

FRAGRANCE GROUP LIMITED

ANNUAL REPORT FY 2018



CONTENTS

01 CORPORATE PROFILE

02 LETTER TO SHAREHOLDERS

04 BOARD OF DIRECTORS

06 CORPORATE INFORMATION

07 CORPORATE STRUCTURE

08 YEAR IN BRIEF 2018

09 FINANCIAL HIGHLIGHTS

11 FINANCIAL AND OPERATIONS REVIEWS

14 FINANCIAL CONTENTS

15 CORPORATE GOVERNANCE REPORT

109 SHAREHOLDING STATISTICS

111 PARTICULARS OF PROPERTIES OWNED BY THE GROUP

114 NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM



CORPORATE PROFILE

With a track record dating back to the mid-1980s, Fragrance Group Limited ("FGL" or "the Group") is a property developer with presence in three continents today, Asia, Australia and Europe. FGL is listed on the main board of the SGX-ST on 3 February 2005.

The core business activities of our Group are the development of residential, commercial, hotel and industrial properties. Other activities of our Group comprise the holding of investment properties and hotel operations.

The strategy for our property development arm is to offer customers quality homes and business spaces

at affordable prices. Today's busy urban lifestyle calls for simple design solutions that uncover precious space. Every square foot at our property units are meticulously mapped out to meet its customer's satisfaction and their fittings have been carefully selected to offer comfort and durability. Our projects offer the perfect combination of essential living and convenience with their strategic locations. As at to date, the Group has launched more than 80 projects.

In Singapore, the Group's property investment portfolio includes prime commercial properties situated in and near Singapore's CBD and a unique

seafront Food and Beverage outlets and an industrial building.

In Australia, the Group's property portfolio comprises of mixed-use developments, hotels, residential and commercial developments located in Melbourne, Perth and Tasmania. Our maiden hotel project, ibis Styles Hobart with 296 rooms has commenced operations in 2017.

In United Kingdom, the Group's property portfolio includes primarily hotels in key cities outside London, namely, Paignton, Bath, Manchester, Liverpool, Torquay, Harrogate and Blackpool.



LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Fragrance Group Limited (“FGL” or the “Group”), we are pleased to present the Group’s Annual Report for the financial year ended 31 December 2018 (“FY 2018”).

OVERVIEW

The Group has been focusing on building a platform for sustainable growth and has been working on growth opportunities in new markets, such as Australia and United Kingdom (“UK”). The Group has acquired various properties in key cities in these countries.

We are delighted that its maiden hotel development project in Australia, ibis Styles Hobart with 296 rooms in Tasmania, was awarded with a 5 Star – Green Star – Design & As Built v1 certified rating in October 2018 by the Green Building Council of Australia.

During the financial year under review, our Group’s revenue surged 64.7% to \$326.2 million, which was boosted primarily by our property development segment, particularly the timely sale of the property located at 555 Collins Street, Melbourne, in Australia. Our Group reported a net profit attributable to shareholders of \$266.0 million, which saw 5 times increase as compared to last year. This was primarily attributed to the fair value gain on investment properties. Save for the fair value gain of \$246.0 million, the core earnings for the year was \$20.0 million. As at 31 December 2018, the Group is in a strong position with a total asset of approximately \$2.8 billion and maintained a healthy debt-to-total assets ratio of 49.2%.

LOOKING FORWARD

The Group is actively working on its various development projects in Australia, United Kingdom and Singapore.

In the Australia, the ibis Styles Hobart hotel in Tasmania will continue to provide a stable stream of revenue. Construction works for Premier Tower and NV Apartments are in full swing and marketing efforts are ongoing to sell the remaining units in these two projects.

As for the Group’s hotel properties in the United Kingdom namely, The Crown Hotel, Lyndene Hotel, St Chads Hotel and The Townhouse Hotel, will provide stable recurring income. The Imperial Hotel in Blackpool which is self-operated also expected to provide stable hotel operating income to the Group. Moving forward, the remaining properties will go through the redevelopment/refurbishment process and upon completion, the Group will have a good portfolio of hotel assets throughout the UK. With the ongoing Brexit uncertainties, sterling pound is expected to remain volatile. The Group has issued GBP45 million from its MTN programme which will provide some natural hedge to its exposure to this currency.

In Singapore, the Group has obtained the Grant of Provisional Permission for the redevelopment of 205 Jalan Eunus into a 237-units Condominium development and Grant of Written Permission for the redevelopment of 31 Jervois Road into a 36-units luxurious residential development.

The Group has also obtained the Grant of Provisional Permission for its commercial property located at 15 Hoe Chiang Road involving the redevelopment into a hotel and the planning work is in progress.

In addition, the Group has successfully tendered for a property located at Waterloo Street Singapore (“Waterloo property”) for a consideration of \$131.1 million which is intended for redevelopment into a hotel.

The various commercial investment properties in Singapore are seeing improved occupancy and are providing stable rental income to the Group.

Looking ahead, the Group will continue to look for growth opportunities guided by our core principle of prudence to ensure sustainable returns to our Group and its stakeholders.

ACKNOWLEDGEMENT

On behalf of the Board of Directors and Management, we would like to take this opportunity to thank our buyers of our residential and commercial units, tenants and business partners for your invaluable trust and support throughout the years. Most of all, we would like to thank you, our Shareholders, for your continued confidence and support.

Koh Wee Meng

Executive Chairman and CEO

Periakaruppan Aravindan

Executive Director and Deputy CEO



ibis
STYLES

ENTRY
AND
EXIT

BOARD OF DIRECTORS

KOH WEE MENG

Executive Chairman
Chief Executive Officer

APPOINTMENT

Date of first appointment as a director:
28 July 2000

Date of last re-election as a director:
26 April 2018

Length of service as a director:
18 years 5 months
(on 31 December 2018)

BOARD COMMITTEE(S) SERVED ON
Nominating Committee (Member)

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
Nil

OTHER PRINCIPAL COMMITMENTS
(other than directorships in listed companies)
Nil

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
(from to 31 Dec 2015 to 30 Dec 2018)
Global Premium Hotels Limited

LIM WAN LOOI

Executive Director

APPOINTMENT

Date of first appointment as a director:
28 July 2000

Date of last re-election as a director:
15 April 2016

Length of service as a director:
18 Years 5 months
(on 31 December 2018)

BOARD COMMITTEE(S) SERVED ON
Remuneration Committee (Member)

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
Nil

OTHER PRINCIPAL COMMITMENTS
(other than directorships in listed companies)
Nil

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
(from to 31 Dec 2015 to 30 Dec 2018)
Nil

PERIAKARUPPAN ARAVINDAN

Executive Director
Deputy Chief Executive Officer

APPOINTMENT

Date of first appointment as a director:
28 April 2010

Date of last re-election as a director:
15 April 2016

Length of service as a director:
8 years 8 months
(on 31 December 2018)

BOARD COMMITTEE(S) SERVED ON
Nil

ACADEMIC & PROFESSIONAL QUALIFICATION(S)
Chartered Accountant of Singapore, Institute of Singapore Chartered Accountants (ISCA), Fellow Member of the Association of Chartered Certified Accountants, United Kingdom (ACCA), Bachelor in Commerce, Madurai Kamaraj University, Masters in Business Administration (Finance), Madurai Kamaraj University

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
AF Global Limited (Non-Executive Director, Member of Audit and Remuneration Committees)

OTHER PRINCIPAL COMMITMENTS
(other than directorships in listed companies)
Nil

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS
(from to 31 Dec 2015 to 30 Dec 2018)
Global Premium Hotels Limited



BOARD OF DIRECTORS

LEOW CHUNG CHONG YAM SOON

Lead Independent Director

APPOINTMENT

Date of first appointment as a director:
1 April 2014

Date of last re-election as a director:
26 April 2018

Length of service as a director:
4 years 9 months
(on 31 December 2018)

BOARD COMMITTEE(S) SERVED ON

Audit Committee (Chairman)
Nominating Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATION(S)

Practising Member, ISCA,
Fellow Member of the ACCA, United
Kingdom,
Certified Public Accountants, Colorado
State Board of Accountancy, USA.

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES

No Signboard Holdings Ltd
(Chairman of Audit Committee and
Member of Remuneration and
Nominating Committees)
Asian Healthcare Specialists Limited
(Lead Independent Director, Chairman of
Audit and Risk Committees and Member
of Remuneration and Nominating
Committees)

OTHER PRINCIPAL COMMITMENTS

(other than directorships in listed
companies)
Audit Partner (Ecovis Assurance LLP)
Director (Ecovis Advisory Pte. Ltd.)

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS

(from to 31 Dec 2015 to 30 Dec 2018)
Nil

TEO CHENG KUANG

Independent Director

APPOINTMENT

Date of first appointment as a director:
20 December 2004

Date of last re-election as a director:
20 April 2017

Length of service as a director:
14 years
(on 31 December 2018)

BOARD COMMITTEE(S) SERVED ON

Nominating Committee (Chairman)
Audit Committee (Member)
Remuneration Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATION(S)

Nanyang University (now known as the
National University of Singapore) with a
Bachelor of Arts (Geography) degree

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES

Nil

OTHER PRINCIPAL COMMITMENTS

(other than directorships in listed
companies)
Nil

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS

(from to 31 Dec 2015 to 30 Dec 2018)
Nil

WATT KUM KUAN

Independent Director

APPOINTMENT

Date of first appointment as a director:
23 January 2006

Date of last re-election as a director:
20 April 2017

Length of service as a director:
12 Years 11 months
(on 31 December 2018)

BOARD COMMITTEE(S) SERVED ON

Remuneration Committee (Chairman)
Audit Committee (Member)
Nominating Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATION(S)

Awarded Colombo Plan Fellowship during
1962 to 1964 in Sydney, Australia

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES

Nil

OTHER PRINCIPAL COMMITMENTS

(other than directorships in listed
companies)
Nil

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS

(from to 31 Dec 2015 to 30 Dec 2018)
Nil



CORPORATE INFORMATION

BOARD OF DIRECTORS

MR KOH WEE MENG
(Executive Chairman & CEO)

MR PERIAKARUPPAN ARAVINDAN
(Executive Director & Deputy CEO)

MS LIM WAN LOOI
(Executive Director)

MR LEOW CHUNG CHONG YAM SOON
(Lead Independent Director)

MR TEO CHENG KUANG
(Independent Director)

MR WATT KUM KUAN
(Independent Director)

AUDIT COMMITTEE

MR LEOW CHUNG CHONG YAM SOON (Chairman)
MR TEO CHENG KUANG
MR WATT KUM KUAN

NOMINATING COMMITTEE

MR TEO CHENG KUANG (Chairman)
MR WATT KUM KUAN
MR KOH WEE MENG
MR LEOW CHUNG CHONG YAM SOON

REMUNERATION COMMITTEE

MR WATT KUM KUAN (CHAIRMAN)
MR TEO CHENG KUANG
MS LIM WAN LOOI

COMPANY SECRETARIES

MR KELOTH RAJ KUMAR
MS CHEN LOONG MEY

REGISTERED OFFICE

456 Alexandra Road
#26-01 Fragrance Empire Building
Singapore 119962
Tel: 6346 6888

REGISTRATION NUMBER

200006656M

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

TRICOR BARBINDER SHARE REGISTRATION SERVICES
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road
#02-00
Singapore 068898

AUDITORS

DELOITTE & TOUCHE LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
Partner-in-charge: Mr Cheung Pui Yuen
Appointed since 26 April 2018

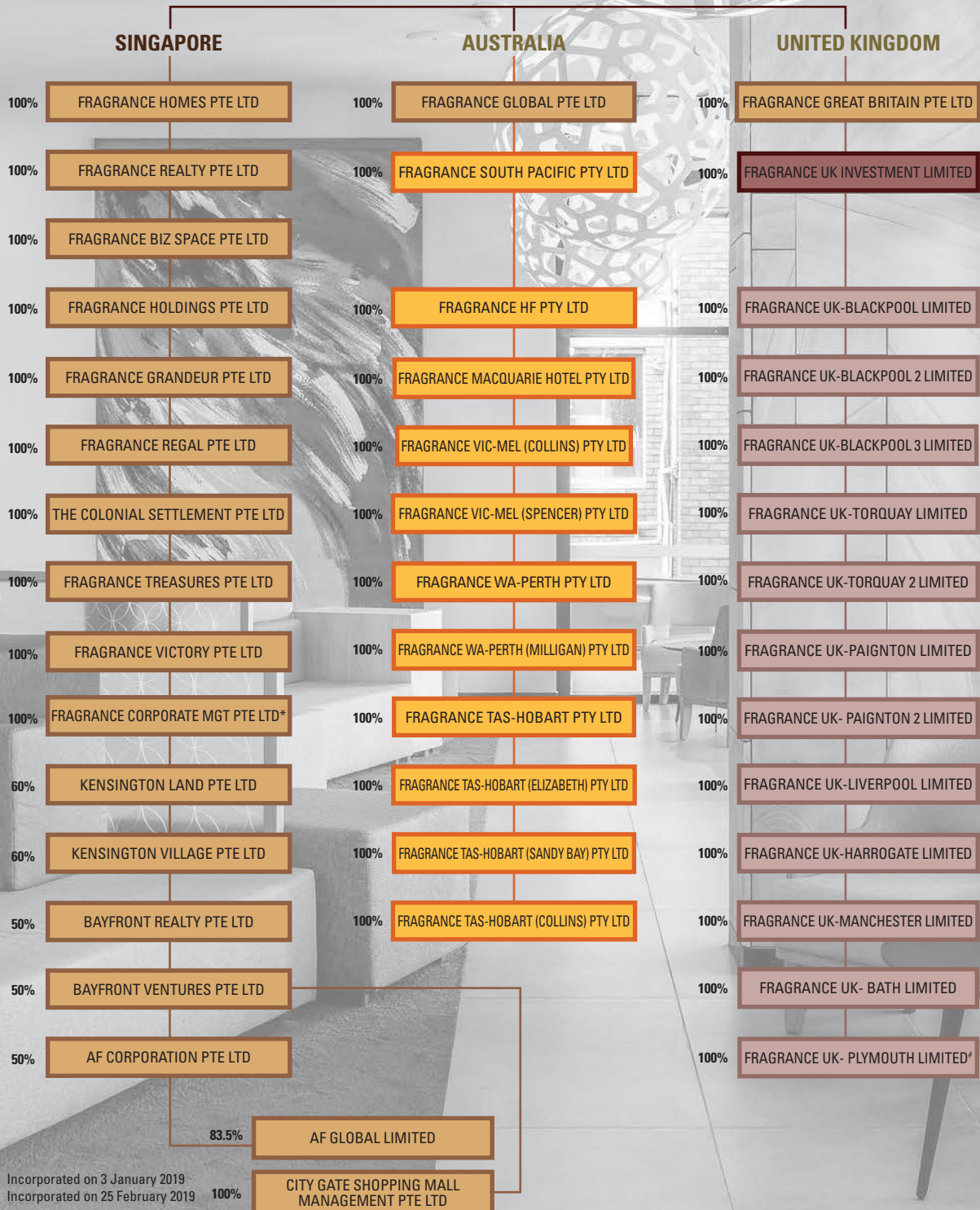
PRINCIPAL FINANCIAL INSTITUTIONS

CREDIT SUISSE AG, SINGAPORE BRANCH
CIMB BANK BERHAD
DBS BANK LIMITED
HONG LEONG FINANCE LIMITED
OVERSEA-CHINESE BANKING CORPORATION LIMITED
SING INVESTMENTS & FINANCE LIMITED
UNITED OVERSEAS BANK LIMITED

CORPORATE STRUCTURE



FRAGRANCE GROUP LIMITED



* Incorporated on 3 January 2019
 # Incorporated on 25 February 2019

YEAR IN BRIEF 2018

JANUARY

- ❖ Completion of the acquisition of Royal National Hospital (formerly known as "Royal Mineral Water Hospital") in Bath, UK.

APRIL

- ❖ Held annual general meeting with all the resolutions duly passed.
- ❖ Issuance of SGD 125 million medium term notes.

JUNE

- ❖ Completion of the acquisition of 31 Jervois Road.

SEPTEMBER

- ❖ Completion of the acquisition of St Chads Hotel, UK.
- ❖ Completion of the acquisition of 179 Macquarie Street in Hobart, Australia.

OCTOBER

- ❖ Completion of the acquisition of the 205 Jalan Eunus.
- ❖ Sales of 555 Collins street project in Melbourne, Australia.
- ❖ Acquisition of 64 Waterloo Street, Singapore.
- ❖ Fragrance Group-owned ibis Styles Hobart Hotel has been named as Australia's first and only 5-Star Green Star certified hotel.

NOVEMBER

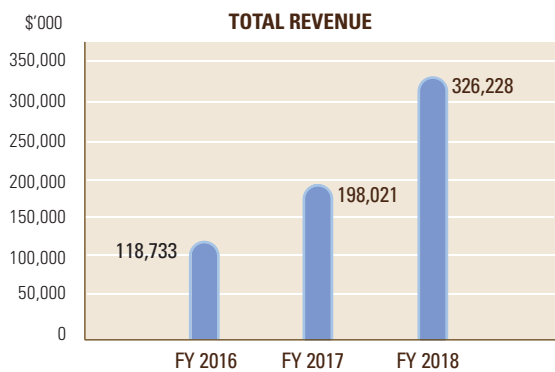
- ❖ Paid interim dividend of 0.2 cents to Shareholders.
- ❖ City Gate project obtained Temporary Occupation Permit (TOP).



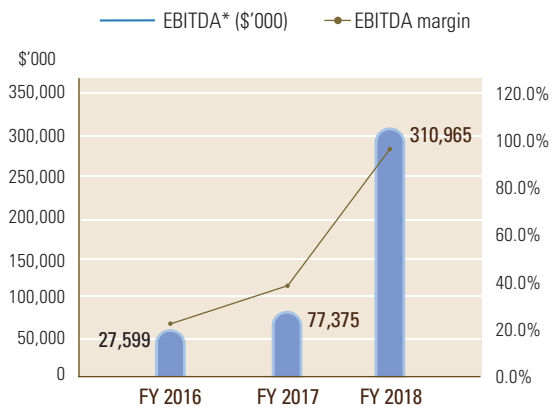
FINANCIAL HIGHLIGHTS

PERFORMANCE AT A GLANCE

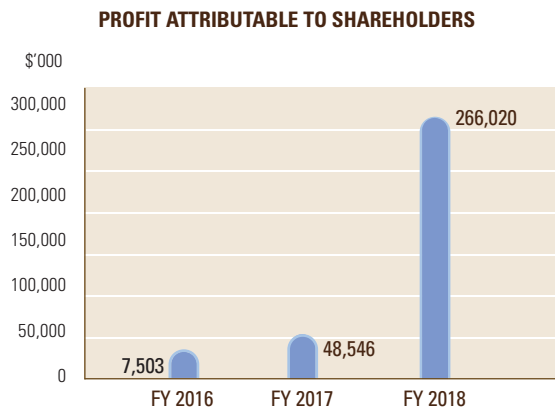
	FY 2016	FY 2017	FY 2018
Property development (\$'000)	100,281	159,193	274,689
Commercial investment (\$'000)	18,452	22,153	24,038
Hotel operations (\$'000)	–	15,357	24,651
Hospitality investment (\$'000)	–	1,318	2,850
Total Revenue	118,733	198,021	326,228



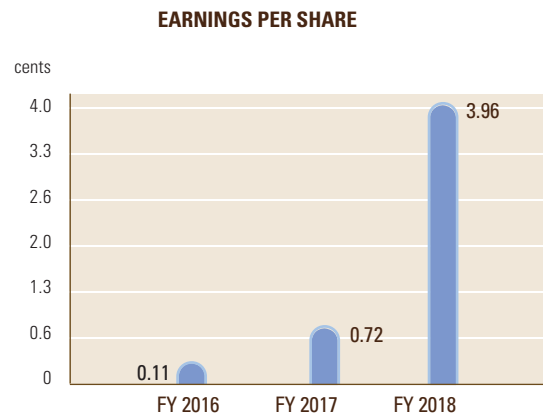
	FY 2016	FY 2017	FY 2018
EBITDA* (\$'000)	27,599	77,375	310,965
EBITDA margin	23.2%	39.1%	95.3%



	FY 2016	FY 2017	FY 2018
Profit attributable to shareholders (\$'000)	7,503	48,546	266,020



	FY 2016	FY 2017	FY 2018
Earnings per share (Cents)	0.11	0.72	3.96



* EBITDA: Earnings before Interest, Tax, Depreciation and Amortisation

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	FY 2018 ¹	FY 2017 ¹	Variance
Revenue (\$'000)	326,228	198,021	64.7%
Gross profit (\$'000)	124,426	71,520	74.0%
Finance costs (\$'000)	26,249	17,711	48.2%
EBITDA ² (\$'000)	310,965	77,375	301.9%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (AS AT 31 DECEMBER)	FY 2018	FY 2017	Variance
Total assets (\$'000)	2,823,277	2,289,193	23.3%
Cash and cash equivalents (\$'000)	136,129	121,530	12.0%
Property, plant and equipment (\$'000)	97,875	104,532	(6.4)%
Investment properties (\$'000)	1,578,208	1,290,235	22.3%
Total borrowings (\$'000)	1,390,073	1,115,783	24.6%
Total liabilities (\$'000)	1,500,113	1,177,287	27.4%
Total equity (\$'000)	1,323,164	1,111,906	19.0%
Market capitalisation (\$ million)	912.9	1,127.7	(19.0)%

Financial Ratios	FY 2018	FY 2017	Variance
Net tangible assets per share (\$)	19.57	16.40	19.3%
Debt equity ratio (net of cash) (times)	0.95	0.89	0.06
Interest coverage ratio (times)	11.80	4.40	7.4
Earnings per share (cents)	3.96	0.72	3.24

Notes:

- 1 The financial year from 1 January to 31 December.
- 2 EBITDA: Earnings before Interest, Tax, Depreciation and Amortisation

FINANCIAL AND OPERATIONS REVIEW

FINANCIAL REVIEW

OVERVIEW

For the full year ended 31 December 2018 (FY 2018), the Group posted a turnover of \$326.2 million (FY 2017: \$198.0 million). This represents a 64.7% increase from the revenue in the corresponding period in 2017, which predominantly came from the property development segment.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Revenue

Property development:

Property development segment contributed \$274.7 million in FY 2018 which is 72.6% higher than \$159.2 million recorded in FY 2017. This was mainly related to sale of a property located at 555 Collins Street, Melbourne, in Australia.

Commercial investment:

Commercial investment segment contributed \$24.0 million for FY 2018 which is 8.1% higher than \$22.2 million recorded in FY 2017. The positive contribution came on back of an improved occupancy rate of *Fragrance Empire Building* which more than offset the reduction in rental income from Tower 15.

Hospitality investment:

Hospitality investment segment contributed \$2.9 million for FY 2018 which is 123.1% higher than \$1.3 million recorded in FY 2017. This was mainly due to full year contribution from hotel rental income from the following properties in the United Kingdom which are rented out to a third party operator.

- i) *Corbyn Head Hotel*
- ii) *Lyndene Hotel*
- iii) *The Townhouse Hotel*
- iv) *The Crown Hotel*



THE CROWN HOTEL



THE TOWNHOUSE HOTEL

FINANCIAL AND OPERATIONS REVIEW

Hotel operations:

Income from hotel operations of \$24.7 million for FY 2018 which is 60.4% higher than \$15.4 million recorded in FY 2017. This was mainly due to full year hotel operations income from our first maiden project, *ibis Styles Hobart* in Tasmania, Australia and *The Imperial Hotel*, in Blackpool, United Kingdom.

Gross Profit

Our overall gross profit increased by 74.0% to \$124.4 million. This is line with the increase in overall revenue.

Profit before income tax

Other operating income increased by \$214.4 million from \$33.7 million in FY 2017 to \$248.1 million which was mainly due to the substantial increase in fair value of Tower 15 due to change of use to full hotel usage.

Administrative expenses increased from \$23.8 million in FY 2017 to \$26.9 million in FY 2018 mainly due to the following factors:

1. increase in managing agent expenses relating to the hotel properties in Australia;
2. increase in depreciation on additional fixed assets and self-operated hotel building, utilities, repair and maintenance, security services and payroll expenses due to the two hotel operations in Australia and United Kingdom;
3. increase in legal and professional fee; and
4. increase in city council rate charges on hotel properties in Australia and UK.

The above increase was partly offset by:

1. decrease in submission fee for the development properties;
2. write back of bad debts; and

3. decrease in property tax resulting from the capitalisation of property tax for the Australian development projects following commencement of construction activities.

Finance costs increased by 48.2% in FY 2018 mainly due to:

- i) finance costs relating to additional loans drawn down and issuance of new debt notes;
- ii) general increase in average interest rates across the floating rate borrowings; and partly offset by
- iii) capitalisation of \$7.2 million of interest expenses for the development projects in Australia and United Kingdom.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION & STATEMENT OF CASH FLOWS

Total assets mainly comprise i) land and building of our investment properties; ii) hotel properties and office which are accounted as property, plant and equipment; and iii) properties under/held for development. The Group's investment properties totaled at \$1.6 billion as at 31 December 2018.

Property, plant and equipment which primarily comprise i) office premises; and ii) hotel properties totaled \$97.9 million as at 31 December 2018. The decrease was attributed to the depreciation and the foreign currency movement of properties

in Australia and United Kingdom, which was partially offset by additions during the year.

Investment in joint venture comprises the Group's investment in AF Global Limited, through AF Corporation Pte Ltd.

Properties under/held for development include land costs, development costs, interest capitalised and other related costs and these accounted for \$692.5 million or 68.5% of total current assets as at 31 December 2018. The net increase of \$264.6 million compared to the balance as at 31 December 2017 was mainly due to the additional costs incurred for Australia and Singapore projects. This increase is partially offset by the recognition of balance revenue from City Gate project and the sale of 555 Collins Street project during the year.

Trade and other receivables of \$82.6 million include \$52.0 million of revenue from our property development projects in Singapore. The decrease compared to the balance as at 31 December 2017 was mainly due to i) recognition of sales commission as expenses on the sale of 555 Collins Street which were previously capitalised; and ii) collections from the buyers, which was partially offset by the additional revenue recognised upon TOP of City Gate project in November 2018.

Total liabilities mainly comprise of secured and unsecured borrowings



FINANCIAL AND OPERATIONS REVIEW

which saw an increase of \$0.32 billion to \$1.5 billion. The increase was mainly due to additional drawdown of certain term loans and issuance of medium term notes, partly offset by repayment of term loans during the year.

During the year ended 31 December 2018, the net cash outflow from operating activities amounted to \$186.9 million. Cash used in investing activities amounted to \$61.3 million which was substantially used towards acquisition of properties in the United Kingdom. Net cash inflow from financing activities amounted to \$265.1 million which mainly stemmed from drawdown of additional term loans and issuance of term notes, partially offset by repayment certain borrowings. Cash and cash equivalents stood at \$136.1 million as at the end of 31 December 2018 compared to \$121.5 million as at the end of 31 December 2017.

OPERATIONS REVIEW

The construction works for *Premier Tower* and *NV Apartments* are in full swing and the Group is actively marketing the remaining units in these two projects. As at 31 January 2019, work completion for these two projects was approximately 36.6% and 66.0% respectively. The Group is actively working on the redevelopment plans/works for the following Australian properties:

- i) 171 Macquarie Street, Hobart, Tasmania – Commercial development
- ii) 28-30 Davey Street, Hobart, Tasmania – Hotel development
- iii) 2-6 Collins Street, Hobart, Tasmania – Hotel development
- iv) 234-250 Elizabeth Street, Hobart, Tasmania – Hotel & Residential development
- v) 39-47 Milligan Street and 453-471 Murray Street – Mixed-use development

NV APARTMENTS
FREEHOLD APARTMENTS
LOCATED IN THE CENTRAL
BUSINESS DISTRICT OF
PERTH, WESTERN AUSTRALIA

- vi) 5-7 Sandy Bay Road; 9, 11 & 13 Wilmot Street and 4, 6 & 8 Heathfield Avenue, Hobart, Tasmania – Residential development
- vii) 179 Macquarie Street, Hobart, Tasmania – Hotel development

As at 31 December 2018, the Group has the following hotels in operation in UK:

- i) *The Imperial Hotel, Blackpool*
- ii) *St Chads Hotel, Blackpool*
- iii) *Lyndene Hotel, Blackpool*
- iv) *The Crown Hotel, Harrogate*
- v) *The Townhouse Hotel, Manchester*

The Group is actively working on the redevelopment plans/refurbishment works on the following properties in UK:

- i) *The Palace Hotel*
- ii) *Park Hotel*
- iii) *Corbyn Head Hotel*
- iv) *Municipal Buildings – Hotel development*
- v) *The Lighthouse – Hotel development*
- vi) *Royal National Hospital – Hotel development*

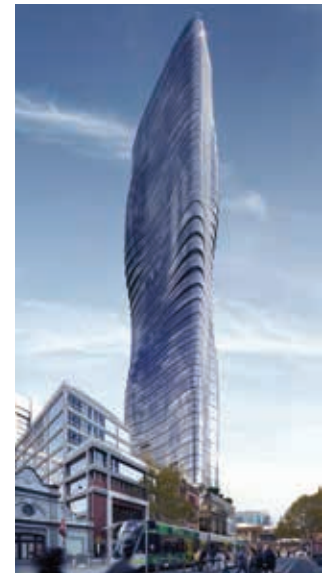
ADDITIONAL INFORMATION:

Use of Proceeds

The Company issued S\$125.0 million medium term notes in April 2018 due in April 2021. Together with the balance sum of S\$62.50 million of proceeds from the earlier issuance of S\$100 million notes in 2017, the Company has utilised the proceeds towards i) acquisition of properties; development costs on various development projects; and iii) working capital purposes.

SUSTAINABILITY REPORT

The Company will make available its sustainability report on SGXNet in May 2019.



PREMIER TOWER,
MELBOURNE



FINANCIAL CONTENTS

15 CORPORATE GOVERNANCE REPORT

35 DIRECTORS' STATEMENT

38 INDEPENDENT AUDITOR'S REPORT

42 STATEMENTS OF FINANCIAL POSITION

43 CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

44 STATEMENTS OF CHANGES IN EQUITY

46 CONSOLIDATED STATEMENT OF CASH FLOWS

48 NOTES TO FINANCIAL STATEMENTS



CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Fragrance Group Limited (the "Company") is committed to maintaining a good standard of corporate governance and transparency within the Company and its subsidiaries (the "Group") which is essential to protect the interests of its shareholders and enhance long-term shareholders' value.

This report outlines the main corporate governance practices that were in place throughout the financial year ended 31 December 2018 ("FY 2018"), with specific reference made to the principles and guidelines of the Code of Corporate Governance issued in May 2012 (the "Code").

The Board, after making due inquiries, believes that the Group has complied with the principles and guidelines as set out in the Code. In so far as any guideline has not been complied with, the reason has been provided.

1. THE BOARD'S CONDUCT OF ITS AFFAIRS – PRINCIPLE 1

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

Guideline 1.1 – Principal Duties of the Board

The Board consists of three Executive Directors and three independent Non-Executive Directors. The six Board members are businessperson and professionals with strong financial and business backgrounds, providing the necessary experience and expertise to direct and lead the Group. More details of the Board members can be found under the section 'Board of Directors'.

The principal functions of the Board, apart from its statutory responsibilities, include:

- to provide entrepreneurial leadership, guidance on certain important matters, including those involving the review and approval of strategic direction, material acquisitions and disposal of assets, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- to review the adequacy and effectiveness of the Company's risk management and ensuring that Management maintains a sound system of internal controls (including financial, operational, compliance and information technology) to safeguard the shareholders' interests and the Group's assets;
- to oversee the conduct of the Group and evaluate whether the business is properly managed, and reviewing the performance of Management in meeting agreed goals and objectives;
- to monitor the Group's performance, position and prospects by reviewing management reports and management accounts on a regular basis; and
- to consider sustainability issues such as environmental and social factors as part of its strategy formulation.

Guideline 1.2 – Objective Decision Making

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

The Company has in place a financial authority matrix and approval guidelines for the operations of the Group. Matters requiring specific written approval of the Board are set out under Guideline 1.5 of this Report.

Guideline 1.3 – Delegation by the Board

The Board has established three Board Committees, namely: (i) the Audit Committee ("AC"), (ii) the Remuneration Committee ("RC") and (iii) the Nominating Committee ("NC"), to assist in the execution of its responsibilities. These Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis.

CORPORATE GOVERNANCE REPORT

Guideline 1.4 – Board and Board Committee Meetings and Attendance Records

The Board and Board Committees meet regularly based on schedules planned one year ahead, and as and when necessary to address any specific significant matters that may arise. On occasions when Directors are unable to attend meetings in person, telephonic participation at the meetings is allowed under the Constitution of the Company. The Board and Board Committees may also make decisions by way of resolutions in writing.

To enable the Board and Board Committees to fulfill its responsibilities, Management provides management reports on a regular basis, with relevant and adequate information prior to the meetings. Directors are free to seek clarifications and explanations from Management on the reports submitted to the Board and Board Committees. The Board also has separate and independent access to the Company Secretaries.

The attendance of the Directors at meetings of the Board and Board Committees during the financial year is set out below:

	Board	Board Committees		
		Audit	Nominating	Remuneration
No. of meetings held	4	4	1	1
Board members	No. of Meetings Attended			
Koh Wee Meng ¹	3	2	1	1
Lim Wan Looi ²	4	2	–	1
Periakaruppan Aravindan ³	4	4	1	1
Teo Cheng Kuang	4	4	1	1
Watt Kum Kuan	4	4	1	1
Leow Chung Chong Yam Soon ⁴	4	4	1	1

- (1) Mr Koh Wee Meng is not a member of the Audit and Remuneration Committees but was invited by the Committee members to attend the meetings.
- (2) Ms Lim Wan Looi is not a member of the Audit Committee but was invited by the Committee members to attend the meeting.
- (3) Mr Periakaruppan Aravindan is not a member of the Audit, Nominating and Remuneration Committees but he attended the meetings of Audit, Nominating and Remuneration Committees held on 27 February 2018 in his capacity as a Company Secretary. After his resignation as a Company Secretary effective from 18 April 2018, he was invited to attend the Audit Committee meetings held on 15 May 2018, 8 August 2018 and 14 November 2018 at the Committee members' invitations.
- (4) Mr Leow Chung Chong Yam Soon is not a member of the Remuneration Committee but was invited by the Committee members to attend the meeting.

The Company Secretaries attend the Board and Board Committee meetings and ensure that Board procedures are followed. The Company Secretaries also ensure that the Companies Act, Cap. 50 ("Companies Act") and all other regulations of the Singapore Exchange Securities Trading Limited ("SGX-ST") are complied with.

Guideline 1.5 – Matters Requiring Board Approval

Matters specifically reserved to the Board for its approval are:

- (a) Strategic policies of the Group;
- (b) Matters involving a conflict of interest for a substantial shareholder or a Director;
- (c) Material acquisitions and disposal of assets;
- (d) Corporate or financial restructuring; and
- (e) Share and bond issuances, interim dividends and other returns to shareholders.

CORPORATE GOVERNANCE REPORT

The Board also deliberated on other key business activities and material transactions that exceeded the limits of authority delegated to Management or Board Committees. In addition, the Board considered issues relating to material developments relating to accounting, legal, regulatory and/or corporate governance issues.

Guideline 1.6 – Board Induction and Training

Guideline 1.7 – Appointment Letter to new Director

Any newly appointed Directors are expected to receive a formal letter explaining their roles and responsibilities, and will be briefed by the Board to familiarise them with the Group's business, its strategic directions and corporate governance practices. All Directors who have no prior experience as Directors of a listed company will need to undergo training and briefing on the roles and responsibilities as Directors of a listed company under the Companies Act and the SGX-ST Listing Manual. No new Director was appointed during FY 2018.

Directors are updated regularly on the Group's strategic directions, financial performance, the latest corporate governance practices, relevant new laws, regulations and changing business risks during Board meetings.

The Directors can attend, at the Company's expense, relevant conferences and seminars including programmes conducted by the Singapore Institute of Directors. In addition, the Company arranges for professional briefings when necessary to update the Directors on any new regulatory development which has an impact on the Group.

The Directors are also regularly briefed by the external auditors on new regulations and key changes to financial reporting standards.

2. **BOARD COMPOSITION AND GUIDANCE – PRINCIPLE 2**

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% Shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guideline 2.1 – Independent Element of the Board Induction

Guideline 2.2 – Composition of Independent Directors

As at the date of this Report, the Board comprises six Directors; of whom three are Independent Non-Executive Directors:

Executive Directors

Koh Wee Meng	Executive Chairman and Chief Executive Officer ("CEO")
Periakaruppan Aravindan	Executive Director and Deputy CEO
Lim Wan Looi	Executive Director

Non-Executive Directors

Leow Chung Chong Yam Soon	Lead Independent Director
Teo Cheng Kuang	Independent Director
Watt Kum Kuan	Independent Director

Under Guideline 2.2 of the Code, the Independent Directors should make up at least half of the Board where i) the Chairman of the Board and the CEO is the same person; ii) the Chairman and CEO are immediate family members; iii) the Chairman is part of management team or the Chairman is not an Independent Director. The Board currently has six members, of which, three are Independent Directors. In accordance with Guideline 2.2, the Board currently has Independent Directors making up at least half of the Board.

The Directors have the right competencies and diversity of experience to enable them, to contribute effectively. All the Directors have real estate experience, having been on the Board for a number of years.

CORPORATE GOVERNANCE REPORT

Guideline 2.3 – Independence of Directors

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

The NC has assessed the independence of Mr Leow Chung Chong Yam Soon, Mr Teo Cheng Kuang and Mr Watt Kum Kuan, and is satisfied that there is no relationship or other factors such as gifts or financial assistance, past association, business dealings, being a representative of a shareholder, financial dependence, relationship with the Group or the Group's Management, etc. which would impair the independent judgement or which would deem them to be not independent.

Guideline 2.4 – Independent Directors with more than 9-year Tenure

Mr Teo Cheng Kuang and Mr Watt Kum Kuan have served as an Independent Director on the Board for more than nine years. The Board conducted a rigorous review on the independence of Independent Directors who have served on the Board beyond nine years.

Under such rigorous review, each Independent Director has confirmed that he nor any of his immediate family, relatives and associates (collectively, "connected persons") does not have any relationship or business dealings with a controlling shareholder or a controlling shareholder's connected persons that would give rise to a conflict of interest or impairment of the Independent Director's independence. Emphasis are placed on whether they have continued to demonstrate integrity, professionalism and independent judgement and/or decisions on matters with the interests of the Company at heart without undue reliance on and influence by others. Having subject their independence to rigorous review, the Board has resolved that Mr Teo and Mr Watt are independent notwithstanding their length of appointment.

Mr Teo and Mr Watt had continued to demonstrate their ability to exercise strong objective judgement and act in the best interests of the Company. They remained independent in expressing their views and in participating in the deliberations and decision making of the Board. In addition, having gained an in-depth understanding of the business of the Group, Mr Teo and Mr Watt provide valuable contributions to the Company with his experience and knowledge of the industry.

Guideline 2.5 – Board Composition

Guideline 2.6 – Competency of the Board

On an annual basis, the NC will review the composition and size of the Board, each Board Committee and the skills and core competencies of its members to ensure an appropriate balance and diversity of skills and experience. Core competencies include accounting, business acumen, real estate related industry knowledge, familiarity with regulatory and compliance requirements and knowledge of risk management.

The Board is of the view that there is sufficient diversity in skills, experience and knowledge of the Company in its current Board composition to maximise effectiveness.

The Board will take into consideration the skill sets and experience including gender diversity for any future Board appointments.

CORPORATE GOVERNANCE REPORT

Guideline 2.7 – Role of Non-Executive Directors

Guideline 2.8 – Meetings of the Non-Executive Directors

The Independent Directors constructively challenged and helped developed both the Group's short-term and long-term business strategies. The Management's progress in implementing such agreed business strategies is monitored by the Independent Directors.

The Independent Directors also communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives, and the performance of the Management. As the Independent Directors make up at least half of the Board, objectivity of such deliberations is assured.

Sessions are available for the Independent Directors to meet without the presence of Management and Executive Directors during the course of Board meetings or outside of Board meetings. The Non-Executive and Independent Directors have convened sessions without the presence of management.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER – PRINCIPLE 3

There should be a clear division of responsibilities between the leadership of the Board and the Executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guideline 3.1 – Separate Role for Chairman and CEO

Mr Koh Wee Meng is both the Executive Chairman and CEO of the Group. The Board is of the opinion that the present Group structure and business scope do not warrant a split of the role. The Board is of the view that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence, and there is good balance of power and authority with all Board Committees chaired by Independent Directors.

Guideline 3.2 – Role and Responsibilities of Chairman

The Executive Chairman leads the Board, approves the agendas for the Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item. He promotes an open environment for debate, and ensures that the Independent Directors are able to speak freely and contribute effectively. He ensures that the responsibilities as set out in the Code are properly discharged.

As CEO, Mr Koh manages and develops the businesses of the Group and implements the Board's decision. He is also responsible to the Board for all corporate governance procedures to be implemented by the Group and to ensure conformance by Management to such practices. Directors are given Board Papers in advance of meetings for them to be adequately prepared for the meeting and senior management staff (who are not Executive Directors) are in attendance at Board and Board Committee meetings whenever necessary.

At general meetings and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

Guideline 3.3 – Lead Independent Director

Guideline 3.4 – Lead Independent Director to lead in Periodical Meetings

In view that the Chairman is not an Independent Director, the Board has appointed Mr Leow Chung Chong Yam Soon as the Lead Independent Director. As the Lead Independent Director, he leads and encourages dialogue between independent directors and provides feedback to the Chairman and CEO. The Lead Independent Director is also available as the alternate channel for shareholders, should shareholders fail to resolve concerns through the normal channels of the Chairman, CEO, and Executive Directors or when such normal channels are inappropriate.

CORPORATE GOVERNANCE REPORT

4. BOARD MEMBERSHIP – PRINCIPLE 4

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

Guideline 4.1 – Nominating Committee

Guideline 4.2 – Role and Responsibilities of the Nominating Committee

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

Nominating Committee

Teo Cheng Kuang (Chairman)	Independent and Non-Executive
Koh Wee Meng	Non-Independent and Executive
Leow Chung Chong Yam Soon	Lead Independent and Non-Executive
Watt Kum Kuan	Independent and Non-Executive

The NC key functions are as follows:

- (a) review succession plans for Directors, in particular, the Chairman and the CEO;
- (b) make recommendations to the Board on the appointment of new Directors with the appropriate profile having regards to their expertise, experiences, industry background, track record and competencies;
- (c) recommendations on re-nomination/re-election of Directors having regard to the Director's contribution and performance;
- (d) reviewing the Board structure, size and composition and making recommendation to the Board;
- (e) determine Directors' independence;
- (f) the development of a process for evaluation of the performance of the Board, its Board Committees and Directors; and
- (g) review of training and professional development programs for the Board.

Guideline 4.3 – Review of Directors' Independence

Each Independent Director is required to make a declaration annually to confirm that there is no relationship as stated in the Code that would otherwise deemed him not to be independent. The NC has reviewed the declarations of independence by the Independent Directors for FY 2018, and is satisfied that all Independent Directors are suitable to be considered as independent for the purpose of Principle 2 of the Code. Each Independent Director had recused himself in the determination of his own independence.

Guideline 4.4 – Multiple Board Representations

When a Director has multiple board representations, such Director has to ensure that sufficient time and attention is given to the affairs of the Company. On the matter of multiple board representations, the Board is of the view that it should be left to the judgment and discretion of each Director. As such, the NC and the Board have decided not to set any maximum number of listed company board representations that any director may hold. The NC is satisfied that sufficient time and attention are being given by all the Directors to the affairs of the Company.

Guideline 4.5 – Alternate Directors

During FY 2018, the Company had no alternate Director on its Board.

CORPORATE GOVERNANCE REPORT

Guideline 4.6 – Appointment and Re-appointment of Directors

In the event that a new Director is required, the NC has access to external search consultants and resources to identify potential candidates. Board members may also make recommendations to the NC. In the process for the selection, appointment and re-appointment of Directors, the NC considers composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour). The NC will then recommend their appointments to the Board for consideration.

The Company's Constitutions require at least one-third of the Directors to retire by rotation at every Annual General Meeting ("AGM") and a retiring Director is eligible for re-election by the shareholders of the Company at the AGM. A newly appointed Director can only hold office until the next AGM and then be eligible for re-election. Having evaluated the performance and contributions, the NC recommends that Ms Lim Wan Looi and Mr Periakaruppan Aravindan be re-elected at the forthcoming AGM.

Guideline 4.7 – Key Information on Directors

Key information regarding the Directors is given in the 'Board of Directors' section of the Annual Report.

5. **BOARD PERFORMANCE – PRINCIPLE 5**

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

Guideline 5.1 – Conduct of Board performance

The NC will conduct an assessment of the effectiveness of the Board as a whole and its Committees, and the contribution by each Director to the effectiveness of the Board on an annual basis.

This process includes having the Directors evaluate the various aspects of Board performance, such as Board's level of governance, effective delegation to the Board Committees, leadership and accountability. The results of the assessment is discussed at the NC meeting. The Chairman will act on the results of the performance evaluation and propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors. The Board was satisfied with the results of the assessment for FY 2018.

In FY 2018, the Board did not engage an independent external consultant to facilitate the annual review of the performance of the Board and the Board Committees.

Guideline 5.2 – Board Performance Criteria

Guideline 5.3 – Individual Director Evaluation

Each financial year, the NC undertakes a process to assess the effectiveness of the Board and its Board Committees. This includes reviewing the Board's performance to enhance shareholders' value in terms of the Group's profitability, liquidity, gearing, dividend yield and total shareholder return against industry peers based on their published financial results.

Evaluation of individual Director's performance is a continuous process. For the year under review, the NC and the Board Chairman took note of each individual Director's attendance at meetings of the Board, Board Committees and at general meetings; participation in discussions at meetings; knowledge of where the Group operates; the individual Director's functional expertise and his/her commitment of time to the Company and took such factors into consideration when accessing the performance of the individual Directors.

The NC has reviewed the evaluations of the Board and is satisfied that the Board has been effective in the conduct of its duties and the Directors have each contributed to the effectiveness of the Board.

CORPORATE GOVERNANCE REPORT

6. ACCESS TO INFORMATION – PRINCIPLE 6

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

Guidelines 6.1 & 6.2 – Complete and Adequate Information

Management provides the Directors with a regular supply of information about the Group's financial and operational performance. Detailed Board Papers are prepared for each meeting of the Board. The Board Papers include sufficient information on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

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

Guidelines 6.3 – Company Secretary

The role of the Company Secretaries includes, inter alia, advising the Board on all matters regarding the proper functioning of the Board, compliance with the Company's Constitution and applicable regulations, requirements of the Companies Act, the Securities and Futures Act and SGX-ST Listing Manual. The Company Secretaries assist the Board in implementing and strengthening corporate governance policies and procedures.

Under the direction of the Chairman, the Company Secretaries ensure good information flow to and within the Board and its Committees and between Management and Non-Executive Directors.

All Directors have separate and independent access to the Company Secretaries, who are responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

During FY 2018, the Company Secretaries attended the meetings of the Board and its Committees and the minutes of such meetings were promptly circulated to all members of the Board and Board committees.

Guidelines 6.4 – Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretaries are subject to the Board's approval as a whole.

Guidelines 6.5 – Independent Professional Advice

Where the Directors, either individually or as a group, in the furtherance of their duties, require professional advice, the Company Secretaries can assist them in obtaining independent professional advice, at the Company's expense.

7. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES – PRINCIPLE 7

There should be a formal and transparent procedure for developing policy on Executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

Guideline 7.1 – Remuneration Committee

The RC consists of the following Directors with the majority, including the Chairman, being independent:

Remuneration Committee

Watt Kum Kuan (Chairman)	Independent and Non-Executive
Lim Wan Looi	Non-Independent and Executive
Teo Cheng Kuang	Independent and Non-Executive

CORPORATE GOVERNANCE REPORT

The Independent Directors believe that the RC benefits from the experiences and expertise of the participation of Ms Lim Wan Looi. As the RC is made up of a majority of Independent Directors, the Board believes that the independence of the RC will not be compromised.

The key functions of the RC are as follows:

- (a) ensure that the level and structure of remuneration is aligned with the long-term interest of the Company;
- (b) review Management's proposal and recommend to the Board on the remuneration packages for the Directors and Key Management Personnel;
- (c) review service contracts for the Directors and Key Management Personnel; and
- (d) ensure that there is a fair compensation system for the Directors and Key Management Personnel.

Guideline 7.2 – Remuneration Framework

The RC recommends to the Board a framework of remuneration for the Directors and Executive Officers, and determines specific remuneration packages for each Executive Director. The RC's recommendations will be submitted for endorsement by the Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses options, share-based incentives and awards and benefits in kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

Guideline 7.3 – Expert Advice

The RC has direct access to the Company's Human Resource department should they have any queries on human resources matters. In addition, the RC has the authority to seek external expert advice should such need arises, at the Company's expense.

During FY 2018, the RC did not require the services of an external remuneration consultant.

Guideline 7.4 – Termination Clauses

The Company's obligation arising in the event of termination of service contracts of its Executive Directors and Key Management Personnel are contained in their respective employment letters. The RC is satisfied that such contracts of service provide for fair and reasonable termination clauses, applicable to the respective employment class and not overly generous.

8. LEVEL AND MIX OF REMUNERATION – PRINCIPLE 8

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) Key Management Personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guideline 8.1 – Remuneration of Executive Directors and Key Management Personnel

The Company's remuneration structure for its Executive Directors and Key Management Personnel comprises both fixed and variable components. The variable component is performance-related and is linked to the Company's performance and individual's performance. This is to ensure that remuneration packages are aligned with the interests of shareholders and to link rewards to corporate and individual performance so as to promote long-term success of the Group.

Executive Directors do not receive Directors' fees. The Executive Directors are paid a basic salary and a performance-related profit sharing bonus pursuant to their respective service agreements.

Guideline 8.2 – Long-term Incentive Scheme

Presently, the Company does not have any material long-term incentive benefits involving the grant of options or any other form of deferred remuneration which needs to be accrued.

CORPORATE GOVERNANCE REPORT

Guideline 8.3 – Remuneration of Non-Executive Directors

Non-Executive Directors are compensated based on a fixed annual fee taking into consideration their respective contributions and attendance at meetings.

The Board concurred with the RC's proposal for Non-Executive Directors' fees for FY 2018. The Board and the RC are of the view that the remuneration of these Directors is appropriate and not excessive taking into account factors such as effort and time spent.

The Non-Executive Directors' fees are recommended to shareholders for approval at the AGM and paid after the necessary approval has been obtained.

Guideline 8.4 – Reclaim Incentives

Considering that the variable component of the Executive Directors and Key Management Personnel is moderate, the RC is of the view that there is no requirement to institute contractual provisions in the terms of the employment to reclaim incentive components of the remuneration paid in prior years.

9. DISCLOSURE ON REMUNERATION – PRINCIPLE 9

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and Key Management Personnel, and performance.

Guideline 9.1 – Remuneration Report

Details on the remuneration of Directors and Key Management Personnel for FY 2018 are presented below. In FY 2018, there was no termination, retirement and post-employment benefits granted to any Director and/or Key Management Personnel.

Guideline 9.2 – Directors' Remuneration

The details of the remuneration of the Directors for FY 2018 are as follows:

Directors Remuneration	Directors' Fee %	Base Salary %	Performance- based Bonus %
Non-Executive Directors			
<u>Below \$250,000</u>			
Leow Chung Chong Yam Soon	100	–	–
Teo Cheng Kuang	100	–	–
Watt Kum Kuan	100	–	–
Executive Directors			
<u>\$1,500,000 to \$2,000,000</u>			
Koh Wee Meng	–	41	59
<u>\$1,000,000 to \$1,500,000</u>			
Periakaruppan Aravindan	–	36	64
Lim Wan Looi	–	35	65

CORPORATE GOVERNANCE REPORT

Guideline 9.3 – Remuneration of Top 5 Key Management Personnel

In FY 2018, as there were only two Key Management Personnel (who is not a Director or the CEO), disclosure is only made in respect of the remuneration of these two Key Management Personnel (“KMP”). Details as follows:

Range	Base Salary	Performance-based Bonus
	%	%
<u>Below \$500,000</u>		
KMP 1	78	22
KMP 2	93	7

In FY 2018, there was no termination, retirement and post-employment benefits granted to the above KMP.

The Board is of the opinion that it is not in the best interests of the Company to disclose the details of the remuneration of each Director and KMP, given the sensitivity and confidentiality of remuneration matters, such disclosure of details in relating to remuneration and the names of its KMP in a highly competitive market for talents may potentially result in staff movement. It is important for the Company to retain talent for the long-term interests of the Company and ensure stability and continuity of business operations.

Guideline 9.4 – Immediate Family Members of a Director or CEO

No employee who was an immediate family member of a Director was paid more than \$50,000 during FY 2018. “Immediate family member” refers to the spouse, child, adopted child, step-child, sibling or parent of such person.

Guideline 9.5 – Employee Share Schemes

Other than the Fragrance Performance Share Plan, the Company does not have any employee share scheme nor any long-term incentive scheme.

Guideline 9.6 – Executive Performance Conditions

The information on the link between remuneration of Executive Directors and Key Management Personnel, and performance is set out under Guideline 8.1 of this Report.

10. ACCOUNTABILITY – PRINCIPLE 10

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

Guideline 10.1 – Accountability for Accurate Information

The Board reviews and approves the results as well as any announcement before its release. Shareholders are provided with the first three quarters and the full-year financial results within the legally prescribed period.

In presenting the annual financial statements and quarterly announcements to the shareholders, it is the aim of the Board to provide a balanced and understandable assessment of the Group’s performance, position and prospects. Financial reports and other price sensitive information are publicly released to shareholders through announcement via SGXNet or press releases.

CORPORATE GOVERNANCE REPORT

Guideline 10.2 – Compliance with Legislative and Regulatory Requirements

In accordance with SGX-ST's requirements, the Board issued Negative Assurance statements in its quarterly financial results announcement, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Company had, pursuant to the Rule 720(1) of the SGX-ST Listing Manual, received undertakings from all its Directors and Executive Officers in the form set out in Appendix 7.7.

Guideline 10.3 – Management Accounts

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Management provides the Board with a continual flow of relevant information on a timely basis in order that it may effectively discharge its duties. All Board members are provided with up-to-date financial reports and other information on the Group's performance for effective monitoring and decision making.

11. RISK MANAGEMENT AND INTERNAL CONTROLS – PRINCIPLE 11

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

Guideline 11.1 – Risk Management and Internal Control Systems

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The AC oversees and ensures that such system has been appropriately implemented and monitored. Management reviews all significant control policies and procedures and will highlight significant matters to the Board and the AC.

Since FY 2015, the Group has had in place an Enterprise Risk Management ("ERM") Framework which sets out the required environmental and organisational components for managing risk in an integrated, systematic and consistent manner. The Framework and related policies are reviewed at least annually. As part of the Framework, Management, amongst other things, undertakes and performs a risk and control self-assessment process. As a result of the self-assessment process, Management produces and maintains a risk register which identifies the material risks it faces and the corresponding internal controls in place to manage or mitigate those risks. The material risks of the Group are deliberated by Management and reported to the AC at least once a year.

Guideline 11.2 – Adequacy and Effectiveness of Risk Management and Internal Control Systems

The AC will ensure that a review of the adequacy and effectiveness of the Group-wide system of internal controls, including financial, operational, compliance and information technology controls, and risk management is conducted annually. In this respect, the AC will review the audit plans, and the findings of the external and internal auditors and will ensure that the Company follows up on auditors' recommendations raised, if any, during the audit process.

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

For the financial year ended 31 December 2018, the Board has received the assurance from the CEO and Deputy CEO that:

- a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operation and finances; and
- b) the risk management and internal control systems maintained by the Group are reasonably adequate to safeguard the assets and investments of the Group.

CORPORATE GOVERNANCE REPORT

Based on the review of the material risks identified through the ERM process, and the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management and the AC; and the aforesaid assurances from the CEO and Deputy CEO, the Board, with the concurrence of the AC, is of the opinion that the Group's existing internal controls and risk management system, including financial, operational, compliance and information technology controls are adequate and effective for the risks which the Group considers relevant and material to its operations for the financial year ended 31 December 2018.

The Board acknowledges that a system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss and therefore no cost effective internal control system will preclude all errors and irregularities.

Guideline 11.4 – Risk Committee

The AC oversees the Company's risk management and framework. Having considered the Company's business and operations as well as its existing internal control and risk management systems, the Board is of the view that a separate Risk Committee is not required for the time being.

12. AUDIT COMMITTEE – PRINCIPLE 12

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

Guideline 12.1 – Audit Committee

The AC consists of the following Directors, all of whom, including the Chairman, being Independent and Non-Executive:

Audit Committee

Leow Chung Chong Yam Soon (Chairman)	Lead Independent and Non-Executive
Teo Cheng Kuang	Independent and Non-Executive
Watt Kum Kuan	Independent and Non-Executive

The Independent Directors do not have any existing business or professional relationship of a material nature with the Group, other Directors or substantial shareholders. They are also not related to the other Directors or the substantial shareholders.

Guideline 12.2 – Qualification of Audit Committee Member

The AC members bring with them invaluable professional expertise in the accounting and related financial management field. The AC is of the view that the AC members are appropriately qualified to discharge their responsibilities.

Guideline 12.3 & 12.4 – Role and Responsibilities of the Audit Committee

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that Management creates and maintains an effective control environment. The AC provides a channel of communication between the Board, Management and external auditors on audit matters.

CORPORATE GOVERNANCE REPORT

The duties and responsibilities of the AC are contained in a written terms of reference. The AC meets periodically to perform the following main functions:

- to review the audit plans of the external and internal auditors, including the results of the auditors' review and evaluation of the Group's system of internal controls;
- to review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore financial reporting standards, concerns and issues arising from their audits including any matters that the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- to review the quarterly and full-year financial results prior to recommending their approval to the Board for release on SGX-ST;
- to review with Management the adequacy and effectiveness of the Group's internal control systems, including financial, operational, compliance and information technology controls and risk management;
- to review and discuss with external and internal auditors 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 Management's response;
- to review the co-operation given by Management to the external auditors;
- to review the independence and objectivity of the external auditors;
- to review the nature and extent of non-audit services performed by external auditors;
- to make recommendations to the Board on the appointment/re-appointment of the external auditors and the audit fees;
- to review and approve any interested person transactions as defined under the SGX-ST Listing Manual;
- to review any potential conflicts of interest;
- to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters that require the attention of the AC; and
- to undertake other functions and duties as may be required by law or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

In AC's review of the financial statements of the Group for FY 2018, it had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements.

The following significant matters impacting the financial statements were discussed with Management and the external auditors and were reviewed by the AC:

Key Audit Matters	How these issues were addressed by the AC
Valuation of investment properties	<p>The AC considered the qualifications, competencies and scope of work of the external professional valuers. In addition, the AC obtained assurance from Management that the valuation had been undertaken using appropriate methodology and assumptions used for the basis of projecting income, and estimating the capitalisation rate. The AC considered Management's observation that recent bid for government land sale for hotel use were comparably higher than the past.</p> <p>In regards to the Group's application for a change in use in respect of the property at 15 Hoe Chiang Road from commercial to full hotel usage, the Group received the grant of provisional permission from the Urban Redevelopment Authority ("URA") subsequent to year end. The AC obtained assurance from Management that the rezoning is virtually certain as the masterplan has been updated with the new rezoning for hotel development before 31 December 2018.</p>

CORPORATE GOVERNANCE REPORT

Key Audit Matters	How these issues were addressed by the AC
	<p>The AC had also considered the disclosures in the financial statements in describing the subjectivity of the valuations, the key observable inputs and the relationships between the key unobservable inputs and fair value.</p> <p>Discussions with the external auditors on their review of the reasonableness and relevance of the assumptions used by the external professional valuers were also held with the AC.</p> <p>Following the above, the AC is satisfied that the carrying value of the investment properties is not materially misstated.</p>
Recoverable amounts of development properties	<p>The AC evaluated the appropriateness of the key judgements and estimates applied by Management to compute the gross development value for the relevant projects.</p> <p>In regards to the estimated cost of projects where development plan are not firm or pending outcome of submissions of development plans to the relevant authorities, the AC reviewed the projected costs against the estimated costs of a comparable project which has elements of contracted and projected costs. For residential developments which have been launched for sale, the AC took into account the selling prices and the headroom relative to cost. The adequacy of disclosures in the financial statements in describing the status of the properties, the significant assumptions and accounting estimates involved were also reviewed.</p> <p>The observations and findings presented by the external auditors on Management's assessment of recoverable amount were also taken into consideration.</p> <p>The above procedures provided the AC with assurance and concurred with Management's conclusion that no impairment loss was required as at 31 December 2018.</p>

The AC also has express power to investigate any matter brought to its attention, within its terms of reference, with the power to retain professional advice at the Company's expense.

The AC has been given full access to Management and has reasonable resources to discharge its function properly. The AC has full discretion to invite any Director or Executive Officer to attend its meetings.

The number of meetings convened by the AC is set out in The Board's Conduct of its Affairs – Principle 1. The Directors and the Company Secretaries are invited to these meetings. Minutes of the AC meetings are submitted to the Board for information and review with such recommendations as the AC considers appropriate.

Guideline 12.5 – External Auditors

During the financial year under review, the AC also held meetings with the external auditors without the presence of Management.

CORPORATE GOVERNANCE REPORT

Guideline 12.6 – Independence of External Auditors

The AC has conducted a review of all non-audit services provided by Deloitte & Touche LLP (“DT”) during FY 2018 and the corresponding fees and ensured that the fees for such non-audit services did not impair their audit independence. Based on their review, the AC is satisfied that given the nature and extent of non-audit services provided and the fees for such services, neither the independence nor the objectivity of DT was put at risk.

The total fees paid/payable to our external auditor, DT, are as disclosed in the table below:

External Auditor fees for FY 2018	\$'000	% of total audit fees
Statutory audit fees	159	–
Tax advisory	187	118%
Tax compliance	63	40%
Total fees	409	–

The Company has complied with Rule 712 and Rule 715 (read with Rule 716) of the SGX-ST Listing Manual in relation to the appointment of its auditors.

Guideline 12.7 – Whistle-blowing Policy

The Company has put in place whistle-blowing policies by which staff may raise concerns about fraudulent activities, malpractices or improprieties within the Group, without fear of reprisal. To ensure independent investigation of such matters and for appropriate follow up action, all whistle-blowing reports can be sent directly to the AC Chairman. There have been no significant incidents pertaining to whistle-blowing for the financial year ended 31 December 2018.

Guideline 12.8 – Measures taken by AC to keep abreast on changes to Accounting Standards

The AC members keep abreast of changes in accounting standards and issues which have a direct impact on financial statements by attending external seminars. The AC members are also briefed by the external auditors on such changes during the quarterly AC meetings.

Guideline 12.9 – Cooling off Period for Partners or Directors of the Company’s Auditing Firm

None of the AC members were previous partners or Directors of the Company’s external auditor within the last twelve months or hold any financial interest in the external auditor.

13. INTERNAL AUDIT – PRINCIPLE 13

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

Guideline 13.1 and 13.2 – Internal Auditor

The Company outsourced the internal audit function to professional firms in FY 2018. The internal auditors report directly to the AC Chairman on all internal audit matters and to Management on administrative matters. The AC will ensure the adequacy of the internal audit function at least annually.

CORPORATE GOVERNANCE REPORT

Guideline 13.3 and 13.4 – Internal Audit Function

The internal auditor function is staffed by suitably qualified and experienced professionals with the relevant experience. The Australian internal auditor is a member of the Institute of Internal Auditors and the audit work carried out is guided by the Standards for the Professional Practice of Internal Auditing set up by The Institute of Internal Auditors. The audit work carried out by the internal auditor for the Group's United Kingdom ("UK") entity is carried out in accordance with the Standards of the Chartered Institute of Internal Auditors, UK.

The internal audit function plans its internal audit schedules in consultation with, but independent of, the Management. The AC approves the internal audit plan, and review the scope and the results of the internal audit performed by the internal auditor. In addition, the summary of findings and recommendations are discussed at the AC meeting. Having reviewed the audit plan, the AC is satisfied that the Company's outsourced internal audit function is adequately resourced to perform the work for the Group.

Guideline 13.5 – Adequacy and Effectiveness of Internal Audit Function

The AC has reviewed the Company's internal control assessment and based on the internal auditor and external auditors' reports and the internal controls in place, it is satisfied that there are adequate and effective internal controls to meet the needs of the Group in its current business environment.

14. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES – PRINCIPLE 14, 15 & 16

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

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Guideline 14.1 – Sufficient Information to Shareholders

The Company does not practice selective disclosure. The Board is mindful of the obligation to provide timely and fair disclosure of material information. The Board is accountable to the shareholders while the Management is accountable to the Board.

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

Shareholders are entitled to attend the general meetings and are given the opportunity to participate effectively in and vote at the general meetings of the Company. Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the scrutineers at such general meetings.

Guideline 14.3 – Appointment of Proxies

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

CORPORATE GOVERNANCE REPORT

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

Guideline 15.1 – Communication with Shareholders

The Board informs the shareholders promptly of all major developments that may have an impact on the Group. Information is disseminated to shareholders on a timely basis through:

- SGXNet systems and news release;
- Annual report prepared and issued to all shareholders; and
- The Company's website at www.fragrancegroup.com.sg at which shareholders can access information on the Group.

Shareholders can provide their enquiries, concerns and feedbacks on the Company's website.

Guideline 15.2 – Disclosure of Information on a Timely Basis

Results and other material information are released through SGXNet on a timely basis for disseminating to shareholders and the public in accordance with the requirements of the SGX-ST.

Guideline 15.3 – Interaction with Shareholders

General meetings have been and are still the principal forum for dialogue with shareholders. During these meetings, shareholders are able to engage the Board and Management on the Group's business activities, financial performance and other business-related matters. Simultaneously, the Company is also able to gather views or input and address shareholders' concerns at general meetings.

Guideline 15.4 – Soliciting and Understanding Views of Shareholders

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views on value creation. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders.

Guideline 15.5 – Dividend Policy

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNet.

Guideline 16.1 – Shareholders' Participation

All shareholders of the Company receive the notice of the general meetings. The notice is also advertised in the newspapers. At the general meetings, shareholders are given the opportunity to voice their views and ask Directors or Management questions regarding the Company. The Company's Constitution provides that shareholders of the Company are allowed to vote in person or by way of duly appointed proxies.

Guideline 16.2 – Separate Resolutions at General Meetings

The Company provides for separate resolutions at general meetings on each substantial issue, including the re-election or re-appointment of each Director as a separate subject matter.

CORPORATE GOVERNANCE REPORT

Guideline 16.3 – Attendees at General Meetings

All Directors are required to attend general meetings of shareholders and the Chairman of the Board and the respective Chairman of the AC, NC and RC are usually present and available to address shareholders' queries at these meetings. The external auditors will also be present at the AGMs to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

Guideline 16.4 – Minutes of General Meetings

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to shareholders upon their request.

Guideline 16.5 – Voting by Poll at General Meetings

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

An independent scrutineer firm was present to validate the votes at the last AGM. The results of the electronic poll voting on each resolution tabled at the last AGM, including the total number of votes cast for or against each resolution, were also announced after the said meeting via SGXNet.

15. DEALINGS IN SECURITIES

In compliance with Rule 1207 (19) of the Listing Manual issued by the SGX-ST, the Company has in place a policy prohibiting share dealings by Directors and Executive Officers of the Company for the period of one month prior to the announcement of the Company's full yearly results or two weeks prior to the announcement of quarterly results as the case may be, and ending on the date of the announcement of the relevant results. Directors and Executive Officers are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period. Also, the officers of the Company are advised not to deal in the Company's securities on short-term considerations.

16. INTERESTED PARTY TRANSACTIONS (IPT)

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions. All interested person transactions are subject to review by the Audit Committee.

Details of IPT for the year ended 31 December 2018 are as follows:

Name of interested person	Aggregate value of all IPT during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all IPT conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Fragrance Hotel Management Pte Ltd ⁽¹⁾ – Rental Income	\$844,957	–

CORPORATE GOVERNANCE REPORT

Name of interested person	Aggregate value of all IPT during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all IPT conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Bayfront Ventures Pte Ltd ⁽²⁾ – Project Management fee – Provision of loan; interest-free	\$960,000 \$1,000,000	– –
Kensington Village Pte Ltd ⁽²⁾ – Provision of loan; interest-free	\$600,000	–
Aspial Corporation Limited ⁽³⁾ and AF Corporation Pte. Ltd ⁽²⁾ – Provision of loan; interest-free	\$1,650,000	–

Notes:

(1) A related party in which Mr Koh Wee Meng has an interest.

(2) Bayfront Ventures Pte. Ltd., Kensington Village Pte. Ltd. and AF Corporation Pte. Ltd., these are the companies which are 50% owned by Aspial Corporation Limited and Fragrance Group Ltd. Mr Koh Wee Meng and Mr Koh Wee Seng* are deemed to have an interest in these companies.

(3) Aspial Corporation Limited, a company listed on the SGX-ST in which Mr Koh Wee Meng and Mr Koh Wee Seng* have an interest.

* Sibling of Mr Koh Wee Meng

For the purposes of Rules 905(2) and 906(1)(b) of the SGX-ST Listing Manual, the interested persons are treated as the same interested person and the transactions entered into between the Group and such interested persons are aggregated in determining whether the designated financial thresholds under Rules 905(2) and 906(1)(b) of the SGX-ST Listing Manual are triggered.

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

The AC and the Board have reviewed the transactions and were satisfied that the terms were fair and reasonable and were not prejudicial to the interests of the Company and its minority shareholders.

17. MATERIAL CONTRACTS

There was no material contracts entered into by the Company or any of its subsidiary companies involving the interests of the Group's CEO, any Director and/or substantial shareholder as at the end of 31 December 2018.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended December 31, 2018.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on page 42 to 108 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 December 31, 2018 and of the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the company in office at the date of this report are:

Koh Wee Meng
 Lim Wan Looi
 Periakaruppan Aravindan
 Leow Chung Chong Yam Soon
 Teo Cheng Kuang
 Watt Kum Kuan

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate, except for the performance shares mentioned in paragraph 3 of the Directors' Statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

Name of directors	Shareholdings registered in the name of directors			Shareholdings in which directors are deemed to have an interest		
	At beginning of year	At end of year	At January 21, 2019	At beginning of year	At end of year	At January 21, 2019
Ordinary shares ('000)						
Koh Wee Meng	5,015,500	5,015,500	5,015,500	735,000	735,000	735,000
Lim Wan Looi	735,000	735,000	735,000	5,015,500	5,015,500	5,015,500
Periakaruppan Aravindan	5,716	5,941	5,941	–	–	–

Subsequent to year end, performance shares of 300,000 (2017: 225,000) were awarded to Periakaruppan Aravindan.

DIRECTORS' STATEMENT

Name of directors and Companies in which interest are held	Direct Interest			Deemed interest		
	At beginning of year	At end of year	At January 21, 2019	At beginning of year	At end of year	At January 21, 2019
The company						
<i>GBP Term Notes at 3.25% p.a.⁽¹⁾</i>	£'000	£'000	£'000	£'000	£'000	£'000
Koh Wee Meng	26,000	30,450	30,450	12,000	12,000	12,000
Lim Wan Looi	12,000	12,000	12,000	26,000	30,450	30,450
Periakaruppan Aravindan	100	100	100	–	–	–
<i>SGD Term Notes at 4.75% p.a.⁽²⁾</i>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Koh Wee Meng	10,000	–	–	5,000	5,000	5,000
Lim Wan Looi	5,000	5,000	5,000	10,000	–	–
Periakaruppan Aravindan	500	500	500	–	–	–
<i>SGD Term Notes at 6.125% p.a.⁽³⁾</i>						
Koh Wee Meng	–	–	–	–	5,000	5,000
Lim Wan Looi	–	5,000	5,000	–	–	–
Periakaruppan Aravindan	–	250	250	–	–	–
Leow Chung Chong Yam Soon	–	250	250	–	–	–
<i>The related party – GP Hotel Capital Pte Ltd</i>						
Koh Wee Meng ⁽²⁾	–	–	–	22,000	32,000	32,000
Koh Wee Meng ⁽³⁾	–	–	–	–	4,000	4,000

(1) The GBP term notes carry fixed coupon of 3.25% per annum and mature on August 23, 2021.

(2) The SGD term notes carry fixed coupon of 4.75% per annum and mature on November 23, 2021.

(3) The SGD term notes carry fixed coupon of 6.125% per annum and mature on April 26, 2021.

The term notes have been issued under a multi-currency debt issuance program and are listed on Singapore Exchange Securities Trading Limited.

By virtue of Section 7 of the Singapore Companies Act, Mr Koh Wee Meng and Ms Lim Wan Looi are deemed to have an interest in all the related corporations of the company.

4 SHARE OPTIONS

a) Options to take up unissued shares

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

b) Options exercised

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

c) Unissued shares under options

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under options.

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE

The Audit Committee of the company, consisting of all non-executive directors is chaired by Mr Leow Chung Chong Yam Soon and includes Mr Teo Cheng Kuang and Mr Watt Kum Kuan. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the company:

- a) The audit plan and results of the auditors' examination;
- b) The audit plans and results of the internal auditors' examination and evaluation of the group's systems of internal accounting controls;
- c) The group's financial and operating results;
- d) The statement of financial position and statement of changes in equity of the company and the consolidated financial statements of the group before their submission to the directors of the company and external auditors' report on those financial statements;
- e) The quarterly, half-yearly and annual announcements as well as the related press releases on the results of the group and financial position of the company and the group;
- f) The co-operation and assistance given by the management to the group's external auditors; and
- g) The re-appointment of the external auditors of the group.

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

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming AGM of the company.

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

.....
Koh Wee Meng

.....
Periakaruppan Aravindan

Singapore
March 28, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FRAGRANCE GROUP LIMITED

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Fragrance Group Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at December 31, 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 108.

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters	How the matter was addressed in the audit
<p>Valuation of investment properties (Refer to Note 3 and Note 13 to the financial statements)</p> <p>Investment properties account for \$1,578,208,000 (2017: \$1,290,235,000) or 55.9% (2017: 56.4%) of total assets. These investment properties are stated at their fair values based on valuations of independent professional valuers. The valuation process involves significant judgements in determining the appropriate valuation methodologies; in estimating adjustments to comparable property prices when using the direct comparison method; in projecting income and estimating the appropriate capitalisation rate under the income capitalisation method.</p> <p>In October 2018, the group made a planning submission to Urban Redevelopment Authority ("URA") for a change in use in respect of the property at 15 Hoe Chiang Road to full hotel usage. The proposed amendment to the change in use was processed and updated in the masterplan by URA prior to December 31, 2018. Subsequent to year end, the group received the grant of provisional permission from URA.</p> <p>Management has recorded a fair value gain of \$215,000,000 on this property as at December 31, 2018 based on full hotel usage.</p>	<p>We read the valuation reports from the external professional valuers and held a discussion with the valuers to:</p> <ul style="list-style-type: none"> • evaluate the independence, qualifications, competence and objectivity of the external professional valuers and the scope of work of the valuers. • consider the valuation methodologies used, the comparable properties used by the valuers and the judgemental adjustments made by the valuers for differences in property attributes between the group's properties when using the direct comparison method; and the basis of projecting income and estimating the capitalisation rate. <p>We have discussed with management's specialist as well as external professional valuer on proposed redevelopment plan of Tower 15 and noted that the change in use is certain as the masterplan has been updated with the new rezoning for hotel development.</p> <p>We have also sighted to the letter of grant of provisional permission from URA on the rezoning.</p> <p>We considered the adequacy of disclosures in the financial statements in describing the inherent subjectivity of the valuations, the key unobservable inputs and the relationships between the key unobservable inputs and fair value.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FRAGRANCE GROUP LIMITED

Key audit matters	How the matter was addressed in the audit
<p>Recoverable amounts of development properties (Refer to Note 3 and Note 8 to the financial statements.)</p> <p>Total cost of development properties held by the group amount to \$692.5 million (2017: \$428.0 million) or 24.5% (2017: 18.7%) of total assets of the group as of December 31, 2018.</p> <p>Detailed development plans are not firm for some of the properties pending completion of the group's planning and evaluation activities; or pending outcome of submissions of development plans to the relevant authorities.</p> <p>In evaluating the recoverable amounts of these properties, management considered trends in land prices and macroeconomic factors for properties in the preliminary stage of planning.</p> <p>For other properties with approved development plans: (a) significant assumptions are made by management regarding the types and physical attributes of development; (b) significant estimates are made regarding projected gross development values ("GDV") and development cost upon completion of development.</p> <p>Future market values which can be realised and future cost to be incurred may be significantly different from current estimates due to changes in types and physical attributes of development that are eventually built and macroeconomic changes impacting demand and supply.</p>	<p>We obtained from management information regarding the status of planning and submissions to authorities, the assumptions made regarding the types and physical attributes of the developments, the basis of estimation of GDVs and development cost.</p> <p>Information on trends in land prices and macro economic factors considered by management in assessing recoverability of cost of the properties were compared with published reports from real estate firms.</p> <p>In some instances, the estimated cost of projects that are less advanced in the planning phase have been estimated through benchmarking with estimated cost of a comparable project which has elements of contracted and projected cost. We compared the projected cost with the benchmark and obtained information from management on the basis of adjusting the projected cost for differences between the benchmark and subject properties.</p> <p>We considered the headroom between projected GDVs and projected cost for individual properties to determine whether the margins are thin and would require sensitivity analysis of the effects of reasonably of unfavourable adjustments to these estimates. There was no such instance.</p> <p>We considered the adequacy of disclosures in the financial statements in describing the status of the properties, the significant assumptions and accounting estimates involved and the inherent uncertainty and subjectivity of such estimates.</p>

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

Management is responsible for the other information. The other information comprises the 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FRAGRANCE GROUP LIMITED

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FRAGRANCE GROUP LIMITED

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Cheung Pui Yuen.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 28, 2019

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018

	Note	Group			Company		
		December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
ASSETS							
Current assets							
Cash and cash equivalents	6	136,129	121,530	45,513	95,691	93,068	8,621
Trade and other receivables	7	82,598	159,263	75,276	74,396	98,752	40,583
Inventories		97	132	–	–	–	–
Financial assets at fair value through profit or loss		1,419	–	–	1,419	–	–
Properties under/held for development	8	692,541	427,988	476,476	–	104,686	181,795
Properties held for sale	9	98,319	61,443	67,731	37,683	636	636
Total current assets		1,011,103	770,356	664,996	209,189	297,142	231,635
Non-current assets							
Subsidiaries	10	–	–	–	987,796	834,193	750,152
Investment in joint venture	12	113,444	113,737	93,566	90,313	89,163	87,313
Other receivables and prepayment	7	18,388	7,839	9,366	1,258	491	1,238
Investment properties	13	1,578,208	1,290,235	1,172,223	–	–	–
Property, plant and equipment	14	97,875	104,532	18,903	–	–	–
Deferred tax asset	19	4,259	2,494	1,254	–	–	–
Total non-current assets		1,812,174	1,518,837	1,295,312	1,079,367	923,847	838,703
Total assets		2,823,277	2,289,193	1,960,308	1,288,556	1,220,989	1,070,338
LIABILITIES AND EQUITY							
Current liabilities							
Trade and other payables	15	70,673	42,627	32,920	34,404	33,715	40,159
Notes payable	16	2,802	1,452	76,048	2,802	1,452	76,048
Term loans	17	273,241	469,952	151,734	64,000	84,225	–
Derivative financial instrument	18	7,576	904	87	4,759	474	–
Finance lease payable		8	–	–	–	–	–
Income tax payable		20,131	1,608	16,848	10,942	607	11,440
Total current liabilities		374,431	516,543	277,637	116,907	120,473	127,647
Non-current liabilities							
Trade and other payables	15	–	–	–	3,417	2,193	2,000
Notes payable	16	302,931	180,941	–	302,931	180,941	–
Term loans	17	811,066	463,438	626,692	–	45,000	105,725
Finance lease payable		25	–	–	–	–	–
Deferred tax liabilities	19	11,660	16,365	2,692	1,874	8,170	2,692
Total non-current liabilities		1,125,682	660,744	629,384	308,222	236,304	110,417
Capital and reserves							
Share capital	20	150,000	150,000	150,000	150,000	150,000	150,000
Treasury shares	21	(945)	(945)	(999)	(945)	(945)	(999)
Performance share reserve	22	325	325	318	325	325	318
Revaluation reserve	23	51,550	50,892	35,682	–	–	–
Foreign currency translation reserve	24	(68,668)	(27,580)	(26,254)	–	–	–
Investment revaluation reserve		(580)	(120)	(141)	–	–	–
Accumulated profits		1,181,848	929,254	880,635	714,047	714,832	682,955
Equity attributable to owners of the company		1,313,530	1,101,826	1,039,241	863,427	864,212	832,274
Non-controlling interests		9,634	10,080	14,046	–	–	–
Total equity		1,323,164	1,111,906	1,053,287	863,427	864,212	832,274
Total liabilities and equity		2,823,277	2,289,193	1,960,308	1,288,556	1,220,989	1,070,338

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2018

	Note	Group	
		2018 \$'000	2017 \$'000
Revenue	25	326,228	198,021
Cost of sales		(201,802)	(126,501)
Gross profit		124,426	71,520
Investment loss	26	(26)	–
Other operating income	27	248,122	33,713
Other expenses	28	(20,919)	(808)
Selling and distribution costs		(16,422)	(8,186)
Administrative expenses		(26,899)	(23,772)
Finance costs	29	(26,249)	(17,711)
Share of results of joint venture	12	(326)	2,901
Profit before income tax		281,707	57,657
Income tax expense	30	(16,133)	(9,877)
Profit for the year	31	265,574	47,780
Other comprehensive income, net of tax:			
<u>Items that will not be reclassified subsequently to profit or loss</u>			
<i>Share of other comprehensive income of joint venture</i>			
Revaluation of land and buildings	12	868	17,863
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	12	(210)	(2,653)
		658	15,210
<u>Items that may be reclassified subsequently to profit or loss</u>			
Exchange differences on translation of foreign operations		(39,773)	(1,442)
<i>Share of other comprehensive income of joint venture</i>			
Transfer from foreign currency translation reserve to income statement upon deregistration of a foreign subsidiary company		–	(45)
Share of exchange translation differences of joint venture	12	(1,315)	161
Fair value (loss) gain on investment securities	12	(460)	21
		(41,548)	(1,305)
Other comprehensive (loss) income for the year, net of tax		(40,890)	13,905
Total comprehensive income for the year		224,684	61,685
Profit attributable to:			
– Owners of the company		266,020	48,546
– Non-controlling interests	10(b)	(446)	(766)
		265,574	47,780
Total comprehensive income attributable to:			
– Owners of the company		225,130	62,451
– Non-controlling interests		(446)	(766)
		224,684	61,685
Earnings per share:			
– Basic and Diluted	32	3.96 cents	0.72 cents

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2018

	Note	Share capital \$'000	Treasury shares \$'000	Performance share reserve \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Investment revaluation reserve \$'000	Accumulated profits \$'000	Attributable to equity holders of the company \$'000	Non-controlling interests \$'000	Total \$'000
Group											
At January 1, 2017		150,000	(999)	318	35,682	(26,254)	(141)	880,635	1,039,241	14,046	1,053,287
Transactions with owners, recognised directly in equity											
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(3,200)	(3,200)
Award of performance shares	21 & 22	–	54	7	–	–	–	–	61	–	61
Total		–	54	7	–	–	–	–	61	(3,200)	(3,139)
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	48,546	48,546	(766)	47,780
Other comprehensive income for the year		–	–	–	15,210	(1,326)	21	–	13,905	–	13,905
Total		–	–	–	15,210	(1,326)	21	48,546	62,451	(766)	61,685
At December 31, 2017		150,000	(945)	325	50,892	(27,580)	(120)	929,181	1,101,753	10,080	1,111,833
At January 1, 2018		150,000	(945)	325	50,892	(27,580)	(120)	929,181	1,101,753	10,080	1,111,833
Effect of adopting SFRS(I) 9 by a joint venture		–	–	–	–	–	–	73	73	–	73
At January 1 2018		150,000	(945)	325	50,892	(27,580)	(120)	929,254	1,101,826	10,080	1,111,906
Dividend paid, representing transactions with owners, recognised directly in equity	33	–	–	–	–	–	–	(13,426)	(13,426)	–	(13,426)
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	266,020	266,020	(446)	265,574
Other comprehensive income for the year		–	–	–	658	(41,088)	(460)	–	(40,890)	–	(40,890)
Total		–	–	–	658	(41,088)	(460)	266,020	225,130	(446)	224,684
At December 31, 2018		150,000	(945)	325	51,550	(68,668)	(580)	1,181,848	1,313,530	9,634	1,323,164

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2018

	Note	Share capital \$'000	Treasury shares \$'000	Performance share reserve \$'000	Accumulated profits \$'000	Total \$'000
<u>Company</u>						
At January 1, 2017		150,000	(999)	318	682,955	832,274
Award of performance shares, representing transactions with owners, recognised directly in equity	21 & 22	–	54	7	–	61
Profit for the year, representing total comprehensive income for the year		–	–	–	31,877	31,877
At December 31, 2017		150,000	(945)	325	714,832	864,212
Dividend paid, representing transactions with owners, recognised directly in equity	33	–	–	–	(13,426)	(13,426)
Profit for the year, representing total comprehensive income for the year		–	–	–	12,641	12,641
At December 31, 2018		150,000	(945)	325	714,047	863,427

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	Group	
	2018 \$'000	2017 \$'000
Operating activities		
Profit before income tax	281,707	57,657
Adjustments for:		
Depreciation of property, plant and equipment	1,842	1,197
Amortisation of prepaid land lease	780	780
Amortisation of rental incentives granted	275	(351)
Amortisation of processing fee on debt note issued	387	30
Gain on disposal of held for trading investment	(26)	–
Change in fair value of held for trading investments	52	–
Fair value gain on investment properties	(245,555)	(29,678)
Fair value on derivative financial instrument	17,820	817
Impairment loss on property held for sale	–	264
Loss on disposal of investment property	–	808
Loss (Gain) on disposal of property, plant and equipment	8	(3)
Interest income	(1,889)	(494)
Interest expense	26,249	17,711
Unrealised gain on foreign exchange differences	1,907	(611)
Bad debts (recovered) written off	(45)	590
Performance share award expenses	–	61
Share of results of joint venture	326	(2,901)
Operating cash flows before movements in working capital	83,838	45,877
Trade and other receivables	59,061	(86,295)
Inventories	35	(132)
Development properties and properties held for sale	(329,995)	(2,685)
Trade and other payables	38,539	12,915
Cash used in operations	(148,522)	(30,320)
Interest paid	(37,737)	(18,791)
Income tax paid	(671)	(12,702)
Net cash used in operating activities	(186,930)	(61,813)
Investing activities		
Interest received	1,889	494
Investment in joint venture	(1,150)	(1,850)
Purchase of financial assets at fair value through profit or loss	(1,710)	–
Proceeds from disposal of financial assets at fair value through profit or loss	265	–
Proceeds from disposal of investment property	–	1,688
Proceeds from disposal of property, plant and equipment	13	13
Purchase/transfer of investment property (Note B)	(49,119)	(89,057)
Payment for derivative financial instruments	(10,808)	–
Purchase of property, plant and equipment (Note C)	(639)	(25,697)
Net cash used in investing activities	(61,259)	(114,409)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	Group	
	2018 \$'000	2017 \$'000
Financing activities		
Proceeds from borrowings	308,417	200,000
Proceeds from notes issued	125,000	178,094
Repayment of notes issued	–	(74,750)
Repayment of borrowings	(155,320)	(46,553)
Dividend paid to non-controlling interests	–	(3,200)
Dividends paid	(13,426)	–
Repayment of finance lease	(7)	–
Advances to non-controlling interests	440	(2,480)
Net cash from financing activities	<u>265,104</u>	<u>251,111</u>
Net increase in cash and cash equivalents	16,915	74,889
Cash and cash equivalents at beginning of year (Notes A and 6)	121,530	45,513
Effect of exchange rate change on balances of cash held in foreign currencies	(2,316)	1,128
Cash and cash equivalents at end of year (Notes A and 6)	<u>136,129</u>	<u>121,530</u>

Note A: Included in the cash and cash equivalents is an amount of \$6,647,000 (2017: \$4,934,000) deposited in the project accounts. Withdrawals of these monies for expenditure related to specific properties under development are governed by the Housing Developers (Control and Licensing) Act.

Note B:

	Group	
	2018 \$'000	2017 \$'000
Addition of investment properties (Note 13)	42,418	90,830
Currency translation differences	4,939	(2,215)
Payment of cost accrued in preceding year	1,762	442
	<u>49,119</u>	<u>89,057</u>

Note C: In 2018, the Group acquired property, plant and equipment amounting an amount of \$679,000, of which \$40,000 was financed by finance lease agreement.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1 GENERAL

The company (Registration No. 200006656M) is incorporated in Singapore with its principal place of business and registered office at 456 Alexandra Road, #26-01 Fragrance Empire Building, Singapore 119962. The company was admitted to the Mainboard of Singapore Exchange Securities Trading Limited on February 3, 2005.

The principal activity of the company is that of investment holding.

The principal activities of its subsidiaries, joint operations and joint venture are described in Notes 10, 11 and 12 to the financial statements.

The financial statements are expressed in Singapore dollars, which is also the functional currency of the company.

The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the year ended December 31, 2018 were authorized for issue by the Board of Directors on March 28, 2019.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended December 31, 2018 are the first set that the group and the company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 37.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payments*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

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

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets (before January 1, 2018)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts to present value, the estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

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

Loans and receivables

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

Impairment of financial assets

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (before January 1, 2018) (cont'd)

Impairment of financial assets (cont'd)

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

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

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

Derecognition of financial assets

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

Financial assets (from January 1, 2018)

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (from January 1, 2018) (cont'd)

Classification of financial assets (cont'd)

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the foregoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (from January 1, 2018) (cont'd)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other operating income" line item.

Equity instruments designated as at FVTOCI

On initial recognition, the group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other operating income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (from January 1, 2018) (cont'd)

Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Other operating income" line item (Note 27). Fair value is determined in the manner described in Note 4(b)(vi).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating income" or "other operating expenses" line items.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment if whether lifetime ECL should be recognised should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (from January 1, 2018) (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtor operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations, namely the real estate, hospitality and retail industries.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For financial guarantee contracts, the date that the group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the group considers the changes in the risk that the specified debtor will default on the contract.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (from January 1, 2018) (cont'd)

Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collaterals held by the group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 30 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the group expects to receive from the holder, the debtor or any other party.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (from January 1, 2018) (cont'd)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by a group entity are recorded at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

Treasury shares

When the company purchase its own equity share capital, the consideration paid, including any directly attributable costs, is recognised as 'Treasury shares' within equity. When the treasury shares are subsequently disposed, the realised gains or losses on disposal of the treasury shares are recognised in equity.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the group, and commitments issued by the group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other operating income" or "other operating expenses" line item.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

Gains or losses on financial guarantee contracts and loan commitments issued by the group that are designated by the group as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other operating income" and "other operating expense" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

DERIVATIVE FINANCIAL INSTRUMENTS – The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 18.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

HEDGING ACCOUNTING – The group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate.

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again. Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the “other gains and losses” line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

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

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

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

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

The group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease over the lease term including lease incentives granted to tenants are recognised on the profit or loss statement on a straight-line basis over the period of the lease.

The group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Lease incentives received from lessors are recognised as reductions of rental expense on a straight-line basis over the period of the lease.

INVENTORIES – Inventories comprising mainly consumables for hotel operations and are stated at cost.

PROPERTIES UNDER DEVELOPMENT – Development properties are stated at cost plus recognised profits on units sold, less progress billings and any impairment loss. Cost comprises the payment made for acquisition of land, development costs, finance costs and other related expenditure which are capitalised during the period when activities necessary to get the asset ready for its intended use are conducted, until such time that the properties are substantially completed.

Foreseeable losses, if any, are provided as soon as they become known based on the management's estimates of net realisable value and estimates of cost to complete.

PROPERTIES HELD FOR SALE – Properties held for sale are stated at the lower of cost (specific identification) and net realisable value. Net realisable value is determined by reference to estimated sale proceeds less selling expense.

Cost of property includes acquisition costs, development expenditure, interests and other direct costs attributable to such property.

PROPERTY, PLANT AND EQUIPMENT – Office premises and plant and equipment are carried at cost, less accumulated depreciation and any impairment losses.

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

Building – office premises	–	2%
Building – hotel	–	over the estimated useful life of 60 years
Motor vehicles	–	20%
Furniture, fixtures and fittings	–	20%
Office equipment	–	20%
Computer	–	20% to 33 $\frac{1}{3}$ %
Renovation	–	20%

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

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

INVESTMENT PROPERTIES – Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties, including those under construction, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss for the period in which they arise.

IMPAIRMENT OF TANGIBLE ASSETS – At the end of each reporting period, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

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

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the joint venture. When the group's share of losses of a joint venture exceeds the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

The requirements of SFRS(I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former joint venture and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

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

The company carries investment in the joint venture at cost less any impairment loss and does not equity account for the results of the joint venture.

INTERESTS IN JOINT OPERATIONS – A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the group/company as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output to the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

Consistent with the substance of the arrangement with the other joint operation, the group/company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the group/company is considered to be conducting the transaction with the other party to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated financial statements and the company's financial statements only to the extent of other party's interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group/company does not recognise its share of the gains and losses until it resells those assets to a third party.

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

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

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

SHARE-BASED PAYMENTS – The group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments in the form of performance share awards without a vesting period are measured at fair value of the equity instruments at the date of award. The fair value is recognised as the cost of employment benefit recognised in profit or loss. When shares awarded are from treasury shares, the treasury shares are reduced at by an amount equal to the fair value on acquisition of those treasury shares. The difference between the fair value at date of award and the fair value on initial acquisition of the treasury shares are recorded in performance share reserve, a component of equity.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. The group recognises revenue when it transfers control of the goods or services to a customer.

The group constructs and sells properties under long-term contracts with customers in Singapore. Such contracts are entered into before construction of the properties begins. Under the terms of the contracts, the group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from construction of residential properties is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease, including lease incentives given to tenants, are recognised in the profit or loss statements on a straight-line basis over the lease term.

Revenue for hotel operations and other related services is recognised at a point in time when the services are rendered.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

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

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

Income from providing financial guarantees to financial institutions for credit facilities used by certain wholly-owned subsidiaries are recognised as income of the company over the guarantee period.

DEFERRED COMMISSION EXPENSES – Commission paid in connection with sales of development properties are amortised as expense in profit or loss at the same percentage as revenue from the sale recognised on a percentage completion basis.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Development of properties are considered complete upon the issue of temporary occupation permits.

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

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

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

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are measured and presented in its functional currency which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are presented in Singapore dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

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

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

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

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

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

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

3.1 Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below, and except for those affecting accounting estimates.

3.1(a) Classification of development properties, properties held for sale, investment properties and properties, plant and equipment

The group has acquired a number of properties in Singapore, Australia and United Kingdom, of which some are intended for development into residential and mixed use properties and some are hotels. As planning for some of these properties are at very preliminary stages, these classifications reflect management's intent based on current circumstances. These are subject to potential changes depending on eventual components of mixed developments, macroeconomic factors which evolve over time and operating models for any hotel component which may be retained.

Australia

All properties with mixed use in Australia (residential, hotel, commercial components) are wholly classified as development properties except for a hotel property classified as property, plant and equipment, which is based on the terms of the hotel operating agreement.

United Kingdom

All properties are classified as investment properties except for one development property and one property, plant and equipment. For the development property, management's intention is to develop into a residential development for sale. The hotel property is classified as property, plant and equipment based on the terms of the hotel operating agreement.

Singapore

Some commercial units at a completed mixed use freehold development have been rented out within 2017 and 2018 on 2 to 3 year lease terms. These remain classified as properties held for sale as management's original intention to sell remains and leases are arranged pending disposal at prices which management seek to achieve over time. The lease terms permit sale by the group without consultation with the lessees. Within this freehold development, one significantly larger commercial unit tenanted since 2016 has been classified as investment property since 2016.

3.1 (b) Deferred taxation on revaluation gains from investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, management has reviewed the group's investment property portfolio and concluded that, while certain of the group's investment properties are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, no deferred tax is provided on revaluation gains from all investment properties.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3.2 (a) Revenue and costs from properties under development

The revenue from property development is stated in Note 25 to the financial statements.

As described in Note 2 to the financial statements, revenue and costs associated with sold units of Singapore properties under development are recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The key judgements and accounting estimates relate to (1) the estimation of total estimated cost to completion which impacts the total budgeted cost and the percentage of completion; and (2) the appropriate allocation of land and development cost between the commercial and residential components.

The cost to completion have been estimated by management after considering the remaining work to be done and the estimated total cost based on contracts awarded or experience from comparable past projects.

The allocation of land cost to residential and commercial components within the same development is based on relative estimated sales value of the finished commercial and residential components. Development cost have been allocated between the two components based on floor area.

3.2 (b) Recoverable amounts of development properties for sale and properties under/held for development

The amounts and nature of these properties are described in Notes 8 and 9 to the financial statements.

For properties in Singapore, management considers the expected net realisable values based on prices achieved from recent sales for the same development and the cost to completion as described in the preceding section "Revenue and costs from properties under development".

Detailed development plans are not firm for some of the properties in Australia, Singapore and United Kingdom pending completion of the group's planning and evaluation activities; or pending outcome of submissions of development plans to the relevant authorities.

In evaluating the recoverable amounts of these properties, management considered trends in land prices and macroeconomic factors for properties in the preliminary stage of planning.

For other properties: (a) significant assumptions are made by management regarding the types and physical attributes of development; (b) significant estimates are made regarding projected gross development values ("GDV") and development cost upon completion of development.

Future market values which can be realised and future cost to be incurred may be significantly different from current estimates due to changes in types and physical attributes of development that are eventually built and macroeconomic changes impacting demand and supply.

On the basis of assumptions made regarding the type of development an estimates regarding selling prices, gross development values and development cost, management expects cost to be recoverable.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

3.2 (c) Valuation of investment properties

Investment properties are stated at fair values based on independent professional valuations. In determining the fair value, the valuer has used valuation techniques which involve certain estimates and significant unobservable inputs which are disclosed in Note 13.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the independent valuer has appropriate recognised professional qualifications and the estimates are reflective of current market conditions at the end of each reporting period.

During the financial year, management had made a planning submission to URA for a change in use in respect of the property at 15 Hoe Chiang Road. The proposed amendment to the change in use was processed and updated in the masterplan by URA before the end of the financial year.

In addition to the above, management had also considered advice from management's specialist and external professional valuer and assessed that the change in use is certain and had recorded a fair value gain of \$215,000,000 as at December 31, 2018 (Note 13).

3.2 (d) Income tax

Significant estimate is involved in determining the provision for income taxes. The basis on which land and land related cost are allocated between different components of a mixed development on a common plot of land; as determined by the company may differ from the basis that the tax authorities eventually assess. Tax assessments in respect of back years have yet to be finalised. The group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcomes of these matters are different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Information about the deferred tax and income tax expenses are disclosed in Notes 19 and 30 respectively.

3.2 (e) Recoverable amounts of trade and other receivables

When measuring ECL, a considerable amount of judgement and accounting estimates such as supportable forward-looking information is required in assessing the ultimate realisation of trade and other receivables (Note 7).

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Should any buyer of properties under development default on payment obligations, collections to date are forfeitable to the extent necessary to make good those obligations, after deducting the net values realisable from resale of the property.

The carrying amounts of trade and other receivables are disclosed in Note 7 of the financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Financial assets						
Financial asset at amortised cost	205,430	225,524	88,919	170,075	186,917	39,519
Financial asset measured at FVTPL	1,419	–	–	1,419	–	–
Financial liabilities						
Financial liabilities at amortised cost	1,441,877	1,157,758	886,890	397,797	343,901	220,691
Derivative financial instrument	7,576	904	87	4,759	474	–
Financial guarantee contracts	–	–	–	5,466	3,625	3,050

(b) Financial risk management policies and object

The group is exposed to various financial risks in the normal course of business. There is no significant change in these risks except for increased exposure to the effect of foreign currency translation of assets and liabilities denominated in Australian dollar and British Pound. This result from the group's increased acquisition and development of properties in these two countries in 2017 and 2018.

(i) Foreign exchange risk management

The group has ten properties in Australia and twelve properties in United Kingdom (Notes 8, 13 and 14). Changes in exchange rates between Australian dollars, British Pounds and the group's reporting currency result in currency translation movements which are recognised in Other Comprehensive Income. The group equity accounts for its share of the results and net assets of a joint venture (Note 12) which has invested in another listed group with operations in a number of countries and exposures to variability in exchange rates.

(ii) Interest rate risk management

The group has issued fixed rate medium term notes to reduce variability in interest rates. It has term loans with variable rate borrowings. Management actively reviews cost of funds and sources of funds to optimise funding cost. Summary quantitative data of the group's interest-bearing financial instruments can be found in Section (vi) of this Note.

Interest rate sensitivity

If interest rates had been 50 basis points higher or lower and all other variables were held constant, interest cost would increase or decrease by approximately \$5,422,000 (2017: \$4,667,000).

Reasonably possible changes in interest rates on cash and cash equivalents (Note 6) are not expected to have a significant impact on operating results.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and object (cont'd)

(iii) Equity price risk management

The group is exposed to equity risks arising from equity investments classified as held-for-trading. Management has not performed any equity price sensitivity analysis as the impact to the group's and company's net profit for the year is not significant.

(iv) Overview of the group's credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. As at December 31, 2018, the group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed in Note 4(b)(vi). The related loss allowance is disclosed in the respective notes to the financial statements.

Deposits are collected from tenants to reduce exposure to credit losses.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group has no significant concentration of credit risk.

Cash is held with creditworthy financial institutions.

The group develops and maintains its credit risk gradings to categorise exposures according to their degrees of risk of default. The group uses its trading records to rate its major customers and other debtors. The group does not hold any collateral to cover its credit risks associated with its financial assets.

The group's current credit risk framework comprises the following categories:

<u>Category</u>	<u>Description</u>	<u>Basis for recognising expected credit losses (ECL)</u>
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and object (cont'd)

(iv) Overview of the group's credit risk (cont'd)

The tables below detail the credit quality of the group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
<u>Group</u>						
<u>December 31, 2018</u>						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	2,297	–	2,297
Other receivables	7	Performing	12m ECL	15,045	–	15,045
Contract assets	7	(i)	Lifetime ECL (simplified approach)	51,959	–	51,959
<u>December 31, 2017</u>						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	4,149	(590)	3,559
Other receivables	7	Performing	12m ECL	19,991	–	19,991
Contract assets	7	(i)	Lifetime ECL (simplified approach)	92,943	–	92,943
					(590)	
<u>January 1, 2017</u>						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	2,454	(56)	2,398
Other receivables	7	Performing	12m ECL	13,087	–	13,087
Contract assets	7	(i)	Lifetime ECL (simplified approach)	34,389	–	34,389
					(56)	

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and object (cont'd)

(iv) Overview of the group's credit risk (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
<u>Company</u>						
<u>December 31, 2018</u>						
Other receivables	7	Performing	12m ECL	499	–	499
Amount owing by subsidiaries	7	(i)	Lifetime ECL (simplified approach)	21,926	–	21,926
Contract assets	7	(i)	Lifetime ECL (simplified approach)	51,959	–	51,959
<u>December 31, 2017</u>						
Other receivables	7	Performing	12m ECL	47	–	47
Amount owing by subsidiaries	7	(i)	Lifetime ECL (simplified approach)	877	–	877
Contract assets	7	(i)	Lifetime ECL (simplified approach)	92,925	–	92,925
<u>January 1, 2017</u>						
Other receivables	7	Performing	12m ECL	2,515	–	2,515
Amount owing by subsidiaries	7	(i)	Lifetime ECL (simplified approach)	9,759	–	9,759
Contract assets	7	(i)	Lifetime ECL (simplified approach)	19,862	–	19,862

(i) For trade receivables, the group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate reflect current conditions and estimates of future economic conditions. Note 7 includes further details on the loss allowance for these receivables.

The carrying amount of the group's financial assets at FVTPL best represents their respective maximum exposure to credit risk. The group holds no collateral over any of these balances.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and object (cont'd)

(v) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the group.

The group's financial assets are cash and bank balances, and trade and other receivables. The group's credit risk with respect to trade receivables is mitigated by legal recourse to the properties sold, in the event of default in payment by buyers of the property.

Deposits are collected from tenants to reduce exposure to expected credit losses.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group has no significant concentration of credit risk.

Cash is held with creditworthy financial institutions.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represent the group's maximum exposure to credit risk.

(vi) Liquidity risk management

The group generally finance investments and projects with a long development cycle through a mix of internal funds and longer term debt which are secured over the assets of the group and/or subject to financial covenants such as debt to security ratio. Management reviews the maturity profile of its borrowings relative to expected cash inflows, monitors compliance with financial covenants and maintains sufficient cash and cash equivalents to ensure liquidity for the group.

All financial assets are either repayable on demand or due within one year from the respective reporting periods and non-interest bearing other than the fixed deposits (Note 6).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and object (cont'd)

(vi) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Financial liabilities

The following undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to future interest which are not included in the carrying amounts of the financial liabilities in the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>Group</u>						
December 31, 2018						
Non-interest bearing	NA	51,804	–	–	–	51,804
Fixed interest rate instruments	4.89	17,750	326,218	–	(38,202)	305,766
Variable interest rate instruments	2.78	<u>302,876</u>	<u>823,928</u>	<u>42,525</u>	<u>(85,022)</u>	<u>1,084,307</u>
December 31, 2017						
Non-interest bearing	NA	41,975	–	–	–	41,975
Fixed interest rate instruments	4.08	8,832	201,641	–	(28,080)	182,393
Variable interest rate instruments	2.32	<u>488,849</u>	<u>431,807</u>	<u>79,827</u>	<u>(67,093)</u>	<u>933,390</u>
January 1, 2017						
Non-interest bearing	NA	32,416	–	–	–	32,416
Fixed interest rate instruments	3.75	76,163	–	–	(115)	76,048
Variable interest rate instruments	2.12	<u>159,460</u>	<u>563,483</u>	<u>129,474</u>	<u>(73,991)</u>	<u>778,426</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and object (cont'd)

(vi) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Financial liabilities (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>Company</u>						
December 31, 2018						
Non-interest bearing	NA	28,064	–	–	–	28,064
Fixed interest rate instruments	4.89	17,741	326,192	–	(38,200)	305,733
Variable interest rate instruments	2.48	65,587	–	–	(1,587)	64,000
December 31, 2017						
Non-interest bearing	NA	32,283	–	–	–	32,283
Fixed interest rate instruments	4.08	8,832	201,641	–	(28,080)	182,393
Variable interest rate instruments	2.88	86,739	45,326	–	(2,840)	129,225
January 1, 2017						
Non-interest bearing	NA	38,918	–	–	–	38,918
Fixed interest rate instruments	3.75	76,163	–	–	(115)	76,048
Variable interest rate instruments	2.78	2,939	107,195	–	(4,409)	105,725

All loans above are covered by corporate guarantees given by the company to the financial institutions.

(vii) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The carrying amounts of term loans with floating interest rate repriced based on market benchmarks are considered representative of fair value. The fair values of quoted notes payable are disclosed in Note 16.

(c) **Capital management policies and objectives**

The capital structure of the group consists of equity and reserves; and borrowings through term loans from financial institutions (Note 17) and notes issued on the capital market (Note 16).

The management reviews the capital structure at least on a semi-annual basis. As part of the review, the management considers the cost of capital, risks and tenures associated with each class of capital. Based on the review, the group may adjust the capital structure through the payment of dividends, purchase of treasury shares, issuance of new shares, issuance of new debt instruments or the redemption of existing debts.

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while optimising the return to stakeholders through a combination of debt and equity balance.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Capital management policies and objectives (cont'd)

Management monitors the following financial data relating to the group:

	December 31, 2018 \$'000	Group December 31, 2017 \$'000	January 1, 2017 \$'000
Total assets	2,823,277	2,289,193	1,960,308
Total debts	1,390,073	1,115,783	854,474
Total equity	1,323,164	1,111,906	1,053,287
Debt-to-total assets	49.2%	48.7%	43.6%
Debt-to-total equity	105.1%	100.3%	81.1%

5 RELATED PARTY TRANSACTIONS

Related companies in these financial statements refer to the members of the company's group of companies.

Transactions and arrangements between the company and the members of the group on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated. Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related company transactions.

Transactions and arrangements between the group and related parties on the basis determined between the parties are reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable on demand unless stated otherwise.

Transactions with the related parties include:

	December 31, 2018 \$'000	Group December 31, 2017 \$'000	January 1, 2017 \$'000
Early redemption of a note by a director	–	–	10,337
Sale of two property units to be developed in Australia to a director	–	–	1,330
Rental income received from related parties in which directors has interest	963	973	564
Project management fee received from a related party in which directors has interest	972	65	28
Service fee paid to a related party in which directors has interest	(10)	(10)	–

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

5 RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	December 31,	Group	January 1,
	2018	December 31,	2017
	\$'000	\$'000	\$'000
Short-term benefits	4,768	4,766	2,545
Post-employment benefits	86	74	69
Share-based payments	–	41	33

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

6 CASH AND CASH EQUIVALENTS

	Group			Company		
	December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
	2018	2017	2017	2018	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	16,819	42,042	40,657	3,733	17,734	5,460
Fixed deposits	112,663	74,076	1,002	85,311	70,400	–
Project accounts	6,647	5,412	3,854	6,647	4,934	3,161
Total	136,129	121,530	45,513	95,691	93,068	8,621

Monies received from sale of units of the properties under development are deposited into the project accounts, withdrawals from which are governed by the Housing Developers (Control and Licensing) Act. In December 31, 2017, of the total in the project accounts, \$478,000 could be withdrawn without restrictions.

All fixed deposits are for terms of approximately one to three months with interest rate of 2.47% at the end of the year (December 31, 2017: 1.00%, January 1, 2017: 1.00%).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

7 TRADE AND OTHER RECEIVABLES

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Rental debtors – external parties	2,297	4,149	2,454	–	–	–
Less: Allowance for doubtful receivables	–	(590)	(56)	–	–	–
	2,297	3,559	2,398	–	–	–
Goods and services tax receivables	6,767	12,762	2,514	–	383	282
Contract assets:						
– Unbilled revenue on completed properties	51,959	38	29,298	51,959	20	14,771
– Unbilled revenue on properties under for development	–	92,905	5,091	–	92,905	5,091
Deposits	757	13,505	5,900	44	36	1,277
Prepayments	9,874	9,726	9,480	1,270	503	9
Subsidiaries	–	–	–	21,926	877	9,759
Advances to non-controlling interests	2,140	2,180	5,260	–	–	–
Deferred commission expenses	15,044	28,121	22,774	–	4,508	9,394
Others	12,148	4,306	1,927	455	11	1,238
	100,986	167,102	84,642	75,654	99,243	41,821
Less: Non-current portion						
– Prepayment	(7,825)	(7,839)	(8,128)	(1,258)	(491)	–
– Other receivable	(10,563)	–	(1,238)	–	–	(1,238)
	82,598	159,263	75,276	74,396	98,752	40,583

The amount due from subsidiaries to the company and the amounts due from non-controlling interests to the group are unsecured, interest-free and repayable on demand.

Prepayment includes prepaid operating lease of a land parcel amounting to \$7,349,000 (December 31, 2017: \$8,129,000, January 1, 2017: \$8,909,000). The lease period of the land is 15 years. Prepaid land lease amortised during the year amounted to \$780,000 (2017: \$780,000).

In 2018, other receivables includes deposit of \$10,563,000 (December 31, 2017: \$Nil, January 1, 2017: \$1,238,000) for purchases of land and building for redevelopment.

In 2017, included in the deposits comprised mainly advanced payment of \$12,499,000 (January 1, 2017: \$5,230,000) made to contractors for a property under development.

The significant changes to the contract asset balances during the reporting period is due to collections from buyers partially offset by additional revenue recognised upon Temporary Occupational Permit of City Gate Project in November 2018.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

7 TRADE AND OTHER RECEIVABLES (CONT'D)

Unbilled revenue on properties under/held for development are classified as current because they are expected to be realised in the normal operating cycle.

Analysis of trade receivables

The average credit period ranges from 14 to 30 days (December 31, 2017 and January 1, 2017: 14 to 30 days) and non-interest bearing. Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

Current accounting policy for expected credit loss

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL – credit- impaired \$'000
<u>Group</u>	
Balance as at January 1, 2017	56
Change in loss allowance due to new trade receivables originated	534
Balance as at December 31, 2017	590
Amount recovered	(45)
Amount written off	(545)
Balance as at December 31, 2018	–

The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance:

	Group December 31, 2017 Increase in lifetime ECL Credit- impaired \$'000
Change in loss allowance due to new trade receivables originated	534

In 2018, the age of receivables past due but not impaired amounted to \$309,000 and ranged above 30 days. The Group has not recognised a loss allowance of 100% against all receivables over a year past due because historical experience has indicated that these receivables are generally recoverable.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

7 TRADE AND OTHER RECEIVABLES (CONT'D)

Previous accounting policy for allowance for trade receivables

In 2017, in determining the recoverability of a receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Included in the group's trade and other receivables balance are debtors with a carrying amount of \$605,000 (January 1, 2017: \$1,042,000) which are past due at the end of the reporting period for which the group has not made any allowance as there has not been a significant change in credit quality and these amounts, including those not past due and not impaired, are considered recoverable.

Movement in the allowance for doubtful trade receivables:

	2017 Group \$'000
Balance at beginning of the year	56
Amount written off	(56)
Charged to profit and loss	590
Balance at end of the year	<u>590</u>

8 PROPERTIES UNDER/HELD FOR DEVELOPMENT

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Land and other related costs	412,992	421,097	408,604	–	185,879	185,879
Development costs	272,711	185,821	84,887	–	61,731	31,083
Interest, property tax and other costs	6,838	46,518	34,427	–	21,658	16,275
	692,541	653,436	527,918	–	269,268	233,237
Less: Cost of properties sold to date	–	(164,582)	(51,442)	–	(164,582)	(51,442)
Cost of properties transferred to property, plant and equipment (Note 14)	–	(60,866)	–	–	–	–
	692,541	427,988	476,476	–	104,686	181,795

The group's share of interest expenses capitalised in property under development through a joint operation was \$3,629,000 (December 31, 2017: \$2,871,000, January 1, 2017: \$4,480,000) for the group and \$3,629,000 (December 31, 2017: \$2,871,000, January 1, 2017: \$3,170,000) for the company. Interest rate of 3.27% (December 31, 2017: 2.79%, January 1, 2017: 1.96% to 2.78%) per annum for the group; and 3.27% (December 31, 2017: 2.79%, January 1, 2017: 2.78%) per annum for the company. The property obtained its Temporary Occupation Permit in November 2018.

Properties under/held for development are classified as current assets in accordance with SFRS(I) 1 because they are expected to be realised in the normal operating cycle.

All properties in Singapore are mortgaged to the banks and finance companies to secure credit facilities of the subsidiaries (Note 17).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

8 PROPERTIES UNDER/HELD FOR DEVELOPMENT (CONT'D)

The properties under/held for development as at the end of respective reporting periods were as follows:

Property and address	Description of development	Tenure	Land area (sq m)		
			December 31, 2018	December 31, 2017	January 1, 2017
205 Jalan Eunus, Singapore 419535	Proposed development of residential condominium.	Freehold	10,380	–	–
31, Jervois Road, Singapore 249080	Proposed development of residential apartment building.	Freehold	1,834	–	–
179 Macquarie Street, Hobart, Tasmania	Proposed development of multi-storey hotel building.	Freehold	2,162	–	–
374 – 396 Murray Street, Perth, Australia	Multi-storey hotel building with residential space.	Freehold	4,927	4,927	4,927
134-160 Spencer Street, Melbourne, Victoria	Multi-storey mixed development with commercial and residential space.	Freehold	1,833	1,833	1,833
171 Macquarie Street, Hobart, Tasmania	Existing commercial building.	Freehold	525	525	525
28 – 30 Davey Street, Hobart, Tasmania	Proposed development of multi-storey hotel building space.	Freehold	1,153	1,153	1,153
39 – 47 Milligan Street and 453 – 471 Murray Street, Perth, Australia	Proposed development of multi-storey mixed use, consisting of retail, office, hotel and residential use.	Freehold	3,560	3,560	3,560
2 – 6 Collins Street, Hobart, Tasmania	Multi-storey hotel building.	Freehold	3,009	3,009	3,009
234 – 250 Elizabeth Street, Hobart, Tasmania	Multi-storey mixed development with commercial and residential space.	Freehold	3,501	3,501	3,501
5 – 7 Sandy Bay Road, 9, 11 & 13 Wilmot Street and 4, 6 & 8 Healthfield Avenue, Hobart, Tasmania	Existing commercial building.	Freehold	4,868	4,868	–
Orchard Cottage Babacombe Road Torquay TQ1 3TG UK	Proposed development of mixed use hotel building and residential space.	Freehold	133	133	–
Lot 534W of TS 15 at 371 Beach Road ⁽¹⁾	30-storey building with apartments and commercial.	99 years leasehold	–	7,269	7,269
173 – 177 Macquarie Street, Hobart, Tasmania	Multi-storey hotel building, consisting of 296 rooms.	Freehold	–	–	2,000
555 Collins Street Melbourne, Victoria	Multi-storey mixed development with commercial and residential space.	Freehold	–	–	2,300

(1) This property was jointly developed by the group and another entity (Note 11). The land area indicated above was the total land area. The carrying cost of the property reflected only the group's proportionate share.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

9 PROPERTIES HELD FOR SALE

	Group \$'000	Company \$'000
Balance as at January 1, 2017	67,731	636
Add: Additions during the year	58	–
Less: Transfer to cost of sales	(6,082)	–
Less: Allowance for impairment loss	(264)	–
Balance as at December 31, 2017	61,443	636
Add: Additions during the year	227,177	136,644
Less: Transfer to cost of sales	(190,301)	(99,597)
Balance as at December 31, 2018	98,319	37,683

The properties held for sale as at the end of respective reporting periods were as follows:

Property and address	Description of development	Tenure	Strata/Land area (sq m)		
			December 31, 2018	December 31, 2017	January 1, 2017
#01-10/11/14/15 at 218 Pasir Panjang Road	4 units of completed commercial retail units of shop and restaurant.	Freehold ⁽¹⁾	170	170	170
277 Wak Hassan Drive (January 1, 2017: 267/277 Wak Hassan Drive)	1 unit of completed detached dwelling house (As at January 1, 2017: 2 units of completed detached dwelling house).	99 years leasehold ⁽²⁾	503	503	994
#01-48/49/50 at Tanah Merah Kechil Link	3 units of completed commercial retail units of shop.	99 years leasehold ⁽¹⁾	113	113	113
#21-03, #B1-01/04/05/06/07/08/09/10/11/12/13/14/46, #01-16/19/24/25/26/37/38/43, #02-04/05/06/07/08/09/10/ 11/16/21/22/26/30/31/44/45/ 48/49/50/51 at 371 Beach Road	A completed residential unit and 41 units of completed commercial units.	99 years leasehold ⁽¹⁾⁽²⁾	2,401	–	–
#01-08/09/10/11/12/13/14 15/16/17/19/20/23/40/45/46/47/ 49/50/51/52/54/56 at 2 Jalan Lokam (January 1, 2017: #01-05/08/09/ 10/11/12/13/14/15/16/17/19/20/ 23/40/45/46/47/49/50/51/52/54/ 56 at 2 Jalan Lokam)	23 units of completed commercial retail units of shop and restaurant. (As at January 1, 2017: 24 units of completed commercial retail units of shop and restaurant).	Freehold ⁽¹⁾	1,421	1,421	1,443

(1) Strata area

(2) Land area

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

10 SUBSIDIARIES

	Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Unquoted equity shares, at cost	55,005	51,005	63,784
Additional funding provided to subsidiaries to support longer term funding needs of subsidiaries	906,586	762,404	665,474
Fair value of financial guarantees given by the company for credit facilities of subsidiaries ⁽³⁾	26,205	20,784	20,894
	987,796	834,193	750,152

(a) Details of the company's subsidiaries are as follows:

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest			Proportion of voting power held			Principal activities
		December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	
<u>Held by the company</u>								
Fragrance Land Pte Ltd ⁽¹⁾	Singapore	–	–	100	–	–	100	Inactive.
Fragrance Properties Pte Ltd ⁽¹⁾	Singapore	–	–	100	–	–	100	Inactive.
Fragrance Homes Pte Ltd ⁽¹⁾	Singapore	100	100	100	100	100	100	Development, dealing and trading in properties.
Fragrance Realty Pte Ltd ⁽¹⁾	Singapore	100	100	100	100	100	100	Development, dealing and trading in properties.
Fragrance Holdings Pte Ltd ⁽¹⁾	Singapore	100	100	100	100	100	100	Investment holding and investing in properties.
Fragrance Biz Space Pte Ltd ⁽¹⁾	Singapore	100	100	100	100	100	100	Development, dealing and trading in properties.
Fragrance Grandeur Pte Ltd ⁽¹⁾	Singapore	100	100	100	100	100	100	Investment holding and investing in properties.
Fragrance Regal Pte Ltd ⁽¹⁾	Singapore	100	100	100	100	100	100	Investment holding and investing in properties.
The Colonial Settlement Pte Ltd ⁽¹⁾	Singapore	100	100	100	100	100	100	Investment holding and investing in properties.
Fragrance Treasures Pte Ltd ⁽¹⁾⁽⁴⁾	Singapore	100	–	–	100	–	–	Development, dealing and trading in properties.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

10 SUBSIDIARIES (CONT'D)

(a) Details of the company's subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest			Proportion of voting power held			Principal activities
		December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	
Fragrance Victory Pte Ltd ⁽¹⁾⁽⁴⁾	Singapore	100	–	–	100	–	–	Development, dealing and trading in properties.
Kensington Land Pte Ltd ⁽¹⁾	Singapore	60	60	60	60	60	60	Development, dealing and trading in properties.
Kensington Village Pte Ltd ⁽¹⁾	Singapore	60	60	60	60	60	60	Development, dealing and trading in properties.
Fragrance Global Pte Ltd ⁽¹⁾	Singapore	100	100	100	100	100	100	Investment holding.
Fragrance Great Britain Pte Ltd ⁽¹⁾	Singapore	100	100	100	100	100	100	Investment holding.
Held by Fragrance Global Pte Ltd								
Fragrance South Pacific Pty Ltd ⁽²⁾	Australia	100	100	100	100	100	100	Investment holding.
Fragrance WA-Perth Pty Ltd ⁽²⁾	Australia	100	100	100	100	100	100	Development, dealing and trading in properties.
Fragrance WA-Perth (Milligan) Pty Ltd ⁽²⁾	Australia	100	100	100	100	100	100	Development, dealing and trading in properties.
Fragrance TAS-Hobart Pty Ltd ⁽²⁾	Australia	100	100	100	100	100	100	Hotel owner and development in properties.
Fragrance TAS-Hobart (Collins) Pty Ltd ⁽²⁾	Australia	100	100	100	100	100	100	Development, dealing and trading in properties.
Fragrance TAS-Hobart (Elizabeth) Pty Ltd ⁽²⁾	Australia	100	100	100	100	100	100	Development, dealing and trading in properties.
Fragrance VIC-MEL (Collins) Pty Ltd ⁽²⁾	Australia	100	100	100	100	100	100	Development, dealing and trading in properties.
Fragrance VIC-MEL (Spencer) Pty Ltd ⁽²⁾	Australia	100	100	100	100	100	100	Development, dealing and trading in properties.
Fragrance Macquarie Hotel Pty Ltd ⁽²⁾	Australia	100	100	100	100	100	100	Hotel operations.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

10 SUBSIDIARIES (CONT'D)

(a) Details of the company's subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest			Proportion of voting power held			Principal activities
		December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	
Fragrance TAS-Hobart (Sandy Bay) Pty Ltd ⁽²⁾	Australia	100	100	–	100	100	–	Development, dealing and trading in properties.
Fragrance HF Pty Ltd ⁽²⁾	Australia	100	100	–	100	100	–	Inactive.
Held by Fragrance Great Britain Pte Ltd								
Fragrance UK Investment Ltd ⁽²⁾	United Kingdom	100	100	100	100	100	100	Investment holding.
Fragrance UK-Blackpool Limited ⁽²⁾	Britain	100	100	100	100	100	100	Hotel operations.
Fragrance UK-Blackpool 2 Limited ⁽²⁾	Britain	100	100	–	100	100	–	Long term investment in hotel property.
Fragrance UK-Harrogate Limited ⁽²⁾	Britain	100	100	–	100	100	–	Long term investment in hotel property.
Fragrance UK-Manchester ⁽²⁾	Britain	100	100	–	100	100	–	Long term investment in hotel property.
Fragrance UK-Torquay Limited ⁽²⁾	Britain	100	100	–	100	100	–	Long term investment in hotel property.
Fragrance UK-Torquay 2 Limited ⁽²⁾	Britain	100	100	–	100	100	–	Long term investment in hotel property.
Fragrance UK-Paignton Limited ⁽²⁾	Britain	100	100	–	100	100	–	Long term investment in hotel property.
Fragrance UK-Paignton 2 Limited ⁽²⁾	Britain	100	100	–	100	100	–	Long term investment in hotel property.
Fragrance UK-Liverpool Limited ⁽²⁾	Britain	100	100	100	100	100	100	Long term investment in hotel property.
Fragrance UK-Blackpool 3 Limited (previously known as Fragrance UK-Torbay Limited) ⁽²⁾	Britain	100	100	–	100	100	–	Long term investment in hotel property.
Fragrance UK-Bath Limited ⁽²⁾	Britain	100	100	–	100	100	–	Long term investment in hotel property.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

10 SUBSIDIARIES (CONT'D)

(a) Details of the company's subsidiaries are as follows: (cont'd)

- (1) Audited by Deloitte & Touche LLP, Singapore.
- (2) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes.
- (3) Management estimates the fair value of the financial guarantees at 1 % (2017: 1%) per annum of the loans guaranteed.
- (4) Incorporated in 2018.

Subsequent to year end, the company incorporated 2 wholly-owned subsidiaries, Fragrance Corporate Mgt Pte Ltd and Fragrance UK-Plymouth Limited on January 3, 2019 and February 25, 2019.

(b) The table below shows details of subsidiaries of the group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests			Profit (Loss) allocated to non-controlling interests			Accumulated non-controlling interests		
		December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
		%	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Kensington Land Pte Ltd	Singapore	40	40	40	(3)	10	(26)	2,016	2,019	5,209
Kensington Village Pte Ltd	Singapore	40	40	40	(443)	(776)	298	7,618	8,061	8,837
					<u>(446)</u>	<u>(766)</u>	<u>272</u>	<u>9,634</u>	<u>10,080</u>	<u>14,046</u>

(c) Non-controlling interests

The summarised financial information below represents amounts before intragroup eliminations.

	Kensington Land Pte Ltd		Kensington Village Pte Ltd	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	\$'000	\$'000	\$'000	\$'000
Current assets	5,439	5,449	53,269	54,267
Non-current assets	–	–	10,090	10,350
Current liabilities	399	401	40,788	40,941
Non-current liabilities	–	–	3,525	3,524
Equity attributable to owner of the company	3,024	3,029	11,427	12,091
Non-controlling interests	<u>2,016</u>	<u>2,019</u>	<u>7,618</u>	<u>8,061</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

10 SUBSIDIARIES (CONT'D)

(c) Non-controlling interests (cont'd)

	Kensington Land Pte Ltd		Kensington Village Pte Ltd	
	December 31, 2018 \$'000	December 31, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000
Revenue	–	1	516	1,454
Operating (expenses) income	(8)	24	(1,621)	(3,395)
(Loss) Profit, representing total comprehensive (loss) income for the year	(8)	25	(1,105)	(1,941)
(Loss) Profit, representing total comprehensive (loss) income attributable to owners of the company for the year	(5)	15	(663)	(1,165)
(Loss) Profit, representing total comprehensive (loss) income attributable to the non-controlling interest for the year	(3)	10	(442)	(776)
Total comprehensive (loss) income for the year	(8)	25	(1,105)	(1,941)
Net cash inflow (outflow) from operating activities	10	250	(1,427)	13,930
Net cash inflow (outflow) from investing activities	–	–	1	(8)
Net cash (outflow) inflow from financing activities	–	(200)	860	(14,240)
Net cash inflow (outflow)	10	50	(566)	(318)

11 INVESTMENT IN JOINT OPERATIONS

Details of the company's joint operations as at the end of the reporting period are as follows:

Name of joint operations	Country of incorporation and operation	Proportion of ownership interest			Principal activities
		December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	
Bayfront Ventures Pte Ltd ⁽¹⁾	Singapore	50	50	50	Development, dealing and trading in properties.
Bayfront Realty Pte Ltd ⁽¹⁾	Singapore	50	50	50	Development, dealing and trading in properties.
City Gate Shopping Mall Management Pte Ltd ⁽²⁾	Singapore	50	–	–	Property management

(1) Audited by Ernst & Young LLP, Singapore.

(2) Incorporated in 2018.

The group is entitled to a proportionate share of the income received and bears a proportionate share of the joint operations' expenses.

The other joint operator is an entity controlled by the brother of an executive director of the company.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

12 INVESTMENT IN JOINT VENTURE

	Group			Company		
	December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
	2018	2017	2017	2018	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost of equity investment in joint venture	5,000	5,000	5,000	5,000	5,000	5,000
Additional capital contributions	85,313	84,163	82,313	85,313	84,163	82,313
Share of post-acquisition profit (loss), net of dividend received	2,350	2,676	(298)	–	–	–
Share of other comprehensive income:						
Exchange loss on translation of foreign operations	(6,024)	(4,709)	(4,825)	–	–	–
Revaluation gain on land and buildings (net of tax)	27,385	26,727	11,517	–	–	–
Fair value loss on investment securities	(580)	(120)	(141)	–	–	–
	113,444	113,737	93,566	90,313	89,163	87,313

Details of the joint venture as at the end of the reporting period are as follow:

Name of joint venture	Country of incorporation and operation	Proportion of ownership interest			Principal activities
		December 31, 2018	December 31, 2017	January 1, 2017	
		%	%	%	
AF Corporation Pte Ltd ⁽¹⁾	Singapore	50	50	50	Investment holding.
<u>Held by AF Corporation Pte Ltd⁽¹⁾</u>					
AF Global Limited	Singapore	41.75 ⁽²⁾	41.75 ⁽²⁾	41.75 ⁽²⁾	Property investment and consultancy; and hospitality.

(1) Audited by Ernst & Young LLP, Singapore.

(2) At December 31, 2018, AF Corporation Pte Ltd controls 83.50% (December 31, 2017 and January 1, 2017: 83.50%) of the voting rights attached to shares in AF Global Limited. The group's effective equity interest in AF Global Limited is 41.75%.

The above joint venture is accounted for using the equity method in these consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

12 INVESTMENT IN JOINT VENTURE (CONT'D)

Summarised financial information of the joint venture is set out below.

	December 31, 2018	Group December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Current assets	173,866	41,850	36,292
Non-current assets	351,427	490,246	441,167
Current liabilities	(294,764)	(244,701)	(195,110)
Non-current liabilities	(46,726)	(103,242)	(148,307)
Net assets	183,803	184,153	134,042

Information relating to the joint venture:

	December 31, 2018	Group December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
<u>Statement of financial position</u>			
Cash and cash equivalent	19,583	24,490	20,827
Current financial liabilities (excluding trade and other payables and provision)	(68,636)	(62,474)	(68,916)
Non-current financial liabilities (excluding trade and other payables and provision)	(46,726)	(64,919)	(68,043)

	December 31, 2018	Group December 31, 2017
	\$'000	\$'000
<u>Statement of comprehensive income</u>		
Revenue	33,890	55,742
Profit for the year	2,336	10,081
Profit for the year:		
– attributable to owners of the company	(651)	5,802
– attributable to non-controlling interests	2,987	4,279
	2,336	10,081
Other comprehensive (loss) income:		
– attributable to owners of the company	(2,234)	30,696
– attributable to non-controlling interests	974	13,709
	(1,260)	44,405
Total comprehensive income:		
– attributable to owners of the company	(2,885)	36,498
– attributable to non-controlling interests	3,961	17,988
Total comprehensive income for the year	1,076	54,486
The above profit (loss) for the year include the following:		
Depreciation and amortisation	6,729	6,817
Interest income	483	387
Interest expense	(2,939)	(3,187)
Income tax expense	(2,065)	(2,676)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

12 INVESTMENT IN JOINT VENTURE (CONT'D)

Reconciliation of the above summarised financial information with the carrying amount of the interest in the joint venture recognised in these consolidated financial statements:

	December 31, 2018 \$'000	Group December 31, 2017 \$'000	January 1, 2017 \$'000
Net assets of the joint venture*	183,803	184,153	134,042
Proportion of the group's ownership interest in the joint venture	50%	50%	50%
	91,902	92,077	67,021
Excess of net assets acquired over consideration paid on additional investment of joint venture	(10,792)	(10,530)	(10,448)
Pre-acquisition loss	(415)	(415)	(415)
Pre-acquisition reserve	374	374	374
Non-controlling interest	(52,938)	(51,932)	(45,279)
	28,131	29,574	11,253
Additional contribution to joint venture*	85,313	84,163	82,313
Carrying amount of the group's interest on the joint venture	<u>113,444</u>	<u>113,737</u>	<u>93,566</u>

* Additional contribution to the joint venture is recorded by the joint venture as payable to shareholders and deducted from net assets of the joint venture.

13 INVESTMENT PROPERTIES

	December 31, 2018 \$'000	Group December 31, 2017 \$'000	January 1, 2017 \$'000
At fair value:			
At January 1	1,290,235	1,172,223	1,172,223
Addition	42,418	90,830	-
Transfer from properties held for sale (Note 9)	-	-	-
Disposal of investment property	-	(2,496)	-
Gain from fair value adjustments included in profit or loss (Note 27)	245,555	29,678	-
At December 31	<u>1,578,208</u>	<u>1,290,235</u>	<u>1,172,223</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

13 INVESTMENT PROPERTIES (CONT'D)

The investment properties held by the group since January 1, 2017 are as follows:

Location	Tenure	Description
110 Lor 23 Geylang	60 years leasehold (w.e.f-2012)	7 storey high-specification ramp-up B1 business space building with commercial facilities located at roof level.
#01-12, #02-02/03/04/05/ 09/10/11/12/13/15/16 at 218 Pasir Panjang Road	Freehold	Retail units at first and second level within a part 2/part 5-storey residential cum commercial development with carpark facility.
#01-09/13/14/15/21/22/ 23/25/26/28/33/37/39/40/ 41/42/43/44 at 275 Thomson Road	Freehold	Retail units on first level within a 4-storey residential cum commercial development with carpark facility.
15 Hoe Chiang Road ⁽²⁾	Freehold	29-storey commercial building with a 3-storey hotel block and a multi-level carpark.
456 Alexandra Road ⁽¹⁾	Freehold	26-storey commercial building with a carpark podium.
3 Punggol Point Road	15 years leasehold (w.e.f-2013)	2-storey food and beverage outlets with an open carpark.
168 Changi Road	Freehold	5-storey commercial building with shops and surface carpark.
#01-37 at 2 Jalan Lokam	Freehold	Supermarket unit on first level within a 5-storey residential cum commercial development with carpark facility.

The investment properties held by the group since December 31, 2017 are as follows:

Location	Tenure	Description
The Palace Hotel Babacombe Road, Torquay TQ13TG	Freehold	Proposed development of multi-story hotel building.
Corbyn Head Hotel, Torbay Road, Livermead, Torquay	Freehold	Independent hotel with 45 bedrooms, bar and restaurant slated for redevelopment into a new hotel building.
Municipal Building, Dale Street, Liverpool, L2 2DH	250 years-lease (w.e.f-2017) with an option to purchase	Proposed development of multi-story hotel building.
Park Hotel, Esplanade Road, Paignton TQ4 6BQ	Freehold	Proposed development of multi-story hotel building.
The Lighthouse, Esplanade Road, Paignton, Devon, TQ4 TBG	Freehold	Proposed development of multi-story hotel building.
Lyndene Hotel, 303-315 Promenade, Blackpool	Freehold	Detached hotel with 141 bedrooms, 2 large restaurants and two cabaret lounges.
The Crown Hotel, Montpellier Road, Harrogate	Freehold	Independent hotel with 115 bedrooms, a restaurant and 7 meeting and conference facilities.
The Townhouse Hotel, 101 Portland Street, Manchester M1 6DF	Freehold	Independent hotel with 85 bedrooms, a bar and restaurant and 8 meeting rooms.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

13 INVESTMENT PROPERTIES (CONT'D)

The investment properties held by the group since December 31, 2018 are as follows:

Location	Tenure	Description
St Chads Hotel 317-327 The Promenade Blackpool, Lancashire, FY16BN	Freehold	Hotel with restaurant and bar.
Royal National Hospital Upper Borough Walls, BA1 1RL	Freehold	Proposed refurbishment of existing building into a luxury hotel building.

- (1) The property is partially occupied by the group. Investment property relates to the areas rented to external parties.
- (2) In October 2018, the group made a planning submission to the relevant regulatory authority for a change in use in respect of the property at 15 Hoe Chiang Road to full hotel usage. The proposed amendment to the change in use was processed and updated in the masterplan by the authority. Subsequent to year end, the group received the grant of provisional permission from the authority.

Fair value measurement of the group's investment properties

The fair values of the group's investment properties as at December 31, 2018, December 31, 2017 and January 1, 2017 were estimated by an independent professional valuer who has the appropriate qualifications and experience in the fair value measurement of the different types of properties in Singapore.

The fair values of the investment properties were determined by adopting the direct comparison approach making reference to recent transactions of comparable properties and making adjustments for differences relating to the properties. In determining the market value of the investment properties, investment method was also adopted, which capitalises an income stream into a present value using capitalisation rates. The valuation methods conform to International Valuation Standards. There has been no change to the valuation techniques during the year except that the valuer added depreciated replacement cost as a check but not for the final valuation.

The fair values are classified as Level 3 of the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

13 INVESTMENT PROPERTIES (CONT'D)

Fair value measurement of the group's investment properties (cont'd)

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value as at			Valuation technique(s)	Significant unobservable input(s)	Inputs		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000			December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Industrial building	95,000	97,500	100,000	Direct comparison method.	price per square meter ⁽¹⁾	\$6,020	\$6,179	\$6,337
				Investment method.	capitalisation rate ⁽²⁾	5%	5%	5.25%
Retail units in mixed development	81,678	88,155	94,286	Direct comparison method.	price per square meter ⁽¹⁾	\$14,387, \$32,548, \$67,705	\$21,754, \$33,387, \$67,705	\$24,538, \$37,097, \$67,683
Commercial buildings ^(a)	1,261,500	1,001,000	960,437	Direct comparison method.	price per square meter ⁽¹⁾	\$18,550 to \$28,879	\$18,550 to \$19,748	\$17,787 to \$19,111
				Investment method.	long-term net rental income margin ⁽¹⁾	70% to 78%	61% to 80%	36% to 80%
				Investment method.	capitalisation rate ⁽²⁾	3% to 5%	3% to 4.25%	3.25% to 3.5%
Land and hotel buildings	125,530	87,580	–	Direct comparison method.	value per room ⁽¹⁾	\$28,863 to \$264,864	\$69,254 to \$119,653	–
Building for food & beverage and retail	14,500	16,000	17,500	Direct comparison method.	price per square meter ⁽¹⁾	\$4,833	\$5,333	\$5,833
				Investment method.	long-term net rental income margin ⁽¹⁾	78%	82%	86%
				Investment method.	capitalisation rate ⁽²⁾	5.75%	5.5%	5.5%

(a) Included in commercial buildings was a property at 15 Hoe Chiang Road which will be redeveloped into a hotel.

(1) Any significant isolated increase (decrease) in these inputs will result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated increase (decrease) in these inputs will result in a significantly lower (higher) fair value measurement.

Rental income from the group's investment properties which are leased out under operating lease amounted to \$26,807,000 (2017: \$23,498,000). Direct operating expenses (including repairs and maintenance) relating to these properties amounted to \$7,030,000 (2017: \$6,592,000).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold land – Office & hotel premises \$'000	Building – Office & hotel premises \$'000	Motor vehicles \$'000	Furniture, fixtures and fittings \$'000	Office equipment \$'000	Computer \$'000	Renovation \$'000	Total \$'000
Group								
Cost or valuation:								
At January 1, 2017	–	19,063	115	23	74	389	140	19,804
Additions	23,854	37	–	1,220	148	438	–	25,697
Transfer from development property (Note 8)	4,556	56,310	–	–	–	–	–	60,866
Disposal	–	–	(60)	–	–	–	–	(60)
Written off	–	–	–	–	–	(1)	–	(1)
Currency realignment	275	–	–	(2)	(2)	(7)	–	264
At December 31, 2017	28,685	75,410	55	1,241	220	819	140	106,570
Additions	–	7	71	438	–	67	96	679
Disposal	–	–	(27)	–	–	–	–	(27)
Written off	–	–	(26)	(16)	(19)	(190)	–	(251)
Currency realignment	(1,239)	(4,217)	–	(84)	(9)	(32)	–	(5,581)
At December 31, 2018	27,446	71,200	73	1,579	192	664	236	101,390
Accumulated depreciation:								
At January 1, 2017	–	432	72	18	45	322	12	901
Depreciation	–	858	9	161	26	115	28	1,197
Disposal	–	–	(50)	–	–	–	–	(50)
Written off	–	–	–	–	–	(1)	–	(1)
Currency realignment	–	(8)	–	–	–	(1)	–	(9)
At December 31, 2017	–	1,282	31	179	71	435	40	2,038
Depreciation	–	1,291	10	288	35	180	38	1,842
Disposal	–	–	(6)	–	–	–	–	(6)
Written off	–	–	(26)	(16)	(19)	(190)	–	(251)
Currency realignment	–	(76)	–	(20)	(2)	(10)	–	(108)
At December 31, 2018	–	2,497	9	431	85	415	78	3,515
Carrying amount:								
At December 31, 2018, at cost	27,446	68,703	64	1,148	107	249	158	97,875
At December 31, 2017, at cost	28,685	74,128	24	1,062	149	384	100	104,532
At January 1, 2017, at cost	–	18,631	43	5	29	67	128	18,903

The group has motor vehicles with carrying amounts of \$64,000 (December 31, 2017 and January 1, 2017: \$Nil) under finance leases.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

15 TRADE AND OTHER PAYABLES

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
	A			A		
Development work-in-progress (contract liabilities)	–	–	147	–	–	147
Retention sums payable	2,089	2,394	1,438	1,698	1,698	724
Goods and services tax payable	18,869	652	357	4,291	–	44
Subsidiaries (Note 10)	–	–	–	23,194	24,644	33,993
Amounts due to non-controlling interests [Note 10(c)]	400	–	5,560	–	–	–
Financial guarantee contracts	–	–	–	5,466	3,625	3,050
Deposits received	8,035	7,435	5,235	45	4	–
Accruals	8,381	20,096	8,437	2,098	4,421	2,289
Sundry creditors	31,438	11,373	10,805	1,029	1,516	1,912
Others	1,461	677	941	–	–	–
	70,673	42,627	32,920	37,821	35,908	42,159
Less: Non-current portion of financial guarantee contract	–	–	–	(3,417)	(2,193)	(2,000)
	70,673	42,627	32,920	34,404	33,715	40,159

The amounts due to subsidiaries and non-controlling interests are unsecured, interest-free and repayable on demand. Amounts due to non-controlling interests are related to project financing.

16 NOTES PAYABLE

	Group and Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
	A		
Notes payables			
Less: Amount due for settlement within 12 months (shown under current liabilities)	305,733	182,393	76,048
	(2,802)	(1,452)	(76,048)
Amount due for settlement after 12 months	302,931	180,941	–
Fair value as at end of reporting period	292,808	182,183	75,545

A. On August 23, 2017, the company issued GBP 45,000,000 of notes under a \$1 billion multi-currency debt programme at a fixed coupon rate of 3.25% per annum, maturing on August 23, 2021.

On November 23, 2017, the company issued SGD 100,000,000 of notes under a \$1 billion multi-currency debt programme at a fixed coupon rate of 4.75% per annum, maturing on November 23, 2021.

On April 26, 2018, the company issued SGD125,000,000 of notes under a \$1 billion multi-currency debt programme at a fixed coupon rate of 6.125% per annum, maturing on April 26, 2021.

The notes are listed and the fair values above are considered Level 1 of the fair value hierarchy.

The notes are unsecured but carry financial covenants which the company has complied with.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

17 TERM LOANS

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
<u>Secured – At amortised cost</u>						
Term loans	1,084,307	933,390	778,426	64,000	129,225	105,725
Less: Amount due for settlement within 12 months (shown under current liabilities)	(273,241)	(469,952)	(151,734)	(64,000)	(84,225)	–
Amount due for settlement after 12 months	811,066	463,438	626,692	–	45,000	105,725

Term loans bear floating interest rates and their carrying amounts approximate fair value.

The term loans from banks and finance companies bear interest rates from 2.34% to 3.97% (December 31, 2017: 1.91% to 2.79%, January 1, 2017: 1.79% to 2.78%) per annum for the group and at 2.48% (December 31, 2017: 2.79%, January 1, 2017: 2.78%) per annum for the company. The variable interest rates are referenced to market benchmarks.

The term loans are secured against the properties of the group with carrying amounts of \$1,982,546,000 (December 31, 2017: \$1,530,179,000, January 1, 2017: \$1,440,176,000) and of the company with carrying amounts of \$Nil (December 31, 2017: \$104,686,000, January 1, 2017: \$181,795,000) (Notes 8, 9, 13 and 14); and covered by corporate guarantees by the company and assignment of developer's rights and benefits in the sale and purchase agreements.

Reconciliation of liabilities arising from financing activities

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

	January 1, 2018 \$'000	Financing cash flows ⁽ⁱ⁾ \$'000	Other changes ⁽ⁱⁱ⁾ \$'000	December 31, 2018 \$'000
<u>Group</u>				
Term loans (Note 17)	933,390	153,097	(2,180)	1,084,307
Note payables (Note 16)	182,393	125,000	(1,660)	305,733
	1,115,783	278,097	(3,840)	1,390,040
	January 1, 2017 \$'000	Financing cash flows ⁽ⁱ⁾ \$'000	Other changes ⁽ⁱⁱ⁾ \$'000	December 31, 2017 \$'000
<u>Group</u>				
Term loans (Note 17)	778,426	153,447	1,517	933,390
Note payables (Note 16)	76,048	103,344	3,001	182,393
	854,474	256,791	4,518	1,115,783

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

(ii) Other changes include unrealised loss on foreign exchange, interest accruals and interest payments.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

18 DERIVATIVE FINANCIAL INSTRUMENT

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Analysed as:						
Current						
Forward foreign currency contracts	7,576	–	–	4,759	–	–
Foreign currency option contracts	–	904	87	–	474	–
	7,576	904	87	4,759	474	–

In 2018, the notional amount of the outstanding forward foreign exchange contracts was A\$331,162,000 for the group (December 31, 2017 and January 1, 2017: \$Nil) and A\$200,000,000 for the company (December 31, 2017 and January 1, 2017: \$Nil).

In 2017, the notional amount of the foreign currency option contracts was A\$200,000,000 for the group (January 1, 2017: A\$48,900,000) and A\$100,000,000 for the company (January 1, 2017: \$Nil).

The fair value loss on the contracts amounting to \$17,820,000 (2017: fair value gain of \$1,459,000) has been charged or credited to profit or loss in the year (Note 27 and 28).

19 DEFERRED TAX

The following are the major deferred tax liabilities recognised by the group and the movements during the year:

	Percentage of completion profit from sold properties under development \$'000	Changes in value of properties held for sale prior to transfer to investment properties and accelerated tax depreciation \$'000	Tax losses \$'000	Total \$'000
<u>Group</u>				
At January 1, 2017	2,692	–	(1,254)	1,438
Transfer from income tax payable	3,509	–	–	3,509
Charge (Credit) to profit or loss for the year	5,478	4,152	(720)	8,910
Currency realignment	–	–	14	14
At December 31, 2017	11,679	4,152	(1,960)	13,871
Transfer to income tax payable	(6,296)	–	–	(6,296)
Charge (Credit) to profit or loss for the year	–	1,065	(1,417)	(352)
Currency realignment	–	–	178	178
At December 31, 2018	5,383	5,217	(3,199)	7,401

Deferred tax is recognised for timing differences between profits (a) recognised on a percentage completion method; and (b) profit subject to current taxation only on completion of development and up to the amount of entitlement to residual instalments of purchase prices after completion of development.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

19 DEFERRED TAX (CONT'D)

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Deferred tax assets	4,259	2,494	1,254	–	–	–
Deferred tax liabilities	(11,660)	(16,365)	(2,692)	(1,874)	(8,170)	(2,692)
	(7,401)	(13,871)	(1,438)	(1,874)	(8,170)	(2,692)

20 SHARE CAPITAL

	Group and Company					
	December 31, 2018 Number of ordinary shares('000)	December 31, 2017 Number of ordinary shares('000)	January 1, 2017 Number of ordinary shares('000)	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Issued and paid up:						
At beginning and end of the year	6,720,000	6,720,000	6,720,000	150,000	150,000	150,000

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

21 TREASURY SHARES

	Group and Company					
	December 31, 2018 Number of ordinary shares	December 31, 2017 Number of ordinary shares	January 1, 2017 Number of ordinary shares	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
At beginning of the year	7,230,000	7,230,000	7,600,000	(945)	(999)	(1,050)
Award of performance shares	(390,000)	–	(370,000)	–	54	51
At end of the year	6,840,000	7,230,000	7,230,000	(945)	(945)	(999)

In February 2018, performance share awards of 390,000 treasury shares with carrying amount of \$54,000 were awarded based on performance for 2017. The company accrued for the share based payment expense at the end of 2017.

Subsequent to year end, performance share awards of 440,000 treasury shares with carrying amount of \$61,000 were awarded based on performance for 2018.

22 PERFORMANCE SHARE RESERVE

The performance share reserve arises on the grant of the performance shares to directors and employees under the performance share plan.

The company has a performance share plan for all employees of the company. The plan is administered by the Remuneration Committee, comprising of Mr Watt Kum Kuan, Ms Lim Wan Looi and Mr Teo Chang Kuang. Awards are given upon the employee achieving the specific performance targets during the vesting period. The awards are forfeited if the employee leaves the group before the awards vest.

Equity-settled share-based payments in the form of performance share awards without a vesting period are measured at fair value of the equity instruments at the date of award. The fair value is recognised as the cost of employment benefit recognised in profit or loss. When shares awarded are from treasury shares, the treasury shares are reduced at by an amount equal to the fair value on acquisition of those treasury shares. The difference between the fair value at date of award and the fair value on initial acquisition of the treasury shares are recorded in performance share reserve, a component of equity.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

23 REVALUATION RESERVE

Upon vacating of a property previously occupied by the group and its lease to third parties, the difference between the depreciated cost and the fair value of the property, at date of change of use, was recorded in revaluation reserve. Such revaluation reserve will be transferred to retained earnings if subsequently realised through a disposal of the property.

24 FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the group's foreign subsidiaries into Singapore dollars are accounted for as other comprehensive income and accumulated in foreign currency translation reserve, a component of equity.

Movement in translation reserve

	December 31, 2018 \$'000	Group December 31, 2017 \$'000	January 1, 2017 \$'000
At January 1	(27,580)	(26,254)	(26,254)
Exchange loss on translation of foreign operations during the year, included in other comprehensive income	(41,088)	(1,326)	–
At December 31	<u>(68,668)</u>	<u>(27,580)</u>	<u>(26,254)</u>

25 REVENUE

The Group derives its revenue from the transfer of services over time and at a point in time in the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 34).

	Group 2018 \$'000	2017 \$'000
Segment revenue		
Commercial investment	24,038	22,153
Property development	274,689	159,193
Hotel operations	24,651	15,357
Hospitality investment	2,850	1,318
	<u>326,228</u>	<u>198,021</u>
Timing of revenue recognition		
Over time:		
– Commercial investment	24,038	22,153
– Property development	133,513	159,193
– Hospitality investment	2,850	1,318
	<u>160,401</u>	<u>182,664</u>
At point in time:		
– Property development	141,176	–
– Hotel operations	24,651	15,357
	<u>165,827</u>	<u>15,357</u>

Hotel operations include room revenue, food and beverage revenue, leisure revenue and car park revenue which are recorded at a point in time.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

25 REVENUE (CONT'D)

As of December 31, 2018, there was no performance obligations that are unsatisfied or partial satisfied, other than performance obligations to be rendered during the remaining period, which generally cover a period of year. As the group has the right to invoice the customers based on the length of stay of the customers, the group has applied the practical expedient not to disclose the related unsatisfied performance obligation.

Commercial investment revenue comprise of rental income earned from the investment properties (Note 13) and property development revenue comprise of rental income earned from existing buildings on land in Australia, which have been acquired for development purposes (Note 8).

26 INVESTMENT LOSS

	Group	
	2018	2017
	\$'000	\$'000
Gain on disposal of financial assets fair value through profit or loss	26	-
Unrealised loss arising from change in fair value of financial assets fair value through profit or loss	(52)	-
	<u>(26)</u>	<u>-</u>

27 OTHER OPERATING INCOME

	Group	
	2018	2017
	\$'000	\$'000
Fair value gain on investment properties (Note 13)	245,555	29,678
Interest income	1,889	494
Gain on foreign exchange option premium	-	1,459
Others	678	2,082
	<u>248,122</u>	<u>33,713</u>

28 OTHER EXPENSES

	Group	
	2018	2017
	\$'000	\$'000
Loss on disposal of investment property (Note 13)	-	808
Loss on disposal of fixed assets	8	-
Loss on forward foreign exchange contracts	17,820	-
Loss on foreign exchange difference	3,091	-
	<u>20,919</u>	<u>808</u>

29 FINANCE COSTS

	Group	
	2018	2017
	\$'000	\$'000
Interest expense on term loans (Note 17)	20,872	16,146
Interest expense on notes payable (Note 16)	5,375	1,565
Interest expense on finance lease	2	-
	<u>26,249</u>	<u>17,711</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

30 INCOME TAX EXPENSE

	Group	
	2018 \$'000	2017 \$'000
Current tax	20,559	1,576
Deferred tax	(7,317)	4,547
Withholding tax	3,061	–
Overprovision in prior years – current tax	(839)	(609)
Underprovision in prior years – deferred tax	669	4,363
	<u>16,133</u>	<u>9,877</u>

The income tax varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2017: 17%) to profit before income tax as a result of the following differences:

	Group	
	2018 \$'000	2017 \$'000
Profit before income tax	281,707	57,657
Income tax expense at the statutory rate	47,890	9,802
Effect of income exempted from taxation	(148)	(198)
Effect of double taxation relief	(3,061)	–
Tax effect of items that are not (taxable) deductible in determining taxable profit	(35,260)	(4,671)
Effects of different tax rates of subsidiaries operating in other jurisdictions	1,857	(106)
Effect of utilisation of deferred tax benefits previously not recognised	(151)	(145)
Effect of unutilised tax losses not recognised as deferred tax assets	2,130	1,354
Withholding tax	3,061	–
(Over) Under provision in prior years – current and deferred tax	(170)	3,754
Others	(15)	87
Net	<u>16,133</u>	<u>9,877</u>

Subject to the agreement by the tax authorities, at the end of the reporting period, the group has unutilised tax losses of \$11.5 million (2017: \$7.9 million) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

31 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2018 \$'000	2017 \$'000
Audit fees for auditors of the company*	172	208
Non-audit fees for auditors of the company	250	85
Directors' fee	195	185
Cost of development properties recognised as expenses	190,745	119,240
Depreciation of property, plant and equipment	1,842	1,197
Amortisation of prepaid land lease	780	780
Fair value gain on investment properties	(245,555)	(29,678)
Employee benefits expense:		
Staff costs	3,950	3,252
Directors' remuneration	4,089	4,249
Cost of defined contribution plans included in employee benefits expense	311	265
Interest expense	<u>26,249</u>	<u>17,711</u>

* Included prior year underprovision of \$3,650 (2017: \$39,700).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

32 EARNINGS PER SHARE

The calculation of the earnings per share attributable to the ordinary equity holders of the group is based on the following data:

	Group	
	2018 \$'000	2017 \$'000
Net profit attributable to equity holders of the group	266,020	48,546
	2018	2017
	Number of shares ('000)	
Weighted average number of ordinary shares for purposes of earnings per share	6,713,114	6,712,770

There are no dilutive ordinary shares for 2018 and 2017.

33 DIVIDENDS AND DISTRIBUTIONS

	Group and Company	
	2018 \$'000	2017 \$'000
Interim tax-exempt dividend of \$0.002 (2017: \$Nil) per ordinary share in respect of financial year ended December 31, 2018 (2017: December 31, 2017)	13,426	—
	13,426	—

34 SEGMENT INFORMATION

For the purposes of the resource allocation and assessment of segment performance, the group's chief operating decision maker focuses on the business operating units stated in the table below.

The accounting policies of the reportable segments are as described in Note 2. Segment revenue represents revenue generated from external customers. Segment profit represents the profit earned by each segment after allocating central administrative costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Business segments

The group has the following business segments:

Property development segment is involved in the development and sale of residential and commercial properties. Commercial investment segment is involved in investing in properties for rental yield and capital appreciation. Hotel operations relate refer to hotel managed by appointed operators with the group retaining variability in operating results. Hospitality investment relate to lease of hotels to operators with limited variability in rental income.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

34 SEGMENT INFORMATION (CONT'D)

Business segments (cont'd)

Group	Commercial investment \$'000	Property development \$'000	Hotel operations \$'000	Hospitality investment \$'000	Total \$'000
<u>December 31, 2018</u>					
REVENUE	24,038	274,689	24,651	2,850	326,228
RESULT					
Segment result	24,038	83,945	13,593	2,850	124,426
Other operating income (loss)	250,264	1,895	305	(4,368)	248,096
Other expenses	–	(20,921)	–	2	(20,919)
Operating expenses	(9,257)	(25,131)	(7,424)	(1,509)	(43,321)
Finance costs	(18,430)	(7,819)	–	–	(26,249)
	<u>246,615</u>	<u>31,969</u>	<u>6,474</u>	<u>(3,025)</u>	<u>282,033</u>
Share of results of joint venture	–	(326)	–	–	(326)
Profit before income tax					<u>281,707</u>
Income tax					<u>(16,133)</u>
Profit after income tax					<u>265,574</u>
<u>December 31, 2017</u>					
REVENUE	22,153	159,193	15,357	1,318	198,021
RESULT					
Segment result	22,153	39,953	8,096	1,318	71,520
Other operating income (loss)	32,990	3,504	7	(2,788)	33,713
Other expenses	(808)	–	–	–	(808)
Operating expenses	(9,320)	(17,555)	(4,668)	(415)	(31,958)
Finance costs	(14,217)	(3,494)	–	–	(17,711)
	<u>30,798</u>	<u>22,408</u>	<u>3,435</u>	<u>(1,885)</u>	<u>54,756</u>
Share of results of joint venture					<u>2,901</u>
Profit before income tax					<u>57,657</u>
Income tax					<u>(9,877)</u>
Profit after income tax					<u>47,780</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

34 SEGMENT INFORMATION (CONT'D)

Business segments (cont'd)

Group	Commercial investment \$'000	Property development \$'000	Hotel operations \$'000	Hospitality investment \$'000	Total \$'000
<u>December 31, 2018</u>					
Segment assets					
Assets:					
– Segment assets	1,491,950 ⁽¹⁾	1,115,260	83,890	132,177	2,823,277
Segment liabilities					
Liabilities:					
– Segment liabilities	(731,470)	(614,585)	(3,075)	(150,983)	(1,500,113)
OTHER INFORMATION					
Fair value gain (loss) on investment properties	249,986	–	–	(4,431)	245,555
Addition of non-current assets	181	83	413	42,420	43,097
Amortisation of land lease	780	–	–	–	780
Depreciation expense	443	45	1,350	4	1,842
<u>December 31, 2017</u>					
Segment assets					
Assets:					
– Segment assets	1,245,416 ⁽¹⁾	906,767	31,266	105,744	2,289,193
Segment liabilities					
Liabilities:					
– Segment liabilities	732,837	319,767	3,706	120,977	1,177,287
OTHER INFORMATION					
Fair value gain (loss) on investment properties	32,472	–	–	(2,794)	29,678
Addition of non-current assets	523	14	25,615	90,375	116,527
Amortisation of land lease	780	–	–	–	780
Depreciation expense	432	47	718	–	1,197
<u>January 1, 2017</u>					
Segment assets					
Assets:					
– Segment assets	1,113,638 ⁽¹⁾	846,670	–	–	1,960,308
Segment liabilities					
Liabilities:					
– Segment liabilities	593,467	315,554	–	–	907,021
OTHER INFORMATION					
Fair value gain on investment properties	2,208	–	–	–	2,208
Addition of non-current assets	2,813	171	–	–	2,984
Amortisation of land lease	780	–	–	–	780
Depreciation expense	447	39	–	–	486

(1) Segment assets under Commercial Investment segment above include the full carrying amount of a building which is primarily used for lease to other parties; and has not been reduced with the carrying amount relating to a small proportion of space occupied by the group.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

34 SEGMENT INFORMATION (CONT'D)

Geographical information

Segment revenue: Segment revenue is analysed based on the location of properties.

Segment non-current assets: Segment non-current assets are analysed based on the locations of those assets.

	Revenue		Non-current assets	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Singapore	156,566	179,927	1,602,723	1,342,727
Australia	156,812	7,623	55,699	61,377
United Kingdom	12,850	10,471	149,493	112,239
Total	326,228	198,021	1,807,915	1,516,343

In 2016, non-current assets of \$1,294,058,000 were located in Singapore.

Information about major customers

There is no customer who accounts for 10% or more of the group's revenue other than the sale of the property located at 555 Collins Street from the Property Development segment of \$141,176,000 for the financial year ended December 31, 2018.

35 COMMITMENT

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Contracted construction costs of properties yet to be incurred and not provided for in the financial statements	282,103	524,713	393,128	73	24,716	55,700

36 OPERATING LEASE ARRANGEMENTS

The group as lessor

Rental income earned by the group from operating leases of properties amounted to \$27,804,000 (2017: \$24,923,000).

At the end of the reporting period, the group has contracted with tenants for the following future minimum lease income:

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Within one year	20,309	22,197	18,334	–	27	–
In the second to fifth years inclusive	23,895	28,308	10,635	–	10	–
After fifth year	23	28	67	–	–	–
	44,227	50,533	29,036	–	37	–
The group as lessee						
Payment recognised as an expense during the year	(780)	(895)	(1,010)	–	–	–

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

37 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The group and the company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) (SFRS(I)) for the first time for financial year ended December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS (I) is identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS (I), the group and the company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are not presented for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017) as there were no changes compared to amounts previously reported.

There is no change to the group’s and the company’s previous accounting policies under FRS or material adjustments on the initial transition to the new framework and SFRS (I) 15, other than those arising from the application of SFRS(I) 9 *Financial Instruments*. The effects of initial application of SFRS (I) 9 are presented and explained below.

Reconciliations of equity and total comprehensive income

Group

(A) Impact on the Statement of Financial Position as at December 31, 2017 (end of last period reported under FRS)

	As previously reported under FRS \$'000	Application of SFRS(I) 9 \$'000	Note	As adjusted under SFRS(I) \$'000
Non-current assets				
Joint venture	113,664	73	(1)	113,737
Capital and reserves				
Retained earnings	929,181	73	(1)	929,254

(B) Impact on the Statement of Comprehensive Income for the year ended December 31, 2017 (last financial year reported under FRS)

The initial application of SFRS (I) 9 does not have a material impact on the statement of profit and loss and other comprehensive income for the year ending December 31, 2017.

(C) Impact on the Statement of Cash Flows for the year ended December 2017 (last financial year reported under FRS)

The transition to SFRS (I) have not had a material impact on the statement of cash flows.

Note to reconciliations:

(1) The group has elected to measure its currently held available-for-sale unquoted equity securities at fair value through other comprehensive income. The difference between the carrying amount and the fair value upon adoption has been recognised in the opening retained earnings. In assessing for impairment losses on financial assets, the Group has adopted the simplified approach and record lifetime expected losses on all its trade receivables. The adoption of expected loss model does not have a material impact on the financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

38 FINALISED AGENDA DECISION ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE

The International Financial Reporting Standards Interpretation Committee ("IFRS IC") received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development (building), of which the developer recognises revenue over time for the sale of individual units of the development under SFRS(I) 15 *Revenue from Contracts with Customers*. In a Tentative Agenda Decision ("TAD") issued in November 2018, IFRS IC tentatively concluded that, the developer in the fact pattern submitted should not capitalise borrowing costs in relation to the construction of the building. This is different from the accounting policy currently applied by the group as disclosed in Note 2.

As at December 31, 2018, the group has not changed its accounting policy on borrowing costs as part of its application of SFRS(I) 15, pending the finalisation of the Agenda Decision. The Agenda Decision has been subsequently finalised in March 2019, subject to some editorial changes. The group has since commenced implementing the change in policy, and expects to report the effects of the change, as soon as possible, within the next annual reporting period beginning on or after January 1, 2019. The estimated impact on the change in policy for borrowing costs would result in borrowing costs of \$7,476,000, (\$2,927,000) and \$2,836,000 currently included in the cost of development properties on the statements of financial position, as at January 1, 2017, December 31, 2017 and December 31, 2018 respectively, being expensed off/(credited) if the tentative conclusion in the TAD is adopted.

39 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the group and the company in the periods of their initial application.

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16: *Leases*.
- Amendments to SFRS(I) 9 *Financial Instruments: Prepayment Features with Negative Compensation*.
- Amendments to SFRS(I) 1-19 *Employee Benefits: Plan Amendment, Curtailment or Settlement*.
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*.
- Annual Improvements to SFRS(I)s 2015-2017 Cycle.

SFRS(I) 16 Leases

SFRS(I) 16 will supersede FRS 17 Leases and its associated interpretative guidance effective from January 1, 2019 unless early adopted. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer. Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Upon adoption of SFRS(I) 16, the group will recognise liabilities for non-cancellable operating lease commitments (other than those which fall within the exceptions stated above); and recognise a corresponding right of use asset to be amortised on a straight line basis over the lease period. Note 36 provides an indication of the nature and extent of lease payment obligations which fall within SFRS(I) 16.

SHAREHOLDING STATISTICS

As at 22 March 2019

SHAREHOLDERS' INFORMATION

No. of issued shares	:	6,713,600,000 (excluding treasury shares)
Issued and fully paid-up	:	\$150.0 million
Class of shares	:	Ordinary shares
Voting rights	:	One vote for each ordinary share
Treasury shares	:	6,400,000 (with no voting rights)

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	10	0.32	267	0.00
100 – 1,000	46	1.47	34,886	0.00
1,001 – 10,000	539	17.20	4,075,048	0.06
10,001 – 1,000,000	2,450	78.20	253,052,434	3.77
1,000,001 AND ABOVE	88	2.81	6,456,437,365	96.17
TOTAL	3,133	100.00	6,713,600,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	KOH WEE MENG	4,265,500,000	63.54
2	LIM WAN LOOI	603,800,000	8.99
3	DBS NOMINEES PTE LTD	338,228,200	5.04
4	HONG LEONG FINANCE NOMINEES PTE LTD	307,602,200	4.58
5	CITIBANK NOMINEES SINGAPORE PTE LTD	168,023,067	2.50
6	SING INVESTMENT AND FINANCE NOMINEES PTE LTD	155,475,200	2.32
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	122,515,800	1.82
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	52,758,953	0.79
9	TAN SU KIOK OR SIA LI WEI JOLIE (SHE LIWEI JOLIE)	51,122,000	0.76
10	JIMMY LEE PENG SIEW	49,512,000	0.74
11	PHILLIP SECURITIES PTE LTD	41,943,400	0.62
12	UOB KAY HIAN PTE LTD	36,422,100	0.54
13	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	21,431,346	0.32
14	LIM KWEE HUA (LIN GUIHUA)	16,932,000	0.25
15	LEE AH POY	16,693,000	0.25
16	RAFFLES NOMINEES (PTE) LIMITED	15,730,300	0.23
17	KOH KIAN SOO	13,870,000	0.21
18	OCBC NOMINEES SINGAPORE PTE LTD	9,859,700	0.15
19	LAI CHOOI FOONG	7,596,000	0.11
20	LAU SING @ LIEW SING HUN	7,192,000	0.11
TOTAL		6,302,207,266	93.87

SHAREHOLDING STATISTICS

As at 22 March 2019

SUBSTANTIAL SHAREHOLDERS

	<u>Direct Interest</u>	<u>%</u>	<u>Indirect Interest</u>	<u>%</u>
Koh Wee Meng ⁽¹⁾	5,015,500,000 ⁽²⁾	74.71	735,000,000 ⁽³⁾	10.95
Lim Wan Looi ⁽¹⁾	735,000,000 ⁽³⁾	10.95	5,015,500,000 ⁽²⁾	74.71

Notes:

- (1) Koh Wee Meng is the husband of Lim Wan Looi. Each of them deemed to be interested in the shares held by each other.
- (2) Of the 5,015,500,000 shares in which Koh Wee Meng has an interest, 300,000,000 shares are held through DBS Nominees Pte Ltd, 300,000,000 shares are held through Hong Leong Finance Nominees Pte Ltd and 150,000,000 are held through Sing Investments & Finance Nominees (Pte) Ltd.
- (3) Of the 735,000,000 shares in which Lim Wan Looi has an interest, 131,200,000 shares are held through Citibank Nominees Singapore Pte Ltd.

SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 22 March 2019, approximately 10.44% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

PARTICULARS OF PROPERTIES OWNED BY THE GROUP

AS AT DECEMBER 31, 2018

A CLASSIFIED AS PROPERTIES UNDER/HELD FOR DEVELOPMENT (NOTE 8 TO THE FINANCIAL STATEMENTS)

Location	Tenure	Approximate Land Area (Sqm)	Approximate Gross Floor Area (Sqm)	Stage of completion as at 28 March 2019	Expected date of completion	Effective stake	Description and existing use
31 Jervois Road Singapore 249080	Freehold	1,834	2,824	Demolition in progress	TBA	100%	Proposed development of residential apartment building
205 Jalan Eunus Singapore 419535	Freehold	10,380	18,269	N.A	To be commenced	100%	Proposed development of residential condominium
374-396 Murray Street, Perth, Australia	Freehold	4,927	72,457	Structure top out	2020	100%	Proposed development of multi-storey hotel building and residential apartments
134-160 Spencer Street Melbourne, Victoria	Freehold	1,833	86,247	Structural works in progress	2021	100%	Proposed development of multi-storey building with hotel, commercial space and residential apartments
171 Macquarie Street Hobart, Tasmania	Freehold	525	TBA	N.A	To be commenced	100%	Existing Commercial building
179 Macquarie Street Hobart, Tasmania	Freehold	2,162	TBA	N.A	To be commenced	100%	Proposed development of multi-storey hotel building
28-30 Davey Street Hobart, Tasmania	Freehold	1,153	TBA	N.A	To be commenced	100%	Proposed development of multi-storey hotel building
39-47 Milligan Street and 453-471 Murray Street, Perth, Australia	Freehold	3,560	26,698	N.A	To be commenced	100%	Proposed development of multi-storey building for hotel and commercial units
2-6 Collins Street Hobart, Tasmania	Freehold	3,009	TBA	N.A	To be commenced	100%	Proposed development of multi-storey hotel building
234-250 Elizabeth Street Hobart, Tasmania	Freehold	3,501	TBA	N.A	To be commenced	100%	Proposed development of multi-storey hotel building and residential apartments
5-7 Sandy Bay Road, 9, 11 & 13 Wilmot Street and 4, 6 & 8 Healthfield Avenue Hobart, Tasmania	Freehold	4,868	TBA	N.A	To be commenced	100%	Existing Commercial building
Orchard Cottage Babbacombe Road Torquay TQ1 3TG UK	Freehold	133	TBA	N.A	To be commenced	100%	Proposed development of residential houses

N.A – Not applicable

TBA – To be advised

PARTICULARS OF PROPERTIES OWNED BY THE GROUP

AS AT DECEMBER 31, 2018

B CLASSIFIED AS PROPERTIES HELD FOR SALE (NOTE 9 TO THE FINANCIAL STATEMENTS)

Location	Tenure	Approximate Floor area (Sqm)	Effective stake	Description and existing use
Icon @ Pasir Panjang #01-10/11/14/15 at 218 Pasir Panjang Road	Freehold	170	100%	4 units of completed commercial retail units of shop and restaurant
Kensington Square #01-08/09/10/11/12/ 13/14/15/16/17/ 19/20/23/40/45/46/47/49/50/51/52/54/56 at 2 Jalan Lokam	Freehold	1,421	100%	23 units of completed commercial retail units of shop and restaurant
277 Wak Hassan Drive	99 years leasehold	503	100%	1 unit of completed detached dwelling house
Urban Vista #01-48/49/50 at Tanah Merah Kechil Link	99 years leasehold	113	100%	3 units of completed commercial retail units of shop
City Gate #21-03, #B1-01/04/05/06/07/08/09/ 10/11/12/13/14/46, #01-16/19/24/25/26/37/38/43, #02-04/05/06/07/08/09/10/11/16/ 21/22/26/30/31/44/45/48/49/50/51 at 371 Beach Road	99 years leasehold	2,401	50%	1 completed residential unit and 41 units of completed commercial units

C CLASSIFIED AS INVESTMENT PROPERTIES (NOTE 13 TO THE FINANCIAL STATEMENTS)

Name and location	Tenure	Effective Stake	Description and existing use
Fragrance Empire Building 456 Alexandra Road Singapore 119962	Freehold	100%	26-storey commercial building with retail space and a carpark podium
Tower 15* 15 Hoe Chiang Road Singapore 089316	Freehold	100%	29-storey commercial building with a 3-storey hotel block and a multi-level carpark
Icon @ Pasir Panjang #01-12, #02-02/03/04/05/09/10/12/13/15/16 at 218 Pasir Panjang Road Singapore 118579	Freehold	100%	Retail units at first and second level within a part 2/part 5-storey residential cum commercial development with carpark facility
Novena Regency #01-09/13/14/15/21/22/23/25/26/28 /33/37/39/40/41/42/43/44 at 275 Thomson Road Singapore 307645	Freehold	100%	Retail units on first level within a 4-storey residential cum commercial development with carpark facility
Fragrance Building 168 Changi Road Singapore 419730	Freehold	100%	5-storey commercial building with shops and surface carpark
Victory Centre 110 Lor 23 Geylang Singapore 388410	60 years leasehold (w.e.f-2012)	100%	7-storey B1 business space building with facilities located at roof level

PARTICULARS OF PROPERTIES OWNED BY THE GROUP

AS AT DECEMBER 31, 2018

Name and location	Tenure	Effective Stake	Description and existing use
The Punggol Settlement 3 Punggol Point Road Singapore 828694	15 years leasehold (w.e.f-2013)	100%	2-storey food and beverage outlets with an open carpark
Kensington Square 2 Jalan Lokam #01-37 Singapore 537864	Freehold	60%	A supermarket unit on first level within a 5-storey residential cum commercial development with carpark facility
The Palace Hotel Babacombe Road, Torquay TQ13TG	Freehold	100%	Proposed development of multi-storey hotel building
Municipal Buildings Dale Street Liverpool, L2 2DH	250 years-lease (w.e.f-2017) with an option to purchase	100%	Proposed refurbishment of existing office building into a luxury hotel building
Park Hotel Esplanade Road, Paignton TQ4 6BQ	Freehold	100%	Proposed development of multi-storey hotel building
The Lighthouse 26 Esplanade Road, Paignton, Devon, TQ4 TBG	Freehold	100%	Proposed development of multi-storey hotel building
Corbyn Head Hotel Torbay Road, Seafront, Torquay TQ2 6RH	Freehold	100%	Proposed development of multi-storey hotel building
Lyndene Hotel 303-315 Promenade, Blackpool, Lancashire FY1 6AN	Freehold	100%	141 bedrooms detached hotel with restaurants and lounges
The Crown Hotel Crown Place, Harrogate, North Yorkshire HG1 2RZ	Freehold	100%	115 bedrooms independent hotel with a restaurant and meeting & conference facilities
The Townhouse Hotel 101 Portland Street, Manchester M1 6DF	Freehold	100%	85 bedrooms independent hotel with a bar and restaurant and eight meeting rooms
St Chads Hotel 317-327 The Promenade, Blackpool, Lancashire, FY1 6BN	Freehold	100%	Hotel with restaurant and bar
Royal National Hospital Upper Borough Walls, Bath, BA1 1RL	Freehold	100%	Proposed refurbishment of existing building into a luxury hotel building

* The Company has obtained Grant of Provisional Permission for redevelopment into a hotel.

D CLASSIFIED AS PROPERTY, PLANT AND EQUIPMENT (NOTE 14 TO THE FINANCIAL STATEMENTS)

Location	Tenure	No. of Rooms	Effective Stake
ibis Styles Hobart 173 Macquarie Street, Hobart, Tas 7000, Australia	Freehold	296	100%
The Imperial Hotel North Promenade, Lancashire Blackpool FY1 2HB	Freehold	180	100%

The above additional information are provided in compliance with Rule 1207 (11) of the Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Fragrance Group Limited will be held on 29 April 2019 at 9.00 a.m. at 456 Alexandra Road #02-03 Fragrance Empire Building Singapore 119962, to transact the following business:–

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended December 31, 2018 together with the Directors' Statement and the Report of the Auditors thereon. **[Resolution 1]**

2. To approve the proposed Directors' fees of \$195,000/- for the financial year ended December 31, 2018. [2017: \$185,000/-] **[Resolution 2]**

3. To re-elect the following Directors who retire pursuant to the Company's Constitution:–
 - (a) Ms Lim Wan Looi {retiring pursuant to Regulation 89} **[Resolution 3]**

 - (b) Mr Periakaruppan Aravindan {retiring pursuant to Regulation 89} **[Resolution 4]**

4. To re-appoint Messrs Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **[Resolution 5]**

5. To transact any other ordinary business that may be properly transacted at the Annual General Meeting.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:–

6. Authority to allot and issue shares up to 50% of issued share capital excluding treasury shares.

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and are hereby authorised to issue and allot new shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in each class of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings in each class of the Company, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the Company's next Annual General Meeting is required by law or by the Constitution of the Company to be held, whichever is the earlier."

[Resolution 6]

[See Explanatory Note on Special Business (i)]

NOTICE OF ANNUAL GENERAL MEETING

7. Authority to grant awards and issue shares under the Fragrance Performance Share Plan.

“THAT pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to offer and grant awards in accordance with the rules of the Fragrance Performance Share Plan (the “Plan”) and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Plan, provided that the aggregate number of shares to be allotted and issued pursuant to the Plan, when added to the number of shares issued and issuable in respect of all awards granted under the Plan, and all shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings in each class of the Company) on the day preceding the date on which the awards shall be granted.” **[Resolution 7]**

[See Explanatory Note on Special Business (ii)]

By Order of the Board

CHEN LOONG MEY (MS)
KELOTH RAJ KUMAR (MR)
Company Secretaries

Date: 12 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:-

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a Member of the Company.
3. Members wishing to vote by proxy/proxies at the meeting may use the proxy form enclosed. The completed proxy form must be deposited at the Registered Office of the Company at 456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962 not less than 72 hours before the time appointed for the Meeting.

Notes to item no. 3:-

- (a) Ms Lim Wan Looi is an Executive Director of the Company as well as a member of the Remuneration Committee and she will continue in the said capacities upon re-election as a Director of the Company.
- (b) Mr Periakaruppan Aravindan is an Executive Director and Deputy CEO of the Company and he will continue in the said capacities upon re-election as a Director of the Company.

Explanatory Notes on Special Business to be transacted:

- (i) In the proposed Resolution 6 above, the percentage of issued share capital is calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings in each class at the time of the passing of the resolution approving the mandate after adjusting for:- (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8; and (c) any subsequent bonus issue, consolidation or subdivision of shares. The proposed Resolution 6, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is earlier, to allot and issue new shares in the Company (whether by way of rights, bonus or otherwise). The number of shares which the Directors may issue under this Resolution shall not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in each class of the Company. For issue of shares other than on a pro-rata basis to all existing shareholders of the Company, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings in each class of the Company.
- (ii) The proposed Resolution 7, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting, or the day by which the next Annual General Meeting is required by law to be held, whichever is the earlier, to issue shares up to an amount in aggregate not exceeding fifteen per cent (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings in each class of the Company from time to time pursuant to the vesting of the awards under the Plan.

Personal Data Privacy

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

FRAGRANCE GROUP LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 200006656M

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy Fragrance Group Limited's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

I/We _____ (Name) NRIC/Passport No. _____

of _____

being a *member/members of Fragrance Group Limited, hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)
and/or (delete as appropriate)			

or failing the person or both of the persons above, the Chairman of the Annual General Meeting ("AGM") as *my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held on April 29, 2019 at 9.00 a.m. at 456 Alexandra Road #02-03 Fragrance Empire Building Singapore 119962 and at any adjournment thereof.

The proxy is required to vote as indicated with an "✓" on the resolutions set out in the Notice of Meeting and summarised below. If no specific direction as to voting is given, the proxy/proxies may vote or abstain at his/her/their discretion.

No.	Resolution	For**	Against**
1.	To receive and adopt the Audited Financial Statements for the financial year ended December 31, 2018 together with the Directors' Statement and the Report of the Auditors thereon		
2.	To approve the proposed Directors' Fees of \$195,000/- for the financial year ended December 31, 2018 [2017: \$185,000/-]		
3.	To re-elect Ms Lim Wan Looi as a Director [retiring pursuant to Regulation 89]		
4.	To re-elect Mr Periakaruppan Aravindan as a Director [retiring pursuant to Regulation 89]		
5.	To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration		
6.	Authority to allot and issue shares up to 50% of issued share capital		
7.	Authority to grant awards and issue shares under the Fragrance Performance Share Plan		

* Delete accordingly

** 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 insert the relevant number of Shares in the boxes provided

Signed this _____ day of _____ 2019

Total No. of Shares held (Note a):	
------------------------------------	--



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

Notes:

- (a) If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
- (b) (1) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (2) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
- (c) A proxy need not be a member of the Company.
- (d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor is a corporation under its common seal or under the hand of its attorney.
- (e) 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.
- (f) The appointment of a proxy or proxies by this instrument shall not preclude a member from attending and voting in person at the Meeting. If a member attends the Meeting in person the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the Meeting.
- (g) An instrument appointing a proxy must be deposited at the registered office of the Company 456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962 not less than 72 hours before the time appointed for holding the meeting.
- (h) The Company shall be entitled to reject this instrument of proxy 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 this instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the 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.



FRAGRANCE GROUP LIMITED

456 Alexandra Road, #26-01
Fragrance Empire Building, Singapore 119962
Tel: (65) 6346 6888 | Fax: (65) 6274 3358
Website: www.fragrancegroup.com.sg
Email: contact@fragrancegroup.com.sg

