their unwavering support and confidence in us.

**LEE SZE LEONG**
Chairman
26 March 2019

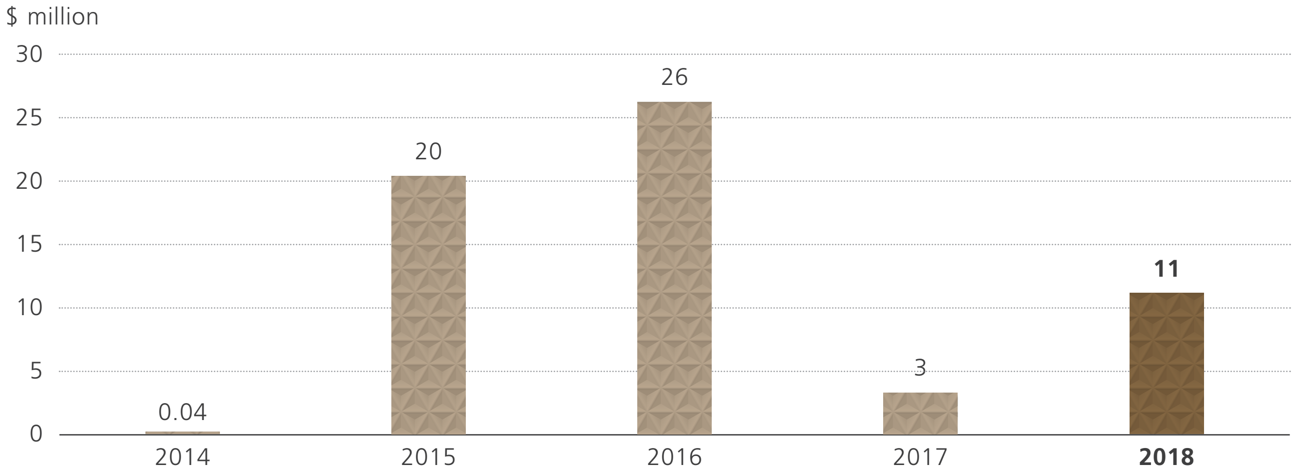


Travelodge Docklands

# FINANCIAL HIGHLIGHTS

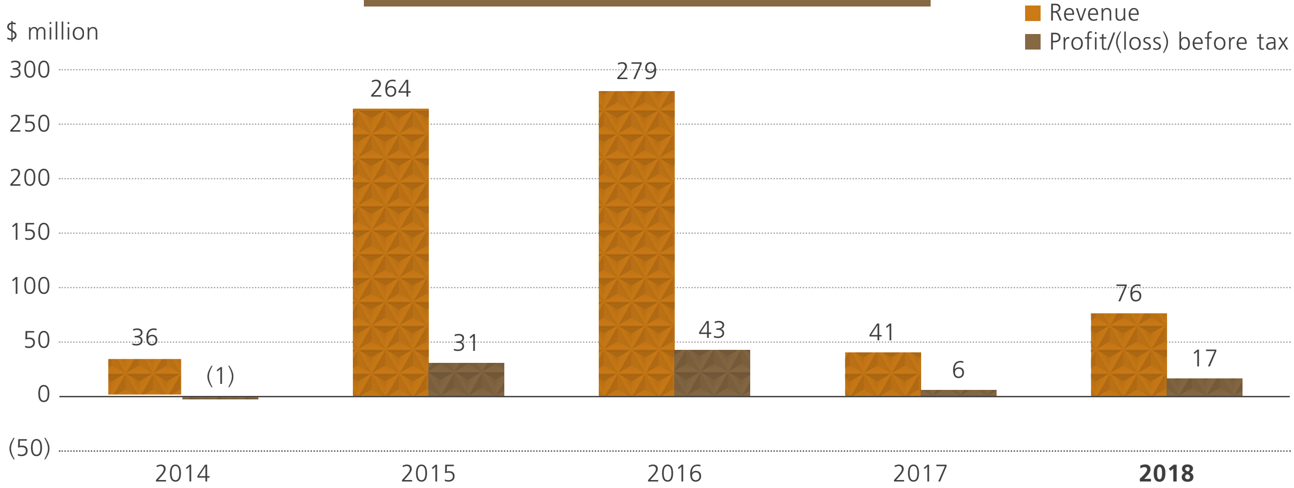
| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **Group Income Statements ($'000)** | | | | | |
| Revenue | 35,752 | 263,570 | 279,498 | 41,248 | 76,220 |
| Profit/(loss) before tax | (1,140) | 30,996 | 42,813 | 5,771 | 16,685 |
| Profit attributable to shareholders | 43 | 20,315 | 26,266 | 3,305 | 11,154 |
| **Group Balance Sheets ($'000)** | | | | | |
| Investment property | – | – | – | 114,851 | 105,666 |
| Development properties | 429,673 | 325,312 | 295,915 | 323,579 | 305,166 |
| Completed properties | 26,858 | 26,858 | 114,769 | 24,268 | 23,675 |
| Cash and cash equivalents | 85,848 | 30,379 | 53,366 | 108,828 | 87,896 |
| Other assets | 11,289 | 128,607 | 49,137 | 36,335 | 25,418 |
| Total assets | 553,668 | 511,156 | 513,187 | 607,861 | 547,821 |
| Interest-bearing bank loans | 190,208 | 110,160 | 200,970 | 274,463 | 200,839 |
| Other liabilities | 139,027 | 155,621 | 47,571 | 73,552 | 82,692 |
| Shareholders' funds | 219,530 | 235,551 | 256,680 | 254,749 | 256,542 |
| Non-controlling interests | 4,903 | 9,824 | 7,966 | 5,097 | 7,748 |
| Total liabilities and equity | 553,668 | 511,156 | 513,187 | 607,861 | 547,821 |
| **Shareholders' Return** | | | | | |
| Earnings per share (cents) | 0.01 | 5.07 | 6.55 | 0.82 | 2.78 |
| Net asset value per share (cents) | 54.75 | 58.74 | 64.01 | 63.53 | 63.98 |
| Dividend per share (cents) | 1.000 | 1.250 | 1.375 | 1.000 | 1.200 |

## PROFIT ATTRIBUTABLE TO SHAREHOLDERS

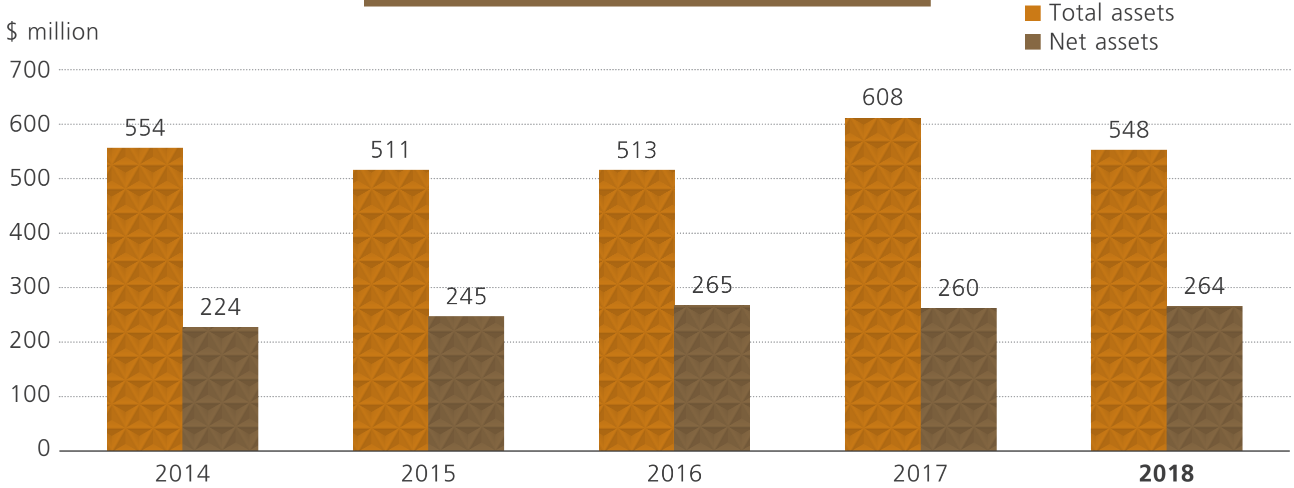


# FINANCIAL HIGHLIGHTS

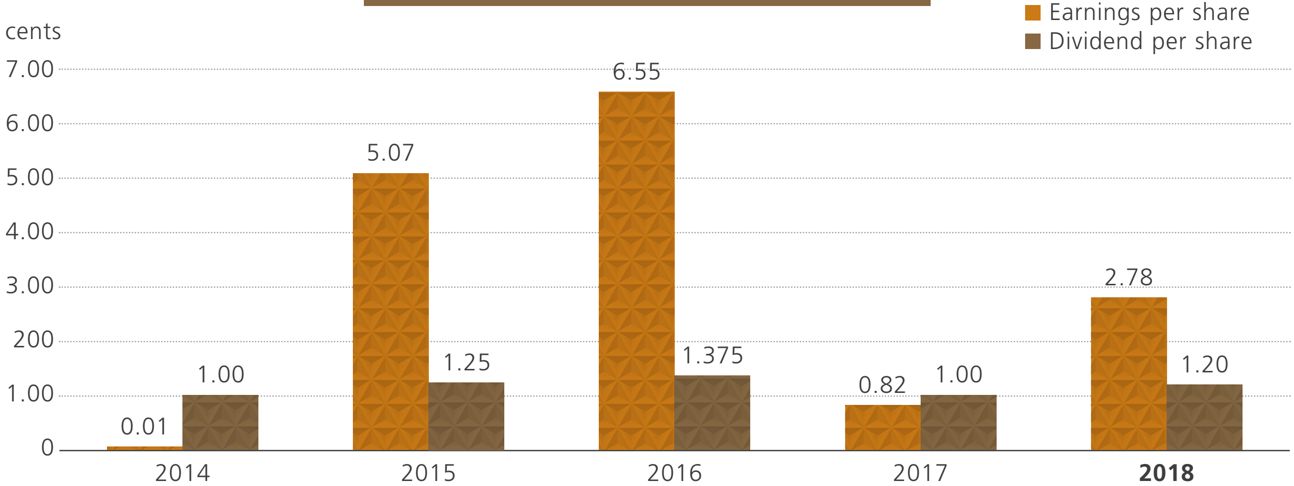
## GROUP INCOME STATEMENTS




## GROUP BALANCE SHEETS




## SHAREHOLDERS' RETURN



# CORPORATE **DATA**

## DIRECTORS

Lee Sze Leong
Chairman
Lee Sze Hao
Managing Director and Chief Executive Officer
Ong Loke Min David
Independent Director
Tan Tong Guan
Independent Director

## AUDIT COMMITTEE

Tan Tong Guan
*Chairman*
Ong Loke Min David
Lee Sze Leong

## NOMINATING COMMITTEE

Ong Loke Min David
*Chairman*
Tan Tong Guan
Lee Sze Leong

## REMUNERATION COMMITTEE

Ong Loke Min David
*Chairman*
Tan Tong Guan
Lee Sze Leong

## COMPANY SECRETARY

Tan Mui Sang

## MANAGEMENT TEAM

Lee Sze Hao
*Chief Executive Officer*
Tay Puay Kuan
*Chief Financial Officer*
Koh Nghee Kwang
*Director, Development Management*
Teo Peek Shang, Casey
*Director, Business Development and Marketing*

## REGISTRATION NUMBER

196400165G

## REGISTERED OFFICE

96 Robinson Road
#10-01 SIF Building
Singapore 068899

Telephone: (65) 6536 6696
Facsimile: (65) 6536 6620
Email address:
enquiries@singholdings.com
Website: www.singholdings.com

## AUDITORS

Ernst & Young LLP
Public Accountants and
Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge:
Lee Kim Lin Eleanor
Year of appointment:
Financial year ended
31 December 2016

## SHARE REGISTRAR

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Telephone: (65) 6536 5355
Facsimile: (65) 6536 1360

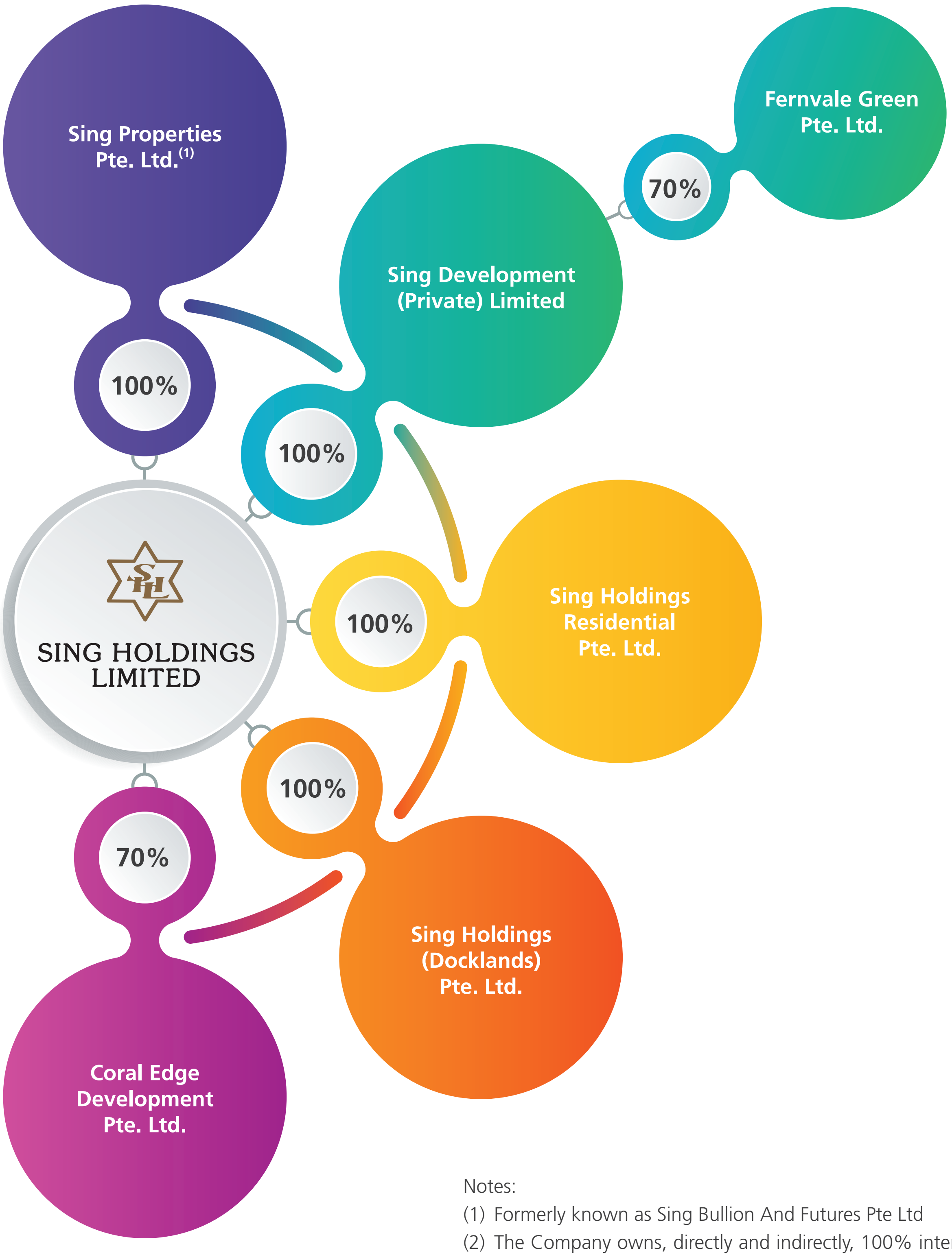
## BANKERS

DBS Bank Ltd.

Oversea-Chinese Banking
Corporation Limited

United Overseas Bank Limited

# CORPORATE STRUCTURE




Notes:

(1) Formerly known as Sing Bullion And Futures Pte Ltd

(2) The Company owns, directly and indirectly, 100% interest in two property trusts constituted in Australia.

# BOARD OF DIRECTORS
AS AT 13 MARCH 2019

**L-R:**
**Ong Loke Min David**
**Lee Sze Hao**
**Lee Sze Leong**
**Tan Tong Guan**

# BOARD OF DIRECTORS
AS AT 13 MARCH 2019

## LEE SZE LEONG, 60
CHAIRMAN

Mr Lee was appointed non-executive Chairman of the Company in April 2015 and sits on its Audit Committee, Nominating Committee and Remuneration Committee. He has been the Company's director for more than 25 years. He was last re-elected as director at the Company's Annual General Meeting on 19 April 2016 and is proposed for re-election in accordance with Article 104 of the Company's Constitution at the Company's forthcoming Annual General Meeting.

Mr Lee is the Managing Director and Chief Executive Officer of Sing Investments & Finance Limited, a finance company listed on the Mainboard of the Singapore Exchange, and has more than 30 years of experience in the finance business.

Mr Lee has been active in various grassroots organisations and associations. He is presently the Honorary Chairman of the Tanjong Pagar-Tiong Bahru Citizens' Consultative Committee. He is the Chairman of the Hire Purchase, Finance and Leasing Association of Singapore and the Chairman of the Finance Houses Association of Singapore. Mr Lee is a council member of the 59th Council of Singapore Chinese Chamber of Commerce & Industry (SCCCI). He sits on the Board of Trustees of the Chinese Development Assistance Council and is a member of its Investment Committee. Mr Lee was awarded the Public Service Medal (Pingat Bakti Masyarakat) in 1997 and Public Service Star (Bintang Bakti Masyarakat) in 2007. He holds a Bachelor of Business Administration degree from the University of Hawaii, Manoa, United States of America.

## LEE SZE HAO, 55
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr Lee joined the Group as an Executive Director in 1992 and was appointed the Company's Managing Director in March 2001. He was designated as Chief Executive Officer of the Company in March 2009. Mr Lee has been running the property business for more than 25 years and he plays a pivotal role in the management of the Group's business. He is responsible for implementing the Group's strategies and policies, financial planning, recommending new business initiatives and overseeing the day-to-day operations of the Group. He was last re-elected as director at the Company's Annual General Meeting on 26 April 2017. Mr Lee is also the Managing Director of the various subsidiaries of the Company.

Prior to joining the Group, Mr Lee has more than seven years of experience in property financing during his previous employment with Sing Investments & Finance Limited as a senior manager. Mr Lee is presently the Honorary President of the Singapore Chung Hwa Medical Institution. He holds a Bachelor of Science in Business degree from Indiana University, Bloomington, United States of America.

# BOARD OF DIRECTORS

AS AT 13 MARCH 2019

## TAN TONG GUAN, 55
INDEPENDENT DIRECTOR

Mr Tan is an Independent Director of the Company. He is the Chairman of the Company's Audit Committee and a member of its Nominating Committee and Remuneration Committee. He was appointed as director at the Company's Annual General Meeting on 19 April 2016 and is proposed for re-election in accordance with Article 104 of the Company's Constitution at the Company's forthcoming Annual General Meeting.

Mr Tan is the Executive Chairman and Chief Executive Officer of Asia Vets Holdings Ltd., a company listed on the Catalist of the Singapore Exchange. He holds a Bachelor of Accountancy degree from the National University of Singapore and is a Fellow (Non-Practising) member of the Institute of Singapore Chartered Accountants.

## ONG LOKE MIN DAVID, 63
INDEPENDENT DIRECTOR

Mr Ong is an Independent Director of the Company. He is the Chairman of the Company's Nominating Committee and Remuneration Committee and a member of its Audit Committee. He was last re-elected as director at the Company's Annual General Meeting on 26 April 2018.

Mr Ong has more than 30 years of experience in the construction industry. He is currently the director of LMO group of companies, a project management consultancy group serving both Singapore and overseas projects. Prior to this, he held various managerial positions in Bovis Lend Lease Pte Ltd and was its Managing Director when he left the company. He is a member of the Singapore Institute of Surveyors & Valuers and a member of the Royal Institute of Chartered Surveyors, United Kingdom. Mr Ong holds a Bachelor of Science degree in Building Surveying from Liverpool Polytechnic, United Kingdom and a Master of Science degree in Project Management from the National University of Singapore.

# MANAGEMENT TEAM

## TAY PUAY KUAN
CHIEF FINANCIAL OFFICER

Ms Tay joined the Group in 1998 and has been with the Group for more than 20 years. She is responsible for its financial management, accounting, tax, banking and secretarial matters. Prior to joining the Group, she was with an international accounting firm and foreign securities houses. Ms Tay holds a Bachelor of Accountancy degree from the National University of Singapore and is a non-practising member of the Institute of Singapore Chartered Accountants.

## KOH NGHEE KWANG
DIRECTOR, DEVELOPMENT MANAGEMENT

Mr Koh joined the Group in 2014 to lead its property development management activities. He is responsible for the planning, development and management of the Group's properties and participates actively in the evaluation of potential sites for acquisition. Prior to joining the Group, he held various appointments in the property-related fields. He has more than 30 years' post graduate experience in the construction industry in various leadership roles as Director/Associate Partner of consultancy firm, Project Director of design and build contracting company and Director of Development Management of a public listed company. Mr Koh holds a Bachelor of Engineering degree from the National University of Singapore. He is a professional engineer registered with the Singapore Professional Engineers Board and a senior member of The Institution of Engineers Singapore.

## TEO PEEK SHANG CASEY
DIRECTOR, BUSINESS DEVELOPMENT AND MARKETING

Ms Teo joined the Group in 2014 to head its business development and marketing functions. She is responsible for identifying and evaluating investment opportunities. She is also in charge of formulating marketing strategies for the Group's properties and participates actively in the design and concept of development projects. Prior to joining the Group, she held various appointments with listed property developers and real estate consultancy companies. She has about 25 years' experience in marketing and sales of properties, of which nearly 20 years also included business development activities. Ms Teo is a licensed appraiser and holds a Bachelor of Science (Estate Management) (Hons) degree and a Master of Science (Real Estate) degree, both from the National University of Singapore.

# CORPORATE GOVERNANCE REPORT

The Company is committed to setting and maintaining high standards of corporate governance to establish an ethical and accountable corporate environment, to ensure greater transparency, to safeguard the assets of the Group and to protect shareholders' interests. It has put in place practices in accordance with the principles and guidelines set out in the Code of Corporate Governance 2012 (the "Code"). The following outlines the corporate governance principles applied by the Company with specific references to the Code. Where there is any material deviation, an explanation has been provided within this report.

## BOARD MATTERS

### Principle 1: The Board's Conduct of Affairs

The Board's primary roles are to set and review the Company's overall business direction and strategies, provide guidance and leadership and ensure the proper management and conduct of the Company's affairs. The Board assesses and approves major investment, material divestment, capital-related matters, returns to shareholders and funding proposals. It identifies major risk areas and ensures implementation of controls to manage such risks, formulates and reviews the corporate policies, monitors and reviews management performance, evaluates the Group's financial performance and approves the Company's financial reporting. The Board is also responsible for identifying the key stakeholder groups, setting the Company's core values and standards, ensuring that obligations to shareholders and other stakeholders are met, establishing corporate governance framework and considering sustainability issues in its strategic formulation.

All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group. Decisions are made objectively in the interests of the Group at all times.

The Board conducts meetings at least once every quarter and ad hoc meetings are convened as and when warranted. Board decisions may also be made by way of circulating resolutions. The Company's Constitution allows for meetings of its Board to be held by teleconferencing and other electronic means. Matters requiring the Board's decision are documented and clearly communicated to Management.

Board Committees comprising the Audit Committee ("AC"), the Remuneration Committee ("RC") and the Nominating Committee ("NC") were established to assist the Board in the discharge of its duties. These Committees review and decide or make recommendations to the Board on matters within their specific terms of reference. The Board accepts that while the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Directors' attendance at the various meetings during the last financial year are set out as follows:

| Board/Board Committees | Board | Audit Committee | Nominating Committee | Remuneration Committee |
|---|---|---|---|---|
| Number of meetings held | 12 | 5 | 1 | 2 |
| Number of meetings attended: | | | | |
| Mr Lee Sze Hao | 12 | NM | NM | NM |
| Mr Lee Sze Leong | 11 | 4 | 1 | 2 |
| Mr Ong Loke Min David | 12 | 5 | 1 | 2 |
| Mr Tan Tong Guan | 11 | 5 | 1 | 2 |

Note:

"NM" denotes non-member

# CORPORATE GOVERNANCE REPORT

Upon appointment to the Board, a Director will be provided with a formal letter setting out, *inter alia*, a director's duties and obligations and the terms of reference of the Board Committees. Newly-appointed Directors are briefed on the Company's business operations, strategic directions, group structure, policies and corporate governance practices. They are introduced to key management personnel and provided with essential information about the Company. Regulatory requirements concerning disclosure of interests and restrictions on dealings in the Company's shares are highlighted to the newly-appointed Directors.

On an ongoing basis, the Board is updated on regulatory, industry and accounting changes by the Management, the Company Secretary, auditor and other professional advisers. The Executive Director routinely briefs the Non-executive Directors on the Group's development and the property market. Where appropriate, arrangements are made for business associates such as financiers, project consultants and property advisers to present their areas of expertise to the Board so as to facilitate their understanding of the Company's business. Directors may also attend appropriate courses and seminars at the Company's expense when necessary. The Directors attended a briefing on the Code of Corporate Governance 2018 jointly organised by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Singapore Institute of Directors during the year under review.

**Principle 2: Board Composition and Guidance**

The Board currently comprises four members. Other than the Chief Executive Officer ("CEO") who is also the Managing Director, the other members are Non-executive Directors. Of the three Non-executive Directors, two are considered to be independent. Accordingly, there is a strong independent element in the Board and the Company is in compliance with the Code.

The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a declaration form annually to confirm his independence. The NC deliberates the independence of the Directors against a checklist and determines whether the Directors are independent in character and judgement. For the latest annual evaluation, the NC has adopted the guidelines set out in the Code and the Listing Rules of the SGX-ST ("SGX-ST Listing Manual") including the Practice Guidance. An independent director is one who has no relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or be perceived to interfere, with the exercise of the director's independent business judgment for the best interests of the Company. Each Director is required to disclose to the Board any such relationship or circumstance as and when it arises. The Board will assess whether the existence of such relationship or circumstance impacts the independence of the Director. In the event where the Board decides that the Director is to be considered as independent, it will provide reasons for its determination. Any director who has served the Board beyond nine years from the date of his first appointment is deemed to be non-independent.

The Board's structure, size and composition is reviewed annually by the NC. The NC, with the concurrence of the Board, opines that the Board has a good mix of core competences including accounting, compliance, finance, business and management experience and industry knowledge. Given the scope and nature of the operations of the Company, the Board is of the view that its current size and composition are appropriate in facilitating effective decision making. No individual or small group of individuals dominates the Board's decision making.

Non-executive Directors provide constructive advice and alternate perspectives to the Group's business. They participate actively in Board meetings, in the development of the Company's strategies and in reviewing the Management's performance. As and when warranted, Non-executive Directors meet to discuss the Company's affairs without the presence of Management.

A brief profile of each Director is presented on pages 12 and 13 of this Annual Report.

# CORPORATE GOVERNANCE REPORT

**Principle 3: Chairman and Chief Executive Officer**

The CEO of the Company is a brother of its Non-executive Chairman. Notwithstanding this relationship, the Board is of the view that there is a clear division of responsibilities between the two roles with adequate accountability.

As its Non-executive Chairman, Mr Lee Sze Leong ensures the proper and effective functioning of the Board and charts the Company's overall business direction. He also ensures effective communication with shareholders in that all shareholders' queries and concerns are addressed promptly and appropriately. In addition, he promotes constructive relationship and openness between Executive Director, Non-executive Directors and Management and ensures that high standards of corporate governance are maintained.

The CEO, Mr Lee Sze Hao, is responsible for implementing the Company's strategies and policies, financial planning, recommending new business initiatives and review of acquisitions or disposals. He oversees the day-to-day operation of the Group and ensures proper conduct of the Group's affairs. In addition, he leads the management team and monitors the Group's performance.

The Board is of the opinion that with the active participation from its Non-executive and Independent Directors during Board meetings and transparency in the Company's dealings, the Directors are able to exercise objectivity on corporate matters notwithstanding that the Non-executive Chairman and the CEO are related. All major decisions on significant matters are made in consultation with the entire Board without any individual or group of individuals exercising undue concentration of power or influence, thus ensuring sufficient check and balance of power and authority on the Board. Independent Directors form half of the Company's board of directors, as recommended in Guideline 2.2 of the Code.

The Board has not appointed a lead independent director. Considering the Company's business operations and a board size of four members with two being Independent Directors, the Board is of the view that the appointment of a lead independent director is not necessary. Shareholders with serious concerns and for which contact through the normal channels of the Non-executive Chairman, the CEO or the Chief Financial Officer ("CFO") has failed to resolve or is inappropriate can contact either of the two Independent Directors, who are also the chairman of the AC or the chairman of the NC and RC. The Board will continue to examine the need to appoint a lead independent director periodically.

**Principle 4: Board Membership**

The NC comprises three members, Mr Ong Loke Min David, Chairman of the NC, Mr Tan Tong Guan and Mr Lee Sze Leong. Both Mr Ong and Mr Tan are Independent Directors and Mr Ong, the Chairman, is not a substantial shareholder nor directly associated with a substantial shareholder.

The principal responsibilities of the NC, as set out in its Terms of Reference, are as follows:

- review the Board size and composition, taking into account the expertise and experience required, and make recommendations to the Board with regard to any adjustments and board succession plans that are deemed necessary;
- identify and nominate candidates for approval by the Board to fill any Board vacancies;
- review and make recommendations on re-nomination and re-election of Directors;
- determine annually the independence of Directors;

# CORPORATE GOVERNANCE REPORT

- review the ability of a Director to carry out his duties effectively when he has multiple board representations;
- evaluate the effectiveness of the Board and the Board Committees as a whole and assess the contribution and performance of individual Directors; and
- review training and professional development programs for the Board.

The Constitution of the Company provides that at least one third of the Directors (or, if their number is not a multiple of three, the number nearest to but not greater than one third) are required to retire from office at every Annual General Meeting ("AGM") of the Company. The Directors submit themselves for re-nomination and re-election at regular intervals. The composition of the Board Committees and the dates of first appointment and last re-election of the Directors are set out below:

| Board Members | Audit Committee | Nominating Committee | Remuneration Committee | Date of first appointment to the Board | Date of last re-election to the Board |
|---|---|---|---|---|---|
| Mr Lee Sze Hao | – | – | – | 01.04.1997 | 26.04.2017 |
| Mr Lee Sze Leong | M | M | M | 06.11.1992 | 19.04.2016 |
| Mr Ong Loke Min David | M | C | C | 16.05.2011 | 26.04.2018 |
| Mr Tan Tong Guan | C | M | M | 19.04.2016 | – |

Notes:
"C" denotes chairman
"M" denotes member

The Company has not stipulated the maximum number of listed company board representations a Director may hold. Each Director is required to declare their board representations to the Board. The NC will review and consider the Directors' time commitment to the Company's affairs and the contributions made at the meetings of the Board and Board Committees. Currently, none of the Directors hold excessive number of board representations. Only two Directors sit on the board of another listed company. The NC is satisfied that the Directors have discharged their duties adequately with sufficient time and attention given to the affairs of the Group. The NC will continue to review the need to set a maximum number of board representations and other principal commitments a Director may hold.

The Board does not approve the appointment of alternate directors, except for limited periods in exceptional cases. Since its listing on the SGX-ST, the Company has not had alternate director on its Board.

The search for new directors is conducted through contacts and recommendations. In reviewing new director appointments, the NC will take into consideration the qualifications, skills, knowledge, experience, character, independence, existing directorships and other principal commitments of the candidates. After careful deliberation, the NC will recommend the candidates to the Board, which will then appoint the new directors. Such new directors must submit themselves for re-election at the next AGM of the Company immediately following the appointment. At appropriate times, the Company will announce the appointment or cessation of its Directors via SGXNET.

# CORPORATE GOVERNANCE REPORT

**Principle 5: Board Performance**

On an annual basis, the NC assesses the effectiveness of the Board and its Board Committees as a whole and the contribution by each individual Director to the effectiveness of the Board. This assessment takes into consideration the performance of the Company vis-à-vis previous years and industry peers, as well as the ability of the Board to steer the Group in the predetermined direction. In evaluating the Board's performance, the NC implements a formal assessment checklist which covers areas such as the composition and quality of the Board, the presence of independence, the responsibilities of the Board and the conduct of meetings. As the Board's principal responsibilities are to formulate the overall business direction and strategy and to set policies, rather than to execute them, the NC is of the opinion that financial indicators may not be a good measure of the effectiveness of the Board. Nevertheless, as a guide to objective performance criteria, the Board considers the Company's share price performance with its peers in the industry and the returns from the Group's development projects.

Assessment parameters for each Director's performance include attendance and contribution at meetings of the Board and Board Committees, the level of participation in the affairs of the Company and the sharing of strategic insight and expertise relevant to the Group. Where appropriate, new members with relevant knowledge and experience will be appointed to the Board.

**Principle 6: Access to Information**

Before each Board and Board Committee meeting, Management will provide the Directors with the agenda and the meeting materials relating to matters to be discussed during the meeting. Such meeting materials may include financial statements, forecasts, disclosure documents, industry information and explanations of material variances from projections. This is to allow the Directors some time to better understand the matters and to deliberate over any issues. Management staff who can explain and provide insight into the matters may also be invited from time to time to attend such meetings. Directors are entitled to request for additional information and explanations from Management and such information shall be provided in a timely manner. Other than having separate and independent access to the Company Secretary and management team on an ongoing basis, the Directors may, whether as a group or individually, seek independent professional advice at the Company's expense in the furtherance of their duties where necessary. The Company Secretary attends all Board and Board Committee meetings and ensures that Board procedures are followed. Together with Management, the Company Secretary ensures that applicable statutory and regulatory rules are complied with. Appointment and removal of the Company Secretary is a collective decision to be taken by the Board as a whole.

**REMUNERATION MATTERS**

**Principle 7: Procedures for Developing Remuneration Policies**

The RC comprises three members, Mr Ong Loke Min David, Chairman of the RC, Mr Tan Tong Guan and Mr Lee Sze Leong. Both Mr Ong and Mr Tan are Independent Directors and Mr Lee is a Non-executive Director.

The principal responsibilities of the RC, as set out in its Terms of Reference, are as follows:

- review and recommend to the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for the Executive Director, key management personnel and those employees related to the executive directors and controlling shareholders;

- review and recommend to the Board the terms of renewal of the service agreement of Executive Director; and

- review any major changes in employee benefit structures of the Group.

# CORPORATE GOVERNANCE REPORT

The RC will ensure that all aspects of remuneration are covered and that the remuneration packages are appropriate and comparable within the industry and to similar-sized companies so as to attract, retain and motivate Directors and key management personnel needed to run the Company successfully.

In setting remuneration packages, the Company considered the employment conditions in the same industry and in comparable companies, evaluated the performance of the Group and the individual employee and reviewed publicly-available remuneration information. The RC is entitled to obtain independent professional advice on remuneration matters at the Company's expense when warranted. During the year under review, the Company engaged the services of AYP Search Pte Ltd ("AYP") to examine the competitive position of the remuneration package of the CEO. AYP is an independent professional firm with no relationship to the Group, its directors or substantial shareholders. The results of the benchmarking exercise were presented by AYP to the RC for deliberation. It was concluded that the remuneration structure of the CEO is in line with those commonly adopted by comparable industry players.

The RC also reviews the Company's obligations in the event of termination of the executive director's and key management personnel's contracts of service. Such contracts of service can be terminated by either party giving notice of resignation or termination. The RC is satisfied that there are no onerous removal clauses and that the termination terms are fair and reasonable.

**Principle 8: Level and Mix of Remuneration**

The Company adopts a remuneration policy for Directors and staff comprising a fixed component, a variable component and benefits-in-kind. The remuneration structure aims to attract, retain and motivate Directors and staff to run the Company effectively and to be risk conscious, so as to promote the long-term success of the Company and to protect the interests of shareholders. The fixed component is in the form of a base salary and other fixed allowances while the variable component comprises variable bonus which is linked to the Company and the individual's performance.

The CEO has a service agreement with the Company which, subject to the review and recommendation of the RC, is renewable every three years. The remuneration package includes a variable bonus which is a function of the financial performance of the Group.

Currently, the Company does not have an employee share option scheme or any long-term incentive scheme for executive directors and key management personnel. With a team of only one Executive Director and three key management personnel, the costs of implementing and maintaining a long-term incentive scheme outweighs the benefits. The RC has reviewed and is satisfied that the existing remuneration structure with variable components paid in cash is effective in incentivising performance. The RC will recommend the implementation of long-term incentive schemes when it considers appropriate.

Non-executive Directors do not have contracts of service with the Company. In determining the directors' fees payable to Non-executive Directors, consideration is given to factors such as roles, responsibilities, contributions, effort and time spent. Referencing against comparable benchmark is also carried out as a guide. Each Non-executive Director receives a base fee, with an additional fee payable to the chairman of the Board and the Board Committees to commensurate the expanded responsibilities. The RC has reviewed the fee structure and is of the view that it does not compromise the independence of the Non-executive Directors. The directors' fees, as recommended by the RC, are subject to shareholders' approval at the AGM.

The Company does not have any policy to prohibit or require the Non-executive Directors to hold shares in the Company. Non-executive and Independent Directors are advised to observe the guidelines set out in the Code. Presently, all three Non-executive Directors hold shares in the Company directly and/or indirectly.

# CORPORATE GOVERNANCE REPORT

There are no contractual provisions in the contracts of service with Executive Director and key management personnel which allow the Company to reclaim incentive components of remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The RC is of the view that there is no requirement to institute such contractual provisions, as the variable component of the remuneration packages of Executive Director and key management personnel are moderate.

**Principle 9: Disclosure on Remuneration**

Details on the remuneration of Directors of the Company for the year ended 31 December 2018 are set out below. During the year, there was no termination, retirement or post-employment benefits granted to any Director or key management personnel.

| | Salary | Directors' Fees[1] | Other Benefits[2] | Performance Bonus | Total | |
|---|---|---|---|---|---|---|
| ***Directors*** | | | | | | |
| Mr Lee Sze Hao | 51% | – | 5% | 44% | 100% | $1,159,000 |
| Mr Lee Sze Leong | – | 100% | – | – | 100% | $163,000 |
| Mr Ong Loke Min David | – | 100% | – | – | 100% | $58,000 |
| Mr Tan Tong Guan | – | 100% | – | – | 100% | $58,000 |

Notes:

(1) Subject to approval by shareholders at the forthcoming AGM

(2) Other benefits refer to car benefits, club subscription fees and unutilised leave balance.

The Code recommends that the remuneration of at least the top five key management personnel be disclosed in bands of $250,000 on a named basis, with a breakdown of their remuneration and the total remuneration in aggregate. This information is not disclosed in this annual report, as the Board is of the opinion that such disclosure would be prejudicial to the Company's' business interests, given the highly competitive conditions in the industry and the size of its management team. In addition, the disclosure of such sensitive information may be against the interest of maintaining good morale and a strong spirit of teamwork within the Company.

Other than the CEO/Managing Director, whose remuneration has been disclosed above, there are no employees of the Company who are immediate family members of a Director or the CEO.

The Company does not have any employee share option scheme, as explained in Principle 8 above.

The RC reviews the performance of key management personnel using pre-defined performance indicators such as, amongst others, quality of work, commitment, accountability, leadership and management skills. It also takes into consideration benchmarks in entities of comparable size and in similar industries. The variable component of the remuneration packages is linked to the Company's performance, so as to align remuneration with the long-term interests of the Company.

# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

The Board is mindful of its obligations to provide accurate information to its stakeholders on a timely basis. In presenting the annual financial statements and the quarterly announcements, the Board aims to provide a balanced and comprehensive assessment of the Group's performance, position and prospects to the shareholders and the public at large. The Board also releases timely announcements of material information which may be critical to the stakeholders.

The Board is committed to ensuring compliance with legislative and regulatory requirements including requirements under the SGX-ST Listing Manual. All the Directors and the CFO have signed the prescribed undertaking to use their best endeavours to comply, and to procure that the Company complies, with the SGX-ST Listing Manual. The Company also refers to the compliance checklists prepared by the SGX-ST where applicable, to ensure compliance with the SGX-ST Listing Manual.

Periodic update on the Group's plans, strategies, operational and financial performance are furnished to the Board. Management also conducts discussions with the Board as and when the need arises, and provides any other information as the Board may require from time to time. The Board will review the documents, discuss and determine the appropriate actions to be taken, where necessary.

### Principle 11: Risk Management and Internal Controls

The Board recognises the importance of sound internal controls and risk management practices to safeguard the shareholders' investments and the assets of the Group. It has put in place a risk management and internal control system in relation to the financial, operational, compliance and information technology controls of the Group. The Board determines the Company's level of risk tolerance and risk policies and oversees the design, implementation and monitoring of the risk management and internal control systems.

The Company, with guidance from the Board, has established an Enterprise Risk Management ("ERM") framework which governs the risk management processes of the Group. The ERM framework entails the identification, assessment, monitoring and reporting of key risks. Management identifies the risks to which the Group is exposed, evaluates the likelihood and impact of such risks, considers the costs of protecting against these risks and put in place appropriate measures to address and monitor the risks. Areas of significant risks to the Group's operations, if any, are reported to the Board at least once a year.

Based on review of the key risks identified through the ERM framework and the internal controls established and maintained by the Group, work performed by the external auditor in conjunction with the statutory audit and from due enquiry with Management on work processes and internal control systems, the Board, with the concurrence of the AC, is satisfied that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective to meet the needs of the Group.

The system of risk management and internal controls is designed to manage and minimise the risk of failure in achieving the Company's business objectives. It can only provide reasonable assurance, but not absolute guarantee, against material misstatement or loss. The Board will continue to review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls, on an ongoing basis.

# CORPORATE GOVERNANCE REPORT

The Board has received assurance from the CEO and the CFO that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and that the Company's risk management and internal control systems in place are functioning effectively.

After reviewing the Company's operations and taking into consideration its lean structure, the Board accepted that it is not necessary to establish a separate risk management committee at this juncture. Instead, the Board will be responsible for the governance of risk and will oversee the Company's risk management framework and policies.

**Principle 12: Audit Committee**

The AC comprises two Independent Directors, Mr Tan Tong Guan, Chairman of the AC and Mr Ong Loke Min David and a Non-executive Director, Mr Lee Sze Leong. A majority of the members has relevant accounting or related financial management expertise and experience, with the Chairman being a qualified accountant.

The principal responsibilities of the AC, as set out in its Terms of Reference, are as follows:

- review the audit plans and results of the audit of the external auditor and the internal auditor (where applicable);
- review the annual consolidated financial statements and the external auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards (International), concerns and issues arising from their audits;
- review the periodic consolidated financial statements and such other information required by the SGX-ST Listing Manual, before submission to the Board for approval;
- review and discuss with external auditor and internal auditor (where applicable), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the management's response;
- review the co-operation given by the management to the external auditor;
- consider the appointment, re-appointment and removal of the external auditor, taking into account the services rendered by the external auditor and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor;
- review and ratify any interested person transactions;
- review any potential conflict of interest; and
- review the effectiveness of the Company's financial, operational, compliance and information technology controls and risk management policies.

# CORPORATE GOVERNANCE REPORT

The AC has the power and authority to conduct investigations into any matter within its scope of responsibility. It has full access to and co-operation of Management, full discretion to invite any Director or key management personnel to attend its meetings and reasonable resources to enable it to discharge its functions properly. On an as-and-when-required basis but at least annually, the AC meets with the external auditor without the presence of Management and this was observed for the year under review. Such meetings allow the external auditors to raise issues encountered in the course of their work directly to the AC. The external auditor has unrestricted access to the AC. The Company did not engage internal audit services for the year ended 31 December 2018. If appointed, the internal auditor will also have the opportunity to meet up with the AC separately without presence of Management.

To keep abreast of the changes in accounting standards and issues which have a direct impact on the Company's financial statements, advice is sought from the external auditor as and when necessary. The external auditor also updates the AC on development of changes in accounting standards and interpretations at the AC meetings on a half-yearly basis. AC members are also encouraged to attend appropriate courses and seminars to update themselves of such changes.

The external auditor has presented both its firm-wide Audit Quality Indicators ("AQI") report to the AC, as well as the AQI report specific to the Group. The objectives are to enable the AC to have a better understanding of the external auditor's policies, procedures and processes relating to its system of quality control, and to gain better insight around the quality of the audit and the performance of the audit team. The AC reviewed and was satisfied with the quality and independence of the external auditor. It has also ensured that in appointing the external auditor for the Group, the Company is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual. The AC has recommended to the Board the nomination of the external auditor for re-appointment.

During the year ended 31 December 2018, the Company engaged the external auditor's Australia counterpart for tax advice and consultation. A breakdown of the fees paid or payable in total for audit and non-audit services respectively is disclosed in Note 8 (Profit before tax) to the Financial Statements. The AC has reviewed the nature and extent of the non-audit services and is of the opinion that such services would not affect the independence and objectivity of the external auditor.

In the Independent Auditor's Report for the year ended 31 December 2018, the external auditor has highlighted the following key audit matters:

- *Fair valuation of investment property*

  Investment property represents a material portion of the Group's non-current assets and total assets as at 31 December 2018. Property valuations inherently require significant judgments and estimates. As such, the AC concurs with the external auditor that this is a key area for audit emphasis.

  The Group engaged an accredited external valuation expert to determine the fair value of the investment property as at 31 December 2018. In its selection of the valuation expert, Management considered the expertise and experience of the valuation expert in the Australia hotel industry and the independence of the valuation firm. As part of its audit procedures, the external auditor had, amongst others, evaluated the competence, objectivity and qualifications of the valuation expert, made enquiries on the valuation methodologies, the key inputs used in the valuation and the assumptions applied, and consulted its internal valuation specialist. Based on the degree of scrutiny applied to the valuation process, the AC opined that the valuation had been conducted independently and appropriately.

# CORPORATE GOVERNANCE REPORT

- *Over time revenue recognition used for development property for sale*

  Revenue recognised from sale of development property forms a significant percentage of the Group's revenue for the year ended 31 December 2018. To determine the progress for over time revenue recognition using the input method, Management has to estimate the total construction costs for the project and the amount incurred as at the reporting date. As part of its audit procedures, the external auditor assessed the appropriateness of the recognition method used, reviewed Management's estimates and verified the sales prices and costs incurred. Having discussed with the external auditor, the AC concurred with the judgements made by Management and was satisfied that revenue was appropriately recognised.

The Company is committed to a high standard of ethical conduct and adopts a zero-tolerance approach to fraudulent practices. It has in place a whistle-blowing procedure by which staff and external parties may raise, in confidence, any concerns about possible improprieties or malpractice in matters of financial reporting or other matters directly to the CEO or any AC member. The Company will treat all received information confidentially and protect the interest of the whistle-blowers. Anonymous reporting will also be attended to with anonymity honoured.

All reported cases are objectively and thoroughly investigated. Appropriate follow up action and corrective measures are taken when warranted. All whistle-blowing matters are reported to the AC quarterly unless the matter requires the immediate attention of the AC. The AC reviews the whistle-blowing policy and arrangements instituted by the Company. There were no whistle-blowing letters received during the year ended 31 December 2018 and as at the date of this annual report.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

**Principle 13: Internal Audit**

The Company does not have an in-house internal audit team, as the complexity and size of the existing operations of the Group does not warrant one. The AC evaluates the need for an internal audit function. If an internal audit is deemed necessary, it will be out-sourced to a reputable accounting/auditing firm or corporation. The AC will approve the appointment and remuneration of the internal auditor, set the internal audit scope, approve the internal audit plans, review the internal audit reports and assess the effectiveness of the internal auditor, such as the quality of its audit report and recommendations. The internal auditor will report directly to the AC chairman. The AC will ensure that the internal audit is carried out according to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC will avail itself to the internal auditor and ensure that the internal auditor has unfettered access to all the Company's documents and records and the full co-operation of Management.

There was no internal audit performed for the year ended 31 December 2018. Instead, Management updated the AC on the Company's work procedures including its system of internal controls and risk management. The AC is aware of the new requirement under Rule 719(3) of the SGX-ST Listing Manual and will ensure that Management establish an independent and effective internal audit function within the year.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Principle 14: Shareholder Rights

The Company respects the rights of its shareholders and treat all shareholders fairly and equitably. It ensures that shareholders are informed of material changes in the Group or its business through clear and timely disclosure.

Shareholders are given the opportunity to participate effectively in and vote at general meetings of shareholders and they are informed of the rules, including voting rights and procedure that governs such general meetings of shareholders. A shareholder, other than a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50, may appoint up to a maximum of two proxies. A shareholder who is a relevant intermediary is entitled to appoint more than two proxies. Investors who hold ordinary shares through relevant intermediaries but have not been appointed as proxies are also allowed to attend general meetings of shareholders as observers.

### Principle 15: Communication with Shareholders

It is the Company's policy to ensure that shareholders, investors and public at large be informed of material and price-sensitive information about the Company in a fair and timely manner. Such information includes the Company's financial performance and major developments that impact the Company. Communication is made through announcements via the SGXNET, press releases and the Company's website at http://www.singholdings.com, where an email address is provided for sending queries or furnishing feedback.

The Company does not practise selective disclosure. In the event that unpublished material information is inadvertently disclosed to any selected group, an announcement will be released to the public via the SGXNET as promptly as possible.

The Company engages in regular communications with its shareholders. Queries, feedback and concerns from the shareholders outside of general meetings are handled by the Non-executive Chairman, the CEO and the CFO in consultation with the Board if required. Meeting with institutional and retail investors as well as analysts are arranged upon request.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, cash flow, capital requirement, development plans, general business condition and other factors as the Directors may deem appropriate. Notwithstanding the above, the Board aims to declare dividends on an annual basis. Dividend payouts are clearly communicated to shareholders via announcements through the SGXNET.

### Principle 16: Conduct of Shareholder Meetings

The notices of general meetings are despatched to shareholders with the annual reports of the Company, circulars, explanatory notes and if necessary, letters to shareholders within the stipulated notice period prior to each general meeting. Such documents are also published via the SGXNET and the notice of general meeting advertised on the newspapers. Shareholders are encouraged to attend the general meetings, during which they may raise questions or share their views on the Company's businesses and affairs. They may also interact with the Directors in person before and after the general meetings.

# CORPORATE GOVERNANCE REPORT

Every matter requiring shareholders' approval is proposed as a separate resolution at general meetings. All the Directors, including the Non-executive Chairman and the respective chairman of the Audit, Nominating and Remuneration Committees, the Company Secretary and key management personnel will be present and available to address any relevant queries from the shareholders. The external auditor is also invited to the AGM to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

Voting in absentia via mail, email, fax or other methods is currently not allowed by the Company's Constitution due to the difficulty in authenticating the identity of the shareholders and the integrity of the information transmitted.

All resolutions put to the vote at a general meeting of the Company shall be voted by way of poll. Shareholders are briefed on the voting procedures at the start of the meeting. An independent external scrutineer is appointed to ensure that the polling process is carried out properly and to verify the polling results. An announcement will be made of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. The results of the general meeting are also released via the SGXNET.

The Company Secretary prepares detailed minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon request.

## ADDITIONAL INFORMATION

### Dealings in Company's Shares

The Company has adopted policies as set out in the SGX-ST Listing Manual with regard to dealings in the Company's shares by Directors and staff. At appropriate times, Directors and staff of the Group are reminded that dealings in the shares of the Company are strictly prohibited during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the announcement of the Company's full year financial statements, as the case may be, and ending on the date of the announcement of the relevant results. The Company also prohibits Directors and staff to deal in the shares of the Company when they are in possession of unpublished material price sensitive information relating to the shares of the Company. Directors and staff were briefed on the implications of insider trading and are expected to observe the law on insider trading at all times. They are also discouraged from dealing in the Company's shares on short-term considerations.

### Material Contracts

Except for the 3-year tenancy agreement entered into with Sing Investments & Finance Limited in year 2016, there were no material contracts entered into by the Company or its subsidiaries involving the interests of the CEO, each director or controlling shareholder during the year ended 31 December 2018.

### Interested Person Transactions

All interested person transactions will be documented and submitted to the AC for their review to ensure that such transactions are carried out at arm's length basis and on normal commercial terms and commensurate with prevailing market rates and are not prejudicial to the interests of the Group and the minority shareholders.

Other than as disclosed in Note 30 (Related party transactions) to the Financial Statements, there were no interested party transactions entered into during the year ended 31 December 2018 for which disclosure is required under Rule 907 of the SGX-ST Listing Manual.

# CORPORATE GOVERNANCE REPORT

**Sustainability Reporting**

The Board is mindful of its responsibility to ensure sustainability of the Group's business and have always considered sustainability issues in its formulation of the Group's business strategies. It has identified and evaluated the material environmental, social and governance factors to the Group and will continue to oversee the management and governance of these factors.

The Group's sustainability report takes reference from the Global Reporting Initiative ("GRI") Standards reporting guidelines. Its next full sustainability report will be made available by 31 May 2019, in accordance with Practice Note 7.6 Sustainability Reporting Guide issued by the SGX-ST.

# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Sing Holdings Limited (the Company) and its subsidiaries (collectively, the Group) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

**OPINION OF THE DIRECTORS**

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**DIRECTORS**

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

| | |
|---|---|
| Lee Sze Leong | (Non-executive Chairman) |
| Lee Sze Hao | (Managing Director and Chief Executive Officer) |
| Ong Loke Min David | |
| Tan Tong Guan | |

**ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects 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.

# DIRECTORS' STATEMENT

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company as stated below:

| | Direct interest | | Deemed interest | |
|---|---|---|---|---|
| Name of director | At the beginning of financial year | At the end of financial year | At the beginning of financial year | At the end of financial year |
| ***Ordinary shares of the Company*** | | | | |
| Lee Sze Leong | 2,085,432 | 2,152,432 | 141,752,246 | 142,252,246 |
| Lee Sze Hao | 12,419,800 | 705,800 | 141,752,246 | 157,252,246 |
| Ong Loke Min David | 300,000 | 300,000 | – | – |
| Tan Tong Guan | – | – | 6,225,000 | 8,940,000 |

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Lee Sze Leong and Lee Sze Hao are deemed to have interests in shares held by the Company in all of its subsidiaries.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

## OPTIONS

No options were issued by the Company or its subsidiaries during the financial year.

As at 31 December 2018, there are no options on the unissued shares of the Company or its subsidiaries which were outstanding.

# DIRECTORS' STATEMENT

## AUDIT COMMITTEE

The Audit Committee ("AC") comprises three directors:

Tan Tong Guan (Chairman)
Lee Sze Leong
Ong Loke Min David

Based on the Singapore Code of Corporate Governance criteria, a majority, including the Chairman of the AC is independent.

The AC performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, as detailed in the Report on Corporate Governance.

## AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Lee Sze Leong
Director

Lee Sze Hao
Director

Singapore
26 March 2019

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

We have audited the financial statements of Sing Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company, and the consolidated income statement, consolidated statement of comprehensive income, and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

## OPINION

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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. For the matters below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**KEY AUDIT MATTERS (CONTINUED)**

**Fair valuation of investment property**

The Group's investment property comprise Travelodge Docklands, a freehold fourteen-storey hotel, located at 66 Aurora Lane, Docklands in Melbourne, which it carries at fair value, with changes in fair values being recognised in profit or loss. As at 31 December 2018, the fair value of this investment property is $105.7 million. The investment property represents 96.1% of non-current assets and 19.3% of total assets of the Group, respectively.

The Group engaged an accredited external valuation expert to determine the fair value of the investment property at 31 December 2018. The valuation process involves valuation methods with significant estimates on the underlying assumptions applied. These estimates include capitalisation rate, discount rate and terminal yield.

As part of our audit procedures, we assessed the competence, objectivity and qualifications of the valuation expert. We corresponded with the external valuer to understand the valuation methodologies, the key inputs used in the valuation and the assumptions applied. We have engaged our internal valuation specialist to review the external valuation report. The methodologies were compared against acceptable methodologies used by other valuers. The assumptions were compared to achieved rates and yields of comparable hotel assets. The key inputs were assessed based on historical earnings profile and expected growth.

We also assessed the adequacy of the related disclosures in Notes 3.2(a), 12 and 33(b) of the financial statements.

**Over time revenue recognition used for development property for sale**

The Group has a development property for sale, for which it recognises revenue over the development period as the performance obligations are satisfied over time. For the year ended 31 December 2018, the Group recognised $68.5 million of revenue for the units sold. This represents 89.9% of the Group's 2018 revenue.

In determining progress for revenue recognition over time, the input method, by reference to the proportion of total construction costs incurred for work performed up to 31 December 2018 and the estimated total construction costs for the project, is used. Revenue is recognised only in respect of finalised sales agreements to the extent of construction progress based on the input method. The input method involves the use of significant management estimates covering total project budgeted costs and incurred costs to date.

As part of our audit procedures, we obtained an understanding of the Group's processes and controls for recognising revenue over time. We assessed management's estimates in determining the total budgeted cost for the project to contracted agreements. We verified costs incurred to invoiced amounts for work completed up to 31 December 2018. The sales prices of the sold units used in the revenue recognition computation were agreed to sales agreements signed before 31 December 2018. We also checked the arithmetic accuracy of the revenue recognised based on progress as determined using the input method.

We also assessed the adequacy of the disclosures relating to development property in Notes 3.2(b), 4 and 15.

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## OTHER INFORMATION

Management is responsible for other information. The other information comprises the Directors' Statement and the other information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

## RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- 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.

# INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**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 Eleanor Lee.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
26 March 2019

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|---|
| **Revenue** | 4(a) | **76,220** | 41,248 |
| Cost of sales | | **(48,323)** | (24,970) |
| **Gross profit** | | **27,897** | 16,278 |
| Other income | 5 | **3,374** | 4,045 |
| Administrative expenses | | **(3,375)** | (3,056) |
| Sales and marketing expenses | | **(2,264)** | (1,846) |
| Other operating expenses | 6 | **(1,203)** | (7,054) |
| Finance costs | 7 | **(7,744)** | (2,596) |
| **Profit before tax** | 8 | **16,685** | 5,771 |
| Income tax expense | 9 | **(2,880)** | (1,649) |
| **Profit for the year** | | **13,805** | 4,122 |
| **Attributable to:** | | | |
| Shareholders of the Company | | **11,154** | 3,305 |
| Non-controlling interests | | **2,651** | 817 |
| | | **13,805** | 4,122 |
| Earnings per share attributable to shareholders of the Company, basic and diluted (cents per share) | 10 | **2.78** | 0.82 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| **Profit for the year** | **13,805** | 4,122 |
| | | |
| **Other comprehensive income** | | |
| **Items that will not be reclassified to profit or loss** | | |
| Net fair value loss on equity instruments at fair value through other comprehensive income (FVOCI) | **(285)** | – |
| **Items that may be reclassified subsequently to profit or loss** | | |
| Net fair value gain on available-for-sale investment securities | **–** | 1,066 |
| Foreign currency translation | **(5,066)** | (788) |
| **Total comprehensive income for the year** | **8,454** | 4,400 |
| | | |
| **Total comprehensive income attributable to:** | | |
| Shareholders of the Company | **5,803** | 3,583 |
| Non-controlling interests | **2,651** | 817 |
| | **8,454** | 4,400 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# BALANCE SHEETS
AS AT 31 DECEMBER 2018

| | Note | Group 2018 $'000 | Group 31.12.2017 $'000 | Group 1.1.2017 $'000 | Company 2018 $'000 | Company 31.12.2017 $'000 | Company 1.1.2017 $'000 |
|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | 11 | **159** | 330 | 510 | **159** | 330 | 510 |
| Investment property | 12 | **105,666** | 114,851 | – | **–** | – | – |
| Investment in subsidiaries and trusts | 13 | **–** | – | – | **46,900** | 36,746 | 37,301 |
| Investment securities | 14 | **4,125** | 4,410 | 3,344 | **4,125** | 4,410 | 3,344 |
| Loans to subsidiaries | 25 | **–** | – | – | **112,009** | 97,304 | 41,644 |
| Deferred tax assets | 27 | **–** | – | 249 | **–** | – | – |
| | | **109,950** | 119,591 | 4,103 | **163,193** | 138,790 | 82,799 |
| **Current assets** | | | | | | | |
| Development property | 15 | **305,166** | 323,579 | 295,915 | **–** | – | – |
| Completed properties | 16 | **23,675** | 24,268 | 114,769 | **23,675** | 24,268 | 25,672 |
| Investment securities | 14 | **5,203** | 4,036 | 2,612 | **5,203** | 4,036 | 2,612 |
| Trade receivables | 17 | **14,486** | 26,086 | 33,999 | **7** | 845 | 853 |
| Deposits and other receivables | 18 | **237** | 252 | 5,706 | **140** | 172 | 5,673 |
| Prepayments | | **68** | 81 | 97 | **16** | 17 | 21 |
| Contract assets | 4 | **–** | – | 2,620 | **–** | – | – |
| Loans to subsidiaries | 25 | **–** | – | – | **–** | – | 60,035 |
| Advance to non-controlling shareholder of a subsidiary | 26 | **1,140** | 1,140 | – | **–** | – | – |
| Amounts due from subsidiaries | 19 | **–** | – | – | **7,163** | 800 | 15,259 |
| Cash and cash equivalents | 20 | **87,896** | 108,828 | 53,366 | **67,264** | 91,754 | 43,766 |
| | | **437,871** | 488,270 | 509,084 | **103,468** | 121,892 | 153,891 |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 21 | **9,428** | 18,412 | 11,067 | **1,419** | 997 | 2,351 |
| Contract liabilities | 4 | **36,206** | 24,124 | – | **–** | – | – |
| Advance from a subsidiary | 24(i) | **–** | – | – | **4,681** | 2,660 | – |
| Provision for taxation | | **625** | 611 | 10,760 | **–** | – | – |
| | | **46,259** | 43,147 | 21,827 | **6,100** | 3,657 | 2,351 |
| **Net current assets** | | **391,612** | 445,123 | 487,257 | **97,368** | 118,235 | 151,540 |
| **Non-current liabilities** | | | | | | | |
| Loan from a subsidiary | 24(ii) | **–** | – | – | **–** | 2,022 | 2,024 |
| Trade and other payables | 21 | **3,449** | 94 | 172 | **164** | 94 | 172 |
| Interest-bearing bank loans | 22 | **200,839** | 274,463 | 200,970 | **–** | – | – |
| Loans from non-controlling shareholder of a subsidiary | 23 | **30,324** | 29,841 | 25,532 | **–** | – | – |
| Deferred tax liabilities | 27 | **2,660** | 470 | 40 | **–** | – | – |
| | | **237,272** | 304,868 | 226,714 | **164** | 2,116 | 2,196 |
| **Net assets** | | **264,290** | 259,846 | 264,646 | **260,397** | 254,909 | 232,143 |
| **Equity attributable to shareholders of the Company** | | | | | | | |
| Share capital | 28 | **104,951** | 104,951 | 104,951 | **104,951** | 104,951 | 104,951 |
| Reserves | 29 | **151,591** | 149,798 | 151,729 | **155,446** | 149,958 | 127,192 |
| | | **256,542** | 254,749 | 256,680 | **260,397** | 254,909 | 232,143 |
| Non-controlling interests | | **7,748** | 5,097 | 7,966 | **–** | – | – |
| **Total equity** | | **264,290** | 259,846 | 264,646 | **260,397** | 254,909 | 232,143 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | Share capital (Note 28) $'000 | Fair value adjustment reserve (Note 29) $'000 | Foreign currency translation reserve (Note 29) $'000 | Revenue reserve (Note 29) $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|
| | | Attributable to shareholders of the Company | | | | | | |
| | | Non-distributable | | | Distributable | | | |
| **Group** | | | | | | | | |
| At 1 January 2018 | | **104,951** | **1,329** | **(788)** | **149,257** | **254,749** | **5,097** | **259,846** |
| Profit for the year | | **–** | **–** | **–** | **11,154** | **11,154** | **2,651** | **13,805** |
| Other comprehensive income for the year | | | | | | | | |
| Net fair value loss on equity instruments at FVOCI | | **–** | **(285)** | **–** | **–** | **(285)** | **–** | **(285)** |
| Foreign currency translation | | **–** | **–** | **(5,066)** | **–** | **(5,066)** | **–** | **(5,066)** |
| Total comprehensive income for the year | | **–** | **(285)** | **(5,066)** | **11,154** | **5,803** | **2,651** | **8,454** |
| Dividends on ordinary shares | 37 | **–** | **–** | **–** | **(4,010)** | **(4,010)** | **–** | **(4,010)** |
| At 31 December 2018 | | **104,951** | **1,044** | **(5,854)** | **156,401** | **256,542** | **7,748** | **264,290** |

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | Share capital (Note 28) $'000 | Fair value adjustment reserve (Note 29) $'000 | Foreign currency translation reserve (Note 29) $'000 | Revenue reserve (Note 29) $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|
| | | Attributable to shareholders of the Company | | | | | | |
| | | Non-distributable | | | Distributable | | | |
| **Group** | | | | | | | | |
| At 1 January 2017 | | 104,951 | 263 | – | 151,466 | 256,680 | 7,966 | 264,646 |
| Profit for the year | | – | – | – | 3,305 | 3,305 | 817 | 4,122 |
| Other comprehensive income for the year | | | | | | | | |
| Net fair value gain on available-for-sale investment securities | | – | 1,066 | – | – | 1,066 | – | 1,066 |
| Foreign currency translation | | – | – | (788) | – | (788) | – | (788) |
| Total comprehensive income for the year | | – | 1,066 | (788) | 3,305 | 3,583 | 817 | 4,400 |
| Deemed capital contribution arising from interest-free loans from non-controlling shareholder of a subsidiary | | – | – | – | – | – | 214 | 214 |
| Dividends paid to non-controlling shareholder of a subsidiary | | – | – | – | – | – | (3,900) | (3,900) |
| Dividends on ordinary shares | 37 | – | – | – | (5,514) | (5,514) | – | (5,514) |
| At 31 December 2017 | | 104,951 | 1,329 | (788) | 149,257 | 254,749 | 5,097 | 259,846 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | Non-distributable | | Distributable | |
|---|---|---|---|---|---|
| | | Share capital (Note 28) $'000 | Fair value adjustment reserve (Note 29) $'000 | Revenue reserve (Note 29) $'000 | Total $'000 |
| **Company** | | | | | |
| At 1 January 2018 | | **104,951** | **1,329** | **148,629** | **254,909** |
| Profit for the year | | **–** | **–** | **9,783** | **9,783** |
| Other comprehensive income for the year | | | | | |
| Net fair value loss on equity instruments at FVOCI | | **–** | **(285)** | **–** | **(285)** |
| Total comprehensive income for the year | | **–** | **(285)** | **9,783** | **9,498** |
| Dividends on ordinary shares | 37 | **–** | **–** | **(4,010)** | **(4,010)** |
| At 31 December 2018 | | **104,951** | **1,044** | **154,402** | **260,397** |
| | | | | | |
| At 1 January 2017 | | 104,951 | 263 | 126,929 | 232,143 |
| Profit for the year | | – | – | 27,214 | 27,214 |
| Other comprehensive income for the year | | | | | |
| Net fair value gain on available-for-sale investment securities | | – | 1,066 | – | 1,066 |
| Total comprehensive income for the year | | – | 1,066 | 27,214 | 28,280 |
| Dividends on ordinary shares | 37 | – | – | (5,514) | (5,514) |
| At 31 December 2017 | | 104,951 | 1,329 | 148,629 | 254,909 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | **16,685** | 5,771 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 11 | **178** | 182 |
| Interest expense | 7 | **7,744** | 2,596 |
| Interest income | | **(1,547)** | (788) |
| Dividend income from equity securities at FVOCI/available-for-sale investment securities | 5 | **(199)** | (142) |
| Dividend income from held for trading investment securities | 5 | **(249)** | (138) |
| Loss on disposal of a subsidiary | 6 | **–** | 3,096 |
| Fair value loss/(gain) on held for trading investment securities | | **366** | (636) |
| Gain on sale of held for trading investment securities | 5 | **(52)** | – |
| Net loss on fair value adjustment of investment property | 6 | **–** | 3,047 |
| Foreign exchange gain | | **(10)** | (975) |
| **Operating cash flows before changes in working capital** | | **22,916** | 12,013 |
| Changes in working capital: | | | |
| Development property | | **17,433** | (23,232) |
| Completed properties | | **593** | 65,851 |
| Trade receivables | | **11,556** | (24,447) |
| Deposits and other receivables | | **(8)** | (39) |
| Prepayments | | **12** | (15) |
| Trade and other payables | | **(5,677)** | 12,257 |
| Contract liabilities | | **12,082** | 24,124 |
| **Net cash generated from operations** | | **58,907** | 66,512 |
| Interest received | | **1,570** | 683 |
| Interest paid | | **(6,291)** | (6,349) |
| Income tax paid | | **(626)** | (10,404) |
| **Net cash flows generated from operating activities** | | **53,560** | 50,442 |

# **CONSOLIDATED** CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

| | Note | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Acquisition of investment property | | **–** | (113,116) |
| Purchase of held for trading investment securities | | **(3,051)** | (811) |
| Capital distribution from held for trading investment securities | | **21** | 23 |
| Purchase of property, plant and equipment | 11 | **(7)** | (2) |
| Dividends received | | **448** | 280 |
| Net cash inflow on disposal of a subsidiary | | **–** | 50,670 |
| Proceeds from sale of held for trading investment securities | | **1,549** | – |
| **Net cash flows used in investing activities** | | **(1,040)** | (62,956) |
| **Cash flows from financing activities** | | | |
| Proceeds from bank loans | | **–** | 135,839 |
| Repayment of bank loans | | **(69,365)** | (61,378) |
| Loans from non-controlling shareholder of a subsidiary | | **–** | 4,069 |
| Advance to non-controlling shareholder of a subsidiary | | **–** | (1,140) |
| Dividends paid on ordinary shares | 37 | **(4,010)** | (5,514) |
| Dividends paid to non-controlling shareholder of a subsidiary | | **–** | (3,900) |
| **Net cash flows (used in)/generated from financing activities** | | **(73,375)** | 67,976 |
| Net (decrease)/increase in cash and cash equivalents | | **(20,855)** | 55,462 |
| Effect of exchange rates changes on cash and cash equivalents | | **(77)** | – |
| Cash and cash equivalents at 1 January | | **108,828** | 53,366 |
| **Cash and cash equivalents at 31 December** | 20 | **87,896** | 108,828 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 1. CORPORATE INFORMATION

Sing Holdings Limited (the Company) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 96 Robinson Road, #10-01, SIF Building, Singapore 068899.

The principal activities of the Company are those relating to investment holding and property development. The principal activities of the subsidiaries are set out in Note 13. There have been no significant changes in the nature of these activities during the financial year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are recorded to the nearest thousand ("$'000") except when otherwise indicated.

### 2.2 FIRST-TIME ADOPTION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 FIRST-TIME ADOPTION OF SFRS(I) (CONTINUED)

***Exemptions applied on adoption of SFRS(I)***

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemption:

- The comparative information does not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

***New accounting standards effective on 1 January 2018***

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

Additionally, the Group also applied the finalised decision on capitalisation of borrowing cost contained in the IFRS Interpretations Committee Update March 2019. As set out in the IFRIC Update March 2019, issued on 15 March 2019, the IFRS Interpretations Committee has concluded that borrowing costs relating to the construction of a residential multi-unit real estate development where revenue is recognised over time are not to be capitalised beyond the point when the project is ready for its intended use or sale.

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

On 1 January 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

There was no impact to the opening retained earnings at the date of initial application, 1 January 2018 arising from SFRS(I) 9 adoption. The comparative information was prepared in accordance with the requirements of FRS 39.

*Classification and measurement*

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

For equity securities, the Group continues to measure its currently held-for-trading equity securities at fair value through profit or loss (FVPL) and elects to measure its currently held available-for-sale (AFS) quoted equity securities at fair value through other comprehensive income (FVOCI) respectively. There is no accounting impact arising from this.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 FIRST-TIME ADOPTION OF SFRS(I) (CONTINUED)

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

*Impairment*

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The Group applies the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, there is no significant impact arising from the impairment of these instruments under SFRS(I) 9.

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

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For the comparative year ended 31 December 2017, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

The key impact of adopting SFRS(I) 15 is detailed as follows:

*Sale of development properties*

Timing of revenue recognition

The Group is in the business of constructing and developing residential and industrial properties. The Group previously recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under SFRS(I) 15, for most of its private residential and industrial developments, performance obligations for the sale of development properties are satisfied over time where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date. There is no significant impact to the Group's profit and loss.

To comply with presentation requirements under SFRS(I) 15, certain reclassifications were made within the Group's balance sheet as at 31 December 2017, resulting in the recognition of contract liabilities of $24,124,000, and a corresponding increase in development property of $24,124,000.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 FIRST-TIME ADOPTION OF SFRS(I) (CONTINUED)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 January 2017 to the balance sheet of the Group.

| | Group | | |
|---|---|---|---|
| | **1.1.2017 (FRS) $'000** | **SFRS(I) 15 adjustments $'000** | **1.1.2017 (SFRS(I)) $'000** |
| **Non-current assets** | | | |
| Property, plant and equipment | 510 | – | 510 |
| Investment in quoted equity shares | 3,344 | – | 3,344 |
| Deferred tax assets | 249 | – | 249 |
| | 4,103 | – | 4,103 |
| **Current assets** | | | |
| Development property | 295,915 | – | 295,915 |
| Completed properties | 114,769 | – | 114,769 |
| Investment in quoted equity shares | 2,612 | – | 2,612 |
| Trade receivables | 36,619 | (2,620) | 33,999 |
| Contract assets | – | 2,620 | 2,620 |
| Deposits and other receivables | 5,706 | – | 5,706 |
| Prepayments | 97 | – | 97 |
| Cash and cash equivalents | 53,366 | – | 53,366 |
| | 509,084 | – | 509,084 |
| **Current liabilities** | | | |
| Trade and other payables | 11,067 | – | 11,067 |
| Provision for taxation | 10,760 | – | 10,760 |
| | 21,827 | – | 21,827 |
| **Net current assets** | 487,257 | – | 487,257 |
| **Non-current liabilities** | | | |
| Trade and other payables | 172 | – | 172 |
| Interest-bearing bank loans | 200,970 | – | 200,970 |
| Loans from non-controlling shareholder of a subsidiary | 25,532 | – | 25,532 |
| Deferred tax liabilities | 40 | – | 40 |
| | 226,714 | – | 226,714 |
| **Net assets** | 264,646 | – | 264,646 |
| **Equity attributable to shareholders of the Company** | | | |
| Share capital | 104,951 | – | 104,951 |
| Reserves | 151,729 | – | 151,729 |
| | 256,680 | – | 256,680 |
| Non-controlling interests | 7,966 | – | 7,966 |
| **Total equity** | 264,646 | – | 264,646 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 FIRST-TIME ADOPTION OF SFRS(I) (CONTINUED)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 to the balance sheet of the Group.

| | | Group | |
|---|---|---|---|
| | **31.12.2017 (FRS) $'000** | **SFRS(I) 15 adjustments $'000** | **31.12.2017 (SFRS(I)) $'000** |
| **Non-current assets** | | | |
| Property, plant and equipment | 330 | – | 330 |
| Investment property | 114,851 | – | 114,851 |
| Investment in quoted equity shares | 4,410 | – | 4,410 |
| | 119,591 | – | 119,591 |
| **Current assets** | | | |
| Development property | 299,455 | 24,124 | 323,579 |
| Completed properties | 24,268 | – | 24,268 |
| Investment in quoted equity shares | 4,036 | – | 4,036 |
| Trade receivables | 26,086 | – | 26,086 |
| Deposits and other receivables | 252 | – | 252 |
| Prepayments | 81 | – | 81 |
| Advance to non-controlling shareholder of a subsidiary | 1,140 | – | 1,140 |
| Cash and cash equivalents | 108,828 | – | 108,828 |
| | 464,146 | 24,124 | 488,270 |
| **Current liabilities** | | | |
| Trade and other payables | 18,412 | – | 18,412 |
| Contract liabilities | – | 24,124 | 24,124 |
| Provision for taxation | 611 | – | 611 |
| | 19,023 | 24,124 | 43,147 |
| **Net current assets** | 445,123 | – | 445,123 |
| **Non-current liabilities** | | | |
| Trade and other payables | 94 | – | 94 |
| Interest-bearing bank loans | 274,463 | – | 274,463 |
| Loans from non-controlling shareholder of a subsidiary | 29,841 | – | 29,841 |
| Deferred tax liabilities | 470 | – | 470 |
| | 304,868 | – | 304,868 |
| **Net assets** | 259,846 | – | 259,846 |
| **Equity attributable to shareholders of the Company** | | | |
| Share capital | 104,951 | – | 104,951 |
| Reserves | 149,798 | – | 149,798 |
| | 254,749 | – | 254,749 |
| Non-controlling interests | 5,097 | – | 5,097 |
| **Total equity** | 259,846 | – | 259,846 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 FIRST-TIME ADOPTION OF SFRS(I) (CONTINUED)

The adoption of SFRS(I) including application of new standards on 31 December 2017 does not have any impact to the balance sheet of the Company as at 31 December 2017 and 1 January 2017 and comprehensive income of the Group for the year ended 31 December 2017.

### 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

| **Description** | **Effective for annual periods beginning on or after** |
|---|---|
| SFRS(I) 16 *Leases* | 1 January 2019 |
| SFRS(I) INT 23 *Uncertainty over Income Tax Treatments* | 1 January 2019 |
| Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation* | 1 January 2019 |
| Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures* | 1 January 2019 |
| Annual Improvements to SFRS(I)s 2015-2017 Cycle | 1 January 2019 |
| Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Date to be determined |

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

***SFRS(I) 16 Leases***

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase of total assets and total liabilities, EBITDA and gearing ratio.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 BASIS OF CONSOLIDATION

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

### 2.5 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### 2.6 FOREIGN CURRENCY

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### *(a) Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.6 FOREIGN CURRENCY (CONTINUED)**

***(b) Consolidated financial statements***

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

**2.7 PROPERTY, PLANT AND EQUIPMENT**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Renovation | 3 years |
| Furniture and fittings | 10 years |
| Office equipment | 5 years |
| Motor vehicles | 5 years |

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

**2.8 INVESTMENT PROPERTY**

Investment property is property that is either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment property comprises completed investment property and property that is being constructed or developed for future use as investment property. Property held under operating leases is classified as investment property when the definition of an investment property is met.

Investment property is initially measured at cost, including transaction costs.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 INVESTMENT PROPERTY (CONTINUED)

Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair values of investment property is included in profit or loss in the year in which they arise.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

### 2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.10 SUBSIDIARIES AND SUBSIDIARY TRUSTS

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries and trusts are accounted for at cost less any impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 FINANCIAL INSTRUMENTS

#### *(a) Financial assets*

*Initial recognition and measurement*

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

*Subsequent measurement*

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 FINANCIAL INSTRUMENTS (CONTINUED)

***(a) Financial assets (Continued)***

*Subsequent measurement (Continued)*

Investments in debt instruments (Continued)

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Gains or losses recognised in OCI are never reclassified from equity to profit or loss. However, the Group may transfer the FVOCI equity reserves within equity. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

*De-recognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

***(b) Financial liabilities***

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 FINANCIAL INSTRUMENTS (CONTINUED)

#### *(b) Financial liabilities (Continued)*

*Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

*De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### 2.12 IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### 2.14 COMPLETED PROPERTIES

Completed properties are held with the intention of sale in the ordinary course of business. Properties under development are considered complete on the date of issue of the Temporary Occupation Permit.

Completed properties are stated at the lower of cost and net realisable value. Land, related acquisition expenses, development expenditure, interest and other related expenditure are capitalised as part of the cost of completed properties.

Where necessary, allowance is provided to adjust the carrying value of the completed properties to the lower of cost and net realisable value.

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

### 2.15 DEVELOPMENT PROPERTIES

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss are determined in accordance with revenue recognition over time. The accounting policy for revenue recognition on sale of development property is set out in Note 2.20(b).

### 2.16 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 an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 BORROWING COSTS

Borrowing costs on interest-bearing bank loans and imputed interest expense on loans from non-controlling shareholder of a subsidiary are recognised in profit or loss except to the extent that they are capitalised. Such borrowing costs, including imputed interest expense, are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset comprising the Group's development property. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

### 2.18 EMPLOYEE BENEFITS

***(a) Defined contribution plans***

The Group makes contributions to the Central Provident Fund scheme ("CPF"), a defined contribution pension scheme in Singapore. Contributions to CPF are recognised as an expense in the period in which the related service is performed.

***(b) Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

### 2.19 LEASES

***(a) As lessee***

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

***(b) As lessor***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2.20(c).

### 2.20 REVENUE

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 REVENUE (CONTINUED)

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

**(a) *Sale of completed properties***

Revenue from sale of completed properties, is recognised when the sales and purchase agreement is signed.

**(b) *Sale of development property***

The Group develops and sells residential and industrial properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 REVENUE (CONTINUED)

***(b) Sale of development property (Continued)***

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

***(c) Rental income***

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

***(d) Interest income***

Interest income is recognised using the effective interest method.

***(e) Dividend income***

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

### 2.21 TAXES

***(a) Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

***(b) Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 TAXES (CONTINUED)

**(b) *Deferred tax (Continued)***

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(c) *Sales tax***

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 2.22 SHARE CAPITAL AND SHARE ISSUE EXPENSES

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 JUDGMENTS MADE IN APPLYING ACCOUNTING POLICIES

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

***Income taxes, deferred taxes and other indirect taxes***

Significant judgment is involved in determining the Group-wide provision for taxation. This includes the ability to meet applicable conditions for tax exemptions and/or reduced tax rates. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's provision for taxation and deferred tax liabilities at the end of the reporting period were $625,000 (31.12.2017: $611,000, 1.1.2017: $10,760,000) and $2,660,000 (31.12.2017: $470,000, 1.1.2017: $40,000) respectively. The carrying amount of the Company's tax recoverable at the end of the reporting period was $Nil (31.12.2017: $Nil, 1.1.2017: $17,000).

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deferred tax assets previously recognised can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing completed properties.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised. Deferred tax assets of $Nil (31.12.2017: $Nil, 1.1.2017: $249,000) was recognised at the end of the reporting period.

The aggregate unrecognised tax losses of certain companies in the Group as at 31 December 2018 was $1,720,000 (31.12.2017: $2,230,000, 1.1.2017: $2,790,000). If the Group was able to recognise deferred tax assets on all these unrecognised tax losses, profit for the year would increase by approximately $292,000 (2017: $379,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

### 3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

***(a) Revaluation of investment property***

The Group carries its investment property at fair value, with changes in fair values being recognised in profit or loss. The Group engaged an accredited external valuation expert to assess fair value as at 31 December 2018. The fair value of investment property is determined using recognised valuation methods. These methods comprise the capitalisation method, discounted cash flow method and sales comparison method. The key assumptions used to determine the fair value of the investment property and sensitivity analysis are provided in Notes 12 and 33.

The carrying amount of the investment property carried at fair value as at 31 December 2018 is $105,666,000 (31.12.2017: $114,851,000, 1.1.2017: $Nil).

***(b) Revenue recognition on development property***

For the sale of development property where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development property to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the construction costs incurred to date as a proportion of total construction costs expected to be incurred up to the completion of the development property.

The estimated total construction costs are based on contracted amounts including significant agreed variation orders for the construction of the property. The revenue recognised is as disclosed in Note 4.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

### 3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

***(c) Determination of net realisable values for completed properties***

Completed properties are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The determination of the estimated net realisable value of these completed properties is critically dependent on the Group's expectations of future selling prices. The Group estimated net realisable values at balance sheet date using achieved selling prices for the related property development. An independent desktop market value report was obtained from an accredited valuer to support the assessment.

The carrying amount of the Group's completed properties at the end of the reporting period is disclosed in Note 16.

***(d) Determination of net realisable value for development property***

Development property is property acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development property is stated at the lower of cost and estimated net realisable value. The cost of development property includes cost of land and construction and related overhead expenditure incurred during the period of construction and up to the completion of construction.

Where the estimated net realisable value is below cost, provision for onerous contracts are provided for. Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

Estimated selling price is based on the estimated market price for the remaining units unsold at the end of the reporting period. The carrying amount of the Group's development property at the end of the reporting period is disclosed in Note 15.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 4. REVENUE

### (A) DISAGGREGATION OF REVENUE

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| ***Revenue from contracts with customers*** | | |
| Sale of completed residential properties | **–** | 16,253 |
| Sale of completed industrial property | **1,026** | 2,533 |
| Sale of residential property under development | **68,465** | 15,592 |
| | **69,491** | 34,378 |
| Rental income from investment property | **6,729** | 6,870 |
| | **76,220** | 41,248 |

Disaggregation of revenue by business segments is disclosed in Note 36.

### (B) CONTRACT ASSETS AND CONTRACT LIABILITIES

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

| | | Group | |
|---|---|---|---|
| | **2018** | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** | **$'000** |
| Receivables from contracts with customers (Note 17) | **14,486** | 26,086 | 33,999 |
| Contract assets | **–** | – | 2,620 |
| Contract liabilities | **36,206** | 24,124 | – |

Contract assets primarily relate to the Group's right to consideration for goods and services transferred to customers but not yet billed at reporting date for development property units sold. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of development property units.

Significant changes in contract liabilities are explained as follows:

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Sales proceeds received during the year | **80,547** | 39,716 |
| Revenue recognised during the year | **(68,465)** | (15,592) |

### (C) TRANSACTION PRICE ALLOCATED TO REMAINING PERFORMANCE OBLIGATION

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations arising as at 31 December 2018 is $314,129,000.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 5. OTHER INCOME

| | Group 2018 $'000 | Group 2017 $'000 |
|---|---|---|
| Property management fee from completed properties | **75** | 77 |
| Rental income from completed properties | **1,134** | 1,246 |
| Dividend income from equity securities at FVOCI/available-for-sale investment securities | **199** | 142 |
| Dividend income from held for trading investment securities | **249** | 138 |
| Interest income from: | | |
| – fixed deposits | **1,543** | 750 |
| – late payment from tenants and purchasers | **4** | 38 |
| Gain on sale of held for trading investment securities | **52** | – |
| Fair value gain on quoted equity shares classified as held for trading | **–** | 636 |
| Forfeiture of option money | **108** | 34 |
| Foreign exchange gain | **10** | 975 |
| Others | **–** | 9 |
| | **3,374** | 4,045 |

## 6. OTHER OPERATING EXPENSES

The following items have been included in arriving at other operating expenses:

| | Note | Group 2018 $'000 | Group 2017 $'000 |
|---|---|---|---|
| Maintenance contribution | | **87** | 137 |
| Property tax | | **193** | 235 |
| Professional fees | | **68** | 47 |
| Depreciation of property, plant and equipment | 11 | **178** | 182 |
| Net loss on fair value adjustment of investment property | 12 | **–** | 3,047 |
| Fair value loss on held for trading investment securities | | **366** | – |
| Loss on disposal of subsidiary | | **–** | 3,096 |

## 7. FINANCE COSTS

| | Group 2018 $'000 | Group 2017 $'000 |
|---|---|---|
| Interest expense on bank loans | **7,086** | 6,464 |
| Imputed interest expense on loans from non-controlling shareholder of a subsidiary | **601** | 455 |
| Commitment fee | **57** | – |
| | **7,744** | 6,919 |
| Less: Interest expense capitalised in development property | **–** | (4,323) |
| Finance costs recognised in profit or loss | **7,744** | 2,596 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 8. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

| | Note | Group 2018 $'000 | Group 2017 $'000 |
|---|---|---|---|
| Audit fees paid to: | | | |
| – Auditors of the Company | | **91** | 100 |
| – A member firm of the auditor of the Company | | **28** | 28 |
| Non-audit fees paid to a member firm of the auditor of the Company | | **36** | 29 |
| Staff costs (including directors' remuneration) | | | |
| – salaries, wages and bonuses | | **2,565** | 2,006 |
| – contributions to defined contribution plans | | **118** | 114 |
| – other personnel expenses | | **21** | 22 |
| Operating lease expense | 31(b) | **206** | 206 |

## 9. INCOME TAX EXPENSE

### Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

| | Group 2018 $'000 | Group 2017 $'000 |
|---|---|---|
| Current income tax | | |
| – Current income taxation | **695** | 1,300 |
| – Overprovision in respect of previous years | **(5)** | (330) |
| | **690** | 970 |
| Deferred income tax | | |
| – Origination and reversal of temporary differences | **2,190** | 430 |
| – Underprovision in respect of previous year | **–** | 249 |
| | **2,190** | 679 |
| Income tax expense recognised in profit or loss | **2,880** | 1,649 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 9. INCOME TAX EXPENSE (CONTINUED)

**Relationship between tax expense and accounting profit**

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Accounting profit before tax | **16,685** | 5,771 |
| Tax expense at the domestic rates applicable to profits in the countries where the Group operates | **3,402** | 1,072 |
| Income not subject to taxation | **(72)** | (320) |
| Non-deductible expenses | **299** | 1,755 |
| Overprovision in respect of previous years | **(5)** | (81) |
| Withholding tax on foreign-sourced trust distribution | **42** | – |
| Effect of partial tax exemption and tax relief | **(707)** | (684) |
| Deferred tax assets not recognised | **95** | – |
| Benefits from previously unrecognised tax losses | **(178)** | (95) |
| Others | **4** | 2 |
| Income tax expense recognised in profit or loss | **2,880** | 1,649 |

The Company and its subsidiary companies incorporated in Singapore are subject to income tax at the statutory tax rate of 17% for the financial years ended 31 December 2018 and 2017. The beneficiaries of the subsidiary trusts incorporated in Australia are subject to withholding tax at a concessionary tax rate of 15% for the financial year ended 31 December 2018 and 31 December 2017.

## 10. EARNINGS PER SHARE

Earnings per share amounts are calculated by dividing profit for the year attributable to shareholders of the Company of $11,154,000 (2017: $3,305,000) by the weighted average number of ordinary shares outstanding during the financial year of 400,994,652 (2017: 400,994,652) shares.

Diluted earnings per share are the same as basic earnings per share as there are no dilutive potential ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 11. PROPERTY, PLANT AND EQUIPMENT

| | Renovation<br>$'000 | Furniture and fittings<br>$'000 | Office equipment<br>$'000 | Motor vehicles<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|
| ***Group and Company*** | | | | | |
| Cost | | | | | |
| At 1 January 2017 | 261 | 33 | 31 | 874 | 1,199 |
| Additions | – | – | 2 | – | 2 |
| At 31 December 2017 and 1 January 2018 | 261 | 33 | 33 | 874 | 1,201 |
| Additions | – | – | 7 | – | 7 |
| Disposals | – | (1) | – | – | (1) |
| At 31 December 2018 | 261 | 32 | 40 | 874 | 1,207 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2017 | 261 | 28 | 24 | 376 | 689 |
| Depreciation charge for the year | – | 4 | 4 | 174 | 182 |
| At 31 December 2017 and 1 January 2018 | 261 | 32 | 28 | 550 | 871 |
| Depreciation charge for the year | – | – | 4 | 174 | 178 |
| Disposals | – | (1) | – | – | (1) |
| At 31 December 2018 | 261 | 31 | 32 | 724 | 1,048 |
| **Net carrying amount** | | | | | |
| At 1 January 2017 | – | 5 | 7 | 498 | 510 |
| At 31 December 2017 | – | 1 | 5 | 324 | 330 |
| At 31 December 2018 | – | 1 | 8 | 150 | 159 |

## 12. INVESTMENT PROPERTY

| | Group | |
|---|---|---|
| | **2018**<br>**$'000** | **2017**<br>**$'000** |
| **Balance sheet:** | | |
| At 1 January | **114,851** | – |
| Additions | **–** | 118,693 |
| Net loss on fair value adjustment recognised to profit or loss | **–** | (3,047) |
| Exchange differences | **(9,185)** | (795) |
| At 31 December | **105,666** | 114,851 |
| **Income statement:** | | |
| Rental income from investment property: | | |
| – Minimum lease payments | **1,402** | 1,475 |
| – Contingent rent | **5,327** | 5,395 |
| | **6,729** | 6,870 |
| Direct operating expenses | **(112)** | (109) |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 12. INVESTMENT PROPERTY (CONTINUED)

The investment property is leased to a single tenant under an operating lease arrangement.

The Group has no restrictions on the realisability of its investment property and no contractual obligations for repair, maintenance or enhancements.

**Valuation of investment property**

Investment property is stated at fair value which has been determined based on a valuation performed as at 31 December 2018 and 31 December 2017. The valuation was performed by an independent accredited appraiser with relevant experience. Details of valuation techniques and inputs used are disclosed in Note 33(b)(ii).

The investment property held by the Group as at 31 December 2018 is as follow:

| Description and Location | Existing Use | Tenure |
|---|---|---|
| 14-storey hotel, Travelodge Docklands, located at 66 Aurora Lane, Docklands, Melbourne | Limited service hotel | Freehold |

The investment property is mortgaged to secure interest-bearing bank loans (Note 22).

## 13. INVESTMENT IN SUBSIDIARIES AND TRUSTS

| | | Company | |
|---|---|---|---|
| | **2018** | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** | **$'000** |
| Unquoted equity shares, at cost | **36,444** | 36,444 | 40,562 |
| Unquoted units in subsidiary trusts | **6,970** | 5,147 | – |
| Deemed equity contribution to subsidiaries | **7,237** | 6,938 | 8,522 |
| Impairment losses | **(3,751)** | (11,783) | (11,783) |
| | **46,900** | 36,746 | 37,301 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 13. INVESTMENT IN SUBSIDIARIES AND TRUSTS (CONTINUED)

### (A) COMPOSITION OF THE GROUP

The Group has the following investments in subsidiaries.

| Subsidiaries (country of incorporation and place of business) | Principal activities | Cost | | | Proportion (%) of ownership interest | | |
|---|---|---|---|---|---|---|---|
| | | 2018 $'000 | 31.12.2017 $'000 | 1.1.2017 $'000 | 2018 % | 31.12.2017 % | 1.1.2017 % |
| ***Held by the Company:*** | | | | | | | |
| Sing Properties Pte. Ltd. (formerly known as Sing Bullion and Futures Pte Ltd) (Singapore) | Dormant | **2,050** | 2,050 | 2,050 | **100** | 100 | 100 |
| Sing Development (Private) Limited (Singapore) | Investment holding | **33,694** | 33,694 | 33,694 | **100** | 100 | 100 |
| Robin Residences Pte. Ltd. (formerly known as Sing Holdings (Robin) Pte. Ltd.) (Singapore) | Property development | **–** | –[(1)] | 4,118 | **–** | –[(1)] | 100 |
| Sing Holdings (Docklands) Pte. Ltd. (Singapore) | Investment holding | **–[(2)]** | –[(2)] | –[(2)] | **100** | 100 | 100 |
| Sing Holdings Residential Pte. Ltd. (Singapore) | Dormant | **–[(2)]** | N.A.[(5)] | N.A.[(5)] | **100** | N.A.[(5)] | N.A.[(5)] |
| Coral Edge Development Pte. Ltd. (Singapore) | Property development | **700** | 700 | 700 | **70** | 70 | 70 |
| | | **36,444** | 36,444 | 40,562 | | | |
| ***Held through a subsidiary:*** | | | | | | | |
| Fernvale Green Pte. Ltd. (Singapore) | Property development | **2,800** | 2,800 | 2,800 | **70** | 70 | 70 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 13. INVESTMENT IN SUBSIDIARIES AND TRUSTS (CONTINUED)

### (A) COMPOSITION OF THE GROUP (CONTINUED)

In addition, the Group is the beneficiary of the following trusts:

| Trusts (country of incorporation and place of business) | Principal activities | Cost 2018 $'000 | Cost 31.12.2017 $'000 | Cost 1.1.2017 $'000 | Proportion (%) of ownership interest 2018 % | Proportion (%) of ownership interest 31.12.2017 % | Proportion (%) of ownership interest 1.1.2017 % |
|---|---|---|---|---|---|---|---|
| ***Held by the Company and held through a subsidiary:*** | | | | | | | |
| Travel Holding Trust (Australia)* | Investment holding | **70,541** | 52,316 | –(3) | **100**(4) | 100(4) | 100 |
| ***Held through Travel Holding Trust:*** | | | | | | | |
| Travel Trust No. 1 (Australia)* | Hotel investment | **67,531** | 49,304 | –(3) | **100** | 100 | 100 |

All subsidiaries are audited by Ernst & Young LLP, Singapore except as indicated.

* Audited by a member firm of EY Global.

(1) Disposed in September 2017.

(2) Cost of investment was $100.

(3) Cost of investment was $10.

(4) 1 out of 67,364,384 (31.12.2017: 49,353,001) trust units is held by a Director of the Company to meet the requirements for a concessionary withholding tax rate in Australia.

(5) Not applicable as the subsidiary was incorporated in March 2018.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 13. INVESTMENT IN SUBSIDIARIES AND TRUSTS (CONTINUED)

### (B) INTEREST IN SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group. The principal place of business of the subsidiaries is in Singapore.

| Name of subsidiaries | Proportion of ownership interest held by NCI % | Profit allocated to NCI during the reporting period $'000 | Accumulated NCI at the end of reporting period $'000 | Dividends paid to NCI $'000 |
|---|---|---|---|---|
| **31 December 2018:** | | | | |
| Coral Edge Development Pte. Ltd. | **30** | **(9)** | **1,172** | **–** |
| Fernvale Green Pte. Ltd. | **30** | **2,660** | **6,576** | **–** |
| **31 December 2017:** | | | | |
| Coral Edge Development Pte. Ltd. | 30 | 110 | 1,181 | 3,900 |
| Fernvale Green Pte. Ltd. | 30 | 707 | 3,916 | – |
| **1 January 2017:** | | | | |
| Coral Edge Development Pte. Ltd. | 30 | 9,214 | 4,971 | 8,580 |
| Fernvale Green Pte. Ltd. | 30 | – | 2,995 | – |

### (C) SUMMARISED FINANCIAL INFORMATION ABOUT SUBSIDIARIES WITH MATERIAL NCI

Summarised financial information before intercompany eliminations of subsidiaries with material NCI are as follows:

***Summarised balance sheets***

| | Fernvale Green Pte. Ltd. | | | Coral Edge Development Pte. Ltd. | | |
|---|---|---|---|---|---|---|
| | As at 31.12.2018 $'000 | As at 31.12.2017 $'000 | As at 1.1.2017 $'000 | As at 31.12.2018 $'000 | As at 31.12.2017 $'000 | As at 1.1.2017 $'000 |
| **Current** | | | | | | |
| Assets | **330,412** | 341,300 | 296,171 | **4,018** | 4,117 | 29,717 |
| Liabilities | **(43,798)** | (17,742) | (112) | **(111)** | (178) | (13,105) |
| Net current assets | **286,614** | 323,558 | 296,059 | **3,907** | 3,939 | 16,612 |
| **Non-current** | | | | | | |
| Assets | **–** | – | – | **–** | – | – |
| Liabilities | **(264,695)** | (310,503) | (286,076) | **–** | – | (40) |
| Net non-current liabilities | **(264,695)** | (310,503) | (286,076) | **–** | – | (40) |
| Net assets | **21,919** | 13,055 | 9,983 | **3,907** | 3,939 | 16,572 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 13. INVESTMENT IN SUBSIDIARIES AND TRUSTS (CONTINUED)

### (C) SUMMARISED FINANCIAL INFORMATION ABOUT SUBSIDIARIES WITH MATERIAL NCI (CONTINUED)

***Summarised income statement and statement of comprehensive income***

| | Fernvale Green Pte. Ltd. | | Coral Edge Development Pte. Ltd. | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Revenue | **68,465** | 15,592 | **–** | 1,633 |
| Profit/(loss) before income tax | **11,054** | 2,827 | **(36)** | 345 |
| Income tax (expense)/credit | **(2,190)** | (470) | **5** | 22 |
| Profit/(loss) for the year, representing total comprehensive income for the year | **8,864** | 2,357 | **(31)** | 367 |

***Summarised cash flows***

| | Fernvale Green Pte. Ltd. | | Coral Edge Development Pte. Ltd. | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Net cash flows generated from/(used in) operating activities | **47,130** | (7,370) | **(111)** | 8,872 |
| Net cash flows (used in)/generated from financing activities | **(52,894)** | 23,156 | **–** | (16,800) |
| Net (decrease)/increase in cash and cash equivalents | **(5,764)** | 15,786 | **(111)** | (7,928) |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 14. INVESTMENT SECURITIES

### (A) FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2018

| | Group and Company 2018 $'000 |
|---|---|
| *At fair value through profit or loss* | |
| Quoted equity shares | **5,203** |
| *At fair value through other comprehensive income* | |
| Quoted equity shares in an affiliated company | **4,125** |
| **Net carrying amount** | |
| Current | **5,203** |
| Non-current | **4,125** |

An affiliated company is defined as a company in which certain directors of the Company have a substantial financial interest.

### (B) FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2017 AND 1 JANUARY 2017

| | Group and Company | |
|---|---|---|
| | 31.12.2017 $'000 | 1.1.2017 $'000 |
| **Current** | | |
| *Held for trading investments* | | |
| Quoted equity shares | 4,036 | 2,612 |
| **Non-current** | | |
| *Available-for-sale financial assets* | | |
| Quoted equity shares in an affiliated company | 4,410 | 3,344 |

## 15. DEVELOPMENT PROPERTY

| | | Group | |
|---|---|---|---|
| | 2018 $'000 | 31.12.2017 $'000 | 1.1.2017 $'000 |
| Unsold units: | | | |
| – Land cost and development costs | **161,198** | 240,508 | 295,915 |
| Sold units: | | | |
| – Capitalised contract costs | **143,968** | 83,071 | – |
| | **305,166** | 323,579 | 295,915 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 15. DEVELOPMENT PROPERTY (CONTINUED)

In 2016, the Group, through its 70% subsidiary, Fernvale Green Pte. Ltd. acquired a leasehold land parcel in Singapore to undertake a condominium development.

The acquisition of the above land was funded by capital and loans from shareholders of Fernvale Green Pte. Ltd. as well as a bank loan. The development property was mortgaged to a financial institution as security for the interest-bearing bank loans (Note 22).

During the financial year, no borrowing costs (2017: $4,323,000) arising from borrowings obtained specifically for the development property were capitalised under "development costs". The rate used to determine the amount of borrowing costs eligible for capitalisation in 2017 was 1.9% which was the effective interest rate of the specific borrowings.

Details of development property as at 31 December 2018 are as follows:

| Name and location | Effective Group interest | Tenure | Descriptions | Approximate site area/ (gross floor area) | Stage of completion (Expected date of completion) |
|---|---|---|---|---|---|
| "Parc Botannia" Fernvale Street/Fernvale Road Singapore | 70% | 99-year leasehold | Proposed 4 blocks of 22-storey condominium housing development with swimming pool, tennis court, gymnasium, childcare centre and car park. | 17,196 square metres/ (51,588 square metres) | 21% (2021) |

## 16. COMPLETED PROPERTIES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2018 $'000 | 31.12.2017 $'000 | 1.1.2017 $'000 | 2018 $'000 | 31.12.2017 $'000 | 1.1.2017 $'000 |
| **Balance sheet:** | | | | | | |
| Completed properties, at cost | **23,675** | 24,268 | 118,169 | **23,675** | 24,268 | 25,672 |
| Write-down to net realisable value | **–** | – | (3,400) | **–** | – | – |
| | **23,675** | 24,268 | 114,769 | **23,675** | 24,268 | 25,672 |
| **Income statement:** | | | | | | |
| Recognised as an expense in cost of sales | **593** | 1,404 | 229,727 | **593** | 1,404 | 1,186 |
| Inclusive of the following charge: | | | | | | |
| – Write-down of completed properties to net realisable value | **–** | – | 3,400 | **–** | – | – |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 16. COMPLETED PROPERTIES (CONTINUED)

The completed properties were mortgaged to financial institutions for bank loans, which have been fully settled at the end of the reporting period.

Details of completed properties are as follows:

| Name and location | Number of units (Approximate floor area in square metres) 2018 | 31.12.2017 | 1.1.2017 | Effective Group interest | Tenure | Descriptions |
|---|---|---|---|---|---|---|
| ***Industrial property*** | | | | | | |
| "BizTech Centre" 627A Aljunied Road Singapore | **43 (4,113)** | 44 (4,216) | 46 (4,460) | 100% | Freehold | 10-storey multi-use light industrial factory |
| ***Residential properties*** | | | | | | |
| "Robin Residences" Robin Road/Robin Drive Singapore | **–** | – | 34 (4,174) | 100% | Freehold | 5 blocks of 5-storey condominium housing development with swimming pool, tennis court, gymnasium and car park |
| "Waterwoods" Punggol Field Walk/Punggol East Singapore | **–** | – | 2 (194) | 70% | 99-year leasehold | 6 blocks of 17-storey executive condominium with swimming pool, tennis court, gymnasium and car park |

## 17. TRADE RECEIVABLES

| | Group 2018 $'000 | Group 31.12.2017 $'000 | Group 1.1.2017 $'000 | Company 2018 $'000 | Company 31.12.2017 $'000 | Company 1.1.2017 $'000 |
|---|---|---|---|---|---|---|
| Trade receivables | **14,486** | 26,086 | 33,999 | **7** | 845 | 853 |

Trade receivables are generally on 7 to 14 days terms. They are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 17. TRADE RECEIVABLES (CONTINUED)

### RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

The Group has trade receivables amounting to $3,000 as at 31 December 2017 and $4,827,000 as at 1 January 2017 that are 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 as follows:

| | Group | |
|---|---|---|
| | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** |
| Trade receivables past due but not impaired: | | |
| Lesser than 30 days | – | 4,109 |
| 30 – 60 days | – | 109 |
| 61 – 90 days | – | – |
| 91 – 120 days | – | – |
| More than 120 days | 3 | 609 |
| | 3 | 4,827 |

### EXPECTED CREDIT LOSSES

The Group does not have any allowance for expected credit losses on its trade receivables and contract assets as at 31 December 2018.

## 18. DEPOSITS AND OTHER RECEIVABLES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **2018** | **31.12.2017** | **1.1.2017** | **2018** | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Interest receivable | **96** | 118 | 18 | **87** | 112 | 15 |
| Deposits | **139** | 122 | 5,667 | **52** | 52 | 5,637 |
| Other receivables | **2** | 12 | 4 | **1** | 8 | 4 |
| Tax recoverable | **–** | – | 17 | **–** | – | 17 |
| | **237** | 252 | 5,706 | **140** | 172 | 5,673 |

As at 1 January 2017, the Group had placed a deposit of $5,577,000 for the acquisition of an investment property.

## 19. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash.

# **NOTES TO** THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 20. CASH AND CASH EQUIVALENTS

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **2018** | **31.12.2017** | **1.1.2017** | **2018** | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Cash at banks and on hand | **12,313** | 2,930 | 3,660 | **257** | 99 | 1,642 |
| Short-term deposits | **75,583** | 105,898 | 49,706 | **67,007** | 91,655 | 42,124 |
| | **87,896** | 108,828 | 53,366 | **67,264** | 91,754 | 43,766 |

Included in cash and cash equivalents are the following:

| | | Group | |
|---|---|---|---|
| | **2018** | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** | **$'000** |
| (a) Amounts held under Housing Developers (Project Account) Rules | | | |
| Cash at banks | **1,632** | 1,673 | – |
| Short-term deposits | **4,890** | 8,920 | – |
| | **6,522** | 10,593 | – |

The utilisation of amounts held under Housing Developers (Project Account) Rules is governed by the Housing Developers (Project Account) Rules.

| | | | |
|---|---|---|---|
| (b) Short-term deposits placed with an affiliated company | **59,175** | 56,925 | 9,442 |

An affiliated company is defined as a company in which certain directors of the Company have a substantial financial interest.

Short-term deposits are placed for varying periods of between one week and two months depending on the expected cash requirements of the Group, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates on the short-term deposits approximate 2.1% (31.12.2017: 1.1%, 1.1.2017: 0.8%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 21. TRADE AND OTHER PAYABLES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **2018** | **31.12.2017** | **1.1.2017** | **2018** | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Current:** | | | | | | |
| Trade payables | **6,181** | 13,042 | 2,376 | **22** | 91 | 81 |
| Accrued operating expenses | **699** | 3,154 | 461 | **436** | 420 | 426 |
| Accrued bonus | **709** | 223 | 1,589 | **709** | 223 | 1,589 |
| Other payables | **–** | 21 | 1,140 | **–** | – | – |
| Interest payable | **140** | 152 | 38 | **–** | – | – |
| Advance rental payment | **224** | 44 | 74 | **112** | 44 | 74 |
| Deposits received | **1,380** | 1,681 | 878 | **140** | 219 | 181 |
| Retention sums | **95** | 95 | 4,511 | **–** | – | – |
| | **9,428** | 18,412 | 11,067 | **1,419** | 997 | 2,351 |
| **Non-current:** | | | | | | |
| Tenancy deposits | **164** | 94 | 172 | **164** | 94 | 172 |
| Retention sums | **3,285** | – | – | **–** | – | – |
| | **3,449** | 94 | 172 | **164** | 94 | 172 |
| Total trade and other payables | **12,877** | 18,506 | 11,239 | **1,583** | 1,091 | 2,523 |

### TRADE PAYABLES

Trade payables are non-interest bearing and normally settled on 30 days' terms.

Included in the Group's and Company's trade payables (current) is an amount of $233,000 (31.12.2017: $91,000, 1.1.2017: $81,000) which relates to sales tax payable.

### DEPOSITS RECEIVED – CURRENT

Deposits received relates mainly to the deposits received from purchasers upon entering into an option to purchase the property units. These options have yet to be exercised at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22. INTEREST-BEARING BANK LOANS

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Maturity | 2018<br>$'000 | 31.12.2017<br>$'000 | 1.1.2017<br>$'000 | 2018<br>$'000 | 31.12.2017<br>$'000 | 1.1.2017<br>$'000 |
| **Non-current:** | | | | | | | |
| Loan 1 | 2020 | **157,670** | 200,970 | 200,970 | **–** | – | – |
| Loan 2 | 2020 | **–** | 9,594 | – | **–** | – | – |
| Loan 3 | 2020 | **43,169** | 46,922 | – | **–** | – | – |
| Loan 4 | 2020 | **–** | 16,977 | – | **–** | – | – |
| | | **200,839** | 274,463 | 200,970 | **–** | – | – |

During the financial year, these interest-bearing bank loans bear floating interest at rates ranging from 1.9% to 3.7% (31.12.2017: 1.7% to 3.4%, 1.1.2017: 2%) per annum.

### LOANS 1 AND 2

The bank loans are obtained for the purpose of a development property project and are secured by the following:

(a) first legal mortgage over Lot 4980T Mk No. 20, located at Fernvale Road, Singapore and the proposed project to be erected thereon;

(b) assignment of all rights, titles, interest and benefits arising from the development property including proceeds, construction and piling contracts, insurances, performance bonds, leases and tenancies on the related development property;

(c) deed of subordination in respect of all direct and indirect shareholders' and related company loans; and

(d) completion undertakings given by shareholders of the subsidiary undertaking the development.

### LOANS 3 AND 4

The property loan facility is obtained for the purpose of acquisition of an investment property and is denominated in Australian Dollar. The loan facility is secured by a first registered real property mortgage over the investment property, Travelodge Docklands, a freehold fourteen-storey hotel, located at 66 Aurora Lane, Docklands in Melbourne, and any side agreements entered into that creates a security interest over Travelodge Docklands.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 22. INTEREST-BEARING BANK LOANS (CONTINUED)

A reconciliation of liabilities arising from financing activities is as follows:–

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| At 1 January | **274,463** | 200,970 |
| Cash flows | | |
| Proceeds from bank loans | **–** | 135,839 |
| Repayment of bank loans | **(69,365)** | (61,378) |
| | **(69,365)** | 74,461 |
| Non-cash change | | |
| Foreign exchange movement | **(4,259)** | (968) |
| | **200,839** | 274,463 |

## 23. LOANS FROM NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

Loans from non-controlling shareholder of a subsidiary are unsecured, interest-free and carried at amortised cost. They are expected to be settled in cash. These loans were obtained to finance a development project. Management expects these to be repaid at the end of the project. The expected repayment period is as disclosed in Note 34(b).

| | | Group | |
|---|---|---|---|
| | **2018** | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** | **$'000** |
| Notional value | **31,290** | 31,290 | 45,026 |
| Fair value adjustment | **(2,010)** | (2,010) | (2,506) |
| | **29,280** | 29,280 | 42,520 |
| Cumulative imputed interest expense recognised | **1,044** | 561 | 817 |
| | **30,324** | 29,841 | 43,337 |
| Less: Repayment to non-controlling shareholder of a subsidiary | **–** | – | (17,805) |
| Amortised cost at 31 December | **30,324** | 29,841 | 25,532 |
| **Maturities** | | | |
| Non-current: | | | |
| Later than one year but not later than five years | **30,324** | 29,841 | 25,532 |
| Amortised cost | **30,324** | 29,841 | 25,532 |

The fair value adjustment relates to the measurement of the loans at fair value at initial recognition taking into account imputed effective interest rates of between 1.7% to 2.0% per annum. The adjustment has been recorded as a deemed equity contribution from non-controlling shareholder. The fair value of the loans recorded upon initial recognition will be accreted back to the notional value through the recognition of imputed interest expense in accordance with the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**24. (I) ADVANCE FROM A SUBSIDIARY (CURRENT)**

The advance from a subsidiary is unsecured, interest-free and repayable on demand.

**(II) LOAN FROM A SUBSIDIARY (NON-CURRENT)**

The loan from a subsidiary is unsecured, interest-free, not expected to be repaid within the next 12 months and is expected to be settled in cash. The fair value of the loan at inception is not determinable as the timing of the repayment cannot be estimated reliably. Accordingly, the loan from subsidiary is recorded at cost.

**25. LOANS TO SUBSIDIARIES**

| | | Company | |
|---|---|---|---|
| | **2018** | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** | **$'000** |
| Notional value | **114,490** | 101,034 | 146,745 |
| Fair value adjustment | **(5,578)** | (5,278) | (8,522) |
| | **108,912** | 95,756 | 138,223 |
| Cumulative imputed interest income recognised | **3,097** | 1,548 | 5,001 |
| | **112,009** | 97,304 | 143,224 |
| Less: Repayment of loans by subsidiaries | **–** | – | (41,545) |
| Amortised cost at 31 December | **112,009** | 97,304 | 101,679 |
| **Maturities** | | | |
| Current: | | | |
| Not later than one year | **–** | – | 60,035 |
| Non-current: | | | |
| Later than one year but not later than five years | **112,009** | 97,304 | 41,644 |
| Amortised cost | **112,009** | 97,304 | 101,679 |

These loans to subsidiaries are for property development project and property investment. They are unsecured, interest-free and carried at amortised costs. They are expected to be settled in cash. Management expects these to be repaid at the end of the property development project and at the maturity date of investment property loan facility in Australia, respectively. The expected repayment period is as disclosed in Note 34(b).

The fair value adjustment relates to the measurement of the loans at fair value at initial recognition taking into account imputed effective interest rates of between 1.7% to 2.0% per annum. The adjustment has been recorded as a deemed equity contribution to subsidiaries. The fair value of the loans recorded upon initial recognition will be accreted back to the notional value through the recognition of imputed interest income in accordance with the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 26. ADVANCE TO NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The advance to non-controlling shareholder of a subsidiary is unsecured, interest-free and repayable on demand.

## 27. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

| | Group | | | | | Company | | |
|---|---|---|---|---|---|---|---|---|
| | Consolidated balance sheet | | | Consolidated income statement | | Balance sheet | | |
| | 2018 | 31.12.2017 | 1.1.2017 | 2018 | 2017 | 2018 | 31.12.2017 | 1.1.2017 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Deferred tax assets** | | | | | | | | |
| Write-down of completed properties to net realisable value | **–** | – | 249 | **–** | 249 | **–** | – | – |
| **Deferred tax liabilities** | | | | | | | | |
| Differences in revenue recognition for tax purposes | **(2,660)** | (470) | (40) | **2,190** | 430 | **–** | – | – |
| Deferred tax expense | | | | **2,190** | 679 | **–** | – | – |

### UNRECOGNISED TAX LOSSES

At the end of the reporting period, the Group has tax losses of $1,720,000 (31.12.2017: $2,230,000, 1.1.2017: $2,790,000) available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to compliance with the relevant provisions of the Income Tax Act of Singapore.

## 28. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2018 | | 2017 | |
| | Number of shares | $'000 | Number of shares | $'000 |
| Issued and fully paid ordinary shares: | | | | |
| At 1 January and 31 December | **400,994,652** | **104,951** | **400,994,652** | 104,951 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 29. RESERVES

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **2018** | **31.12.2017** | **1.1.2017** | **2018** | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Fair value adjustment reserve | **1,044** | 1,329 | 263 | **1,044** | 1,329 | 263 |
| Foreign currency translation reserve | **(5,854)** | (788) | – | **–** | – | – |
| Revenue reserve | **156,401** | 149,257 | 151,466 | **154,402** | 148,629 | 126,929 |
| | **151,591** | 149,798 | 151,729 | **155,446** | 149,958 | 127,192 |

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of financial assets at FVOCI/available-for-sale financial assets until they are disposed or impaired.

The movement in reserves are set out in the statements of changes in equity.

## 30. RELATED PARTY TRANSACTIONS

### (A) SALE AND PURCHASE OF GOODS AND SERVICES

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Dividend income from an affiliated company | **199** | 142 |
| Fixed deposit interest income from an affiliated company | **999** | 395 |
| Rental paid to an affiliated company | **222** | 222 |

An affiliated company is defined as a company in which certain directors of the Company have a substantial financial interest.

### (B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Short-term employee benefits | **2,122** | 1,597 |
| Central Provident Fund contributions | **63** | 64 |
| | **2,185** | 1,661 |

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 31. LEASE COMMITMENTS

### (A) OPERATING LEASE COMMITMENTS – AS LESSOR

The Group leases out certain of its completed properties under non-cancellable operating leases, which have remaining lease terms of between 4 to 24 months. All leases include a clause to enable revision of the rental charge on a renewal basis based on prevailing market conditions.

Additionally, the Group's investment property is leased to a tenant under a non-cancellable and renewable lease which has a remaining lease term of 18 months expiring on 30 June 2020, with 3 successive renewal terms for a period of 5 years each.

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

| | Group | | |
|---|---|---|---|
| | **2018** | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** | **$'000** |
| Not later than one year | | | |
| – Completed properties | **1,059** | 628 | 1,182 |
| – Investment property | **1,401** | 1,475 | – |
| Later than one year but not later than five years | | | |
| – Completed properties | **328** | 27 | 279 |
| – Investment property | **701** | 2,213 | – |
| | **3,489** | 4,343 | 1,461 |

### (B) OPERATING LEASE COMMITMENTS – AS LESSEE

The Group leases office space and office equipment under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. They are generally negotiated for a term of 3 to 5 years and rentals are generally fixed for the same periods.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to $206,000 (31.12.2017: $206,000, 1.1.2017: $238,000) (Note 8).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

| | Group | | |
|---|---|---|---|
| | **2018** | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** | **$'000** |
| Not later than one year | **206** | 206 | 206 |
| Later than one year but not later than five years | **5** | 210 | 417 |
| | **211** | 416 | 623 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 32. FUTURE COMMITMENTS

Commitments contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

| | Group | | |
|---|---|---|---|
| | **2018** | **31.12.2017** | **1.1.2017** |
| | **$'000** | **$'000** | **$'000** |
| Commitments in respect of contracts placed: | | | |
| – Development property | **90,840** | 108,237 | 115,203 |
| Capital commitments in respect of hotel acquisition: | | | |
| – Travelodge Docklands | **–** | – | 105,919 |

## 33. FAIR VALUE OF ASSETS AND LIABILITIES

### (A) FAIR VALUE HIERARCHY

The Group and the Company categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

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

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (B) ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

| | | Fair value measurements at the end of the reporting period using | | | |
|---|---|---|---|---|---|
| | Note | Quoted prices in active markets for identical instruments (Level 1) $'000 | Significant observable inputs other than quoted prices (Level 2) $'000 | Significant un-observable inputs (Level 3) $'000 | Total $'000 |
| **2018** | | | | | |
| **Group** | | | | | |
| **Non-financial asset** | | | | | |
| Investment property | 12 | – | – | 105,666 | 105,666 |
| **Non-financial asset as at 31 December 2018** | | – | – | **105,666** | **105,666** |
| **2018** | | | | | |
| **Group and Company** | | | | | |
| **Financial assets** | | | | | |
| *Equity securities at fair value through profit or loss* | | | | | |
| Quoted equity shares | 14 | **5,203** | – | – | **5,203** |
| *Equity securities at FVOCI* | | | | | |
| Quoted equity shares in an affiliated company | 14 | **4,125** | – | – | **4,125** |
| **Financial assets as at 31 December 2018** | | **9,328** | – | – | **9,328** |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (B) ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

| | | Fair value measurements at the end of the reporting period using | | | |
|---|---|---|---|---|---|
| | Note | Quoted prices in active markets for identical instruments (Level 1) $'000 | Significant observable inputs other than quoted prices (Level 2) $'000 | Significant un-observable inputs (Level 3) $'000 | Total $'000 |
| **31 December 2017** | | | | | |
| **Group** | | | | | |
| **Non-financial asset** | | | | | |
| Investment property | 12 | – | – | 114,851 | 114,851 |
| **Non-financial asset as at 31 December 2017** | | – | – | 114,851 | 114,851 |
| **31 December 2017** | | | | | |
| **Group and Company** | | | | | |
| **Financial assets** | | | | | |
| *Held for trading financial assets* | | | | | |
| Quoted equity shares | 14 | 4,036 | – | – | 4,036 |
| *Available-for-sale financial assets* | | | | | |
| Quoted equity shares in an affiliated company | 14 | 4,410 | – | – | 4,410 |
| **Financial assets as at 31 December 2017** | | 8,446 | – | – | 8,446 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (B) ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

| | | Fair value measurements at the end of the reporting period using | | | |
|---|---|---|---|---|---|
| | **Note** | **Quoted prices in active markets for identical instruments (Level 1) $'000** | **Significant observable inputs other than quoted prices (Level 2) $'000** | **Significant un-observable inputs (Level 3) $'000** | **Total $'000** |
| **1 January 2017** | | | | | |
| **Group and Company** | | | | | |
| **Financial assets** | | | | | |
| *Held for trading financial assets* | | | | | |
| Quoted equity shares | 14 | 2,612 | – | – | 2,612 |
| *Available-for-sale financial assets* | | | | | |
| Quoted equity shares in an affiliated company | 14 | 3,344 | – | – | 3,344 |
| **Financial assets as at 1 January 2017** | | 5,956 | – | – | 5,956 |

***Determination of fair value***

*(i) Level 1 fair value measurement*

Quoted equity shares (Note 14): Fair value is determined by direct reference to their published market bid price at the end of the reporting period.

*(ii) Level 3 fair value measurement*

For significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 *Fair Value Measurement* guidance to perform the valuation. The valuation expert will provide the fair value of the Group's investment property annually. The valuation and its financial impact are discussed with the Audit Committee and Board of Directors in accordance with the Group's reporting policies.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (B) ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

***Determination of fair value (Continued)***

*(ii) Level 3 fair value measurement (Continued)*

For valuations performed by external valuations experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The following table presents the information about fair value measurements using significant unobservable inputs:

| Valuation techniques used | Key unobservable inputs | Rate/Range adopted | Inter-relationship between key unobservable inputs and fair value |
|---|---|---|---|
| Capitalisation | Capitalisation rate | 5.0%-8.0% p.a. (31.12.2017: 5.5%-8.0% p.a.; 1.1.2017: N.A.**) | The estimated fair value varies inversely against capitalisation rate and increases with higher occupancy rate. |
| | Occupancy rate | 89%-92% p.a. (31.12.2017: 91%-95% p.a.; 1.1.2017: N.A.**) | |
| Discounted cashflow | Discount rate | 8.25% p.a. (31.12.2017: 8.25% p.a.; 1.1.2017: N.A.**) | The estimated fair value varies inversely against discount rate, but increases with higher terminal yield. |
| | Terminal yield | 6% p.a. (31.12.2017: 6.00% p.a.; 1.1.2017: N.A.**) | |
| Sales comparison | Comparable transacted sale price per room | $350,000 to $390,000 per room (31.12.2017: $350,000 to $390,000 per room; 1.1.2017: N.A.**) | The estimated fair value increases with higher comparable price. |

* p.a. represents per annum
** Not applicable as there was no investment property as at 1 January 2017.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (C) ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE BUT FOR WHICH FAIR VALUE IS DISCLOSED

The following table shows an analysis of assets and liabilities not measured at fair value but for which fair value is disclosed:

| | Fair value measurements at the end of the reporting period using | | | | |
|---|---|---|---|---|---|
| | Quoted prices in active markets for identical instruments (Level 1) $'000 | Significant observable inputs other than quoted prices (Level 2) $'000 | Significant un-observable inputs (Level 3) $'000 | Fair value Total $'000 | Carrying amount $'000 |
| **2018** | | | | | |
| **Group** | | | | | |
| **Financial liabilities** | | | | | |
| Trade and other payables (non-current) | – | – | (3,380) | (3,380) | (3,449) |
| Loans from non-controlling shareholder of a subsidiary | – | – | (28,265) | (28,265) | (30,324) |
| **Company** | | | | | |
| **Financial assets** | | | | | |
| Loans to subsidiaries (non-current) | – | – | 106,238 | 106,238 | 112,009 |
| **Financial liabilities** | | | | | |
| Trade and other payables (non-current) | – | – | (156) | (156) | (164) |

***Determination of fair value***

*Trade and other payables (non-current) (Note 21) and Loans from non-controlling shareholder of a subsidiary (non-current) (Note 23)*

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (C) ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE BUT FOR WHICH FAIR VALUE IS DISCLOSED (CONTINUED)

| | Fair value measurements at the end of the reporting period using | | | | |
|---|---|---|---|---|---|
| | **Quoted prices in active markets for identical instruments (Level 1) $'000** | **Significant observable inputs other than quoted prices (Level 2) $'000** | **Significant un-observable inputs (Level 3) $'000** | **Fair value Total $'000** | **Carrying amount $'000** |
| **31.12.2017** | | | | | |
| **Group** | | | | | |
| **Financial liabilities** | | | | | |
| Trade and other payables (non-current) | – | – | (92) | (92) | (94) |
| Loans from non-controlling shareholder of a subsidiary | – | – | (28,847) | (28,847) | (29,841) |
| **Company** | | | | | |
| **Financial assets** | | | | | |
| Loans to subsidiaries (non-current) | – | – | 94,935 | 94,935 | 97,304 |
| **Financial liabilities** | | | | | |
| Loan from a subsidiary (non-current) | – | – | N.A.[1] | N.A.[1] | (2,022) |
| Trade and other payables (non-current) | – | – | (92) | (92) | (94) |

(1) Fair value information has not been disclosed for the Company's loan from a subsidiary that is carried at cost because fair value cannot be measured reliably as the timing of the repayment cannot be estimated reliably without incurring excessive cost.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (C) ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE BUT FOR WHICH FAIR VALUE IS DISCLOSED (CONTINUED)

| | Fair value measurements at the end of the reporting period using | | | | |
|---|---|---|---|---|---|
| | Quoted prices in active markets for identical instruments (Level 1) $'000 | Significant observable inputs other than quoted prices (Level 2) $'000 | Significant un-observable inputs (Level 3) $'000 | Fair value Total $'000 | Carrying amount $'000 |
| **1.1.2017** | | | | | |
| **Group** | | | | | |
| **Financial liabilities** | | | | | |
| Trade and other payables (non-current) | – | – | (166) | (166) | (172) |
| Loans from non-controlling shareholder of a subsidiary | – | – | (25,426) | (25,426) | (25,532) |
| **Company** | | | | | |
| **Financial assets** | | | | | |
| Loans to subsidiaries (non-current) | – | – | 41,472 | 41,472 | 41,644 |
| **Financial liabilities** | | | | | |
| Loan from a subsidiary (non-current) | – | – | N.A.[1] | N.A.[1] | (2,024) |
| Trade and other payables (non-current) | – | – | (166) | (166) | (172) |

(1) Fair value information has not been disclosed for the Company's loan from a subsidiary that is carried at cost because fair value cannot be measured reliably as the timing of the repayment cannot be estimated reliably without incurring excessive cost.

### (D) FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE AND WHOSE CARRYING AMOUNTS ARE APPROXIMATION OF FAIR VALUE

*Trade receivables (Note 17), Deposits and other receivables (Note 18), Loans to subsidiaries (current) (Note 25), Advance to non-controlling shareholder of a subsidiary (Note 26), Amounts due from subsidiaries (Note 19), Cash and cash equivalents (Note 20), Trade and other payables (current) (Note 21), Interest-bearing bank loans (Note 22) and Advance from a subsidiary (Note 24)*

The carrying amounts of these financial assets and liabilities are a reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, market price risk and foreign currency risk. The Board of Directors reviews and agrees on policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (A) CREDIT RISK

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables, investment securities and cash and cash equivalents.

Credit risk arises as the tenants and purchasers of properties may default on their obligations to pay the amounts owing to the Group. The Group requires tenants to place cash deposits equivalent to 3 months' rental upon signing of the lease agreements. The Group entities which develop properties for sale generally have recourse against defaulting purchasers through forfeiture of 20% of purchase price, interest owing on instalments outstanding and re-sale of the re-possessed properties.

***Exposure to credit risk***

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

The Group and Company have no significant concentration of credit risk.

***Financial assets that are neither past due nor impaired***

Trade receivables that are neither past due nor impaired are mainly with parties with good payment record with the Group and Company. Cash and cash equivalents and investment securities that are neither past due nor impaired are placed with reputable financial institutions.

***Financial assets that are either past due or impaired***

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade receivables).

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (B) LIQUIDITY RISK

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks.

***Analysis of financial instruments by remaining contractual maturities***

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

| | Group 2018 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year $'000 | 1 to 2 years $'000 | 2 to 5 years $'000 | More than 5 years $'000 | Total $'000 |
| **Financial assets** | | | | | |
| Investment securities | 5,203 | – | – | 4,125 | 9,328 |
| Trade receivables | 14,486 | – | – | – | 14,486 |
| Deposits and other receivables | 237 | – | – | – | 237 |
| Advance to non-controlling shareholder of a subsidiary | 1,140 | – | – | – | 1,140 |
| Cash and cash equivalents | 87,896 | – | – | – | 87,896 |
| Total undiscounted financial assets | 108,962 | – | – | 4,125 | 113,087 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 8,972 | 1,806 | 1,643 | – | 12,421 |
| Loans from non-controlling shareholder of a subsidiary | – | 31,290 | – | – | 31,290 |
| Interest-bearing bank loans | – | 210,589 | – | – | 210,589 |
| Total undiscounted financial liabilities | 8,972 | 243,685 | 1,643 | – | 254,300 |
| Total net undiscounted financial assets/(liabilities) | 99,990 | (243,685) | (1,643) | 4,125 | (141,213) |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (B) LIQUIDITY RISK (CONTINUED)

***Analysis of financial instruments by remaining contractual maturities (Continued)***

| | Group 31.12.2017 | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year $'000** | **1 to 2 years $'000** | **2 to 5 years $'000** | **More than 5 years $'000** | **Total $'000** |
| **Financial assets** | | | | | |
| Investment in quoted equity shares | 4,036 | – | – | 4,410 | 8,446 |
| Trade receivables | 26,086 | – | – | – | 26,086 |
| Deposits and other receivables | 252 | – | – | – | 252 |
| Advance to non-controlling shareholder of a subsidiary | 1,140 | – | – | – | 1,140 |
| Cash and cash equivalents | 108,828 | – | – | – | 108,828 |
| Total undiscounted financial assets | 140,342 | – | – | 4,410 | 144,752 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 18,275 | 36 | 58 | – | 18,369 |
| Loans from non-controlling shareholder of a subsidiary | – | – | 31,290 | – | 31,290 |
| Interest-bearing bank loans | – | – | 292,344 | – | 292,344 |
| Total undiscounted financial liabilities | 18,275 | 36 | 323,692 | – | 342,003 |
| Total net undiscounted financial assets/(liabilities) | 122,067 | (36) | (323,692) | 4,410 | (197,251) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (B) LIQUIDITY RISK (CONTINUED)

***Analysis of financial instruments by remaining contractual maturities (Continued)***

| | Group 1.1.2017 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year $'000 | 1 to 2 years $'000 | 2 to 5 years $'000 | More than 5 years $'000 | Total $'000 |
| **Financial assets** | | | | | |
| Investment in quoted equity shares | 2,612 | – | – | 3,344 | 5,956 |
| Trade receivables | 33,999 | – | – | – | 33,999 |
| Deposits and other receivables | 5,689 | – | – | – | 5,689 |
| Cash and cash equivalents | 53,366 | – | – | – | 53,366 |
| Total undiscounted financial assets | 95,666 | – | – | 3,344 | 99,010 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 10,912 | 172 | – | – | 11,084 |
| Loans from non-controlling shareholder of a subsidiary | – | – | 27,221 | – | 27,221 |
| Interest-bearing bank loans | – | – | 214,801 | – | 214,801 |
| Total undiscounted financial liabilities | 10,912 | 172 | 242,022 | – | 253,106 |
| Total net undiscounted financial assets/(liabilities) | 84,754 | (172) | (242,022) | 3,344 | (154,096) |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (B) LIQUIDITY RISK (CONTINUED)

***Analysis of financial instruments by remaining contractual maturities (Continued)***

| | Company 2018 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year $'000 | 1 to 2 years $'000 | 2 to 5 years $'000 | More than 5 years $'000 | Total $'000 |
| **Financial assets** | | | | | |
| Investment securities | 5,203 | – | – | 4,125 | 9,328 |
| Trade receivables | 7 | – | – | – | 7 |
| Deposits and other receivables | 140 | – | – | – | 140 |
| Amounts due from subsidiaries | 7,163 | – | – | – | 7,163 |
| Loans to subsidiaries | – | 112,009 | – | – | 112,009 |
| Cash and cash equivalents | 67,264 | – | – | – | 67,264 |
| Total undiscounted financial assets | 79,777 | 112,009 | – | 4,125 | 195,911 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 1,284 | 164 | – | – | 1,448 |
| Advance from a subsidiary | 4,681 | – | – | – | 4,681 |
| Total undiscounted financial liabilities | 5,965 | 164 | – | – | 6,129 |
| Total net undiscounted financial assets/(liabilities) | 73,812 | 111,845 | – | 4,125 | 189,782 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (B) LIQUIDITY RISK (CONTINUED)

***Analysis of financial instruments by remaining contractual maturities (Continued)***

| | Company 31.12.2017 | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year $'000** | **1 to 2 years $'000** | **2 to 5 years $'000** | **More than 5 years $'000** | **Total $'000** |
| **Financial assets** | | | | | |
| Investment in quoted equity shares | 4,036 | – | – | 4,410 | 8,446 |
| Trade receivables | 845 | – | – | – | 845 |
| Deposits and other receivables | 172 | – | – | – | 172 |
| Amounts due from subsidiaries | 800 | – | – | – | 800 |
| Loans to subsidiaries | – | – | 101,034 | – | 101,034 |
| Cash and cash equivalents | 91,754 | – | – | – | 91,754 |
| Total undiscounted financial assets | 97,607 | – | 101,034 | 4,410 | 203,051 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 862 | 36 | 58 | – | 956 |
| Advance from a subsidiary | 2,660 | – | – | – | 2,660 |
| Loan from a subsidiary | – | – | – | 2,022* | 2,022 |
| Total undiscounted financial liabilities | 3,522 | 36 | 58 | 2,022 | 5,638 |
| Total net undiscounted financial assets/(liabilities) | 94,085 | (36) | 100,976 | 2,388 | 197,413 |

* Not expected to be repaid in the near future and timing of repayment cannot be estimated reliably (Note 24)

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (B) LIQUIDITY RISK (CONTINUED)

***Analysis of financial instruments by remaining contractual maturities (Continued)***

| | Company 1.1.2017 | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year $'000** | **1 to 2 years $'000** | **2 to 5 years $'000** | **More than 5 years $'000** | **Total $'000** |
| **Financial assets** | | | | | |
| Investment in quoted equity shares | 2,612 | – | – | 3,344 | 5,956 |
| Trade receivables | 853 | – | – | – | 853 |
| Deposits and other receivables | 5,656 | – | – | – | 5,656 |
| Amounts due from subsidiaries | 15,259 | – | – | – | 15,259 |
| Loan to subsidiaries | 60,800 | – | 44,400 | – | 105,200 |
| Cash and cash equivalents | 43,766 | – | – | – | 43,766 |
| Total undiscounted financial assets | 128,946 | – | 44,400 | 3,344 | 176,690 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 2,196 | 172 | – | – | 2,368 |
| Loan from a subsidiary | – | – | – | 2,024* | 2,024 |
| Total undiscounted financial liabilities | 2,196 | 172 | – | 2,024 | 4,392 |
| Total net undiscounted financial assets/(liabilities) | 126,750 | (172) | 44,400 | 1,320 | 172,298 |

* Not expected to be repaid in the near future and timing of repayment cannot be estimated reliably (Note 24)

### (C) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense would be affected by an adverse movement in interest rates.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (C) INTEREST RATE RISK (CONTINUED)

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

At the end of the prior reporting period, if interest rates on outstanding borrowings from financial institutions for development projects had been 75 basis points lower/higher, with all other variables held constant, the interest capitalised in development property during the year would have been $1,550,000 lower/higher arising mainly as a result of lower/higher interest on bank loans utilised for development of properties.

The Group's profit before tax would have been $1,907,000 (2017: $672,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

### (D) MARKET PRICE RISK

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These securities are quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and are classified as held for trading or available-for-sale financial assets. The Group does not have exposure to commodity price risk.

***Sensitivity analysis for equity price risk***

At the end of the reporting period, if the price of the shares held had been 2% (2017: 2%) higher/lower with all other variables held constant, the Group's fair value adjustment reserve in equity would have been $83,000 (2017: $88,000) higher/lower, arising as a result of an increase/decrease in the fair value of quoted equity shares classified as available-for-sale and the Group's profit before tax would have been $104,000 (2017: $81,000) higher/lower, arising as a result of higher/lower fair value gains on quoted equity shares classified as held for trading.

### (E) FOREIGN CURRENCY RISK

The Group is exposed to currency translation risk arising from its property investment operation in Australia. The Group's investment in its subsidiary trusts is hedged by Australian Dollar (AUD) denominated bank loan, which mitigates structural currency exposure arising from the subsidiary trusts' net assets.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (E) FOREIGN CURRENCY RISK (CONTINUED)

Below is the breakdown of significant assets and liabilities denominated in AUD.

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| | $'000 | $'000 |
| **Non-current asset** | | |
| Investment property | **105,666** | 114,851 |
| **Current assets** | | |
| Trade receivables | **495** | 650 |
| Prepayments | **7** | 2 |
| Cash and cash equivalents | **3,276** | 943 |
| | **3,778** | 1,595 |
| **Non-current liability** | | |
| Interest-bearing bank loans | **43,169** | 63,899 |
| **Current liabilities** | | |
| Trade and other payables | **443** | 329 |
| Provision for taxation | **625** | – |
| | **1,068** | 329 |

***Sensitivity analysis for foreign currency risk***

The following table demonstrates the sensitivity to a reasonably possible change in the AUD exchange rate against SGD, with all other variables held constant, on the Group's other comprehensive income.

| | Other comprehensive income | |
|---|---|---|
| | 2018 | 2017 |
| | $'000 | $'000 |
| **AUD** | | |
| – strengthened 5% | **3,260** | 2,611 |
| – weakened 5% | **(3,260)** | (2,611) |

## 35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 2017. The Group is not subject to any externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 35. CAPITAL MANAGEMENT (CONTINUED)

The Group seeks to maintain a fair mix of debt and equity. As far as practicable, development expenditures for the Group's projects are funded by external financing from banks or financial institutions. The Group may also obtain loans from shareholders and non-controlling shareholders in accordance with the shareholding percentage in the respective subsidiaries. The debt and equity ratio may vary depending on the cost of capital.

The Group monitors capital using a net debt to equity ratio, computed by adjusting for the Group's share of interest-bearing bank loans, loans from non-controlling shareholder of a subsidiary, and cash and cash equivalents in accordance with its shareholding percentages in the respective subsidiaries.

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Group's share of interest-bearing bank loans in accordance with shareholding percentages in the respective subsidiaries and loans from non-controlling shareholder of a subsidiary | **183,862** | 239,995 |
| Less: Group's share of cash and cash equivalents in accordance with shareholding percentages in the respective subsidiaries | **(84,828)** | (103,997) |
| Net debt | **99,034** | 135,998 |
| Equity attributable to shareholders of the Company | **256,542** | 254,749 |
| Net debt to equity ratio | **0.4 times** | 0.5 times |

## 36. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable segments as follows:

(i) The property development segment is in the business of developing residential, commercial and industrial properties for sale.

(ii) The property investment segment owns and leases investment property.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 36. SEGMENT INFORMATION (CONTINUED)

Management monitors the operating results of its business segments separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated on operating profit or loss. The segmented results were as follows:

| Geographic location | Singapore | | Australia | | | |
|---|---|---|---|---|---|---|
| **Business segments** | **Property development** | | **Property investment** | | **Consolidated financial statements** | |
| | **2018** | **2017** | **2018** | **2017** | **2018** | **2017** |
| | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** |
| **Revenue:** | | | | | | |
| External customers | **69,491** | 34,378 | **6,729** | 6,870 | **76,220** | 41,248 |
| **Total revenue** | **69,491** | 34,378 | **6,729** | 6,870 | **76,220** | 41,248 |
| **Results:** | | | | | | |
| Interest income | **1,547** | 775 | **–** | 13 | **1,547** | 788 |
| Dividend income | **448** | 280 | **–** | – | **448** | 280 |
| Depreciation | **(178)** | (182) | **–** | – | **(178)** | (182) |
| Loss on disposal of subsidiary | **–** | (3,096) | **–** | – | **–** | (3,096) |
| Net loss on fair value adjustment of investment property | **–** | – | **–** | (3,047) | **–** | (3,047) |
| Finance costs | **(5,861)** | (459) | **(1,883)** | (2,137) | **(7,744)** | (2,596) |
| Income tax expense | **(2,185)** | (1,083) | **(695)** | (566) | **(2,880)** | (1,649) |
| Segment profit | **10,149** | 3,991 | **3,656** | 131 | **13,805** | 4,122 |

| **Geographic location** | **Singapore** | | | **Australia** | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Business segments** | **Property development** | | | **Property investment** | | | **Consolidated financial statements** | | |
| | **2018** | **31.12.2017** | **1.1.2017** | **2018** | **31.12.2017** | **1.1.2017** | **2018** | **31.12.2017** | **1.1.2017** |
| | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** |
| Addition to non-current assets – Investment property | **–** | – | **–** | **–** | 118,693 | – | **–** | 118,693 | – |
| **Segment Assets** | **438,376** | 491,415 | 513,187 | **109,445** | 116,446 | – | **547,821** | 607,861 | 513,187 |
| **Segment Liabilities** | **239,277** | 283,228 | 248,541 | **44,254** | 64,787 | – | **283,531** | 348,015 | 248,541 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 37. DIVIDENDS

| | Group and Company | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Declared and paid during the financial year: | | |
| Dividends on ordinary shares: | | |
| – final tax exempt (one-tier) dividend for 2017: 1.00 cent (2016: 1.00 cent) per share | **4,010** | 4,010 |
| – special tax exempt (one-tier) dividend for 2017: Nil cents (2016: 0.375 cents) per share | **–** | 1,504 |
| | **4,010** | 5,514 |
| Proposed but not recognised as a liability as at 31 December: | | |
| Dividends on ordinary shares, subject to shareholders' approval at the AGM: | | |
| – final tax exempt (one-tier) dividend for 2018: 1.20 cents (2017: 1.00 cent) per share | **4,812** | 4,010 |

## 38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 26 March 2019.

# ADDITIONAL INFORMATION

## DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

The following information relating to Mr Lee Sze Leong and Mr Tan Tong Guan, each of whom is standing for re-election as a Director at the Annual General Meeting of the Company on 26 April 2019, is provided pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

| Name of Director | Lee Sze Leong | Tan Tong Guan |
|---|---|---|
| Date of first appointment as a Director | 6 November 1992 | 19 April 2016 |
| Date of last re-election as a Director | 19 April 2016 | Not applicable |
| Age | 60 | 55 |
| Country of principal residence | Singapore | Singapore |
| The Board's comments on the re-election | The Board, having considered the recommendation of the NC, is of the view that Mr Lee Sze Leong has the relevant knowledge and experiences to lead the Board effectively in setting the Company's business directions and strategies and in ensuring the proper management of the Company's affairs. | The Board, having considered the recommendation of the NC, is of the view that Mr Tan Tong Guan, with his business and financial management expertise and experience, is able to contribute positively to the Company and provide guidance particularly in the areas of accounting, internal control and risk management. |
| Whether appointment is executive and if so, the area of responsibility | Non-executive | Non-executive |
| Job title (e.g. Lead ID, AC Chairman, AC Member, etc.) | • Chairman, Board of Directors<br>• Audit Committee (Member)<br>• Nominating Committee (Member)<br>• Remuneration Committee (Member) | • Audit Committee (Chairman)<br>• Nominating Committee (Member)<br>• Remuneration Committee (Member) |
| Professional qualifications | Bachelor of Business Administration, University of Hawaii | • Bachelor of Accountancy, National University of Singapore<br>• Fellow (Non-Practising) member, Institute of Singapore Chartered Accountants |

# ADDITIONAL INFORMATION

| Name of Director | Lee Sze Leong | Tan Tong Guan |
|---|---|---|
| Shareholding interest in the Company and its subsidiaries | Shareholding interest in the Company as at 13 March 2019:<br>• 2,152,432 shares held directly<br>• 142,252,246 shares held by F.H. Lee Holdings (Pte) Limited | Shareholding interest in the Company as at 13 March 2019:<br>• 5,730,000 shares held by Tan Gee Beng Private Ltd<br>• 3,210,000 shares held by Cosmos Investment Pte Ltd |
| Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries | • Sibling of Lee Sze Hao, Managing Director and Chief Executive Officer of the Company<br>• Director and shareholder of F.H. Lee Holdings (Pte) Limited, substantial shareholder of the Company | No |
| Conflict of interest (including any competing business) | No | No |

# ADDITIONAL INFORMATION

| Name of Director | Lee Sze Leong | Tan Tong Guan |
|---|---|---|
| Other principal commitments (including directorships) – Present | • Sing Investments & Finance Limited (Managing Director and Chief Executive Officer)<br>• Sing Investments & Finance Nominees (Pte.) Ltd. (Director)<br>• F.H. Lee Holdings (Pte) Limited (Director)<br>• Hire Purchase, Finance and Leasing Association of Singapore (Chairman)<br>• Finance Houses Association of Singapore (Chairman)<br>• 59th Singapore Chinese Chamber of Commerce & Industry (SCCCI) (Council Member)<br>• 59th SCCCI Finance Committee (Chairman)<br>• 59th SCCCI Property Management Committee (Member)<br>• Chinese Development Assistance Council (CDAC) Board of Trustees (Member)<br>• CDAC Investment Committee (Member)<br>• Tanjong Pagar – Tiong Bahru Citizens' Consultative Committee (Honorary Chairman) | • Asia Vets Holdings Ltd. (Executive Chairman and Chief Executive Officer)<br>• Tan Gee Beng Private Ltd (Executive Director)<br>• AVH Animal Ark Pte Ltd (Director)<br>• TGB Properties Pte Ltd (Director)<br>• Cosmos Investment Pte Ltd (Director)<br>• Teck Gee Investments (International) Pte Ltd (Director)<br>• TGB Properties (NZ) Pte Ltd (Director)<br>• NZ First Properties Pte Ltd (Director)<br>• Wellington First Properties (NZ) Pte Ltd (Director)<br>• Perusahaan TGB Sdn Bhd (Director)<br>• Red Blue Development Sdn Bhd (Director)<br>• First Lap (M) Sdn Bhd (Director)<br>• Centrepoint Tiara (M) Sdn Bhd (Director)<br>• Tan Gee Beng (Hong Kong) Limited (Director)<br>• Suzhou Hongchang Packing Materials Co. Ltd (Director)<br>• Ningbo Shino Cosmetic Cotton Co. Ltd (Director)<br>• D.E. Cosmetics Ningbo Co. Ltd (Director) |

# **ADDITIONAL** INFORMATION

| Name of Director | Lee Sze Leong | Tan Tong Guan |
|---|---|---|
| Other principal commitments (including directorships) – Past, for the last 5 years | • Sing Holdings (Bellerive) Pte. Ltd. (Director)<br>• Sing Holdings (Cairnhill) Pte. Ltd. (Director)<br>• Robin Residences Pte. Ltd. (Director) | • Sing Investments & Finance Limited (Director)<br>• Orastram Pte Ltd (Director) |
| Working experience and occupation(s) during the past 10 years | Sing Investments & Finance Limited (Managing Director/Chief Executive Officer) | • Asia Vets Holdings Ltd. (Executive Chairman and Chief Executive Officer)<br>• Tan Gee Beng Private Ltd (Executive Director)<br>• Smartflex Holdings Ltd (Executive Chairman and Chief Executive Officer)<br>• Smartflex Technology Pte Ltd (Executive Chairman) |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company | Yes | Yes |
| Disclosure on the following matters concerning the Director: | | |
| a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No |
| b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No |

# ADDITIONAL INFORMATION

| Name of Director | Lee Sze Leong | Tan Tong Guan |
|---|---|---|
| c. Whether there is any unsatisfied judgment against him? | No | No |
| d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No |
| e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No |
| f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No |
| g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |
| h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |

# **ADDITIONAL** INFORMATION

| Name of Director | Lee Sze Leong | Tan Tong Guan |
|---|---|---|
| i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No |
| j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: | | |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | No |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, | No | No |
| in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | | |
| k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No |

# STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2019

## SHARE CAPITAL

| | | |
|---|---|---|
| Issued and fully paid | : | $106,737,447.21 |
| Number of shares | : | 400,994,652 |
| Class of shares | : | Ordinary shares fully paid |
| Voting rights | : | One vote per ordinary share |

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 21 | 0.92 | 965 | 0.00 |
| 100 – 1,000 | 164 | 7.20 | 115,205 | 0.03 |
| 1,001 – 10,000 | 841 | 36.92 | 5,535,291 | 1.38 |
| 10,001 – 1,000,000 | 1,211 | 53.16 | 80,169,155 | 19.99 |
| 1,000,001 and above | 41 | 1.80 | 315,174,036 | 78.60 |
| Total | 2,278 | 100.00 | 400,994,652 | 100.00 |

## TWENTY LARGEST SHAREHOLDERS

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 1 | F.H. Lee Holdings (Pte) Limited | 142,252,246 | 35.47 |
| 2 | DBS Nominees (Private) Limited | 16,135,870 | 4.02 |
| 3 | Ang Ah Beng | 13,453,900 | 3.36 |
| 4 | Raffles Nominees (Pte.) Limited | 11,188,300 | 2.79 |
| 5 | Laurels Investments Pte. Ltd. | 11,000,000 | 2.74 |
| 6 | Citibank Nominees Singapore Pte Ltd | 9,498,223 | 2.37 |
| 7 | Koh Boon Hong | 8,765,000 | 2.19 |
| 8 | OCBC Securities Private Limited | 7,342,633 | 1.83 |
| 9 | Phillip Securities Pte Ltd | 6,653,976 | 1.66 |
| 10 | Maybank Kim Eng Securities Pte. Ltd. | 5,813,338 | 1.45 |
| 11 | Tan Gee Beng Private Ltd | 5,730,000 | 1.43 |
| 12 | DBS Vickers Securities (Singapore) Pte Ltd | 5,681,220 | 1.42 |
| 13 | Lee Heng Wah @ Lee Heng Guan | 5,620,000 | 1.40 |
| 14 | Lim Kok Gin Holdings Pte. Ltd. | 5,231,544 | 1.30 |
| 15 | Kong Hoa Pte Limited | 4,292,743 | 1.07 |
| 16 | See Kim Hua @ Tan Kim Hua | 4,010,000 | 1.00 |
| 17 | Soh Shin Yann Susan | 4,000,000 | 1.00 |
| 18 | Aw Peng Soon | 3,992,412 | 1.00 |
| 19 | United Overseas Bank Nominees (Private) Limited | 3,852,858 | 0.96 |
| 20 | Sunarko Holding Pte Ltd | 3,500,000 | 0.87 |
| | Total | 278,014,263 | 69.33 |

# STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2019

## SUBSTANTIAL SHAREHOLDERS

| | | Number of Shares | | | |
|---|---|---|---|---|---|
| No. | Name | Shareholdings registered in the name of substantial shareholders or their nominees | % | Shareholdings in which substantial shareholders are deemed to have an interest | % |
| 1 | F. H. Lee Holdings (Pte) Limited | 142,252,246 | 35.47 | 0 | 0.00 |
| 2 | Lee Sze Leong[1] | 2,152,432 | 0.54 | 142,252,246 | 35.47 |
| 3 | Lee Sze Siong[2] | 1,585,096 | 0.40 | 142,252,246 | 35.47 |
| 4 | Lee Sze Hao[3] | 705,800 | 0.18 | 157,252,246 | 39.22 |

**Notes:**

(1) Lee Sze Leong is deemed to be interested in 142,252,246 shares held by F.H. Lee Holdings (Pte) Limited.

(2) Lee Sze Siong is deemed to be interested in 142,252,246 shares held by F.H. Lee Holdings (Pte) Limited.

(3) Lee Sze Hao is deemed to be interested in 142,252,246 shares held by F.H. Lee Holdings (Pte) Limited, 11,000,000 shares held by Laurels Investments Pte. Ltd. and 4,000,000 shares held by Soh Shin Yann Susan.

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company, the percentage of shareholdings held in the hands of the public was approximately 57.25% as at 13 March 2019. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

## TREASURY SHARES HELD

The Company did not hold any treasury shares as at 13 March 2019.

## DIRECTORS' SHAREHOLDINGS AS AT 21 JANUARY 2019

As disclosed in the Directors' Statement, the shares held by the Directors as at 31 December 2018 remain unchanged as at 21 January 2019.

# NOTICE OF ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Sing Holdings Limited will be held at 168 Robinson Road, Level 9 STI Auditorium, Capital Tower, Singapore 068912 on Friday, 26 April 2019 at 3.30 p.m. to transact the following businesses:

**AS ORDINARY BUSINESS**

1. To receive and, if approved, to adopt the Directors' statement and audited financial statements for the year ended 31 December 2018 together with the auditor's report thereon. (Resolution 1)

2. To approve the payment of $279,000 as Directors' fees for the year ended 31 December 2018 (2017: $279,000). (Resolution 2)

3. To declare a first and final one-tier tax exempt dividend of 1.2 cent per ordinary share for the year ended 31 December 2018. (Resolution 3)

4. To re-elect Mr Lee Sze Leong as Director, who retires pursuant to Article 104 of the Constitution of the Company. (Resolution 4) (Note 4)

5. To re-elect Mr Tan Tong Guan as Director, who retires pursuant to Article 104 of the Constitution of the Company. (Resolution 5) (Note 5)

6. To re-appoint Messrs Ernst & Young LLP as auditor of the Company for the next financial year and to authorise the Directors to fix the auditor's remuneration. (Resolution 6)

7. To transact any other business of an Annual General Meeting.

**AS SPECIAL BUSINESS**

To consider and, if thought fit, to pass with or without any modifications, the following resolutions, of which Resolution 7 will be proposed as an Ordinary Resolution and Resolution 8 will be proposed as a Special Resolution:

**ORDINARY RESOLUTION**

8. **General mandate to authorise the Directors to issue shares or convertible instruments**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Directors of the Company to: (Resolution 7) (Note 6)

   (a) (i) allot and issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion consider fit; and

   (b) for the avoidance of doubt, notwithstanding the authority conferred by this Resolution may have ceased to be in force, issue shares in pursuance of any Instrument already made or granted by the Directors while this Resolution was in force,

# NOTICE OF ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities;

   (ii) new shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

   (iii) any subsequent bonus issue, consolidation or sub-division of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

**SPECIAL RESOLUTION**

9. **Adoption of New Constitution**

*All capitalised terms in the Resolution 8 below and defined in the Letter to Shareholders of the Company dated 4 April 2019 (the "**Letter**") shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Letter.*

# NOTICE OF ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

"That: Resolution 8 (Note 7)

(a) the regulations contained in the New Constitution submitted to this meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the Existing Constitution; and

(b) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to this Resolution."

BY ORDER OF THE BOARD

Tan Mui Sang
Company Secretary

Singapore, 4 April 2019

# NOTICE OF ANNUAL GENERAL MEETING
TO ALL SHAREHOLDERS

**NOTES:**

1. A member (who is not a relevant intermediary) of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where such member appoints more than one proxy, he shall specify the percentage of his shares to be represented by each proxy.
2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Relevant intermediary is either:
   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
3. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 96 Robinson Road #10-01 SIF Building, Singapore 068899 not less than 48 hours before the time for holding the Annual General Meeting.
4. Mr Lee Sze Leong is a Non-Executive and Non-Independent Director and will, upon re-election as a Director of the Company under Resolution 4 above, continue to serve as the Chairman of the Board and as a Member of the Audit Committee, Nominating Committee and Remuneration Committee.
5. Mr Tan Tong Guan is a Non-Executive and Independent Director and will, upon re-election as a Director of the Company under Resolution 5 above, continue to serve as the Chairman of the Audit Committee and as a Member of the Nominating Committee and Remuneration Committee.
6. The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to allot and issue shares and convertible securities in the Company up to a number not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company.

   For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the Company's total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for (a) new shares arising from the conversion of convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that the resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.
7. The Special Resolution 8 proposed in item 9 above is to adopt a new Constitution for the Company to conform with the wide-ranging changes to the Companies Act, Chapter 50 of Singapore introduced pursuant to the Companies (Amendment) Act 2014 and Companies (Amendment) Act 2017, as well as the prevailing SGX listing rules and other regulatory requirements. Please refer to the Letter to Shareholders dated 4 April 2019 for more details on the new Constitution.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("AGM") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

SING HOLDINGS LIMITED
Co. Reg. No. 196400165G

# ANNUAL GENERAL MEETING

# PROXY FORM

**IMPORTANT**
1. A relevant intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (please see Note 2 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS investors are requested to contact their respective Agent Banks for any queries they may have regarding their appointment as proxies.

I/We ______________________________ (Name) ______________________________ (NRIC/PP/UEN No.)

of ____________________________________________________________ (Address)

being a member/members of Sing Holdings Limited (the "Company") hereby appoint:

| Name | Address | NRIC/Passport Number | Percentage of shareholdings represented |
|---|---|---|---|
| | | | |

and/or (delete as appropriate):

| Name | Address | NRIC/Passport Number | Percentage of shareholdings represented |
|---|---|---|---|
| | | | |

or failing whom, the Chairman of the Annual General Meeting ("AGM") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held on Friday, 26 April 2019 at 3.30 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

| No. | Resolutions relating to: | For* | Against* |
|---|---|---|---|
| 1 | Adoption of Directors' statement and audited financial statements | | |
| 2 | Approval of Directors' fees | | |
| 3 | Declaration of final dividend | | |
| 4 | Re-election of Mr Lee Sze Leong as a Director | | |
| 5 | Re-election of Mr Tan Tong Guan as a Director | | |
| 6 | Re-appointment of Messrs Ernst & Young LLP as Auditor and authorise Directors to fix their remuneration | | |
| 7 | General mandate to authorise the Directors to issue new shares or convertible instruments | | |
| 8 | Adoption of new Constitution | | |

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.

Dated this __________ day of __________________ 2019

| Total Number of Shares held | |
|---|---|

.....................................................................................
Signature(s)/Common Seal of Member(s)

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**NOTES:**

1. A member (who is not a relevant intermediary) of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where such member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Relevant intermediary is either:
   a. a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
   b. a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
   c. the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and also in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 96 Robinson Road #10-01 SIF Building, Singapore 068899 not less than 48 hours before the time set for the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject any instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 4 April 2019.

**fold here**

**PROXY FORM FOR**
**ANNUAL GENERAL MEETING**

Affix
postage
stamp

**SING HOLDINGS LIMITED**
96 Robinson Road
#01-01 SIF Building
Singapore 068899

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